
NATIONAL LAND TRANSPORT FUND ANNUAL REPORT

Provided to the Minister of Transport and presented to the House of Representatives pursuant to section 11 of the Land Transport Management Act 2003 and section 150 of the Crown Entities Act 2004

**FOR THE YEAR ENDED
30 JUNE 2013**



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SECTION A:
NLTF
OVERVIEW



CHAIR'S REPORT

The 2012/13 annual report for the National Land Transport Fund provides information on how the fund has been invested by the NZ Transport Agency to create transport solutions for a thriving New Zealand. The National Land Transport Fund receives its revenue from transport users by way of fuel excise duties, road user charges and annual vehicle licensing fees.

The fund is the primary source of central government funding for the development of the land transport system.

This annual report demonstrates how investments of the National Land Transport Fund continue to meet the goals outlined in the Government Policy Statement on Land Transport Funding.



Chris Moller
Chair

CHIEF EXECUTIVE'S REPORT

The 2012/13 National Land Transport Fund annual report provides information on how the fund has been invested in the first year of the three-year 2012-15 National Land Transport Programme.

Throughout the full three-year period, the National Land Transport Programme will target investment in land transport where it is most needed. These investments will reflect a whole-of-life view to ensure that the best transport system is developed for the long- term benefit of New Zealanders.

To make the most of the National Land Transport Fund investments, the NZ Transport Agency and local authorities are increasingly working together on the transport system - to maintain and build improvements to local roads, state highways and public transport and to operate them as an integrated network. The first year success of this National Land Transport Programme reflects the joined-up thinking that comes from working with our transport sector partners and stakeholders.



Geoff Dangerfield
Chief Executive

2012/13 NLTF INVESTMENT PERFORMANCE AT A GLANCE

\$636m

invested in local
road projects

90km

of new and improved
local roads were
completed

\$84m

invested in emergency
reinstatement of
local roads

\$288m

invested in public
transport - 13.8%
higher than in
2011/12

132.7m

passenger boardings
on public transport
received NLTF funding
assistance

\$895m

invested in road
user safety

\$68m

invested in
walking and cycling
facilities

47km

new walking and cycling
facilities were funded
from the NLTF

28,581

crashes were attended
by the Police as part
of the Road Policing
Programme

2.9m

alcohol readings were
taken by the Police as
part of the Road Policing
Programme

\$997m

invested in new
and improved
infrastructure for
state highways

**85
lane km**

of reconstruction and
new roads completed
on the state highway
network

**12.6
lane km**

of bridge replacements
on the state highway
network

\$175m

invested in
renewal of state
highways

11.5%

of sealed state
highway network
resurfaced

\$342m

invested in
maintenance and
operation of state
highways

99%

of the state highway
network meets safe
stopping surface
texture standards

\$56m

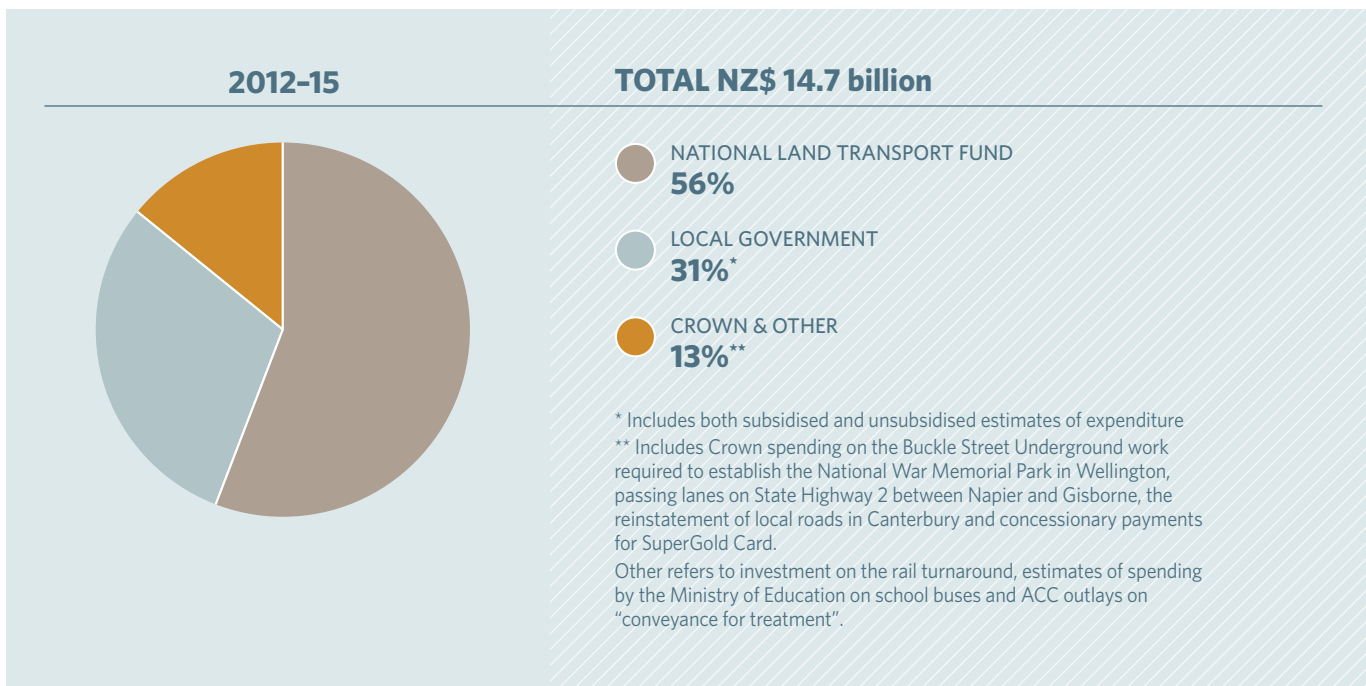
invested in state
highway emergency
reinstatement

OVERVIEW OF THE LAND TRANSPORT INVESTMENT SYSTEM

INVESTMENT IN TRANSPORT

New Zealand's road users primarily fund the country's land transport system through fuel excise duty (petrol tax), charges on diesel and heavy vehicles (road user charges) and vehicle registration and licensing fees. These funds are paid into the National Land Transport Fund to facilitate the government's investment in maintaining and improving land transport networks and services. There are many investors that contribute to providing and using the land transport system such as local authorities that invest on behalf of communities. A significant number of firms and individuals also invest in transport infrastructure (eg subdivision roads) and associated infrastructure. This includes vehicle storage facilities, and other user-based costs such as access charges, parking, taxi and public transport fares.

2012-15 ESTIMATED LAND TRANSPORT PUBLIC SECTOR INVESTMENT



CHANGES IN THE ENVIRONMENT

Our economy has outperformed many of its peers. Although the drought which occurred in the early part of 2013 slowed the pace of economic activity, the economy still managed to post solid growth of 2.5% for the year ending March 2013.

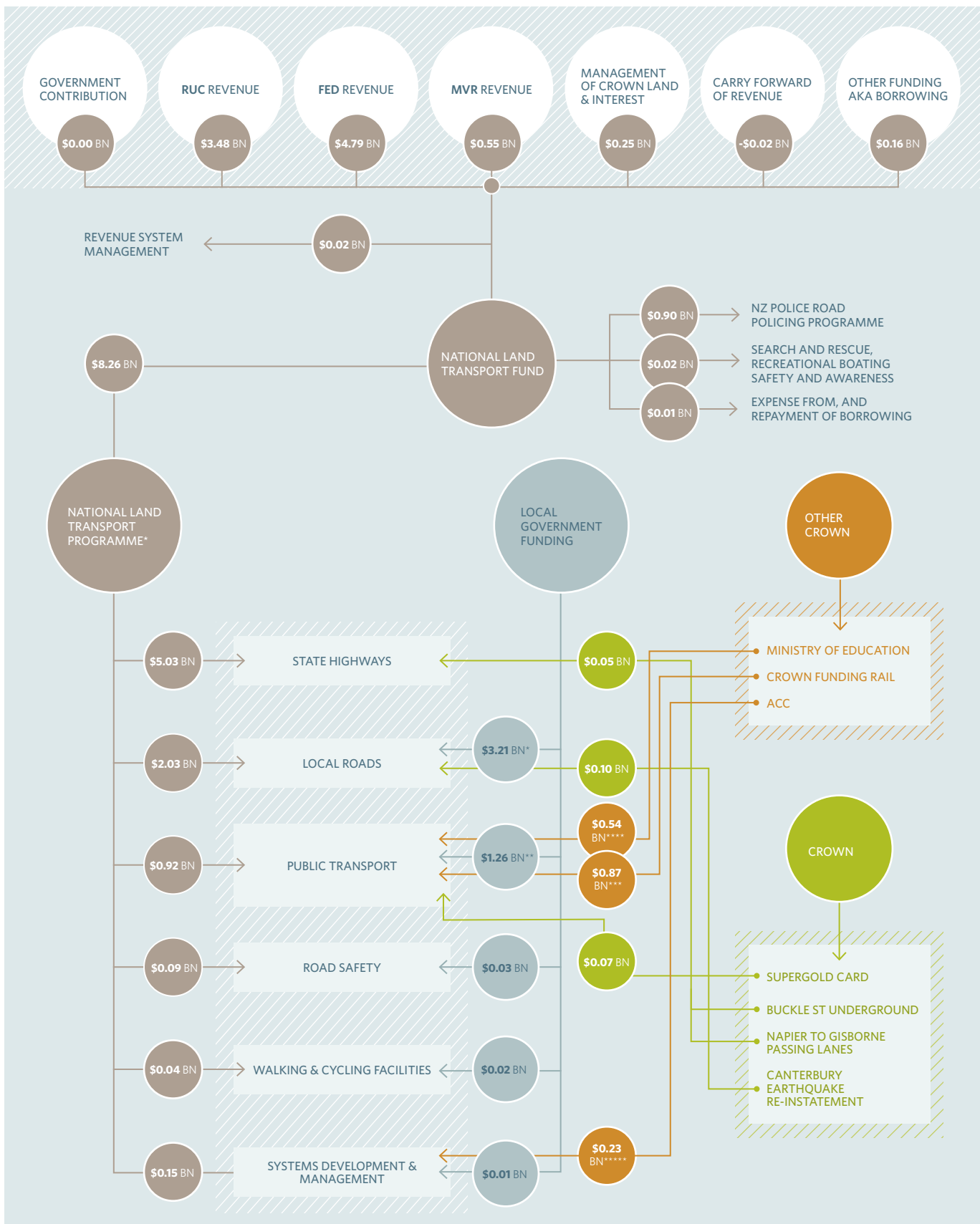
Key contributors include

- an improvement in domestic conditions
- the improving financial position of households
- a continuation of an accommodative monetary policy
- ongoing fiscal prudence
- a buoyant housing market in Auckland
- increasing post-earthquake recovery efforts in Christchurch.

Against this backdrop, revenues flowing into the National Land Transport Fund were up 2.7% for the year ending June 2013 to \$2.764 billion. However, they were also 4% lower than budget.

- Net revenues generated from fuel excise duties were 3.5% higher than recorded for the previous year, but 5% under budget. This performance reflects adjustments to the rate at which excise duties are levied, a 17.7% increase in refunds and relatively flat energy prices which offset the impact of still high unemployment on discretionary private vehicle travel.
- Net revenues generated from road user charges were 1.9% higher than recorded for the previous year, but 5% lower than budget. Contributing factors include little or no growth in vehicle kilometres travelled by heavy vehicles, a 1.8% increase in average weight carried by heavy vehicles and changes in purchasing behaviour following the introduction of the new system of road user charges.
- Net revenues generated from motor vehicle registrations were marginally down on the previous year, but up 7% on budget. This reflects a trend to shorter frequency purchases, and ongoing affordability issues for some vehicle owners.

FUNDING FOR 2012-15 NATIONAL LAND TRANSPORT PROGRAMME



* Made of a subsidised amount of NZ\$1.63bn plus an unsubsidised estimate of NZ\$1.58bn
 ** Made of a subsidised amount of NZ\$0.74bn plus an unsubsidised estimate of NZ\$0.52bn
 *** Rail Funding for Kiwirail turnaround plan of NZ\$0.87bn
 **** Ministry of Education spending on school buses amounts to about \$0.18bn per annum
 ***** Estimated ACC expenditure of NZ\$0.08bn per annum

NOTE: An estimated NZ\$0.2bn of additional spending in Walking & Cycling facilities is included as an investment in State Highways, Local Roads, Road Safety and Systems Development & Management

INVESTMENT STRATEGY

The Transport Agency's Investment and Revenue Strategy sets out the prioritisation framework that is used to develop and manage the National Land Transport Programme. It provides the framework to give effect to the Government Policy Statement on Land Transport Funding (GPS).

