



NZ TRANSPORT AGENCY ANNUAL REPORT

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

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 2014



CREATING TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND



NZ Transport Agency

Published October 2014

ISSN 1173-2237 (print)

ISSN 1173-2296 (online)

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NZ Transport Agency



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for a thriving
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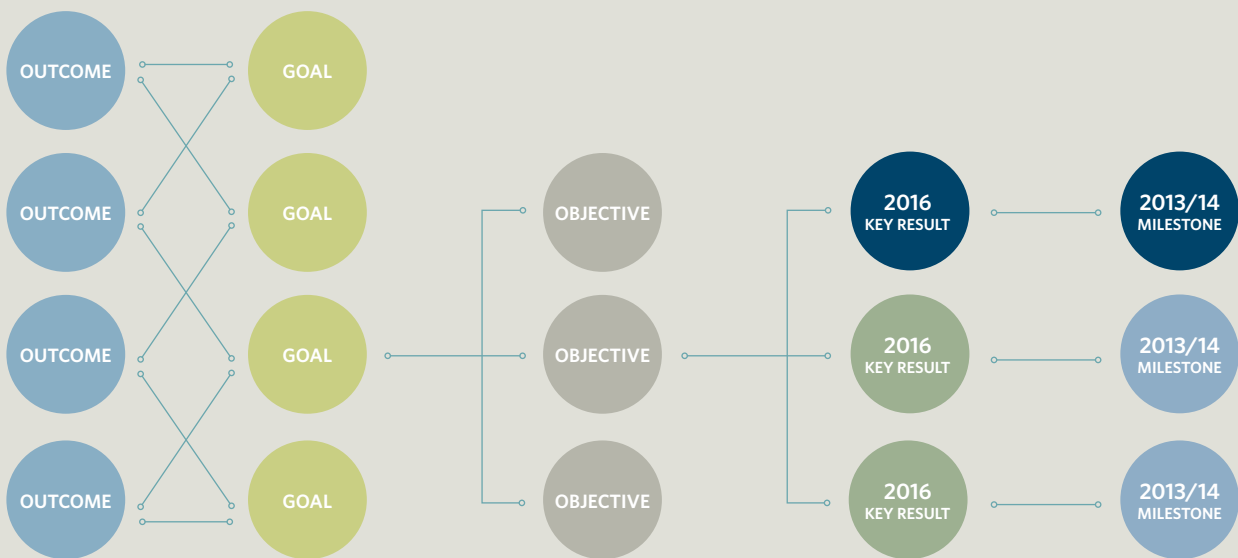
SECTION A 2013/14 AT A GLANCE



TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND

Our long and short-term operating intentions give effect to the government's direction for the transport sector.

OUR OUTCOMES FRAMEWORK



TRANSPORT SECTOR OUTCOMES

These describe the desired future state for the transport sector.

TRANSPORT AGENCY LONG-TERM GOALS

We contribute to the realisation of the enduring outcomes by pursuing four long-term goals. The goals shape our direction and actions over the next 20 years. Indicators track our progress against each goal.

TRANSPORT AGENCY MEDIUM-TERM OBJECTIVES

For each goal there are three medium-term objectives. These objectives have a 10-year outlook and guide our 10-year work programme.

KEY RESULTS BY 2016

For each objective we have between 1 and 8 key results to deliver by 2016. Some of the results may be prioritised - there are five clusters of priority results that relate to a specific goal success indicator.

MILESTONES BY 2013/14

For each key result there are specific milestones to achieve in 2013/14.

TRANSPORT AGENCY SHORTER-TERM PRIORITIES

Five clusters of key results have been prioritised for 2013-16, achieving specific targets against goals, as illustrated above.

The following framework diagram provides an overview of the relationship between the sector outcomes and the contributions we will undertake, as well as the indicators that will measure our progress toward achieving the desired goals and outcomes.



SUMMARY OF OUR OPERATING INTENTIONS

Desired outcomes

for the New Zealand
transport sector.



EFFECTIVE

Moves people and freight where they need to go in a timely manner

EFFICIENT

Delivers the right infrastructure and services to the right level at the best cost

SAFE & RESPONSIBLE

Reduces the harms from transport

RESILIENT

Meets future needs and endures shocks

2013-32

Long-term goals

Our strategic direction.

2013-22

Medium-term objectives

Implemented through the Transport Agency 10-year work programme, with key results specified for 2016.

Integrate one effective and resilient network for customers

SEE PAGE 54

- 1 Integrate land uses and transport networks to shape demand at national, regional and local levels.
- 2 Integrate national and local transport networks to support strategic connections and travel choice.
SHORT-TERM FOCUS: *making the most of urban network capacity* PRIORITY 2
- 3 Improve freight supply chain efficiency.
SHORT-TERM FOCUS: *moving more freight on fewer trucks* PRIORITY 3

Shape smart efficient, safe & responsible transport choices

SEE PAGE 58

- 4 Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability.
SHORT-TERM FOCUS: *safe speeds to reduce deaths and serious injuries* PRIORITY 4
- 5 Incentivise and shape safe and efficient travel choices using a customer-focused approach.
- 6 Reduce costs for transport users through better regulation and willing compliance.

Deliver efficient, safe & responsible highway solutions for customers

SEE PAGE 63

- 7 Greater resilience of the state highway network.
- 8 Deliver consistent levels of customer service that meet current expectations and anticipate future demand.
SHORT-TERM FOCUS: *safe speeds to reduce deaths and serious injuries* PRIORITY 4
SHORT-TERM FOCUS: *efficient road maintenance investment and delivery* PRIORITY 5
- 9 Plan for and deliver the roads of national significance.

Maximise effective, efficient & strategic returns for New Zealand

SEE PAGE 67

- 10 Align investment to agreed national, regional and local outcomes and improve value for money in all we invest in and deliver.
SHORT-TERM FOCUS: *efficient road maintenance investment and delivery* PRIORITY 5
- 11 Ensure effective and efficient co-investment with our partners.
- 12 Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments.

2013-16 Shorter-term priorities

Our key areas of focus to achieve ambitious targets against the goals.

2013 → Outputs*

1 Putting customers at the heart of our business

3-year emphasis of all objectives SEE PAGE 44

2 Making the most of urban network capacity

3-year emphasis of objective 2 SEE PAGE 46

3 Moving more freight on fewer trucks

3-year emphasis of objective 3 SEE PAGE 48

4 Safe speeds to reduce deaths and serious injuries

3-year emphasis of objectives 4 8 SEE PAGE 50

5 Efficient road maintenance investment and delivery

3-year emphasis of objectives 8 10 SEE PAGE 52

PLANNING THE LAND TRANSPORT NETWORK
output classes

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM
output classes

MANAGING THE STATE HIGHWAY NETWORK
output classes

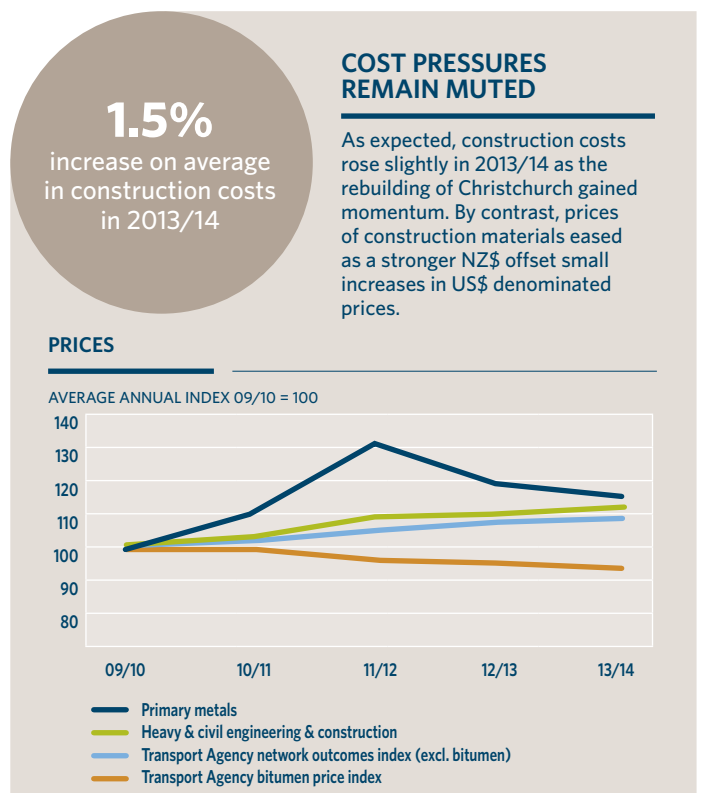
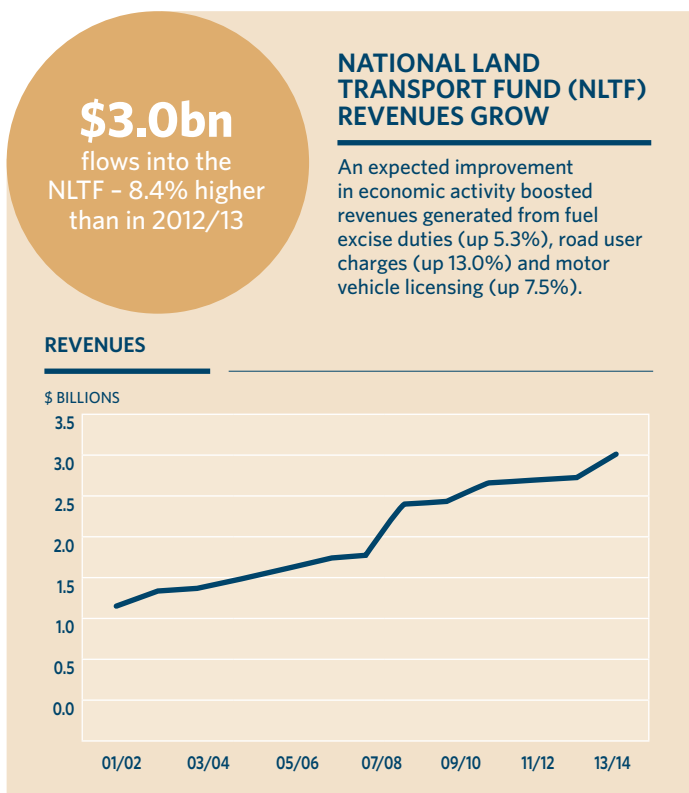
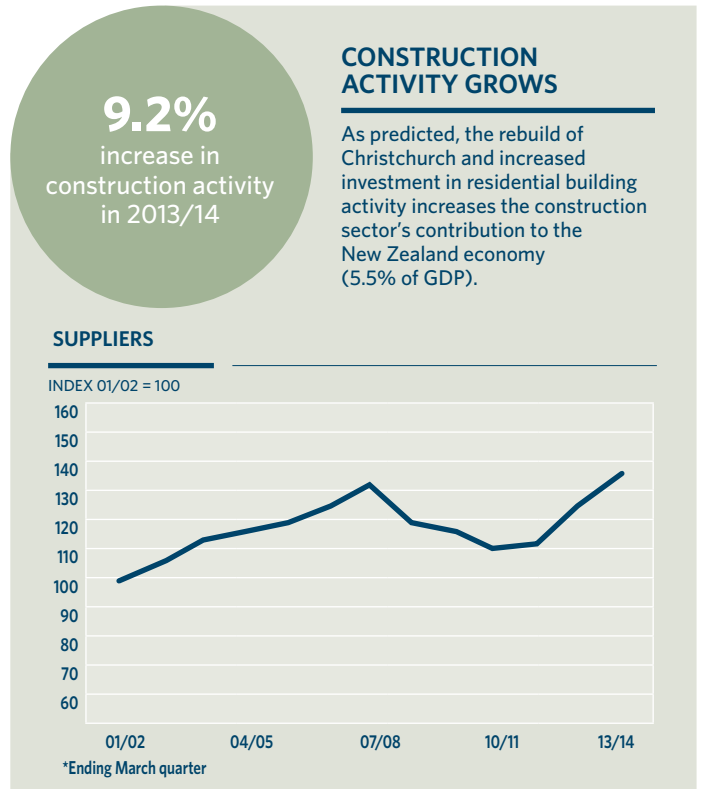
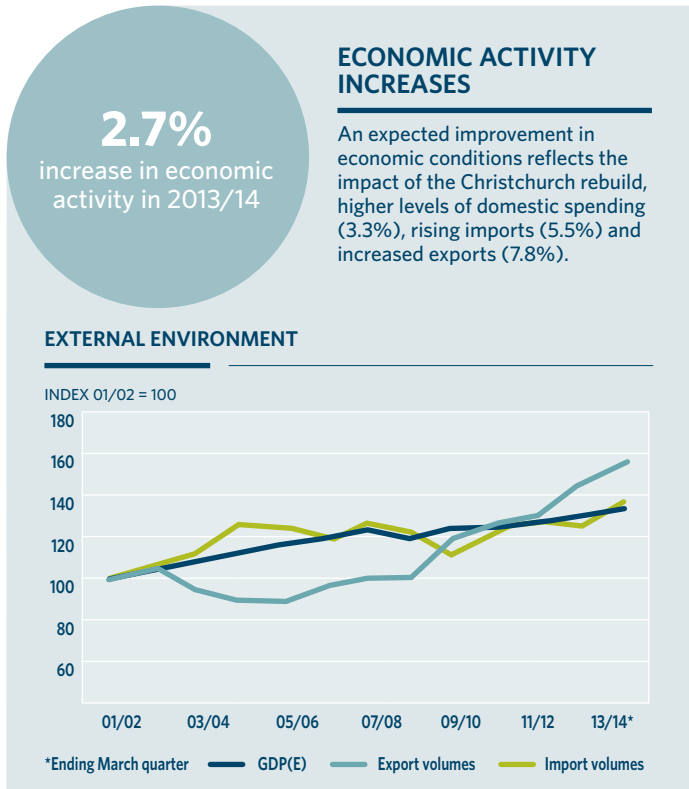
INVESTING IN LAND TRANSPORT
output classes

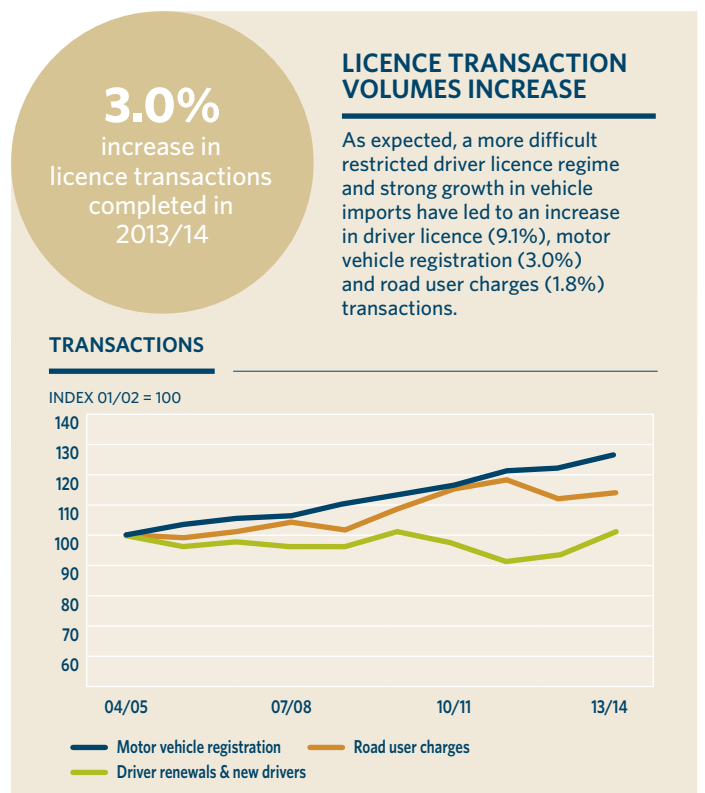
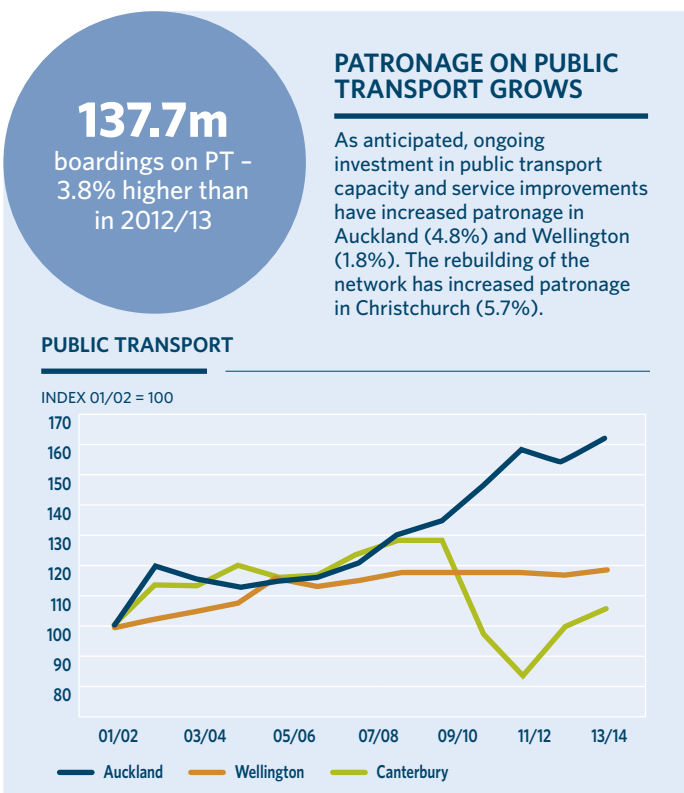
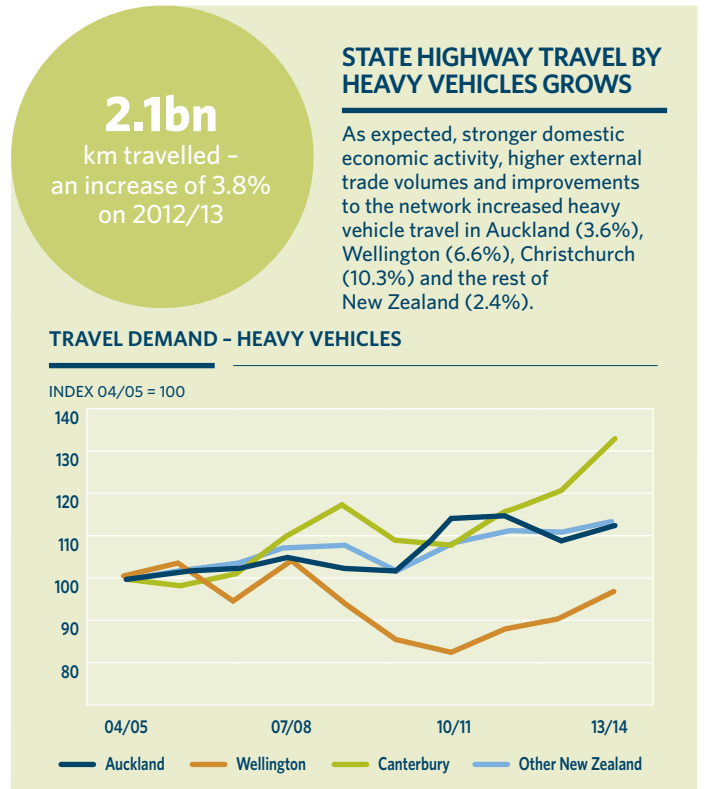
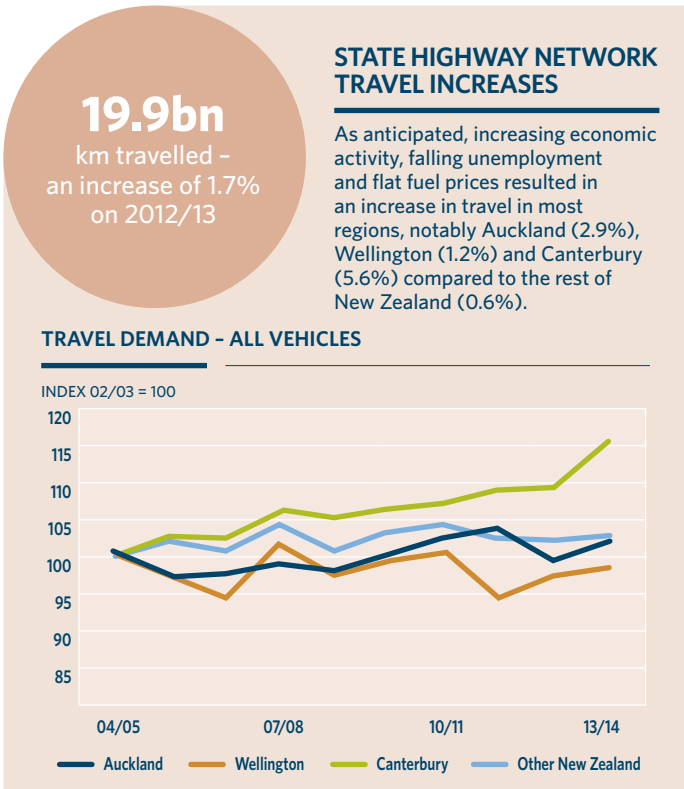


* For further information on output classes, refer to the *Statement of performance expectations*.

OUR OPERATING ENVIRONMENT IN 2013/14

This section summarises the key developments that have shaped our operating environment in 2013/14.





OUR ACTIVITIES

1.4

MILLION MOTOR VEHICLE REGISTRATION TRANSACTIONS COMPLETED ONLINE

1.44 million or 25% of all motor vehicle registration transactions were processed online during 2013/14. This result is a 36.6% increase on 2012/13 and was supported by improvements to our website and promotion using social media.

1.0%

OF NLTP EXPENDITURE SPENT ON MANAGING THE FUNDING ALLOCATION

Total expenditure on managing the funding allocation system was 0.1% lower than budget, despite increasing overall NLTP expenditure and additional Crown appropriations. Expenditure reflects continued fiscal prudence as well as delays in some planned business improvement projects, such as the review of the procurement framework and further improvements to the *Economic evaluation manual*.

1.2

MILLION ROAD USER CHARGE LICENCES WERE PURCHASED ONLINE

1.17 million or 50% of all road user charge licences were purchased online during 2013/14. The number of online transactions continues to grow following improvements to the payment facility, which widened the customer base to higher volume and value purchasers.

23,000

VISITS TO THE ROAD SAFETY EDUCATION PORTAL IN 2013/14

Teachers visited the road safety portal 23,000 times in 2013/14 - 14,000 visits came from New Zealand. About 6,600 classroom resources were downloaded during this period.

3,813

RAIL SAFETY OCCURRENCES REPORTED TO TRANSPORT AGENCY

3,813 rail safety occurrences were reported to the Transport Agency in 2013/14 - an increase of 5.5% on the previous year. Of the occurrences (accidents and incidents) reported, 324 were near collisions with vehicles, nine were serious injuries and 10 were fatalities.

6 of 6

LARGE STATE HIGHWAY PROJECTS COMPLETED ON TIME

Successfully delivered projects included Stage 1 of the Papakura Interchange upgrade in Auckland, the completion of the Ngaruawahia section of the Waikato Expressway and the Atiamuri Bridge replacement in Waikato, the realignment of the Arden Cottage Curves on SH2 in the Bay of Plenty, the Papatawa realignment in the Manawatū and the four-laning of the Yaldhurst to Waterloo Road section on the Western Corridor in Christchurch.

1,025

KILOMETRES OF STATE HIGHWAY PAVEMENT RENEWED

1,025 kilometres of the state highway network was renewed in 2013/14 - 13% lower than what was targeted. This reflects a more rigorous approach to renewals using our strategy of 'nationally planned and regionally delivered' and the intentional deferring of some works into 2014/15.

500

PEOPLE FROM OVER 41 ORGANISATIONS ATTENDED NINE SAFE SYSTEM IN PRACTICE TRAINING COURSES

We held Safe System in Practice courses in six towns and cities, with support from NZ Police and ACC.

26

RESEARCH PROGRAMME REPORTS WERE PUBLISHED ON THE TRANSPORT AGENCY'S WEBSITE

We published 26 research programme reports. Another 12 research projects were completed; the associated research reports were being finalised for publication. In addition, 20 research projects were actively managed, including 16 new contracts, which were put in place during the year.

76.5

OUT OF 100 - KIWI'S COUNT SCORE FOR MOTOR VEHICLE RELATED SERVICES

Our average Kiwis Count survey score for the quality of service when issuing driver and vehicle licences was 4.5% higher than the public sector average for the nine-month period ended March 2014.

66.9%

MORE PEOPLE REGISTERED ON THE PRACTICE PROGRAMME IN 2013/14

17,755 learner licence drivers and 3,036 coaches registered for the free Practice practical driving programme, which was developed to help learner drivers pass their restricted driving test.

OUR FINANCES

47,885

VIEWS OF THE NEW SUITE
OF 33 LEARNER DRIVER
VIDEOS

Since January 2014, there have been 47,885 views of the videos. This compares to the 5,711 views of the previous set of 10 online learner driver videos over the six months ended December 2013.

\$1.8

BILLION SPENT
ON THE STATE
HIGHWAY NETWORK

\$1.8 billion was spent on the state highway network in 2013/14 – an increase of 17.2% on the previous year. This covers new and improved infrastructure, renewal of existing infrastructure, maintenance and operations.

We have ended the financial year to 30 June 2014 with a net surplus of \$78.7 million, compared to a surplus of \$56.8 million in the previous year.

Further information and analysis of our results is provided under 'Highlights from our financial statements' on pages 144 to 146.

\$2.2
BILLION

TOTAL INCOME

Our operating income was \$117 million higher than in 2012/13 due to changes in economic activity leading to an increase in motor vehicle registrations and road user charges revenue.

\$2.1
BILLION

TOTAL EXPENDITURE

Our total expenditure was \$95 million higher than in 2012/13. This reflects an increase in licensing volumes, land transport funding and state highway depreciation.

\$29.2
BILLION

TOTAL ASSETS

The total value of our assets is \$2.4 billion higher than in 2012/13, which reflects the \$1.4 billion invested in the state highway network and \$1.0 billion increase in the value of the network.

\$1.4
BILLION

CAPITAL EXPENDITURE

Our capital expenditure was \$242 million higher than in 2012/13. This is in line with our continued investment in roads of national significance and other capital projects.

OUR SUCCESSES

At the Transport Agency, we work hard to create effective and efficient transport solutions for a thriving New Zealand. This year we've been recognised, alongside our partners, by a number of leading industry and professional bodies for best practice and innovation.

FINANCE TEAM SETTING A BENCHMARK

Our professionalism and leadership were on show in 2013/14 with the Transport Agency's Finance team picking up two top awards.

Up against strong competition from Westpac and Mighty River Power, the Transport Agency Finance team came out on top as 'Finance Team of the Year' at the Chief Financial Officer (CFO) Summit in March 2014. The judges felt that the transformation and modernisation of the Transport Agency's finance function is a benchmark for the public sector. The award was sponsored by the Institute of Chartered Accountants.

The Institute also recognised Paul Helm, Chief Financial Officer at the Transport Agency, as the 2013 Public Sector CFO of the Year, at its annual awards ceremony in late 2013.

This award is open to all public sector CFOs and Paul was up against stiff competition from the Ministry of Education and the Auckland Health Alliance. The judges commented that, 'Paul has taken the finance function through significant change since 2009 and has demonstrated inspiring leadership and integrity during the transition.'

Paul acknowledged his team, other leaders and decision makers in the Transport Agency for their support in making important changes to financial systems over the past few years.



**THE TRANSFORMATION
AND MODERNISATION
OF THE TRANSPORT
AGENCY'S FINANCE
FUNCTION IS A
BENCHMARK FOR
THE PUBLIC SECTOR**

TRANSPORT AGENCY CONTACT CENTRE WINS HAT TRICK

The Transport Agency's contact centre received top honours this year at the Manawatū Contact Centre Awards, collecting three awards - the prestigious Contact Centre of the Year award, Customer Service Representative of the Year for Steve Williams and Trainer of the Year for Lynne Wrench.

Being recognised as contact centre of the Year isn't a new experience for the Transport Agency, having won in 2011. The judges commented that the Transport Agency contact centre 'continues to run like a well-oiled machine'. The achievements demonstrate that the focus on customers continues to make a difference.

