

**SECTION A:
2012/13
AT A GLANCE**



OUR STRATEGY

The Transport Agency contributes to government's overarching goal of growing the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders.

The government's long-term outcomes for the transport sector:

- An efficient transport system that supports the government's goal of high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations.
- A sustainable funding basis for transport infrastructure investments and use.
- A high-quality transport system for Auckland, the nation's economic hub.
- An accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare.

IMMEDIATE PRIORITIES: investment in infrastructure, better regulation, better public service, road safety.

NZTA

5

We work to help deliver the government's long-term outcomes and immediate priorities through our strategy - the NZTA 5.

1

WHY WE ARE HERE**1 PURPOSE**

Creating transport solutions for a thriving New Zealand

We help New Zealand thrive when we contribute to achieving eight long-term impacts:

- Better use of existing transport capacity.
- More efficient freight supply chains.
- A resilient and secure transport network.
- Easing of severe urban congestion.
- More efficient vehicle fleets.
- Reduction in deaths and serious injuries from road crashes.
- More transport mode choices.
- Reduction in adverse environmental effects from land transport.

2

WHO WE SERVE**2 CUSTOMER GROUPS****1. Individuals**

We help people make the best use of New Zealand's transport system – whether they are drivers, passengers, people getting their Wof, licence or registering their vehicle, or businesses that need permits or commercial operator licences.

2. New Zealand communities

We help plan cities that are easier to get around, we build new highways, we invest in roads, public transport, walking and cycling in regions and towns, and we make the roads safer. We do this by working with our stakeholders.

We want our customers and stakeholders to be satisfied that:

- we deliver services and solutions that are convenient, effective and efficient and that represent good value for money
- we help them make more efficient, effective and safe transport choices
- we listen to them and consider their views even when, in the end, we might not provide the answer or investment decision they had hoped for.

3

HOW WE WORK**3 BEHAVIOURS**

To help build the effectiveness of our organisation, we have developed three behaviours:

1. Sign up – We commit to where we are going and we put our heart into what we do. We get engaged every day.

2. Team up – We enjoy the people we work with and appreciate their talents. We find solutions for our customers with joined up thinking.

3. Front up – We are courageous. We tackle the difficult issues. We know our value and bring it to our work with confidence and good judgement.

Our Organisational Development Strategy focuses on building a high-performing culture, by:

- developing our people, because what distinguishes a great organisation is the calibre of its people
- working with others really well, because we engage with a wide range of stakeholders and customers every day
- achieving together, because we need to offer customers and stakeholders a Transport Agency that is joined up.

4

WHAT WE DO**4 FUNCTIONS**

Our core business over the longer term is:

1. Planning the land transport network

Integrating one network

We are integrating land use and transport planning so that there are many ways to get around our towns and cities seamlessly – walking, cycling, using public transport or motor vehicles. We also want to ensure New Zealand has a resilient transport infrastructure backbone.

2. Providing access to and use of the land transport system

Shaping smart choices

We are helping shape the transport choices that people make by providing good information and encouraging them to travel safely and efficiently. We want to work cooperatively with other network operators to unlock the land transport system's contribution to a thriving New Zealand.

3. Investing in land transport

Maximising return for New Zealand

We are making smart investments in the national, regional and local land transport system because we need to ensure every dollar we spend helps New Zealand thrive. Together with our partners we allocate funds to advance national and regional transport objectives.

4. Managing the state highway network

Delivering highway solutions for customers

We are ensuring that each state highway plays its part in the wider transport network and provides safe and reliable journeys. Over time we want to improve the experiences that people have on our highways, and recognise the different needs of freight, commuters, tourists, business and leisure travellers.

5

**OUR IMMEDIATE FOCUS
5 STRATEGIC PRIORITIES****1. Improving customer service while reducing compliance costs**

Focus our efforts on providing high levels of customer service while being smart about reducing costs.

2. Embedding the Safe System approach

Help deliver Safer Journeys by implementing a Safe System approach to reduce serious injuries and deaths on our roads.

3. Improving the efficiency of freight movements

Contribute to a significant improvement in safe and efficient access of freight to markets.

4. Planning for and delivering roads of national significance

Plan for and substantially deliver by 2020 seven new roads on some of the most important parts of the state highway network.