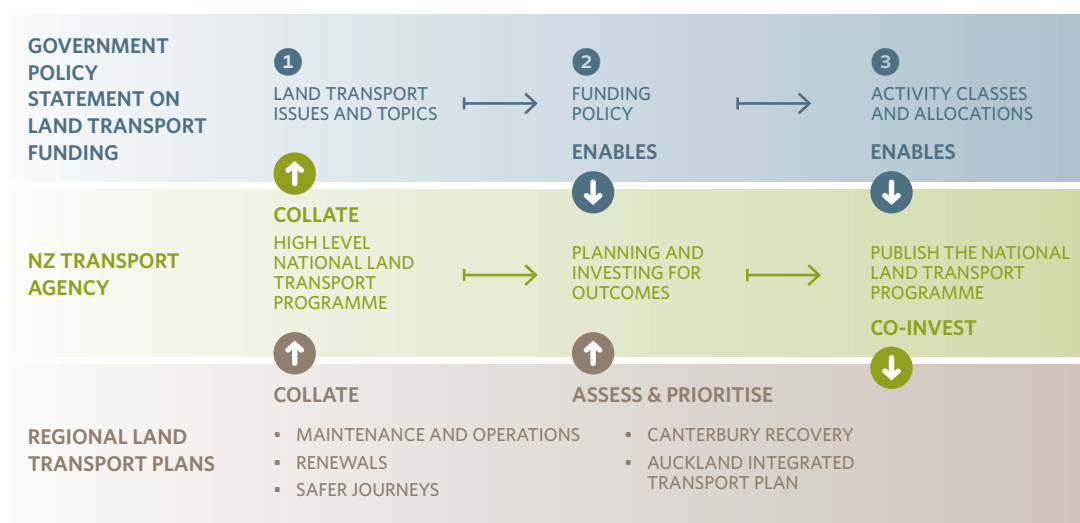
The GPS is issued by the Minister of Transport.

The GPS identifies the key land transport issues for planning and funding from a central government perspective.

It specifies funding policy for the National Land Transport Fund and how the National Land Transport Fund should be divided among activity classes to achieve the objectives sought by government for land transport

Our planning and investing for outcomes approach translates between activity levels described by funding levels in the GPS and outcomes sought through our direct investment on state highways and co-investment with local government and others.

GOVERNMENT POLICY STATEMENT



The Investment and Revenue Strategy ensures that the Transport Agency invests in the right activities that have the greatest potential to support a thriving New Zealand. It enables us to be a 'smart investor' in the following ways:

- The strategic fit test ensures we prioritise investment that provides the economic growth, productivity and safety impacts of the GPS.
- The effectiveness test ensures that those activities are delivered in the way that has the greatest impact.
- The efficiency test ensures that those activities are delivered at the best possible whole-of-life cost.

The Investment and Revenue Strategy prioritises National Land Transport Programme investment towards:

- the Safer Journeys road safety strategy (including the adoption of a Safe System approach) and reducing deaths and serious injuries
- relieving congestion in major urban areas and improving journey time reliability
- optimisation of the land transport network and services

- key tourism and freight routes, including those for high productivity motor vehicles
- transport planning, research and training investment that makes the greatest contribution to priorities in other activity classes and those above
- encouraging integrated planning approaches.

In 2012/13 we revised the revenue part of the strategy:

- Public Private Partnerships will be considered as a procurement approach for state highway improvements when it can offer greater value for money than would be expected under a conventional procurement approach.
- The updated approach to state highway tolling requires that all new state highway road links are evaluated for their suitability for tolling. That includes continuing to provide net financial and economic benefits.

For information on the contributions output classes have to the impacts contained in the GPS, refer to page 96.

PROGRESS ON THE 2012-15 NATIONAL LAND TRANSPORT PROGRAMME

OVERVIEW OF THE 2012/13 INVESTMENT PORTFOLIO

In the year to 30 June 2013, National Land Transport Fund (NLTF) investment through the published 2012-15 National Land Transport Programme (NLTP) was \$2,805 million. Measured against the initial phasing of the NLTP, we are currently \$116 million or 4% behind programme. The end of 2012-15 NLTP position is expected to be down 1% against the published NLTP.

State highway network

Investment in the new and improved infrastructure for state highways output class amounted to \$993 million in 2012/13, around 2% behind plan, and is on target to achieve the published 2012-15 NLTP in the three-year period. A number of high profile nationally significant projects have advanced:

- Replacement of the Newmarket viaduct.
- Western Ring Route: Significant progress has been made in the construction of the Waterview Connection (SH20) and the Lincoln Road Interchange (SH16). The tunnel boring machine for the Waterview tunnel section of the SH20 extension was delivered to site.
- Waikato Expressway: The Te Rapa section was completed and opened to traffic and construction work continues on the Ngaruawahia Bypass section.
- Wellington Northern Corridor is being delivered with Resource Management Act consents for the SH1 MacKays to PekaPeka Expressway – consents for PekaPeka to Ōtaki lodged with the Environmental Protection Authority, and Transmission Gully is being progressed as a Public Private Partnership.
- Christchurch Motorways project: Two sections were opened to traffic – Christchurch Southern Motorway Stage 1 and the Pyne Gould to Avonhead section of the Christchurch Western Corridor.
- Bridge investigations in the upper North Island for the delivery of the high productivity motor vehicle (HPMV) strategic network have been completed. Upgrade work has commenced on two bridges in Northland on State Highway 1.

In addition, another \$461 million was spent on the renewals, maintenance and operation of the state highway network during 2012/13.

This assisted in keeping the state highways available 94% of the time. 11.5% of the sealed network was resurfaced during 2012/13, up from 10% in the previous year.

In excess of \$56 million was spent on emergency works, including the restoration of the Manawatu Gorge route following significant slips.

Local roads

The NLTF invested close to \$400 million in local road renewals, and maintenance and operations (excluding emergency works). This was approximately 7% below the NLTP plan for 2012/13, mainly due to the 13% under-spend on renewals, with routine maintenance and operations expenditure being on plan. The under-spend on renewals is expected to continue through to the end of the 2012-15 NLTP. However, the forecast spend on maintenance and operations will be close to plan. Local authorities have transferred some renewal funds to routine maintenance and operations, and more transfers are being signalled. Reasons for the under expenditure in renewals are local authority decisions to focus more on maintenance and operations, local authorities prioritising other investment areas for local funds and efficiencies, slower than expected progress on programmes and efficiencies in delivering the same work at a lower cost than budgeted.

Local road improvements expenditure was close to the NLTP plan for 2012/13, although this was assisted substantially by the bringing forward of claims for Auckland Transport front-loaded projects (around \$33 million) for early payment. The end of 2012-15 NLTP spend is expected to be below plan by approximately 8%.

Major investments in local roads were:

- continuing development of the Auckland Manukau Eastern Transport Initiative (AMETI)
- the Hamilton Ring Road, including the four-laning of Wairere Drive and Peachgrove, Te Aroha, Ruakura upgrade
- construction of the Lower Hatea River Bridge in Whangarei
- replacement of the Ashley River Bridge in the Waimakariri district
- four-laning of Lake Road in Rotorua
- four-laning of Tara Road, Tauranga.

Emergency works

Emergency works expenditure across local roads and state highways was down approximately 9% on budget. The \$50 million NLTF contribution to the Christchurch earthquake rebuild was fully spent. The under-spend represents slower reinstatement than expected. At this stage, the under-spend is assumed to continue, acknowledging that the actual spend at the end of the NLTP will depend on claims received for weather events and seismic activity in the remaining two years.

In addition to the NLTF investment, around \$65 million of central government funding was contributed to the reinstatement of damaged roads in Christchurch in the 2012/13 NLTP year.

Public transport infrastructure

Investment in public transport infrastructure projects was prioritised and targeted to activities and areas that maximised our investment return, in particular Auckland, where there is a need for greater focus on relieving severe congestion and enabling economic growth. Public transport infrastructure spend was around 35% above plan for 2012/13 as a result of the cost-scope increase for the Auckland integrated fares project. Key investments in this activity class included:

- Auckland integrated fare system construction/implementation
- real-time system extension (Auckland passenger rail)
- Auckland Manukau Eastern Transport Initiative (AMETI) package (stage 1)
- Manukau City rail link construction
- Mount Albert station construction.

Public transport services

During the year, the NLTF invested \$243 million across all regional networks in public transport services and operations. This expenditure on public transport services was about 8% lower than the 2012/13 plan and largely represents lower than expected costs of approved organisations in delivering their services. The majority of this investment, close to 90%, was in Auckland, Wellington and Christchurch where the majority of the services and related costs are targeted at assisting in relieving severe congestion. Much of the increase in expenditure is the result of additional investment in services in Auckland, passenger rail operational related costs in Auckland and Wellington, and operating costs associated with implementing and running Auckland's integrated ticketing system.

As well as an increase in the level of our investment, public transport patronage has increased by 0.3 million to 132.7 million during the year across the country. The level of this increase was affected by recovery in Christchurch following the earthquake on 22 February 2011, and minimal patronage movement across the majority of other networks.

Road safety

During the year the NLTF invested \$28 million in local government programmes and in nationally delivered advertising and education activities that increase the safe and efficient use of the land transport system. The greatest proportion of spend in 2012/13 was on alcohol and drug impaired driving risks, followed by younger drivers, speeding and cycling safety.

Walking and cycling

Initial delivery of walking and cycling infrastructure against plan is disappointing, considering the level of funding approved activities for 2012/13. The most significant expenditure was based in Auckland with the initiation of the large Central Motorway connection and completion of several smaller activities, followed by the New Plymouth and Hastings model communities, and Canterbury. The investment is beginning to demonstrate the long-term benefits of an increase in walking and cycling numbers in the urban centres.

Road Policing Programme

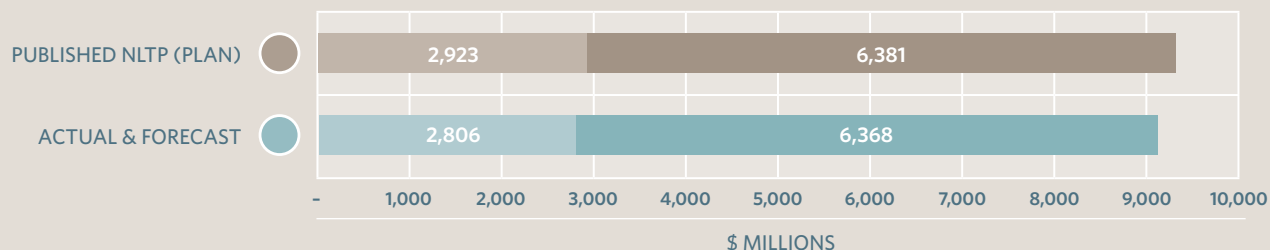
The Road Policing Programme (RPP) achieved all targets and was under-spent by approximately 3% in 2012/13 due to \$10 million being carried forward to the 2013/14 financial year.

A reinvestment programme has been developed to commit these funds to support high value road safety activities.

The RPP is forecast to be very close to plan at the end of the 2012-15 NLTP.

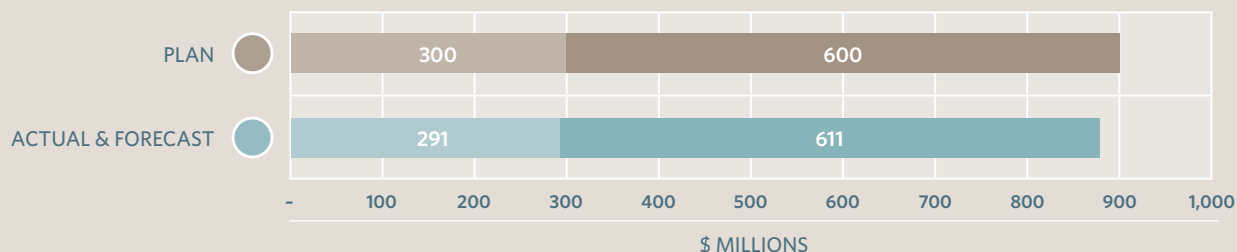
SIGNIFICANT ACTIVITY CLASS ACTUALS VERSUS BUDGET FOR THE 2012-15 NATIONAL LAND TRANSPORT PROGRAMME AS AT 30 JUNE 2013

OVERALL



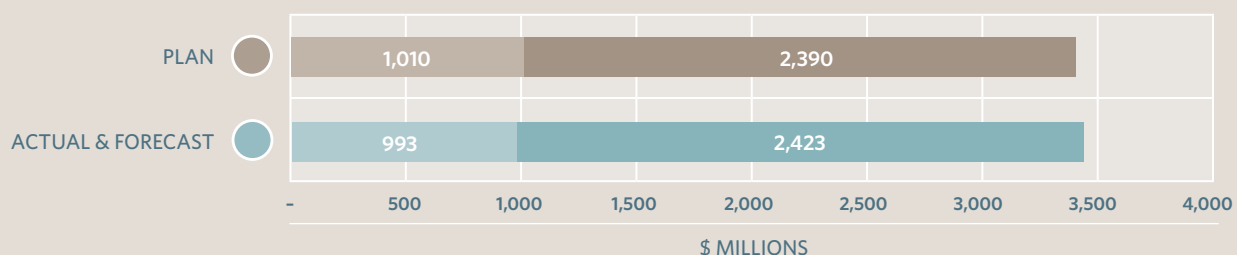
The overall NLTF investment was about 4% below the published NLTP (plan) for 2012/13, due to under-delivery or under-spend across most activity groupings. The end of NLTP position is expected to be down 1% against the published NLTP.¹

ROAD POLICING



The Road Policing Programme (RPP) was under-spent by approximately 3% in 2012/13 due to \$10 million being carried forward to the 2013/14 financial year. A reinvestment programme has been developed to commit these funds to support high value road safety activities. The RPP is forecast to be very close to plan at the end of the 2012-15 NLTP.