The annual awards are open to over 30 contact centres in the Manawatū/Horowhenua area and a ceremony was held to present winners with their awards in front of 240 peers.

Customer service representative Steve Williams was praised for his winning phone manner and willingness to go out of his way 'to make the customer experience a positive one and provide them with more than expected', the judges said.

They said that trainer Lynne Wrench brought a 'refreshed, energised and very passionate style of training to the Transport Agency. She's a holistic and flexible teacher and easily able to modify her approach to group and individual needs'.

Michelle Charlton, Manager of Customer Information, said having a high number of finalists and winners is a real achievement. 'To win three prestigious awards is icing on the cake! To be recognised by our peers and the contact centre industry for the level of service we give to, and commitment we have for, our customers is outstanding'.



'We continue to put the customer at the heart of our business and it's really making a difference.'

TO WIN THREE PRESTIGIOUS AWARDS IS ICING ON THE CAKE!



SAFER JOURNEYS PARTNERSHIP PRAISED

The multi-agency programme, delivering a very positive trend in road safety, was praised recently by State Services Commissioner Iain Rennie.

In 2013, New Zealand recorded the lowest number of road deaths in over 60 years. The international measure of deaths per 100,000 of population reduced from 8.6, when Safer Journeys was launched in 2010, to 5.7 at the end of 2013. While this is still too high and there is no room for complacency, it is clear that with sustained partnership effort, our focus on the Safe System approach and the support of the New Zealand public, New Zealand is moving in the right direction to lessen the burden of serious road trauma.

Launched in 2010, Safer Journeys is the government's road safety strategy to 2020. It is a collaborative initiative of the National Road Safety Committee (NRSC), of which core members include the Ministry of Transport (MoT), the Transport Agency, NZ Police, ACC and Local Government NZ. The Health, Education and Justice ministries, as well as WorkSafe NZ are associate members.

'This is a very fine example of collective impact,' said Mr Rennie. 'Clearly, when government departments work together, they produce results that otherwise would not have been possible had they been working separately. This is the essence of Better Public Services,' he added.

The programme is based on the international best practice Safe System approach that aims to create a forgiving road system where a mistake does not cost a life or a limb. Strengthening every part of the system is at the heart of the approach: safer speeds, safer vehicles, safer road use, and safer roads and roadsides.

With the vision of 'a safe road system increasingly free of death and serious injury', Safer Journeys has initiated hundreds of actions in the last few years. The Transport Agency is proud to be instrumental in working with our partners and the New Zealand public to:

- improve safety for young drivers by raising the minimum driving age to 16, adopting a zero youth drink-drive limit and strengthening the licensing process
- improve the safety of the vehicle fleet by encouraging people to buy the safest car they can afford
- improve speed management by introducing variable speed limits outside schools and lowering the speed enforcement tolerance during holiday periods
- target investment to risk to make high-risk rural roads and high-risk intersections more forgiving of human error
- encourage safer road use by introducing alcohol interlocks, strengthening child restraint requirements and changing the give way rule
- design and construct roads of national significance (RoNS) to a minimum four-star KiwiRAP safety rating
- change the road safety conversation through campaigns such as 'Legend' and 'Mistakes'
- improve the understanding of the Safe System approach and empower sector staff to apply it every day by training over 1,000 people through the Safe System in Practice course.

IN 2013, NEW ZEALAND RECORDED THE LOWEST NUMBER OF ROAD DEATHS IN OVER 60 YEARS

Members of the National Road Safety Management Group, Lisa Rossiter from the Transport Agency and Superintendent Carey Griffiths from NZ Police, challenging Auckland stakeholders to adopt the world-leading Safe System approach to save lives and reduce serious injuries



CREATIVE ADVERTISING JUDGED BEST IN THE WORLD FOR 2014

This year the Transport Agency received worldwide recognition for road safety advertising that supports the Safer Journeys strategy, with our advertising agency, Clemenger BBDO, picking up several prestigious national and international awards for 'Mistakes' and 'Blazed'.

The 'Mistakes' advert shows that we share the road with others so the speed a person chooses to travel at needs to leave room for any potential error – whether it's theirs or someone else's. The advert 'Blazed' challenges perceptions about drug driving. Both speed and impairment are areas of high concern in Safer Journeys.

The Cannes Lions are the world's biggest advertising awards, celebrating the best ideas changing the way brands interact with their customers. This year our speed advert 'Mistakes' and drug driving advert 'Blazed' won three Gold Lions, two Silvers and a Bronze award.

This success follows on from the New York Festival and One Show international awards, where our speed advert 'Mistakes', and our two drug-driving adverts 'Blazed' and 'Expert Opinion' received one grand prize, five first place, two second place, five third place and six finalist awards. At the One Show, we were awarded Gold for 'Mistakes' and Bronze for 'Blazed'.

Continuing on the international front, TED, a global not-for-profit agency devoted to spreading ideas, selected our speed advert 'Mistakes' as one of the 10 winning ads to profile during their 2014 TEDActive conference in Whistler, Canada.

'Blazed' also won Gold at this year's Australian Gold Awards.

Closer to home, 'Blazed' took out a number of prestigious New Zealand awards, including Gold at the Beacon Awards (NZ Media Awards). It also won over judges at the 2014 Axis Awards, winning Best Ad of the Year, along with a swag of supporting awards, including one Grand Prix, four Golds and three Bronzes.

We also had online success, with our interactive driving game picking up Gold and a Craft award at the NZ Direct Marketing Awards.

Jennie Gianotti, Manager of Network User Behaviour, says the 'Mistakes' advert in particular has had an impact internationally. 'We've had requests from several countries to use our "Mistakes" concept and advertising, which tells us that speed is a universal road safety issue and that New Zealand's ads are setting the benchmark around the world.'



THE TRANSPORT AGENCY RECEIVED WORLDWIDE RECOGNITION FOR ROAD SAFETY ADVERTISING THAT SUPPORTS THE SAFER JOURNEYS STRATEGY, PICKING UP SEVERAL PRESTIGIOUS NATIONAL AND INTERNATIONAL AWARDS FOR 'MISTAKES' AND 'BLAZED'

PASS RATES CLIMB WHILE THE ROAD TOLL FALLS



In 2014, pass rates for New Zealand's computerised learner driver licence theory test reached 70% for the first time and serious crashes involving teenage drivers dropped to the lowest on record.

Nationwide, the pass rate for the Class 1 (car) theory test reached 70% in July 2014. This is a significant increase over previous years, from 60% at the same time in 2012 and less than 50% in 2009.

At the same time, the number of fatal and serious injury crashes involving teenage drivers in New Zealand dropped from 475 in 2008 to 257 in 2013.

The continual improvement in pass rates shows that young drivers are genuinely getting to know the road code and learning to be safe drivers.

The Transport Agency introduced computerised theory testing for learner driver licence tests nationwide in late 2009, replacing the old paper 'scratchie' test. The paper test was over 10 years old when replaced; people were memorising the question structure instead of learning the whole road code. The computerised test asks 25 general and 10 class-specific questions randomly selected from a databank of over 200 questions.

As well as increasing the difficulty of theory and practical driving tests, the Transport Agency has introduced a range of initiatives since 2008 to improve the safety of young drivers as part of the government's Safer Journeys action plan.

These include increasing the minimum driving age to 16, lowering the youth alcohol limit for teen drivers to zero and encouraging teen drivers and their parents to buy the safest vehicles they can afford.

CELEBRATING INNOVATION

The Transport Agency picked up the 3M Traffic Safety Innovation Awards at the 2013 IPENZ Transportation Group annual conference, for our rural intersection activated warning signs (RIAWS) trial. The award is coveted in the industry and recognises outstanding innovation and success in the field of road safety.

The RIAWS trial is one part of a wider programme to address safety at high-risk intersections as part of the Safer Journeys strategy and associated action plans.

The RIAWS trial introduced speed limit signs for through traffic at certain high-risk intersections, which are activated by the presence of crossing or turning vehicles. When the signs are activated, the through traffic reduces travel speed in the potential collision zone. When there are no crossing or turning vehicles at the intersection, the signs stay blank so the through vehicles are uninterrupted. This helps maintain the efficiency of the network.

Another Transport Agency project that supports Safer Journeys – the wide centreline trial led by Mark Lilley – was commended in the same category.



THE AWARD IS COVETED IN THE INDUSTRY AND RECOGNISES OUTSTANDING INNOVATION AND SUCCESS IN THE FIELD OF ROAD SAFETY

KIWIRAP WINS PRESTIGIOUS INTERNATIONAL AWARD



KiwiRAP, the Transport Agency's Road Assessment Programme, was selected as the winner of the prestigious 2013 International Global Road Achievement Awards (GRAA) in the safety category.

The selection was made by an independent panel of international judges. The Transport Agency and our partners now join an elite group of GRAA winners from across the globe.

KiwiRAP was developed by the Transport Agency in partnership with the NZ Automobile Association, Ministry of Transport, NZ Police and ACC and has been a joint agency initiative from the outset. It is a key tool in ensuring the successful delivery of Safer Journeys.

KiwiRAP risk mapping has been highly successful, using historical traffic and crash data to produce colour-coded maps illustrating the relative levels of personal and collective risk over the road network. Performance monitoring has allowed us to target resources to high-risk routes, achieving reductions in fatal and serious injury crashes and reducing crash rates by twice the national average.

This recognition follows on from KiwiRAP's success in 2012, when it picked up an Excellence in Engineering for Safety Award.

TRANSPORT PLANNERS TRANSFORMING PUBLIC PERCEPTION

In April 2014 at the New Zealand Planning Institute conference, the Transport Agency received recognition for best practice on the Christchurch Southern Motorway Stage 2 project.

Natasha Sitarz joined the Transport Agency in November 2011 to provide planning input to the project team through the Board of Inquiry process, which ended with a successful decision in November 2013.

Working with Godwell Mahowa, these two planners ensured key stakeholders and submitters had direct contact with the Transport Agency throughout the pre-notification, submission and hearings periods. Key to the successful consultation was the positive working relationships the project team built. The team was made up of people from a number of different organisations and disciplines, including GHD, Beca, Chapman Tripp, and The Property Group. They also had support from numerous Transport Agency staff.

The judges commented that 'the consultation strategies employed by the CSM2 Project Team (GHD, Beca and the Transport Agency) transformed public perception of the project and enabled a smooth journey through the national consenting process. When initially introduced, the Christchurch Southern Motorway Stage 2 project drew high levels of community opposition. However, over a three-year consultation and design process the multi-agency project team improved public perception and addressed many of the issues that were initially raised by interested and affected parties, such that only 43 submissions were received following notification, only 18 of which were in opposition.



Photo courtesy of NZPI. Andrew Willis (NZPI Award Panel Chair) presenting the award to Ainsley McLeod (Beca), Kimberley Rolton (GHD), Natasha Sitarz (Transport Agency) and Mary O'Callahan (GHD)

MAXIMISING OUR IMPACT ON FREIGHT EFFICIENCY

Last year saw the successful roll-out of 50MAX, a major initiative in the Transport Agency's priority to move more freight on fewer trucks. 50MAX truck combinations are high productivity motor vehicles (HPMVs) that are slightly longer than standard 44-tonne trucks. With an additional axle (nine in all), the design allows a total weight of 50 tonnes (hence the name), while also minimising the impact on bridges and pavements. Because the infrastructure impact is similar to standard 44-tonne trucks, the 50MAX can have greater network access. 'Before October last year, no-one had heard of 50MAX - now many freight businesses either use them or have them on order,' said Harry Wilson, the Agency's Freight Portfolio Director.

A high-productivity freight vehicle for the wider network

While heavier HPMVs can access around 6,500 kilometres of roads, 50MAX can access the majority of the network. 'We wanted an HPMV that could deliver a productivity gain across New Zealand's productive heartland - where freight volumes are considerable and the distance to market long,' said Graham Taylor, National Network Optimisation Manager. The 50MAX design provides this trade-off between carrying more and having network access. Each 50MAX trip gives payload productivity of around 15%, meaning the benefits of reducing freight costs can be shared throughout New Zealand.

Popular with the road freight industry

For operators, 50MAX is 'a godsend', according to Basil Richards of Whāngārei's GC Stokes Transport Ltd. Basil, an operations manager looking after 21 logging trucks, first applied for a 50MAX permit in November 2013 and now has three making three trips a day. 'We are always short of drivers and trucks, so being able to put an extra five tonnes on is really working for us. It means we are actually transporting an additional 45 tonnes a day. We are really pleased - 50MAX is a great asset.'

Productivity and safety benefits

Reducing 11 truck trips down to nine provides safety benefits as well as economic, with fewer trucks on the road reducing the crash risk. 50MAX must also meet the high safety standards required of other HPMVs (such as increased stability and electronic braking systems). These newer trucks also tend to have additional safety measures, such as speed limiters, GPS monitoring, weight load cells and electronic stability control (ESC).

Exceeding our targets and innovating our service

Our goal was to establish a single 50MAX permit system allowing conditional network access, including local roads where local councils have 'opted-in'. The 2013/14 goal was to have half of New Zealand's local councils signed-up and permits issued in five working days. Since the October 2013 launch, we have passed the 1,000 milestone for permits and they are processed within five working days. Access has now been approved on most state highways and 67% of the local road network (except for some do-not-cross bridges). We also developed a simplified permit application process and online 'zoomable' maps, which are popular with industry, councils and NZ Police, because they make it clear where 50MAX can and cannot access. In terms of moving freight, 50MAX travel has gone from nothing to around 30 million kilometres in just eight months. This increase has made a significant contribution to achieving our 2013/14 target of having HPMVs make up 20% of heavy truck movements.

Uptake continuing into 2014/15

Back in Northland, Basil says he has ordered more trucks to 50MAX specifications. These are great trucks and the stability with the extra axle is amazing. The safety features are great and the units are rocking. We can actually stack the wood lower, so that lower centre of gravity also makes it safer.' And industry is voting with its wheels by using and buying 50MAX trucks - suggesting a bright future for this innovative transport solution that will help New Zealand thrive.



**BEFORE OCTOBER LAST YEAR,
NO-ONE HAD HEARD OF 50MAX -
NOW MANY FREIGHT BUSINESSES
EITHER USE THEM OR HAVE THEM
ON ORDER**

SECTION B GOVERNANCE REPORT



REPORT FROM THE CHAIR

INTRODUCTION

I am pleased to present the 2013/14 annual report for the NZ Transport Agency.

As demonstrated in this report, the Transport Agency continues to successfully deliver against the milestones and targets we set in our *Statement of intent 2013-16*. We continue our strong delivery on the government's priorities for the land transport system with our emphasis on activities that support economic growth and productivity, improve road safety and deliver value for money.

Our achievements over the year highlight our focus on planning and delivering an integrated land transport network and services that provide transport users with increasingly safe, more efficient and more reliable travel across all transport modes. We do this alongside our partners across the transport sector. We design and deliver services

and solutions that put customers and communities at the heart of what we do while giving the best value for money.

I want to recognise the dedication of the Transport Agency's staff and my fellow Board members to helping create transport solutions for a thriving New Zealand; we are a strong team. The work programme ahead of us will continue to be ambitious, and I am confident we have the focus and capability to make it happen.



Chris Moller
Chair
NZ TRANSPORT AGENCY

BOARD MEMBERSHIP AND COMPOSITION

The Minister of Transport appoints up to eight independent non-executive members to the Board of the Transport Agency. Board members are appointed for up to a three-year period that may be extended. The Board selects the membership of its three committees.



BOARD FUNCTIONS

The Board performs five functions that direct the operations of the Transport Agency:

1. Setting sector and organisational direction.
2. Confirming service and financial performance targets.
3. Directing significant planning, investment and operational matters.
4. Assuring quality of key organisational systems, policies and processes.
5. Assessing progress against our strategy and plans.

The planning, investment and funding decisions the Board must make are set out in its significance policy; they include:

- approving annual budgets
- making significant funding decisions and awarding major contracts
- authorising changes to the organisational structure
- authorising significant changes to processes or procedures for the allocation of the National Land Transport Fund (NLTF)
- reviewing the performance and remuneration of the Chief Executive.

The Board sets clear policies that define the individual and collective responsibilities of committee management, operating structure, lines of responsibility and the areas of authority extended to each. Operational responsibility is delegated to the Chief Executive via a formal delegated authority framework. Day-to-day operations are managed by senior managers, led by the Chief Executive.

While the Board committees have no delegated authority, they help the Board by:

- assuring compliance with policies and controls
- monitoring and advising on delegated investment, operational procedures and projects
- reviewing the performance of the Chief Executive annually.

In summary, the Board is responsible for the success of the Transport Agency. The formal line of accountability to the Minister is through the Board's chair.

BOARD MEMBER REMUNERATION

The rates of remuneration for Board members are set by the Minister of Transport, in line with government rates for members' fees.

DISCLOSURE OF INTERESTS

Board members must complete a declaration of interests each year. An updated schedule of Board members' interests is tabled and reviewed at the opening of every Board meeting. The process is independently audited every year.

CODE OF CONDUCT

The Board formulated and adopted a code of conduct for its members in 2010. The code is based on best practice. It is informed by the State Services Commission's *Board appointment and induction guidelines* and by the Office of the Auditor-General's *Managing conflicts of interest: Guidance for public entities* and *Guidance for members of local authorities about the Local Authorities (Members' Interests) Act 1968*.

BOARD ACTIVITY IN 2013/14

The Board held seven scheduled and four special meetings in 2013/14. The scheduled meetings were held in Wellington (2), Auckland (1), Hamilton (1), New Plymouth (1), Palmerston North (1) and by teleconference (1). The special meetings were all via teleconference. The Board considered 88 separate items. In February, the Board also held a workshop on direction and targets for 2014-18, covering strategic direction, service delivery and financial performance.

BOARD FUNCTION	HIGHLIGHTS
SETTING SECTOR AND ORGANISATIONAL DIRECTION	<ul style="list-style-type: none"> ▪ 2015-18 National Land Transport Programme (NLTP): <ul style="list-style-type: none"> – timeframes, processes and key decisions – early planning, investment signals and programme focus – focus on resilience activities ▪ Health and safety in employment <ul style="list-style-type: none"> – assessment and performance reporting framework – our role and responsibilities in health and safety – our health and safety policy ▪ Intelligent transport systems: making more effective use of technology ▪ Update on the establishment of the New Zealand Transport Ticketing Ltd (NZTTL) and public transport technology and ticketing ▪ Endorsement of the State Highway Procurement Strategy 2014 <ul style="list-style-type: none"> – state highway procurement continuous improvement plan – procurement review – project update ▪ Rail Safety Action Plan ▪ Funding assistance rates (FAR) review ▪ Joint resilience operating policy ▪ Local government reorganisation – principles for engagement ▪ Sector legislation and policy: update (2) ▪ 2014/15 legislative change programme
CONFIRMING SERVICE AND FINANCIAL PERFORMANCE TARGETS	<ul style="list-style-type: none"> ▪ <i>Statement of intent 2014-18</i> – reconfirming the goals, objectives and priorities, and related indicators and targets ▪ Confirming <i>Statement of intent 2014-18</i> and <i>Statement of performance expectations 2014-18</i>
SIGNIFICANT PLANNING, INVESTMENT AND OPERATIONAL MATTERS	<ul style="list-style-type: none"> ▪ Puhoi to Warkworth section of the Puhoi to Wellsford road of national significance (RoNS) – detailed business case ▪ Personalised plates litigation ▪ Hastings district request for additional maintenance and operations funding ▪ Christchurch earthquake reinstatement funding direction ▪ Transmission Gully public-private partnership (PPP) (6) ▪ Workshops – Auckland Council’s exploration of options for raising additional land transport revenue, and state highway resilience ▪ Auckland accelerated projects status report – variation to the NLTP and funding ▪ National Land Transport Fund (NLTF) revenue diversification
QUALITY ASSURANCE OF KEY ORGANISATIONAL SYSTEMS, POLICIES AND PROCESSES	<ul style="list-style-type: none"> ▪ Workplace health and safety update ▪ Economic evaluation policy and guidelines review ▪ Maximising employee engagement ▪ Improving the Transport Agency’s rail safety regulator function ▪ Implementing the public transport operating model (PTOM) ▪ NLTF long-term liability status update

BOARD FUNCTION	HIGHLIGHTS
ASSESSING PROGRESS AGAINST PLAN	<ul style="list-style-type: none"> ▪ Chief Executive's report (7) ▪ Quarterly progress report (4) ▪ Financial reports ▪ 2013 stakeholder engagement survey result ▪ Media and communications update (5) ▪ NLTF year-end update and forecast ▪ Operational and communications updates (2) ▪ Approval of the 2012/13 Annual Report ▪ Capital budget amendment covering road user charges and tolling systems changes ▪ Review of Board committee structure and functioning ▪ Instrument of Board delegation: Review of its fit to its purpose and terms used ▪ 2012-15 NLTP mid-term progress and 2015-18 NLTP development update ▪ 2012/13 Benchmarking Administrative and Support Services (BASS) results

BOARD AND BOARD COMMITTEE ATTENDANCE

BOARD MEMBER	BOARD COMMITTEE MEETINGS			BOARD MEETINGS	
	INVESTMENT AND OPERATIONS BOARD COMMITTEE	AUDIT, RISK AND ASSURANCE BOARD COMMITTEE	REMUNERATION AND HUMAN RESOURCES BOARD COMMITTEE	MEETINGS	TELE-CONFERENCES
Chris Moller (Board Chair)	3/3	3/4	3/3	6/6	5/5
Dame Patsy Reddy (Board Deputy Chair)			3/3	6/6	4/5
Gill Cox		4/4		6/6	5/5
Tony Lanigan	3/3			6/6	5/5
Jerry Rickman (Audit, Risk and Assurance Board Committee Chair)		4/4		6/6	5/5
Nick Rogers	2/2			4/4	4/5
Alick Shaw (Investment and Operations Board Committee Chair)	3/3		3/3	6/6	3/5
Adrienne Young-Cooper	3/3			6/6	5/5

INVESTMENT AND OPERATIONS COMMITTEE

The Investment and Operations Committee is the steward for the Transport Agency's investment decisions in the transport network. It oversees the performance of the Transport Agency's business operations, including its legislative and regulatory responsibilities, and the state highway business. The committee provides advice to the Board by making recommendations on funding applications, investment decisions and procurement proposals across all modes of transport, within delegations reserved for the Board.

The committee comprises four serving Board members and provides business stewardship and guidance on matters including:

- delivery of the National Land Transport Programme (NLTP) by approved organisations and adjustments to programmes to achieve longer term goals
- recommendations on procurement, tendering and commencement of state highway projects or other projects approved for funding
- property management and tendering processes, leases and contracts
- development of tolling operations, integrated ticketing systems, registry operations and the delivery of legislative compliance and regulated safety regimes
- establishment of appropriate regulatory governance and monitoring arrangements
- development and implementation of asset management strategies, risk assessment, environmental audit and performance monitoring of state highways.

The committee met three times during 2013/14.

AUDIT, RISK AND ASSURANCE COMMITTEE

The Audit, Risk and Assurance Committee is made up of three serving Board members. The committee is served by the Chief of Assurance and Risk and the Chief Executive. The Group Manager Organisational Support and Chief Financial Officer also attend meetings. The Ministry of Transport's Chief Executive has been appointed by the Board as a committee member, to facilitate his responsibilities under section 101 of the Land Transport Management Act 2003.

The committee's responsibilities include:

- achieving and maintaining confidence that the Transport Agency has suitable risk management practices¹
- monitoring and reviewing significant financial, reporting and other risks
- reviewing and approving the internal audit programme
- achieving and maintaining confidence that the internal audit process is independent, objective and effective
- monitoring and reviewing significant findings arising from internal audits
- reviewing the audit programme and monitoring the effectiveness of the external auditor
- receiving reports from the external auditor
- reporting an overview of the committee's activities to the Board.

The committee met four times during 2013/14. Meetings were timed to occur with the quarterly governance reporting process.

¹ The Transport Agency has adopted enterprise risk management (ERM), substantially incorporating the elements of the Joint Australian New Zealand International Standard AS/NZS ISO 31000:2009 *Risk management: Principles and guidelines*. ERM is an integrated and systematic approach to managing the organisation's risks, including strategic, tactical and operational risks.

REMUNERATION AND HUMAN RESOURCES COMMITTEE

This committee, along with the Chief Executive, provides strategic governance over human resources capability, remuneration, employment relations and key human resources strategies. The committee also helps the Board fulfil its responsibilities for remuneration of the Chief Executive and senior management.

To meet its strategic governance responsibilities, the committee:

- maintains awareness of human resources trends, benchmarks, issues and risks – including employee turnover and their engagement, internal capability and succession requirements
- provides advice and guidance where needed for human resource strategies, frameworks and policies, workforce and succession planning, performance management, remuneration, retention and engagement, employment relations, code of conduct and behavioural expectations, and development of human resources delegations
- recommends staff remuneration strategies and overall market position to the Board
- oversees organisational compliance with legal obligations.

To meet its responsibility for the Chief Executive's employment relationship and remuneration, the committee:

- establishes the annual key performance objectives for the Chief Executive and reviews the Chief Executive's annual performance against those objectives

- maintains an overview of trends and best practice in executive employment conditions and remuneration
- makes recommendations about the Chief Executive's performance assessment and remuneration, and consults with the State Services Commission about any proposed changes
- establishes and manages the process for Chief Executive recruitment and appointment, if needed.

The committee met three times during 2013/14.



BOARD MEMBER PROFILES

The Transport Agency is a Crown entity governed by a Board, which is appointed by the Minister of Transport.

CHRIS MOLLER, CHAIR (WELLINGTON)

Chris is a non-executive director who chairs the Boards of Meridian Energy Ltd and SKYCITY Entertainment Group Ltd. He is also a director of Westpac New Zealand Ltd. He was previously Chief Executive of the New Zealand Rugby Union, Deputy Chief Executive of Fonterra Co-Operative Group Ltd, and a director of a range of joint venture and subsidiary organisations within the New Zealand dairy industry, both domestically and internationally.

DAME PATSY REDDY, DEPUTY CHAIR (WELLINGTON)

Dame Patsy is a non-executive director and a qualified lawyer. She is Chair of the New Zealand Film Commission and is a director of Payments NZ Ltd and Active Equity Holdings Ltd. She is a chief Crown negotiator for Treaty of Waitangi settlements and a lead reviewer for the Performance Improvement Framework for the State Services Commission. Her previous directorships include Telecom Corporation of NZ Ltd, SKYCITY Entertainment Group Ltd, New Zealand Post and Air New Zealand Ltd.

GILL COX (CHRISTCHURCH)

Gill is a chartered accountant and business consultant. He chairs MainPower NZ Ltd, Transwaste Canterbury Ltd and Ngāi Tahu Farming Ltd. He is also a director of a number of large, privately held companies involved in various industries including manufacturing, warehousing and distribution, infrastructure and seafood. Gill is a member of the CERA Community Forum in Christchurch and the Greater Christchurch Education Advisory Board.

TONY LANIGAN (AUCKLAND)

Tony is a professional civil engineer (FIPENZ), project management consultant and former general manager with Fletcher Construction. Tony was Chancellor of Auckland University of Technology and a director of Infrastructure Auckland. He is currently Vice Chair of Habitat for Humanity in New Zealand and Chair of New Zealand Housing Foundation. He is a director of Watercare Services Limited. Tony was made a Member of the NZ Order of Merit in the 2013 New Year's Honours list for services to tertiary education and the community.

JERRY RICKMAN (HAMILTON)

Jerry is a chartered accountant and professional director. Jerry currently chairs the Boards of Alandale Life Care Ltd, HG Leach Ltd, Tidd Ross Todd Ltd, Spectrum Dairies Ltd and is a director of Power Farming Holdings Ltd. He was a member of Telecom's Independent Oversight Group. He has chaired the boards of Waikato Regional Airport Ltd, Waikato District Health Board, Innovation Waikato Ltd and EziBuy Holdings Ltd.

