

NZ TRANSPORT AGENCY STATEMENT OF PERFORMANCE EXPECTATIONS 2019/20

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NZ Transport Agency

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INTRODUCTION

Transport is an essential part of daily life for all New Zealanders and using the transport system safely, without fear of losing a life, is the right of all New Zealanders.

Our strategic direction, outlined in our statement of intent, guides our contribution to creating a safer, more resilient and sustainable transport system that improves access to social and economic opportunities and improves the wellbeing of all New Zealanders.

This statement of performance expectations describes what we will deliver in 2019/20 and how we will measure our progress. In the coming year, our focus will be on progressing our strategic direction while improving how we deliver our core functions, in particular our regulatory responsibilities.

IMPROVING ROAD SAFETY

Safety is our top priority – this includes road safety and the safety of our people and contractors working on the road network. It is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system. We are deeply concerned about the number of deaths and serious injuries on our roads, which continues to rise despite sustained efforts to improve road safety.

Our enduring approach to improving road safety is to apply the Safe System approach. This approach recognises that people make mistakes and are vulnerable in a crash. Through this approach we focus on safe roads and roadsides, safe speeds, safe people and safe vehicles.

Road safety initiatives this year will include developing a new approach to safe speeds (with the Ministry of Transport), facilitating more automated enforcement (for example, speed cameras), reducing public demand for one-star and two-star safety rated light vehicles and delivering the Safe Network Programme of safety improvements to state highway, local road and regional road networks. The Safe Network Programme aims to prevent up to 160 deaths and serious injuries every year across New Zealand's highest risk state highways and local roads.

We are also supporting the Ministry of Transport to develop a new road safety strategy, and we are working in partnership with New Zealand Police and the Ministry of Transport to implement a new operating model and a new investment and funding approach to deliver the Road Safety Partnership Programme.

Our regulatory role is critical to ensuring people and goods can move safely on our road and rail networks. In 2018, we uncovered systemic regulatory compliance issues. A subsequent independent review found we had failed to prioritise public safety. Following this inquiry, we have taken a tougher approach to enforcement and have strengthened our regulatory functions. We continue to transform the way we regulate drivers, vehicles, and commercial and rail operations to a best practice regulatory compliance model. This includes an increase in resources and expert staff to address immediate safety issues and support these changes.

SUPPORTING GROWTH IN OUR CITIES AND REGIONS

In our role as the principal planner of the transport system, we will focus on supporting sustainable urban growth and development and accelerating the shift from the use of private cars to greater use of public transport, walking and cycling.

In Auckland, we will work with others to implement the Auckland Transport Alignment Project recommendations and package of transport and urban development initiatives to address the city's transport challenges. We will also continue to develop the business case for the City Centre to Māngere light rail project.

To support regional development, as a key partner in the Provincial Growth Fund programme, we will help to assess investment opportunities and plan and deliver transport infrastructure and services that support tourism, economic growth and regional connections.

PROTECTING THE ENVIRONMENT

To give effect to the government's climate change mitigation priorities and reduction targets, we will prepare for the Transport Agency to give effect to the proposed Climate Change Response (Zero Carbon) Amendment Bill, expected to be enacted by the end of 2019.

BROADENING OUR DECISION-MAKING FRAMEWORKS

To give effect to the Government Policy Statement on land transport 2018/19–2027/28, we will ensure our decision-making framework can take account of a full range of benefits, including safety, resilience, health and environmental benefits, when considering each investment in the transport system. We will continue this work and complete a benefits management framework to demonstrate benefits delivered.

DELIVERING OUR STRATEGY AND COMMITMENTS

To achieve all of this we must have the right culture, capability and capacity. This year we will ensure we have the resources required to transform our regulatory functions and to be ready for the future. We will identify ways to improve our business to ensure we deliver what we are here for.

Meeting our long-term financial commitments (including payments related to public-private partnerships) and delivering future National Land Transport Programmes rely on sustainable future funding for New Zealand’s land transport system. This funding assumption underpins the plans and projections in this document.



SIR BRIAN ROCHE
Chair
20 JUNE 2019



MARK DARROW
Chair of the Audit,
Risk and Assurance
Board Committee
20 JUNE 2019



MARK RATCLIFFE
Interim Chief
Executive
20 JUNE 2019

STATEMENT OF RESPONSIBILITY

The information contained in the NZ Transport Agency statement of performance expectations 2019/20 has been prepared in accordance with the Crown Entities Act 2004. In signing this statement, we acknowledge our responsibility for the information 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



SIR BRIAN ROCHE
Chair
20 JUNE 2019



MARK DARROW
Chair of the Audit, Risk and
Assurance Board Committee
20 JUNE 2019

COUNTERSIGNED BY



MARK RATCLIFFE
Interim Chief Executive
20 JUNE 2019



HOWARD CATTERMOLE
Investment and Finance General Manager
20 JUNE 2019



JENNY CHETWYND
Strategy Policy and
Planning General Manager
20 JUNE 2019

WHAT WE'LL DELIVER IN 2019/20

OUR STRATEGY

Our strategy, described in our statement of intent, is made up of our context, value statement, strategic responses and position statements.¹

Our value statement – great journeys to keep New Zealand moving – describes why we do what we do.

Our three strategic responses describe the direction we'll take to deliver value to New Zealand. One connected transport system, People-centric approach and Partnerships for prosperity reflect 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.

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:

- Transport safety (page 10)
- Inclusive access (page 16)
- Liveable communities (page 21)
- Transport technology (page 26)
- Resilience (page 28)
- Environment (page 32)
- Regulatory (page 34)
- Transport Agency (page 42)

¹ Available at Transport Agency website: www.nzta.govt.nz/soi

GREAT JOURNEYS TO KEEP NEW ZEALAND MOVING

OUR VALUE

A great journey is safe, easy 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.

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.

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 combine technology and organisational capabilities to enable safer, sustainable and connected journeys.

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, vehicles, and commercial and rail operations are safe, people make good transport choices and 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.

THREE-YEAR TARGET STATES

CURIOUS

COLLABORATIVE

CUSTOMER FOCUSED

OUR DNA

HOW WE MEASURE PROGRESS

We measure our progress against each position statement by:

- monitoring key performance indicators, which are aligned to the Transport Outcomes and Government Policy Statement on land transport measures where relevant
- assessing our progress towards target states, which describe the results and changes we want to see by 30 June 2021
- monitoring the significant activities and performance expectations set out each year in our statement of performance expectations.²

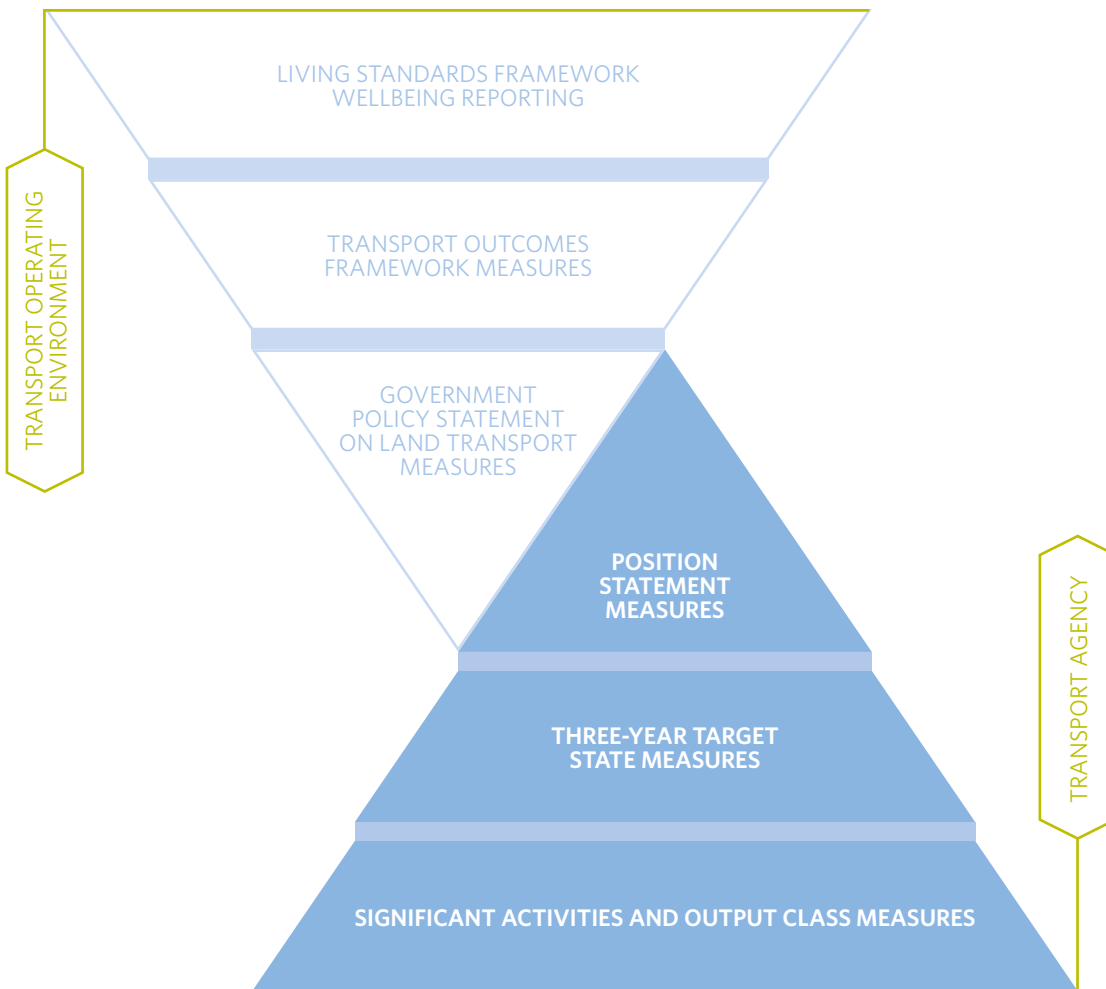


Figure 1 - Transport Agency measures environment

² Available from the Transport Agency website: www.nzta.govt.nz/spe

POSITION STATEMENT MEASURES

Each position statement has a performance measure that is aligned to the Transport Outcomes and Government Policy Statement on land transport measures, where relevant.

POSITION STATEMENT	MEASURE	TARGET
Transport safety	Deaths and serious injuries*	Reducing
Inclusive access	Access to social and economic opportunities by mode*	Increasing
Liveable communities	Mode share (proportion of trips by mode)*	Target to be confirmed once Government Policy Statement measures are finalised by the Ministry of Transport
Transport technology	Customers reporting increased ease of access to transport data and journey choices	Baseline to be set
Resilience	Proportion of key social and economic corridors with viable alternative routes*	Baseline to be set once Government Policy Statement measures are finalised by the Ministry of Transport
Environment	Greenhouse gas emissions from the transport system*	Reducing
Regulatory	Proportion of reviewed non-compliance actions that are in line with Transport Agency regulatory intervention guidelines	Baseline to be set
Transport Agency	Transport Agency partners, stakeholders and customers that report the Transport Agency is responsive, with engaged people and timely delivery of sustainable transport solutions	Baseline to be set

* This measure is aligned to a Government Policy Statement on land transport measure being finalised by the Ministry of Transport.

TRANSPORT SAFETY

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 aim is for vehicle and rail fleets to reflect international best practice standards for safety.

The safety of our people and contractors is part of this position statement. Our Transport Agency position statement outlines our commitment to being an active leader in workplace health and safety with a best practice health and safety management system.

SIGNIFICANT ACTIVITIES FOR 2019/20

We are applying the Safe System approach to the whole transport system – roads and roadsides, safe speeds, safe people and safe vehicles – to protect people from death and serious injury.

We will target our interventions to activities that will result in the greatest reduction of deaths and serious injuries. Using the Safe System approach, we will:

- 1.1 support the proposed new approach to safe speeds (being developed by the Ministry of Transport)
- 1.2 through the Road Safety Partnership (NZ Transport Agency, NZ Police, Ministry of Transport), develop and maintain a Road Safety Partnership Programme for 2018–21 that:
 - delivers effective enforcement to reduce road deaths and serious injuries
 - represents value for money demonstrated through robust monitoring and assurance
- 1.3 facilitate more automated enforcement, for example safety cameras (with New Zealand Police)
- 1.4 reduce public demand for one-star and two-star safety rated and high-emission light vehicles
- 1.5 support the development and delivery of the new road safety strategy and action plan (with the Ministry of Transport).

We will also deliver the Safe Network Programme by targeting safety improvements (for example, median barriers or shoulder widening) to the highest-risk parts of the state highway and local road network, including speed management treatments on the top 10 percent of the network that will result in the greatest reduction in deaths and serious injuries.

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

Four output classes make a direct contribution to this position statement:

- state highway improvements
- local road improvements
- road safety promotion and demand management
- road policing.

Regional improvements (page 18), state highway and local road maintenance (pages 30–31) and our regulatory output classes (pages 34–41) also contribute to Transport Safety.

HOW WE'LL MEASURE PROGRESS

We'll measure our progress through a performance measure for this position statement, measures



POSITION STATEMENT MEASURE

**DEATHS AND
SERIOUS
INJURIES³**

REDUCING

³ This measure is aligned to a Government Policy Statement on land transport measure being finalised by the Ministry of Transport.

<p>TRANSPORT OUTCOME Healthy and safe people</p>		
<p>GPS objective A land transport system that is a safe system free of death and serious injury</p>		
<p>OUR POSITION It is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system</p>		
<p>TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021</p> <p>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</p>	<p>MEASURES 2019/20</p> <p>Proportion of years 1-3 deliverables in the Safe Networks Programme delivered (including local roads and state highways)</p>	<p>TARGETS 2019/20</p> <p>To be confirmed for each year once programme is finalised</p>
<p>Four fewer category A signals (rail) passed at danger</p>	<p>Number of trains that go through a stop signal when they could have stopped safely (category A signal passed at danger)</p>	<p>Four fewer trains pass a category A signal at danger between 1 July 2018 and 30 June 2021 than between 1 July 2015 and 30 June 2018</p>

OUTPUT
CLASS**STATE HIGHWAY IMPROVEMENTS**

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

What we do

We plan, invest in and deliver infrastructure (including roads, roadsides, intelligent transport systems and bridges) by working collaboratively with council partners to co-create integrated, system-wide solutions.

The difference this output class makes

State highway improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, and enhanced liveability. As well as seeking to reduce adverse effects, we look to identify opportunities to enhance the local environment and public health while providing more sustainable solutions.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
SHI1	Proportion of state highway improvement activities delivered to agreed standards and timeframes [•]	86%	≥90%
SHI2	Proportion of state highway network modified to align with safe and appropriate speed [•]	Not available ¹	Not available ²
SHI3	Proportion of regional state highway activities delivered to agreed standards and timeframes [•]	83%	≥90%

Technical notes for our performance measures are included in appendix 3.

¹ Data is collected only at year-end.

² Target will be based on 2018/19 year-end results.

[•] This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	1,364.0	1,118.7
Expenditure	1,364.0	1,118.7
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

OUTPUT CLASS

LOCAL ROAD IMPROVEMENTS

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

What we do

With our council partners, we co-invest in infrastructure (including roads, roadsides, intelligent transport systems and bridges) by planning collaboratively to co-create integrated, system-wide solutions.

The difference this output class makes

Local road improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, and enhanced liveability. As well as seeking to reduce adverse effects, we look to identify opportunities to enhance the local environment and public health while providing more sustainable solutions.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
LRI1	Proportion of the local road network modified to align with safe and appropriate speed *	Not available ¹	Not available ²
LRI2	Provincial Growth Fund enabling infrastructure projects – average number of days to release Provincial Growth Fund infrastructure funding once approved *	New measure	≤20 working days
LRI3	Housing Infrastructure Fund loans – The loan will be drawn down for the purposes and on the terms agreed between New Zealand Transport Agency and the Minister of Transport *	100%	100%

Technical notes for our performance measures are included in appendix 3.

¹ Data is collected only at year-end.

² Target will be based on 2018/19 year-end results.

* This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	250.2	318.4
Expenditure	250.2	318.4
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

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 we do

We manage and invest in activities that support behavioural changes to improve road safety and promote mode shift and use of travel planning to optimise the transport system. These activities include advertising, education, public information and interventions targeted at road users, including travel demand management and the Alcohol Interlock Device Programme, which is also delivered through activities within the driver licensing and testing output class (page 36).

The difference this output class makes

Road safety promotion means people are informed and know how to stay safe in the transport system. Through travel demand management people make informed choices about which mode of transport to take.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
RSP1	Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria [•]	80%	≥80%
RSP2	Proportion of road safety education programmes meeting targets for access to road safety information	New measure	Baseline to be set
RSP3	Proportion of travel demand management activities delivered to agreed timelines	New measure	Baseline to be set
RSP4	Proportion of travel demand management strategies in high-growth centres approved jointly with councils	New measure	Baseline to be set

Technical notes for our performance measures are included in appendix 3.

[•] This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	52.6	59.2
Expenditure	50.2	56.8
Net surplus (deficit)	2.4	2.4

Full details on output class funding and expenditure are on pages 68-76.

OUTPUT CLASS

ROAD POLICING

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

What we do

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

The difference this output class makes

Road policing contributes to a safer land transport system through 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'll measure performance

These measures are being confirmed to ensure alignment with our work on the road safety strategy, which is under development.

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
RP1	Speed - mobile speed camera deployment activity (hours)	Not available	Increasing
RP2	Speed - number of officer-issued speed offences	New measure	Increasing
RP3	Alcohol and drugs - number of passive and breath screening tests conducted	New measure	Increasing
RP4	Alcohol and drugs - number of excess alcohol offences	New measure	Increasing
RP5	Alcohol and drugs - number of drug impaired driving offences	New measure	Increasing
RP6	High risk drivers - number of high-risk driver offences ¹	New measure	Baseline to be set
RP7	High risk drivers - number of Offender Management Plans in place for high-risk drivers ²	New measure	Baseline to be set
RP8	Restraints - number of restraint offences	New measure	Increasing
RP9	Distraction - number of cell phone offences	New measure	Increasing
RP10	Prevention and general deterrence - number of alternative resolutions: ² <ul style="list-style-type: none"> ▪ compliance ▪ referral to driver licence programmes ▪ referral to iwi panel ▪ written traffic warnings 		
RP11	Prevention and general deterrence - number of traffic stops	New measure	Increasing

Technical notes for our performance measures are included in appendix 3.

¹ High-risk driving offences include dangerous, reckless, third or subsequent alcohol or drug impaired, fail are to stop, and disqualified driving.

² Not all data is available, baseline to be set in 2019/20.

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	352.7	352.1
Expenditure	352.7	352.1
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

INCLUSIVE ACCESS

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, and 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.

SIGNIFICANT ACTIVITIES FOR 2019/20

In 2019/20, we will:

- 2.1 accelerate the shift from private car to public transport, walking and cycling through national, system-level initiatives and place-based initiatives in Auckland, Wellington, Christchurch, Hamilton, Tauranga and Queenstown
- 2.2 as a key partner in the Provincial Growth Fund programme, work with the Provincial Development Unit to advise on investment opportunities and applications and release funding for land transport projects.

(We also deliver infrastructure projects with funding from the Provincial Growth Fund which are included in appendix 1.)

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

Four output classes make a direct contribution to this position statement:

- regional improvements
- public transport
- SuperGold Card – administration of the Public Transport Concessions Scheme
- SuperGold Card – public transport concessions for cardholders.

Note: The two SuperGold Card output classes are discussed together on page 20. Walking and cycling (page 23) and investment management (page 45) also contribute to Inclusive access.