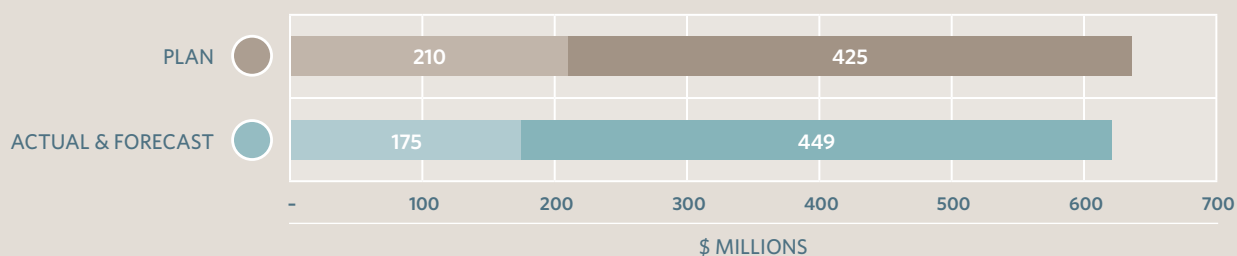
STATE HIGHWAY NEW AND IMPROVED INFRASTRUCTURE



2012/13 expenditure on new and improved state highway infrastructure was less than 2% behind plan, and is on target to achieve the published NLTP. Additional funding of \$15 million from the Crown for the Memorial Park project was spent in 2012/13. Over the 2012-15 NLTP, an additional \$140 million of the Crown and debt funding (the latter to be repaid from tolls) is anticipated.

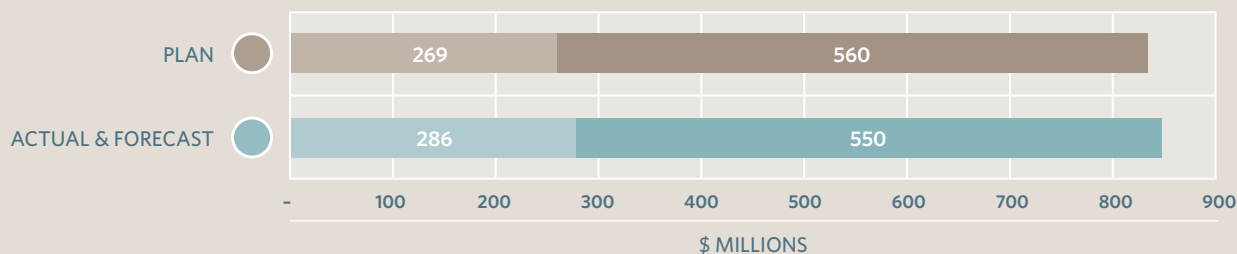
¹ For the NLTF contribution to the NLTP the final overall spend in the 2012-15 NLTP will be dependent on revenue flows into the NLTF. As at August 2013, actual revenue appears to be tracking the April 2013 forecast, but this is lower than the revenue forecast at the time the decision was made to increase fuel excise duty (FED) and road user charges (RUC) by three cents per litre for three years from 2013/14.

STATE HIGHWAY RENEWALS



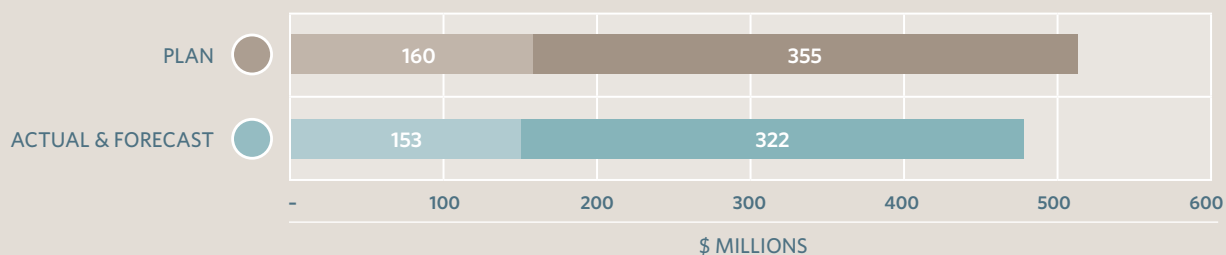
2012/13 expenditure on state highway renewals was almost 17% less than plan, largely as a result of a greater focus on maintenance and operations during the year. This under-spend is expected to be substantially recovered by the end of the NLTP to bring the overall state highway renewals and maintenance programme into balance.

STATE HIGHWAY MAINTENANCE & OPERATIONS (EXCLUDING EMERGENCY WORKS)



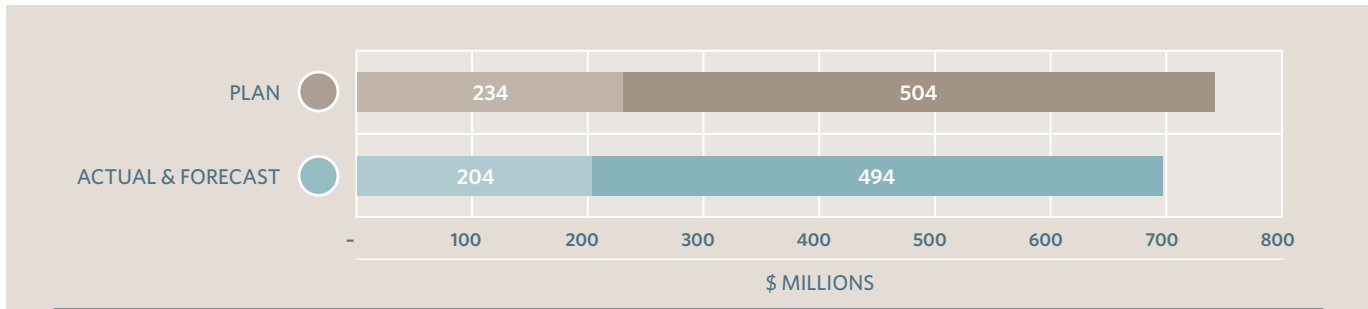
2012/13 expenditure on state highway maintenance and operations was 6% more than plan, but has been offset by the under-spend in state highway renewals. State highway maintenance and operations is forecast to be very close to plan at the end of the 2012-15 NLTP.

LOCAL ROADS NEW & IMPROVED INFRASTRUCTURE



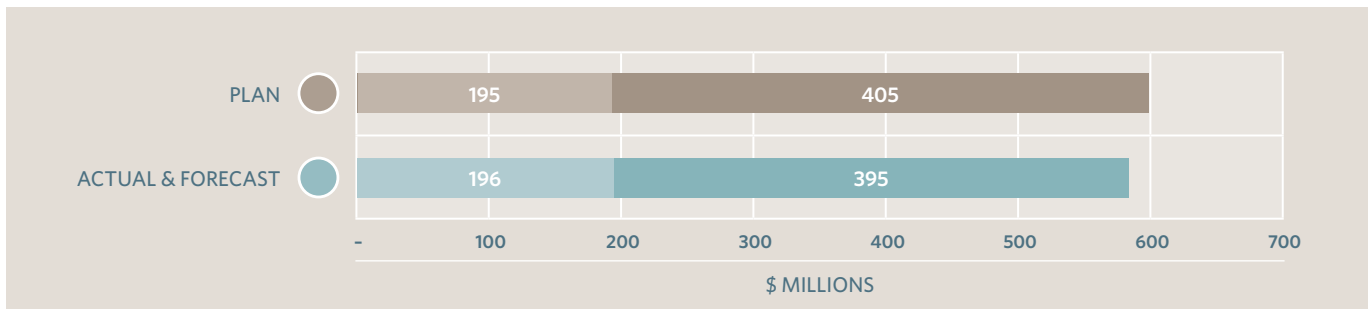
2012/13 expenditure on new and improved local road infrastructure was close to plan, although this was assisted substantially by the bringing forward of claims for Auckland Transport's front-loaded projects (around \$33 million) for early payment. This activity class is expected to be below plan by almost 8% at the end of the 2012-15 NLTP. Approximately \$30 million of funding is earmarked for local road improvements in Christchurch as part of the earthquake rebuild, although some of this may transfer to other activity classes, for example public transport infrastructure.

LOCAL ROADS RENEWALS



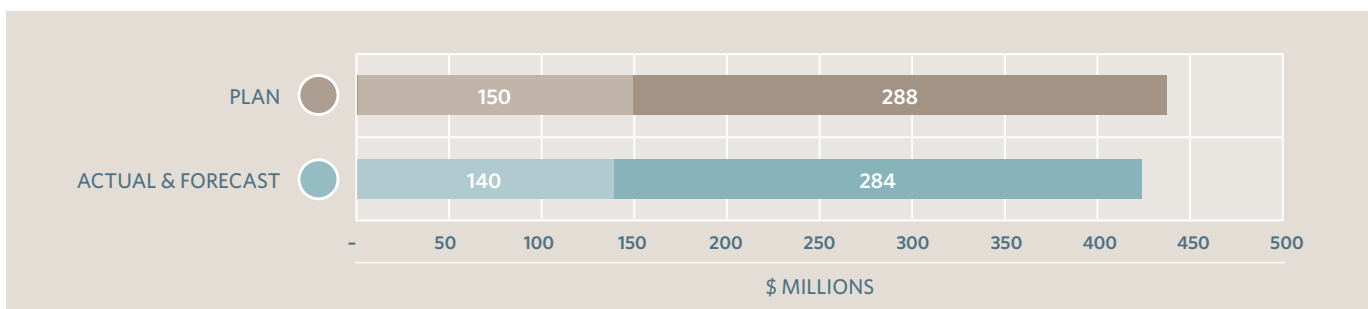
2012/13 expenditure on local road renewals was almost 13% below plan and a similar under-spend is forecast through to the end of the 2012-15 NLTP. Local authorities have transferred some renewals funding to routine maintenance and operations, and more transfers are being signalled. This under spend is caused by a number of factors: decisions to focus more on maintenance and operations; local authorities prioritising other investment areas for local funds and efficiencies; slower than expected progress on programmes; and efficiencies in delivering the same work at a lower cost than budgeted.

LOCAL ROADS MAINTENANCE & OPERATIONS (EXCLUDING EMERGENCY WORKS)



2012/13 expenditure on local road maintenance and operations (excluding emergency works) was very close to plan and this activity class is forecast to continue close to plan through to the end of the 2012-15 NLTP.

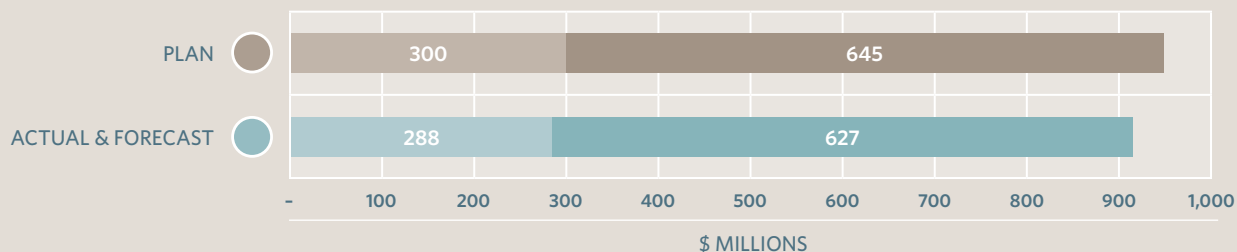
EMERGENCY WORKS (STATE HIGHWAYS AND LOCAL ROADS)



2012/13 expenditure on emergency works across state highways and local roads was almost 7% less than plan. The \$50 million NLTF contribution to the Christchurch earthquake rebuild was fully spent. This under-spend is forecast to carry through to the end of the 2012-15 NLTP. However, actual spend on emergency works will depend on claims received for weather events and seismic activity in the remaining two years.