NICK ROGERS (AUCKLAND)

Nick Rogers is a geotechnical specialist with expertise in land stability, foundation support and natural disaster assessment. He has over 34 years' experience on major infrastructure projects and in conducting land damage assessments for the Earthquake Commission in New Zealand. He has also worked on projects across the Asia-Pacific region. Nick has been a director for Tonkin and Taylor and the international development consulting firm ANZDEC. Nick was made a Companion of the Queen's Service Order for his services in natural disaster assessment throughout New Zealand, and in the recovery work in Christchurch during and after the Canterbury earthquakes.

ALICK SHAW (WELLINGTON)

Chair of the Investment and Operations Board Committee

Alick has served as a councillor and Deputy Mayor of Wellington City. He is an accredited commissioner for hearings convened under the Resource Management Act, a member of the New Zealand Parole Board and has served on the Boards of a wide range of organisations in the sport, cultural and charitable sectors, council-controlled organisations, Crown entities and privately held companies.

ADRIENNE YOUNG-COOPER (AUCKLAND)

Adrienne is a businesswoman, professional director and an Accredited Fellow of the Institute of Directors. She has a 30-year career in resource management and planning – specialising in spatial planning, metropolitan growth and management (including infrastructure planning and large projects). Adrienne was the Deputy Chair of Auckland Regional Transport Authority (replaced by Auckland Transport) and was a Board member of Maritime New Zealand until 2011. Her experience and contribution in transport governance is extensive. She is Deputy Chair of Auckland Waterfront Development Agency Limited (Waterfront Auckland), Deputy Chair of Housing New Zealand Corporation and Chair of the Hobsonville Land Company Limited. She also serves on several charitable trusts.



**NICK
ROGERS**



GILL COX



**ALICK
SHAW**



**CHRIS
MOLLER**
Chair



**DAME PATSY
REDDY**
Deputy Chair



**TONY
LANIGAN**



**ADRIENNE
YOUNG-COOPER**



**JERRY
RICKMAN**

SECTION C CHIEF EXECUTIVE'S REPORT



CHIEF EXECUTIVE'S REPORT

The Transport Agency's purpose is to create transport solutions for a thriving New Zealand.

We do this by:

- **integrating one effective and resilient network for our customers**

We take a 'one network' approach to integrating land use and transport planning so that there are many ways to get around our towns and cities easily and safely – walking, cycling, using public transport or motor vehicles. Our experience has shown that by integrating planning and operating the transport network more efficiently, we contribute to economic growth and social connectivity

- **maximising effective, efficient and strategic returns for New Zealand**

We make sound, independent investments in the national, regional, and local land transport system to achieve 'one network' transport solutions that best meet the needs of communities both today and into the future. Every day, we ensure that each dollar we spend delivers good transport results for New Zealanders and is cost effective. Every time we allocate funds from the National Land Transport Fund (NLTF) and co-invest with our local government partners, we do the right things, at the right time for the right price to achieve the results set out in the Government Policy Statement on Land Transport (GPS)

- **delivering efficient, safe and responsible highway solutions for New Zealand road users**

We ensure that each road in the state highway network is playing its part in making New Zealand a more prosperous and safer place, through an ongoing programme of renewal, maintenance and operational management. We are using the Safe System approach and One Network Road Classification to improve the experience that drivers have on the highway and recognise the different needs of freight, commuters, tourists, business and leisure travellers

- **shaping smart transport choices that are safe, efficient and responsible**

We're working cooperatively with our customers, suppliers and partners to help people and business make good choices about their legal obligations, driving, vehicles and travel. We are making compliance easier and empowering people to take responsibility for their actions and how they interact with the licensing and transport network, making the existing network safer and more efficient.

Over the past year, we have made good progress in each of these areas. We have continued to work with our partners to shape and deliver an integrated transport system that meets the needs of New Zealanders and our communities, now and into the future.

We have worked across a wide range of activities, from investing in new electric trains for Auckland to reforming the warrant of fitness requirements for vehicle owners. We have worked with every city, district and region to plan and invest in local transport networks that are integrated across different types of transport and across regions.

In Wellington and Christchurch, we have established new joint transport operations centres with our local government partners. These cities are now on a similar footing to Auckland – where we have had a joint venture with Auckland Transport for some years to manage our busiest urban networks. This helps make best use of existing capacity, make trips more reliable, integrate public transport services and lift patronage. We also seek to make travel more predictable for freight haulers. It is an integrated investment and operational approach – across different transport types and corridors.

WE HAVE CONTINUED TO WORK WITH OUR PARTNERS TO SHAPE AND DELIVER AN INTEGRATED TRANSPORT SYSTEM THAT MEETS THE NEEDS OF NEW ZEALANDERS AND OUR COMMUNITIES, NOW AND INTO THE FUTURE.

A highlight for the year has been our success in getting more freight travelling on fewer trucks, with the economic, safety and environmental benefits that brings. We have been working on developing high-productivity motor vehicle (HPMV) routes and introducing the 50MAX truck configuration. Getting more freight to travel on fewer trucks has meant millions fewer kilometres travelled by trucks on our roads.

We are now at the end of the second year of the 2012-15 NLTP. The programme is on track, with good results being achieved in the drive for more efficient delivery of road maintenance and a lift in public transport patronage in key cities. Some capital investment from local government has not yet been committed and that will be an area to watch in the coming year. Good road safety results are being achieved as we work with partners to develop a Safe System approach.

In July this year we signed the contract for the delivery of the Transmission Gully project to be delivered as New Zealand's first Public Private Partnership (PPP) for a state highway. The contract signing marked the completion of a contract negotiation process that began in December 2013. The Transport Agency's decision to procure the project as a PPP has delivered very good value – a lower 'whole of life' cost than the public sector could expect through conventional procurement. And the incentives around innovation built into the contract will improve road safety, travel time reliability and resilience – outcomes that will have a meaningful impact for New Zealanders for years to come. The new highway, a key part of the Wellington Northern Corridor, will be open for traffic by 2020.

Much more needs to be done to improve New Zealand's transport system than resources allow, which means we have to focus our efforts on our priorities. What follows is a summary of our achievements for the 2013/14 year. Many of these were achieved by responding to 'stretch' targets we set and I am pleased with our success in meeting these challenges.

A HIGHLIGHT FOR THE YEAR HAS BEEN OUR SUCCESS IN GETTING MORE FREIGHT TRAVELLING ON FEWER TRUCKS, WITH THE ECONOMIC, SAFETY AND ENVIRONMENTAL BENEFITS THAT BRINGS.

MAKING THE MOST OF URBAN NETWORK CAPACITY

Urban networks are complex and resource hungry. Keeping people and goods moving in our main urban centres has the potential to offer significant economic gains for the entire country. New Zealanders and their communities get social benefits from having urban transport networks that provide safe and reliable journeys – for drivers, cyclists, public transport users and pedestrians.

It also makes good financial sense to get the most value out of the existing network before looking at major improvements to create capacity. To unlock the benefits urban networks can offer, we are working more closely than ever with local government in our biggest cities to further integrate the planning, investment and operational activities for state highways, local roads and public transport. This year we completed network operating plans for our three largest cities. These plans have helped identify improvements to unlock the potential across all types of transport in these cities, for inclusion in the next NLTP.

We saw the Christchurch transport operations centre become fully operational; helping manage daily traffic flows affected by the infrastructure rebuild programme. Our transport operations centres in Auckland, Wellington and Christchurch show how we have partnered with local authorities to integrate network management and provide better travel experiences for customers, while also improving the reliability for all types of transport using the network. They already positively influence travel on city networks and all have plans to grow that influence.

Around 90% of public transport fare subsidies, paid for by the NLTP, are directed to the main urban areas of Auckland, Wellington and Christchurch. We have been working on a new planning approach to design better networks and a new contracting approach to get better value for money. Implementation of the new Public Transport Operating Model is well advanced in Auckland and further progress will be made in Wellington and Christchurch in the coming year. In Auckland, we have seen the completion of the integrated ticketing system. The central system processing facility will transfer to the Transport Agency in the coming year to form the core of other electronic ticketing systems in other centres.

Delivering public transport services goes beyond fare subsidies. The NLTP includes work such as developing dedicated bus lanes in the road development programme. In the coming year, we intend to provide a more comprehensive picture of the funding and delivery of public transport and supporting modes, across our main urban areas.

Another year of the RoNS programme means we are several steps closer to easing major pressure points in the national state highway network. We have seen the start of tunnelling for the Waterview Connection. When completed the connection will improve traffic flows around the Western Ring Route. We also saw the start of construction on the MacKays to Peka Peka project. These and other projects will reduce congestion for freight, commuters and bus users in and around our largest metropolitan areas; improve road safety and strengthen the links to our major sea and airports, an area to watch in the coming year. While the maintenance and renewals programme is progressing well, in some areas local infrastructure improvements are being delayed. We need to work closely with local government to ensure that they maintain the ability to invest in critical projects.

MOVING MORE FREIGHT ON FEWER TRUCKS

Our goal this year was to lift HPMV use to 20% of all heavy-truck trips - we achieved that target. This represents around 280 million kilometres of HPMV travel, resulting in estimated savings of around 30–40 million kilometres, if standard trucks had been used instead.

Improving the efficiency of New Zealand's freight supply chains is key to reducing the cost of what we buy and sell, building a more productive and competitive economy. To help, we are working on how we can lift both the performance of the freight network and increase the productivity of freight vehicles using the network.

We have been developing freight plans so we can understand key routes, links between road and other transport types, land use and distribution patterns. We're working with the people who develop and use the freight networks, including major freight generators, importers, exporters, freight haulers, ports and KiwiRail. We are well advanced with our freight planning work in the upper North Island - central New Zealand and the South Island are following close behind.

To move more of New Zealand's freight with fewer truck trips and improve road safety, we have made it easier for HPMVs to use the road network. These longer or heavier combination vehicles are the next generation of trucks, designed to carry more goods with each trip. They have more advanced safety features than the older trucks they are replacing. With fewer truck trips on our roads, the crash risk is also lowered.

IMPLEMENTATION OF THE NEW PUBLIC TRANSPORT OPERATING MODEL IS WELL ADVANCED IN AUCKLAND AND FURTHER PROGRESS WILL BE MADE IN WELLINGTON AND CHRISTCHURCH IN THE COMING YEAR.

We achieved our target of progressively opening up the state highway network to HPMVs, this year delivering over 1,500 kilometres to the high-productivity freight network, and also opening up around 5,000 kilometres of limited HPMV routes (providing access for trucks weighing more than 44 tonnes, but less than full HPMV).

We have also had excellent results in opening up the wider road network to 50MAX combinations, which are designed to travel on routes that are unsuitable for other HPMVs, particularly local roads. Since its launch in October around two thirds of local councils have signed up to the 50MAX permit system. This has seen 50MAX travel go from zero to more than 25 million kilometres over the past nine months.

Our success has relied heavily on ongoing collaboration with local government and industry to ensure we deliver economic and safety benefits for local communities, businesses and New Zealand as a whole.

PUTTING CUSTOMERS AT THE HEART OF OUR BUSINESS

Over the year, we've continued to focus on our customers, keeping their interests at the top of our minds. Seeing transport from the customers' point of view means thinking about the needs of a range of people; those behind the wheel, on a bike, walking, riding a bus or train, running a company that needs to get goods to market and communities with changing needs.

We have put the customer at the centre of our major investments by introducing a new business case approach. The approach uses investment logic mapping to better identify the needs of all of our different customer groups earlier in a project. Our 'one network' journey approach is also helping us consider the needs of customers, ensuring that we optimise our management of the state highway network in the context of an integrated transport system. This is enabled by our new journey managers who are working directly with our customers and our partners.

We have made things easier for freight customers with a more responsive HPMV permitting system, reducing average permit processing time from nine weeks to just 19 working days. 50MAX permits are turned around even faster, in less than five working days usually. Interactive online maps for 50MAX mean operators can easily check where they can and cannot travel.

Changes made to warrant of fitness and certificate of fitness requirements will reduce costs for vehicle owners. The warrant of fitness changes alone are expected to benefit New Zealanders by up to \$159 million per year, while still keeping vehicles and roads safe.

We have continued to invest in our online systems, making it simpler for customers to deal with us online. As a result, we've seen more people using this service. Our customers have also found us on social media, giving them another way to get in touch with us, or keep up to date with the latest information about the transport network.

SAFE SPEEDS TO REDUCE DEATHS AND SERIOUS INJURIES

We were ambitious when it came to safe speeds: we set a target to reduce deaths and serious injuries on open roads to fewer than 1,100 each year by 2016. Safer speeds are at the heart of a safe road system. Speed affects how likely a crash is and, even when not a cause, always affects the chances of a death or serious injury.



SEEING TRANSPORT FROM THE CUSTOMERS' POINT OF VIEW MEANS THINKING ABOUT THE NEEDS OF A RANGE OF PEOPLE - THOSE BEHIND THE WHEEL, ON A BIKE, WALKING, RIDING A BUS OR TRAIN, RUNNING A COMPANY THAT NEEDS TO GET GOODS TO MARKET AND COMMUNITIES WITH CHANGING NEEDS.

For each percent the average open road speeds are reduced, fatalities reduce by 4% and serious injuries by 3%. We are tracking well towards our target with 1,208 deaths and serious injuries in the 12 months to March 2014, which is 9% fewer than at the same time in 2013, down from 1,438 in 2010.

This year we jointly led a cross-sector programme to build consensus among our many partners and stakeholders whose actions influence travel speeds. As part of the current Safer Journeys action plan, we took stock of the way speed is managed in New Zealand and the systemic problems and issues. We collaborated widely to forge a new national direction and guidance on speeds that are right for road function, design, safety and use.

Our 'Mistakes' advertising programme started to build public understanding that speed determines the outcome in every crash, no matter who is at fault. This innovative campaign has won international acclaim for starting to change the public conversation about speed. We have also provided practical guidance to the commercial sector to build the understanding that safer speeds are also more fuel efficient.

EFFICIENT ROAD MAINTENANCE INVESTMENT AND DELIVERY

About 35% of the NLTP is invested in road renewals, maintenance and operations. This is around \$1.5 billion every year, with nearly 30% of that coming from local government. Getting better value for this expenditure by chasing efficiency gains has been our objective.

Two years ago, we established the Road Maintenance Task Force with the contracting sector and local government to look at ways of achieving this goal. We have subsequently built an implementation programme based on their recommendations. We are collaborating closely with local government, who also face the challenge of getting the most from their road investments. A new Road Efficiency Group sees us working together to reduce costs and innovate by managing local roads and state highways as 'one network'.

We have collaboratively developed the One Network Road Classification (ONRC), which identifies a common level of service and function for each category in the local road and state highway network. It helps us and our partners make smart, whole-of-life and value-for-money investment decisions and deliver the right level of service on New Zealand's roads for all road users.

The Road Efficiency Group has been trialling and sharing good practice in asset management across the sector while continuing to facilitate collaborative conversations and business case development between road controlling authorities.

We have also been shifting to new performance-based network outcome contracts for the state highways. Over the last year, we signed five of these contracts and are putting the ground work in place to sign up to 18 more in the next few years, as current contracts expire. We have also built our internal capability to align with our revamped approach to asset management, achieving \$120 million in efficiency savings through more targeted renewals and maintenance activity.

At year-end, we have nearly completed the review of the funding assistance rate (FAR) system, which will form the basis of the funding relationship with local government for the 2015-18 NLTP and subsequent years. We have focused on getting the balance right between national and local investment contributions, achieving the most value from maintenance and operations. Final individual FARs are expected to be determined later in 2014.

REBUILDING CHRISTCHURCH

We are doing much to help Christchurch's recovery. In the last year, we invested \$111.2 million in earthquake-related emergency work projects and continued work on the critical Christchurch highway projects, which will support the changing distribution of population and activity to the north and south of the city.

We have been working closely with the Christchurch City Council (CCC), the Canterbury Earthquake Recovery Authority (CERA) and the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) to coordinate the repair and reconstruction of damaged roads and other infrastructure in the city to the tune of over \$473 million this year. Within the SCIRT programme approximately 27% of all road repairs, 61% of bridges and 20% of retaining wall repairs have been completed.

We have also been working with our Christchurch partners to plan the service and network upgrades for passenger transport in Christchurch, including the planning and funding for the new Christchurch Bus Interchange and the first phase of network changes in the central city.

GIVEN THE TREMENDOUS GROWTH IN AUCKLAND, KEEPING PEOPLE AND FREIGHT MOVING IN THE REGION HAS CONTINUED TO BE A BIG FOCUS FOR THE TRANSPORT AGENCY.



INVESTING IN AUCKLAND

Given the tremendous growth in Auckland, keeping people and freight moving in the region has continued to be a big focus for the Transport Agency.

As part of the ongoing state highway improvements programme, we are bringing forward a number of projects through a loan mechanism. This means key highway and public transport improvements will be delivered for Auckland earlier than originally planned.

We have worked with Auckland Transport and Auckland Council on a range of initiatives to support Auckland, and the country, now and into the future - including contributing to the proposed Auckland Unitary Plan, the Auckland Housing Accord and the revised 30-year Integrated Transport Programme.

While we're focusing on the future, we have continued to deliver a range of improvements to the transport network to make moving around the region quicker, easier and cheaper. This has included the integrated ticketing HOP card, the arrival of new electric trains on the Auckland network and helping Auckland Transport implement the Public Transport Operating Model.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

The health and safety of our people and the people we work alongside is important to the Transport Agency. We have adopted a zero harm policy, which changes the way we approach health and safety and meets our requirements under the Health and Safety Reform Bill.

Our goal is to have no fatal or lost time injuries to our people by 2020, including our contractors, while providing services to our customers.

OUR SUCCESS STARTS WITH OUR PEOPLE ACROSS THE COUNTRY. IT'S A PRIVILEGE TO LEAD A TEAM THAT IS DEDICATED TO CREATING INTEGRATED TRANSPORT SOLUTIONS FOR ALL NEW ZEALANDERS.

Our employees have reported more injuries than in the previous year, showing an improved reporting culture and better injury case management with ACC. For contractors where we were the principal for the contract, there were six serious harm incidents, including two fatalities in the last year. Although this was a decrease on the previous year, when there were nine serious harm incidents resulting in three fatalities, we need to work hard with our contractors to meet our zero harm objective. We want everyone to come home safely from work. The main sources of harm came from people working with machinery and motor vehicle incidents.

TEAMING UP

What we have achieved this year has been possible only because of the hard work of many - not only our Transport Agency team, but also our suppliers, partners and stakeholders. They span local, regional and central government, the transport sector and beyond. To them I say thank you. Thank you for being committed to working with us to create integrated transport solutions for a thriving New Zealand.

We value and want to nurture these relationships. Over the last few years, we have been surveying our stakeholders to ask about their relationships with us. Since we began tracking the health of our relationships, we have seen a significant increase in the number of stakeholders who told us they were satisfied or very satisfied with their relationship with us - 72% this year, up from 50% in 2012. Their trust and confidence in us has also increased.

But our stakeholders are also clear about wanting more. The majority want to see their relationship with us grow. They want to have more involvement in our work at a strategic level and they want us to be joined up in the way different parts of our organisation work with them.

The other foundation of our team effort is the people that make up the Transport Agency. Together we are building a top performing organisation. We are getting better at sharing our information and knowledge so that we can make faster and better decisions. We are also working hard to apply new thinking to the many challenges and opportunities that present themselves.

Our success starts with our people across the country. It's a privilege to lead a team that is dedicated to creating integrated transport solutions for all New Zealanders.



Geoff Dangerfield
Chief Executive

LEADERSHIP TEAM PROFILES

Chief Executive

GEOFF DANGERFIELD

MSc (Resource Management)

Geoff became the first Chief Executive for the Transport Agency in August 2008 and leads the development of the organisation and its approach to integrated transport development. He was previously Chief Executive of the Ministry of Economic Development and Deputy Secretary to the Treasury, and began his public sector career with the Ministry of Works and Development.

Senior Leadership Team

DAVE BRASH

GROUP MANAGER PLANNING
AND INVESTMENT

BSc (Hons) (Geography)

Dave joined the Transport Agency in December 2008 and was previously General Manager of the Emissions Trading Group with the Treasury. His role at the Treasury was a secondment from the Ministry for the Environment, where he was General Manager responsible for central government policy. Dave has 35 years' experience working with central and local government agencies on complex policy reforms and managing change.

SARA BROADHURST

GROUP MANAGER PEOPLE AND CAPABILITY

Sara joined the Transport Agency in 2013, bringing more than 14 years' experience in human resources in New Zealand and the United Kingdom from a wide range of industries including infrastructure, telecommunications, housing, manufacturing, banking and not-for-profit organisations. She has a strong track record of managing organisational change, organisational design, employee relations, recruitment and remuneration.

JENNY CHETWYND

GROUP MANAGER STRATEGY,
COMMUNICATIONS AND PERFORMANCE

Bachelor of Regional Planning (BRP) (Hons), MBA

Jenny joined the Transport Agency in 2008, and was previously the Environmental Strategy Manager for Transpower. Jenny has over 20 years' experience working with local government and business in relationship management, public engagement, policy development and project delivery fields.

ALLAN FROST

GROUP MANAGER ORGANISATIONAL
SUPPORT

Bachelor of Business Studies, Chartered Accountant, Fellow Certified Public Accountant

Allan joined the Transport Agency in October 2008. Allan has extensive experience in financial and information management executive roles and has worked for over 15 years in senior leadership roles focusing on getting the best from people, information, systems and dollars.

JIM HARLAND

REGIONAL DIRECTOR SOUTHERN

Bachelor of Arts, Diploma in Town Planning, Masters Town Planning (Hons), Member NZ Planning Institute, Fellow NZ Institute of Management

Before taking this position in January 2011, Jim was the Dunedin City Council's Chief Executive for 11 years. He has held a variety of senior roles in local government and the private sector, specialising in strategic thinking and change management. Jim also worked as a tourism consultant for several years and initiated a tourism planning course at Auckland University.

TOMMY PARKER

GROUP MANAGER HIGHWAYS AND
NETWORK OPERATIONS

BA (Hons) (Urban Planning), Dip (Urban Planning Implementation), MSc (Transportation Planning and Engineering)

Tommy has been with both Transit and the Transport Agency for over 10 years and has a well-established presence in Auckland. He has held various roles including Highways Manager for Auckland and Northland. Tommy has over 20 years' experience in transport planning in both the public sector and private consultancy. His recent appointment as Group Manager Highways and Network Operations provides Tommy with the exciting challenge of embedding many of the recent change initiatives across Highways and Network Operations.

CELIA PATRICK
GROUP MANAGER ACCESS AND USE;
DIRECTOR OF RAIL SAFETY

Grad Dip (Business), MBA

Celia joined the Transport Agency in October 2011. She has more than 20 years' experience working in the financial services sector, including various executive roles with the BNZ. Before joining the Transport Agency, Celia worked for Housing New Zealand Corporation as Director of Operations for Auckland.

HARRY WILSON
REGIONAL DIRECTOR WAIKATO/
BAY OF PLENTY; DIRECTOR OF FREIGHT

Harry has 30 years' professional leadership experience in central and local government. He was the Chief Executive of Waikato Regional Council before taking up this position with the Transport Agency in November 2008.

ERNST ZÖLLNER
REGIONAL DIRECTOR AUCKLAND/
NORTHLAND; DIRECTOR OF ROAD SAFETY

*Masters in City & Regional Planning, BCom (Hons)
(Economics)*

Ernst has worked for 20 years as a consultant, in academia and for local and central governments, focusing on economic and strategic development, as well as infrastructure and urban planning. Before joining the Transport Agency in October 2008, Ernst was the Director of Urban Development and Transport at Wellington City Council.



ORGANISATIONAL STRUCTURE

OUR GROUP STRUCTURE

The Transport Agency is built around three functional business groups and three support groups.

Business groups

- The Access and Use group (with approximately 470 staff) provides users with access to the transport system (such as driver licences and motor vehicle registration), sets standards for vehicles and drivers, and regulates transport operators and rail.
- The Highways and Network Operations group (with approximately 400 staff) is responsible for moving people and freight around the state highway network, and for improving the state highway network to maintain its condition, improve travel time reliability and reduce the risk of death or serious injury to motorists.
- The Planning and Investment group (with approximately 180 staff) develops regional and national partnerships that enable us to influence land-use planning and make the most of our investment in integrated transport solutions. The group manages how the National Land Transport Fund (NLTF) is invested to deliver integrated transport solutions. It does this by assessing and prioritising activities put forward by approved organisations and the Transport Agency for state highways.

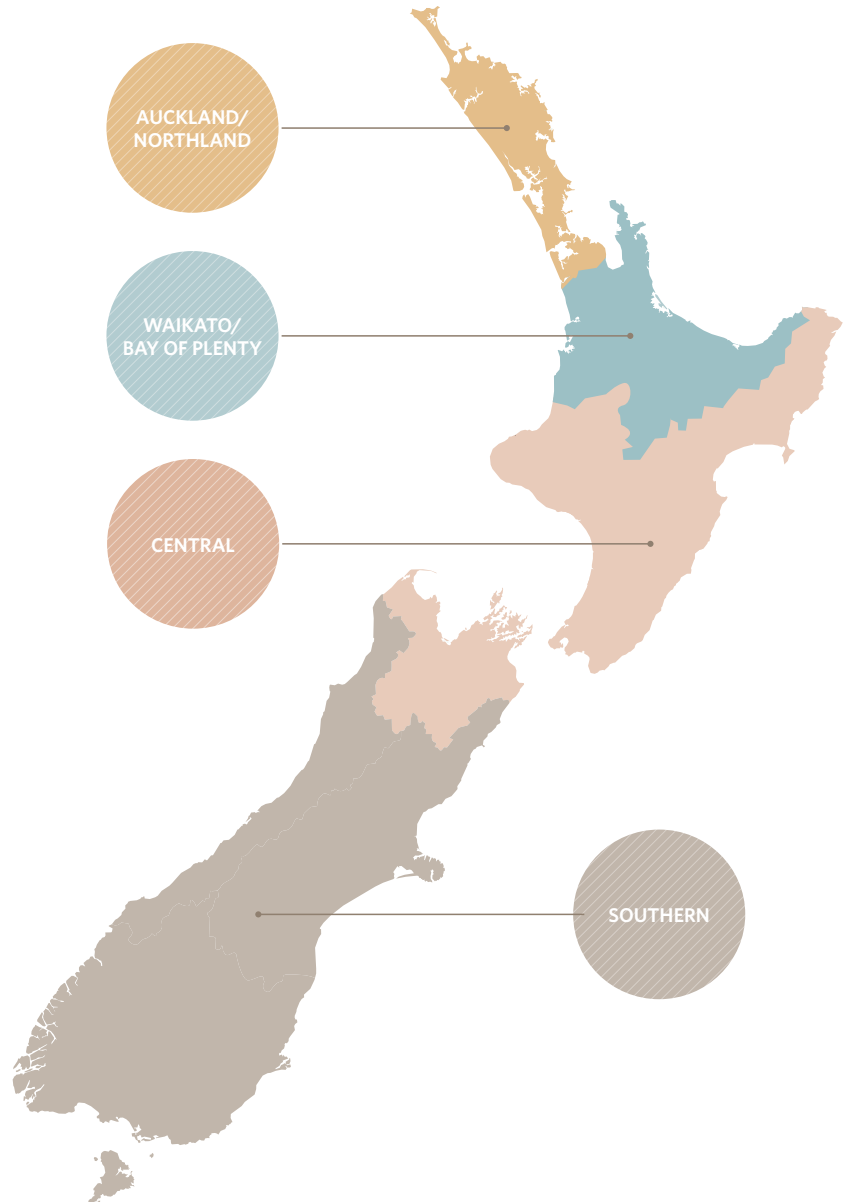
Corporate support groups

Approximately 340 staff make up the following corporate support groups:

- The Strategy, Communications and Performance group translates government and sector direction into organisational direction, then communicates this direction and our performance against it to staff and stakeholders.
- The Organisational Support group ensures that the Transport Agency has corporate strategies, policies and systems in place to support organisational health and capability.
- The People and Capability group ensures that the Transport Agency can deliver on its organisational direction through its people capability.