5. Improving the effectiveness of public transport

Lift the effectiveness of public transport services to better use existing transport capacity and ease congestion in our big cities.

OUR OPERATING ENVIRONMENT IN 2012/13

EXTERNAL ENVIRONMENT

2.5%

increase in economic activity due to growth in domestic spending

5.4%

increase in export volumes and a 1.2% increase in imports

10.8%

rise in construction related activity, underpinned by the Canterbury re-build

REVENUES

\$2.86bn

flows into the National Land Transport Fund - 4.4% higher than in 2011/12

\$1.57bn

from fuel excise duties - 3.8% higher than in 2011/12

\$1.12bn

from road user charges - 1.9% higher than in 2011/12

PRICE LEVELS

1.4%

increase in input costs faced by the construction sector for the year ending March 2013

3.8%

increase in labour costs for the construction sector in Canterbury (2.1% nationally)

8.9%

increase in the average price of 91 octane petrol paid at the pump

VEHICLE KILOMETRES TRAVELLED

19.608bn

kilometres travelled by all vehicles on state highways - 0.8% lower than in 2011/12

4.3%

decrease in kilometres travelled in Auckland

2.6%

increase in kilometres travelled in Wellington and a 0.5% increase for Canterbury

**TRAVEL
BY HEAVY
VEHICLES****1.996bn**

kilometres travelled by heavy vehicles - 0% change from last year

5.1%

decrease in kilometres travelled by heavy vehicles in Auckland

3.4%

increase in kilometres travelled by heavy vehicles in Wellington and 4.5% growth recorded for Canterbury

**TRANSACTION
VOLUMES****1.5%**

increase in the number of motor vehicle registration transactions

5.3%

decrease in the number of road user charge licences purchased by diesel powered vehicles

15.4%

increase in the number of tolling transactions

**PUBLIC
TRANSPORT****132.7m**

boardings on public transport - a marginal increase of 0.2%

18.4%

increase in patronage numbers in Canterbury

2.8%

decrease in public transport patronage in Auckland - boardings fell by 0.8% in Wellington

OUR ACTIVITIES

1.0%

OF NLTf EXPENDITURE SPENT ON MANAGING THE FUNDING ALLOCATION

Total expenditure on managing the funding allocation system was 0.7% lower than budget and 1.7% lower than the 2011/12 expenditure. This reflects delays on a number of projects, such as the *Economic evaluation manual* review, the enterprise geospatial rollout and the Crash Analysis System, which are now due to be completed in 2013/14.

77

OUT OF 100 IS KIWIS COUNT SCORE FOR MOTOR VEHICLES

The Kiwis Count survey scored the quality of service for the motor vehicles group as five points higher than the public sector average. The average score of 77 (out of 100) was the third highest of any public sector group for the nine-month period ending March 2013.

1

MILLION MOTOR VEHICLE REGISTRATION TRANSACTIONS COMPLETED ONLINE

1.054 million or 22.6% of all motor vehicle registration transactions were bought online during 2012/13. In part this reflects a continued trend towards purchasing motor vehicle licences of shorter frequencies. It is expected that the number of online transactions will continue to grow.

0.9

MILLION ROAD USER CHARGE LICENCES WERE PURCHASED ONLINE

0.884 million or 47.3% of all road user charge licences were bought online during 2012/13. It is expected that the number of online transactions will continue to grow.

36

RESEARCH PROGRAMME REPORTS WERE PUBLISHED ON THE NZTA 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 during the year.

\$1.5

BILLION INVESTED IN STATE HIGHWAY PROJECTS

\$1.5 billion was invested in state highway projects in 2012/13 – an increase of 5.6% on the previous year. This covers new and improved infrastructure, renewal of existing infrastructure, and maintenance and operations.

4 OF 5

LARGE STATE HIGHWAY PROJECTS ACHIEVED THEIR COMPLETION TARGET

Successfully delivered projects include Newmarket Viaduct in Auckland, the Te Rapa section of the Waikato Expressway, stage one of the Christchurch Southern Motorway and Caversham Highway improvements in Dunedin.

1,484

KILOMETRES OF STATE HIGHWAY PAVEMENT RENEWED

1,484 kilometres or 2,960 lane kilometres of the state highway network was renewed during 2012/13. Expenditure on renewals was 11% under budget and 12.4% lower than in 2011/12. Renewal works were prioritised to address the different needs of each state highway classification.