In addition to the NLTF spend, approximately \$65 million of central government funding will be contributed to the reinstatement of damaged roads in Christchurch in the 2012-15 NLTP period.

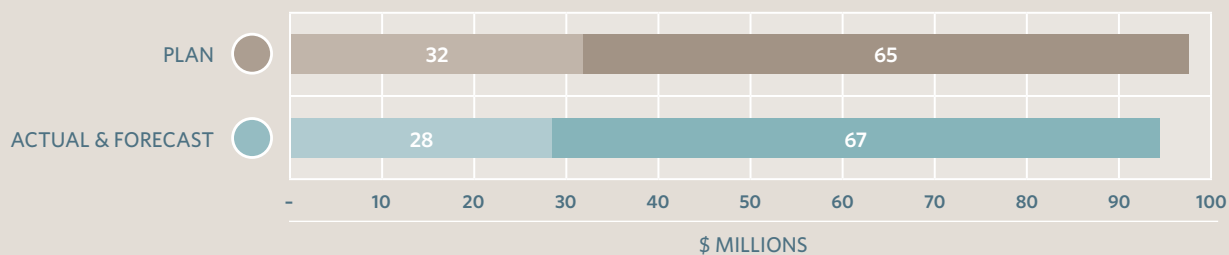
PUBLIC TRANSPORT



Overall, 2012/13 expenditure on public transport services and infrastructure was 4% less than plan. The spend on public transport services was approximately 8% less than plan, largely as a result of approved organisations delivering their services at lower cost. These efficiencies are forecast to continue through to the end of the 2012-15 NLTP. 2012/13 expenditure on public transport infrastructure was almost 29% more than plan as a result of the cost-scope increase for the Auckland integrated fares project. Expectations are that Auckland's programme will adjust to match the remaining budget for the 2012-15 NLTP.

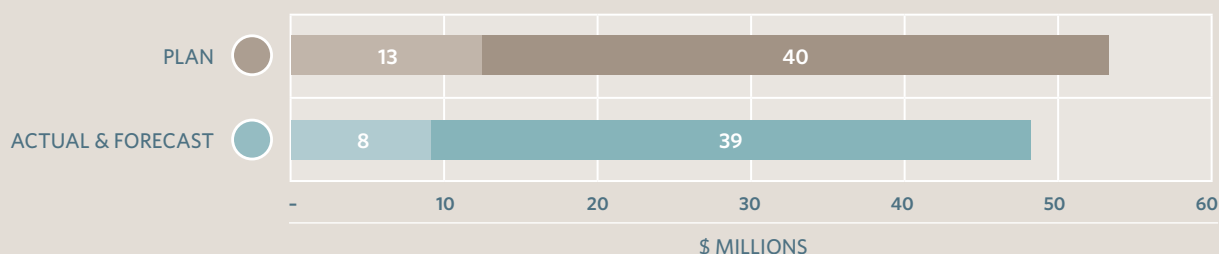
Outside of the NLTF, managed by the Transport Agency on behalf of the Ministry of Transport, about \$23 million was spent on SuperGold card fares and administration in 2012/13.

ROAD SAFETY



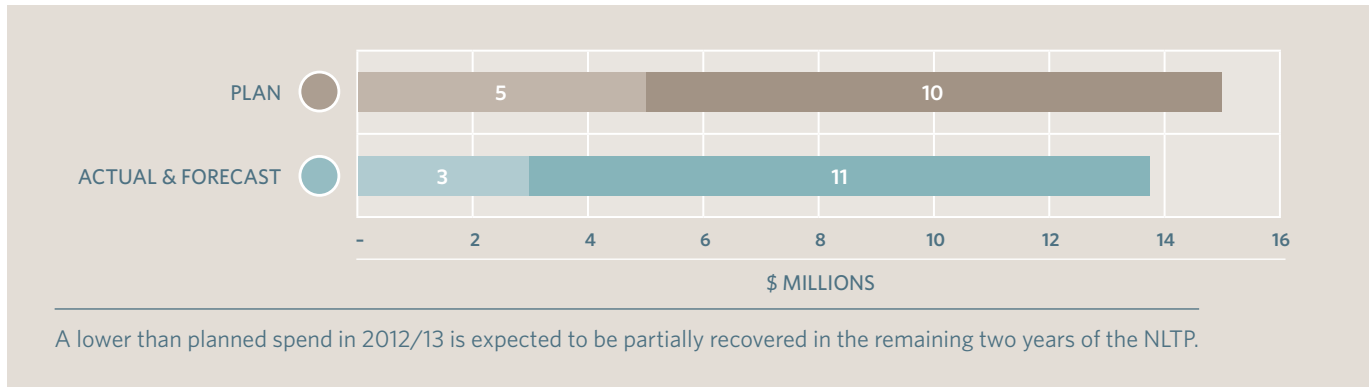
2012/13 expenditure on road safety was 12.5% less than plan, largely as a result of lower than expected delivery of programmes by approved organisations and lower spend by the Transport Agency on nationally delivered advertising and education programmes. Road safety is forecast to be very close to plan at the end of the 2012-15 NLTP.

WALKING & CYCLING

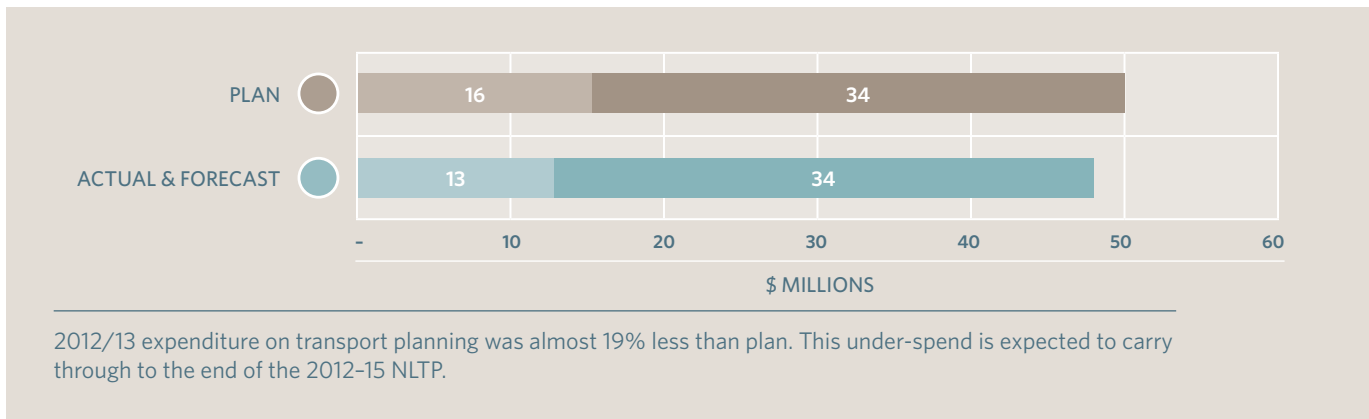


Initial delivery of walking and cycling infrastructure against plan is disappointing, considering the level of funding approved activities for 2012/13. While the apparent demand for funds is strong, based on the current level of funding approvals (\$27 million at August 2013), there is some doubt whether these and new projects will be delivered to achieve the \$39 million forecast spend over the balance of the 2012-15 NLTP, given performance to date.

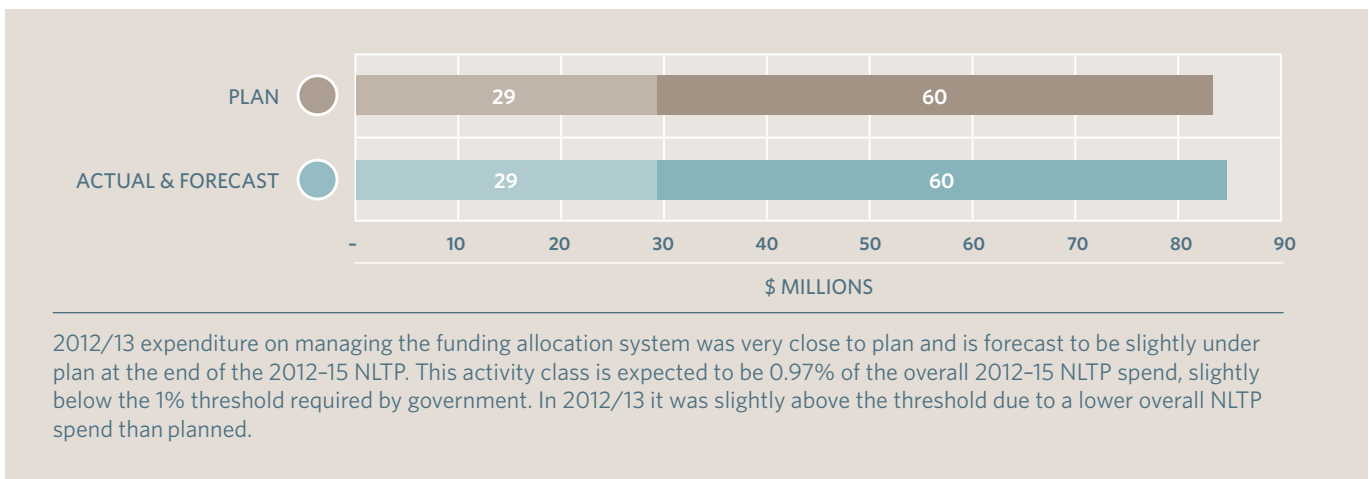
SECTOR RESEARCH



TRANSPORT PLANNING

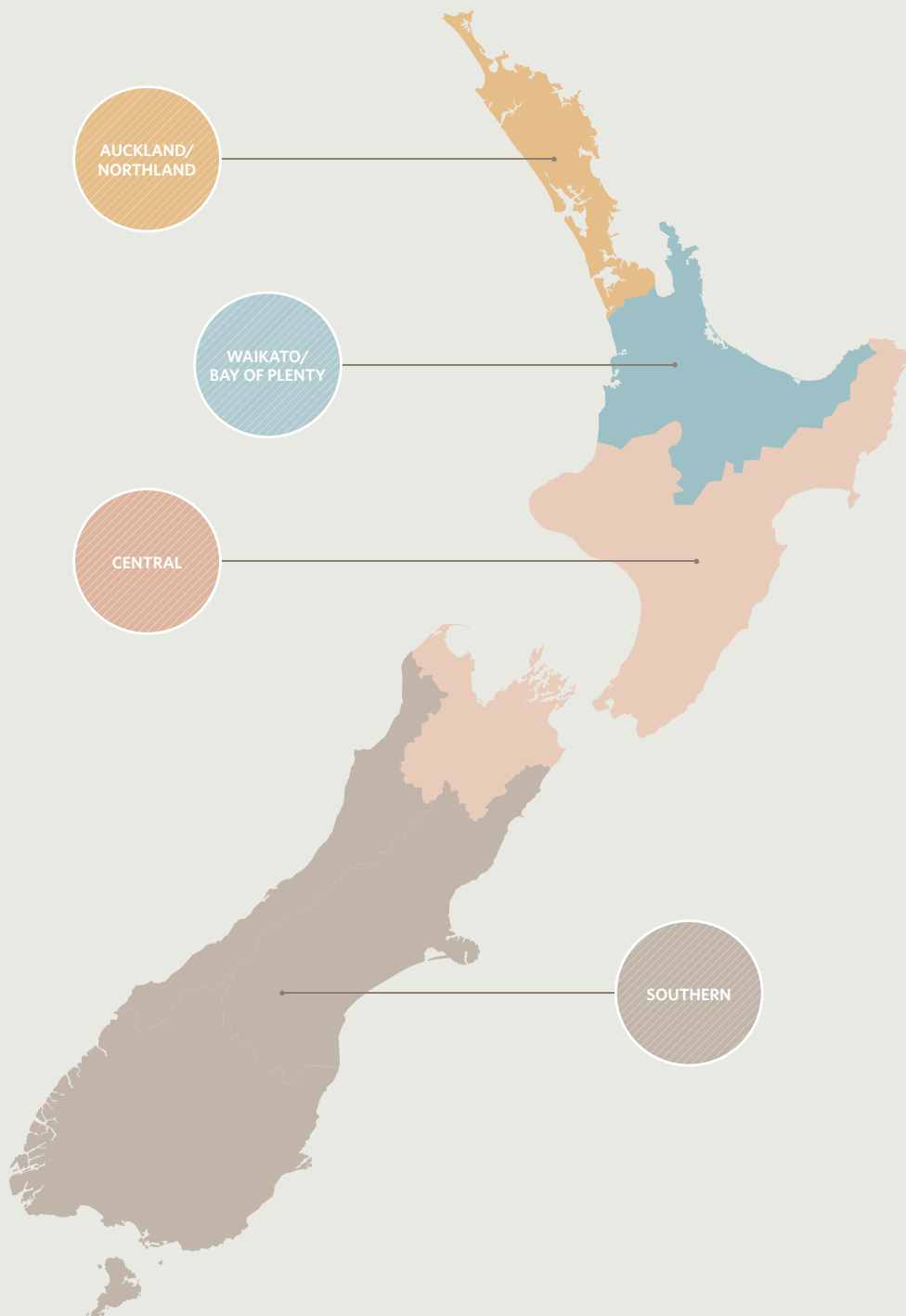


MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM



REGIONAL NLTF INVESTMENT HIGHLIGHTS

The NLTF, via the 2012-15 NLTP, has invested in a targeted manner across New Zealand. Significant regional investment highlights for the year ended 30 June 2013 are detailed below.