HOW WE'LL MEASURE PROGRESS

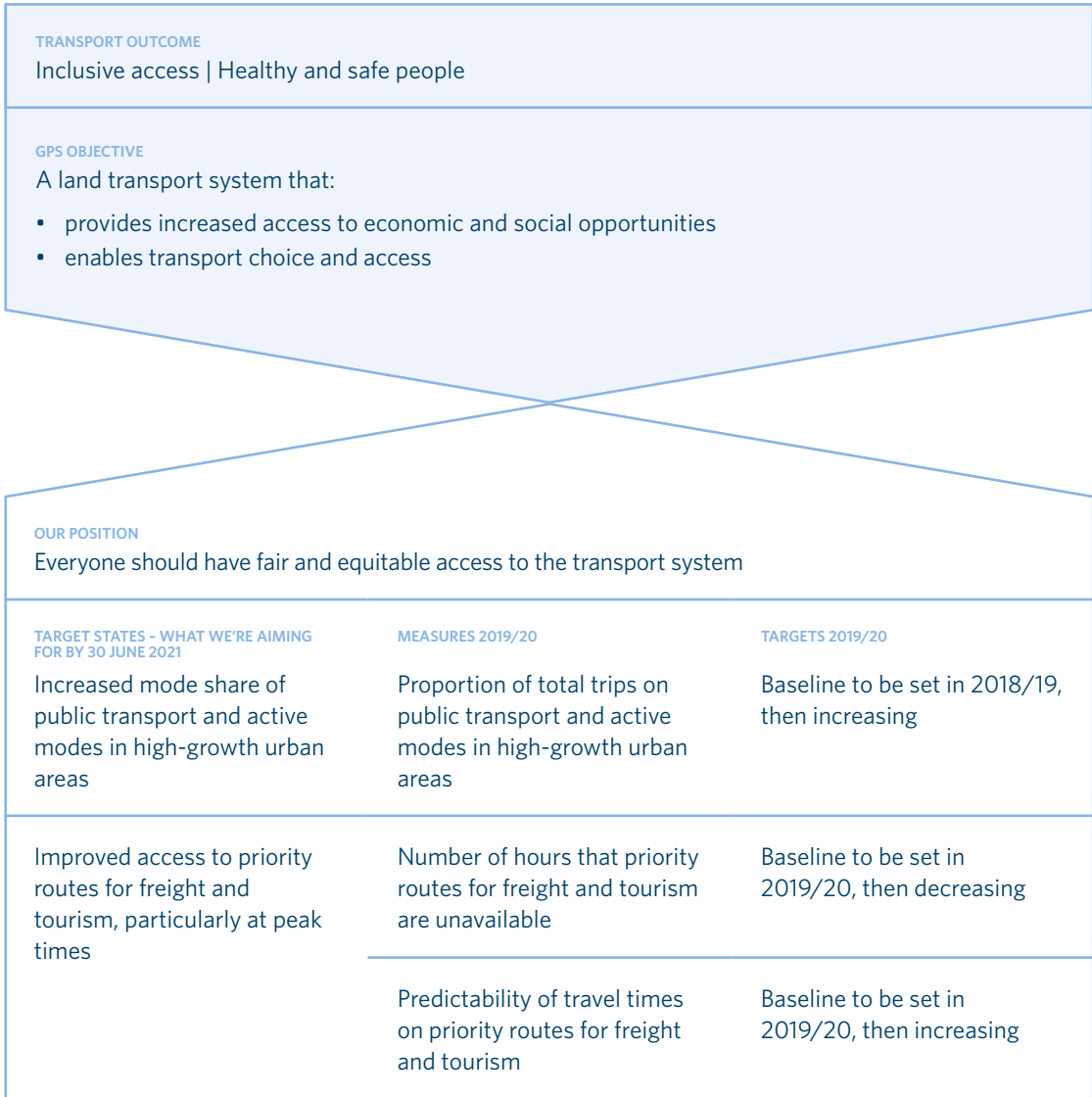
We'll measure our progress through a performance measure for this position statement, measures for each target state (what we're aiming for by 30 June 2021), significant activities for 2019/20, and financial and non-financial performance expectations for our output classes.



POSITION STATEMENT MEASURE
**ACCESS TO
 SOCIAL AND
 ECONOMIC
 OPPORTUNITIES
 BY MODE⁴**

INCREASING

⁴ This measure is aligned to a Government Policy Statement on land transport measure being finalised by the Ministry of Transport.



OUTPUT
CLASS**REGIONAL IMPROVEMENTS**

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

What we do

We plan and invest in infrastructure outside metropolitan areas (including roads, roadsides, intelligent transport systems and bridges) by working collaboratively with council partners to co-create integrated, system-wide solutions.

We deliver state highway projects, and local and regional councils deliver local road projects.

The difference this output class makes

Regional improvements support regional economic development by creating a safer, more resilient transport system and improving access to social and economic opportunities. As well as seeking to reduce adverse effects, we look to identify opportunities to enhance the local environment and public health while providing more sustainable solutions.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
RI1	Proportion of regional improvement activities delivered to agreed standards and timeframes	100%	≥90%
RI2	Provincial Growth Fund infrastructure projects - proportion of Transport Agency projects funded by the Provincial Growth Fund delivered to standards and timeframes *	New measure	≥90%

Technical notes for our performance measures are included in appendix 3.

* This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	189.0	140.0
Expenditure	189.0	140.0
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

The Transport Agency's state highway performance in 2018/19 is stronger than budgeted as a result of project readiness and acceleration of delivery in the last year of the 2015-18 National Land Transport Programme, which has flowed through to the start of the 2018-21 National Land Transport Programme. Delivery is being managed down over the next two years so that the total state highway expenditure in the National Land Transport Programme matches the \$285m allocation, hence the \$49m drop when compared with the 2019/20 budget. At the same time, local authority delivery is expected to increase over the next two years, offsetting the state highway reduction to some extent.

OUTPUT CLASS

PUBLIC TRANSPORT

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

What we do

Along with approved organisations (such as Auckland Transport and regional councils), we invest in bus, ferry and rail public transport services, customer information, technology, trains, facilities (including operations and maintenance) and infrastructure. This includes investing in subsidised door-to-door transport for people with mobility impairments.

The SuperGold card output classes support public transport activities. Transitional rail and rapid transit output classes also fund public transport activities.

The difference this output class makes

Public transport improves customers travel choices, increases people's access to social and economic opportunities, 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 supports vibrant and liveable urban communities and effective land use.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
PT1	Number of boardings on urban public transport services (bus, train and ferry) ¹ *	165 million	≥165 million ²
PT2	Number of boardings on urban public transport services (bus, train and ferry) per capita *	33.99 boardings per capita	≥34 boardings per capita ²
PT3	Proportion of people with access to frequent public transport services at peak times in Auckland, Wellington and Christchurch *	30% ³	Increasing
PT4	Costs per passenger kilometre by bus, train and ferry	Bus \$0.20/km Train \$0.19/km Ferry \$0.08/km	Decreasing Bus ≤\$0.20/km Train ≤\$0.16/km Ferry ≤\$0.07/km
PT5	Mode share of people travelling by bus and car on key Auckland corridors	New measure	Baseline to be set
PT6	Punctuality of public transport services (bus, train and ferry)	New measure	Baseline to be set

Technical notes for our performance measures are included in appendix 3.

¹ This measure was reworded from *Number of passengers on urban public transport services (bus, train and ferry)* to better reflect the activities measured. Scope and methodology have not changed.

² Demand projections for 2019/20 from local authorities are not yet available. This was based on the estimated actual for 2018/19.

³ Data is collected only at year-end. Estimate is based on the 2017/18 result.

* This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	559.0	592.0
Expenditure	559.0	592.0
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

Given the constraints in the public transport output class, it is assumed that any required increase in funding for living wage pressures would be met by the reallocation of funding, including the contingency provided for input cost increases.

OUTPUT
CLASSES**SUPERGOLD CARD - ADMINISTRATION OF THE PUBLIC TRANSPORT CONCESSIONS SCHEME****SUPERGOLD CARD - PUBLIC TRANSPORT CONCESSIONS FOR CARDHOLDERS**

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

What we do

Together with regional councils, including Auckland Transport, we provide public transport concessions for SuperGold cardholders and administer the SuperGold cardholders' scheme on behalf of the Ministry of Transport. This work includes monitoring, reporting, auditing, liaising with regional councils and payments.

The difference this output class makes

The SuperGold Card scheme gives older people more transport choices and improves the use of public transport during off-peak hours, which contributes to access to social and economic opportunities for older people, lower emissions and improved safety on our roads.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
SG1	Proportion of 'on time' payment of Crown SuperGold bulk allocation to approved organisations ¹ •	64%	100%
SG2	Number of boardings using SuperGold concessions •	15.2 million	≥15.2 million ²

Technical notes for our performance measures are included in appendix 3.

¹ This measure was reworded from % of 'on time' payment of Crown SuperGold allocation to Authorised Organisations to better reflect the activities measured. Scope and methodology have not changed.

² Demand projections for 2019/20 from local authorities are not yet available. This was based on the estimated actual for 2018/19.

• This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	29.7	29.7
Expenditure	29.7	29.7
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

The Crown funds both activities as specific projects with a capped contingency of \$1 million per annum (with annual customer price index adjustments to account for inflation) from the National Land Transport Fund. If the contingency is required, it will be included in the public transport output class.



POSITION STATEMENT MEASURE

**MODE SHARE
(PROPORTION
OF TRIPS BY
MODE)⁵**

**TARGET TBC ONCE
GPS MEASURES
ARE FINALISED BY
THE MINISTRY OF
TRANSPORT**

LIVEABLE COMMUNITIES

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.

SIGNIFICANT ACTIVITIES FOR 2019/20

In 2019/20, we will:

- 3.1 partner with the Auckland Transport Alignment Project agencies to implement the indicative package and progress the project's recommendations
- 3.2 complete the business case for Auckland's light rail project
- 3.3.1 partner with local government and central government agencies to participate in spatial planning, growth strategies, regional and district plans and transport plans, and large multi-modal programmes in Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown, such as the joint approach to integrating urban form and the transport system in the western Bay of Plenty, to ensure integrated land transport planning and investment that supports the Government's transport and urban development outcomes
- 3.3.2 explore areas other than Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown where urban development could be better supported through transport, for example by improving access to public transport infrastructure and services.

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

Three output classes make a direct contribution to this position statement:

- walking and cycling
- rapid transit
- transitional rail.

Public transport (page 19) also contributes to Liveable communities.

HOW WE'LL MEASURE PROGRESS

We'll measure our progress through a performance measure for this position statement, measures for each target state (what we're aiming for by 30 June 2021), significant activities for 2019/20, and financial and non-financial performance expectations for our output classes.

⁵ This measure is aligned to a Government Policy Statement on land transport measure being finalised by the Ministry of Transport.

TRANSPORT OUTCOME

Inclusive access | Healthy and safe people

GPS OBJECTIVE

A land transport system that:

- provides increased access to economic and social opportunities
- enables transport choice and access

OUR POSITION

We will partner to efficiently combine planning and investment for transport and land use and this will result in more vibrant, interactive communities

TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021

Increased space in our cities dedicated to people

MEASURES 2019/20

Proportion of space in cities dedicated to motorised vehicles

TARGETS 2019/20

Baseline to be set in 2020/21, then reducing

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 we do

We plan and co-invest in new and improved walking and cycling facilities (for transport purposes), including the Urban Cycleways Programme, as well as in community education and promotion (as part of a walking or cycling project).

We deliver state highway facilities, and local and regional councils primarily deliver local road facilities.

The difference this output class makes

Walking and cycling investment encourages more people to walk and cycle by:

- creating safer and more accessible infrastructure
- creating transport networks that give people more transport choices
- supporting access to social and economic opportunities, including education, employment and tourism.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
WC1	Network kilometres of walking and cycling facilities delivered*	37.2km (including 26.2km Urban Cycleways Programme projects)	Increasing
WC2	Cycling count in Auckland, Wellington and Christchurch	5,605 ¹	Increasing

Technical notes for our performance measures are included in appendix 3.

¹ Data is collected only at year-end. Estimate is based on the 2017/18 result.

* This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	89.7	112.5
Expenditure	89.7	112.5
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

OUTPUT
CLASS**RAPID TRANSIT***Invested in and delivered by the Transport Agency and funded from the National Land Transport Fund***What we do**

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

The difference this output class makes

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'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
RPT1	Proportion of rapid transit activities delivered to investment requirements [•]	Not available ¹	≥90%

Technical notes for our performance measures are included in appendix 3.

¹ No rapid transit activities were delivered in 2018/19.

[•] This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	19.0	180.0
Expenditure	19.0	180.0
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

The City Centre to Māngere light rail project is identified for funding in 2019/20. It is possible that a rapid transit project associated with the Let's Get Wellington Moving initiative will start in 2019/20.

OUTPUT CLASS

TRANSITIONAL RAIL

Invested in by the Transport Agency and funded from the National Land Transport Fund

What we do

We work with approved organisations to invest in improving urban (metro) rail network infrastructure and developing interregional passenger rail infrastructure and services. Approved organisations co-design and contract with KiwiRail to deliver the associated projects.

The difference this output class makes

Transitional rail:

- accommodates past growth in Auckland and Wellington by improving the reliability and resilience of urban passenger rail services
- accommodates future growth of our cities by increasing the capacity of urban rail services
- improves access to social and economic opportunities between regions.

How we'll measure performance

REFERENCE MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
TR1 Proportion of transitional rail projects approved for implementation	Not available ¹	Increasing

Technical notes for our performance measures are included in appendix 3.

¹ Data is collected only at year-end.

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	25.0	157.0
Expenditure	25.0	157.0
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

Several projects are approved for funding in 2019/20 across Auckland, Wellington, Hamilton and Waikato, for example:

- Wiri to Quay Park rail corridor improvements and Papakura to Pukekohe rail corridor improvements in Auckland
- the Huntly Station (start-up rail service) in Waikato.

TRANSPORT TECHNOLOGY

OUR POSITION

Our position is that we will combine technology and organisational capabilities to enable safer, sustainable and connected journeys.

WHAT NEEDS TO HAPPEN?

To make this happen will require investment to de-risk our existing technology platforms and to redesign our organisational capabilities to create a safe, adaptable technology-enabled transport system in the public interest. Evidence-led decision-making will be enabled by insights, data and analytics. Customers will be empowered to make informed choices from a broader range of land transport options enabled by improved digital services.

SIGNIFICANT ACTIVITIES FOR 2019/20

In 2019/20, we will develop an organisation-wide approach to allow us to:

- 4.1 invest in high priority technology solutions to address risk, resilience and reliability of current technology platforms and provide a modern base that will enhance how we use technology to improve the safety and accessibility of the land transport system
- 4.2 develop an integrated plan to deliver the enabling technology that will support the organisational capabilities needed in the future.

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

Investment management (pages 45–46) contributes to Transport technology.

HOW WE'LL MEASURE PROGRESS

We'll measure our progress through a performance measure for this position statement, measures for each target state (what we're aiming for by 30 June 2021) and significant activities for 2019/20.



POSITION STATEMENT MEASURE
**CUSTOMERS
 REPORTING
 INCREASED EASE
 OF ACCESS TO
 TRANSPORT
 DATA AND
 JOURNEY
 CHOICES**

BASELINE TO
 BE SET

TRANSPORT OUTCOME

Inclusive access | Healthy and safe people | Environmental sustainability | Economic prosperity

GPS OBJECTIVE

A land transport system that:

- is a safe system free of death and serious injury
- provides increased access to economic and social opportunities
- enables transport choice and access
- reduces greenhouse gas emissions, as well as adverse effects on the local environment and public health
- delivers the right infrastructure and services to the right level at the best cost.

OUR POSITION

We will combine technology and organisational capabilities to enable safer, sustainable and connected journeys

TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021

Increased easy customer access to information on journey options

MEASURES 2019/20

Proportion of surveyed respondents who report they can get the journey information they want through their preferred channel

TARGETS 2019/20

Baseline to be set in 2018/19, then increasing

Technology platforms and organisational capabilities are being delivered that reduce existing technology risk and provide the foundations for adaptable technology capability across the Transport Agency for the future

Technology risk rating

Reducing

Technology asset performance measures

A single integrated plan for the investment and use of technology across the Transport Agency is being delivered and regularly updated to reflect the changing environment

Single integrated investment plan created and key milestones being tracked

RESILIENCE

OUR POSITION

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

WHAT NEEDS TO HAPPEN?

To make this happen will require a cross-government partnership approach, including:

- an increased understanding of hazard risk, system vulnerability best-practice response and community tolerance
- working together to reduce the impact of disruptive events
- a decision-making framework that appropriately values the wider benefits of a resilient system.

SIGNIFICANT ACTIVITIES FOR 2019/20

In 2019/20, we will improve the resilience of the transport system's assets, maintenance and operations and better understand vulnerabilities, risks and appropriate responses by:

- 5.1 delivering improvements (as detailed in appendix 1) to strengthen and improve the resilience of the land transport system through targeted protection and support works, new roads and assets and asset renewals built to newer design standards. Key projects to deliver this include:
 - Kaikōura Coast Earthquake Response
 - Te Ahu a Turanga, Manawatū Tarana Highway (Manawatū Gorge replacement)
 - Transmission Gully
 - Mt Messenger and Awakino Gorge Corridor
 - Waiōeka Gorge
- 5.2 refreshing the Resilience National Programme Business Case to enable us to prioritise where and when to plan and invest in improving resilience for the 2021-24 National Land Transport Programme and beyond
- 5.3 delivering the Highways National Emergency Response Framework and plan, including training more staff to higher levels in incident management and engaging in internal and external emergency response exercises to increase capability and capacity to respond to significant disruptive events
- 5.4 investigating the risks of sea level rise to coastal state highways and reviewing and amending asset management plans accordingly
- 5.5 piloting community engagement projects in Waikato District and Kaikōura District to understand how we can make better decisions before and in response to disruptive events and help communities to be more self-sufficient.

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

Two output classes make a direct contribution to this position statement:

- state highway maintenance
- local road maintenance.

State highway improvements and local road improvements (pages 12-13) also contribute to Resilience.

HOW WE'LL MEASURE PROGRESS

We'll measure our progress through a performance measure for this position statement, measures for each target state (what we're aiming for by 30 June 2021) and significant activities for 2019/20, and financial and non-financial performance expectations for our output classes.



POSITION STATEMENT MEASURE
**PROPORTION
 OF KEY SOCIAL
 AND ECONOMIC
 CORRIDORS
 WITH VIABLE
 ALTERNATIVE
 ROUTES⁶**

**BASELINE TO BE
 SET ONCE GPS
 MEASURES ARE
 FINALISED BY
 THE MINISTRY OF
 TRANSPORT**

⁶ This measure is aligned to a Government Policy Statement on land transport measure being finalised by the Ministry of Transport.

TRANSPORT OUTCOME
Resilience and security

GPS OBJECTIVE
A land transport system that is resilient

OUR POSITION
The resilience of the land transport system is increased by managing risks and long-term resilience challenges and by helping communities quickly recover from disruptions

TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021	MEASURES 2019/20	TARGETS 2019/20
A system that is recognised as appropriately adapting to climate change	Level of confidence of stakeholders and partners that the transport system is appropriately adapting to climate change	Baseline to be set in 2018/19, then increasing
The reputation as highly responsive to significant disruption	Proportion of events where communities and stakeholders recently affected by significant disruption report that the Transport Agency was highly responsive	A process for appropriate surveying will be set up in 2018/19 Baseline to be set in 2019/20, then increasing

OUTPUT
CLASS**STATE HIGHWAY MAINTENANCE**

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

What we do

We plan and deliver maintenance and emergency works and provide responsive operation of the state highway system to manage customers' day-to-day journeys.