46%

INCREASE IN VISITS TO THE ROAD SAFETY EDUCATION PORTAL IN 2012/13

There were 19,815 visits to the road safety education portal for teachers in 2012/13 (compared to 13,576 in the previous year). The portal contains over 60 curriculum resources for use in years 1-13.

12,459

PEOPLE REGISTERED ON THE PRACTICE PROGRAMME IN 2012/13

9,590 learner licence drivers and 2,869 coaches registered for the free Practice practical driving programme jointly created by the Transport Agency and ACC to help learner drivers pass the restricted test.

97%

OF PEOPLE RECALLED ROAD SAFETY ADVERTISING MESSAGES

97% of people responding to our online tracking survey recalled one or more of the road safety television advertisements when prompted. These advertisements targeted drink-driving, fatigue, speeding, young drivers, distraction, vehicle safety and drugged driving.

3,613

RAIL SAFETY OCCURRENCES REPORTED TO NZTA

Of the occurrences (accidents and incidents) reported, 306 involved actual or risk of death or serious injury.

OUR FINANCES

WE HAVE ENDED THE FINANCIAL YEAR TO 30 JUNE 2013 WITH A NET SURPLUS OF \$56.8 MILLION, COMPARED TO A SURPLUS OF \$41.4 MILLION IN THE PREVIOUS YEAR.

Further information and analysis of our results is provided under the 'Highlights from our financial statements' on pages 111 to 113.

\$2.1 BILLION TOTAL INCOME

Our operating income was \$63 million higher than in 2011/12 due to changes in economic activity leading to an increase in both road user charges and fuel excise duty revenue.

\$2.0 BILLION TOTAL EXPENDITURE

Our total expenditure was \$48 million higher than in 2011/12. This year our main emphasis has been on increasing our investment in new and improved local roads and public transport.

\$26.8 BILLION TOTAL ASSETS

The total value of our assets is \$298 million higher than in 2011/12, which reflects the \$1.2 billion invested in the state highway network, less depreciation and change in the value of the network.

\$1.2 BILLION CAPITAL EXPENDITURE

Our capital expenditure was \$95 million higher than in 2011/12. This is in line with our continued investment in roads of national significance and other capital.

OUR SUCCESSSES

At the Transport Agency, we strive for excellence in everything we do to create transport solutions for a thriving New Zealand. This year we have been recognised, alongside our partners, by a number of industry and professional bodies for innovation and best practice. This section showcases some of our successes.

EXCELLENCE IN ENGINEERING FOR SAFETY

The Transport Agency and MWH Global received recognition in 2012 for their project, KiwiRAP (Road Assessment Programme) star ratings and KAT (Kiwi Analysis Tool): The development of a proactive road safety assessment tool.

The KiwiRAP star rating has attracted international recognition for its innovation and effectiveness as a proactive road safety assessment and management tool. It is a key means for moving towards the Safe System approach, promoted by the New Zealand road safety strategy, Safer Journeys.

Launched by the Minister of Transport in June 2010, KiwiRAP star ratings have been used to assess the safety afforded by road infrastructure and allocate a star rating from 1 star through to 5 stars, across 10,000km of the rural state highway network.

KiwiRAP is improving safety outcomes by helping to grow public awareness, and provides a common nationwide assessment methodology for highway network planners and managers. By understanding deficiencies in road infrastructure features that increase crash risk through KiwiRAP, it is possible to proactively and more accurately prioritise road safety investment to target resources to those routes and features where the greatest road safety gains can be achieved.

'The ability to accurately, systematically and cost effectively quantify existing roads in a way that enables the relative risks of crashes to be determined is a major step forward in road infrastructure management,' said awards judge Andrew Read of Pedersen Read Consulting Engineers in Christchurch.

The Excellence in Engineering for Safety Award recognises outstanding activities associated with engineering that promote excellence in health and safety, or an individual who has championed health and safety.

The Transport Agency was also recognised in the Information, Communication, Electrical and Electronic Technology category for the world-leading Milford and Knobs Flat variable message signs (VMS).



BUSINESS CONTINUITY PROGRAMME WINS OVER JUDGES WITH 'WOW' FACTOR

The Transport Agency's Business Continuity Programme (BCP) was named IT Project of the Year at the 2012 ITEX Computerworld Awards, which acknowledge and celebrate the outstanding efforts of people in the IT industry.