NZ TRANSPORT AGENCY REGIONS

We have four regional areas that support a regionally focused planning environment





SECTION D PROGRESS ON THE STATEMENT OF STRATEGIC INTENT



GOAL SUCCESS INDICATORS

GOAL: INTEGRATE ONE NETWORK FOR CUSTOMERS

PEOPLE MOVEMENT IS MORE EFFICIENT AND RELIABLE:
% network productivity (vehicle speed and flow on urban networks in Auckland)

NETWORK PRODUCTIVITY: AUCKLAND URBAN NETWORK - AM PEAK

% OF OPTIMAL SPEED AND TRAFFIC FLOW

Year	% of Optimal Speed and Traffic Flow
2011/12	68
2012/13	63
2013/14	63

0%
NO CHANGE

↑
DESIRED TREND

reflects the positive effect capacity improvements are having on Auckland's urban road network and its ability to handle increasing traffic volumes.

FREIGHT MOVEMENT IS MORE EFFICIENT AND RELIABLE:
% of travel by HPMVs of total heavy vehicle kilometres travelled (VKT)

PROPORTION OF HEAVY VEHICLES TAKING UP HPMV

% OF TOTAL HEAVY COMMERCIAL VEHICLE TRAVEL

Quarter	% of Total Heavy Commercial Vehicle Travel
Q1 2012/13	11
Q2 2012/13	12
Q3 2012/13	12
Q4 2012/13	12
Q1 2013/14	16
Q2 2013/14	17
Q3 2013/14	19

29.2%
INCREASE

↑
DESIRED TREND

in the proportion of heavy vehicles on the road that are HPMV, which reflects stronger domestic economic conditions, the value of getting more freight onto fewer larger trucks and actions taken by the Transport Agency, in partnership with others, to encourage more HPMV permit applications.

THERE IS AN OPTIMAL RANGE OF TRAVEL AND TRANSPORT CHOICES FOR EACH LOCATION: % mode share - public transport/walking and cycling

OPTIMAL RANGE OF TRAVEL CHOICES - ACTIVE MODE SHARE

%

Year	Walking and cycling (%)	Public transport (%)
2003-06*	8.0	5.5
2004-07	8.5	5.2
2005-08	8.8	4.5
2006-09	8.5	5.0
2007-10	8.2	4.8
2008-11	8.0	5.2
2009-12	8.5	5.2
2010-13	8.5	5.2

1.2%
DECREASE

↑
DESIRED TREND

reflects a slight reduction in time and distance cycled by people aged under 18 and a decline in walking.

0%
NO CHANGE

↑
DESIRED TREND

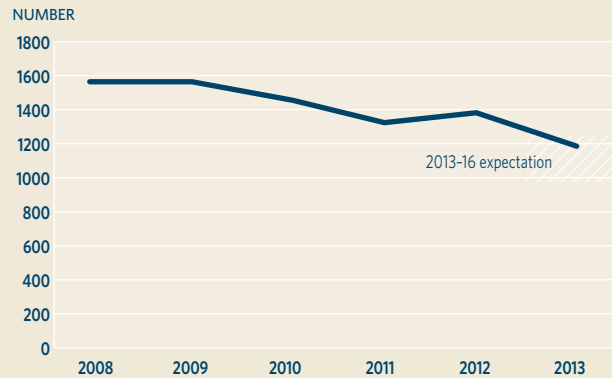
in distance travelled by public transport overall. A 29.6% increase in distance travelled by rail reflects ongoing investment in capacity improvements. However, there was a 5.8% decrease in distance travelled by bus.

*Ending March quarter

GOAL: SHAPE SMART TRANSPORT CHOICES

SPEEDS ARE SAFE:
Deaths and serious injuries on open roads (80-100km/h)

DEATHS AND SERIOUS INJURIES IN CRASHES ON OPEN ROADS



14% DECREASE

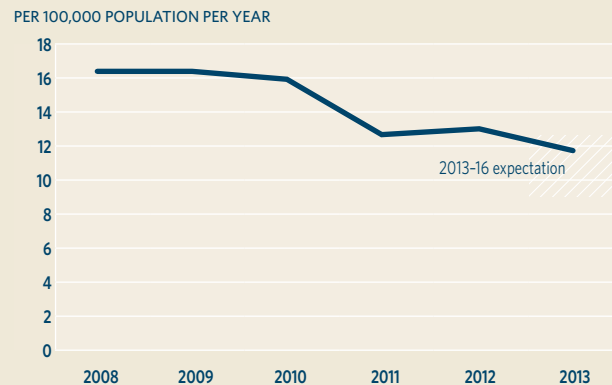


DESIRED TREND

reflects progress made on implementing the Safe System approach with increased emphasis on appropriate vehicle speeds and speed limits for the roads, drivers appreciating they are vulnerable and that people make mistakes, forgiving roads and roadsides, and enforcement of speeds above the limits.

ROADS ARE USED SAFELY:
Deaths and serious injuries in alcohol/drug related crashes

FATAL AND SERIOUS INJURIES IN ALCOHOL/DRUG CRASHES



10.3% DECREASE

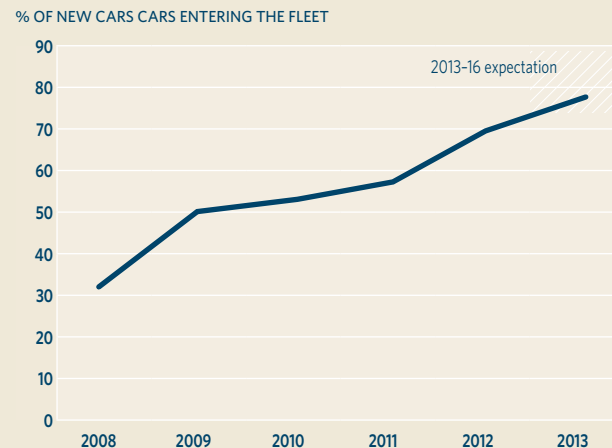


DESIRED TREND

in the number of deaths and serious injuries in alcohol/drug-related crashes can be attributed to the impact of 0% blood alcohol limits for youth driving, targeted drink-driving advertisements and continued enforcement as part of the Safer Journeys strategy.

VEHICLES ARE SAFE:
Percentage of new vehicles with five-star safety rating

NEW CARS WITH FIVE STAR RATING



9.9% INCREASE



DESIRED TREND

in the percentage of vehicles entering the vehicle fleet with a five-star safety rating reflects improvements overseas in the safety standards of vehicles supplied to New Zealand, an improving domestic economy, better employment prospects, a relatively strong NZ\$, rising confidence levels and our promotional work to encourage people to buy the safest vehicle they can afford.

GOAL: SHAPE SMART TRANSPORT CHOICES

VEHICLES ARE MORE EFFICIENT:
Average petrol and diesel consumption (litres) per 100 VKT

AVERAGE FUEL CONSUMPTION PER 100VKT

Year	Diesel (D)	Petrol (P)
2001	18.2	10.8
2002	18.4	11.0
2003	18.6	10.5
2004	19.0	9.8
2005	18.6	10.0
2006	18.8	10.0
2007	18.9	9.9
2008	19.1	10.2
2009	18.8	10.2
2010	18.9	10.5
2011	18.6	10.8
2012	18.2	10.8
2013*	18.0	10.5

**0.9%
DECREASE**

↓
DESIRED TREND

in average petrol consumption reflects the entry of more efficient vehicles into the fleet - first registration of new cars was up 12% while first registration of late-model used cars rose by almost 28% in 2013. Decreasing average speeds has also contributed to more fuel efficient driving.

**2.3%
DECREASE**

↓
DESIRED TREND

in average diesel consumption reflects the impact of work on safe and efficient driver training led by the Energy Efficiency and Conservation Authority (supported by the Transport Agency) and the entry of more fuel efficient heavy vehicles - first registration of new trucks was up almost 31% in 2013.

GOAL: DELIVER HIGHWAY SOLUTIONS FOR CUSTOMERS

HIGHWAY JOURNEYS ARE SAFER:
Number of deaths and serious injuries in head-on and run off road crashes

DEATHS AND SERIOUS INJURIES IN HEAD-ON AND RUN OFF ROAD CRASHES

Year	Number
2008	1150
2009	1150
2010	1050
2011	950
2012	950
2013	800

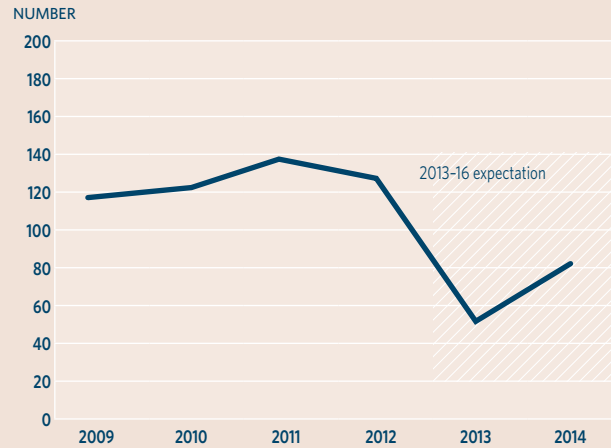
**15%
DECREASE**

↓
DESIRED TREND

reflects progress made on implementing the Safe System approach in the Safer Journeys strategy, including risk-targeted road and roadside treatments, such as median barriers, lower open road speeds and vehicle safety.

HIGHWAY JOURNEYS ARE EFFICIENT AND RELIABLE:
 Number of resolved road closures with a duration of 12 hours or longer

RESOLVED STATE HIGHWAY CLOSURES OF MORE THAN 12 HOURS*



* Also indicates the number of unplanned closures in Auckland and Wellington that have taken 2 hours or more to resolve.

52.8% INCREASE

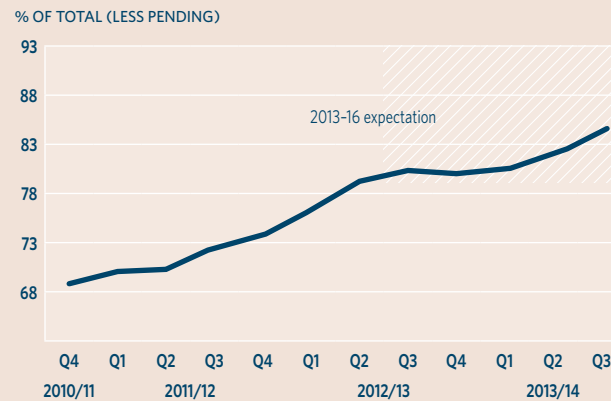


DESIRED TREND

in unplanned road closures exceeding the standard timeframes of 12 hours on the rural network and two hours on the Auckland and Wellington urban networks reflects the impact of the number of significant adverse weather events (mainly in the South Island) and crashes mainly on the urban networks.

HIGHWAYS ARE SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE:
 % compliance with state highway consent conditions

FULL COMPLIANCE WITH SH RESOURCE CONSENT CONDITIONS



5.6% INCREASE



DESIRED TREND

in the percentage of highway activities achieving full compliance with conditions of resource consents, designations and other environmental approvals shows that the Transport Agency is committed to meeting its environmental and social obligations.

GOAL: MAXIMISE RETURNS FOR NEW ZEALAND

INVESTMENT PRIORITIES

NLTF investments align to government investment priorities and have a high degree of effectiveness and efficiency.

We are working closely with our sector and local government partners to make sure that investment is aligned to agreed national, regional and local outcomes, and to deliver cost-effective 'one network' transport solutions that take into account innovative revenue, pricing and financing approaches that can enhance the value delivered by land transport investments.

See the NLTF annual report, pages 189 to 254.

PROGRESS ON OUR STRATEGIC DIRECTION - BY PRIORITY

PRIORITY 1

PUTTING CUSTOMERS AT THE HEART OF OUR BUSINESS

We are focusing on better understanding the needs of our customers and partners, so that we can deliver 'fit for purpose' solutions that reduce red tape and make it easier for them to interact with us. In 2013/14, 78% of staff used customer feedback to improve the level of service to our customers. That's a 2% increase from the previous year.

Success indicator

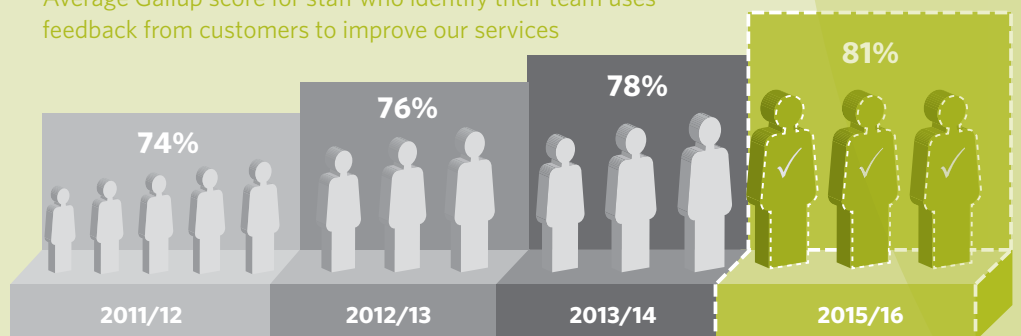
Average Gallup score for staff who identify their team uses feedback from customers to improve our services.

2012 BASELINE	2012/13 RESULT	2013/14 RESULT	2016 TARGET	DESIRED TREND
3.68	3.80	3.89	4.05	INCREASING

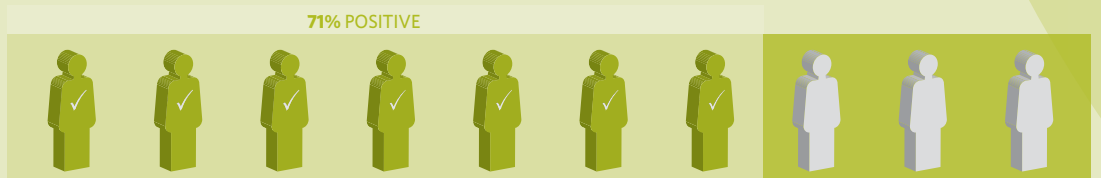
Surveyed customer satisfaction for the management of the funding allocation system output class and the new and improved infrastructure for state highways output class was respectively 19% and 22% higher than the 2013/14 target. This reflects how we have actively sought feedback from suppliers and stakeholders then used the feedback to make delivery improvements as well as clear and transparent investment decisions.

Average Gallup score for staff who identify their team uses feedback from customers to improve our services

INCREASING USE OF CUSTOMER FEEDBACK IS TRANSLATING INTO POSITIVE CUSTOMER IMPRESSIONS



People who had a positive impression when dealing with the Transport Agency



MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Customer capability training rolled out across the Transport Agency



PARTIALLY
ACHIEVED

The approach has been to create targeted training that recognises teams' different levels of understanding and needs. Examples include:

- A customer foundations workshop was rolled out to 80% of Highways and Network Operations staff and a large number of staff in other business groups.
- Advances in service design capability, with staff from across the Transport Agency attending a variety of events.
- The induction programme for all new employees now includes a segment dedicated to the Transport Agency's customer focus.
- A skills and capability review, where all employees could assess their customer service capabilities. The results told us what we need to do as an organisation and in each business group to build customer service capability in 2014/15.

These initiatives provide a firm foundation for capability development and will be continued, with new and more advanced programmes planned for the coming year.

Customer insight techniques are applied in all relevant business improvement projects



PARTIALLY
ACHIEVED

Efforts have focused on gathering customer insights to increase the Transport Agency's understanding of our customers' needs, desires and experiences. These insights are then used to inform the design and redesign of services, policies and decisions. Methods we've used to gather these insights include:

- Research into current levels of customer effort.
- An easy complaints and feedback process so customers can readily give their comments and identify any pain points.
- Customer usability testing for the refresh of the Transport Agency's website and improvements to online transaction processes.
- The support business groups conducted a joint survey of their internal customers for the first time. The results tell the groups where they need to develop service capability and what services their customers want.

Using these insights in the early stages of business improvement projects means our projects start with the customer.

Work programme underway to make it easier for customers to deal with us online



PARTIALLY
ACHIEVED

The Transport Agency's Information Services team delivered a new payment system using service-oriented architecture. Customer usability was at the heart of the design phase for the system.

PRIORITY 2

MAKING THE MOST OF URBAN NETWORK CAPACITY

We are working closely with local government in our biggest cities to ensure better integration of planning, investment and operational activities for state highways, local roads and public transport. This 'one network' approach offers significant economic gains for the entire country, as well as social benefits for drivers, cyclists and public transport users from having an urban transport network that provides safe and reliable journeys. In Auckland, for example, the 'one network' approach will ensure that network productivity (vehicle speed and flow on the urban networks) increases to the 68-70% target range by June 2015.

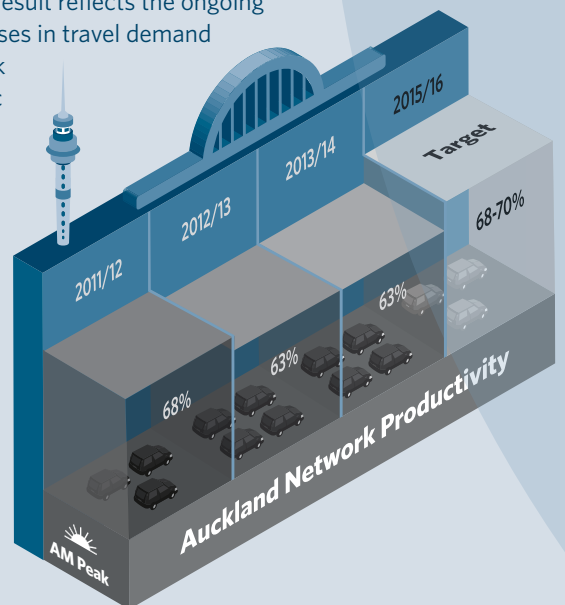
Success indicator

Network productivity (vehicle speed and flow on urban networks in Auckland).

2012 BASELINE	2012/13 RESULT	2013/14 RESULT	2016 TARGET	DESIRED TREND
68%	63%	63%	68-70%	INCREASING

Network productivity of Auckland's urban network was 63% in 2013/14, the same as that recorded for 2012/13, but lower than the 68-70% targeted for 2015/16. This result reflects the ongoing timeframe of the work to address increases in travel demand (up 2.0% in 2013/14), including network operation activities, investment in public transport and steps taken to ease significant capacity pressure points on the Auckland urban network.

WE ARE KEEPING THE WHEELS MOVING IN OUR MAIN URBAN CENTRES TO ENSURE THAT PRODUCTIVITY GAINS AND SOCIAL BENEFITS ARE DELIVERED TO THE TRAVELLING PUBLIC, BUT WE HAVE MORE WORK TO REACH OUR TARGET BY 2016.



MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Network operating plans completed in Auckland, Wellington and Christchurch, including public transport



ACHIEVED

Network operating plans have been completed in Auckland, Wellington and Christchurch. These are now being used as part of everyday business. They have informed programme development for improvements and studies, including public transport across these three networks and the business cases for the Auckland Accelerated Project Programme.

Christchurch Transport Operating Centre (CTOC) is fully operational



ACHIEVED

The CTOC was successfully launched in the first quarter of the year and is now fully operational. It provides real-time travel information through media outlets and is gaining a presence in regular weekly TV and radio slots. External feedback has been positive.

Wellington Transport Operating Centre (WTOC) is operational between Wellington City Council and the Transport Agency, with all councils committed to join



ACHIEVED

The WTOC has made significant progress this year. The WTOC became operational and Wellington City Council agreed to join the centre in the third quarter. Hutt City Council, Wellington City Council and Greater Wellington Regional Council are all part of the WTOC Board. Other councils (excluding Wairarapa) have signed up to the One Network Charter that underpins the WTOC.

Through the implementation of the Public Transport Operating Model (PTOM), Public transport activities in Auckland, Wellington and Christchurch are refocused so they measurably improve the use of network capacity



ACHIEVED

Auckland Transport (AT), Greater Wellington Regional Council (GWRC) and Environment Canterbury (ECan) are implementing PTOM. Using one model as the one tool to improve services, all three regions have redesigned their bus networks and timetables to improve services to better meet regional needs and grow patronage.

As part of new operator contracts, AT, GWRC and ECan are reviewing bus fleet requirements so the fleets are more comfortable for users, more efficient and have lower carbon emissions.

On the back of infrastructure improvements, AT and GWRC have revised their metro rail timetables and are reviewing their rail services, as they prepare to re-tender rail operations. The new electric multiple units (EMUs) are entering service in Auckland and a second tranche is in production for Wellington. Both AT and GWRC are growing patronage each month as the new EMUs begin service.

Develop business case for Christchurch transport interchange and key hubs/spokes
(Note: shared milestone with CERA, ECan and CCC)



ACHIEVED

Canterbury Earthquake Recovery Authority (CERA) completed its business case for Crown funding for the interchange. The contract to build the CERA-led bus interchange project has been awarded to an international consortium. The NLTF contribution to this project will be considered early in 2014/15.

The Transport Agency has worked closely with the CCC, ECan and CERA to develop a business case for the planned changes to the Christchurch public transport network and passenger services to continue the recovery of public transport in Christchurch. The Transport Agency expects to consider the business case for funding for these improvements early in 2014/15.

PRIORITY 3

**MOVING MORE
FREIGHT ON
FEWER TRUCKS**

We are collaborating with local government and industry to improve the performance of the freight network by developing freight plans that give businesses greater choice of transport options, opening up more of the state highway network to HPMVs and opening up the wider road network (including local roads) to 50MAX vehicles. Thanks to these initiatives, approximately 20% of total heavy vehicle kilometres travelled are now by HPMVs. This is a seven percentage point increase from the previous year.

Success indicator

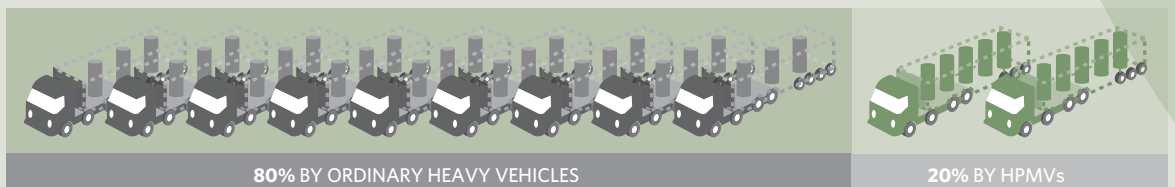
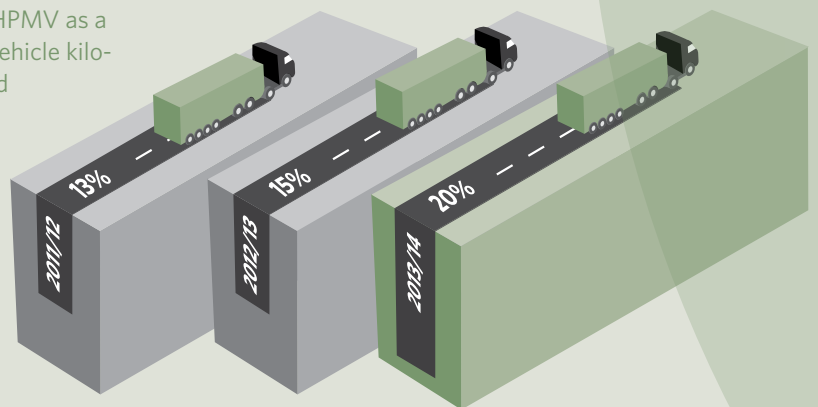
% of travel by HPMV as a total of heavy vehicle kilometres travelled.

2012 BASELINE (EST)	2013/14 RESULT	2016 TARGET
13%	20%	30%

We have achieved our target of lifting HPMV use to 20% of all heavy truck trips by the end of 2013/14. This represents about 280 million kilometres of HPMV travel and an estimated saving of about 30 to 40 million kilometres in big and heavy truck trips.

**THERE HAS BEEN
A 20% UPTAKE OF
HPMVS, REDUCING
ORDINARY HEAVY
VEHICLE TRIPS AND
IMPROVING FREIGHT
PRODUCTIVITY.
WE ARE 67% TO
ACHIEVING OUR 2016
TARGET.**

% of travel by HPMV as a total of heavy vehicle kilometres travelled



MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Deliver access to 1,500 kilometres on the strategic HPMV freight network



ACHIEVED

We have delivered 1,500 kilometres of the High Productivity Freight Network in the upper North Island. The network is made up of routes that will be able to carry vehicles weighing up to 58 tonnes (or 62 tonnes if the routes are suitable for longer 23-25 metre HPMVs). These upgrades have also opened up bridges on these routes to 50MAX HPMVs. Work has now started on delivering the remaining 3,000kms of the High Productivity Freight Network in the lower North Island and South Island.

50MAX HPMV network available on 50% of road network



ACHIEVED

We have exceeded our target by having 64% of local councils signed up to the 50MAX one-stop permit system. This means that more than half the country's local road networks, plus state highways, are open to freight operators using a 50MAX single permit, which can be processed within five working days.

All HPMV permits for state highways are approved within five working days



NOT ACHIEVED

During the year we have improved the service levels for HPMV permits, despite a significant increase in permit requests notably with the introduction of 50MAX permits in the second quarter. By the end of the 2013/14 year, we were delivering:

- Standard permits (50MAX) within two days. During the year over 1,000 permits were issued covering the state highway network and 64% of the local road network on behalf of 45 local councils.
- Complex permits (other HPMVs) within an average of four weeks (19 working days), compared to nine weeks (45 working days) at the start of the year. We have improved the processing times for these following a significant increase in complex permits in the third quarter.

Processing all permits within the five-working-day objective has proved unrealistic, due to the significant engineering checks required for some applications. We are now reworking our thinking to develop a clearer service promise for HPMV customers, which is reflected in the 2014/15 Statement of intent. This HPMV service promise distinguishes between 'standard' (requires little technical assessment) and 'complex' (requires considerable assessment) permits.

Weigh Right Action Plan completed and agreed with key parties involved.

(Note: this is a shared milestone with NZ Police)



IN PROGRESS,
BUT SOME DELAY
AGAINST
PROGRAMME

To make headway in the Weigh Right work, the investment in smart weigh devices was separated from the compliance and enforcement questions around weight compliance (such as discouraging illegal overloading or collection, more efficient use of Police resource and collection of unpaid road-user charges (RUC)).

Working with the NZ Police Commercial Vehicle Investigation Unit (CVIU), we have developed a number of investment options for smart weigh devices. They focus on key freight routes, including routes with bridges that have limited carrying capacity. By installing these weigh devices we can open these bridges to HPMVs without costly and potentially uneconomic upgrades. These weigh devices have been included in the State Highways Asset Management Plan (SHAMP) for the 2015-18 NLTP process.

The task for 2014/15 will be to work with CVIU to develop an operational strategy for Weigh Right that maximises the technology investment to meet the regulatory and compliance needs of both the Transport Agency and the NZ Police.

PRIORITY4

SAFE SPEEDS TO REDUCE DEATHS AND SERIOUS INJURIES

We are working closely with our road safety partners to forge a new national direction and guidance for speeds. They will be defined by road function, design and use. We are continuing to change the public's attitude about safe speeds through road safety campaigns, including the internationally acclaimed 'Mistakes' advertising campaign and by jointly leading a cross-sector programme on the impact of travel speeds. These initiatives have helped to reduce deaths and serious injuries on open roads from 1,353 for the year ended June 2012 to 1,267 for the year ended June 2014.

Success indicator

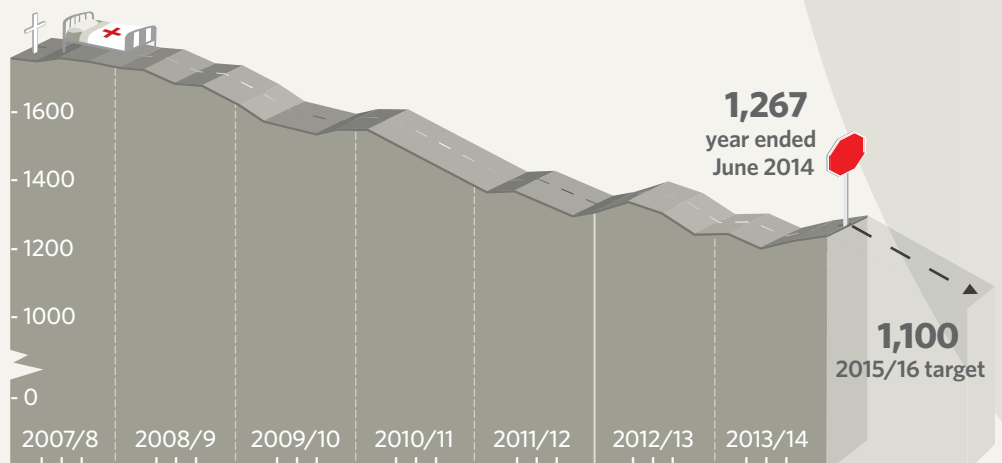
Number of deaths and serious injuries on open roads (80-100km/h).