The difference this output class makes

State highway maintenance provides reliable access for people to social and economic opportunities, while maintaining the safety and resilience of the state highway network and responsibly managing any impacts on human health and the environment.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
SHM1	Proportion of state highway maintenance activities delivered to agreed standards and timeframes [•]	90% ¹	≥90%
SHM2	Safe stopping: proportion of network meeting surface texture standards	99% ¹	≥98%
SHM3	Network resilience: proportion of rutting ≥20mm over state highway network	1% ¹	3%
SHM4	Safe stopping: proportion of network above skid threshold	95% ¹	≥98%
SHM5	Smooth ride: proportion of travel on network classed as smooth [•]	99% ¹	≥97%
SHM6	Availability of state highway network: proportion of unplanned road closures resolved within standard timeframes	84%	≥84%
SHM7	State highway maintenance cost per lane kilometre delivered [•]	\$24,100	\$24,000-\$28,000
SHM8	Restoration and rebuild of State Highway 1 between Picton and Christchurch - proportion of activities delivered to agreed standards and timeframes ² [•]	90%	≥90%

Technical notes for our performance measures are included in appendix 3.

¹ Data is collected only at year-end. Estimate is based on 2017/18 result.

² This measure was reworded from *Reinstatement of the South Island Transport Corridors - % of activities delivered to agreed standards and timeframes* to better reflect the activities measured. Scope and methodology have not changed.

[•] This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	804.9	720.4
Expenditure	804.9	720.4
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

OUTPUT CLASS

LOCAL ROAD MAINTENANCE

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

What we do

In conjunction with approved organisations, we invest in local road maintenance, renewals and emergency works to deliver appropriate customer levels of service. This investment includes maintaining:

- road pavements
- footpaths
- structures such as bridges, culverts and retaining walls
- drains
- traffic services such as road markings, traffic signs, edge marker posts and traffic signals.

The difference this output class makes

Local road maintenance provides continued access for people to social and economic opportunities while maintaining the safety and resilience of the local road network.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
LRM1	Proportion of the sealed local road network that meets pavement integrity targets [•]	94% ¹	≥94%
LRM2	Proportion of the sealed local road network that meets surface condition targets [•]	98% ¹	≥98%
LRM3	Smooth ride: proportion of travel on smooth roads [•]	87% ¹	≥86%
LRM4	Local road maintenance cost per local road lane kilometre delivered [•]	\$3,095 ¹	≤\$3,000

Technical notes for our performance measures are included in appendix 3.

¹ Data is collected only at year-end. This is based on the 2017/18 result.

[•] This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	699.0	666.0
Expenditure	699.0	666.0
Net surplus (deficit)	0.0	0.0

Full details on output class funding and expenditure are on pages 68-76.

ENVIRONMENT

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. By using all of our regulatory, policy, investment and planning levers we will 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.

SIGNIFICANT ACTIVITIES FOR 2019/20

In 2019/20, we will:

- 6.1 ensure the Transport Agency gives effect to government climate change mitigation priorities and reduction targets in the Climate Change Response (Zero Carbon) Amendment Bill
- 6.2 publish our first annual sustainability monitoring report, focused on climate change mitigation, improving public health (including air pollution) and reducing environmental harm, to establish a baseline from which to measure performance improvements.

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

The transport system's impact on the environment is considered in all of our activities and investments.

HOW WE'LL MEASURE PROGRESS

We'll measure our progress through a performance measure for this position statement, measures for each target state (what we're aiming for by 30 June 2021) and significant activities for 2019/20.



POSITION STATEMENT MEASURE

**GREENHOUSE
GAS EMISSIONS
FROM THE
TRANSPORT
SYSTEM⁷**

REDUCING

⁷ This measure is aligned to a Government Policy Statement on land transport measure being finalised by the Ministry of Transport

<p>TRANSPORT OUTCOME Environmental sustainability Healthy and safe people</p>		
<p>GPS OBJECTIVE A land transport system that reduces greenhouse gas emissions, as well as adverse effects on the local environment and public health</p>		
<p>OUR POSITION We will responsibly manage the land transport system’s interaction with people, places and the environment</p>		
<p>TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021</p> <p>Implementation under way of a prioritised work programme to deliver on the government’s environmental targets for the transport sector</p>	<p>MEASURES 2019/20</p> <p>Progress reports against prioritised work programme – proportion of work programme under way, completed or delayed</p>	<p>TARGETS 2019/20</p> <p>As per the milestones and targets set in the work programme</p>
<p>Leading the public sector in offsetting greenhouse gas emissions from staff travel and significantly reduced emissions from our vehicle fleet</p>	<p>Net greenhouse gas emissions (carbon equivalent) from staff travel (including offsets)</p>	<p>Process for reporting and baseline to be set in 2018/19, then decreasing</p>
	<p>Transport Agency fleet vehicle emissions (carbon equivalent)</p>	<p>Baseline to be set in 2018/19, then decreasing</p>
<p>Reporting against approved environmental key performance indicators for infrastructure delivery and network management contracts that are 100 percent funded by the National Land Transport Fund</p>	<p>Full set of key performance indicators approved (defined in 2018/19) and national reporting tool in place</p>	<p>Achieved or not achieved status reported at the end of 2019/20 with qualitative description of achievements</p>
<p>Environmental and public health impacts are appropriately valued in investment decision-making processes</p>	<p>Methodologies for monetising or quantifying public health and environmental impacts (defined in 2018/19) are implemented – to take effect in the interim, where possible, and fully in the next National Land Transport Programme</p>	<p>Achieved or not achieved status reported at the end of 2019/20 with qualitative description of achievements</p>

REGULATORY

OUR POSITION

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

WHAT NEEDS TO HAPPEN?

To make this happen will require us to transform the way we regulate drivers, vehicles, and commercial and rail operations to a best practice regulatory compliance model. 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.

SIGNIFICANT ACTIVITIES FOR 2019/20

7.1 In 2019/20, we will focus on improving our regulatory processes, systems and capability to enable us to transition towards a best practice regulatory compliance model that delivers to our core regulatory purpose, functions and objectives.

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

Five output classes make a direct contribution to this position statement:

- driver licensing and testing
- vehicle safety and certification
- regulation of commercial transport operators
- regulation of the rail transport system
- revenue collection and administration.

These output classes also contribute to Transport safety (pages 12-15).

HOW WE'LL MEASURE PROGRESS

We'll measure our progress through a performance measure for this position statement (to be set by the Transport Agency Board following the Ministry of Transport's regulatory review into our regulatory performance), measures for each target state (what we're aiming for by 30 June 2021), significant activities for 2019/20 and financial and non-financial performance expectations for our output classes.



POSITION STATEMENT MEASURE
**PROPORTION OF
 REVIEWED
 NON-
 COMPLIANCE
 ACTIONS THAT
 ARE IN LINE WITH
 TRANSPORT
 AGENCY
 REGULATORY
 INTERVENTION
 GUIDELINES**

**BASELINE TO
 BE SET**

TRANSPORT OUTCOME

Inclusive access | Healthy and safe people | Economic prosperity

GPS OBJECTIVE

A land transport system that:

- is a safe system free of death and serious injury
- provides increased access to economic and social opportunities
- enables transport choice and access.

OUR POSITION

Our systems should be intuitive and clear to ensure people, vehicle and commercial and rail operations are safe, people make good transport choices and harmful behaviour is swiftly dealt with.

TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021

An efficient compliance and enforcement function that is transparent, fast and fair in dealing with non-compliance

MEASURES 2019/20

To be developed following completion of the Ministry of Transport's regulatory review

TARGETS 2019/20

OUTPUT
CLASS**DRIVER LICENSING AND TESTING***Delivered by the Transport Agency and funded from fees and charges and the Crown***What we do**

We improve the safety of the land transport system by ensuring drivers meet and maintain required safety standards. This work includes providing approved driver licensing courses.

This work also includes:

- developing land transport rules relating to driver licensing and testing (for the Minister of Transport)
- managing the standards and delivery of driver licensing and testing to the public, including developing and maintaining driver licensing test routes
- assessing licence holders, including for alcohol and other drug use
- maintaining the integrity of the driver licence register
- informing and advising the public on driver licensing and testing
- educating, auditing and undertaking other regulatory activities with third parties, such as driver licensing and testing course providers, testing officers, alcohol interlock providers, and our driver licensing agent network
- developing and maintaining resources, such as road codes, theory and practical test requirements, and testing and provider manuals.

The difference this output class makes

Driver licensing and testing contributes to safe, competent and legal drivers, allows public confidence in the licensing system and enhances access to the social and economic opportunities associated with being able to drive.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
DLT1	Unit cost of providing user-facing driver licensing and testing services	\$27.83	≤\$25.70
DLT2	Proportion of driver licence tests booked online ¹	55%	≥55%
DLT3	Proportion of accuracy of data entry into registers	97%	≥97%
DLT4	Proportion of practical tests taken within 30 working days of booking	98%	98%
DLT5	Proportion of audits for driver licence course providers completed against target	100%	100%
DLT6	Proportion of non-compliance actions for driver licence course providers resolved on time	100%	100%
DLT7	Number of drug or alcohol assessments funded [•]	1,300	1,200–1,400
DLT8	Number of older driver licences subsidised [•]	40,069	39,000–41,000

Technical notes for our performance measures are included in appendix 3.

¹ This measure was reworded from % of transactions completed online (licensing and regulatory compliance) to better reflect the activities measured. Scope and methodology have not changed.

[•] This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	67.4	65.2
Expenditure	76.5	76.4
Net surplus (deficit)	(9.1)	(11.2)

Full details on output class funding and expenditure are on pages 68–76.

OUTPUT CLASS

VEHICLE SAFETY AND CERTIFICATION

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

What we do

We use vehicle registration, licensing, standards and certification to ensure the vehicles on our roads are compliant and safe. We do this by:

- developing land transport vehicle rules (for the Minister of Transport) and clear standards and guidelines for vehicle inspection and certification
- appointing vehicle inspectors and inspecting organisations that certify vehicles for compliance with standards and safety requirements
- monitoring and auditing performance of vehicle inspectors and inspecting organisations, including investigating complaints
- investigating and taking appropriate action against vehicle inspectors and inspecting organisations that do not meet the required standards
- revoking certification of vehicles when we find they are unsafe or illegal
- managing the delivery of motor vehicle registration and licensing services to the public
- maintaining the integrity of the motor vehicle register and related systems
- authorising and managing third-party access to registry information
- informing and advising on vehicle standards, registration and licensing regulatory requirements.

The difference this output class makes

Vehicle safety and certification (including registration, licensing, standards and certification activities) helps ensure vehicles on our roads are safe and the integrity of vehicle registration and certification systems is maintained.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
VSC1	Unit cost of providing user-facing motor vehicle licencing services	\$4.13	≤\$4.10
VSC2	Proportion of motor vehicle licensing completed online ¹	56%	≥56%
VSC3	Proportion of accuracy of data entry into registers	97%	≥97%
VSC4	Proportion of vehicles relicensed on time ²	98%	≥98%
VSC5	Proportion of audits and reviews for inspecting organisations and vehicle inspectors completed against target	100%	100%
VSC6	Proportion of non-compliance actions for inspecting organisations and vehicle inspectors resolved on time	85%	100%

Technical notes for our performance measures are included in appendix 3.

¹ This measure was reworded from % of transactions completed online (motor vehicle registry) to better reflect the activities measured. Scope and methodology have not changed.

² This measure was reworded from % revenue compliance (motor vehicle registry) to better reflect the activities measured. Scope and methodology have not changed.

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	73.5	73.0
Expenditure	72.0	72.7
Net surplus (deficit)	1.5	0.3

Full details on output class funding and expenditure are on pages 68-76.

OUTPUT
CLASS**REGULATION OF COMMERCIAL TRANSPORT OPERATORS***Delivered by the Transport Agency and funded from fees and charges***What we do**

We improve the safety of the land transport system by ensuring commercial operators and drivers meet the required safety standards. This work includes:

- developing land transport rules relating to commercial transport operation (for the Minister of Transport)
- setting regulatory standards and requirements for the industry
- licensing commercial transport operators and maintaining the transport service licence register
- monitoring and auditing compliance with regulatory standards and requirements for commercial transport operators and drivers, including on-road electronic monitoring of commercial vehicles
- investigating and prosecuting commercial transport operators and drivers and suspending or revoking their licences when they do not meet required standards
- informing, advising and educating commercial operators and the public on commercial transport obligations
- administering permits for over-weight, over-dimension and high-productivity vehicles.

The difference this output class makes

Effective regulation of commercial transport operators helps to ensure that commercial operators and drivers are safe and legal, so people and goods can be moved safely.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
CTO1	Proportion of commercial operators reviewed or audited against target	54%	100%
CTO2	Proportion of non-compliance actions for commercial operators resolved on time	100%	100%
CTO3	Proportion of standard permits issued within approved timeframes (less than or equal to 10 working days)	100%	100%

Technical notes for our performance measures are included in appendix 3.

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	12.3	13.1
Expenditure	15.8	19.7
Net surplus (deficit)	(3.5)	(6.6)

Full details on output class funding and expenditure are on pages 68-76.

OUTPUT CLASS

REGULATION OF THE RAIL TRANSPORT SYSTEM

Delivered by the Transport Agency and funded from fees and charges

What we do

We regulate the rail transport system to assure stakeholders and the wider public that rail participants effectively manage rail safety risks by:

- managing entry to and exit from the rail system through licensing and restricting operations
- approving, replacing and varying 'safety cases' (documents that describe a licensee's safety approach)
- setting or guiding the development of safety standards for infrastructure, vehicles and practices
- assessing compliance with safety cases and standards
- investigating safety accidents
- directing improvements or imposing restrictions in response to safety breaches by licensees and other participants
- prosecuting breaches of the Railways Act 2005
- monitoring risks and the overall level of safety in the rail system
- providing advice and information on rail system safety.

The difference this output class makes

Effective regulation of rail participants helps to ensure New Zealand has safe rail networks that can be used with confidence to move people and goods.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
RTS1	Proportion of rail participants reviewed or audited against target	100%	100%
RTS2	Proportion of non-compliance actions for rail participants resolved on time	100%	100%

Technical notes for our performance measures are included in appendix 3.

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	1.2	2.7
Expenditure	3.2	3.6
Net surplus (deficit)	(2.0)	(0.9)

Full details on output class funding and expenditure are on pages 68-76.

OUTPUT
CLASS**REVENUE COLLECTION AND ADMINISTRATION**

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

What we do

We:

- collect and refund road user charges (RUC) revenue (to be paid to the National Land Transport Fund), by:
 - selling RUC licences
 - investigating evasion and enforcing payment
 - refunding customers charges paid for off-road travel
 - informing and advising the public about RUC
- collect road tolling revenue to fund or repay the cost of building, maintaining or operating toll roads, including:
 - collecting toll revenues and disbursements to the Crown
 - investigating evasion and enforcing payment
 - managing associated roadside and back-office systems, customer interfaces and payment channels
 - informing and advising the public about road tolls
- collect and rebate regional fuel tax to fund regional projects, including:
 - collecting fuel tax from distributors
 - providing rebates for off-road use
 - forwarding the tax to the Auckland Council
 - auditing compliance with the requirements
 - reporting fuel prices and volumes
- refund and account for fuel excise duty claims so customers are refunded for off-road fuel use, which is an adjunct to the collection of the duty provided for under the Land Transport Management Act 2003 that we do on behalf of the Ministry of Transport.

The difference this output class makes

Revenue collection and administration allows us to collect the amount of revenue prescribed fairly and in accordance with the law (acts and regulations) to invest in a safe, resilient and accessible transport system.

Revenue collected through motor vehicle registration (described on page 37) is also invested in the transport system.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
REV1	Unit cost of providing user-facing road tolling services	\$0.66	≤\$0.66
REV2	Proportion of chargeable toll trips paid on time ¹	97%	≥97%
REV3	Proportion of road user charges licences completed online ²	69%	≥69%
REV4	Unit cost of providing user-facing road user charges services	\$3.29	≤\$3.32
REV5	Proportion of road user charges operators that are investigated or audited against target [•]	New measure	100%
REV6	Proportion of non-compliance actions for road user charges evasion resolved [•]	100%	100%
REV7	Proportion of identified evaded road user charges repaid [•]	New measure	Baseline to be set
REV8	Proportion of road user charges refund claims processed within 20 working days [•]	New measure	Baseline to be set
REV9	Average number of days taken to process refunds of fuel excise duty ^{3 •}	19 working days	≤20 working days
REV10	Average number of days to process regional fuel tax rebate claims	New measure	≤10 working days

Technical notes for our performance measures are included in appendix 3.

• This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

¹ This measure was reworded from % revenue compliance (road tolling) to better reflect the activities measured. Scope and methodology have not changed.

² This measure was reworded from % of transactions completed online (road user charges) to better reflect the activities measured. Scope and methodology have not changed.

³ This measure was reworded from Average number of days to deliver to better reflect the activities measured. Scope and methodology have not changed. The Ministry of Transport also reports on this measure.

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	35.1	36.0
Expenditure	38.0	38.8
Net surplus (deficit)	(2.9)	(2.8)

Full details on output class funding and expenditure are on pages 68-76.

TRANSPORT AGENCY

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 our people are equipped to provide leadership, build valued relationships and partnerships, and deliver at pace. They will thrive in a work environment that is safe, healthy and flexible, prizes diversity and enables lean and agile ways of working. We will be an active leader in health and safety with the safest value chain for construction in New Zealand. Our technology and systems will support responsive and collaborative ways of working and be easy to use, resilient, sustainable and secure.

SIGNIFICANT ACTIVITIES FOR 2019/20

In 2019/20, we will:

- 8.1 identify ways to improve how the Transport Agency's culture, capability (people, policy, process and technology platforms) and capacity can support its strategic intentions, including:
 - 8.1.1 continue to develop and implement our workforce strategy and supporting capability plan, focused on identifying future capabilities required and how we might develop, recruit, build or partner with others to bring these skills into the Transport Agency. In particular, ensure we have the capability to take a strong leadership role in the investment and delivery of public transport, rail and walking and cycling to achieve government outcomes
 - 8.1.2 expand our existing assurance and risk management programme over core internal controls, probity, contract management and infrastructure projects. This will provide greater insight and assurance over the delivery of our strategy and monitoring of key risks
 - 8.1.3 identify the organisational capabilities and enabling technology systems we need to improve while, in parallel, addressing immediate technology needs and capability gaps
 - 8.1.4 expand our programme of proactive and regular engagement with co-investors, partners and stakeholders based on openness and transparency. The programme will be supported by enhanced communications and measured annually
- 8.2 implement the health and safety management system to ensure the health and safety of our people and contractors through workplace best practice
 - 8.3.1 design and make changes to the Investment Decision Making Framework, including the Economic Evaluation Manual, working with councils, central government, iwi and disability representatives to develop a framework, policies and processes that are robust, transparent and easy to use and ensure the assessment and prioritisation of investments is mode neutral, system based, and considers all impacts, costs and benefits regardless of whether they can be quantified or monetised
 - 8.3.2 implement the new investment decision making framework that will align to the Transport Outcomes Framework, easily adapt for each Government Policy Statement on land transport, and support delivery of the best mix of investments to optimise benefits for people, the economy and the environment. This framework will be applied to any business cases for transport investment that are submitted after the framework is implemented and, where appropriate, to any existing business cases or projects that are re-evaluated
- 8.4 complete the development of a comprehensive benefit management framework that allows us to tell the story of what our National Land Transport Programme investments have delivered across the government's key priorities.

