
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

