
**SECTION C:
STATEMENT
OF FINANCIAL
PERFORMANCE**



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 20 JUNE 2012

	Note	Actual 2011/12 \$m	Budget 2011/12 \$m	Actual 2010/11 \$m
INCOME INFLOWS^a				
Land transport revenue	3	2,692	2,766	2,634
Government contribution to land transport revenue		1	0	44
Management of Crown land and interest		48	39	50
Total income flows		2,741	2,805	2,728
OUTFLOWS				
NZTA National Land Transport Programme		1,790	1,802	1,746
NZTA National Land Transport Programme - capital contribution	4	573	685	987
NZ Police		297	296	288
Search and rescue		6	6	6
Total outflows		2,666	2,789	3,027
NET SURPLUS/(DEFICIT)		75	16	(299)

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003. Explanations of major variances against budget are provided in note 17.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	Actual 2011/12 \$m	Budget 2011/12 \$m	Actual 2010/11 \$m
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	44	7	0
Debtors	6	191	165	186
Total assets		235	172	186
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	7	407	403	433
Total liabilities		407	403	433
NET ASSETS		(172)	(231)	(247)
General funds		(172)	(231)	(247)
GENERAL FUNDS CLOSING BALANCE^a		(172)	(231)	(247)

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003. Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN GENERAL FUNDS BALANCE FOR THE YEAR ENDED 30 JUNE 2012

	Note	Actual 2011/12 \$m	Budget 2011/12 \$m	Actual 2010/11 \$m
GENERAL FUNDS OPENING BALANCE				
General funds		(247)	(247)	52
Total general funds opening balance		(247)	(247)	52
CHANGES IN GENERAL FUNDS BALANCE				
Net surplus/(deficit)		75	16	(299)
Total changes in general funds balance		75	16	(299)
GENERAL FUNDS CLOSING BALANCE				
General funds		(172)	(231)	(247)
TOTAL GENERAL FUNDS CLOSING BALANCE^a		(172)	(231)	(247)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	Actual 2011/12 \$m	Budget 2011/12 \$m	Actual 2010/11 \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from land transport revenue		2,736	2,826	2,754
Payments to suppliers		(2,692)	(2,819)	(2,777)
Net cash from operating activities	8	44	7	(23)
Net (decrease)/increase in amounts held by the Crown		44	7	(23)
Amounts held by the Crown at the beginning of the year		0	0	23
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR^b		44	7	0

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

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

Explanations of major variances against budget are provided in note 17.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

Reporting entity

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

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

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

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

The financial statements of the National Land Transport Fund are for the year ended 30 June 2012 and were approved by the Board on 24 October 2012.

Basis of preparation

Statement of compliance

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

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

Measurement base

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

Function and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The National Land Transport Fund has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- › Amendments to NZ IAS 1 Presentation of Financial Statements - The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item.
- › FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) - The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction.

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to the National Land Transport Fund are:

- › NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the National Land Transport Fund is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the National Land Transport Fund expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the National Land Transport Fund is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant accounting policies

INCOME INFLOWS

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

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

Interest

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

Assets

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

OUTFLOWS

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

- › the NZ Transport Agency - for the funding of the National Land Transport Programme.
- › the New Zealand Police - who provide the Road Policing Programme

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

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

FINANCIAL ASSETS

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

CASH AND CASH EQUIVALENTS

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

EMPLOYEE ENTITLEMENTS

The National Land Transport Fund has no employees.

COMMITMENTS

The National Land Transport Fund is the major funder of the National Land Transport Programme. The commitments outlined in the notes reflect the funding commitments documented in the National Land Transport Programme 2010-13.

GOODS AND SERVICES TAX

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis.

Commitments and contingencies are disclosed exclusive of GST.

INCOME TAX

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

BUDGET FIGURES

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

2 STATEMENT OF INFLOWS, OUTFLOWS, AND CAPITAL EXPENDITURE FOR THE PREVIOUS TWO FINANCIAL YEARS

	Actual 2011/12 \$m	Actual 2010/11 \$m	Actual 2009/10 \$m
INCOME INFLOWS			
Land transport revenue	2,692	2,634	2,510
Government contribution to land transport revenue	1	44	85
Management of Crown land and interest	48	50	37
Total income flows	2,741	2,728	2,632
OUTFLOWS			
NZTA National Land Transport Programme	1,790	1,746	1,815
NZTA National Land Transport Programme - Capital contribution	573	987	693
NZ Police	297	288	288
Search and rescue	6	6	0
Rail infrastructure	0	0	135
Other	0	0	1
Total outflows	2,666	3,027	2,932
NET SURPLUS/(DEFICIT)	75	(299)	(300)

This statement of inflows, outflows, and capital expenditure for the previous two financial years is provided under the requirements of the Land Transport Management Act 2003.