AUCKLAND AND NORTHLAND REGION

The Transport Agency's Auckland/Northland region covers the top of the North Island - everything north of the Bombay Hills.



NORTHLAND

The 2012-15 NLTP investment in the Northland region (\$291 million) is focused on maintaining the region's extensive network in resilient condition, to enable its far-flung residents to travel safely and freight to move efficiently.

- › 19 deaths in the Northland region in 2012/13, and 118 serious injuries. Overall this is a 13% increase from 2011/12.
- › 12,700 lane kms currently maintained in the Northland region, including local roads and state highways.
- › 305,737 trips were taken by bus, almost exactly the same as the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Lower Hatea Bridge completed.

Two bridges on the Hikurangi to Portland route (State Highway 1) are being strengthened to open access for high productivity motor vehicles (HPMV). This route is part of the strategic HPMV network being delivered over the next two years.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
NORTHLAND TOTAL	86,153
New and improved infrastructure for state highways	11,111
Renewal, maintenance and operation of state highways	34,715
New and improved infrastructure for local roads	9,873
Renewal, maintenance and operation of local roads	28,687
Public transport services	524
Other*	1,243

* Other includes: road safety, transport planning, and walking and cycling activities.



AUCKLAND

The 2012-15 NLTP investment in the Auckland region (\$3,154 million) is focused on making it increasingly easier for commuters to move around Auckland and enabling more efficient freight movements.

- › 47 deaths in the Auckland region in 2012/13, and 395 serious injuries. Overall, this is an 8% increase from 2011/12.
- › 15,700 lane kms currently maintained in the Auckland region, including local roads and state highways.
- › 53,529,916 bus trips and 10,038,806 train trips were taken, while a further 5,506,218 trips were taken by ferry. Bus patronage was 2.2% down on the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Progress was made on the Puhoi to Wellsford road of national significance with lodging for planning approval from the Environmental Protection Authority being sought after extensive planning work.

Completion of Newmarket Viaduct - this work on Auckland's busiest stretch of motorway will reduce congestion through the central motorway junction.

Progress was made on a suite of projects on the Western Ring Route:

- › The Waterview tunnel
- › The causeway between Waterview and Patiki
- › Te Atatu Interchange
- › Lincoln Road Interchange
- › St Lukes Road Interchange.

State Highway 1 Constellation Drive to Greville Road northbound three-laning, design funding.

Albany Highway (Sunset Road to SH18).

Dominion Road corridor upgrade.

North Shore - Albany highway corridor upgrade.

Auckland Manukau Eastern Transport Initiative (AMETI).

Panmure bus and rail station.

Mt Albert Rail Station upgrade.

Walking and cycling related projects as part of the Central Motorway connection.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
AUCKLAND TOTAL	914,757
New and improved infrastructure for state highways	445,559
Renewal, maintenance and operation of state highways	91,489
New and improved infrastructure for local roads	98,249
Renewal, maintenance and operation of local roads	83,620
Public transport infrastructure	39,751
Public transport services	146,359
Other*	9,730

* Other includes: road safety, transport planning, and walking and cycling activities.

WAIKATO AND BAY OF PLENTY REGION

The Waikato/Bay of Plenty region reaches from the bottom of the Bombay Hills to the Desert Road summit, from just south of Mokau in the west, through the Waioeka Gorge near Opotiki, and midway along the Taupo-Napier Road.



WAIKATO

The 2012–15 NLTF investment in the Waikato region (\$1,163 million) focuses on improving the efficiency and safety of Waikato's roading network, maximising freight movements and reducing deaths and serious injuries on the roads.

- › 59 deaths in the Waikato region in 2012/13, and 294 serious injuries. Overall this is a 1% decrease from 2011/12.
- › 21,500 lane kms currently maintained in the Waikato region, including local roads and state highways.
- › 5,039,324 trips were taken by bus, a 1.1% decrease compared to the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Completion of the State Highway 1 Atiamuri Bridge project in the South Waikato. This project unlocks economic and tourism opportunities, in particular, and enables a key high productivity route servicing the forestry sector, and providing journey time reliability.

Opening of the Te Rapa section of the Waikato Expressway. This resulted in immediate travel time savings of around four minutes for users of both the state highway and local road networks, as well as enabling development of significant areas of new industrial and commercial land in North Hamilton.

Continuation of the construction of the Ngaruawahia section, and commencement of the Cambridge/Tamahere and Rangiriri sections of the Waikato Expressway.

Good progress was made on the Hamilton City Ring Road project, which is a key component of the Access Hamilton Strategy and the Waikato Expressway Network Plan, improving transport outcomes for all modes in the Hamilton network.

Work continued on optimising the region's public transport network with the aim of making it more efficient and effective. In excess of five million passengers used public transport across the region.

NLTF investment was made by both the Transport Agency and councils to deliver safety improvements works, both large and small. Key projects included; development of the Coromandel motorcycle demonstration project and the implementation of audio-tactile centre-line roadmarking on the strategic state highway corridors to reduce the risk of loss of control and head-on crashes.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
WAIKATO TOTAL	293,171
New and improved infrastructure for state highways	152,427
Renewal, maintenance and operation of state highways	69,299
New and improved infrastructure for local roads	11,485
Renewal, maintenance and operation of local roads	50,052
Public transport infrastructure	50
Public transport services	7,798
Other*	2,060

* Other includes: road safety, transport planning, and walking and cycling activities.



BAY OF PLENTY

The opening of the Tauranga Harbour Link project in The 2012-15 NLTP investment in the Bay of Plenty region (\$580 million) is focused on enabling the roading network to meet the demands of heavy vehicles using the Port of Tauranga, contribute to safe journeys for all road users, and be resilient to natural hazards.

- › 23 deaths in the Bay of Plenty region in 2012/13, and 137 serious injuries. Overall this is an 18% decrease from 2011/12.
- › 8,900 lane kms currently maintained in the Bay of Plenty region, including local roads and state highways.
- › 2,854,444 trips were taken by bus, almost exactly the same as the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Good progress continued on the construction of the Tauranga Eastern Link (TEL) project; one of seven roads of national significance.

Supporting the TEL project, the investigation phase of the Maunganui-Girven and Te Maunga intersections neared completion.

Investigation continues on finding a preferred route for the Tauranga Northern Link, a route which in the longer term will provide an essential freight linkage between the Hauraki-Coromandel and the Western Bay of Plenty.

Significant transport planning activity was undertaken to develop a strategic transport network for Tauranga. This work will support and inform the review of the Smartgrowth strategy (including the Tauranga Urban Network Study), preparation of the Tauranga Transport Strategy and progress on the investigation phases for the SH29 Tauriko project and the Tauranga Northern Link.

Funding was approved to enable integration of Tauranga school bus passengers onto the public transport network in preparation of the withdrawal of the Ministry of Education funded services.

Work continued on addressing route security issues in the Eastern Bay of Plenty. Investigation continues on the Pekatahi Bridge across the Whakatane River and also at a number of other locations along SH2 between Whakatane and Opotiki.

The Transport Agency's Board provided support for the Rotorua Integrated Network Strategy, which identified three strategic transport corridors in the district. One, which the district has identified as a long-term priority, is the Rotorua Eastern Arterial which will provide longer-term transport options and connectivity to the Eastern and Western Bay of Plenty sub-regions.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
BAY OF PLENTY TOTAL	166,533
New and improved infrastructure for state highways	82,016
Renewal, maintenance and operation of state highways	49,436
New and improved infrastructure for local roads	6,346
Renewal, maintenance and operation of local roads	22,746
Public transport infrastructure	56
Public transport services	4,895
Other*	1,038

* Other includes: road safety, transport planning, and walking and cycling activities.

CENTRAL REGION

The Central region stretches up from the top of the South Island (Nelson, Tasman and Marlborough) to the southern and central North Island, reaching across Taranaki, Manawatu-Whanganui, Wellington, to the Hawke's Bay and Gisborne.



GISBORNE

The 2012–15 NLTP investment in the Gisborne region (\$114 million) is focused on improving key linkages to the Port of Gisborne to support forestry in the region, and improving route resilience and security for both local road users and loggers.

- › 11 deaths in the Gisborne region in 2012/13, and 15 serious injuries. Overall this is a 4% increase from 2011/12.
- › 3,600 lane kms currently maintained in the Gisborne region, including local roads and state highways.
- › 157,008 trips were taken by bus, almost exactly the same as the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Detailed HPMV investigation has shown that significantly less investment is required than originally anticipated to implement the forest to port route.

Worked with Gisborne District Council on developing a joint approach to road maintenance, which is expected to generate significant efficiencies and deliver a better service to customers.

Gisborne District Council programme is primarily focused on the core business of maintenance and operations, renewals, minor improvements and bridge strengthening.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
GISBORNE TOTAL	32,293
New and improved infrastructure for state highways	949
Renewal, maintenance and operation of state highways	16,696
New and improved infrastructure for local roads	714
Renewal, maintenance and operation of local roads	13,461
Public transport infrastructure	9
Public transport services	183
Other*	281

* Other includes: road safety, transport planning, and walking and cycling activities.



HAWKE'S BAY

The 2012-15 NLTP investment in the Hawke's Bay region (\$202 million) is focused on improving freight links between industrial growth areas, the wider region and the Port, and encouraging transport choice through a pilot walking and cycling programme.

- › 10 deaths in the Hawke's Bay region in 2012/13, and 77 serious injuries. Overall this is a 22% decrease from 2011/12.
- › 8,600 lane kms currently maintained in the Hawke's Bay region, including local roads and state highways.
- › 761,392 trips were taken by bus – 11.7% higher than the previous year.

INVESTMENT HIGHLIGHTS 2012/13

We continue to invest in model communities in Hastings. The focus of the work is on improving the connectivity of outer lying communities to Hastings CBD.

South of Te Mahanga passing lane and South of Paki Paki intersection passing lanes were both completed.

2012/13 NLTP INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$'000
HAWKE'S BAY TOTAL	56,433
New and improved infrastructure for state highways	3,072
Renewal, maintenance and operation of state highways	20,539
New and improved infrastructure for local roads	1,570
Renewal, maintenance and operation of local roads	28,176
Public transport infrastructure	10
Public transport services	2,095
Other*	981

* Other includes: road safety, transport planning, and walking and cycling activities.



MANAWATU-WHANGANUI

The 2012-15 NLTP investment in the Manawatu-Whanganui region (\$250 million) focuses on improving the efficiency of moving freight, maintaining the network to a high standard and improving its safety, resilience and security.

- › 23 deaths in the Manawatu/ Whanganui region in 2012/13, and 124 serious injuries. Overall this is a 19% decrease from 2011/12.
- › 15,000 lane kms currently maintained in the Manawatu/ Whanganui region, including local roads and state highways.
- › 1,620,202 trips were taken by bus – slightly lower (0.9%) than the previous year.

INVESTMENT HIGHLIGHTS 2012/13

SH2 Papatawa Realignment is now open to traffic, with the majority of construction complete.

SH2 Corby Road Realignment was completed.

SH1 Waiauti realignment and right turn bay were completed.

2012/13 NLTP INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$'000
MANAWATU-WHANGANUI TOTAL	75,132
New and improved infrastructure for state highways	8,825
Renewal, maintenance and operation of state highways	22,248
New and improved infrastructure for local roads	2,941
Renewal, maintenance and operation of local roads	38,139
Public transport infrastructure	73
Public transport services	2,266
Other*	640

* Other includes: road safety, transport planning, and walking and cycling activities.