2012 BASELINE (EST)	2013/14 RESULT	2016 TARGET
1,353	1,267	1,100

The 6.4% decrease in deaths and serious injuries since June 2012 indicates that we are on track to reduce deaths and serious injuries to approximately 1,100 by June 2016.

THE LONG-TERM DECLINING TREND IN ROAD DEATH AND SERIOUS INJURIES SUGGESTS THAT WE ARE ON TRACK TO DELIVER ON OUR 2016 TARGET.

Number of deaths and serious injuries on open (80-100km/h) roads (12 months rolling)



MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Develop, with road safety partners, a new national direction and guidance on speeds that are right for the road, the vehicle and the environment



ACHIEVED

The Safer Speeds programme contains a framework to guide the sector on safe and appropriate speed ranges for different road types, taking road classification, design, safety risk and road use into account. The programme also has five actions intended to transform road safety. Each of the lead agencies has begun working on these and will continue into 2016 and beyond.

Develop a comprehensive, long-term communication and engagement programme to increase partner, stakeholder and public understanding of, and support for, safe speeds. This will have a strong education focus



ACHIEVED

We are developing a brief for an engagement and communications campaign to build sector and public support for safer speeds. This is one of the five transformational actions in the Safer Speeds programme.

In the last 12 months, this work has been widened to support the objectives of the broader Safer Speeds programme and reflect stakeholder views. As such, timing is behind the original schedule but the campaign is now well aligned to the Safer Speeds programme as a whole.

Develop a speed risk-management guide to inform speed interventions across all parts of the road safety system and link application of the guide to investment



ACHIEVED

Develop a speed risk-management guide to inform speed interventions across all parts of the road safety system. The guide will also be linked to investment.

2016 target



FEWER THAN

1,100

PRIORITY 5

EFFICIENT ROAD MAINTENANCE INVESTMENT AND DELIVERY

We are improving efficiencies by implementing the recommendations made by the Road Maintenance Task Force. These recommendations encourage collaboration with local government to get better cost efficiencies from road investments. The recommendations also encourage innovation in the way we manage local roads and state highways. We have saved \$198 million since July 2012 by implementing these recommendations.

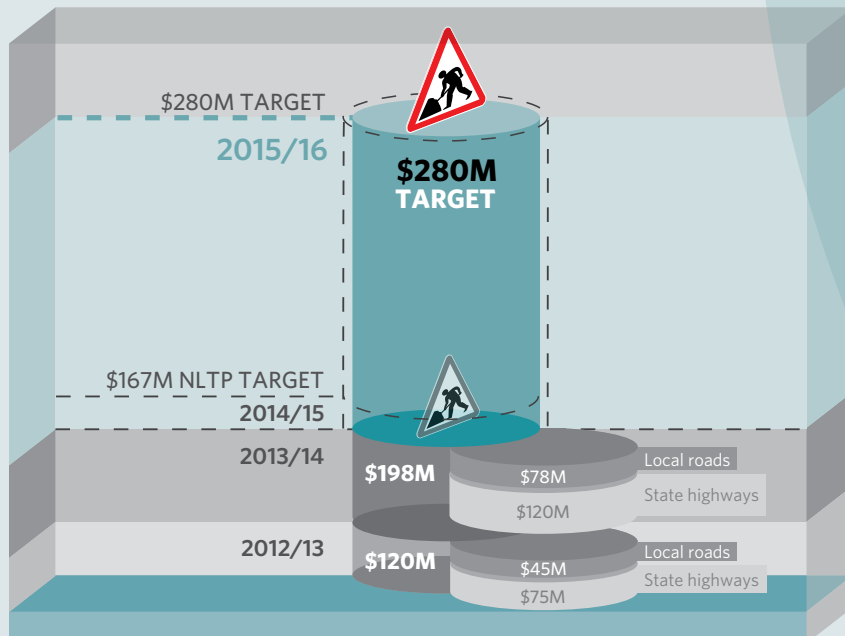
Success indicator

Programmed savings in maintenance and operations activity in 2012-15 NLTP

2012 BASELINE (EST)	2013/14 RESULT	2016 TARGET (REVISED)
\$0	\$198m	\$280m

At the end of 2013/14, programmed savings achieved in renewal, maintenance and operations activities stood at \$198m – just over 70% of the 2015/16 targeted cost savings. Of these cost savings, an estimated \$120m was achieved from state highway related activities, and the remainder came from renewals, maintenance and operation of local roads.

WE HAVE SAVED \$198M IN MAINTENANCE AND RENEWAL ACTIVITIES AS WE CHASE OUR AMBITIOUS 2016 SAVINGS TARGET OF \$280M.



MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Develop a 'one network' classification tool and determine associated levels of service

Align the understanding of the 'one network' classification system with road controlling authority (RCA) partners.

Use the system to align the investment process to achieve savings



Changes to the Road Assessment Maintenance Management (RAMM) system have been completed, allowing us to classify networks.

We are providing targeted support to approved organisations using self-assessment surveys. The partnership assessment tool reports and other regional knowledge are helping target the support.

We are aware that this is a stretch target for a number of approved organisations, particularly aligning their current network classification to the One Network Road Classification (ONRC).

Conversations with and between all RCAs and business cases for the four to five early adopters



Conversations with local authorities and collaboration opportunities continue to be identified and progressed.

There are five significant highways and local authority collaborations occurring (in Northland, Western Bay of Plenty, Eastern Bay of Plenty, Gisborne and Marlborough), which have various governance and service delivery agreements in place.

South Canterbury councils (Ashburton, Mackenzie, Timaru and Waimate) have now signed an MOU aimed at collectively improving asset management.

Dunedin and Waitaki are also in continued discussions around how to collectively improve their asset management and have identified a number of options.

Through this initiative, we have built much better relationships with local authorities and we are continuing to work together.

Differences in activity management plans (AMPs) identified and remedial measures explored



Review and analysis of existing AMPs has informed the development of an assessment framework and other guidance material that helps identify the differences between AMPs. This work has helped us give advice to approved organisations.

Asset management planning and procurement policy and guidance are aligned to promote value for money



The development of the draft State Highway Activity Management Plan (SHAMP) has progressed well. We are on track to have the programme ready for the Board to make decisions in August 2015, in line with the 2015-18 NLTP timeframe.

Streamlined procurement practices



With 7 out of 22 network outcome contracts now awarded, we have just reached our first 'hold point', to review the outcome of tenders to date, to confirm we are achieving the outcomes sought. We now have in place a set of supply market metrics for maintenance and operations that allow us to monitor the tender results and keep an eye on the market competition risks. In general, the hold point confirmed we are on track, tenders are competitive and the quality of suppliers' submissions, which are all influencing success.

The long-term programme of investment is clarified



We have finished developing an assessment methodology and framework to assess AMPs. These will contribute to developing the long-term programme of investment. The Road Efficiency Group's work has contributed to this, with the development of the ONRC system, which also defines customer service levels and performance measures.

PROGRESS ON OUR STRATEGIC DIRECTION - BY GOAL



We are working closely with our sector, local government and industry partners to better integrate land use with the transport networks, to deliver integrated transport networks - for all types of transport - that ensure strategic connections and broaden travel choices and to improve the efficiency of freight supply chains within and across transport options.

OBJECTIVE 1

Integrate land uses and transport networks to shape demand at national, regional and local levels

MILESTONES FOR 2013/14

Complete work with the Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Transport (MoT) on national and regional futures and scenarios, and their land transport demand implications

(Note: this is a shared milestone)



ACHIEVED

WHAT WE DID

Through the development of the 30-year National Land Transport Programme and the draft Government Policy Statement for Land Transport (GPS), we have worked with MoT to test transport demand implications for a range of different futures and scenarios. This work is helping MBIE to stay updated on transport trends and the impact on economic growth and productivity.

Transport futures and scenarios information and our *Statement of intent 2013-16* were provided to MBIE for their *Regional economic activity report*, which is now published.

Auckland Council (AC) and Auckland Transport (AT) ensure that cost-effective provision of infrastructure is recognised and facilitated by the Auckland Unitary Plan

(Note: this is a shared milestone)



ACHIEVED

We worked closely with other transport providers before making any submission on the proposed Auckland Unitary Plan. We supported the Ministry for the Environment to prepare the whole-of-government submission.

We have been able to influence the provisions of the proposed Auckland Unitary Plan, prior to notification, by engaging with Auckland Council and its council-controlled organisations (CCOs), which meant that key provisions will enable development of transport infrastructure.

The Transport Agency also made a formal submission in response to the proposed Auckland Unitary Plan on 28 February 2014 and is currently preparing further submissions.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

The Transport Agency works effectively with AC and AT on the planning of infrastructure for brownfield and greenfield development and special housing areas identified through the Auckland Housing Accord

(Note: this is a shared milestone)



ACHIEVED

We worked with AC and AT using the 'one network' approach to the greenfield land and special housing areas. We helped identify new greenfield land, to support the transport in greenfield areas (TIGA) workstream. We are supporting the rural urban boundary (RUB) work through our Unitary Plan submission and planning sub-regional work with AC and AT.

We worked collaboratively with AC and AT to ensure our key principles are incorporated in the selection of, and master planning for, special housing areas. We have also provided advice on the availability of funding for special housing areas.

The Transport Agency will work with CERA, ECan and CCC to ensure that cost-effective provision of infrastructure is recognised and facilitated by the Christchurch Land-Use Recovery Plan

(Note: this is a shared milestone)



ACHIEVED

Focus has now moved to assisting CCC's District Plan Review, to give effect to the Land-Use Recovery Plan.

We played a significant role in shaping the draft district plan to integrate planning for infrastructure and we have completed our work on the preparation of the draft district plan. The draft is awaiting ministerial direction before being publicly notified.

OBJECTIVE 2

Integrate national and local transport networks to support strategic connections and travel choice

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 2: Making the most of urban network capacity on page 46

Initiate investment conversations with AT for the 2015–18 NLTP, specifically for 'one network' transport planning, to ensure multiple transport options for the East-West corridor, the South-West airport rapid transit and the Auckland–Manukau Eastern Transport Initiative (AMETI)



ACHIEVED

We worked with AT to ensure they were aware of the 2015–18 NLTP timeframes and early investment signals.

There has been a high level of cross-organisational collaboration during the development of the next version of the Auckland Integrated Transport Programme, which will help deliver the Auckland Plan. Various workstreams are well underway, including:

- One Network Road Classification (see priority 5, page 52).
- Customer level of service implications on activity management plan development.
- Integrated transport programme profiling workshops.
- Development of performance measures and monitoring.

The business case for the East-West Link has led to changes in the AMETI.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 2: Making the most of urban network capacity on page 46

A national road classification is successfully completed

(Note: this is a shared milestone with local government)



ACHIEVED

See priority 5: Efficient road maintenance investment and delivery on page 52.

Integrated ticketing procurement process started in Wellington and the Auckland integrated fare system successfully implemented

(Note: these are a shared milestones with local government)



PARTIALLY ACHIEVED

The Auckland integrated ticketing scheme was implemented at the end of the third quarter. The scheme is operating successfully with normal continuous improvement processes. AT is now planning a fundamental fare review to improve fare structures, enabled by the integrated ticketing scheme.

Greater Wellington Regional Council (GWRC) is still at the early stages of planning its integrated ticketing requirements, which is the first step towards procurement. Internal resource constraints have meant slower progress than anticipated - as GWRC has simultaneously been managing a wide range of public transport matters, eg trolley bus fleet, public transport spine, network review and real-time information.

OBJECTIVE 3

Improve freight supply chain efficiency

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 3: Moving more freight on fewer trucks on page 48.

Upper North Island Freight Accord is agreed with representatives from across freight sector

(Note: this is a shared milestone)



IN PROGRESS,
BUT SOME DELAY
AGAINST
PROGRAMME

The Upper North Island Freight Accord is in draft, following an additional round of facilitated discussions. The draft accord builds on the work of the Upper North Island Freight Story - which sets out the critical barriers to achieving a safer and more efficient freight system.

The draft will be the focus of engagement with stakeholders during the first quarter of 2014/15 and we expect parties to sign up when they are comfortable to do so over this time. The draft will also help shape regional, intra-regional and national freight discussions.

South Island and central New Zealand freight stories completed

(Note: this is a shared milestone)



IN PROGRESS,
BUT SOME DELAY
AGAINST
PROGRAMME

The Central New Zealand Freight Story is in draft with an evidence base and key themes refined. Stakeholders will be consulted and the plan completed in the first quarter of 2014/15.

The South Island Freight Story has high-level themes identified with an evidence base completed. We will begin working with stakeholders in the second quarter of 2014/15.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 3: Moving more freight on fewer trucks on page 48.

National Freight Action Plan agreed with representatives from across the freight sector

(Note: this is a shared milestone)



The National Freight Action Plan was designed to address national questions arising from the three regional plans. This work has begun and will be progressed during 2014/15 as the national themes – such as regulation, workforce and safety – become clearer.

Long-term strategic freight network planning proposal developed for KiwiRail and the Transport Agency



The original milestone was overtaken by events during 2013/14. KiwiRail is refreshing its long-term business plan – called Rail 2045. As part of this work the Transport Agency is looking at the role rail plays in New Zealand's integrated transport system. Much of the work done so far on the rail network concept can be incorporated into this work. This includes looking at rail's potential future role in, and response to, the growing and evolving freight task (especially the commodities that make significant use of rail, like processed dairy products). This work will also examine industry feedback from our freight engagement processes and look at how changes to the rail freight task might impact the wider network.

GOAL

SHAPE SMART TRANSPORT CHOICES

We are working closely with our sector and local government partners to make the road transport system safer. We're doing this by implementing the Safe System approach, encouraging users to make smart travel choices and introducing better regulation that helps reduce the compliance costs faced by transport users.

OBJECTIVE 4

Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 4: Safe speeds to reduce deaths and serious injuries on page 50.

A signature project is successfully launched

(Note: this is a shared milestone with ACC, NZ Police and local government)



ACHIEVED

The national signature programme has been launched with a rural road safety signature project based in Eastern Bay of Plenty. The project took time to establish, which was expected given the challenging road safety and social issues in the area. Early lessons learnt from this have influenced the three other signature projects, which are all at various stages of development.

The signature programme now has four projects established:

- Rural road safety in Eastern Bay of Plenty.
- Future streets (active transport modes).
- High-risk young drivers in Auckland.
- Visiting drivers in the lower South Island.

Relevant Transport Agency staff and leaders trained in the Safe System approach



ACHIEVED

Over 1,000 people from across the sector have now been trained in the Safe System approach. The Safe System in Practice course has an established reputation for quality and relevance, with increasing numbers of private sector consultants enrolling. Demand for further delivery in 2014/15 is very strong, but this is dependent on establishing financial viability while keeping the course affordable.

Key Transport Agency manuals, processes and decision-making frameworks reviewed and changed to deliver a safe road system



ACHIEVED

Good progress has been made on embedding the Safe System approach across a range of manuals, processes and decision-making frameworks. The key outstanding area for focus in 2014/15 is the *Economic evaluation manual*.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

The remaining actions from the 2011/12 Safer Journeys Action Plan are completed.
(Note: this is a shared milestone with MoT, NZ Police, local government and ACC)

Implement revised road safety action planning approach



ACHIEVED

The regional leadership teams (RLTs) have ensured road safety issues are fully understood across regional business units using the new road safety leadership model, particularly in Auckland and Southern region.

RLTs also strategically support regional road safety work, in collaboration with regional partner agencies. Delivery is supported and measured through operational plans developed by regional road safety portfolio groups. These plans also identify where activities are best delivered nationally, with regional partners or by partners.

Complete Coromandel demonstration project and ready Maramarua demonstration project for construction



IN PROGRESS,
BUT SOME DELAY
AGAINST
PROGRAMME

Safer Rides Southern Coromandel project is in construction with some physical works now carried over into the 2014/15 financial year. This work is now forecast for completion by November 2014. The delay was caused by council consent conditions meaning some earthworks cannot start until September.

Maramarua demonstration project continues to progress to the revised programme timeframe, with the design component incorporated into the 2014/15 State Highway Plan.

The project is complex and over a long length of highway (17kms). Scoping work to determine the best and most economic solution for retrofitting barriers has been completed. We also scoped, and continue to investigate, ways to reduce the number of properties that access the highway using local road changes. While this has meant a delay against the original programme, it has provided clarity around our requirements for the project.

Complete and promulgate high-risk intersection guide



ACHIEVED

The *high-risk intersection guide* was completed. Social media was used to publicise the 100 most risky intersections.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

The remaining actions from the 2011/12 Safer Journeys Action Plan are completed.
(Note: this is a shared milestone with MoT, NZ Police, local government and ACC)

Complete motorcycle licence changes, introduce maximum time licence limits and child restraint age extension



ACHIEVED

Child restraints – The child restraints law is now fully implemented. A publicity campaign was completed in the second quarter. It informed parents, caregivers, schools and other groups about the changes to the laws around transporting children. The campaign was well received.

Competency-based training and assessment (CBTA)

– Implementation of the CBTA project is complete and courses have been introduced as an alternative option for people getting their restricted and full motorcycle licence. Course providers were certified as assessors across the country from December 2013 and courses were available from 1 March 2014. In the first three months, 21% of customers presented a CBTA course certificate when testing for a restricted or full motorcycle licence.

Time limits on driver licences – The time limits business case was approved and implementation phase started. Go-live is on track for November 2014.

OBJECTIVE 5

Incentivise and shape safe and efficient travel choices using a customer-focused approach

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Immediate travel time and user information improvement projects are being successfully implemented

(Note: this is a shared milestone with local government)



NOT ACHIEVED

The intelligent transport system (ITS) framework and roadmap has been published internally and presented at the ITS Conference, as planned.

We have done a lot of work on traveller information this year, getting the transport operating centres set up, operational in Christchurch and Wellington (CTOC/ WTOC) and aligned nationally, plus the establishment of journey managers across the country.



We deferred further work on this initiative until 2014/15.

Options to encourage less-safe vehicles to exit from the fleet are developed, considered and the action plan agreed




ACHIEVED

Advice on ways to accelerate the exit of less-safe vehicles from the fleet was provided to the Associate Minister of Transport in December 2013. Subsequent cost-benefit analysis found that the market is working effectively to exit less-safe vehicles and significant government intervention would not be efficient in terms of a national cost-benefit. The project has shifted its focus to ways to give consumers information that support the market-led exit of less-safe vehicles. Key stakeholders have taken part in this work and provided positive feedback.

MILESTONES FOR 2013/14	OUR RESULTS	WHAT WE DID
<p>The effectiveness of alcohol interlocks is reviewed and recommendations made for their future use</p> <p><i>(Note: this is a shared milestone with MoT)</i></p>	 ACHIEVED	<p>There has not been sufficient evidence to undertake a review, as courts have imposed very few alcohol interlock licence penalties. As of 31 May 2014, only 207 people held alcohol interlock licences.</p> <p>The effectiveness review has been moved within the 'Impairment: review of sanctions for drink-driving' project to be delivered in July 2015.</p>
<p>The '100 highest-risk intersection' programme for state highways and local roads is launched and progressed</p>	 ACHIEVED	<p>The 'top 100' high-risk intersections were identified and publicised through the media.</p> <p>Work to improve a number of these intersections has been included in the 2015-18 NLTP submission.</p> <p>Improvements have been completed at six of the 41 state highway intersections included in the 'top 100' high-risk intersections. Improvements include upgrading of a signalised intersection, the installation of a temporary roundabout and four experimental rural intersection active warning signs.</p>

OBJECTIVE 6

Reduce costs for transport users through better regulation and willing compliance

MILESTONES FOR 2013/14	OUR RESULTS	WHAT WE DID
<p>The vehicle licensing reform (VLR) changes are successfully implemented</p>	 ACHIEVED	<p>Changes successfully progressed include:</p> <ul style="list-style-type: none"> • We implemented the new WoF frequency for all vehicles registered since 1 January 2000. • We implemented variable frequency for CoFs, which came into effect on 1 July 2014. • We developed a service delivery model for CoFs, which is scheduled for implementation on 1 December 2014. • We consulted with the public on administration fees in February 2014. They are scheduled to come into effect in November 2014.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

The 2013/14 Rules Programme is delivered to agreed time, cost and quality standards



The following items in the 2013/14 Rules Programme have been delivered within the projected timeframes:

- The Vehicle Standards Compliance Amendment Rule was signed in August 2013.
- The Omnibus Amendment Rules 2013 were signed in November 2013.
- Light-Vehicle Brakes Amendment Rule was signed in June 2014.

Timeframes for the following items were delayed by or in consultation with MoT:

- Vehicle Dimensions and Mass Amendment Rule (submitted to MoT in June 2014 for signing).
- Driver Licensing Rule amendment deferred until July 2014.

Our 'world-class regulator' business plan is successfully completed and the structures and resources set in place and committed to ensure successful realisation



Good progress has been made in year 1 of implementation of the 'world-class regulator' business plan. In four of the five performance areas, we have achieved a lift in performance with results in the remaining area still to come in, but looking positive. Our ambitious business change programme was achieved, but some planned items on our continuous improvement programme were re-sequenced or deferred.

GOAL

DELIVER HIGHWAY SOLUTIONS FOR CUSTOMERS

We are making good progress on providing highway solutions by ensuring that the delivery of the roads of national significance (RoNS) remains on track, by growing our capability to address resilience issues on the state highway network and by improving our ability to provide consistent levels of customer service to address changing levels of demand through the adoption of the State Highway Activity Management Plan (SHAMP).

OBJECTIVE 7

Greater resilience of the state highway network

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Operational network resilience policy adopted



ACHIEVED

The operational network resilience policy has been adopted.

We have developed a National Resilience Programme business case (Resilience PBC), which identifies resilience issues on the state highway network, based on our 'one network' approach, and recommends a national programme of prioritised activities.

We have developed a programme of activities that will result in a state highway network that is more resilient over time. This programme will be in the planning phase for the next three years; implementation is further down the track.

The programme business case is being included with the SHAMP activities to be submitted for the next NLTP.

Business case for national interventions for natural disasters on the state highway network is completed



ACHIEVED

The business case is complete and is on track to be reflected in the SHAMP.

The review of our Investment and Revenue Strategy incorporates the new operating frameworks around network resilience



ACHIEVED

Network resilience will be included in the draft 2015-18 investment assessment framework that, once finalised, is expected to give effect to the GPS 2015. The GPS is expected to be finalised late in the 2014 calendar year.

OBJECTIVE 8

Deliver consistent levels of customer service that meet current expectations and anticipate future demand

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 4: Safe speeds reduce deaths and serious injuries on page 50.

Refer to priority 5: Efficient road maintenance investment and delivery on page 52.

The SHAMP reflects agreed differentiated levels of service and realises the targeted cost efficiencies



ACHIEVED

The development of the SHAMP has progressed well. We are on track to have the programmes ready for the Board decision in August, which is in line with the NLTP timeframe.

The first phase of the 'single supplier' delivery model for asset management is successfully implemented and the supporting internal restructuring



ACHIEVED

The first phase of the single supplier delivery model was successfully implemented.

The roll out of the programme remains on track.

OBJECTIVE 9

Plan for and deliver the roads of national significance (RoNS)

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Pūhoi to Wellsford

Pūhoi to Warkworth development



ON SCHEDULE

A significant project milestone was achieved in the first quarter with the lodgement of the documentation and consents for the Pūhoi to Warkworth section of the new highway.

The subsequent Board of Inquiry (BOI) hearing took place between 7 April and 5 June 2014.

A draft decision has now been released by the Environment Protection Authority's (EPA's) BOI to grant consents to construct the first section of the Pūhoi to Warkworth section of the Ara Tūhono Pūhoi to Wellsford RoNS.

A business case is being developed to explore the potential of a Public Private Partnership (PPP).

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Western Ring Route

is under construction including Waterview and Causeway



ON SCHEDULE

All sections of the Western Ring Route continue to progress well without any significant delays to their target completion date.

The Great North Road interchange and SH16 Causeway have met planned milestones for the year. The interchange has one ramp, which was completed in the fourth quarter and another underway, which is slightly ahead of planned progress.

The next key date is the tunnel boring machine breakthrough at the northern end, planned for late September 2014. Achieving this significant target requires the coordination of a number of critical activities, including the completion of the northern approach trench.

Waikato Expressway

Under construction: Rangiriri and Cambridge

Ngāruawāhia open



ON SCHEDULE

Good progress has been made through this financial year. More than half the entire Waikato Expressway is now either under construction or completed.

Ngāruawāhia section - This section was completed on time and on budget. It was opened by the Minister in December 2013, followed by a public walkover.

Cambridge section - In the first quarter, construction on this 16km section started and good progress has been made. The Cambridge Visitor Centre at the site office on Victoria Road was officially opened to the public in November 2013, with hundreds of visitors attending over the first two days.

Rangiriri section - Construction progress is good. Ground improvements and the bridge piling programme are on track.

The programme is proceeding to plan and we expect to deliver all sections of the Waikato Expressway by 2019/20 within forecast expenditure.

Tauranga Eastern Link (TEL)

Under construction



ON SCHEDULE

The construction of the TEL has progressed smoothly through 2013/14 and is running ahead of the original expected completion date.

A number of sections of the road are open to traffic and are operating well.

The full length of the TEL is expected to be complete and open to traffic by the end of 2015, rather than 2016.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Wellington Northern Corridor

Under construction: MacKays to Peka Peka

Transmission Gully enabling and procurement

In design:
Basin Reserve improvements

Peka Peka to Ōtaki



ON SCHEDULE,
HOWEVER
BASIN RESERVE
CONSENT
DECLINED

Three of the eight sections of the Wellington Northern Corridor are now in construction.

MacKays to Peka Peka - Construction is progressing to plan. A new public information centre was opened by the Associate Transport Minister in June.

The **Tunnel to Tunnel** section is progressing well. The Memorial Park tunnel is now enclosed and the project is on schedule for opening in April 2015.

Construction of **Transmission Gully** is planned to start in 2014/15.

Resource consent for the **Basin Reserve Bridge** project has been declined by the Board of Inquiry.

Christchurch Motorways**Western Corridor**

Under construction:

Harewood Road to Yaldhurst Road four-laning

Sawyers Arms to Wairakei (Harewood) Road four-laning

In design:

Groynes to Sawyers Arms four-laning

Western Belfast Bypass

Christchurch Southern Motorway

Stage 2 in design



ON SCHEDULE

The remaining six sections of the Christchurch Motorways project are progressing well and in line with the current programme.

Some sections are now open to traffic. Much of the Sawyers Arms to Harewood section route is open to traffic. On the Waterloo to Yaldhurst section, traffic between Buchanans and Yaldhurst is now running on the newly constructed western carriageway.

Western Corridor - Work continues on the investigation of a lower cost route option for the Western Belfast Bypass. We are working towards a construction start in late 2014 or early 2015.

Southern Corridor - Design is progressing well for the Christchurch Southern Motorway Stage 2. The Environmental Protection Authority's Board of Inquiry approved the application for the notice of requirement and resource consents in November. We are planning on tendering the construction phase in mid-2015/16.

GOAL

**MAXIMISE RETURNS
FOR NEW ZEALAND**

We are working closely with our sector and local government partners to make sure that investment is aligned to agreed national, regional and local outcomes, and to deliver cost-effective 'one network' transport solutions that take into account innovative revenue, pricing and financing approaches that can enhance the value delivered by land transport investments.

OBJECTIVE 10

Align investment to agreed national, regional and local outcomes, and improve value for money in all we invest in and deliver

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 5: Efficient road maintenance investment and delivery on page 52.