Separate disclosure of the Management of Crown land and interest is required under the Land Transport Management Act 2003.

3 LAND TRANSPORT REVENUE

	Actual 2011/12 \$m	Actual 2010/11 \$m
REVENUE		
Fuel excise duty	1,513	1,483
Road user charges	1,092	1,061
Motor vehicle registration fees	175	173
	2,780	2,717
LESS REFUNDS		
Fuel excise duty	35	36
Road user charges	46	45
Motor vehicle registration fees	0	1
	81	82
Less bad debt write-off	7	1
TOTAL LAND TRANSPORT REVENUE	2,692	2,634

4 NZTA NATIONAL LAND TRANSPORT PROGRAMME – CAPITAL CONTRIBUTION

	Actual 2011/12 \$m	Actual 2010/11 \$m
Accelerated state highway construction	0	34
New and improved infrastructure for state highways	573	953
TOTAL NZTA NLTP – CAPITAL CONTRIBUTION	573	987

5 CASH AND CASH EQUIVALENTS

The National Land Transport Fund is a notional account only. The cash and cash equivalents reported in these statements are held by the Crown in the consolidated fund.

6 DEBTORS

	Actual 2011/12 \$m	Actual 2010/11 \$m
Debtors – fuel excise duty	169	164
Debtors – motor vehicle register/road user charges	22	22
TOTAL DEBTORS	191	186

7 CREDITORS AND OTHER PAYABLES

	Actual 2011/12 \$m	Actual 2010/11 \$m
Crown	0	42
NZTA (to the National Land Transport Programme)	407	386
Accrued expenses	0	5
TOTAL CREDITORS AND OTHER PAYABLES	407	433

Creditors and other payables are non-interest bearing and are normally settled by the end of the month following date of supply. Therefore, the carrying value of creditors and other payables approximates their fair value.

8 RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2011/12 \$m	Actual 2010/11 \$m
NET SURPLUS/(DEFICIT) AFTER TAX	75	(299)
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:		
(Increase)/decrease in debtors	(5)	26
Increase/(decrease) in creditors and other payables	(26)	250
Net movements in working capital items	(31)	276
NET CASH FROM OPERATING ACTIVITIES	44	(23)

9 CAPITAL COMMITMENTS AND OPERATING ROADING COMMITMENTS

The future aggregate funding commitments for the National Land Transport Fund are as follows:

	Actual 2011/12 \$m	Actual 2010/11 \$m
Not later than one year	1,478	3,000
Later than one year and not later than five years	2,895	3,283
Later than five years	1,352	1,572
TOTAL FUNDING COMMITMENTS	5,725	7,855

10 CONTINGENCIES

Contingent liabilities

The National Land Transport Fund has no contingent liabilities (2011: Nil).

Contingent assets

The National Land Transport Fund has no contingent assets (2011: Nil).

11 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

All related party transactions have been entered into on an arms-length basis.

The National Land Transport Fund is a wholly owned notional fund of the Crown.

Significant transactions with government-related entities

The National Land Transport Fund has been provided with funding of \$2.741 billion (2011: \$2.728 billion) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations.

Collectively, but not individually, significant transactions with government-related entities

The National Land Transport Fund purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2012 totalled \$2.666 billion (2011: \$3.028 billion). These purchases included the funding of the New Zealand Police's Road Policing Programme and the NZTA's National Land Transport Programme.

Key management personnel compensation

Under the definition of NZ IAS 24, the National Land Transport Fund has no key management personnel.

12 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

13 FINANCIAL INSTRUMENT CATEGORIES

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

	Actual 2011/12 \$m	Actual 2010/11 \$m
LOANS AND RECEIVABLES		
Cash and cash equivalents	44	0
Debtors	191	186
TOTAL LOANS AND RECEIVABLES	235	186
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Creditors and other payables	407	433
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	407	433

14 FINANCIAL INSTRUMENT RISKS

The National Land Transport Fund's activities do not expose it to any financial instrument risks, such as market risk, credit risk, or liquidity risk.

15 CAPITAL MANAGEMENT

The National Land Transport Fund's capital is its general funds. General funds are represented by net assets.

The National Land Transport Fund is subject to the financial management and accountability provisions of the Public Finance Act 1989, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The NZTA manages the National Land Transport Fund general funds as a by-product of prudent management of revenues, expenses, liabilities and general financial dealings, to ensure the National Land Transport Fund effectively achieves the requirements set out in the Land Transport Management Act 2003.