The BCP, which addressed the approaching end-of-life of the Agency's registry IT systems environment, won out over two other finalists: Fulton Hogan for the IT establishment of SCIRT (Stronger Christchurch Infrastructure Rebuild Team), and Rugby New Zealand for the IT programme that supported the 2011 Rugby World Cup.

The judges were particularly impressed with the size and complexity of our programme.

According to Craig Soutar, our Chief Information Officer, 'It wasn't just the delivery of the BCP that was the success. The bigger "wow" factor was that we also delivered Driver Licensing Amendment Act changes, road user charges reform and motor vehicle administration fee changes.

'When organisations do "re-platforming" changes, Craig says, they usually freeze their systems for the project duration while migrating. We didn't do that. We piled a record level of change on at the same time. We also conducted extensive research prior to committing to the project and we sought insights and advice as we progressed through the 15-month implementation phase.'



LEFT TO RIGHT: REX DOBSON (UNISYS), MALCOLM MCDERMOTT, LOUISE MURRELL (UNISYS), CELIA PATRICK, CRAIG SOUTAR, CHRISTIAN HAYES

CIO OF THE YEAR CRAIG SOUTAR

Leadership and innovation at the Transport Agency was recognised with our own Craig Soutar winning the Chief Information Officer (CIO) of the Year award in June 2013.

The award is a prestigious one, and Craig was competing against finalists from companies such as Beca and Meridian Energy. It recognises New Zealand CIOs who show innovation and have key successes that fit with their company's overall business strategy.

The judges said 'Craig is a role model CIO and makes a significant contribution to the IT industry in NZ. He demonstrates leadership, innovation and strong influencing skills'.

Craig acknowledges the culture at the Transport Agency that has allowed him and his IS teams to be successful. 'A wonderful responsibility for leaders is to set conditions and create a culture for people to thrive and be all that they can be. This is what our Senior Leadership Team and other leaders are crafting - and this has been a critical factor in me winning the award.

'While I have been recognised by my peers, I want to share and celebrate this with all of our IS people as my recognition has been achieved through their outstanding contributions and behaviours.'



THE JUDGES SAID 'CRAIG IS A ROLE MODEL CIO AND MAKES A SIGNIFICANT CONTRIBUTION TO THE IT INDUSTRY IN NZ. HE DEMONSTRATES LEADERSHIP, INNOVATION AND STRONG INFLUENCING SKILLS'.



THE TRANSPORT AGENCY'S COMMUNICATION CHAMPIONS

Two major communication campaigns were acknowledged at the 2013 Public Relations Institute of New Zealand (PRINZ) Awards and the 2012 Plain English Awards.

Double winners at the PRINZ awards

The Transport Agency gained two awards at the PRINZ Awards.

The communications team for the Manawatu Gorge road closure won in the Issues, Crisis or Emergency Management category. The judges said it was a fantastic example of back-to-basics communication but with a creative twist.

The other win went to the give way rules change campaign in the Government or Quasi-Government Public Relations category. The judges said it was a well presented project, with some smart thinking included.

The annual PRINZ Awards recognise and reward outstanding public relations and communication management projects in New Zealand. They are the country's only dedicated PR and communication management awards. To win is a high accolade and shows that your work gets results.

Plain English champions

The Transport Agency was also a winner (and finalist) in the Plain English Champion Best Individual or Team award at the 2012 WriteMark Plain English Awards.

The communications team for the Manawatu Gorge road closure won the Plain English Champion award for the Best Individual or Team. The judges said the documents submitted in this entry were so well written that every judge commented on how they read as if they were a page-turner novel. The fact that two of the judges were from the US and could easily understand the complexities of a situation that is not familiar to them speaks to how clearly the team wrote the emails.

The team who worked on the give way rule changes were a finalist in the same category. The judges said 'This campaign shows the power of plain English to communicate clearly to a broad audience and avoid misunderstanding. In this case it was literally a matter of life and death. Their focus on the essential messages is a great demonstration of plain English principles'.

LEGEND CAMPAIGN GOES FOR GOLD

The Transport Agency picked up three golds at the Effie Awards for the drink-driving campaign, Legend. The gold Effies were for social marketing/public sector, best strategic thinking and hardest challenge.