WHAT WE DELIVER AND INVEST IN (CONTRIBUTING OUTPUT CLASSES)

The investment management output class (pages 45–46) makes a direct contribution to our Transport Agency position statement.

HOW WE'LL MEASURE PROGRESS

We'll measure our progress through a performance measure for this position statement, measures for each target state (what we're aiming for by 30 June 2021), significant activities for 2019/20, and financial and non-financial performance expectations for our output classes.



POSITION STATEMENT MEASURE
**PROPORTION
 OF TRANSPORT
 AGENCY
 PARTNERS,
 STAKEHOLDERS
 AND
 CUSTOMERS
 THAT REPORT
 THE TRANSPORT
 AGENCY IS
 RESPONSIVE,
 WITH ENGAGED
 PEOPLE
 AND TIMELY
 DELIVERY OF
 SUSTAINABLE
 TRANSPORT
 SOLUTIONS**

BASELINE TO
 BE SET

TRANSPORT OUTCOME

Inclusive access | Healthy and safe people | Environmental sustainability | Economic prosperity | Resilience and security

GPS OBJECTIVE

A land transport system that:

- is a safe system, free of death and serious injury
- provides increased access to economic and social opportunities
- enables transport choice and access
- provides increased access to economic and social opportunities
- is resilient
- reduces greenhouse gas emissions, as well as adverse effects on the local environment and public health
- delivers the right infrastructure and services to the right level at the best cost.

OUR POSITION

The Transport Agency is respected by partners, stakeholders and customers for its responsive and engaged people and its timely delivery of sustainable transport solutions

TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021

MEASURES 2019/20

TARGETS 2019/20

A reputation of being a lead public sector agency for workplace safety for our employees and contractors

Proportion of surveyed staff who consider the Transport Agency a safe place to work

Baseline to be set in 2018/19, then increasing

Staff injury rate

Baseline to be recorded for Transport Agency staff and network outcomes contracts contractors in 2018, then decreasing

A reputation of being a lead public sector agency known for agile thinking and fast-tracking solutions

Proportion of surveyed stakeholders who consider the Transport Agency to be known for agile thinking and fast-tracking solutions

Baseline to be set in 2018/19, then increasing

TARGET STATES - WHAT WE'RE AIMING FOR BY 30 JUNE 2021	MEASURES 2019/20	TARGETS 2019/20
Recognition as an employer of choice, offering a diverse, fair, safe and dynamic work environment	Demographics (for example, gender, ethnicity, disability, part-time and remote workers, and workers on secondment) of Transport Agency employees with less than two years' service	Baseline to be developed in 2018/19, then increasing
	Proportion of Transport Agency staff who agree that 'this organisation is a great place to work'	Baseline 57% (as at March 2018), then increasing
Operation of a resilient digital environment with class-leading security and smart processes	Rating of the Transport Agency's Protective Security Requirements cyber-security maturity	Managed or enhanced
	Proportion of Transport Agency staff who respond appropriately to mock security incidents	Baseline to be set in 2018/19, then increasing

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

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

- developing and managing the National Land Transport Programme, including:
 - managing the National Land Transport Fund
 - supporting development of the Government Policy Statement on land transport
 - developing criteria for assessing and prioritising land transport investment
 - providing investment and funding advice to the government
- planning the transport system, including:
 - programme business case development
 - activity management planning
 - transport model development
- delivering sector research, including:
 - engagement with the sector
 - research project development and delivery.

We also:

- work with the Provincial Development Unit to identify investment opportunities, advise on applications and release funding for land transport projects
- provide ministerial services (advice and official correspondence).

The difference this output class makes

Investment management allows us to achieve what the government wants us to do (as directed by the Government Policy Statement on land transport) and balance multiple objectives while shaping the land transport system and influencing its delivery. We also ensure long-term land transport funding sustainability.

How we'll measure performance

REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
IM1	Total cost of managing the funding allocation system as a percentage of National Land Transport Programme expenditure *	1.1%	≤1.1%
IM2	Proportion of investments that meet the Transport Agency's investment thresholds level	100%	100%
IM3	Proportion of planned transport system master planning activities delivered	New measure	Baseline to be set
IM4	Proportion of transport system master planning activities delivered that were not planned	New measure	Baseline to be set
IM5	Proportion of sector research activities delivered to agreed standards and timeframes	95%	≥95%
IM6	Proportion of investment audit activities completed ¹	100%	100%
IM7	Average number of days to action new funding approvals	25 working days	≤20 working days
IM8	Stakeholder satisfaction ²	Baseline to be set	
IM9	Proportion of requests completed within specified timeframes – ministerial correspondence *	95%	100%
IM10	Proportion of requests completed within specified timeframes – parliamentary questions *	99%	100%
IM11	Proportion of requests completed within statutory timeframes – Official Information Act *	99%	100%
IM12	Provincial Growth Fund regional projects and capability – proportion of regional project business cases completed to standard (approved organisations and Transport Agency) *	100%	≥90%
IM13	Provincial Growth Fund regional projects and capability – proportion of Transport Agency regional project business cases completed to timelines *	100%	≥90%
IM14	Provincial Growth Fund supporting regional and infrastructure projects – average number of days to provide feedback on Provincial Growth Fund funding applications *	20 working days ³	≤20 working days
IM15	Average number of days taken to enter fatal crash reports into the Crash Analysis System *	10 working days	10 working days

Technical notes for our performance measures are included in appendix 3.

¹ The measure was reworded from % of operational assurance activities completed to better reflect the activities measured. Scope and methodology have not changed.

² This measure was reworded from % stakeholder satisfaction (approved organisations and stakeholders) to better reflect the activities measured. Scope and methodology have not changed.

³ The estimated actual was based on January to March 2019 data as this is the only period data is available.

* This measure is also a measure for an appropriation in Vote Transport (see appendix 4 for all appropriation measures).

What this output class will cost

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Income	64.5	73.7
Expenditure	65.5	73.7
Net surplus (deficit)	(1.0)	0.0

Full details on output class funding and expenditure are on pages 68-76.

USE OF THE NATIONAL LAND TRANSPORT FUND

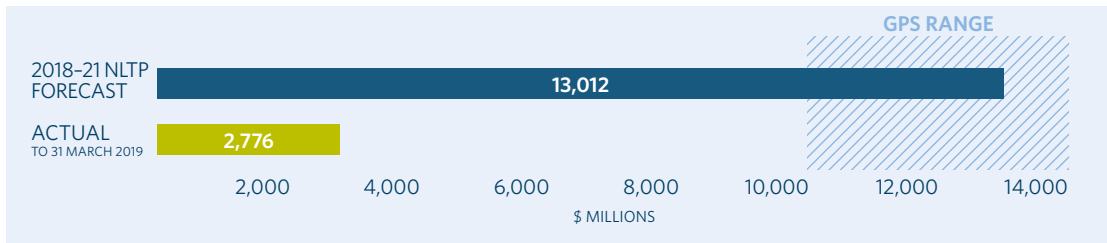
The Transport Agency allocates and invests the National Land Transport Fund and prepares the National Land Transport Programme to give effect to the Government Policy Statement on land transport (GPS). The policy statement sets out the government’s priorities for land transport and the results it wishes to achieve through the allocation of funding from the National Land Transport Fund. It sets funding ranges for 12 activity classes that are aligned to the Transport Agency’s output classes.

This section outlines National Land Transport Fund expenditure against the planned levels in the 2018–21 National Land Transport Programme.

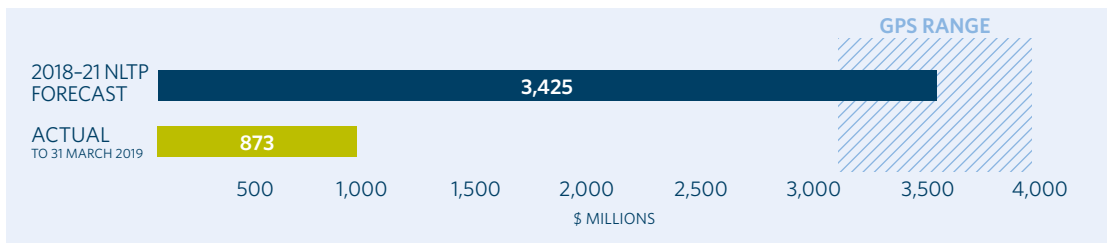
PROGRESS TO DELIVER ON 2018-21 NATIONAL LAND TRANSPORT PROGRAMME

The following charts illustrate how the National Land Transport Fund allocation and commitments are progressing for the overall National Land Transport Programme and each GPS activity class. They indicate the current forecast spend for the National Land Transport Fund over the 2018–21 National Land Transport Programme compared with the GPS ranges and actual expenditure to 31 March 2019.

Overall use of the National Land Transport Fund



State highway improvements



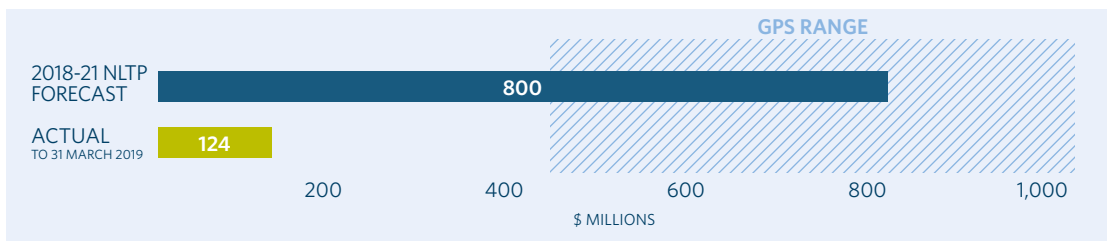
Expenditure in the state highway improvements activity class is below plan to date but expected to meet or exceed plan over the 2018-21 National Land Transport Programme.

Overall spending on state highway improvement projects is funded from three activity classes (state highway improvements, public transport and regional improvements, where applicable).

The outlook for overall funding in the 2018-21 National Land Transport Programme and the remainder of the GPS period shows very limited headroom for any new projects due to funding constraints in over the period.

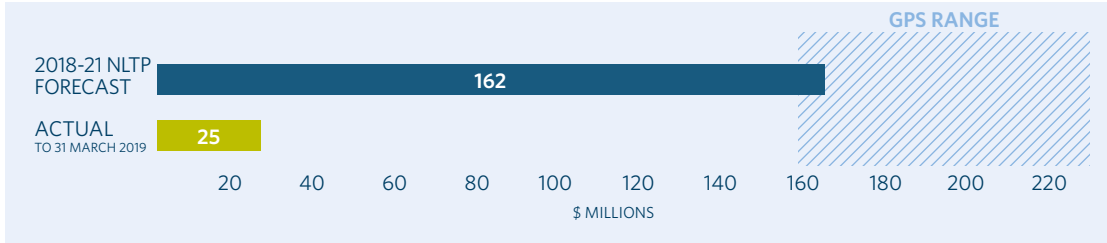
Options for managing further state highway improvements funding are under active consideration in conjunction with the Ministry of Transport.

Local road improvements



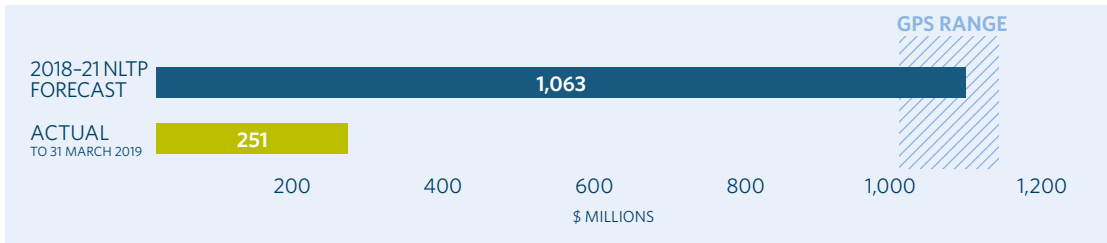
Expenditure on local road improvements is progressing ahead of plan and funding is heavily committed for the 2018-21 National Land Transport Programme. At the end of the National Land Transport Programme, expenditure is likely to be above plan and at the upper-end of the GPS range.

Road safety promotion and demand management



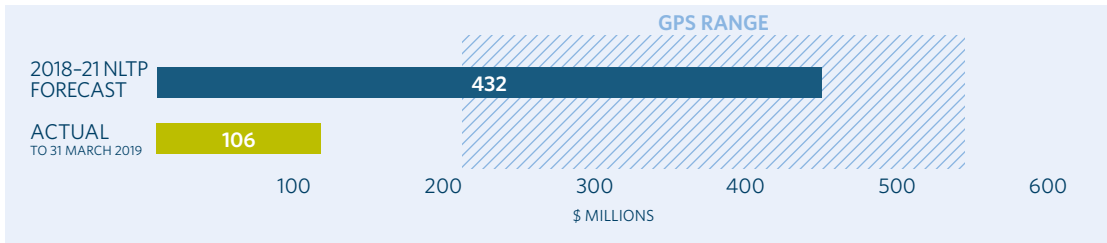
Expenditure to 31 March 2019 is below plan with the bulk of 2018/19 expenditure to occur in the last quarter.

Road policing



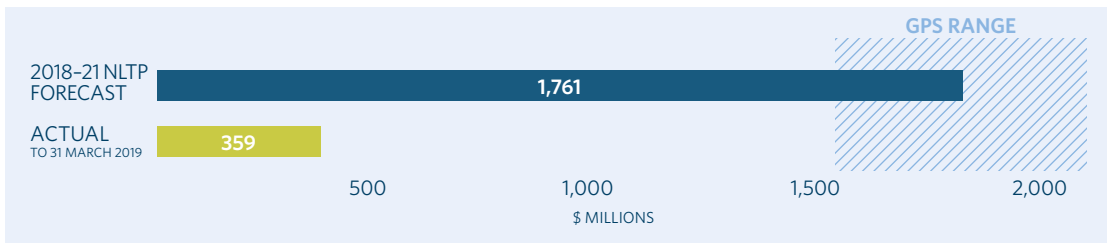
Only the 2018/19 year of the Road Safety Partnership Programme has been approved following the Transport Agency Board’s recommendation to the Minister of Transport. Decisions on funding for future years have yet to be made.

Regional improvements



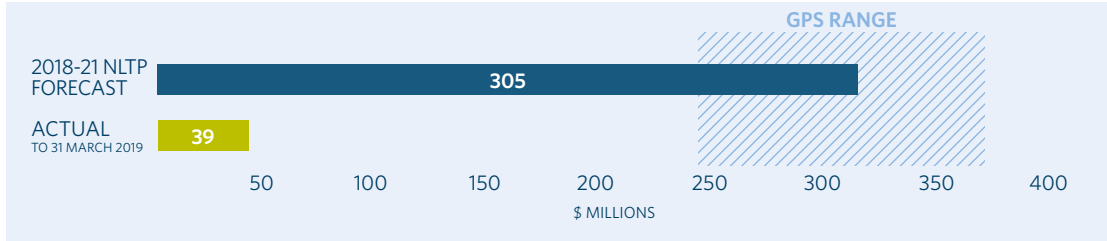
Expenditure on regional improvements is ahead of the 2018/19 plan. Over the 2018-21 National Land Transport Programme, expenditure is forecast to be above plan but within the upper limit of the GPS range.

Public transport



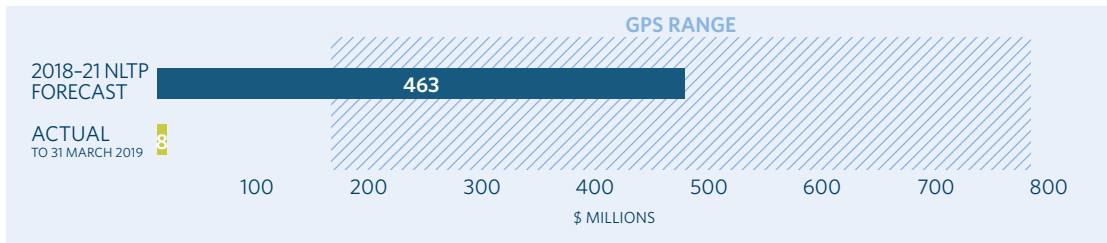
Expenditure to 31 March 2019 is slightly ahead of the 2018/19 plan. Funding demands in public transport are strong for both improvement activities and operations with various input cost pressures. Forecast expenditure over the 2018-21 National Land Transport Programme is close to allocation.

Walking and cycling



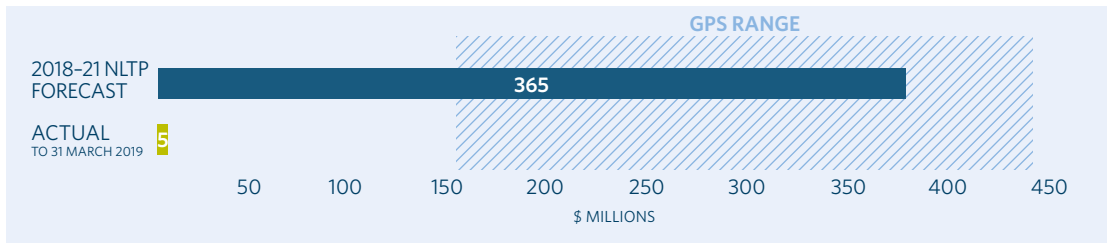
Expenditure to 31 March 2019 on walking and cycling is 32 percent below the 2018/19 plan due to various project delays. The forecast for the 2018-21 National Land Transport Programme overall remains close to allocation, but with some risk of being in the lower end of the GPS range depending on how projects progress.

Rapid transit



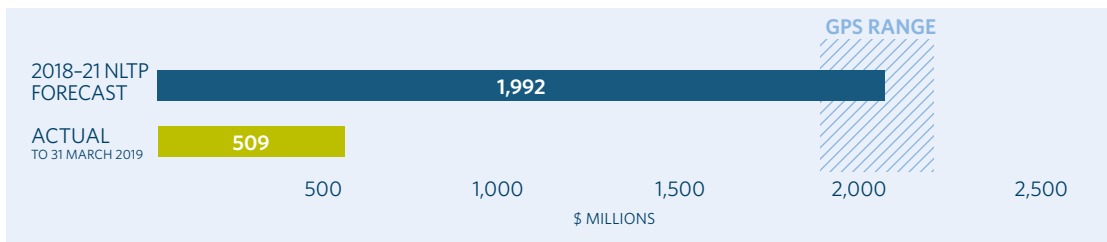
Expenditure to 31 March 2019 on rapid transit is well below 2018/19 plan. We are revising our forecast based on actual expenditure to assess scope for seeking approval to transfer funding to other activity classes.

Transitional rail



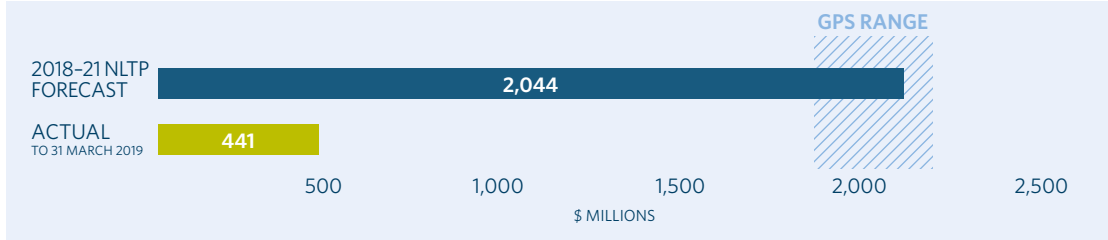
Expenditure to 31 March 2019 on transitional rail is below plan. However, significant approvals and activity are expected in 2019/20. At this stage, the forecast is to fully utilise the funding allocated in the 2018-21 National Land Transport Programme.