16 COMMITMENTS TO REGIONS REPORTING

Disclosure of funding commitments to regions under the Land Transport Management Act 2003.

	Actual 2011/12 \$m	Actual 2010/11 \$m
Auckland land transport	65	35
Bay of Plenty	24	14
Waikato land transport	102	60
Wellington land transport	1	2
Wellington land transport (western corridor)	35	14
TOTAL	227	125

17 EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for significant variations from the National Land Transport Fund's budgeted figures are as follows:

Statement of comprehensive income

INCOME INFLOWS

Land transport revenue was lower than budgeted by \$74 million. This is the net result of fuel excise duty and road user charges revenue being below budget by \$77 million and \$8 million respectively. This is offset by motor vehicle registration revenue being \$6 million above budget, and less debts being written off than budgeted.

Management of Crown land and interest was higher than budgeted by \$9 million. Improved management of the property disposal programme has resulted in higher income from the sale of properties.

OUTFLOWS

The NZTA's National Land Transport Programme - Capital contribution was lower than budgeted by \$112 million, but this is in line with the State Highways Programme for 2011/12.

STATEMENT OF SERVICE PERFORMANCE

FINANCIALS

OUTPUT CLASS FUNDING TO THE NZ TRANSPORT AGENCY			
	Actual 2011/12 \$m	Budget 2011/12 \$m	Actual 2010/11 \$m
Management of the funding allocation system	28	29	31
Transport planning	24	26	23
Sector training and research	5	6	3
Public transport infrastructure	31	55	45
Public transport services	222	228	195
Road user safety	39	43	33
New and improved infrastructure for local roads	130	165	163
Renewal of local roads	174	235	206
Maintenance and operation of local roads	263	277	275
Walking and cycling facilities	6	12	12
Accelerated state highway construction	0	0	34
New and improved infrastructure for state highways	703	708	1,001
Renewal of state highways	390	388	384
Maintenance and operation of state highways	348	315	328
TOTAL OUTPUT CLASS FUNDING TO THE NZ TRANSPORT AGENCY	2,363	2,487	2,733

Public transport infrastructure - Actual is 43% below budget due to slower than planned progress on infrastructure projects in Auckland.

Local road new infrastructure, renewals and maintenance - Combined, actual is 16% below budget due to the impact of a moratorium on new approvals and a financial assistance rate variation arrangement with Auckland Transport.

Maintenance and operation of state highways - Actual is 10% higher than budgeted with emergency works on weather-related events and Christchurch earthquake accounting for the majority of the increased outflow.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF NATIONAL LAND TRANSPORT FUND'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

The Auditor-General is the auditor of the National Land Transport Fund (the NLTF). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and a statement of service performance of the NLTF on her behalf.

We have audited:

- the financial statements of the NLTF on pages 186 to 193, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in general funds balance and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the NLTF on pages 179 to 184 and 194.

OPINION

In our opinion:

- the financial statements of the NLTF on pages 186 to 193:
 - › comply with generally accepted accounting practice in New Zealand; and
 - › fairly reflect the NLTF's:
 - financial position as at 30 June 2012; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the NLTF on pages 179 to 184 and 194:
 - › complies with generally accepted accounting practice in New Zealand; and
 - › fairly reflects, for each activity class, the NLTF's service performance achievements and expenses measured against the performance targets and budgets adopted for the year ended 30 June 2012.

Our audit was completed on 24 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the NLTF's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the NLTF's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the NLTF's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Land Transport Management Act 2003.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and the statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 11(3) of the Land Transport Management Act 2003.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the NLTF.



John O'Connell

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION

This audit report relates to the financial statements and non-financial performance information of the National Land Transport Fund for the year ended 30 June 2012 included on NZ Transport Agency's website. The NZ Transport Agency's Board is responsible for the maintenance and integrity of NZ Transport Agency's website. We have not been engaged to report on the integrity of NZ Transport Agency's website. We accept no responsibility for any changes that may have occurred to the financial statements and non-financial performance information since they were initially presented on the website.

The audit report refers only to the financial statements and non-financial performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and non-financial performance information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and non-financial performance information as well as the related audit report dated 24 October 2012 to confirm the information included in the audited financial statements and non-financial performance information presented on this website.

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



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

NZ Transport Agency
Private Bag 6995
Wellington 6141.

This publication is also available on NZ Transport Agency's website at www.nzta.govt.nz