CENTRAL REGION CONTINUED



TARANAKI

The 2012–15 NLTP investment in the Taranaki region (\$177 million) targets efficient freight movement in this productive area, and relieves congestion through public transport and a pilot walking and cycling programme.

- › 15 deaths in the Taranaki region in 2012/13, and 61 serious injuries. Overall this is a 13% decrease from 2011/12.
- › 6,300 lane kms currently maintained in the Taranaki region, including local roads and state highways.
- › 556,017 trips were taken by bus – 2.3% higher than the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Design work for the Waiwhakaiho Basin improvements (Vickers to City) has been tendered and is in progress and community consultation has taken place.

A suite of safety improvements have been implemented at the Normanby Overbridge and around the South Taranaki area.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
TARANAKI TOTAL	50,581
New and improved infrastructure for state highways	2,578
Renewal, maintenance and operation of state highways	29,213
New and improved infrastructure for local roads	924
Renewal, maintenance and operation of local roads	14,554
Public transport infrastructure	40
Public transport services	1,124
Other*	2,148

* Other includes: road safety, transport planning, and walking and cycling activities.



WELLINGTON

The 2012-15 NLTP investment in the Wellington region (\$1,389 million) is focused on relieving congestion, enhancing public transport efficiency and improving the safety and resilience of key economic links across Wellington's transport network.

- › 12 deaths in the Wellington region in 2012/13, and 128 serious injuries. Overall this is a 31% decrease from 2011/12.
- › 8,000 lane kms currently maintained in the Wellington region, including local roads and state highways.
- › 23,613,394 bus trips and 11,355,403 train trips were taken, while a further 192,549 trips were taken by ferry. Bus patronage was 1.7% down on the previous year.

INVESTMENT HIGHLIGHTS 2012/13

A number of high profile nationally significant projects have advanced:

- › Wellington Northern Corridor roads of national significance package is being delivered with approval of the SH1 MacKays to PekaPeka Expressway, and consents for PekaPeka to Ōtaki lodged with the Environmental Protection Authority.
- › The Transmission Gully project is progressing well as is the Public Private Partnership (PPP) procurement process. However, we'll only progress Transmission Gully as a PPP if it is demonstrated that this provides value for money than would be expected under a conventional procurement approach. We'll know this once tenders close in October. We will then announce the successful consortium in early 2014 and have construction underway late next year, with a safe and resilient road open for traffic in 2020.

Investment in 35 new Matangi trains and upgrades to the existing 43 units increasing the overall capacity of the Wellington passenger rail fleet.

Refurbishment of train carriages for use on the Wairarapa rail service.

The safety works for the Terrace and Mt Victoria tunnels were completed.

The Network Operating Framework process was commenced with Wellington City Council and Greater Wellington to develop a Network Operating Plan for Wellington City.

Paekakariki intersection upgrade and resurfacing completed.

Otaihanga roundabout safety improvement commenced.

Notice of Requirement and resource consent applications lodged with the Environmental Protection Authority for the Basin Bridge project.

Study on Petone to Ngauranga cycle and pedestrian improvements commenced.

Wellington state highway network structures were assessed as HPMV compliant.

Tawa shared path (walking/cycling route) was substantively completed including an improved rail crossing.

Network resilience improvements were completed to minimise risk at critical vulnerable sites in Ngaio Gorge and Churchill Drive.

Continuing preventative maintenance and emergency works on Cape Palliser Road in South Wairarapa to provide network resilience and connectivity in the region.

Resource consent approved for the construction for the replacement of Manawa Bridge No.3.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
WELLINGTON TOTAL	216,195
New and improved infrastructure for state highways	98,974
Renewal, maintenance and operation of state highways	26,139
New and improved infrastructure for local roads	4,923
Renewal, maintenance and operation of local roads	31,481
Public transport infrastructure	1,841
Public transport services	50,330
Other*	2,507

* Other includes: road safety, transport planning, and walking and cycling activities.

CENTRAL REGION CONTINUED



NELSON

The 2012–15 NLTP investment in the Nelson region (\$54 million) focuses on safety, route efficiency and alternative transport mode choices.

- › 10 deaths in the Nelson, Tasman and Marlborough regions in 2012/13, and 49 serious injuries. Overall this is a 21% decrease from 2010/11.
- › 500 lane kms currently maintained in the Nelson region, including local roads and state highways.
- › 351,685 trips were taken by bus, which is 167.7% higher than the previous year's patronage.

INVESTMENT HIGHLIGHTS 2012/13

Invested \$14 million in a programme of improvements which will encourage safer journeys by cyclists and pedestrians.

Design work on SH6 Rai Saddle safety improvements undertaken.

Initiated a package of projects to significantly improve the efficiency of the Waimea Road corridor. The first project to improve the Waimea/Motueka Street Intersection commenced.

Maitai shared path improvement project commenced.

Commenced a three-year programme to significantly improve shared path lighting at specific locations to improve personal security.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
NELSON TOTAL	7,706
New and improved infrastructure for state highways	651
Renewal, maintenance and operation of state highways	2,932
New and improved infrastructure for local roads	400
Renewal, maintenance and operation of local roads	2,825
Public transport services	414
Other*	484

* Other includes: road safety, transport planning, and walking and cycling activities.



TASMAN

The 2012-15 NLTP investment in the Tasman region (\$76 million) is focused on maintaining a safe and resilient network, which provides route security for tourism and freight movement, and keeps local communities safe and connected.

- › 10 deaths in the Nelson, Tasman and Marlborough regions in 2012/13, and 49 serious injuries. Overall this is a 21% decrease from 2010/11.
- › 3,100 lane kms currently maintained in the Tasman region, including local roads and state highways.

INVESTMENT HIGHLIGHTS 2012/13

Innovation in the reinstatement of storm damaged sections of Totaranui Road produced significant cost savings.

Birds Hill (SH60) reinstatement completed following weather event.

Joint work between the Transport Agency and the Tasman District Council to protect a vulnerable section of SH65 was completed.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$'000
TASMAN TOTAL	23,170
New and improved infrastructure for state highways	364
Renewal, maintenance and operation of state highways	14,856
New and improved infrastructure for local roads	489
Renewal, maintenance and operation of local roads	7,255
Other*	206

* Other includes: road safety, transport planning, and walking and cycling activities.

MARLBOROUGH

The 2012-15 NLTP investment in the Marlborough region (\$65 million) focuses on improving the HPMV capability of Marlborough's roads to improve the efficiency of freight movements, while continuing investment in maintenance should retain current levels of service, safety and route security.

- › 10 deaths in the Nelson, Tasman and Marlborough regions in 2012/13, and 49 serious injuries. Overall this is a 21% decrease from 2010/11.
- › 4,400 lane kms currently maintained in the Marlborough region, including local roads and state highways.
- › 25,149 trips were taken by bus, 5.8% higher than in the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Progressed Grovetown safety improvements.

Reinstatement of transport networks affected by weather events.

Replacement of Pine Valley No 2 Bridge.

Approval of Dashwood Overbridge replacement.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$'000
MARLBOROUGH TOTAL	15,617
New and improved infrastructure for state highways	876
Renewal, maintenance and operation of state highways	8,460
New and improved infrastructure for local roads	331
Renewal, maintenance and operation of local roads	5,641
Public transport services	143
Other*	166

* Other includes: road safety, transport planning, and walking and cycling activities.

SOUTHERN REGION

The Southern is the largest of the Transport Agency's four regions, embracing all of the South Island except Nelson, Tasman and Marlborough.



CANTERBURY

The 2012–15 NLTP investment in the Canterbury region (\$689 million) is mainly focused on growing Canterbury and supporting the recovery of Christchurch, while continuing to support Canterbury's resilient export sector by maintaining and enhancing strategic freight routes.

- › 37 deaths in the Canterbury region in 2012/13, and 278 serious injuries. Overall this is a 7% decrease from 2011/12.
- › 29,400 lane kms currently maintained in the Canterbury region, including local roads and state highways.
- › 13,417,358 bus trips and 112,480 ferry trips were taken. Bus patronage increased by 18.2% from the previous year.

The past two years have been challenging for the greater Christchurch sub-region as the transition from the response phase immediately after the February 2011 earthquakes to building momentum in the recovery phase. The infrastructure rebuild programme is now close to the full annual delivery programme necessary to restore levels of service by the end of 2016. Over \$110 million was invested as part of the reinstatement programme following the Canterbury earthquakes.

The Christchurch RoNS programme was accelerated during this period, especially the Western Corridor in order to ensure the network is able to manage the changed traffic patterns following the earthquakes.

INVESTMENT HIGHLIGHTS 2012/13

Christchurch Southern Motorway Stage 1 completed ahead of schedule and below budget.

Good progress was made on the State Highway 1 Western Corridor:

- › Construction substantially complete on four-laning Avonhead Road to Yaldhurst Road.
- › Construction of the Yaldhurst Road to Waterloo Road and the Saywers Arms Road to Harewood Road sections.
- › Funding was approved for four-laning other sections of the Western Corridor.

Designation and resource consents are currently being considered by the Environmental Protection Authority for the Christchurch Southern Motorway Stage 2.

Designation application has been lodged for the Northern Arterial.

Completion of the Orari south SH1 passing lanes.

Funding for the structural upgrades to two important bridges was approved. These are: the old Waitaki River bridges at Kurow and the full replacement of the Ferrymead Bridge (pre-earthquake funding had been approved to strengthen this bridge).

Construction funding approved for Waimakariri District Council Ashley River Bridge replacement (\$6 million).

Provided over \$110 million of financial assistance during 2012/13 for earthquake recovery works.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
CANTERBURY TOTAL	276,612
New and improved infrastructure for state highways	97,033
Renewal, maintenance and operation of state highways	50,766
New and improved infrastructure for local roads	9,992
Renewal, maintenance and operation of local roads	94,514
Public transport infrastructure	49
Public transport services	21,565
Other*	2,693

* Other includes: road safety, transport planning, and walking and cycling activities.



WEST COAST

The 2012–15 NLTP investment in the West Coast region (\$106 million) concentrates on maintaining the good current condition of its key strategic roads, with a focus on route security and safety.

- › Four deaths in the West Coast region in 2012/13, and 28 serious injuries. Overall this is a 22% decrease from 2011/12.
- › 5,000 lane kms currently maintained in the West Coast region, including local roads and state highways.
- › 40,518 trips were taken by bus, 36.3% higher than in the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Taramakau Bridge refurbishment (contribution to road-to-rail bridge refurbishment in conjunction with Kiwi Rail).

Installation of new guardrail on SH73 Starvation Point.

Completion of street works on High Street (SH6) in Greymouth.

Pedestrian crossing installed on SH67 in as part of this year's safety improvement programme.

Excellent response to emergency events affecting the coast.

Deck restoration work was undertaken at the SH6 Suspension Bridge.

Preventive maintenance work was undertaken at Kellys Creek adjacent to SH73.

Collaboration continues with Grey District Council on the national cycleway initiatives, resulting in some safety improvements at a number of bridges.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
WEST COAST TOTAL	39,156
New and improved infrastructure for state highways	1,538
Renewal, maintenance and operation of state highways	28,244
New and improved infrastructure for local roads	451
Renewal, maintenance and operation of local roads	8,673
Public transport services	60
Other*	190

* Other includes: road safety, transport planning, and walking and cycling activities.

SOUTHERN REGION CONTINUED



OTAGO

The 2012–15 NLTP investment in the Otago region (\$286 million) focuses on maintaining the efficiency, overall resilience and safety of the extensive network for individual road users and freight movers.

- › 14 deaths in the Otago region in 2012/13, and 168 serious injuries. Overall this is a 3% increase from 2011/12.
- › 17,900 lane kms currently maintained in the Otago region, including local roads and state highways.
- › 2,912,081 trips were taken by bus, 29.3% higher than in the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Stage one of four-laning Glen Road to Caversham Valley was completed and work on stage two Caversham Valley to Lookout Point was well advanced.

Improvements to Clydevale Bridge commenced which will enable freight access by HPMVs.

The second stage of the Maia to St Leonards off-highway cycleway was completed.

We consulted with the public on the preliminary designs for the replacement Kawarau Falls Bridge and are considering the feedback that was received.

Completed the successful trial of public transport enhancement for the Wakatipu Basin.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
OTAGO TOTAL	86,651
New and improved infrastructure for state highways	11,912
Renewal, maintenance and operation of state highways	30,941
New and improved infrastructure for local roads	2,770
Renewal, maintenance and operation of local roads	35,720
Public transport infrastructure	70
Public transport services	4,135
Other*	1,103

* Other includes: road safety, transport planning, and walking and cycling activities.