State highway maintenance



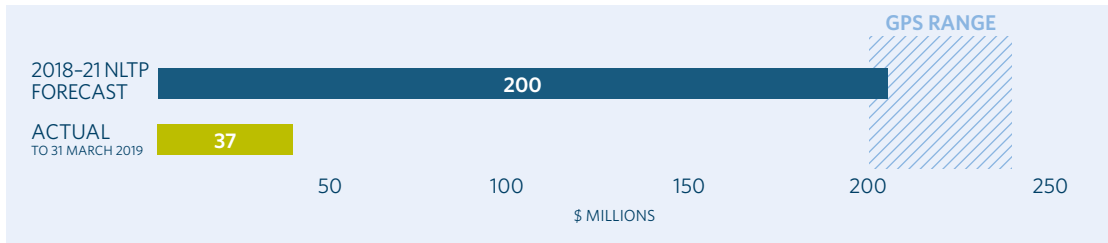
Expenditure to 31 March 2019 on state highway maintenance is close to 2018/19 plan and funding is forecast to be fully utilised during the 2018-21 National Land Transport Programme.

Local road maintenance



Expenditure on local road maintenance is slightly below the 2018/19 plan but is forecast to be fully utilised during the 2018-21 National Land Transport Programme. The level of funding required for emergency works is a key uncertainty.

Investment management

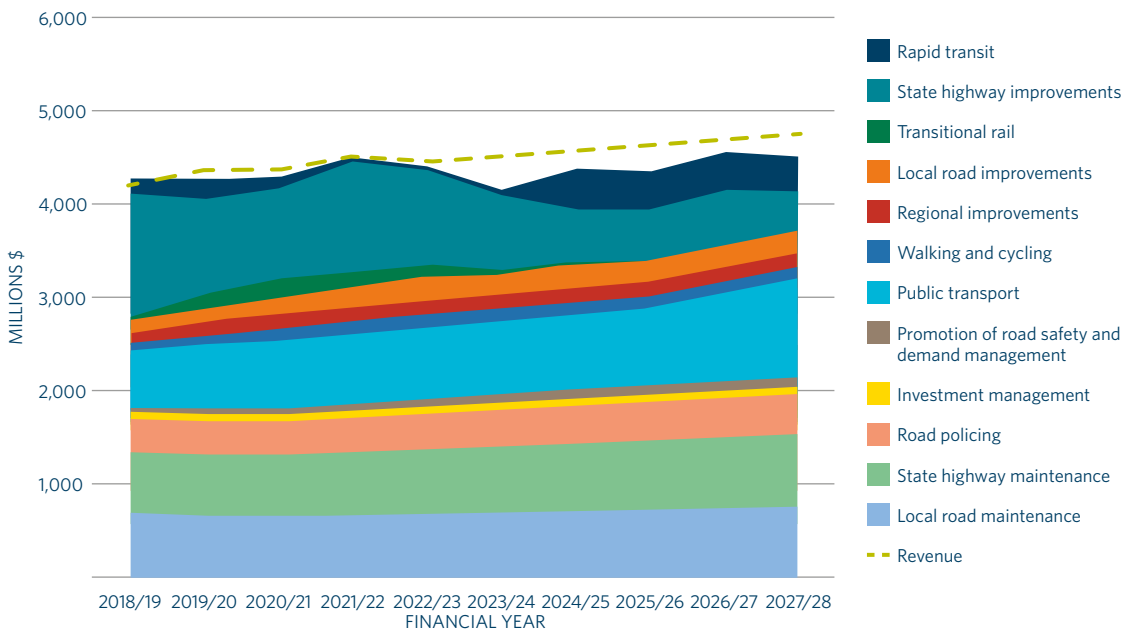


Expenditure on investment management is below the 2018/19 plan and, while activity is expected to increase over the remaining two years of the 2018-21 National Land Transport Programme, is forecast to remain below allocation.

FUTURE PRESSURE ON THE NATIONAL LAND TRANSPORT FUND

The graph below depicts a possible disposition of the National Land Transport Fund based on delivery of the 2018 GPS. The projects envisage a mix of paygo (paying with funds that are currently available rather than borrowing) and financing of the initial Auckland light rail project (rapid transit) to work within the current forecast revenue. Notable is the significant reduction in state highway improvements funding – an increasingly significant proportion of which is allocated to the payment of unitary charges relating to the existing public-private partnerships.

Potential National Land Transport Fund use based on 2018 GPS



Based on these projections, there is very limited discretionary capacity to accommodate other major investment in transport infrastructure.



PROSPECTIVE FINANCIAL STATEMENTS

This section provides prospective financial statements for the:

- Transport Agency
- National Land Transport Fund.

NZ TRANSPORT AGENCY

FINANCIAL OVERVIEW

These prospective financial statements provide information on the Transport Agency's future financial performance, position and cash flows. They are based on assumptions about future events that the Transport Agency reasonably expects to occur. Actual results for the forecast periods are likely to vary from the information presented, and variations may be material.

Budgeted funding of \$4,819 million is available for 2019/20 for:

- **land transport** (\$4,348 million), which includes Transport Agency investment in the state highway network, rapid transit and funding provided for approved organisations for the delivery of services
- **NZ Transport Agency activities** (\$365 million), which include activities for which the Transport Agency is accountable and either delivers in house or contracts out
- **NZ Transport Agency activities charged directly to the National Land Transport Programme** (\$106 million), when the Transport Agency delivers parts of the programme directly, such as state highway projects and road safety promotion.

PROSPECTIVE FINANCIAL STATEMENTS

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

	NOTE	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
REVENUE			
Funding from the National Land Transport Fund		2,852.2	2,888.4
Funding from the Crown		75.2	67.7
Revenue from other activities		198.0	196.3
Total revenue		3,125.4	3,152.4
EXPENSE			
Land transport funding	6	2,089.3	2,242.8
Personnel costs	5	129.2	135.7
Operating expenses	5	149.1	165.3
Interest and finance costs		36.5	38.3
Depreciation, amortisation and state highway write-off	5,7	559.0	564.1
Assets vested to local authorities		175.0	23.0
Total expense		3,138.1	3,169.2
SURPLUS/(DEFICIT)	4	(12.7)	(16.8)
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Gain/(loss) state highway network revaluations	3	2,510.0	1,860.0
Net movement in cash flow hedges		(97.0)	11.1
Total other comprehensive revenue and expense		2,413.0	1,871.1
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		2,400.3	1,854.3

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	NOTE	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
ASSETS			
Cash and cash equivalents		50.0	50.0
Debtor Crown		50.5	50.6
Receivables and other assets		101.7	124.6
Debtor National Land Transport Fund		498.3	439.1
Debtor National Land Transport Fund - debt related		2,086.4	2,623.3
Property assets held for sale		35.0	60.0
Public-private partnerships	8	1,352.6	716.3
Property, plant and equipment, and intangible assets	7	64.3	69.6
State highway network and work in progress	7	46,918.0	51,141.8
Total assets		51,156.8	55,275.3
LIABILITIES			
Payables		679.3	773.7
Employee entitlements		19.4	20.4
Derivative financial liability	8	298.3	285.5
Borrowing and other liabilities		433.2	459.7
Public-private partnerships	8	1,352.6	1,841.6
Total liabilities		2,782.8	3,380.9
NET ASSETS		48,374.0	51,894.4
EQUITY			
Contributed capital		5.6	5.6
Retained funds		28.6	9.8
Equity derived from the state highway network		48,565.0	52,093.1
Cash flow hedge reserve		(225.2)	(214.1)
TOTAL EQUITY		48,374.0	51,894.4

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

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
BALANCE AT 1 JULY	44,265.4	48,374.0
Surplus/(deficit)	(12.7)	(16.8)
State highway network revaluations	2,510.0	1,860.0
Movement in cash flow hedges	(97.0)	11.1
Capital contribution	1,708.3	1,666.1
BALANCE AT 30 JUNE	48,374.0	51,894.4

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
NET CASH FLOWS		
Receipts from the National Land Transport Fund	2,704.6	2,947.6
Receipts from the Crown	82.8	67.6
Receipts from other revenue	194.9	173.5
Payments to employees	(125.4)	(134.7)
Payments to suppliers	(2,137.9)	(2,339.3)
Goods and services tax (net)	0.7	0.0
From operating activities	719.7	714.7
Receipts from sale of state highway held properties	30.0	35.0
Purchase of property, plant and equipment, and intangible assets	(18.5)	(19.4)
Investment in the transport network	(1,941.1)	(1,871.5)
From investing activities	(1,929.6)	(1,855.9)
Capital contribution from the National Land Transport Fund	1,007.2	1,012.7
Capital contribution from the Crown	131.2	107.9
Receipts from borrowing	33.2	186.6*
Repayment of borrowing	(23.0)	(160.0)*
Interest paid on borrowing	(9.0)	(6.0)
From financing activities	1,139.6	1,141.2
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(70.3)	0.0
Cash and cash equivalents at the beginning of the year	120.3	50.0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	50.0	50.0

*Included within borrowing receipts and repayments is the utilisation of the revolving loan facility (with a limit of \$175m) for seasonal variations.

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 have been 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. The prospective financial statements are not expected to be updated after they are authorised for issue.

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 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.

CATEGORY	ASSUMPTIONS
Funding from the National Land Transport Fund (NLTf)	Funding from the 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.
Funding from the Crown	The government provides Crown funding to progress transport activities outside the NLTf, as either the activities do not have sufficient priority to be delivered in the current NLTP or they deliver on government policy not covered by the Land Transport Management Act 2003. The Transport Agency delivers the activities as directed by the government. Investment from the Crown can be an injection of funds or loans to assist in NLTf cash flow management. The short-term loan facility is forecast to be drawn down in the 2019/20 financial year and repaid during the same financial year. The forecasts include Crown funding of \$13.5 million from the Provincial Growth Fund to invest in regional infrastructure projects and associated activities.
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 increases slightly in line with growth in the fleet. The Transport Agency is anticipating a wider review of regulatory funding following the Ministry of Transport review of the agency's regulatory function, including adjustments to fees as well as other potential funding options. Following completion of the consultation and approval processes, a rail fee increase is expected to take effect from 1 October 2019, which has been reflected in the 2019/20 budget.
Personnel costs	Personnel costs reflect increases for capacity and capability as well as an increase in resource levels to meet our regulatory and service delivery obligations. Remuneration increases are forecast to be in line with those in other comparable entities.
Expenditure – regulatory activities	The forecast cost for regulatory activities is expected to increase as the Transport Agency addresses a number of longstanding weaknesses in its regulatory governance.
Expenditure –NLTP	The Government Policy Statement on land transport was taken into consideration when developing the NLTP and preparing the 2019/20 budget for NLTP expenditure.
Capital	The Transport Agency is undertaking a programme of capital spending that includes improving and renewing the state highway network, rapid transit, public transport, walking and cycling, and road safety promotion. 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 public-private partnerships and loans are recognised as capital contributions as the projected expenditure is incurred.

Debtor National Land Transport Fund – debt related	The debtor National Land Transport Fund – debt related consists of operating and capital expenditure for accelerated programmes that are funded by loans and public-private partnerships. The expenditure will be reimbursed by the NLTF in future with collection period ranging from 1 to 31 years. It is assumed that the NLTF will have sufficient funds when the loans and the public-private partnership liabilities are due.
Asset revaluations	The state highway network is revalued annually using independent expert valuers (WSP Opus). The valuation is sensitive to changes in the value of land and other inputs and estimates required for the state highway network valuation. We have assumed we will continue revaluing our assets annually. The projected outcome from the valuation improvement work that has been undertaken during the year is a \$1,880 million valuation increase at 30 June 2019 resulting from formation unit cost adjustments, revising the estimated uplift factor associated with professional fees, and an estimate for land valuation increases. No increase in the valuation to recognise brownfield costs at 30 June 2019 is assumed, as the work to validate this adjustment is ongoing. If included, the likely increase in the valuation is approximately \$1,200 million. The prospective valuation at 30 June 2020 includes the estimated brownfield costs adjustment. WSP Opus provided the estimated revaluation impacts for formation, the uplift factor and brownfield costs.
Public-private Partnerships	In February 2019, the Transport Agency received a material claim from the Wellington Gateway Partnership in relation to the Transmission Gully public-private partnership. Based on clear legal advice received by the Transport Agency, the 2019/20 prospective financial statements do not recognise any liability in relation to this claim.
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 associated cost allocations, projected operating spends, and changes in NLTF and Crown appropriations.
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 operating and capital expenditure for certain common or shared costs.

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 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 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.

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.

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

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

Accounting 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 2019. There have been no material impacts as a result of these adoptions.

The Transport Agency has early adopted PBE IFRS 9 *Financial instruments* from 1 July 2018. The adoption of this standard did not cause any material changes to measurement and recognition. The impact of the transition is mainly on presentation and disclosure.

3 > 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 Transport Agency's 2017/18 annual report and will be included in the 2018/19 annual report.

Revenue

Funding from the Crown and the National Land Transport Fund

The Transport Agency is primarily funded through revenue received from the National Land Transport Fund and the Crown, which is restricted in its use for the purpose of the Transport Agency meeting its objectives.

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

State highway network

The cost of constructing 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 be realised and the cost can be measured reliably. Other repair and maintenance costs are expensed during the financial period in which they are incurred.

Subsequent to initial recognition, the state highway network is revalued on an annual basis.

Valuation

The state highway network is valued using an optimised depreciated replacement cost (ODRC) methodology based on the estimated current cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age, condition and performance of the assets. The estimated current cost is expected to change over time.

The valuation is carried out by qualified independent valuers:

STATE HIGHWAY NETWORK COMPONENT	VALUER
Roads, bridges, culverts, tunnels, underpasses including the formation works, road structure, drainage works and traffic facilities	WSP Opus
Land	Darroch Limited

Replacement costs for the valuation are based on recent prices and unit costs provided by BondCM, an independent cost estimator.

Estimates, assumptions and judgements

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, including assumptions on quantities used in the construction of state highway network components, the life of the assets and the unit costs to apply. Changes to the underlying estimates and assumptions can cause a material movement in the state highway valuation and are reviewed on a periodic basis.

STATE HIGHWAY REVALUATIONS - KEY ESTIMATES

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Estimate of formation unit rate updates	1,800.0	0.0
Estimate uplift factor associated with professional fees	80.0	0.0
Estimate of impact of land corridor 5% valuation increase	630.0	660.0
Estimate of incorporating brownfields costs	0.0	1,200.0
TOTAL ESTIMATED REVALUATION OF STATE HIGHWAY	2,510.0	1,860.0

The key estimates above are the result of the valuation improvements project to date.

The inputs used in the valuation of state highway network assets are the greatest source of estimation uncertainty. These inputs include preliminary and general costs, professional fees, unit costs and bridge and brownfield costs.

The following sensitivity analysis that was disclosed in the Transport Agency annual report and financial statements at 30 June 2018 represents possible impacts on the state highway network valuation based on changes to estimates.

STATE HIGHWAY REVALUATIONS - SENSITIVITY ANALYSIS

	CHANGE IN OPTIMISED DEPRECIATED REPLACEMENT COST (ODRC) (\$M)
Increase in preliminary and general on-costs from 34.3% to 37.7%	788
Increase in external professional fees from 12% to 22%	2,688
Increase or decrease in formation unit costs by 10%/(10%)	1,064/(1,064)
Increase or decrease in unit costs* by 10% (10%)	1,552/(1,552)
Increase in land corridor quantities by 10%	1,062

*Relates to bridges, culverts, surfaces, pavements, railings and barriers.

The assumptions applied to the valuation for the budget period include a valuation increase of \$1,200 million for brownfield costs.

The sensitivity analysis above is only an indication of the range of possible impacts and should not be interpreted as the likely actual impact.

Depreciation

Depreciation is calculated on a straight-line basis on state highway network assets (other than land, held properties, formation and the sub-base component of pavement), at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

State highway network assets are considered non-cash generating and are reviewed for impairment whenever events or changes in circumstances indicate that there may be a reduction in the asset's future service potential. An impairment loss is recognised when the asset's carrying amount exceeds the recoverable service amount. The recoverable service amount is the higher of the asset's fair value less cost to sell and value in use. Impairment of state highway network assets is deducted from the asset revaluation reserve to the extent of an existing credit balance for that asset class. Any excess is recognised in surplus or deficit.

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

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
State highways - pavement (base)	50	2.0
State highways - pavement (surface)	9-14	7.1-11.1
State highways - drainage	50	2.0
State highways - traffic facilities	10-25	4.0-10
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

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

Public-private partnership assets and liabilities

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, were conditions to exist such that the arrangement would not continue through to the service commencement date.

Before the service commencement date, there are no scheduled payments under the arrangements.

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. The public-private partnership liabilities are financial liabilities designated at amortised cost.

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.

Debtors

The categories National Land Transport Fund receivable and debtor Crown represent undrawn funds from the operation and capital appropriations relevant to expenses incurred and not funded by borrowings.

The category National Land Transport Fund receivable - debt related represents operational and capital expenditure for accelerated programmes that are funded by borrowings and public-private partnerships that will be reimbursed by the National Land Transport Fund over future periods.

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 are subsequently re-measured to fair value at balance date.

The hedge relationship is designated as a cash flow hedge, and hedge accounting is applied. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine whether 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 is 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.

4 > RECONCILIATION OF COMPREHENSIVE INCOME TO OUTPUT CLASS STATEMENTS BY FUNDING SOURCE

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
State highway improvements	2.0	2.0
Investment management	(1.0)	0.0
National Land Transport Programme	1.0	2.0
Road safety promotion and demand management	2.4	2.4
Driver licensing and testing	1.6	(2.8)
Vehicle safety and certification	0.8	0.4
Revenue collection and administration	(1.1)	(0.6)
Transport Agency operating activities (Crown funded)	3.7	(0.6)
Driver licensing and testing	(5.2)	(8.4)
Regulation of commercial transport operators	(2.6)	(6.6)
Regulation of the rail transport system	(1.6)	(0.9)
Vehicle safety and certification	(6.2)	(0.1)
Revenue collection and administration	(1.8)	(2.2)
Transport Agency operating activities (fees and charges)	(17.4)	(18.2)
SURPLUS/(DEFICIT)	(12.7)	(16.8)

5 > TRANSPORT AGENCY EXPENDITURE

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

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Personnel costs	129.2	135.7
Operating expenses	149.1	165.3
Depreciation and amortisation expense	14.0	14.1
Transport Agency operating activities expenditure	292.3	315.1
Transport Agency capitalised expenditure and allocated to National Land Transport Programme	45.5	50.4
Transport Agency activities expenditure	337.8	365.5
TRANSPORT AGENCY EXPENDITURE:		
- allocated to National Land Transport Programme activities	78.9	105.5
TOTAL TRANSPORT AGENCY EXPENDITURE	416.7	471.0

The increase in the Transport Agency expenditure forecast reflects capacity and capability increases, primarily in core technology, and related to the regulatory and service delivery functions. Items that relate directly to output classes such as road safety promotion costs are excluded from Transport Agency operating activities and allocated to National Land Transport Programme activities. This disclosure is different from that in previous statements of performance expectations.

6 > 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, rapid transit and certain other items that are capitalised, and Transport Agency operating expenditure, which is separately shown in the statement of comprehensive revenue and expenses.

The investment in local roads, public transport, transitional rail, Provincial Growth Fund initiatives, Housing Infrastructure Fund initiatives and regional improvements is the National Land Transport Programme contribution only and does not include the significant investment contribution from local authorities.