Adjust 2012-15 NLTF investment to match revenue to deliver maximum returns



ACHIEVED

The NLTF Cash-Flow Advisory Group monitored NLTF revenue and expenditure and how the NLTF short-term borrowing facilities were used. The group recommended deferring the drawdown of the TEL tolling debt until 2014/15, to make better use of the available funding in 2013/14. The group also decided not to draw down any of the \$100 million temporary debt facility for the July 2014 claims spike.

Some progress has been made by MoT to revise the conditions around the short-term borrowing facilities.

Overall performance in matching expenditure to available revenue is reasonable. Expenditure by local authorities is down on plan.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 5: Efficient road maintenance investment and delivery on page 52.

Deliver Stronger Christchurch Infrastructure Rebuild Team (SCIRT) value and report

(Note: shared milestone with CERA and CCC)



SCIRT has delivered a draft value report to the Horizontal Infrastructure Governance Group (HIGG) for consideration. HIGG is developing a response to the SCIRT draft with a view to having a whole-of-rebuild-programme monitoring report, including a measure of the value of SCIRT, completed by the end of the first quarter of 2014/15.

The unit rates report, which is a review of SCIRT productivity, has been received by HIGG and the Office of the Auditor-General briefed on the findings. HIGG has commissioned an independent review of the findings – due in the first quarter of 2014/15.

Complete the prioritised 2013/14 Canterbury rebuild work programme on time and within budget

(Note: shared milestone with CERA, SCIRT and CCC)



The work programme for the year has achieved 90% of the target set for the SCIRT alliance and 60% of the CCC delivered programme. Due to the difficulties in optimising the rebuild programme and a number of issues with residential red-zone land there has been a sub-optimal delivery of planned works.

The fourth quarter work programme is under review in tandem with whole-of-programme capital optimisation works. The audit programme is on track. CERA has commissioned an independent review of the audit programme, which hasn't been presented to HIGG yet. HIGG has implemented a new management structure (the Horizontal Infrastructure Management Team - HIMT), which includes a resource dedicated to monitoring and performance. HIMT has been working with the three clients and SCIRT to complete a full review of all audit workstreams and is providing guidance to HIGG on the future direction and focus of the audit programme as it awaits the independent review report.

Optimisation is now finalised. Although developing the work programme has been challenging, targets are now set for the remainder of the work programme and we are confident they will be met.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Refer to priority 5: Efficient road maintenance investment and delivery on page 52.

Contribute to the completion of the second version of the Auckland Integrated Transport Programme (ITP)



ACHIEVED

Development of AT's ITP 2015 has progressed (with our support and guidance) to the point it can set the strategic context for the next regional land transport programmes and long-term plans.

Adoption of the better business case approach, the development of an investment logic map, and the creation of a transparent transport and investment calculator have all been delivered. This work underpins a prioritised programme, enabling the link between the ITP strategic framework and the Transport Agency's Investment and Revenue Strategy and the programme to deliver more, with less capital investment than previously identified.

We provide effective support to the development of the 2015-18 GPS, drawing on lessons learnt from the 2012-15 NLTP development and delivery



ACHIEVED

During the year, we have engaged with MoT to provide data and analysis to support the development of the GPS. As at year-end, a draft GPS had been released for public consultation with a closing date for submissions of 11 August 2014.

OBJECTIVE 11

Ensure effective and efficient co-investment with our partners

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Complete the review of the funding assistance rate (FAR) system



ACHIEVED

The Board has made initial decisions around the FAR approach. The Board has extended the timeline to complete the review to address further matters, eg updating model inputs and special purpose roads (SPR). These remaining matters will be reported back to the Board in October.

Regional teams have explained the FAR framework and the Board's decisions to approved organisations (AOs), as appropriate.

The Transport Agency is working with AOs to determine transitional arrangements for SPRs.

MILESTONES FOR 2013/14

OUR RESULTS

WHAT WE DID

Ongoing implementation of the planning and investing for outcomes approach via an integrated focused programme of work



ACHIEVED

The second set of planning and investment signals were successfully released in May. The Journey Approach and broader signals were presented to the Waikato/ Bay of Plenty joint RTC meeting in June. Signals were delivered to advisory groups all over the country.

Regional council staff form part of our internal National Land Transport Programme (NLTP) project team with Transport Agency staff embedded in influential roles in project governance for both regional land transport programmes.

The draft outcomes modelling tool is complete and testing is underway.

Identified and documented key national and regional network issues

Improved critical tools, processes and systems, including (but not limited to) assessment framework, business case approach, benefits realisation model, shared evidence base and review of the *Economic evaluation manual*

Implementation of the Public Transport Operating Model (PTOM) is progressing to plan in major urban areas as networks are reviewed and new contracts established with service operators



ACHIEVED

The complexity of the PTOM implementation became very clear during the 2013/14 year. The three metros and provincial towns and cities have all been reviewing and redesigning their networks and public transport services to ensure they meet regional needs. Similarly, they have been renewing their procurement approaches to include PTOM partnering requirements.



We have established strong working relationships with AT, ECan and GWRC.

AT has completed the details of its new procurement approach and will be going out for its first competitive bus tenders in the first half of the 2014/15 year.

ECan will be ready to tender and negotiate new bus operator partnering contracts in 2015. Both AT and GWRC are looking to enable competition in the market by ensuring opportunities for operators to consider both rail and bus opportunities, which affect the timing of bus contract tenders in Wellington.

(Note: this is a shared milestone with local government)

OBJECTIVE 12
Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments

MILESTONES FOR 2013/14	OUR RESULTS	WHAT WE DID
Develop and assess procurement of Transmission Gully as a PPP	 ACHIEVED	Media following the announcement of the signing of the contract has been very positive . Planning is underway for construction to begin within the next few months, which will include enabling works such as site office establishment, site access and fencing.
Assess business case for procurement of Pūhoi to Wellsford (P2W) as a PPP	 ACHIEVED	The procurement strategy is complete, but we have delayed other aspects of P2W so we can incorporate the learnings from Transmission Gully.

ORGANISATIONAL CAPABILITY AND HEALTH

In order to deliver our desired targets and results effectively and efficiently, we continue to invest in our organisational capacity, capability and external relationships. At the same time we apply the highest standards to our decision-making and behaviour. We are moving towards greater agility as we build our organisational capability.



Harnessing all our available knowledge to help deliver transport solutions

As we improve our systems to make data and information readily accessible in a user friendly format, we anticipate an increase in staff and stakeholder satisfaction as it gets easier for them to find the information they need. Investment in our capability to store and manage data and information will increase our capability to make smarter, more aligned decisions promptly. This will increase the confidence of our customers, colleagues and stakeholders in the reliability and accuracy of the data and information we provide.

INDICATOR	2013	2014	DESIRED TREND
Stakeholders satisfied with the manner in which the Transport Agency makes decisions <i>(Stakeholder perception survey)</i>	48%	48%	Increase
Internal staff perception survey on the accuracy and accessibility of our information <i>(Customer satisfaction survey of organisational support)</i>	NA	56.2%	Increase

DESIRED RESULT BY 2016

OUR RESULTS

WHAT WE DID

Develop the skills to extract value from information through completing our information management strategy initiatives and embedding the people skills and expertise to leverage our knowledge through our people strategy



Part of the work to harness our knowledge means replacing our information/knowledge system, because the previous system was assessed as not able to meet our business needs. During the year we scoped and understood the information requirements of the Transport Agency and went to market to select a better solution. The new system will be implemented during 2015.

We have also focused on increasing our people capability and technology to make it easier to find and use information. The work on developing the skills of our people to manage information is complete, with the majority of the organisation attending information management training. We have also increased business intelligence capability. We have agreed a data quality and stewardship framework with the business.

Projects to make it easier for us and our customers to harness our knowledge have advanced well, with the implementation of a better search engine, implementation of a common analytics and reporting tool, embedding our geospatial capability, investing in our financial management system and substantial progress on the redesign of our nzta.govt.nz website.

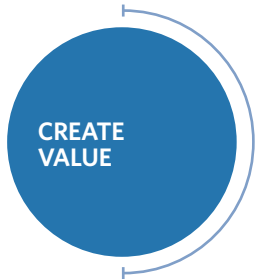
Actively develop asset management strategy, roadmap and solutions, support enterprise solutions, implement the prioritised projects and complete business continuity



We have developed a strategic business case for transforming asset management and are currently on target to complete the programme business case by the end of 2014. The current phase is a wide ranging analysis of options, where we are assessing technical fit, effort and risk to achieve our strategic objectives.

As part of the work to support enterprise solutions, we have signed a contract for our SAP enterprise resource planning and customer relationship management platforms. Work is now focused on migrating roles and responsibilities to business as usual.


Delivery of the Transport Agency's prioritised projects (the 'change initiative list') is progressing to plan. Work on business continuity (business capability and process resilience) progressed and is on track for delivery by the end of 2014, as part of the first phase of key business services.



Collaborate across the sector and with customers to create additional value

High-quality stakeholder relationships help us work with the wider transport sector to generate joint transport solutions for a thriving New Zealand. Understanding our customers' needs and drivers will ensure we deliver the appropriate services to meet these needs, which should in turn increase customer satisfaction with our services.

INDICATOR	2012	2013	2014	DESIRED TREND
Quality of stakeholder relationship (Stakeholder perception survey)	56%	65%	71%	Increase
Customer service satisfaction (Reputation research)	NA	NA	71%	Increase

DESIRED RESULT BY 2016	OUR RESULTS	WHAT WE DID
An increase in engagement with partners to achieve joint outcomes, as measured by the stakeholders survey	 IMPROVEMENT	<p>There has been an increase in engagement with partners to achieve joint outcomes as measured by the stakeholder perception survey.</p> <p>Strong relationships within our sector are essential to delivering transport solutions for a thriving New Zealand. So much of our work happens in partnership or collaboration with others and the strength of our relationships has a direct influence on how efficiently and effectively we achieve our goals and priorities.</p> <p>Over the past year, we strengthened our relationships through greater collaboration in the work we do. Our 2014 survey of stakeholder perceptions showed that we continue to make progress but there is still room for improvement.</p> <p>Our stakeholders are increasingly satisfied with their current relationship with us – 72% of respondents told us they were satisfied or very satisfied, up significantly from 60% in 2013, and 50% in 2012. Many say they have 'quite a lot or full' trust and confidence in us, 59%, up from 48% in 2012.</p> <p>A range of projects and initiatives that we've embarked on in the past year demonstrate our commitment to engaging to achieve partnership outcomes throughout the sector.</p> <p>Significant steps have been taken to improve our Māori engagement practice in the development of the 2015-18 NLTP. A set of guidelines have been developed for relationship managers to use when engaging with Māori across the country in the NLTP's development, and staff are aware of their obligations to ensure Māori are well engaged throughout the process.</p>

DESIRED RESULT BY 2016	OUR RESULTS	WHAT WE DID
An increase in engagement with partners to achieve joint outcomes, as measured by the stakeholders survey (cont.)	 IMPROVEMENT	<p>The Transport Agency's groups have:</p> <ul style="list-style-type: none"> • seen an increase in the levels of trust and confidence from stakeholders • engaged successfully throughout the funding assistance rates (FAR) review by being open, transparent and available with their engagement • implemented a range of significant collaborative relationships where the partnership outcomes are being realised • relied on engagement with priority stakeholders to build a business strategy and implement a new relationship management model.
Achieve an increased focus on health, safety, wellbeing and best practice in the workplace	 SIGNIFICANT IMPROVEMENT	<p>We have focused on building awareness of health, safety and wellbeing and best practice in the workplace. This included the appointment of a Health and Safety Manager and the development of the Transport Agency Zero Harm Strategy 2014-2020.</p> <p>The Transport Agency received tertiary (highest) accreditation from the ACC Work Safety Management Practices (WSMP) audit in October. This was recognition that our occupational health and safety systems are robust.</p> <p>Our Health and Safety Manager is working with the CE's Health & Safety Leadership Committee to lead best practice health and safety behaviour across the Transport Agency.</p> <p>The Board approved the Zero Harm Strategy 2014-2020, which ensures that the Transport Agency meets the changing expectations and requirements arising from the health and safety law changes. The strategy will allow us to demonstrate the leadership needed, given the nature of our role in the industry.</p>
Complete the four transport sector shared services projects	 PARTIALLY ACHIEVED	<p>The Transport Sector Collaboration and Capability Strategy now provides a foundation for the four original functions/projects that came under the Transport Sector Shared Services programme.</p> <p>Although the projects are not complete, significant progress has been made with key milestones being achieved and, more significantly, in creating a culture of collaboration across the transport sector. This culture is catching on - due to the positive outcomes seen - information communication technology, information management and finance have joined the programme with the four original functions.</p>

DESIRED RESULT BY 2016

Complete the four transport sector shared services projects (cont.)

OUR RESULTS



PARTIALLY
ACHIEVED

WHAT WE DID

Some key achievements to date are:

Risk assurance - Development of the Risk Assurance Centre of Excellence at the Transport Agency providing services to the transport sector.

Ministerial services - Creation of the Transport Sector Official Correspondence Team, ensuring the quality of the correspondence for the Minister and implementation of one tracking system for all agencies to use for ministerial correspondence.

Communications - Development of the transport sector communications shared workspace and the transport sector communications capability and specialists list.

People and capability - Implementation of the MoT and Maritime NZ shared payroll resource supported and trained by the Transport Agency.

Finance - Successful pilot of the automated invoice processing (AIP) service centre, allowing the Transport Agency to provide AIP services to Maritime NZ.

While the projects that originally started this programme are not finished, the review of the programme and strategy has developed a positive way forward and all functions will have clearly defined work plans and deliverables approved by the Transport Sector Collaboration and Capability Governance Group by September.

Embed the principles and capability development aims for 'creating value with others' in our leadership development and workforce planning



IMPROVEMENT

The Transport Agency's People Plan 2014-16 focuses on four key themes - organisational reputation, culture, engagement, and skills and capabilities. The plan is ambitious about what we will look like in 2016, including increasing the Transport Agency's market visibility, attractiveness to candidates and world-class employee engagement results.

To support the successful delivery of the People Plan, a new operating model and structure was successfully implemented in the People and Capability team. All changes have now been completed and new roles filled and the new operating model is currently being embedded.

The first People Plan initiatives have been well supported, they include performance and development plan, and remuneration workshops for people leaders and the monthly People Leader Audio.



Commit to continuous improvement and innovation

Highly engaged staff are more likely to be open to new ways of doing things and to look for ways to improve on what they are already doing. By investing in specialist resources to support proactive innovation and leveraging off the skills we already have, we can grow our innovation capability and great ideas can be captured, tested and developed for dissemination across the whole organisation or sector.

INDICATOR	2012	2013	2014	DESIRED TREND
Staff engagement survey (Gallup engagement survey)	3.82	3.92	3.96	Increase 4.33
% of organisational resources allocated to innovation and continuous improvement	An innovation fund is in place for the 2015/16 financial year			

DESIRED RESULT BY 2016	OUR RESULTS	WHAT WE DID
Increase in staff commitment to quality work and opportunities to learn and grow, as measured by the Gallup staff engagement survey		<p>There was a modest improvement in the Transport Agency's employee engagement results in 2014 from a Gallup score of 3.92 to 3.96, continuing the upward trend that we have seen over the last five years. We held our position in comparison to the New Zealand state sector at the 61st percentile; although we are in the 41st percentile when compared with global best practice - we still have a way to go.</p> <p>Our people's commitment to quality work increased slightly from 4.02 to 4.06, while opportunities to learn and grow remained unchanged at 4.06 (52nd and 57th percentile respectively compared to the NZ state sector).</p>
Develop a people strategy that supports capability growth around innovation and continuous improvement		<p>The Transport Agency People Plan 2014-16 was developed and launched, with the first initiatives starting to be rolled out.</p> <p>The People Plan provides a clear vision for initiatives that support capability growth around innovation and continuous improvement.</p>
Further build awareness and robust process around information security and privacy		<p>Privacy awareness training has been delivered nationwide.</p> <p>Information security awareness and education has also been provided in the last six months after the security policies were signed off late last year.</p> <p>The security programme is progressing to plan, including delivery of a capability report to the Government Chief Information Officer and ongoing implementation of changes to align with our policies.</p>

DESIRED RESULT BY 2016

Driving performance excellence by embedding Transport Agency business planning, including the Ten-Year Work Programme (TYWP)

OUR RESULTS



WHAT WE DID

The *Statement of intent 2014-18* uses the TYWP to outline the three-yearly milestones in advancing the Transport Agency's goals and priorities. Business planning now includes a process to oversee the timing and sequencing of projects, and supports development of quarterly milestones to enable performance monitoring, which flows down into our people's performance development plans.

Develop a robust and fit for purpose business continuity planning (BCP) framework



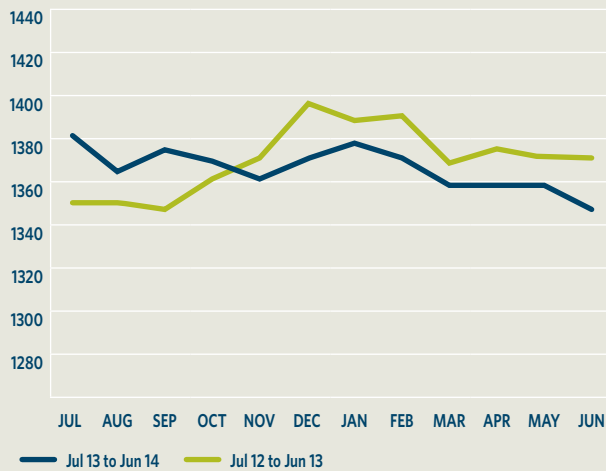
The business continuity framework has been developed and is in place and the business impact analysis is complete.

Each office has an emergency readiness, response and recovery plan in place.

Disaster recovery (DR) remains a work in progress and is the focus of the next phase of our readiness work.

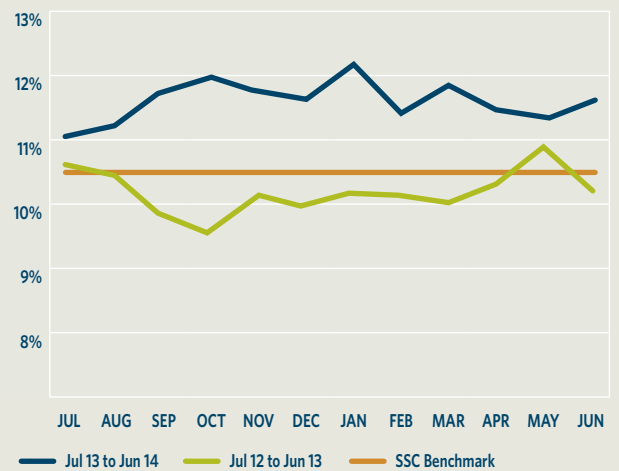
KEY PEOPLE METRICS

FULL-TIME EQUIVALENT (FTE) EMPLOYEES



The Transport Agency's FTE count at the 30 June 2014 was 1,344.

ANNUAL TURNOVER



The Transport Agency's unplanned turnover at the end of June 2014 was approximately 11.7%, which is higher than 12 months ago, when it was 10.2%.

Core unplanned turnover of those with less than two years' service to the end of June 2014 is approximately 14.8%, which is similar to that recorded 12 months ago.

ETHNIC PROFILE

Ethnic groups (self-identified)

Asian	7.3%
Māori	5.1%
Middle Eastern/African/Latin American	0.6%
Not stated	14.0%
NZ European	54.0%
Other ethnicity	1.7%
Other European	15.9%
Pacific peoples	1.4%

AGE PROFILE

The average age of our employees (at 30 June 2014) is 44.5 years, with 13.2% under 30 years and 21.3% over 55 years. Our average is similar to that of the public sector as a whole.

GENDER PROFILE

The Transport Agency has a **49:51 male/female** staff ratio, compared to the public sector ratio of 40:60. Of our senior management roles (tiers 1-3), 35% are filled by females. The average female representation in senior management within the public service was 41.5% in June 2013.

DISABILITY

Our workforce profile does not include disabilities as this information is not currently recorded; however, we are committed to valuing the diversity of our people.

We recognise, respect and value differences and do not discriminate. This includes making reasonable accommodation for those with disabilities.

EQUAL EMPLOYMENT OPPORTUNITIES STATEMENT

The Transport Agency promotes equal employment opportunities (EEO) to ensure that our people policies and practices are in line with our obligations as a good employer.

The Transport Agency People Plan 2014-16 provides direction for our people practices and focuses on supporting our people to be high performing. The four key themes of the plan are organisational reputation, culture, engagement, and skills and capability.

The following table demonstrates the alignment between our key people policies and practices and the seven elements of being a good employer.

GOOD EMPLOYER ELEMENTS	OUR KEY PEOPLE POLICIES
Leadership, accountability and culture	<ul style="list-style-type: none"> We have created a 'people leader' community for our 300 people leaders, focusing on positive leadership for our people, motivating everyone at the Transport Agency to perform at their best. This is being achieved through monthly meetings, an annual people leader conference for all people leaders and regional people leader conferences throughout the year. The way we lead provides clear expectations for people leaders and drives our leadership development programmes. We hold people accountable through robust performance and development planning. Strong behavioural expectations are provided by our three behaviours: sign up, team up and front up. We involve our people and their unions at the front end to manage change programmes, develop policies and to continuously improve our practices as a good employer.
Recruitment, induction and selection	<ul style="list-style-type: none"> We have robust recruitment and selection processes. Videos and profiles on our career website and collateral feature employees from diverse backgrounds. We are an accredited employer with the New Zealand Immigration Service. Progression within the Transport Agency is based on merit rather than service, and is built around competencies and skills. All new people attend the organisation-wide introduction to the Transport Agency.
Employee development, promotion and exit	<ul style="list-style-type: none"> We have a culture of development at all levels. Development opportunities include project work, acting in other roles, secondment, mentoring and coaching, as well as formal learning programmes offered via our development calendar. An ongoing process of feedback and two-way communication is encouraged. Capability mapping, talent management, succession planning and progression frameworks are in place. We are an accredited IPENZ professional development partner. We have a LinkedIn alumni network for current and former staff.

GOOD EMPLOYER ELEMENTS

OUR KEY PEOPLE POLICIES

Flexibility and work design	<ul style="list-style-type: none"> ▪ We promote balanced work-life responsibilities, through flexible working, including taking opportunities to support the community. ▪ Our people can request changes to their working arrangements, including job sharing, compressed weeks, working from home and leave during school holidays. ▪ We encourage people to take annual leave in the year it is accrued and manage their hours to maintain wellbeing.
Remuneration, recognition and conditions	<ul style="list-style-type: none"> ▪ Our policies and frameworks are similar to many organisations in New Zealand in that they are based on the principle that pay will reflect the market and performance – not tenure, cost-of-living or other personal circumstances. ▪ We conduct an annual remuneration review process, including comparing our remuneration ranges to public sector and other organisations' market data. ▪ Our job evaluation and remuneration practices are transparent, equitable and gender-neutral. ▪ Recognition is encouraged using a variety of ways, including celebrating success, recognising people at team meetings and resources, such as thank you cards that reflect examples of our three behaviours.
Harassment and bullying prevention	<ul style="list-style-type: none"> ▪ We are committed to maintaining a safe working environment for all our people where we experience mutual respect, trust, dignity and security. ▪ We have worked collaboratively with unions to better understand harassment and provide tools to support people working through issues.
Safe and healthy environment	<ul style="list-style-type: none"> ▪ Our Zero Harm Strategy supports our belief that everyone who comes to work at the Transport Agency should go home healthy and safe. ▪ The code of conduct and relevant health and safety and harassment policies are readily accessible. ▪ Our strong focus on employee health, safety and wellbeing is supported through the provision of support services, such as: <ul style="list-style-type: none"> – employee assistance programme (EAP) for all staff – additional services in the event of heightened stress, such as critical event debrief, onsite EAP presence, change process support and resilience training – ergonomic workstation assessments – annual free flu vaccination available for all our people. ▪ We have tertiary ACC accreditation for our workplace safety management practices.

ENSURING HEALTH AND SAFETY FOR OUR PEOPLE

We believe that everyone who comes to work for the Transport Agency should go home healthy and safe and we should be a leader and key influencer for zero harm in the workplace.

The tragic events of Pike River on 19 November 2010 will forever change the way we, as a nation, approach and manage health and safety. To help achieve this change, new workplace health and safety legislation is being developed, which is due to be implemented in April 2015.

At the Transport Agency, we are committed to achieving a safe and healthy working environment for all our people and visitors. To achieve this, and meet the upcoming law changes, we adopted a new zero harm policy in December 2013 and have developed our Zero Harm Strategy 2014-2020. Together they will help change the way we approach workplace health and safety at the Transport Agency.

The zero harm policy sets out our commitments, how we will meet them and our responsibilities. We are committed to:

- ensuring all our people go home healthy and safe
- creating zero harm workplaces
- leading workplace health and safety performance with our suppliers and through regulatory actions
- each of us taking responsibility to keep ourselves safe and stop unsafe acts if we see them.

Our objective is to ensure we complete our services to our customers without sustaining any fatal or lost time injuries for our people, including our contractors.

Our Zero Harm Strategy 2014-2020 has a clear objective:

'By 2020 or sooner all our people, regardless of employer will go home safe and healthy, every day, no exceptions.'

The strategy provides a systematic, risk-based approach to health and safety delivering consistent outcomes across the Transport Agency. The initial priority is to focus on the high-risk areas of the organisation.

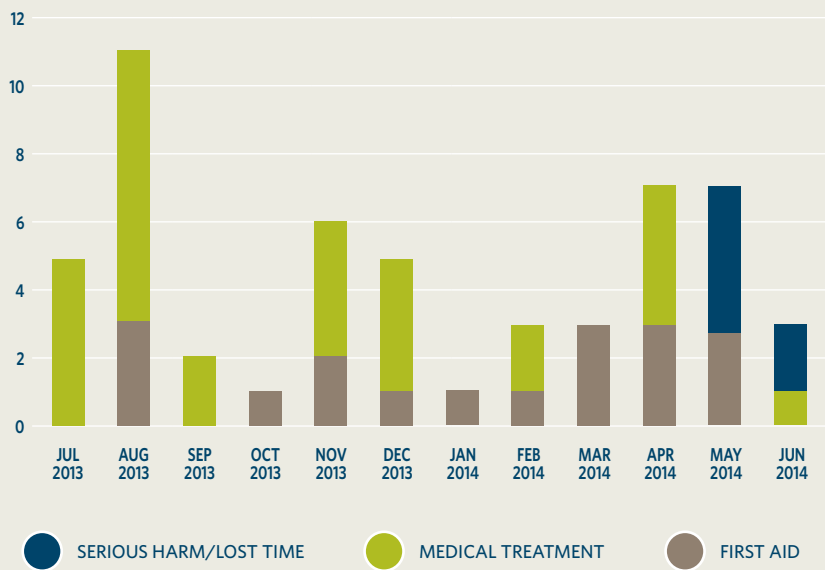
To implement our Zero Harm Strategy, we will put the following in place:

- **Robust corporate governance framework** - allowing our Board and our people to easily understand our critical risks and how we mitigate them. We will provide a real-time, zero harm dashboard for our Board members showing how we are performing against our lead and lag indicators.
- **Training** - our people and their leaders will be trained in the zero-harm way, empowering them to actively engage in zero-harm leadership in the office, on the highway, railway, testing stations or wherever they are working.
- **Systems** - we will support our people and our communities by providing tools that are relevant, easy to understand and easy to use. These will be available for our own people and anyone else who needs them. We will work with our suppliers to provide leadership, training, information and tools to smaller organisations that lack the resources or specialists.
- **Culture** - we will be encouraging our people and our suppliers to sign up, team up and front up to achieve zero harm through our behavioural safety course, 'The key to zero harm'.

In addition to this we will ensure our people are inducted, trained and competent to do their jobs safely. If our people are injured, we will support them and provide an environment that enables them to return to work as soon as they are ready.

As part of our commitment to workplace health and safety, we monitor the number and severity of injuries suffered by Transport Agency people. By investigating these accidents and incidents we can identify areas for improvement.