SOUTHLAND

The 2012–15 NLTP investment in the Southland region (\$166 million) focuses on maintaining the efficiency, overall resilience and safety of its extensive network for individual road users and the freight movement of its primary products.

- › Five deaths in the Southland region in 2012/13, and 66 serious injuries. Overall this is an 8% decrease from 2011/12.
- › 14,300 lane kms currently maintained in the Southland region, including local roads and state highways.
- › 310,531 trips were taken by bus, 21% higher than in the previous year.

INVESTMENT HIGHLIGHTS 2012/13

Re-piling work on Tiwai Point Bridge.

Completion of the new portal on the east side of Homer Tunnel.

Construction of roundabout on the intersection of SH1 Tay Street and Ellis Road.

Invercargill public transport initial estimates of farebox recovery increasing from 27 to 34%.

Rural intersection active warning signs (RIAWS) were installed on SH1 at Kennington as part of an attempt to reduce serious crashes at this site.

2012/13 NLTF INVESTMENT IN THE REGION'S TRANSPORT SYSTEM	ACTUAL \$000
SOUTHLAND TOTAL	46,732
New and improved infrastructure for state highways	1,654
Renewal, maintenance and operation of state highways	24,492
New and improved infrastructure for local roads	1,394
Renewal, maintenance and operation of local roads	17,468
Public transport services	1,290
Other*	434

* Other includes: road safety, transport planning, and walking and cycling activities.

LOOKING FORWARD

The balance of the current 2012-15 NLTP will be delivered during the remaining two years of the programme. The overall expenditure was about 4% below the 2012/13 plan, due to under-delivery or under-spend across most activity groupings. The end of NLTP position is expected to be down 1% against the published NLTP and the expenditure target set out in the GPS.

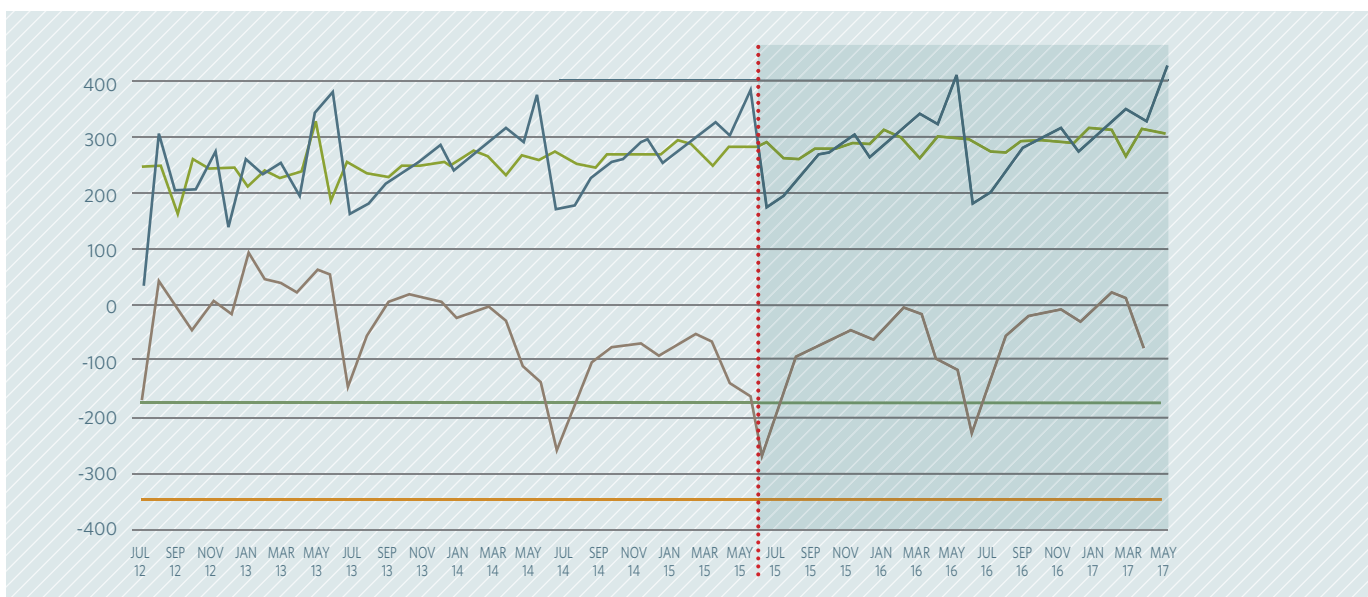
The final overall spend in the 2012-15 NLTP will be dependent on both revenue flows into the NLTF and greater flexibility in the use of the short-term borrowing facility in the use of the short-term borrowing facility put in place to manage cash flow and revenue changes.

Actual revenue appears to be tracking the April 2013 forecast, but this is lower than the revenue forecast at the time the decision was made to increase FED and RUC by three cents per litre for three years from 2013/14.

The latest cash flow projections for the 2012-15 NLTP three-year period are shown in the graph below.

As shown, we expect to be in deficit at the end of the 2012-15 NLTP. We have the short-term borrowing facility to help us manage cash flows. The facility helps to accommodate seasonal and unexpected fluctuations and ensures we will be able to maintain delivery at the programmed level.

2012-15 NLTP FORECAST CLOSING POSITION



— EXPENDITURE
 — REVENUE
 — CLOSING BALANCE
 — WORKING DEBT LIMIT
 — MAXIMUM DEBT LIMIT

⋮ 2012-15 NLTP FORECAST CLOSING POSITION

SECTION B: STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2013



STATEMENT OF RESPONSIBILITY

In terms of the Land Transport Management Act 2003, the NZ Transport Agency is responsible for the preparation of the National Land Transport Fund financial statements and statement of service performance, and for the judgements made in them.

The NZ Transport Agency has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the National Land Transport Fund for the year ended 30 June 2013.

Signed on behalf of the Board:



Chris Moller

Chair

25 SEPTEMBER 2013



Jerry Rickman

Chair of Audit, Risk and
Assurance Board Committee

25 SEPTEMBER 2013

Countersigned by:



Geoff Dangerfield

Chief Executive

25 SEPTEMBER 2013



Paul Helm

Chief Financial Officer

25 SEPTEMBER 2013



Brandon Mainwaring

National Manager Trends and Performance

25 SEPTEMBER 2013

SUMMARY OF NATIONAL LAND TRANSPORT FUND INVESTMENT PERFORMANCE

In 2012/13, 24 of our 36 investment performance targets were achieved (67%).

A full summary of the Transport Agency's investment performance measures can be found in the statement of service performance in the NZ Transport Agency's annual report for the year ended 30 June 2013.

KEY INVESTMENT HIGHLIGHTS FOR 2012/13 INCLUDE:

Management of funding allocation system

The cost of managing the funding allocation system remained ≤1% of the total annual fund, excluding the Road Policing Programme. This result tells us management costs are under control and the available funds are being maximised to invest in the transport system.

State highway network

State highway investments in new construction and renewals achieved all eight of the investment targets. The renewal costs per vehicle kilometre travelled and per network lane kilometre were significantly below forecast. This was as a result of fixed annual contracts in some areas, bringing forward work from 2013/14 where appropriate and the use of new road treatment techniques. The maintenance and operations of state highways achieved/exceeded two of the four investment performance targets this year. The cost of maintaining and operating state highways was higher than forecast targets and last year's result. This was due to the higher than budgeted spend on these activities. This reflects that the efficiency gains sought across this and the renewal activity are still being realised as costs and demands on the network continue to grow.

Sector research

A total of 36 research programme reports were published on the Transport Agency website. A further 19 research projects were completed and the associated research reports were being finalised for publication as at June 2013. In addition, 22 research projects were actively managed, including 16 new contracts procured during 2012/13.

Transport planning

Overall transport planning performance was strong. Considerable contributions were made to key regional planning work including the Auckland Unitary Plan and the Integrated Transport Programme. The Transport Agency also contributed to, and invested in, Wellington planning and Christchurch recovery planning and sub-regional plans for the East-West link in Auckland and the completion of the Wellington Public Transport Spine Study.

Public transport

Public transport services achieved/exceeded one of the three investment performance forecasts this year. The decline in the number of boardings per NLTF\$ invested in public transport services for 2012/13 reflects lower patronage in Auckland and Wellington compared to last year during the Rugby World Cup. Track charges have increased to fund the required improvements in service quality and reliability as well as the forecast growth in services needed in Auckland. We continue to forecast public transport patronage growth, and invest in network and service improvements to meet future demand.

Road safety

The ultimate aim is to encourage better driving behaviour across all of our Safer Journeys priority areas.

Advertising work continues to be recognised within the industry with several successes at the Communication Agencies Association of New Zealand (CAANZ Axis) and Media Awards including: Radio Legends, Drug driving Integrated Campaign, and Flash speeding game - Interactive.

The Drive Social advertising campaign was launched which encourages people to step back and look at driving from a different perspective by reframing it from a solo pursuit to an activity that is much more social.

Local road networks

Six of thirteen investment targets were achieved across new and improved infrastructure, renewals and maintenance and operations. The cost of maintaining the network (per network lane km and cents/vehicle kms travelled) was above forecast but is very close to that seen in 2011/12. The Road Maintenance Task Force report in October 2012 resulted in the Transport Agency working with local authorities on ways of controlling maintenance costs. The amount of travel per vehicle has declined slightly year-on-year resulting in an increase in the costs of maintaining and operating the network per vehicle kilometre travelled.

Walking and cycling

Walking and cycling did not achieve its investment performance forecasts this year. A number of high value, short distance projects are currently underway, reflecting that only isolated walking and cycling activities are delivered within this activity class rather than as part of other projects. This includes work initiated on the Central Motorway connection in Auckland, Christchurch Southern Motorway connections and the Tawa stream pathway in Wellington. A total of 46.6 kilometres of new footpaths and cycle paths were completed during 2012/13 against a target of 140-170 kilometres. A further \$60 million is spent on walking and cycling projects as part of state highway activities.

ROAD POLICING PROGRAMME

The Road Policing Programme is a special type of NLTF investment in the land transport system, delivered by the NZ Police and appropriated through Vote Police.

The NZ Transport Agency prepares the Road Policing Programme with NZ Police and recommends it to the Minister of Transport for approval. The Transport Agency also monitors and reports on the delivery of the programme, as designated by the Secretary of Transport.

The Road Policing Programme contributes to a reduction in deaths and serious injuries from road crashes, by deterrence and enforcing the law applying to road users. The activity has a secondary contribution, through the protection of the roading asset, to ensuring more efficient freight supply chains and the resilience and security of the transport network. This is again delivered by deterrence and enforcing the law.

THE KEY ACHIEVEMENTS DURING 2012/13 WERE THAT THE TRANSPORT AGENCY:

- › finalised and published the 2012-15 Road Policing Programme, which implemented the new outcome investment approach for NLTF funded activities, as recommended by the road policing class activity review
- › led the Transport Agency/NZ Police Road Policing Programme Strategic Oversight Committee, the membership of which comprised senior managers from both organisations. The committee considered a wide range of issues during the year, including the value-for-money of the Road Policing Programme, the static camera expansion programme and the improvement programme addressing intervention logic mapping and benchmarking for road policing
- › reported to the Associate Minister of Transport on NZ Police delivery of the 2012-15 Road Policing Programme by applying the new monitoring and reporting framework which focuses on the outcomes to which Police make a significant contribution, and is designed to enable the monitoring of efficiency and effectiveness, maintain investment confidence and improve future delivery of the programme.

For full details of NZ Police activities, including the Road Policing Programme, see the 2012/13 NZ Police annual report.

This investment covers:

- › the delivery of services outlined in the Road Policing Programme directed towards the achievement of road safety outcomes, and the delivery of key strategic services such as: highway patrol, speed and traffic camera operations, restraint device control, drink or drugged driver control operations, commercial vehicle investigation activity and visible road safety enforcement
- › court prosecution and infringement management
- › road safety education activities and community services
- › services associated with traffic management such as peak flow, event traffic control and crash attendance.

Sector or departmental outcome links

Evaluation at the programme level establishes the clearest linkage between the interventions identified under this output and overall road safety outcomes. As a member of the transport sector, Police contributes towards the achievement of the Safer Journeys outcomes and road policing strategy actions.

Outputs purchased with this investment

Strategic road policing

This output covers the:

- › detection and deterrence of speed offending
- › detection and deterrence of drink-drive offending and targeting recidivist drink-drivers
- › enforcement of breaches of front and rear restraint usage law
- › enforcement of the road code and traffic laws and promotion of safer driving practices
- › enforcement of road user charges and commercial vehicle investigation.

HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE

Performance measures	Actual 2012/13	Forecast	Variance 2012/13	Actual 2011/12
Number of young drivers killed or seriously injured per 100,000 15-24 year olds	50	<15.1* (The forecast figure was incorrect in the SOI - correct forecast is <58)	+8	58
ACC entitlement claims on the motor vehicle account from motorcyclists	945	<1,059	+114	1,059
Fatalities or serious injuries in crashes with alcohol/drugs per 100,000 population	12.5	<14.1	+1.6	14.1
Percentage of vehicles exceeding 100km/h and 50km/h limits	25% (100km/h) 53% (50km/h)	<31% (100km/h) <59% (50km/h)	+6% (100km/h) +6% (50km/h)	31% (100km/h) 59% (50km/h)
Fatal and serious injury crashes in head-on or run-off crashes	883	897-952	+15	955
Percentage of new light vehicles with 5 star safety rating	74%	>58%	+16%	58%

Actual 2011/12	How the Police assess service delivery performance (reproduced from the NZ Police annual report 2013)	Actual 2012/13	Performance standard 2012/13
STRATEGIC ROAD POLICING			
Not available*	Number of compulsory breath tests (CBT) conducted	Not available*	2,000,000
Not available*	Number of mobile breath tests (MBT) conducted	Not available*	700,000
2,864,380	Number of breath alcohol tests conducted	2,903,250	2,700,000
New measure for 2012/13	Number of complaints upheld relating to vehicle stops	Not available**	Fewer than 5
96%	Percentage of roadside inspection reports for all heavy motor vehicles inspected that are entered into the Transport Agency's road inspection database within 20 working days	100%	100%
94%	Percentage of all commercial vehicle combinations stopped by Commercial Vehicle Investigation Unit (CVIU) staff, and for which vehicle inspection reports are completed	100%	100%
COMMUNITY ENGAGEMENT ON ROAD SAFETY			
New measure for 2012/13	Number of secondary school road safety sessions delivered by police education officers	8,863	7,000
New measure for 2012/13	Number of primary school road safety sessions delivered by police education officers (including school patrol training).	50,220	43,000

Actual 2011/12	Performance measure	Actual 2012/13	Performance standard 2012/13
ROAD POLICING INCIDENT AND EMERGENCY MANAGEMENT			
Nil	Number of complaints upheld against the Police relating to attendance at traffic emergencies and disasters	Not available**	Fewer than 5
8 minutes 36 seconds	Median response time to emergency traffic events in urban policing areas	7 minutes 38 seconds	8 to 9 minutes
10 minutes 54 seconds	Median response time to emergency traffic events in rural policing areas	10 minutes 22 seconds	12 to 14 minutes
ROAD POLICING RESOLUTIONS			
69,797	Number of traffic cases prosecuted	64,848***	83,000 to 88,000
Nil	Number of complaints upheld relating to the execution of road policing court documents	Not available**	Nil

Notes

* From the 2011/12 year, Police have reported a combined result for CBTs and MBTs, and have introduced a new measure based on information from sniffer units used by frontline police officers. The sniffer unit counts are electronically recorded when a breath test is conducted and test volumes are downloaded and reported to Police every six months by the manufacturer of the units.

** It is not possible to report on the origin of a particular complaint due to changes in Police recording systems. Police are however reporting the total numbers of complaints upheld as an outcome measure.

*** The 2012/13 standard was set prior to the alignment of road policing activities to the Safer Journeys strategy. Increased use of written traffic warnings and better compliance by road users has resulted in fewer than expected prosecutions.

Commentary on Police service performance is available in the NZ Police annual report 2013 (www.police.govt.nz).

HOW IS THE MONEY SPENT?

Road safety programme for the year ended 30 June 2013

2011/12 Actual \$000		2012/13 Actual \$000	2012/13 Budget \$000
297,593	Total revenue	286,667	300,609
290,329	Total expenses	286,652	300,609
7,264	Net surplus (deficit)	15	-

HOW DO WE INTERPRET THESE PERFORMANCE RESULTS?

NLTF investment

Road policing achieved all forecasts. Overall, the Road Policing Programme continues to provide a positive return on NLTF investment.

OFFICIAL SCOPE: Enabling NZ Police to deliver the Road Policing Programme. The Minister of Transport invests in road policing to improve road safety outcomes.

APPENDIX 1: STATEMENT OF SERVICE PERFORMANCE

FINANCIALS

OUTPUT CLASS FUNDING TO THE NZ TRANSPORT AGENCY			
	Actual 2012/13 \$m	Budget 2012/13 \$m	Actual 2011/12 \$m
Management of the funding allocation system	29	29	28
Transport planning	13	20	24
Sector research	3	4	5
Public transport	288	310	253
Road safety	28	32	39
New and improved infrastructure for local roads	153	165	130
Renewal of local roads	204	228	174
Maintenance and operation of local roads	279	298	263
Walking and cycling	8	13	6
New and improved infrastructure for state highways	997	996	703
Renewal of state highways	175	195	390
Maintenance and operation of state highways	342	325	348
TOTAL OUTPUT CLASS FUNDING TO THE NZ TRANSPORT AGENCY	2,519	2,615	2,363

A delay in the approval of the 2012-15 NLTP meant approved organisations initiated their projects slower than planned, plus the budget for 2012/13 had differing funding allocation levels than what was subsequently set by the NLTP.

SECTION C: STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2013



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 20 JUNE 2013

	Note	Actual 2012/13 \$m	Budget 2012/13 \$m	Actual 2011/12 \$m
INCOME INFLOWS^a				
Land transport revenue	3	2,764	2,897	2,692
Government contribution to land transport revenue		3	0	1
Management of Crown land and interest		95	71	48
Total income flows		2,862	2,968	2,741
OUTFLOWS				
NZTA National Land Transport Programme		1,853	1,857	1,790
NZTA National Land Transport Programme - capital contribution		666	758	573
NZ Police		280	300	297
Search and rescue		6	6	6
Total outflows		2,805	2,921	2,666
NET SURPLUS		57	47	75

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 2013

	Note	Actual 2012/13 \$m	Budget 2012/13 \$m	Actual 2011/12 \$m
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4	114	2	44
Debtors	5	214	208	191
Total assets		328	210	235
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	6	443	349	407
Total liabilities		443	349	407
NET ASSETS		(115)	(139)	(172)
General funds		(115)	(139)	(172)
GENERAL FUNDS CLOSING BALANCE^a	7	(115)	(139)	(172)

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 2013

	Note	Actual 2012/13 \$m	Budget 2012/13 \$m	Actual 2011/12 \$m
GENERAL FUNDS OPENING BALANCE				
General funds		(172)	(186)	(247)
Total general funds opening balance		(172)	(186)	(247)
CHANGES IN GENERAL FUNDS BALANCE				
Net surplus		57	47	75
Total changes in general funds balance		57	47	75
GENERAL FUNDS CLOSING BALANCE				
General funds		(115)	(139)	(172)
TOTAL GENERAL FUNDS CLOSING BALANCE^a		(115)	(139)	(172)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	Actual 2012/13 \$m	Budget 2012/13 \$m	Actual 2011/12 \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from land transport revenue		2,839	2,962	2,736
Payments to suppliers		(2,769)	(3,013)	(2,692)
Net cash from operating activities	8	70	(51)	44
Net (decrease)/increase in amounts held by the Crown		70	(51)	44
Amounts held by the Crown at the beginning of the year		44	53	0
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR^b		114	2	44

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 2013

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

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

The financial statements of the National Land Transport Fund are for the year ended 30 June 2013 and were approved by the Board on 25 September 2013.

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 (NZGAAP).

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

Measurement base

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

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.

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 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 2012-15.

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 NZ Transport Agency in preparing these financial statements.

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

	Actual 2012/13 \$m	Actual 2011/12 \$m	Actual 2010/11 \$m
INCOME INFLOWS			
Land transport revenue	2,764	2,692	2,634
Government contribution to land transport revenue	3	1	44
Management of Crown land and interest	95	48	50
Total income flows	2,862	2,741	2,728
OUTFLOWS			
NZTA National Land Transport Programme	1,853	1,790	1,746
NZTA National Land Transport Programme - capital contribution	666	573	987
NZ Police	280	297	288
Search and rescue	6	6	6
Total outflows	2,805	2,666	3,027
NET SURPLUS/(DEFICIT)	57	75	(299)

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 2012/13 \$m	Actual 2011/12 \$m
REVENUE		
Fuel excise duty	1,570	1,513
Road user charges	1,119	1,092
Motor vehicle registration fees	174	175
	2,863	2,780
LESS REFUNDS		
Fuel excise duty	41	35
Road user charges	53	46
	94	81
Less bad debt write-off	5	7
TOTAL LAND TRANSPORT REVENUE	2,764	2,692

4 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.

5 DEBTORS

	Actual 2012/13 \$m	Actual 2011/12 \$m
Debtors - fuel excise duty	196	169
Debtors - motor vehicle register/road user charges	18	22
TOTAL DEBTORS	214	191

6 CREDITORS AND OTHER PAYABLES

	Actual 2012/13 \$m	Actual 2011/12 \$m
NZ Transport Agency (to the National Land Transport Programme)	443	407
TOTAL CREDITORS AND OTHER PAYABLES	443	407

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.

7 GENERAL FUNDS CLOSING BALANCE

Although the National Land Transport Fund has a negative equity, the Fund will continue to meet all its obligations over the next 12 months.

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

	Actual 2012/13 \$m	Actual 2011/12 \$m
NET SURPLUS/(DEFICIT) AFTER TAX	57	75
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:		
(Increase)/decrease in debtors	(23)	(5)
Increase/(decrease) in creditors and other payables	36	(26)
Net movements in working capital items	13	(31)
NET CASH FROM OPERATING ACTIVITIES	70	44

9 CAPITAL COMMITMENTS AND OPERATING ROADING COMMITMENTS

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

	Actual 2012/13 \$m	Actual 2011/12 \$m
Not later than one year	2,781	1,478
Later than one year and not later than five years	3,076	2,895
Later than five years	249	1,352
TOTAL FUNDING COMMITMENTS	6,106	5,725

10 CONTINGENCIES

Contingent liabilities

The National Land Transport Fund has no contingent liabilities (2012: Nil).

Contingent assets

The National Land Transport Fund has no contingent assets (2012: 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 \$2.862 billion (2012: \$2.741 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 2013 totalled \$2.805 billion (2012: \$2.666 billion). These purchases included the funding of the NZ Police Road Policing Programme, and the NZ Transport Agency 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 2012/13 \$m	Actual 2011/12 \$m
LOANS AND RECEIVABLES		
Cash and cash equivalents	114	44
Debtors	214	191
TOTAL LOANS AND RECEIVABLES	328	235
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Creditors and other payables	443	407
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	443	407

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 NZ Transport Agency 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

The Land Transport Management Amendment Act 2008 requires disclosure of expenditure incurred from the 2008/09 financial year to date, in fulfilling the Crown's commitment as per the Act.

	LTMA commitment \$m	Due by	Actual to date \$m
Auckland land transport	130	2012/13	130
Bay of Plenty	135	2015/16	89
Waikato land transport	188	2017/18	188
Wellington land transport	163	2015/16	37
Wellington land transport (Western Corridor)	640	2016/17	141
TOTAL	1,256		585

Auckland land transport commitment was met in 2010/11.

Waikato land transport commitment was met in 2012/13.

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 \$133 million. This is the net result of fuel excise duty and road user charges revenue being below budget by \$88 million and \$57 million respectively. Offsetting this is motor vehicle registration revenue being \$11 million above budget.

Management of Crown land and interest was higher than budgeted by \$24 million. Improved management of Crown land and the property disposal programme has resulted in higher income from properties.

OUTFLOWS

NZ Transport Agency National Land Transport Programme - capital contribution was lower than budgeted by \$92 million, but this is in line with the state highways programme for 2012/13.

NZ Police was lower than budgeted by \$20 million. This is in line with the Road Policing Programme for 2012/13, and includes \$10 million set aside for the recently agreed expansion of the speed camera programme, and \$7 million under-spend brought forward from 2011/12.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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

We have audited:

- the financial statements of the NLTF on pages 195 to 202, that comprise the statement of financial position as at 30 June 2013, 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 189 to 193.

OPINION

In our opinion:

- the financial statements of the NLTF on pages 195 to 202:
 - › comply with generally accepted accounting practice in New Zealand; and
 - › fairly reflect the NLTF's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the NLTF on pages 189 to 193:
 - › 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 2013.

Our audit was completed on 25 September 2013. 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 is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

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.



K M Rushton

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