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
State highway improvements	1,321.0	1,058.6
Local road improvements	245.0	272.0
Road safety promotion and demand management	46.3	55.0
Road policing	3.0	0.9
Regional improvements	184.0	134.0
Public transport	559.0	592.0
Walking and cycling	75.0	104.5
Rapid transit	19.0	180.0
Transitional rail	25.0	157.0
State highway maintenance	680.0	653.5
Local road maintenance	721.5	666.0
Investment management	64.4	70.8
Auckland Transport Package	12.5	15.0
Housing Infrastructure Fund	4.5	33.0
Public-private partnership	497.1	471.0
Interest and finance costs	36.5	38.3
Total National Land Transport Programme	4,493.8	4,501.6
Accelerated Regional Roding Programme	25.0	54.6
Kaikōura earthquake response	123.0	65.0
Provincial Growth Fund	6.0	13.5
SuperGold card administration and public transport concessions	29.7	29.7
Urban Cycleways Programme	14.7	8.0
Total activities funded on behalf of the Crown	198.4	170.8
Total expenditure	4,692.2	4,672.4
Less capital expenditure	(2,414.7)	(2,225.7)
Less other activities funded from the National Land Transport Programme	(151.7)	(165.6)
Less interest and finance costs	(36.5)	(38.3)
TOTAL LAND TRANSPORT FUNDING	2,089.3	2,242.8

7 > MANAGING OUR ASSETS

Each year the Transport Agency implements a capital programme, so it has the technology, property and other infrastructure required to fulfil its functions.

Movements in the state highway network are set out below.

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Opening balance	43,204.3	46,918.0
Additions	1,968.7	1,810.5
Additions - Transmission Gully	0.0	1,125.3
Assets transferred (to)/from held for sale	(15.0)	25.0
Depreciation	(535.0)	(540.0)
Disposals and state highway write-off	(215.0)	(57.0)
Net revaluation	2,510.0	1,860.0
CLOSING BALANCE	46,918.0	51,141.8

The Transport Agency's capital programme, including investment in computer hardware, leasehold improvements, furniture and fittings, office, plant and equipment, and computer software, is set out below.

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Opening balance	59.8	64.3
Additions*	18.5	19.4
Depreciation/Amortisation	(14.0)	(14.1)
TOTAL	64.3	69.6

* Includes \$4.8 million directly attributed to output classes (\$3.2 million to state highway maintenance and \$1.6 million to investment management).

8 > PUBLIC-PRIVATE PARTNERSHIP ASSETS AND LIABILITIES

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Transmission Gully	820.8	0.0
Pūhoi to Warkworth	531.8	716.3
TOTAL PUBLIC-PRIVATE PARTNERSHIP ASSETS	1,352.6	716.3

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Transmission Gully	820.8	1,125.3
Pūhoi to Warkworth	531.8	716.3
TOTAL PUBLIC-PRIVATE PARTNERSHIP LIABILITIES	1,352.6	1,841.6

The Transport Agency has entered into public-private partnership agreements with the Wellington Gateway Partnership to deliver the Transmission Gully project and with the Northern Express Group to deliver the Pūhoi to Warkworth project.

Under the agreements, the contractors finance, design, build, operate and maintain the sections of state highway.

The construction phase for Transmission Gully is expected to be completed by April 2020 and for Pūhoi to Warkworth by the end of 2021. By 30 June 2020, the Transmission Gully asset is forecast to move into the state highway network (note 7).

At the time the public-private partnership assets become operational, the Transport Agency will pay the contractor a quarterly unitary charge subject to satisfactory performance against agreed service levels. The first repayment for Transmission Gully is forecast to occur in 2020/21.

The Transport Agency has put in place interest rate swaps to hedge the re-pricing risk of the finance costs due under the agreement. The interest rate swaps valuation forecast was provided by The Treasury.

9 > 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.

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
Driver licensing and testing	2.6	(5.8)
Regulation of commercial transport operators and the rail transport system	(2.6)	(10.1)
Road user charges collections	1.9	(0.3)
Vehicle safety and certification	7.8	7.7
TOTAL MEMORANDUM ACCOUNTS - OTHER FEES AND CHARGES	9.7	(8.5)

10 > APPROPRIATION ESTIMATES FOR THE YEAR ENDING 30 JUNE 2020

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 2019/20 \$M	FUNDING MOVEMENTS \$M	BUDGET 2019/20 \$M
State highway improvements	568.0	24.8	592.8
Local road improvements	272.0	0.0	272.0
Road safety promotion and demand management	53.5	0.0	53.5
Road policing	0.9	0.0	0.9
Regional improvements	49.0	0.0	49.0
Public transport	510.0	0.0	510.0
Transitional rail	157.0	0.0	157.0
Walking and cycling	54.5	0.0	54.5
State highway maintenance	399.8	(2.4)	397.4
Local road maintenance	666.0	0.0	666.0
Investment management	70.5	0.3	70.8
Housing Infrastructure Fund	33.0	0.0	33.0
National Land Transport Programme (Permanent Legislative Authority)	2,834.2	22.7	2,856.9
State highway improvements	452.1	(3.6)	448.6
Road safety promotion and demand management	1.5	0.0	1.5
Regional improvements	85.0	0.0	85.0
Public transport	82.0	0.0	82.0
Walking and cycling	50.0	0.0	50.0
Rapid transit	180.0	0.0	180.0
State highway maintenance	240.2	(0.1)	240.1
Auckland Transport Package (repayment of loan)	15.0	0.0	15.0
Public-private partnership	471.0	0.0	471.0
National Land Transport Programme - new infrastructure for and renewal of state highways (Permanent Legislative Authority)	1,576.8	(3.7)	1,573.2
Investment management (crash analysis system)	0.8	0.0	0.8
Accelerated Regional Roding Programme	54.7	0.0	54.7
Kaikōura earthquake response	65.0	0.0	65.0
Provincial Growth Fund	13.5	0.0	13.5
SuperGold card administration and public transport concessions	29.7	0.0	29.7
Urban Cycleways Programme	8.0	0.0	8.0
Driver licensing and testing	3.1	0.0	3.1
Vehicle safety and certification	0.0	0.9	0.9
Revenue collection and administration	5.0	0.0	5.0
Crown funded	179.8	0.9	180.7
TOTAL	4,590.8	19.9	4,610.8

OUTPUT CLASS FUNDING AND EXPENDITURE

STATE HIGHWAY IMPROVEMENTS

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	732.8	574.8
National Land Transport Fund (public-private partnerships)	0.0	18.0
National Land Transport Fund (tolling)	10.2	10.5
Developers contributions	2.0	2.0
Interest and finance income	13.0	0.0
Total operating revenue	758.0	605.3
Assets vested to local authorities	175.0	23.0
Depreciation and state highway write-offs	545.0	550.0
Interest and finance costs	36.0	30.3
Total operating expenses	756.0	603.3
SURPLUS/(DEFICIT)	2.0	2.0
CAPITAL FUNDING AND EXPENDITURE		
Crown (Accelerated Regional Rooding Programme)	25.0	54.7
National Land Transport Fund	569.0	448.6
National Land Transport Fund (public-private partnerships)	497.1	471.0
National Land Transport Fund (state highway disposals)	30.0	35.0
National Land Transport Fund (Auckland Transport Package)	12.5	0.0
Depreciation funding utilised for investment in the state highway network	545.0	550.0
Net non-cash funding for losses/income for vested assets	175.0	23.0
Total capital funding	1,853.6	1,582.3
Accelerated Regional Rooding Programme	25.0	54.7
Auckland Transport Package	12.5	0.0
Public-private partnerships	497.1	471.0
Investment in the state highway network	1,275.5	1,011.8
Transport Agency capitalised activities	45.5	46.8
Total capital expenditure	1,855.6	1,584.3
NET CAPITAL MOVEMENT	(2.0)	(2.0)
BORROWING FUNDING AND REPAYMENT		
National Land Transport Fund	0.0	15.0
Repayment of borrowing (Auckland Transport Package)	0.0	(15.0)
NET BORROWING	0.0	0.0
TOTAL MOVEMENT	0.0	0.0

LOCAL ROAD IMPROVEMENTS

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Crown (Provincial Growth Fund)	0.7	5.4
National Land Transport Fund	245.0	272.0
National Land Transport Fund (Housing Infrastructure Fund)	4.5	33.0
Interest and finance income	0.0	8.0
Total operating revenue	250.2	318.4
Funding to approved organisations (Provincial Growth Fund)	0.7	5.4
Funding to approved organisations	245.0	272.0
Funding to approved organisations (Housing Infrastructure Fund)	4.5	33.0
Interest and finance costs	0.0	8.0
Total operating expenses	250.2	318.4
SURPLUS/(DEFICIT)	0.0	0.0

ROAD SAFETY PROMOTION AND DEMAND MANAGEMENT

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	44.9	53.5
National Land Transport Fund (road policing)	3.0	0.9
Community Road Safety Programme	3.3	3.3
Total operating revenue	51.2	57.7
Community Road Safety Programme	0.9	0.9
Funding to approved organisations	44.7	51.8
Road policing	3.0	0.9
Vehicle impoundment	0.2	0.2
Transport Agency operating activities	0.0	1.5
Total operating expenses	48.8	55.3
SURPLUS/(DEFICIT)	2.4	2.4
CAPITAL FUNDING AND EXPENDITURE		
National Land Transport Fund	1.4	1.5
Capital investment	(1.4)	(1.5)
NET CAPITAL MOVEMENT	0.0	0.0
TOTAL MOVEMENT	2.4	2.4

REGIONAL IMPROVEMENTS

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	39.0	49.0
Total operating revenue	39.0	49.0
Funding to approved organisations	39.0	49.0
Total operating expenses	39.0	49.0
SURPLUS/(DEFICIT)	0.0	0.0
CAPITAL FUNDING AND EXPENDITURE		
Crown (Provincial Growth Fund)	5.0	6.0
National Land Transport Fund	145.0	85.0
Total capital funding	150.0	91.0
Investment in the state highway network (Provincial Growth Fund)	5.0	6.0
Investment in the state highway network	145.0	85.0
Total capital expenditure	150.0	91.0
NET CAPITAL MOVEMENT	0.0	0.0
TOTAL MOVEMENT	0.0	0.0

PUBLIC TRANSPORT

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	495.0	510.0
Total operating revenue	495.0	510.0
Funding to approved organisations	494.7	509.8
Transport Agency operating activities	0.3	0.2
Total operating expenses	495.0	510.0
SURPLUS/(DEFICIT)	0.0	0.0
CAPITAL FUNDING AND EXPENDITURE		
National Land Transport Fund	64.0	82.0
Capital investment	(64.0)	(82.0)
NET CAPITAL MOVEMENT	0.0	0.0
TOTAL MOVEMENT	0.0	0.0

SUPERGOLD CARD ADMINISTRATION AND PUBLIC TRANSPORT CONCESSIONS

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Crown	29.7	29.7
Total operating revenue	29.7	29.7
Funding to approved organisations	29.7	29.7
Total operating expenses	29.7	29.7
SURPLUS/(DEFICIT)	0.0	0.0

WALKING AND CYCLING

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Crown (Urban Cycleways Programme)	14.6	6.3
National Land Transport Fund	55.0	54.5
Total operating revenue	69.6	60.8
Funding to approved organisations (Urban Cycleways Programme)	14.6	6.3
Funding to approved organisations	55.0	54.5
Total operating expenses	69.6	60.8
SURPLUS/(DEFICIT)	0.0	0.0
CAPITAL FUNDING AND EXPENDITURE		
Crown (Urban Cycleways Programme)	0.1	1.7
National Land Transport Fund	20.0	50.0
Total capital funding	20.1	51.7
Capital investment (Urban Cycleways Programme)	0.1	1.7
Capital investment	20.0	50.0
Total capital expenditure	20.1	51.7
NET CAPITAL MOVEMENT	0.0	0.0
TOTAL MOVEMENT	0.0	0.0

RAPID TRANSIT

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
CAPITAL FUNDING AND EXPENDITURE		
National Land Transport Fund	19.0	180.0
Total capital funding	19.0	180.0
Capital investment	19.0	177.6
Transport Agency capitalised activities	0.0	2.4
Total capital expenditure	19.0	180.0
NET CAPITAL MOVEMENT	0.0	0.0

TRANSITIONAL RAIL

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	25.0	157.0
Total operating revenue	25.0	157.0
Funding to approved organisations	25.0	157.0
Total operating expenses	25.0	157.0
SURPLUS/(DEFICIT)	0.0	0.0

STATE HIGHWAY MAINTENANCE

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Crown (Kaikōura earthquake response)	22.4	19.5
National Land Transport Fund	414.4	397.4
National Land Transport Fund (rental and interest income)	16.0	16.0
Other	1.9	1.9
Total operating revenue	454.7	434.8
Kaikōura earthquake response	22.4	19.5
Investment in the state highway network	397.1	373.8
Transport Agency operating activities	35.2	41.5
Total operating expenses	454.7	434.8
SURPLUS/(DEFICIT)	0.0	0.0
CAPITAL FUNDING AND EXPENDITURE		
Crown (Kaikōura earthquake response)	100.6	45.5
National Land Transport Fund	249.6	240.1
Total capital funding	350.2	285.6
Kaikōura earthquake response	100.6	45.5
Investment in the state highway network	249.6	238.9
Transport Agency capitalised activities	0.0	1.2
Total capital expenditure	350.2	285.6
NET CAPITAL MOVEMENT	0.0	0.0
TOTAL MOVEMENT	0.0	0.0

Based on historical experience, state highway capital expenditure is assumed to be 39 percent of total state highway maintenance expenditure (excluding Transport Agency operating activities).

LOCAL ROAD MAINTENANCE

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund	699.0	666.0
Total operating revenue	699.0	666.0
Funding to approved organisations	698.5	666.0
Interest and finance costs	0.5	0.0
Total operating expenses	699.0	666.0
SURPLUS/(DEFICIT)	0.0	0.0
BORROWING FUNDING AND REPAYMENT		
National Land Transport Fund	23.0	0.0
Repayment of borrowing (reinstatement of roads in Christchurch)	(23.0)	0.0
NET BORROWING	0.0	0.0
TOTAL MOVEMENT	0.0	0.0

DRIVER LICENSING AND TESTING

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Crown (Better Public Services seed funding/driver licensing stop order)	2.8	0.1
Crown (driver test subsidy)	1.4	1.4
Crown (drug and alcohol assessments)	1.0	1.0
Crown (ministerial services)	0.5	0.5
Fees and charges	61.7	62.2
Total operating revenue	67.4	65.2
Drug and alcohol assessments	1.0	1.4
Ministerial services	1.8	1.6
Fees and charges funded activities	68.2	72.0
Other (including Better Public Services seed funding)	0.0	1.4
Total operating expenses	71.0	76.4
SURPLUS/(DEFICIT)	(3.6)	(11.2)

VEHICLE SAFETY AND CERTIFICATION

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Crown (rules development)	0.9	0.9
Fees and charges	72.6	72.1
Total operating revenue	73.5	73.0
Fees and charges funded activities	78.8	72.2
Rules development	0.1	0.5
Total operating expenses	78.9	72.7
SURPLUS/(DEFICIT)	(5.4)	0.3

REGULATION OF COMMERCIAL TRANSPORT OPERATORS

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Fees and charges	12.3	13.1
Total operating revenue	12.3	13.1
Fees and charges funded activities	14.9	19.7
Total operating expenses	14.9	19.7
SURPLUS/(DEFICIT)	(2.6)	(6.6)

REGULATION OF THE RAIL TRANSPORT SYSTEM

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Fees and charges	1.2	2.7
Total operating revenue	1.2	2.7
Fees and charges funded activities	2.8	3.6
Total operating expenses	2.8	3.6
SURPLUS/(DEFICIT)	(1.6)	(0.9)

REVENUE COLLECTION AND ADMINISTRATION

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
National Land Transport Fund (refund of fuel excise duty)	0.7	0.7
National Land Transport Fund (road user charges investigation and enforcement)	3.8	3.8
National Land Transport Fund (road user charges refund)	0.5	0.5
Fees and charges (road user charges collections)	13.5	13.5
Fees and charges (tolling)	15.5	16.4
Regional fuel tax administration	1.1	1.1
Total operating revenue	35.1	36.0
Refund of fuel excise duty	0.9	1.0
Regional fuel tax administration	1.1	1.1
Road user charges collections	15.3	15.7
Road user charges investigation and enforcement	2.2	1.5
Road user charges refund	2.7	3.1
Tolling	15.8	16.4
Total operating expenses	38.0	38.8
SURPLUS/(DEFICIT)	(2.9)	(2.8)

INVESTMENT MANAGEMENT

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
OPERATING REVENUE AND EXPENSES		
Crown (crash analysis system)	0.8	0.8
Crown (Provincial Growth Fund)	0.3	2.1
National Land Transport Fund	63.4	70.8
Total operating revenue	64.5	73.7
Crash analysis system	0.8	0.8
Ministerial services	1.8	1.6
Funding to approved organisations (Provincial Growth Fund)	0.3	2.1
Funding to approved organisations	15.1	12.1
Transport Agency operating activities	47.5	57.1
Total operating expenses	65.5	73.7
SURPLUS/(DEFICIT)	(1.0)	0.0

NATIONAL LAND TRANSPORT FUND

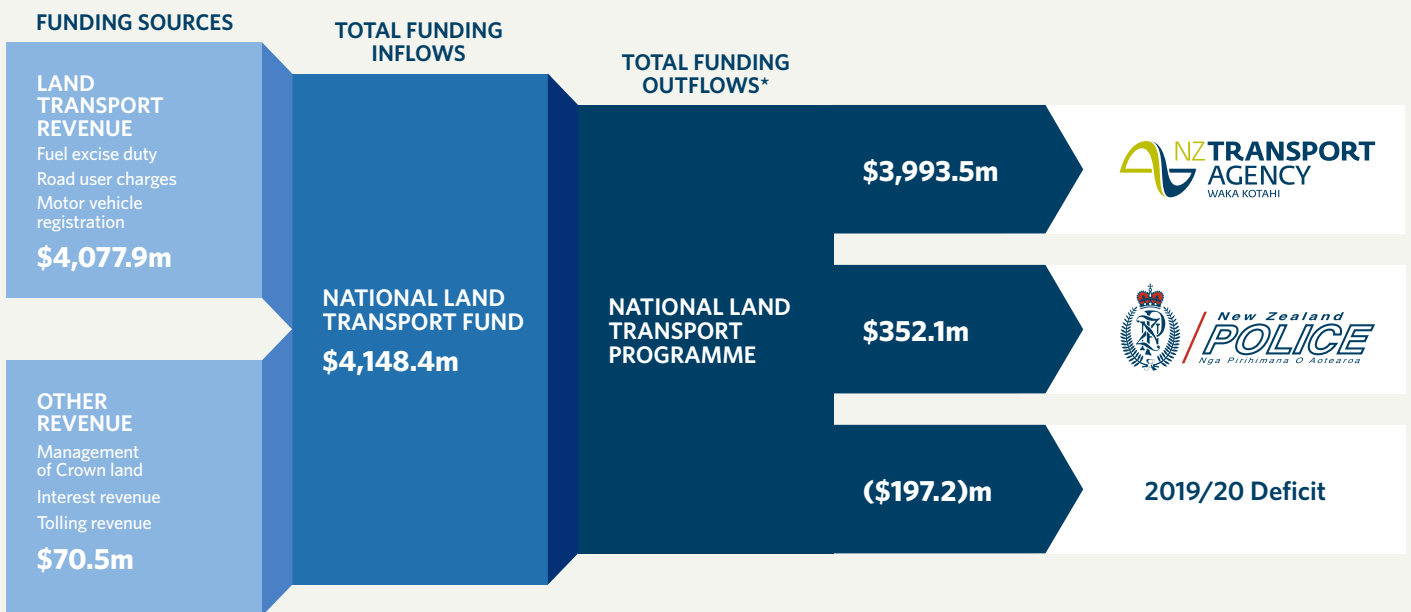
FINANCIAL OVERVIEW

The National Land Transport Fund facilitates the government’s investment in land transport 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 National Land Transport Fund (as shown in the figure below).