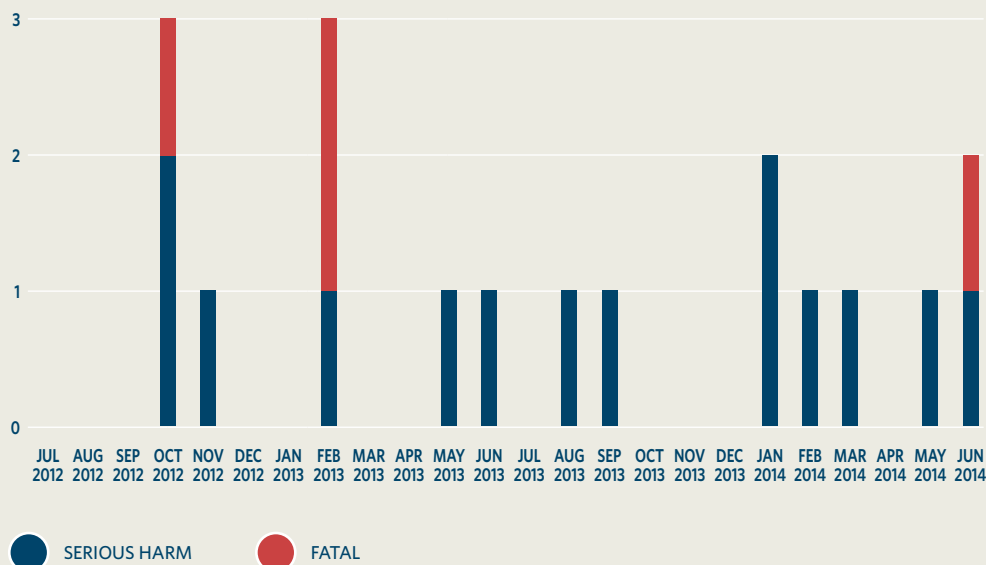
NUMBER OF INJURIES PER MONTH BY SEVERITY (TRANSPORT AGENCY EMPLOYEES ONLY)



There were 54 injuries in the 2013/14 year, an increase of 23 on the previous year. This increase can be attributed to an improved reporting culture and better injury case management with ACC. Slips, trips and falls remain the main cause of injuries, closely followed by body stressing through manual handling or ergonomic issues.

We also record serious harm incidents where the Transport Agency is an employer, a principal to contract or responsible for members of the public through our work.

NUMBER OF SERIOUS HARM INCIDENTS PER MONTH BY SEVERITY (CONTRACTORS WHERE THE TRANSPORT AGENCY WAS A PRINCIPAL TO CONTRACT)



There were nine serious harm incidents, including one fatality, in the year ended 30 June 2014 (an improvement on the previous year, where nine serious harm incidents occurred including three fatalities). The main source of harm this year remains people working around machinery and motor vehicle incidents.

SECTION E STATEMENT OF SERVICE PERFORMANCE



STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of the Transport Agency's financial statements and statement of service performance, and for the judgements made in them.

The Board of the 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 Transport Agency for the year ended 30 June 2014

Signed on behalf of the Board:



Chris Moller

Chair
20 OCTOBER 2014



Jerry Rickman

Chair of Audit, Risk and
Assurance Board Committee
20 OCTOBER 2014

Countersigned by:



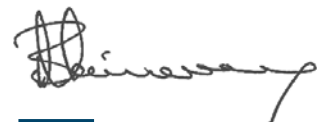
Geoff Dangerfield

Chief Executive
20 OCTOBER 2014



Philip Berry

Acting Chief Financial Officer
20 OCTOBER 2014



Brandon Mainwaring

National Manager Trends and Performance
20 OCTOBER 2014

NZ TRANSPORT AGENCY STATEMENT OF SERVICE PERFORMANCE

This statement of service performance sets out the outputs (goods and services) the Transport Agency is funded to provide and the standards to which we assess our service delivery performance. It is divided into three categories:

90 OUTPUT CLASSES THE TRANSPORT AGENCY DELIVERS:

- Licensing and regulatory compliance
- Road tolling
- Motor vehicle registry
- Road user charges collection, investigation and enforcement
- Refund of fuel excise duty
- Management of the funding allocation system
- New and improved infrastructure for state highways
- Renewal of state highways
- Maintenance and operation of state highways
- Sector research

110 OUTPUT CLASSES THE TRANSPORT AGENCY PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES:

- Public transport
- Transport planning
- Road safety promotion
- Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders

118 OUTPUT CLASSES THE TRANSPORT AGENCY INVESTS IN, BUT DOES NOT DELIVER SERVICES FOR:

- New and improved infrastructure for local roads
- Renewal of local roads
- Maintenance and operation of local roads
- Walking and cycling

HOW OUR OUTPUTS CONTRIBUTE TO OUR LONG-TERM GOALS

The Transport Agency produces 20 outputs, each of which contributes to our desired long-term goals in different ways. The following table sets out the contribution of our outputs to our desired long-term goals.

FUNCTION	OUTPUT	GOAL 1 Integrating one network	GOAL 2 Shaping smart transport choices	GOAL 3 Delivering highway solutions	GOAL 4 Maximising returns for New Zealand
Planning the land transport network	Management of the funding allocation system	●			●
	Transport planning	●			●
	Sector research	●	●	●	●
Providing access to and use of the land transport system	Licensing and regulatory compliance		●		
	Road tolling		●	●	●
	Motor vehicle registry		●		
	Road user charges collection, investigation and enforcement		●		●
	Refund of fuel excise duty		●		●
Managing the state highway network	New and improved infrastructure for state highways			●	●
	Renewal of state highways			●	●
	Maintenance and operation of state highways			●	●
Investing in land transport	Public transport	●	●	●	●
	Administration of SuperGold cardholder scheme and Enhanced public transport concessions for SuperGold cardholders		●		●
	Road safety promotion	●	●	●	●
	*Road Policing Programme (NZ Police output)		●	●	●
	*New and improved infrastructure for local roads	●			●
	*Renewal of local roads				●
	*Maintenance and operation of local roads				●
	*Walking and cycling	●	●		●

*The Transport Agency does not deliver these goods or services directly. These output classes receive NLTP investment funds. Actual outputs are delivered by approved organisations. Measurement of Transport Agency performance, in relation to investment output classes, can be found in the management of the funding allocation system.

KEY

● Major/primary contribution

● Minor/secondary contribution

NB: Where there is no dot, there may still be a small contribution

TYPES OF PERFORMANCE MEASURE

The statement of forecast service performance contains three types of measurement – value for money, service quality and customer satisfaction. Taken as a set, they provide a holistic picture of the Transport Agency’s service delivery and investment performance.

FUNCTION	TYPES OF MEASURES		
	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
Planning the land transport network	Total cost of managing the funding allocation system as a % of NLTP expenditure	<ul style="list-style-type: none"> % of activities delivered to agreed standards and timeframes % of operational assurance activities completed Average number of days taken to deliver 	<ul style="list-style-type: none"> % customer satisfaction • approved organisations
Providing access to and use of the land transport system	Unit transactional costs: <ul style="list-style-type: none"> • driver licensing • motor vehicle registration • road user charges • road tolling % of transactions completed digitally <ul style="list-style-type: none"> • driver licensing • motor vehicle registration • road user charges • road tolling 	<ul style="list-style-type: none"> % of operational assurance activities completed % accuracy of registers Number of products/services delivered or processed* % of activities delivered to agreed standards and timeframes % revenue compliance Average number of days taken to deliver 	<ul style="list-style-type: none"> % customer satisfaction • driver licensing • motor vehicle registration
Managing the state highway network	<ul style="list-style-type: none"> % of activities delivered to agreed standards and timeframes • new and improved infrastructure for state highways <ul style="list-style-type: none"> – National War Memorial Park - Buckle Street undergrounding project – construction of passing opportunities on State Highway 2 between Napier and Gisborne • renewal of state highways • maintenance and operation of state highways 	<ul style="list-style-type: none"> Length of road construction and new roads completed (lane km) Length of bridge replacements (lane km) % of sealed network resurfaced (based on road length in lane km) % of network rehabilitated (based on road length in lane km) % of unsealed network metalled (based on road length in centreline km) Safe stopping: % of travel on network above skid threshold Network resilience: % of rutting >20mm over state highway network Smooth ride: % of travel on network classed as smooth Availability of state highway network: % of unplanned road closures resolved within 12 hours 	<ul style="list-style-type: none"> % customer satisfaction • suppliers • network information customers
Investing in land transport	<ul style="list-style-type: none"> % of activities delivered to agreed standards and timeframes • renewal of local roads • maintenance and operation of local roads • Public transport boardings per NLTF \$ invested on public transport services (including track access charges) • Cost of renewals (excluding emergency reinstatement) per network lane km (total cost)* • Cost of maintaining and operating the network (excluding emergency work) per network lane km (total cost)* 	<ul style="list-style-type: none"> Fare revenue as a % of total expenditure Length of road construction and new roads completed (lane km) Length of bridge replacements (lane km) % of sealed network resurfaced (based on road length in lane km) % of network rehabilitated (based on road length in lane km) % of unsealed network metalled (based on road length in centreline km) Kilometres of new footpaths, cycle lanes and cycle paths Number of passengers using urban public transport services (bus, train and ferry)* Pavement integrity of the sealed network Surface condition of the sealed network Average number of days taken to deliver % of activities delivered to agreed standards and timeframes % of target audience aware of road user safety messages Road Policing Programme (refer to page 24) Cost of emergency reinstatement 	

*key operating assumptions

ACHIEVEMENT OF PERFORMANCE MEASURES

The statement of service performance in the following pages describes the services the Transport Agency delivered and invested in during 2013/14. This statement reports how we performed, and the revenue earned and expenses incurred for each output class. It compares this with the forecast standards included in our *Statement of intent 2013-16*.

In total, the Transport Agency achieved 34 out of 46 (74%) service delivery targets, while the NLTF achieved 13 of 25 (52%) investment forecast results. This reflects steady performance across the three core functions of planning and investing in land transport networks, managing the state highway network, and providing access to and use of the land transport system.

The following table sets out our performance by output class on key performance targets for the year.

FUNDING SOURCE	OUTPUT CLASS	TRANSPORT AGENCY SERVICE DELIVERY PERFORMANCE MEASURES ACHIEVED	NLTF INVESTMENT PERFORMANCE
OUTPUT CLASSES THE TRANSPORT AGENCY DELIVERS			
Funded from fees, charges and Crown contracts	Licensing and regulatory compliance	6 of 7	
	Road tolling	3 of 4	
	Motor vehicle registry	5 of 6	
	Road-user charges collection, investigation and enforcement	3 of 3	
	Refund of fuel excise duty	0 of 2	
Funded from the NLTF	Management of the funding allocation system	4 of 5	
	New and improved infrastructure for state highways	4 of 4	1 of 2
	Renewal of state highways	2 of 3	3 of 5
	Maintenance and operation of state highways	3 of 5	2 of 3
	Sector research	1 of 1	
OUTPUT CLASSES THE TRANSPORT AGENCY PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES			
Funded from the Crown	Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders	2 of 2	
Funded from the NLTF	Public transport		0 of 3
	Transport planning	0 of 1	
	Road safety promotion	1 of 2	
OUTPUT CLASSES WHERE THE TRANSPORT AGENCY INVESTS, BUT DOES NOT DELIVER SERVICES			
Funded from the NLTF	New and improved infrastructure for local roads		0 of 2
	Renewal of local roads	0 of 1	5 of 6
	Maintenance and operation of local roads		2 of 3
	Walking and cycling		0 of 1

OUTPUT CLASSES

THE TRANSPORT AGENCY DELIVERS

OUTPUT CLASS

LICENSING AND REGULATORY COMPLIANCE

What does the NZ Transport Agency do?

Under this output class, the Transport Agency:

- › monitors and audits compliance with regulatory standards/requirements for vehicles, drivers, operators and transport systems providers and rail system participants
- › provides ministerial services
- › provides driver and transport operator (including rail operator) licensing and testing services
- › maintains the driver licence register
- › issues overdimension permits
- › administers drug and alcohol assessments of drivers and operators (funded by the Ministry of Health)
- › provides licensing information and advice
- › develops land transport rules (under contract to the Ministry of Transport)
- › develops clear and well-understood standards for:
 - vehicle inspection and certification
 - transport service licensing operations
 - rail safety operations
 - vocational driver licensing.

Funding is from fees, charges and from the Crown, including Crown contracts for specific activities.

How does this output contribute to desired transport goals?

Licensing and regulatory compliance primarily contribute to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries through regulation of drivers, vehicles and commercial operators, and the associated influence on drivers and driver behaviour. Regulatory activities also support efficiency in freight supply chains, vehicle fleet efficiency and reduce adverse environmental effects.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Purchase of land transport regulatory implementation services, specialist land transport enforcement services, and licensing services, including driver licensing.

Purpose of vote transport appropriation limited to ministerial servicing by NZ Transport Agency.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% accuracy of registers ⁽⁸⁾	95%	>93%	+2%	96.1%
Unit transaction costs ⁽⁹⁾	\$38.59	\$36-\$39	-	\$36.45
% of operational assurance activities completed ⁽¹⁰⁾	100%	100%	-	100%
% of activities that are delivered to agreed standards and timeframes ⁽¹¹⁾	95%	>90%	+5%	88%
Number of products/services delivered or processed ⁽¹²⁾	1,085k	826-1,090k	-	930k
% of transactions completed online ⁽¹³⁾	18%	>16%	+2%	15%
% customer satisfaction ⁽¹⁴⁾	64%	>73%	-9%	N/A

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for licensing and regulatory compliance are the result of a regulatory change programme that supports a safer, more efficient road system.

Key achievements were:

- › delivering efficiency gains to motorists through changes to the frequency for warrant of fitness (WoF) inspections
- › developing a new regulatory model for delivery of certificate of fitness (CoF) services
- › introducing the Community Driver Mentor Programme to support disadvantaged young drivers by developing experience and providing access to driving resources.

How do we interpret our performance results?

Transport Agency service deliver

Licensing and regulatory compliance achieved or exceeded six of seven targets this year.

Changes to the customer online experience have lifted satisfaction over the year, but we were still 9% below the target.



6/7

Licensing and regulatory compliance achieved or exceeded six of seven targets this year.

Financial results

The licensing activities output class recorded a net surplus at year-end of \$3m, which was \$4.7m above a budgeted deficit of \$1.7m.

Revenue was ahead of plan by \$9.8m with increased volumes in driver licensing and testing, border inspections and transport industry services being significant contributors. This was largely offset by increased expenditure associated with higher service costs from increased volumes and project costs associated with the implementation of WoF and CoF changes.

Revenue results are a reflection of increasing industry activity and heightened skills testing for novice drivers. Although overall volumes are within the expected range, the operating environment contributed to an increase in higher value transactions, which were partially offset by lower than expected volumes for other categories.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	82,754	72,973	9,781	75,693
Expenditure	79,694	74,634	(5,060)	70,612
Net surplus (deficit) ¹	3,060	(1,661)	4,721	5,081

¹ Any annual surpluses or deficits resulting from third-party fee-funded activities in this output class are managed over the long-term to achieve a net cost recovery position.

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

ROAD TOLLING

What does the NZ Transport Agency do?

Under this output class, the Transport Agency:

- › manages the tolling road-side and back-office systems, customer interfaces and payment channels
- › undertakes the collection of toll revenues and disbursements to the Crown
- › provides information and advice to the public.

How does this output contribute to desired transport goals?

Road tolling supports the long-term goal of shaping smart transport choices. This is achieved by supporting the impacts provided from new infrastructure investment through the collection of fees for infrastructure investment repayments. For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Collection of road tolling charges and enforcement activities to recover road tolling payment evasion.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of revenue compliance	97%	>96%	+1%	97%
Unit transaction costs ⁽¹⁵⁾	\$0.61	\$0.65-\$0.70	+\$0.04	\$0.60
Number of products/services delivered or processed	6.3m	6.0m-6.5m	-	6.0m
% of transactions completed online ⁽¹⁶⁾	61%	>65%	-4%	60%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for road tolling were:

- › a higher uptake of toll road use, which is reflected in traffic volumes increasing by 6% from last year. The subsequent rise in revenue has resulted in increased transfer of funds to MoT (\$532k) to cover Northern Gateway Toll Road debt repayment
- › further improvement to customer service through extended Contact Centre hours, which resulted in 6% more calls being answered
- › the channels used to engage with customers broadened by extending promotion of the online trip payment facility into social media outlets.

How do we interpret our performance results?

Transport Agency service delivery

Road tolling achieved two of four service delivery performance targets this year.

Unit transaction costs were below the target range due to:

- › higher than anticipated trip volumes
- › lower expenditure as payment kiosks experienced fewer faults.

During 2013/14, 91% of payments by tolling account holders and casual customers were completed electronically. Of all casual payments, 61% were completed online, which represents a 1% increase on last year. The shift to online payment is expected to continue as we use targeted advertising campaigns to promote the online facility to casual travellers.



3/4

Road tolling achieved two of four service delivery performance targets this year.

Financial results

Tolling revenue was \$360k above budget, which can be attributed to higher trip volumes. Trip volumes were up 6% on the previous year and up 8% against plan.

Tolling expenditure is below budget by \$282k because:

- › we saved on maintenance call-out fees due to significantly reduced faults at kiosks,
- › we saved on merchant and bank fees due to negotiating a better processing rate for payments made in advance .

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	6,056	5,696	360	5,843
Expenditure	5,481	5,763	282	5,272
Net surplus (deficit)	575	(67)	642	571

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

MOTOR VEHICLE
REGISTRY**What does the NZ Transport Agency do?**

Under this output class, the Transport Agency:

- › operates the motor vehicle register
- › delivers motor vehicle registration and licensing services
- › undertakes the collection and refund of registration and licensing revenue, which is paid to the National Land Transport Fund
- › provides information and advice to the public.

How does this output contribute to desired transport goals?

Motor vehicle registry services contribute to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries from road crashes, more transport mode choices and reducing adverse environmental effects, through first registration of vehicles into the NZ fleet. At first registration, vehicle safety and environmental standards have to be met before the vehicle can be licensed for access to the road network.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Registration and licensing of motor vehicles, the collection and refund of motor vehicle registration and licensing revenue, and the operation of the motor vehicle register.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of accuracy of registers ⁽¹⁷⁾	95%	>95%	-	95%
Unit transaction costs	\$5.50	\$5.50-\$6.00	-	\$5.50
Number of products/services delivered or processed	9.5m	8.8-9.8m	-	9.2m
% revenue compliance	99%	≥98%	+1%	99%
% of transactions completed online ⁽¹⁸⁾	25%	>25%	-	22.6%
% customer satisfaction ⁽¹⁹⁾	94%	>95%	-1%	N/A

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for the motor vehicle registry were:

- › implementing the ACC Fleet Saver programme with ACC, which reduces levies for eligible businesses that demonstrate a strong safety culture and a commitment to the highest standards of safety among their employees
- › achieving our target of 25% of transactions completed online as a result of improvements to the online payment service. Specifically, we upgraded payment software to allow customers' preferred method of billing, promoted online vehicle licence renewal through phone calls and social media and improved overall customer experience.

How do we interpret our performance results?

Transport Agency service delivery

- › Motor vehicle registry achieved or exceeded five of six targets this year.

We narrowly missed our customer satisfaction target; however, results have been actively monitored and we are implementing improvement suggestions from both customers and staff.



5/6

Motor vehicle registry achieved or exceeded five of six targets this year.

Financial results

Revenue was \$3m higher than budgeted due to the continued growth of registration volumes for new and used car imports. Registration volumes were 16% higher than those forecast, contributing to increased registration revenue and corresponding plates revenue.

Additional programmes of work were carried out on behalf of ACC during the year. This work was not included in the budget but was on-charged at cost, which contributed to increases in both the revenue and expenditure of this output class.

Despite volumes being higher than planned, the Transport Agency was able to administer these transactions within the funding envelope available.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	56,779	53,700	3,079	54,295
Expenditure	54,033	52,000	(2,033)	51,795
Net surplus (deficit)	2,747	1,700	1,046	2,500

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

What does the NZ Transport Agency do?

Under this output class, the Transport Agency:

- › collects, by providing licences for diesel vehicles, and refunds road-user charges (RUC), which are paid to the National Land Transport Fund
- › investigates evasion of RUC and enforces payment
- › provides information and advice to the public.

How does this output contribute to desired transport goals?

Collecting, investigating and enforcing road-user charges contributes to the long-term goal of shaping smart transport choices through revenue collection for the NLTP and therefore supports Transport Agency investment in the land transport system.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Unit transaction costs	\$6.50	\$5.80-\$6.50	-	\$6.08
Number of products/services delivered or processed ⁽²⁰⁾	2.5m	2.5-2.7m	-	2.4m
% of transactions completed online ⁽²¹⁾	50%	>50%	-	47.3%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for road user charges collection, investigation and enforcement were:

- › continuing improvement in identifying and collecting unpaid road user charges. This was supported by a reduction in the threshold that prompts an automatic assessment for unpaid distance and proactive communications to customers about purchasing RUC
- › delivering further service improvements for online transactions, including allowing online customers to purchase multiple RUC licences and services in one transaction and removing the transaction value limit for credit card purchases
- › increasing the number of applications to change a RUC vehicle type through the success of the HPMV, including 50MAX permitting systems. These applications have a one-day turnaround. This increase shows the system is responding to industry needs and increased HPMV use, while still maintaining service expectations.

How do we interpret our performance results?

Transport Agency service delivery

RUC collection, investigation and enforcement achieved all targets this year.

Improvements to the online payment facility that enabled higher value transactions and the investment in infrastructure technology is reflected in unit transaction costs. New channel-based administration fees and credit card surcharges to be introduced in 2015 will allow more flexibility and incentives for electronic payment options.



3/3

RUC collection, investigation and enforcement achieved all targets this year.

Financial results

This output class is funded by appropriation from the Crown (Vote Transport).

A total of \$19.9m was appropriated in the year to cover the ongoing administration costs associated with this output class. This includes an additional \$2.9m that was appropriated to upgrade and ensure the stability of the Transport Agency's systems responsible for collecting RUC.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	19,935	17,046	2,889	17,002
Expenditure	17,051	17,046	(5)	16,016
Net surplus (deficit)	2,884	0	2,884	986

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

**REFUND OF FUEL
EXCISE DUTY****What does the NZ Transport Agency do?**

Under this output class, the Transport Agency records, refunds and accounts for fuel excise duty refund applications.

How does this output contribute to desired transport goals?

Refund of excise duty is performed by the Transport Agency on behalf of MoT as part of collecting fuel excise duty (FED) and as provided for under the Land Transport Management Act 2003. This output makes no direct contribution to the Transport Agency's desired goals.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Receipt and processing of applications for, and the refunding of, fuel excise duty.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Average number of days taken to deliver ⁽²²⁾	13	10	-3	12.65
Number of products/services delivered or processed ⁽²³⁾	38,598	29k-31k	+7,598	29,114

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for refund of fuel excise duty were:

- › reducing processing times after pressure on resources was identified, which was caused by a much higher than anticipated volume of applications. Although the overall target was exceeded, steady progress was made on reducing the initial spike in processing time
- › continuing development of an online application system for the filing of claims, which is set for delivery during the 2014/15 financial year.

How do we interpret our performance results?

Transport Agency service delivery

Refund of fuel excise duty did not achieve performance targets this year.

- › The average number of days taken to deliver refunds exceeded the target by three days. This was a result of increased refund applications and customer enquiries attributed to independent agents filing on behalf of clients.
- › Work to reduce the time to deliver services is continuing with resource levels and process efficiencies being reviewed to manage the increased volume. Improvements were seen as a result of this work with processing times reducing from 15 days in the first quarter to 10 days in the final quarter, resulting in an average of 13 days for the year.



0/2

Refund of fuel excise duty did not achieve performance targets this year.

Financial results

This output is funded by appropriation from the Crown (Vote Transport) therefore the revenue appropriated matched budget.

Expenditure was above budget to allow for the additional resource requirements to manage the timelier processing of customer claims. A long-term IS solution is planned to simplify processing with the development and implementation of the new financial management system.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	429	429	0	429
Expenditure	505	429	(76)	461
Net surplus (deficit)	(76)	0	(76)	(32)

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM

What does the NZ Transport Agency do?

This output class covers the Transport Agency's internal operating costs to:

- › develop and manage the National Land Transport Programme (NLTP)
- › develop the Transport Agency's planning and investing strategies and plans
- › provide policy advice to government on policy framework
- › monitor and audit the performance of organisations that receive funding from us
- › provide investment policy advice on public transport services
- › monitor and report on work undertaken in the national Road Policing Programme².

How does this output contribute to desired transport goals?

Management of the funding allocation system contributes to seven of our eight desired impact areas (excluding more efficient vehicle fleets) through the management of the National Land Transport Fund investments. The Transport Agency seeks to invest in outputs that maximise the overall benefit for the New Zealand transport system.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Managing, monitoring and advising transport sector stakeholders on the allocation of NLTP funds, as authorised under sections 9(3) and 9(4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?^o

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Total cost of managing the funding allocation system as a % of NLTP expenditure ⁽²⁴⁾	1%	≤1%	-	1%
% of operational assurance activities completed ⁽²⁵⁾	100%	100%	-	90%
% of activities that are delivered to agreed standards and timeframes ⁽²⁶⁾	99%	100%	-1%	97%
Average number of days taken to deliver ⁽²⁷⁾	14	25	+11	19
% customer satisfaction ⁽²⁸⁾	74%	>55%	+19%	N/A

KEY Value for money Service quality Customer satisfaction

² For detailed information about the Road Policing Programme refer to page 238.

^o For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for the management of the funding allocation system (MOFAS) were:

- › determining key aspects of the Funding Assistance Rate (FAR) review, specifically approving the overall framework, the overall co-investment rate and one rate for each council
- › working with MoT to develop the draft Government Policy Statement on Land Transport (GPS) for 2015–16 to 2024–25 and outlining planning and investment signals to guide councils in the development of their programmes for the 2015–18 NLTP
- › assisting the Road Efficiency Group to finalise the One Network Road Classification including the development of performance measures, identifying and sharing best practice asset management, and supporting greater industry and sector collaboration through information sharing, improved management practices and procurement
- › working with planning and investment partners to influence the integration of land use and transport planning, such as the proposed Auckland Unitary plan and draft Christchurch City District plan
- › assessing and allocating funding to new improvement activities, and monitoring the implementation and delivery of approved activities and programmes through the second year of the 2012–15 NLTP
- › completing 29 audits of organisations that received funding through the NLTP and undertaking nine post-implementation reviews, to provide assurance that the funded activities delivered value for money.

How do we interpret our performance results?

Transport Agency service delivery

Management of the funding allocation system achieved or exceeded four of five service delivery performance targets this year.

We are continuing to plan for and deliver management of the funding allocation system with an increasing overall NLTP expenditure target, plus manage the delivery of additional Crown appropriations.

Customer satisfaction has steadily increased by 9–10% annually since 2012. Other relationship performance measures indicate that this has coincided with significant improvements in our ability to seek stakeholders' opinions, genuinely listen to their point of view, share information and make decisions in a timely way as well as explain decisions with clarity.

Our delegation framework and approval processes have allowed us to determine the outcome of funding applications quickly.



4/5

Management of the funding allocation system achieved or exceeded four of five service delivery performance targets this year.

Financial results

Expenditure ended almost exactly on budget.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	30,486	30,775	(289)	29,613
Expenditure	30,736	30,775	39	29,569
Net surplus (deficit)	(250)	0	(250)	44

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS

What does the NZ Transport Agency do?

Under this output class, the Transport Agency manages and invests in state highway network infrastructure to reduce the number and severity of crashes and improve travel time and reliability between destinations connected by the network. The Transport Agency does this in a socially and environmentally responsible way.

How does this output contribute to desired transport goals?

New and improved infrastructure for state highways helps deliver on our long-term goal of delivering highway solutions for customers by contributing to more efficient freight supply chains, building a resilient and secure transport network, easing severe urban congestion, as well as helping reduce deaths and serious injuries from road crashes. This is achieved through capital investment in the state highway network.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Capital works for new infrastructure for state highways, as authorised by sections 9(3) and 9(4) of the Land Transport Management Act 2003.