The Effie judges said the Legend campaign helped start a conversation among the core audience. They noted the positive news coverage that the campaign generated and said Legend was a powerful story that got young men owning the message by talking with each other about drink-driving.

Introduced in 1968 by the New York American Marketing Association, Effie is the pre-eminent award in the advertising industry. It is the only award that honours creative achievement in meeting and exceeding advertising objectives. Legend also scooped awards at the ESET NetGuide Web Awards 2012 for best viral video and best web advertisement. The NetGuide Awards are decided by an online public vote and are the highest reaching technology awards in New Zealand.



THE TRANSPORT AGENCY LEADS THE WAY IN PLANT CONSERVATION

The Transport Agency was recognised by the New Zealand Plant Conservation Network with a special award for efforts in 'Restoring native plant life to road corridors' at their awards held in November 2012.

The New Zealand Plant Conservation Network is the country's only non-governmental organisation devoted to protecting indigenous flora, and was set up as an incorporated society in 2003 to work towards implementing the New Zealand Biodiversity Strategy and the Global Plant Conservation Strategy.

The Transport Agency's Environment and Urban Design Team was ecstatic about their win. 'It's great to have our commitment to using native plants in the roading corridor recognised. This practice promotes native biodiversity and decreases our long-term maintenance costs by selecting plants that can survive in the local conditions.'



'IT'S GREAT TO HAVE OUR COMMITMENT TO USING NATIVE PLANTS IN THE ROADING CORRIDOR RECOGNISED.'

PRACTICE PICKS UP GOLD

The young driver injury prevention programme 'Practice', delivered by the Transport Agency and ACC, won gold in the Industry category at the New Zealand Direct Marketing (NZDM) Awards, held in February 2013.

The Practice summer campaign included both a direct marketing and online campaign. The campaign targeted learner licence holders aged 16 to 19 and encouraged them to sign up to the web-based Practice programme to help them pass their restricted licence test.

The results of the campaign exceeded all expectations. There were double the registrations to Practice compared with the

previous two months. Young driver registrations were up 33% and coach registrations up 37% against the same period the previous year.

Given the success of this programme, an annual campaign is now in place and based around the school holidays when teens are more likely to start learning to drive. The second round of the campaign conducted over the summer holidays generated over 30,000 visits to the Practice website in January alone.

The NZDM Awards recognise excellence in insight-driven direct marketing projects and campaigns that generate outstanding results. Practice was also a finalist in the CRM and Data Management category for innovative programme reporting.



NEWMARKET VIADUCT WINS ON WORLD STAGE

The NGA Newmarket Alliance won the Civils Demolition Award at the World Demolition Awards in Amsterdam. The Alliance won the award for the unique way they constructed the new viaduct while deconstructing the original one and the way they successfully engaged with the Auckland community throughout the project.

A panel of international experts selected the Alliance as winners ahead of tough global competition.

Recognition in such prestigious international awards shows that the Transport Agency is leading the way in innovation, not just in New Zealand but on the world stage.



EXCELLENCE IN NETWORKED GOVERNMENT

The Transport Agency's Registry System Modernisation, Business Continuity Programme won the Excellence in Networked Government award at the 2013 IPANZ Gen-i Public Sector Excellence Awards. The awards showcase and highlight the significant contribution of the wider public sector to meeting the needs of New Zealand and New Zealanders. They recognise and promote excellence in terms of vision, innovation and the achievement of results, and encourage continuous improvement in services to New Zealanders.

The Transport Agency's driver licence and motor vehicle registers, and its road user charge and inspection systems are four of New Zealand's largest IT systems. Through careful planning, scoping, risk management and project management, these systems were migrated from hardware and software platforms that were nearing the end of their life and soon to be unsupported to the very latest systems available – ahead of schedule and under budget.



THROUGH CAREFUL PLANNING, SCOPING, RISK MANAGEMENT AND PROJECT MANAGEMENT, THESE SYSTEMS WERE MIGRATED FROM HARDWARE AND SOFTWARE PLATFORMS THAT WERE NEARING THE END OF THEIR LIFE AND SOON TO BE UNSUPPORTED TO THE VERY LATEST SYSTEMS AVAILABLE – AHEAD OF SCHEDULE AND UNDER BUDGET.