The National Land Transport Fund 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.

2019/20 FUNDING INFLOWS AND OUTFLOWS (CURRENT)



*Forecast outflows in 2019/20 to fund the National Land Transport Programme (\$3,993.5m) and NZ Police for the Road Policing Programme (\$352.1m) exceed annual inflows. The deficit (\$197.2m) will be met through utilisation of cash reserve in the National Land Transport Fund and drawdown of the seasonal borrowing facility established for this purpose.

PROSPECTIVE FINANCIAL STATEMENTS

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

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
REVENUE INFLOWS*		
Land transport revenue	3,881.9	4,077.9
Management of Crown land	46.0	51.0
Tolling revenue	10.2	10.5
Interest revenue	9.0	9.0
Total revenue inflows	3,947.1	4,148.4
OUTFLOWS		
National Land Transport Programme	3,963.7	3,987.5
Road Policing Programme	352.7	352.1
Fuel excise duty/road user charges administration	5.0	5.0
Forecasting and strategy	1.0	1.0
Total outflows	4,322.4	4,345.6
SURPLUS/(DEFICIT) FROM CURRENT NATIONAL LAND TRANSPORT FUND BALANCE	(375.3)	(197.2)
Fair value gain on long-term payables	25.5	8.0
National Land Transport Programme expenditure to be funded long-term	(488.7)	(495.3)
Finance charges	(7.5)	(8.6)
Deficit to be funded from future NLTF revenue	(470.7)	(495.9)
SURPLUS/(DEFICIT)	(846.0)	(693.1)

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

NLTF PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
ASSETS		
Cash and cash equivalents	356.9	89.6
Receivables	269.8	321.7
Total assets	626.7	411.3
LIABILITIES		
Payables	2,584.7	3,062.4
Total liabilities	2,584.7	3,062.4
NET ASSETS	(1,958.0)	(2,651.1)
GENERAL FUNDS BALANCE*	(1,958.0)	(2,651.1)

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

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

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
General funds – current	435.0	59.7
General funds – long term	(1,547.0)	(2,017.7)
BALANCE AT 1 JULY	(1,112.0)	(1,958.0)
Surplus/(deficit) from current National Land Transport Fund balance	(375.3)	(197.2)
Surplus/(deficit) funded from future National Land Transport Fund revenue	(470.7)	(495.9)
SURPLUS/(DEFICIT)	(846.0)	(693.1)
General funds – current	59.7	(137.5)
General funds – long term	(2,017.7)	(2,513.6)
BALANCE AT 30 JUNE	(1,958.0)	(2,651.1)

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

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
NET CASH FLOWS		
Receipts from land transport revenue	3,949.3	4,096.5
Payments to suppliers	(4,107.4)	(4,363.8)
From operating activities	(158.1)	(267.3)
NET INCREASE/(DECREASE) IN AMOUNTS HELD BY THE CROWN	(158.1)	(267.3)
Amounts held by the Crown at the beginning of the year	515.0	356.9
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR*	356.9	89.6

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

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

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 National Land Transport Fund's future operating intentions and financial position, against which it must report and be formally audited at the end of the financial year.

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

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

The prospective financial statements are not expected to be updated after they are authorised for issue.

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 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.

CATEGORY	ASSUMPTION
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 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 Government Policy Statement on land transport was taken into consideration when developing the National Land Transport Programme and preparing the 2019/20 budget for National Land Transport Programme expenditure.

2 > GENERAL FUNDS

The National Land Transport Fund 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 31 years from balance date.

Although the National Land Transport Fund has a negative general funds balance, it is a going concern because the:

- National Land Transport Fund's liquidity is actively managed
- National Land Transport Fund has forecast available cash balances of \$357 million as at 30 June 2019 and \$90 million as at 30 June 2020 to meet obligations as they fall due
- National Land Transport Fund'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 negative general funds balance as at 30 June 2020 reflects the future commitment to repay public-private partnerships loans and Crown loans.

The components of the general funds balance are shown below:

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
General funds - current	59.7	(137.5)
General funds - long term	(2,017.7)	(2,513.6)
TOTAL GENERAL FUNDS BALANCE	(1,958.0)	(2,651.1)

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 National Land Transport Fund.

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 National Land Transport Fund. The National Land Transport Fund is used to manage the funding of the:

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

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

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

Basis of preparation

The financial statements of the National Land Transport Fund 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.

The National Land Transport Fund 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.

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

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

4 > 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 will be in the National Land Transport Fund's 2018/19 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 National Land Transport Fund'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 National Land Transport Fund recognises outflows based on when the Transport Agency recognises operating or capital expenditure.

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 31 years from balance date. Non-interest-bearing non-current payables are discounted to present value as at balance date.

5 > OUTPUT CLASS FUNDING

	PROJECTED 2018/19 \$M	BUDGET 2019/20 \$M
State highway improvements	1,342.0	1,101.9
Local road improvements	245.0	272.0
Road safety promotion and demand management	46.3	55.0
Road safety promotion and demand management - road policing	3.0	0.9
Regional improvements	184.0	134.0
Public transport	559.0	592.0
Walking and cycling	75.0	104.5
Rapid transit	19.0	180.0
Transitional rail	25.0	157.0
State highway maintenance	680.0	653.5
Local road maintenance	722.0	666.0
Investment management	63.4	70.7
Total output class funding to the Transport Agency - current*	3,963.7	3,987.5
Road Policing Programme to New Zealand Police - current	352.7	352.1
State highway improvements - Auckland Transport Package	12.5	(15.0)
State highway improvements - Public-private partnership	497.1	471.0
Local road improvements - Housing Infrastructure Fund	4.5	41.0
Local road maintenance - Reinstatement of earthquake-damaged roads in Christchurch	(23.0)	0.0
Fair value changes in financial instruments charged to surplus or deficit	(2.4)	(1.7)
Total output class funding to the Transport Agency - long term	488.7	495.3
TOTAL OUTPUT CLASS FUNDING	4,805.1	4,834.9

* In the prospective financial statements of the Transport Agency, output class funding includes National Land Transport Fund operating expenses, National Land Transport Fund capital expenditure (excluding public-private partnerships funded long term) and borrowing repayments funded by the National Land Transport Fund.



APPENDIX 1




















MILESTONES FOR SIGNIFICANT CAPITAL PROJECTS

This section includes our schedule for delivering significant capital projects, subject to funding approval and availability. These projects have particular ministerial interest or receive direct or additional Crown funding to accelerate their delivery. Some roading projects include investment that supports walking and cycling and public transport facilities. More information about each project and its benefits – such as improving safety, travel times and regional connections – is available on our website (www.nzta.govt.nz/projects).

KEY

ROAD IMPROVEMENTS		PUBLIC TRANSPORT		WALKING AND CYCLING		RAPID TRANSIT		RESILIENCE	
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PROJECT	TYPE	INCLUDES INVESTMENT IN							
KAIKŌURA EARTHQUAKE RESPONSE AND MANAWATŪ GORGE RESPONSE									
Kaikōura earthquake recovery	☆								🔗
Te Ahu a Turanga, Manawatū Tarana Highway (Manawatū Gorge replacement)	☆				🚲				🔗
SIGNIFICANT STATE HIGHWAYS									
Pūhoi-Wellsford									
Pūhoi-Warkworth	☆								🔗
Warkworth-Wellsford	☆								🔗
Western Ring Route									
Western Ring Route – Road of National Significance	☆		🚌		🚲				🔗
Waikato Expressway									
Longswamp section	☆								
Rangiriri section	☆								
Huntly section	☆								
Hamilton section	☆								
Wellington Northern Corridor									
Ōtaki-Levin	☆								🔗
Transmission Gully	☆				🚲				🔗
Peka Peka to Ōtaki	☆				🚲				
Christchurch Motorways									
Christchurch Northern Arterial Rural with QEII Drive	☆		🚌		🚲				
Christchurch Southern Motorway (Stage 2)	☆				🚲				

PROJECT	TYPE	INCLUDES INVESTMENT IN			
SIGNIFICANT INVESTMENTS IN AUCKLAND					
Northern Corridor Improvements	☆				
Southern Corridor Improvements	☆				
East West Connections*	☆				
City Centre to Māngere light rail					
Auckland Harbour Bridge walking and cycling facility					
Additional Waitematā Harbour Connections	☆				
INVESTMENTS IN REGIONAL CONNECTIONS					
Whirokino Trestle Bridge Replacement	☆				
State Highway 2 Motu Bridge Replacement	☆				
New Ōpaoa River Bridge (formerly Opawa Bridge Replacement)	☆				
Loop Road North to Smeatons Hill safety improvements	☆				
Mt Messenger and Awakino Gorge Corridor	☆				
Mt Messenger Bypass	☆				
Napier Port Access Package					
Hawke's Bay Expressway Safety Treatments	☆				
Prebensen Hyderabad Intersection upgrade	☆				
Nelson Future Access (formerly Nelson Southern Link)	☆				
Waiōeka Gorge	☆				
Waipapa intersection (Northland)	☆				
Twin Coast Discovery Route business cases	☆				
State Highway 43 Forgotten World Highway business case	☆				
State Highway 35 Route Security	☆				

* This project supports rail freight because it aims to make access to Southdown inland port more efficient for trucks, which transfer freight to the heavy rail network. This contributes to improved access and safety on the land transport network.

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	MILESTONES		
	2019/20	2020/21	2021/22
Kaikōura earthquake recovery	Construction continues	Practical completion	
Te Ahu a Turanga, Manawatū Tarana Highway (Manawatū Gorge replacement)	Consents gained, land acquisition complete and construction commenced	Complete service relocations and continue construction	Continue construction

SIGNIFICANT STATE HIGHWAYS

Regional land use and transport studies have identified that the following state highways have strategically significant investment needs. They serve New Zealand's five largest population centres: Auckland, Hamilton, Tauranga, Wellington and Christchurch.

PROJECT	MILESTONES		
	2019/20	2020/21	2021/22
Pūhoi-Wellsford			
Pūhoi-Warkworth	Continue construction	Continue construction	Services commencement
Warkworth-Wellsford	Route protection application (designation and consents) decisions announced	Route protection (designation and consents) appeals resolved	Pre-implementation completed - awaiting implementation to be initiated
Western Ring Route			
Western Ring Route - Road of National Significance	Practical completion achieved		
Waikato Expressway			
Longswamp section	Practical completion achieved		
Rangiriri section	Place final asphalt surfacing	Landscaping maintenance complete	
Huntly section	Continue construction/practical completion	Landscaping maintenance	
Hamilton section	Continue construction	Continue construction/practical completion	
Wellington Northern Corridor			
Ōtaki-Levin	Subject to re-evaluation for programme and funding		
Transmission Gully	Continue construction	Services commencement	Continuation of services
Peka Peka to Ōtaki	Continue construction	Open to traffic	

PROJECT	MILESTONES		
	2019/20	2020/21	2021/22
Christchurch Motorways			
Christchurch Northern Arterial Rural with QEII Drive	Complete all bridges	Complete construction and open to traffic	
Christchurch Southern Motorway (Stage 2)	Complete all bridges	Complete construction and open to traffic	

SIGNIFICANT INVESTMENTS IN AUCKLAND

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	MILESTONES		
	2019/20	2020/21	2021/22
Northern Corridor Improvements	Continue construction	Continue construction	Continue construction
Southern Corridor Improvements	Construction completed and handed over to the network team		
East West Connections	Milestones will be created after direction from the Transport Agency Board in July 2019.		
Auckland Harbour Bridge walking and cycling facility	Complete detailed business case and seek approval and funding for preferred option Commence consenting for preferred option (if consenting unnecessary, complete detailed design for preferred option)	Complete consenting and detailed design for preferred option (if consenting unnecessary, commence construction phase)	Continue construction
City Centre to Māngere light rail	TBC following business case development		
Additional Waitematā Harbour Connections	Complete business case		

INVESTMENT IN REGIONAL CONNECTIONS

The Transport Agency is investing in initiatives to provide better connections to our regions. The Accelerated Regional Roding Programme (ARRP) is a Crown-funded programme of regional state highway projects targeted for acceleration. The Transport Agency is also delivering projects that have received funding from the Provincial Growth Fund (PGF) to support regional growth.

FUNDING SOURCE	PROJECT	MILESTONES		
		2019/20	2020/21	2021/22
AARP	Whirokino Trestle Bridge Replacement	Open to traffic and practical completion		
AARP	State Highway 2 Motu Bridge Replacement	Construction completed		
AARP	New Ōpaoa River Bridge (formerly Opawa Bridge Replacement)	Practical completion		
AARP	Loop Road North to Smeatons Hill safety improvements	Loop Road North Roundabout constructed	Practical completion	
AARP	Mt Messenger and Awakino Gorge Corridor	Complete construction		
AARP	Mt Messenger Bypass	Resource Management Act appeals resolved, property rights and pest mitigation area secured	Construction site established and major construction works commenced	Tunnel construction works commenced
AARP	Napier Port Access Package			
	<ul style="list-style-type: none"> Hawke's Bay Expressway Safety Treatments 	Practical completion achieved on main contract works		
	<ul style="list-style-type: none"> Prebensen Hyderabad Intersection upgrade 	Re-evaluation of the project scope and benefits		
AARP	Nelson Future Access (formerly Nelson Southern Link)	Develop detailed business case(s)		
NLTF	Waiōeka Gorge	Complete detailed business case	Complete detailed design and consenting	Start construction
PGF	Waipapa intersection (Northland)	Designation and consents, land acquired, construction started	Practical completion	Final completion
PGF	Twin Coast Discovery Route business cases	Business case completed		
PGF	SH43 Forgotten World Highway business case	Business case completed		
PGF	SH35 Route Security	First year design and enabling work completed	Second year design and enabling work completed	Practical completion

APPENDIX 2

OUTPUT CLASS ALIGNMENT TO POSITION STATEMENTS

POSITION STATEMENTS	OUTPUT CLASSES WITH A PRIMARY CONTRIBUTION	OUTPUT CLASSES WITH A SECONDARY CONTRIBUTION
Transport safety	<ul style="list-style-type: none"> State highway improvements Local road improvements Road safety promotion and demand management Road policing (for which New Zealand Police is responsible) 	<ul style="list-style-type: none"> Regional improvements State highway maintenance Local road maintenance Driver licensing and testing Regulation of commercial transport operators Regulation of the rail transport system Vehicle safety and certification Revenue collection and administration
Inclusive access	<ul style="list-style-type: none"> Regional improvements Public transport SuperGold Card - administration of the Public Transport Concessions Scheme SuperGold Card - public transport concessions for cardholders 	<ul style="list-style-type: none"> Walking and cycling Investment management
Liveable communities	<ul style="list-style-type: none"> Walking and cycling Rapid transit Transitional rail 	<ul style="list-style-type: none"> Public transport
Transport technology		<ul style="list-style-type: none"> Investment management
Environment	The transport system's impact on the environment is considered in all of our activities and investments	
Resilience	<ul style="list-style-type: none"> State highway maintenance Local road maintenance 	<ul style="list-style-type: none"> State highway improvements Local road improvements
Regulatory	<ul style="list-style-type: none"> Driver licensing and testing Regulation of commercial transport operators Regulation of the rail transport system Vehicle safety and certification Revenue collection and administration 	
Transport Agency	<ul style="list-style-type: none"> Investment management 	

APPENDIX 3:

TECHNICAL NOTES FOR PERFORMANCE MEASURES

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

SHI1 Proportion of state highway improvement activities delivered to agreed standards and timeframes compares time and cost of large and small programmes, and the cost of the 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 and cost are equally weighted with targets of ≥ 90 percent. Aggregation to the overall result is based on weighted programme expenditure across the entire programme in the given year. Delivery to quality standards are tested through the different gateways in the project management process.

This measure covers programmes and projects funded through the National Land Transport Fund and does not include Crown-funded programmes and projects under the regional state highways appropriation.

SHI2 Proportion of state highway network modified to align with safe and appropriate speed 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.

SHI3 Proportion of regional state highway activities delivered to agreed standards and timeframes compares time and cost of regionally important state highway projects that address issues concerning regional safety, resilience and economic productivity. 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 ≥ 90 percent. Aggregation to the overall result is based on weighted programme expenditure across the entire programme in the given year. Delivery to quality standards are tested through the different gateways in the project management process.

This measure covers Crown-funded packages or projects from the regional state highways appropriation and does not include projects funded through the National Land Transport Fund.

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

LR11 Proportion of the local road network modified to align with safe and appropriate speed 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.

LR12 Provincial Growth Fund enabling infrastructure projects – average number of days to release Provincial Growth Fund infrastructure funding once approved is determined by how long it takes, on average, to release Provincial Growth Fund infrastructure funds after funding approval. Days to release refers to the number of working days between the date a claim is authorised for release in Transport Investment Online (TIO) and the date payment was made.

LR13 Housing Infrastructure Fund Loans – the loan will be drawn down for the purposes and on the terms agreed between NZ Transport Agency and the Minister of Transport is the proportion of the total loan drawn against the Housing Infrastructure Fund that meets the purposes and the terms agreed between the Transport Agency and the Minister of Transport.

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

RSP1 *Proportion 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.

RSP2 *Proportion of road safety education programmes meeting targets for access to road safety information* measures the impact of the programme: people are informed and know how to keep themselves safe in the transport system. Each education programme is assessed against a performance target. The overall result is based on the unweighted results of these assessments.

RSP3 *Proportion of travel demand management activities delivered to agreed timelines* compares delivery of travel demand activities to programme milestones.

RSP4 *Proportion of travel demand management strategies in high-growth centres approved jointly with councils* compares the number of travel demand management strategies contributing to mode shift in Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown that are approved, and the number of travel demand management strategies contributing to mode shift that are programmed to be approved in the year.

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.

Regional improvements

Scope

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

Technical notes

RI1 *Proportion of regional improvement activities delivered to agreed standards and timeframes* compares time and cost 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 $\geq 90\%$. Aggregation to the overall result is based on weighted programme expenditure across the components in the given year. Delivery to quality standards are tested through the different gateways in the project management process.

This measure covers programmes funded through the National Land Transport Fund and does not include Crown-funded programmes and projects under the regional state highways and the reinstatement of South Island transport corridors appropriations.

RI2 *Provincial Growth Fund infrastructure projects – Proportion of Transport Agency projects funded by the Provincial Growth Fund delivered to standards and timeframes* is the total number of Transport Agency projects funded by the Provincial Growth Fund that compares agreed time, cost and quality standards with the actual delivery of the project.

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

PT1 *Number of boardings on urban public transport services (bus, train and ferry)* 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 from 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.

PT2 *Number of boardings on urban public transport services (bus, train and ferry) per capita* is the sum of all public transport passenger boardings by bus, train and ferry across all regions divided by the population. It includes boardings using SuperGold card concessions. This measure provides insight into the relative importance of public transport across New Zealand.

PT3 *Proportion of people with access to frequent public transport services at peak times in Auckland, Wellington and Christchurch* is the proportion of the population that is within 500m walking distance (isochrones using footpaths, rather than 'as the crow flies') of a frequent bus-stop or ferry terminal, or within 1km 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 reported for Auckland, Wellington and Christchurch.

PT4 *Costs per passenger kilometre by bus, train and ferry* 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.

PT5 *Mode share of people travelling by bus and car on key Auckland corridors* compares the number of people travelling by bus and car across key corridors in Auckland at morning peak.

PT6 *Punctuality of public transport services (bus, train and ferry)* measures the reliability of arrival of public transport services (bus, train and ferry) against scheduled trips. It is calculated by the percentage of scheduled services operating 1 minute before and 5 minutes after scheduled time.

SuperGold Card – administration of the Public Transport Concessions Scheme and SuperGold Card – public transport concessions for cardholders

Scope

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

Technical notes

SG1 *Proportion of 'on time' payment of Crown SuperGold bulk allocation to approved 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.

SG2 *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

WC1 *Network kilometres of walking and cycling facilities delivered* measures the total length of new walking and cycling facilities added to the network and includes lengths on existing pathways and cycle ways where improvements were made.

WC2 *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

New infrastructure and improvements to existing infrastructure that enable a substantial increase in access to social and economic opportunities for large numbers of people along dedicated key corridors in Auckland, Wellington, and Christchurch as authorised by section 9(3) and (4) of the Land Transport Management Act 2003.

Technical notes

RPT1 *Proportion of rapid transport activities delivered to investment requirements* reports progress in developing the rapid transit output class programme of work.

Transitional rail

Scope

Infrastructure to deliver 'below track' activities on the rail network that improve the passenger rail service reliability and capacity, enabling better access to housing and employment as authorised by section 9(3) and (4) of the Land Transport Management Act 2003.

Technical notes

TR1 *Proportion of transitional rail projects approved for implementation* reports the percentage of transitional rail business cases approved for implementation each year.

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

SHM1 *Proportion of state highway maintenance activities delivered to agreed standards and timeframes* presents the physical achievement of pavement and surfacing renewal activities against baseline.

SHM2 *Safe stopping: proportion 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.

SHM3 *Network resilience: proportion of rutting $\geq 20\text{mm}$ 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).

SHM4 *Safe stopping: proportion of 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).

SHM5 *Smooth ride: proportion 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).

SHM6 *Availability of state highway network: proportion 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 protocol and timeframes (that is urban less than 2 hours and rural less than 12 hours) divided by the total number of road closure incidences. This indicator is a functionality asset performance measure under Cabinet Office Circular CO 15(5).

SHM7 *State highway maintenance cost per lane kilometre delivered* is calculated by dividing the amount spent on the maintenance of state highways by the total number of kilometres in the network. This is adjusted for inflation based on the network outcomes index.

SHM8 *Restoration and rebuild of State Highway 1 between Picton and Christchurch – proportion 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.

The projects are the continuation of the Kaikōura earthquake emergency works. The projects are currently Crown-funded under the reinstatement of South Island transport corridors appropriation.

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

LRM1 *Proportion 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.

LRM2 *Proportion 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.

LRM3 *Smooth ride: proportion 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.

LRM4 *Local road maintenance cost per local road lane kilometre 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.

Driver licensing and testing

Technical notes

DLT1 *Unit cost of providing user-facing driver licensing and testing services* is the sum of expenditure on driver licensing or driver testing transactions divided by the total transaction volume of these components.

DLT2 *Proportion of driver licence tests booked online* is the number 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 driver licence tests.

DLT3 *Proportion of 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.

DLT4 *Proportion of practical tests taken within 30 working days of booking* is the number of driver licence applicants who took practical tests within 30 working days of booking divided by the total number of driver licence applicants who took a practical test in the same reporting period.

DLT5 *Proportion of audits for driver licence course providers completed against target* is the total number of audits for driver licence course providers completed divided by the total number of planned audits for driver licence course providers for the same period.

DLT6 *Proportion of non-compliance actions for driver licence course providers resolved on time* is the total number of non-compliance actions for driver licence course providers that are resolved within acceptable timeframes, divided by the total number of non-compliance actions undertaken for driver licence course providers for the same period.

DLT7 *Number of drug or alcohol assessments funded* is the total number of drivers convicted by the courts under section 65 of the Land Transport Act 1998 for repeat driving offences involving drugs or alcohol for the year.

DLT8 *Number of older driver licences subsidised* is the total number of older driver licence holder's renewing their driver licence for that given year. Drivers must renew their driver licences at age 75, then at 80 and every two years after that.

Vehicle safety and certification

Technical notes

VSC1 *Unit cost of providing user-facing motor vehicle licencing services* is the sum of expenditure on motor vehicle registration transactions divided by the total volume of motor vehicle registration transactions.

VSC2 *Proportion of motor vehicle licencing completed online* is the number of annual motor vehicle licencing (including reversals), new registrations and register maintenance actions (including vehicle licencing exemptions, change of ownership (buyer), change of ownership (seller), change of name or address, registered person name and address) completed on the Transport Agency Transact website, via Direct Connect or via an industry agent, divided by the total number of completed motor vehicle transactions that are available online.

VSC3 *Proportion of accuracy of data entry into registers* is the accuracy of the information entered into the Motor Vehicle Register. Data-verification activities are focused on confirming vehicle attributes, vehicle ownership and address information in the Motor Vehicle Register. The measure combines the result of regular audit checks by regional staff, unverified owner and address information returns.

VSC4 *Proportion of vehicles relicensed on time* 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 or current licences for the period divided by the total number of vehicles due for relicensing for the same period.

VSC5 *Proportion of audits and reviews for inspecting organisations and vehicle inspectors completed against target* is the total number of audits and reviews for inspecting organisations and vehicle inspectors completed, divided by the total number of planned audits and reviews for inspecting organisations and vehicle inspectors for the same period.

VSC6 *Proportion of non-compliance actions for inspecting organisations and vehicle inspectors resolved on time* is the total number of non-compliance actions for inspecting organisations and vehicle inspectors that are resolved within acceptable timeframes, divided by the total number of non-compliance actions undertaken for inspecting organisations and vehicle inspectors for the same period.

Regulation of commercial transport operators

Technical notes

CTO1 *Proportion of commercial operators reviewed or audited against target* is the total number of commercial operators investigated or audited during the reporting period divided by the total number of identified commercial operators during the same reporting period.

CTO2 *Proportion of non-compliance actions for commercial operators resolved on time* is the total number of non-compliance actions for commercial operators that are resolved within acceptable timeframes divided by the total number of non-compliance actions undertaken on non-compliant commercial operators for the same period.

CTO3 *Proportion of standard permits issued within approved timeframes (less than or equal to 10 working days)* is the total number of commercial transport operator standard permits issued within 10 working days from the date of receipt of application divided by the total of commercial transport operator standard permit applications received for the same period. This excludes applications that are on hold, queried and rejected.

Regulation of the rail transport system

Technical notes

RTS1 *Proportion of rail participants reviewed or audited against target* is the total number of reviews or audits of rail participants completed divided by the total number of planned review or audits of rail participants for the same period.

RTS2 *Proportion of non-compliance actions for rail participants resolved on time* is the total number of non-compliance actions for rail participants that are resolved within acceptable timeframes divided by the total number of non-compliance actions undertaken for rail participants for the same period.

Revenue collection and administration

Technical note

REV1 *Unit cost of providing user-facing road tolling services* is the unit cost of delivering a toll service. Cost excludes write offs, bad debts and net of administration fees recovered from toll payment notices.

REV2 *Proportion of chargeable toll trips paid on time* is the total chargeable toll trips paid divided by the total chargeable toll trips. It excludes exempt trips (for example, emergency services), technical loss (for example, camera fault) and unidentified toll trips.

REV3 *Proportion of road user charges licences completed online* is the number of light and heavy vehicle RUC licences purchased online divided by 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.

REV4 *Unit cost of providing user-facing road user charges services* is the unit cost of collecting road user charges by dividing the sum of expenditure by road user charges volumes.

REV5 *Proportion of road user charges operators that are investigated or audited against target* is the total number of road user charges operators investigated or audited during the reporting period divided by the total number of road user charges operators during the same reporting period.

REV6 *Proportion of non-compliance actions for road user charges evasion resolved* is the total number of non-compliance actions for road user charges evasion that are resolved divided by the total number of non-compliance actions for road user charges evasion for the same period.

REV7 *Proportion of identified evaded road user charges repaid* is the total number of identified evaded road user charges repaid divided by the total number of identified evaded road user charges.

REV8 *Proportion of road user charges refund claims processed within 20 working days* is determined by how long it takes, on average, to process road user charge claims between the date a claim was received and the date where a decision of the application outcome is made, divided by the total number of road user charges refund claims processed.

REV9 *Average number of days taken to process refunds of fuel excise duty* is determined by how long it takes, on average, to process fuel excise duty refund applications. Days to deliver refers to the number of working days between the date an application was received and the date when a decision of the application outcome is made. It excludes applications that are rejected, queried or audited.

REV10 *Average number of days to process regional fuel tax rebate claims* is determined by how long it takes, on average, to process regional fuel tax rebate claims. Days to deliver refers to the number of working days between the date an application was received and the date when a decision of the application outcome is made. It excludes applications that are rejected, queried or audited.

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

IM1 *Total cost of managing the funding allocation system as a percentage of National Land Transport Programme expenditure* is the Transport Agency service cost of managing Investment in the Funding Allocation System (IFAS). IFAS activities are funded from the National Land Transport Fund and the Crown. It excludes the local authority funding contribution for investments in local transport activities. This is reported cumulatively over the three-year period of the National Land Transport Programme.

IM2 *Proportion of investments that meet the Transport Agency's investment thresholds level* is an aggregate of two measures to monitor the quality and efficiency of investment approval and decision activities: proportion of investments that meet the Transport Agency's investment threshold level (priority) for the relevant National Land Transport Programme and proportion of reviewed Transport Agency investment decisions which meet required process standards (post-approval reviews). All components of the measure have targets of 100 percent. Aggregation to the overall result is based on the arithmetic average of the components.

IM3 *Proportion of planned transport system master planning activities delivered* compares the number of transport planning activities in the published National Land Transport Programme that are delivered with the number of transport planning activities planned to be delivered in the same National Land Transport Programme. This is reported cumulatively over the three-year period of the National Land Transport Programme.

IM4 *Proportion of transport system master planning activities delivered that were not planned* compares the number of transport planning activities delivered that are not included in the published National Land Transport Programme (NLTP) with the number of all transport planning activities delivered. This is reported cumulatively over the three-year period of the National Land Transport Programme.

IM5 *Proportion of sector research activities delivered to agreed standards and timeframes* is a measure that compares planned/contracted time, cost and quality of research investment with actual performance. It is a measure of the effectiveness of the Transport Agency as a contract manager. Assessment against time and cost standards are based on contracted timeframes and cost. Assessment against quality standards is done through peer reviews. All aspects have targets of 90 percent and contribute equally to the overall result.

IM6 *Proportion of investment audit activities completed* is the average of the two components of the measure: investment audit programme and benefits realisation programme completed on time. Investment audit 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 section 95(1)(e) of the Land Transport Management Act 2003. Reporting is based on the latest assurance programme approved by the Transport Agency's Audit, Risk and Assurance Committee.

IM7 *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.

IM8 *Stakeholder satisfaction* demonstrates the proportion of approved organisations and stakeholders (regional, local and unitary authorities, and other organisations that the Transport Agency interacts with) that were satisfied with the relationship between their organisation and the Transport Agency. This is measured through an independently conducted survey.

IM9 *Proportion of requests completed within specified timeframes – ministerial correspondence* is the proportion of ministerial correspondence requests received by the Transport Agency that are completed within agreed timeframes. The timeframes for responses to ministerial correspondence are agreed with each minister's office.

IM10 *Proportion of requests completed within specified timeframes – parliamentary questions* is the proportion of parliamentary questions received by the Transport Agency that are completed within agreed timeframes. The timeframes for responses to written parliamentary questions are agreed with each minister's office.

IM11 *Proportion of requests completed within statutory timeframes – Official Information Act* is the proportion of Official Information Act requests received by the Transport Agency that are completed within statutory timeframes. The Official Information Act 1982 sets a statutory timeframe for decisions to be made on information requests.

IM12 *Provincial Growth Fund regional projects and capability – proportion of project business cases completed to standard (approved organisations and Transport Agency)* is the total number of project business cases funded by the Provincial Growth Fund developed by approved organisations and by the Transport Agency that are completed to agreed cost and quality standards divided by the total number of such project business cases completed for the same period.

IM13 *Provincial Growth Fund regional projects and capability – proportion of Transport Agency project business cases completed to timelines* is the total number of project business cases funded by the Provincial Growth Fund developed by the Transport Agency that are completed to agreed timelines divided by the total number of such project business cases completed for the same period.

IM14 *Provincial Growth Fund supporting regional and infrastructure projects – Average number of days to provide feedback on Provincial Growth Fund funding applications* is determined by how long it takes, on average, for the Transport Agency to provide feedback on Provincial Growth Fund funding applications. Days to provide feedback is defined as the number of working days between the date the Transport Agency receives the funding application from the Provincial Development Unit (PDU) and the date feedback is provided to the PDU, excluding the time the application is placed on hold by the PDU.

IM15 *Average number of days taken to enter fatal crash reports into the Crash Analysis System* measures the number of days taken to enter fatal crash reports into the Crash Analysis System from the date the reports are received.

APPENDIX 4

VOTE TRANSPORT APPROPRIATIONS

APPROPRIATION	REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
Fuel excise duty refund administration	REV9	Average number of days taken to process refunds of fuel excise duty ¹	19 working days	≤20 working days
Crash analysis	IM15	Average number of days taken to enter fatal crash reports into the Crash Analysis System	10 working days	10 working days
Licensing activities	DLT7	Number of drug or alcohol assessments funded	1,300	1,200-1,400
	DLT8	Number of older driver licences subsidised	40,069	39,000-41,000
Ministerial servicing by the NZ Transport Agency	IM9	Proportion of requests completed within specified timeframes - Ministerial correspondence	95%	100%
	IM10	Proportion of requests completed within specified timeframes - Parliamentary questions	99%	100%
	IM11	Proportion of requests completed within statutory timeframes - Official Information Act requests	99%	100%
National Land Transport Programme PLA	IM1	Investment Management - Total cost of managing the funding allocation system as a percentage of the National Land Transport Programme expenditure	1.1%	≤1.1%
	RSP1	Road Safety Promotion - Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	80%	≥80%
	LR11	Local Road Improvements - Proportion of the local road network modified to align with safe and appropriate speed	Not available	Not available ²
	SHI2	State Highway Improvements - Proportion of the state highway network modified to align with safe and appropriate speed	Not available	Not available ²
	LRM2	Local Road Maintenance - Proportion of the sealed local road network that meets surface condition targets	98% ³	≥98%
	LRM1	Local Road Maintenance - Proportion of the sealed local road network that meets pavement integrity targets	94% ³	≥94%
	LRM3	Local Road Maintenance - Smooth ride: proportion of travel on smooth roads	87% ³	≥86%
	LRM4	Local Road Maintenance - Local road maintenance cost per local road lane kilometre delivered	\$3,095 ³	≤\$3,000
	SHM1	State Highway Maintenance - Proportion of state highway maintenance activities that are delivered to agreed standards and timeframes	90% ³	≥90%
	SHM5	State Highway Maintenance - Smooth ride: proportion of travel on network classed as smooth	99% ³	≥97%
SHM7	State Highway Maintenance - State highway maintenance cost per lane kilometre delivered	\$24,100	\$24,000-\$28,000	

APPROPRIATION	REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
National Land Transport Programme PLA (cont)	PT1	Public Transport - Number of boardings on urban public transport services (bus, train, ferry)	165 million	≥165 million ⁴
	PT2	Public Transport - Number of boardings on urban public transport services (bus, train, ferry) per capita	33.99 boardings per capita	≥34 boardings per capita
	PT3	Public Transport - Proportion of people with access to frequent public transport services at peak times in Auckland, Wellington and Christchurch	30% ³	Increasing
	WC1	Walking and Cycling - Network kilometres of walking and cycling facilities delivered	37.2km (including 26.2km Urban Cycleways Programme projects)	Increasing
Road user charges investigation and enforcement	REV5	Proportion of road user charges operators that are investigated or audited against target	New measure	100%
	REV6	Proportion of non-compliance actions for road user charges evasion resolved ⁵	100%	100%
Road user charges refunds	REV8	Proportion of road user charges refund claims processed within 20 working days	New measure	Baseline to be set
	REV7	Proportion of identified evaded road user charges repaid ⁵	New measure	Baseline to be set
SuperGold card - Administration of the Public Transport Concessions Scheme	SG1	Proportion of 'on time' payment of Crown SuperGold bulk allocation to approved organisations	64%	100%
Bad debt provision - motor vehicle registration/licences and road user charges	BDP1	Proportion of bad debt for motor vehicle registrations and road user charges against forecast revenue	0.47%	≤0.47%
SuperGold Card - public transport concessions for cardholders	SG2	Number of boardings using SuperGold concessions	15.2 million	≥15.2 million ⁴
Urban cycleways - local routes	UC1	Proportion of expenditure to agreed purpose	100%	100%
National Land Transport Programme - Capital	SHI1	Proportion of state highway improvement activities delivered to agreed standards and timeframes	86%	≥90%
	RPT1	Proportion of rapid transit activities delivered to investment requirements	Not available ⁶	≥90%

APPROPRIATION	REFERENCE	MEASURE	ESTIMATED ACTUAL 2018/19	TARGET 2019/20
NLTF borrowing facility for short-term advances	NLTF1	The loan will be drawn down for the purposes and on the terms agreed between New Zealand Transport Agency and the Minister of Transport	100%	100%
Regional state highways	SHI3	Proportion of regional state highway activities delivered to agreed standards and timeframes	83%	≥ 90%
Urban Cycleways - Crown assets	UC2	Proportion of expenditure to agreed purpose	100%	100%
Reinstatement of the South Island transport corridors	SHM8	Restoration and rebuild of State Highway 1 between Picton and Christchurch – proportion of activities delivered to agreed standards and timeframes	90%	≥90%
Tuawhenua Provincial Growth Fund – Transport projects	IM12	Regional projects and capability – proportion of regional project business cases completed to standard (approved organisations and Transport Agency)	100%	≥ 90%
	IM13	Regional projects and capability – proportion of Transport Agency regional project business cases completed to timelines	100%	≥ 90%
	LRI2	Enabling infrastructure projects – average number of days to release Provincial Growth Fund infrastructure funding once approved	New measure	≤20 working days
	RI2	Infrastructure projects – proportion of Transport Agency projects funded by the Provincial Growth Fund delivered to standards and timeframes	New measure	≥ 90%
	IM14	Supporting regional and infrastructure projects – average number of days to provide feedback on Provincial Growth Fund funding applications	20 working days ⁷	≤20 working days
Housing Infrastructure Fund loans	LRI3	The loan will be drawn down for the purposes and on the terms agreed between the NZ Transport Agency and the Minister of Transport	100%	100%
Housing Infrastructure Fund – fair value write down	HIF1	Fair-value write down of interest-free loans is recognised in accordance with accounting standards for every interest free loan from the Housing Infrastructure Fund to the New Zealand Transport Agency. ¹		

1. This measure is reported on by the Ministry of Transport.

2. The target will be based on 2018/19 year-end results.

3. Estimates for 2018/19 are based on reported 2017/18 performance because these measures are calculated annually.

4. Demand projections for 2019/20 from local authorities are not yet available. This target was based on the 2018/19 year-end estimate.

5. This measure will be added to the Supplementary Estimates of Appropriations 2019/20.

6. No rapid transit activities were delivered in 2018/19.

7. Estimated actual was based on January to March 2019 data as this is the only period data is available.

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