Contributing towards the purchase of state highway improvements as outlined in the 2006/07 State Highway Forecast.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of activities that are delivered to agreed standards and timeframes ⁽²⁹⁾	92%	>90%	+2%	64%
> National War Memorial Park: Buckle Street undergrounding project	100%	100%	-	N/A
> Construction of passing opportunities on State Highway 2 between Napier and Gisborne	100%	100%	-	N/A
% customer satisfaction ⁽³⁰⁾	72%	>50%	+22%	N/A

How do we assess our investment performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Length of road reconstruction and new road completed (lane km)	106km	40km-50km	56km	85km
Length of bridge replacements (lane km)	2.5km	3.5km-4.0km	-1km	12.6km

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for new and improved infrastructure for state highways were:

- › progressing the roads of national significance programme as planned. Notable achievements include completing the Ngāruawāhia section of the Waikato Expressway (of which 50% is now complete or in construction), advancing the construction of the Waterview Connection SH20 tunnels, beginning construction of the Mackays to Peka Peka section of the Wellington Northern Corridor – with construction preparations for the Transmission Gully section progressing for an early 2014/15 start
- › delivering 1,600 kilometres of full high-productivity motor vehicle (HPMV) routes, which exceeded the target of 1,500 kilometres. Work is underway to deliver more routes in the lower North Island and the South Island, continuing the Transport Agency's priority of moving more freight on fewer trucks
- › achieving our target investment on the safety programme including the delivery of \$22m of minor safety improvements across the network and completing the Arden Cottage Curves safety project in the Bay of Plenty.

How do we interpret our performance results?

Transport Agency service delivery and investment

New and improved infrastructure for state highways achieved all of its service delivery targets this year.

We achieved the overall target for delivery of the large and small project and property acquisition programmes, with acquisition highlights being the strong purchase activity on the Wellington Northern Corridor and Christchurch Western Corridor. Some small projects will be carried over for delivery in 2014/15.

Customer satisfaction exceeded target by 22%, resulting from our focus on feedback received in the 2013 stakeholder engagement survey. We have engaged with suppliers through our industry liaison meetings to discuss feedback and introduce improvements throughout the year.

Investment performance achievements are sensitive to the completion date of activities. Length of road reconstruction and new road completed significantly exceeded target due to completion of the multi-laned Ngāruawāhia section of the Waikato Expressway. Length of bridge replacements ended below target due to a delayed completion date for one bridge project.



4/4

DELIVERY TARGETS

1/2

INVESTMENT FORECASTS

New and improved infrastructure for state highways achieved all of its service delivery targets and one of two investment forecasts this year.

Financial results

Final expenditure on the new and improved infrastructure of state highways exceeded budget by \$71.3m.

This was largely due to accelerating this expenditure into the current year to balance the overall NLTP expenditure targets, meaning works from future years were advanced and started earlier than planned.

Expenditure also increased because it was decided not to draw down the Tauranga Eastern Link debt because funds were available through reduced state highway improvement expenditure and other underspends.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	1,233,642	1,094,200	139,442	996,655
Expenditure	1,230,309	1,159,000	(71,309)	992,559
Net surplus (deficit)	3,333	(64,800)	68,133	4,096

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

RENEWAL
OF STATE
HIGHWAYS**What does the NZ Transport Agency do?**

Under this output class, the Transport Agency manages and invests in renewing the existing state highway network infrastructure (to maintain standards of skid resistance and rutting) and to intervene at the optimal time to reduce exposure to future maintenance costs from wear and tear on our roads.

How does this output contribute to desired transport goals?

Renewal of state highways helps deliver on our long-term goal of highway solutions for customers by maintaining the resilience and security of the whole road network, delivering efficient and reliable freight supply chains and the easing of severe congestion. This is achieved by sustaining the condition of the local road network through an ongoing capital investment programme.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Renewal work on the state highway network, as authorised under sections 9(3) and 9(4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of activities that are delivered to agreed standards and timeframes ⁽³¹⁾	87%	>90%	-3%	108%
Safe stopping: % of travel on network above skid threshold ⁽³²⁾	98%	≥98%	-	97.2%
Network resilience: % of rutting >20mm over state highway network ⁽³³⁾	1%	<2%	+1%	0.8%

How do we assess our investment performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Cost of renewals (excluding emergency reinstatement) per network lane km (total cost)	\$7,369	\$8,000-\$9,000	+631	\$7,565
% of sealed network resurfaced (based on road length in lane km)	10%	11%	-1%	11.5%
% of network rehabilitated (based on road length in lane km)	1%	1.0% -2.0%	-	1.3%
Pavement integrity of the sealed network	93%	≥94%	-1%	99%
Surface condition of the sealed network	98%	≥97%	+1%	98%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for renewal of state highways were completion of:

- › 895km of pavement renewals, including chip sealing and pavement rehabilitation
- › 130km of pavement rehabilitation renewal through pavement strengthening work.

This was achieved despite the programme being reduced to remain within funding constraints, the need for more sophisticated treatments and an increasing proportion of the work on heavy traffic routes.

How do we interpret our performance results?

Transport Agency service delivery and investment

Our achievement against service delivery and investment performance targets is consistent with reduced programme expenditure. This is a result of both timing differences and savings from a more aggressive approach to renewals using our strategy of 'nationally planned and regionally delivered'. Accordingly, we have deferred some renewals from 2013/14 to 2014/15.

We are also working our assets harder by renewing them later in their lifecycles, thereby extending their service life and reducing their periodic renewal cost. This approach has most impact on lower classification state highways to ensure the right level of risk is taken in the right places.



2/3

DELIVERY TARGETS

3/5

INVESTMENT FORECASTS

Renewal of state highways achieved two of three service delivery targets and three of five investment targets this year.

Financial results

Renewal of state highways ended the year \$53.4m under budget. This underspend reflects savings made in the renewal programme as a result of taking a more rigorous approach to asset renewals. Extending the service life of assets means we have deferred some renewals to 2014/15.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	168,593	222,000	(53,407)	175,009
Expenditure	168,593	222,000	53,407	175,009
Net surplus (deficit)	0	0	0	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

MAINTENANCE AND OPERATION OF STATE HIGHWAYS

What does the NZ Transport Agency do?

Under this output class the Transport Agency:

- › operates the state highway network to ensure customers are aware of conditions before they travel and, when they do travel, that it is safe and reliable
- › maintains the road and the roadside to ensure it is in as safe a condition as possible to travel on
- › maintains the state highway network to ensure it continues to provide a reliable travel journey.

How does this output contribute to desired transport goals?

Maintenance of state highway infrastructure helps deliver on our long-term goal of highway solutions for customers by ensuring that the established network has a sustained impact on the transport system. Through sound management of maintenance activities and operation of the network, the Transport Agency ensures better use of transport capacity, network resilience and security, freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes. This is done by ensuring that surface condition and skid resistance network standards are maintained and traffic flow and incidences effectively managed.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Activities that manage, maintain and operate state highway infrastructure as authorised under sections 9(3) and 9(4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of activities that are delivered to agreed standards and timeframes ⁽³⁴⁾	103%	>90%	-3%	96%
Safe stopping: % of network meeting surface texture standards ⁽³⁵⁾	99%	≥98%	+1.3%	99%
Smooth ride: % of travel on network classed as smooth ⁽³⁶⁾	99%	≥97%	+1.7%	99%
% of availability of state highway network ⁽³⁷⁾	85%	90%	-5%	94%
% customer satisfaction ⁽³⁸⁾	48%	45%	+3%	N/A

How do we assess our investment performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Cost of emergency reinstatement	\$60m	\$70m	+\$10m	\$56m
Cost of maintaining and operating the network excluding emergency reinstatement (\$ per lane km)	\$13,707	\$11,000-\$12,000	-\$1,707	\$12,357
Network resilience - % of travel on smooth roads	99%	>98%	+1%	99%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for maintenance and operation of state highways were:

- › rolling out of the Network Outcome Contract (NOC), which will deliver long-term procurement efficiencies, improved contract performance and greater levels of customer satisfaction
- › commissioning the Christchurch Traffic Operations Centre (TOC), which, along with the Wellington and Auckland TOCs, is providing real-time travel information and contributing to significant improvements in traffic flow in major centres
- › beginning a traffic management partnership with the Wellington City Council, who joined the Wellington TOC to work alongside the Agency, Hutt City Council and Greater Wellington Regional Council to manage the region's roading network more efficiently
- › completing a programme resilience business case, which identified strategic routes for economic growth and opportunities, for the next GPS.

How do we interpret our performance results?

Transport Agency service delivery and investment

Maintenance and operation of state highways achieved or exceeded three of five service delivery targets this year.

- › The achievement against service delivery and investment performance targets reflects an increase in maintenance activity to extend the service life of the network rather than undertaking asset renewal activity in some areas. This result is consistent with the new approach to asset maintenance and renewals.

- › We did not reach our target of availability of state highway network because of the effect of major weather events (mainly in the South Island) and crashes (mainly on the urban network). Of the 530 recorded unplanned events on the network, 85% were reinstated within standard timeframes.
- › We exceeded the target of the percentage of the network meeting surface texture standards. This was a result of texture being improved through renewal works, which were done for other reasons (skid resistance and waterproofing). The texture threshold is being reduced in some lower speed environments in line with the lower risk there.
- › We increased overall customer satisfaction following customer focused improvements implemented during the year and a higher level of engagement with communities to better understand and meet their needs. Satisfaction with information has also increased through our use of social media, improved relationships with media providers and our travel information systems improvements most notably in Auckland, Wellington and Christchurch.

Maintenance and operation of state highways achieved or exceeded two of three investment performance targets this year. Cost of maintaining and operating the network excluding emergency reinstatement (\$ per lane km) was higher than budget because more maintenance was done to extend the life of the asset and subsequently delay renewal.



3/5

DELIVERY TARGETS

2/3

INVESTMENT FORECASTS

Maintenance and operation of state highways achieved or exceeded three of five service delivery targets this year.

Financial results

Maintenance and operation of state highways ended the year over budget by \$60m. This result is consistent with the new approach to asset maintenance and renewals, where service life is extended through maintenance, delaying the need for renewal.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	373,170	312,944	60,226	345,046
Expenditure	372,786	312,865	(59,921)	343,383
Net surplus (deficit)	384	79	305	1,663

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

SECTOR RESEARCH

What does the NZ Transport Agency do?

Under this output class, the Transport Agency purchases research to improve knowledge and investment decisions made in the land transport system. The research programme informs the Transport Agency's policies and guidelines and is made available to transport stakeholders and the general public. Sector training addresses gaps in core transport capability training that cannot be addressed by other means.

How does this output contribute to desired transport goals?

Sector research helps integrate 'one network' and other transport goals indirectly, enabling better delivery of all other outputs. The Transport Agency manages this output to maximise the overall benefit derived from all other outputs. For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Research and transport sector capability development, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of activities that are delivered to agreed standards and timeframes ⁽³⁹⁾	100%	100%	-	84%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for sector research were:

- › growing understanding and shaping future travel demand through publishing research reports and their findings. The Transport Agency is using the national long-term transport demand model to quantify the implications for travel demand associated with a range of scenarios, and is investigating using it as a risk management tool to predict future revenue. Drivers of demand for transport are forming a base for, and are expected to be complemented by, similar research into how to model demand for other modes of transport, such as public transport, walking and cycling
- › publishing 26 research programme reports on the Transport Agency website. A further 12 research projects were completed and the associated research reports were being finalised for publication as at June 2014. In addition, 20 research projects were actively managed, including 16 new contracts that were procured during 2013/14
- › approving 48 research programme topics for investment in the upcoming 2014/15 financial year
- › publishing eight Transport Agency research newsletters, which continue to be a popular medium for the promotion and use of recently published research reports and their findings
- › investing \$1.2m in the Austroads' research programme, which provides New Zealand with considerable leverage in terms of both investment and expertise given the broad Austroads' membership. We are planning to continue this level of investment for the foreseeable future as the Transport Agency uses Austroads' standards, design and planning guides, and its work transfers well to the New Zealand context.

How do we interpret our performance results?

Transport Agency service delivery

Sector research achieved 100% against the service delivery performance target for this year.

Research activities were measured against three components, agreed cost, quality and timeliness.



1/1

Sector research achieved 100% against the service delivery performance target for this year.

Financial results

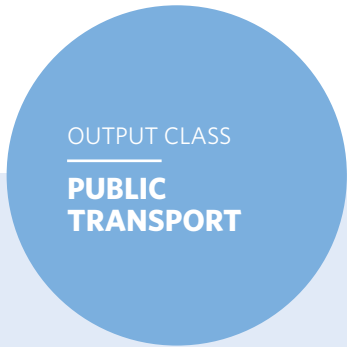
Sector research expenditure ended the year \$1.4m below the original \$5.6m allocation. This was due to the forecast research spend being adjusted down during the year based on the number of topics assessed as high priority for research and the resources available internally to manage their delivery. The Transport Agency is managing the 2012-15 sector research activity class across the NLTP's three years and is on target to expend the budget at around the middle of the target GPS allocation, with an average spend of \$4.27m per annum. A \$2.2m reduction in allocation has already been returned to the NLTF.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	4,197	5,600	(1,403)	3,194
Expenditure	4,197	5,600	1,403	3,194
Net surplus (deficit)	0	0	0	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASSES THE TRANSPORT AGENCY PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES



What does the NZ Transport Agency do?

Under this output class, the Transport Agency invests, in conjunction with investment from approved organisations, in the renewal and improvement of road and ferry infrastructure to support public transport services, including bus lanes, bus bays, public transport facilities (eg terminals, park and ride facilities and public transport technology - including delivering the national integrated ticketing programme). Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund.

Under the output class, the Transport Agency also invests, in conjunction with investment from approved organisations, in public road, rail and ferry (except for commercial services), and total mobility transport services.

How does this output contribute to desired transport goals?

Public transport primarily contributes to the long-term goal of maximising return for New Zealand through providing more mode choices, easing urban congestion and the reduction in adverse environmental effects. Public transport has secondary contributions to better use of existing transport system capacity, resilience and security. It can also contribute to reducing deaths and serious injury from road crashes. These contributions are supported by administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Renewal and improvement of infrastructure to support public transport and non-commercial public transport services are authorised under sections 9(3) and 9(4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

See 'Management of the funding allocation system' (MOFAS) for service delivery measures.

How do we assess our investment performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Number of passengers using urban public transport services (bus, train and ferry)	138m	141m-147m	-3m	132.7m
Public transport boardings per NLTF \$ invested on public transport services (including track access charges)	0.54	0.51-0.53	-0.01	0.55
Fare revenue as a % of total expenditure (farebox recovery ratio)	46%	>47%	-1%	46.4%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for public transport strongly reflect our priority of making the most of the urban network capacity. Highlights include:

- › investing \$256.1m across the country in public transport services and operations for 2013/14, a \$13m increase on last year. Most of this investment (90%) was in the major urban centres of Auckland, Wellington and Christchurch
- › funding half of the cost of the Panmure Station (part of the Auckland Manukau Eastern Transport Initiative – AMETI), platform extensions across 10 stations to enable six-car electric train sets to be used and a minor improvements programme, including a large component of bus-stop related works
- › contributing to improved transport options by helping fund electric trains on the Auckland and Wellington rail networks
- › leading the development of a national integrated ticketing system to provide effective and efficient public transport across the country. Contributing to the funding of Auckland's HOP smart card ticketing system, which will form an integral part of the national system.

How do we interpret our performance results?

Transport Agency investment

Public transport achieved or exceeded one of the three investment performance forecasts.

While the number of passengers using urban public transport services didn't reach our target, we did achieve a 4% increase in passenger boardings over last year. Growth was mainly driven from the main centres (Auckland 5%, Wellington 2% and Canterbury 6%).

The proportion of the cost to run the service recovered from fares did not quite reach target. This is explained by increased expenditure in public transport services and operations increasing slightly more than patronage and fare revenue. Patronage and fare revenue increases did not outweigh the increase in service costs, as such there was a slight decrease on 2012/13.



0/3

Public transport achieved or exceeded one of the three investment performance forecasts.

Financial results

End-of-year expenditure is \$43.7m below budget because there were:

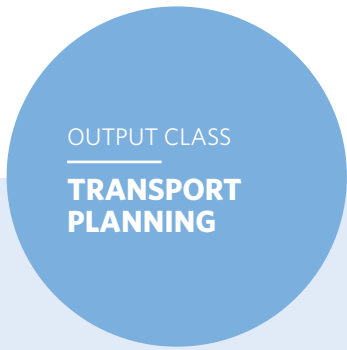
- › efficiency savings in running costs associated to Wellington's new electric train fleet
- › fewer new bus services being introduced in Auckland
- › slower than planned delivery of infrastructure projects in Auckland.

Efficiency savings are expected to continue into the final year of the NLTP, resulting in additional variance to the 2014/15 forecast and total spend across the three-year programme. The Transport Agency is on target to expend the budget at around halfway between the GPS-midpoint for the three-year allocation and the lower band (at around \$850m). Much of these savings have already been returned to the NLTF.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	272,266	316,000	(43,734)	287,532
Expenditure	272,266	316,000	43,734	284,950
Net surplus (deficit)	0	0	0	2,582

* For full output class income and expenditure see appendix 3, pages 132 to 142.



OUTPUT CLASS
TRANSPORT PLANNING

What does the NZ Transport Agency do?

Under this output class the Transport Agency invests in and influences:

- › the development of regional land transport strategies and programmes
- › the development and improvement of service, network and asset management plans by approved organisations and in relation to state highways
- › activities that contribute to the long-term transport planning of approved organisations and the state highway network.

How does this output contribute to desired transport goals?

Transport planning contributes to seven of our eight desired impact areas, excluding more efficient vehicle fleets, by providing greater certainty for regional land transport strategies and programmes, infrastructure development, and activity management and investment in New Zealand's transport system.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Developing plans for improving the transport network and systems, as authorised under sections 9(3) and 9(4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of activities that are delivered to agreed standards and timeframes ⁽⁴⁰⁾	82%	>90%	-8%	92%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for transport planning reflect the Agency's goal to integrate transport into 'one network' for customers through land use and transport planning, which will deliver greater safety and efficiency while growing more jobs. Highlights include:

- › shaping regional planning for the Unitary Plan with Auckland Council and key stakeholders to maximise value for money from the transport sector's investments across the entire region
- › contributing to transport studies for Northland that will reduce compliance costs and get value for money from investments and investing in Auckland South Western airport multimodal planning
- › contributing to the revision and re-endorsement of the Waikato Expressway Network Plan and investing in the Rotorua Integrated Network Strategy
- › contributing to and investing in Wellington transport planning (completing three network operating plans) and reports on the Northern Corridor RoNS network plan
- › working with CERA, ECan and CCC on Christchurch recovery planning, including ensuring that the Christchurch Land Use Recovery Plan reflects the Agency's approach to integrated land use and transportation planning. The Transport Agency led development of a Lyttelton Port Access Plan and Greater Christchurch Freight Study
- › working with the freight sector to complete the Central and Southern Freight Stories, and drafting the Upper North Island Response Plan to support efficient freight movement, including strategic routes for HPMVs.

How do we interpret our performance results?

Transport Agency service delivery

Overall our transport planning performance was strong with a number of key planning projects either completed or well progressed. Due to slower than expected progression on a number of projects and various state highway projects requiring additional resource, transport planning did not fully achieve the service delivery performance target this year. The incomplete work is planned for 2014/15.



0/1

Transport planning achieved 82% against the service delivery performance target for this year.

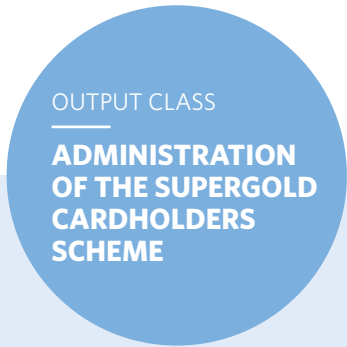
Financial results

Transport planning expenditure ended the year \$1.1m below the \$15.9m NLTP allocation. This was the consequence of slower than expected pick-up in studies and strategies by approved organisations. We expect an increase in 2014/15 that will recover some of the underspend as expenditure ramps up on programme business case development in preparation for the 2015-18 NLTP. For the three-year programme, we expect an outturn towards the lower end of the GPS funding range.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	14,927	15,990	(1,063)	13,438
Expenditure	14,927	15,990	1,063	13,438
Net surplus (deficit)	0	0	0	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.



What does the NZ Transport Agency do?

Under the first output class (Administration of the SuperGold cardholders scheme), the Transport Agency and regional councils administer the SuperGold cardholders scheme. Under the second output class (Enhanced public transport concessions for SuperGold cardholders) the Transport Agency provides funding to regional councils for the provision of enhanced public transport concessions for SuperGold cardholders.

Both outputs are funded as specific projects by the Crown. The Transport Agency manages the scheme on behalf of the Ministry of Transport. The local authorities participating in the scheme are mostly (but not all) regional councils. All are referred to here as 'regional councils'.

How does this output contribute to desired transport goals?

The SuperGold cardholders' concessionary fares scheme contributes to the long-term goal of maximising return for New Zealand by providing the elderly more transport options and improving the use of public transport capacity during off-peak hours.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

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

Providing enhanced public transport concessions for SuperGold cardholders.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Average number of days taken to deliver	18	20	+2	17
% of activities that are delivered to agreed standards and timeframes ⁽⁴¹⁾	100%	100%	-	100%

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements in our work on the SuperGold cardholders scheme are:

- › supporting 11.9 million SuperGold card trips during the year. This represents a 7% increase over the 11.1m trips made in 2012/13
- › taking an active part in Ministry of Transport's review of the SuperGold card policy, culminating in a paper to the Associate Minister of Transport.

How do we interpret our performance results?

Transport Agency service delivery

The SuperGold cardholders scheme achieved or exceeded all performance targets for the year.



2/2

The SuperGold cardholders scheme achieved or exceeded all performance targets for the year.

Financial results

SuperGold public transport concessions overspent budget by \$205k because more people are:

- › becoming eligible for the SuperGold scheme
- › using their SuperGold card.

A Crown allocation had been provided for both the 2013/14 and 2014/15 years to administer and meet concession payments associated with the scheme. To accommodate the extra cost in 2013/14, \$205k was drawn down from the 2014/15 allocation. We envisage the remaining funding available for 2014/15 will be appropriate to meet the expected increase in usage of the scheme across this year.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	24,000	24,000	0	22,850
Expenditure	24,205	24,000	(205)	22,458
Net surplus (deficit)	(205)	0	(205)	392

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

ROAD SAFETY PROMOTION

What does the NZ Transport Agency do?

Under this output class, the Transport Agency manages and invests in activities that contribute to the safe, efficient and effective use of land transport networks and services, including road-user advertising, education and information initiatives that contribute to the high- and medium-priority areas of the Safer Journeys strategy.

How does this output contribute to desired transport goals?

Road safety promotion primarily aims to reduce deaths and serious injuries from road crashes by influencing the behaviour of drivers and other road users, as part of the Transport Agency's long-term goals of shaping smart transport choices and maximising returns for New Zealand. For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Promote safe and economical use of land transport networks and services, pursuant to section 9 of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of activities that are delivered to agreed standards and timeframes ⁽⁴²⁾	100%	100%	-	100%
% of target audience aware of road user safety messages ⁽⁴³⁾	48%	≥70% [†]	-22%	75%

KEY Value for money Service quality Customer satisfaction

[†] Low target due to Safer Journeys' focus on youth, with whom it is more difficult to achieve unprompted recall.

What were our key achievements?

The key achievements for road safety promotion reflect the role of road user behaviour in achieving the Transport Agency's long-term goal of shaping smart transport choices. Highlights of this year's programme include:

- › tailoring the Drive Social campaign so people identify that their driving affects others and widening the responsibility for road safety to the whole community through the 'Mistakes' and 'Legend' campaigns
- › continuing to invest in local authorities to address local safety issues and increase alignment to the Safer Journeys priorities. Key programmes launched during the year targeted rail safety, child restraint use and vehicle maintenance
- › receiving extensive national and international recognition for our speed and drug driving campaigns with multiple successes at leading advertising awards including:
 - the New York Festival
 - the One Show (North America's major advertising awards)
 - the Cannes Lion Awards.

How do we interpret our performance results?

Transport Agency service delivery

Road safety promotion achieved one of two service delivery performance targets this year.

As we change the road safety conversation, our ads are increasingly not seen as specifically about 'road safety' and consequently the measure, '% of target audience aware of road user safety messages', is becoming less useful. Overall recognition of our advertising messages continues to be very high, with 95% of people recalling one or more of our ads either freely or when prompted. We have new measures in place for 2014/15, which better reflect the success of road safety messages.



1/2

Road safety promotion achieved one of two service delivery performance targets this year.

Financial results

Expenditure on road safety promotion was very close to budget, with small over and under spends largely balancing each other out.

The actual expenditure was \$345k over budget, caused by small overspends in both local and national education and advertising activities.

Over the first two years of the 2012-15 NLTP, the Road Safety Promotion activity class has spent \$60m of a forecast \$64m. \$37.6m is currently allocated for the final year. Based on the current allocation and previous underspend, this activity class is likely to have a final spend of \$91m, which is within the GPS funding range.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	32,829	32,100	729	27,592
Expenditure	32,445	32,100	(345)	27,592
Net surplus (deficit)	384	0	384	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASSES WHERE THE TRANSPORT AGENCY INVESTS, BUT DOES NOT DELIVER SERVICES

OUTPUT CLASS

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS

What does the NZ Transport Agency do?

Under this output class the Transport Agency invests in local road improvements with approved organisations. Investments include new roads, seal extensions, new traffic management facilities and replacement of bridges and other structures.

How does this output contribute to desired transport goals?

New and improved infrastructure for local roads helps increase the resilience and security of freight supply chains and ease severe congestion. Improved road engineering also significantly helps reduce the risk of road crashes. For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Management and delivery of improvement of local roads, as authorised under sections 9(3) and 9(4) of the Land Transport Management Act 2003.

How do we assess our investment performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Length of road construction and new roads completed (lane kms)	69km	120-200km	-51	89.6km
Length of bridge replacements (lane kms)	0.3km	1.0-1.5km	-0.7	1.1km

KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for new and improved infrastructure for local roads reflects a focus on supporting growth in Auckland with several large projects under way in the region including:

- › the Auckland Manukau Eastern Transport Initiative (AMETI)
- › Tiverton-Wolverton Road
- › Glenfield Road.

Investments in other cities support regional outcomes through the following projects:

- › Christchurch projects
- › Hamilton Ring Road
- › Tauranga's Tara Road.

For more information on regional investment highlights, see pages 205 to 232.

How do we interpret our performance results?

Transport Agency service delivery and investment

New and improved infrastructure for local roads did not achieve investment performance forecasts this year.

Investment performance achievement for length of road construction and new roads completed is affected by the completion date of forecast projects, as the actual length of road completed is only recorded at the end of the work. This result against forecast reflects ongoing construction for several large multi-year projects and low investment in new Christchurch roads as priorities in the region focus on recovery efforts.

Bridge replacement work is down across the sector as local authorities assign priority to other projects. We continue to monitor bridge replacement work, however, across the country bridges are generally in good condition with a high proportion of bridges in permanent materials and relatively few bridges restricted in speed or weight.



0/2

New and improved infrastructure for local roads did not achieve investment performance forecasts this year.

Financial results

Expenditure ended the year under budget by \$35m, mainly due to:

- › slower than expected delivery of Christchurch roads relative to budget (about \$15m) due to changes in rebuild priorities
- › less actual delivery than planned of minor improvement programmes and Auckland infrastructure.

The underspend reflects slower than anticipated delivery of the roading aspects of the central Christchurch recovery and competing priorities for local funds. We expect expenditure to increase in the third year of the NLTP as Christchurch delivery ramps up and as local authorities utilise the remaining approved funding for minor improvements.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	125,043	160,000	(34,957)	152,562
Expenditure	125,043	160,000	34,957	152,562
Net surplus (deficit)	0	0	0	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

RENEWAL OF LOCAL ROADS

What does the NZ Transport Agency do?

Under this output class, the Transport Agency invests, alongside approved organisations, in the capital expenditure and management of renewal activities required to minimise the long-term cost of retaining serviceable local roading infrastructure, including resurfacing sealed and unsealed roads, renewing drains, rehabilitating road pavements and structures, and preventative maintenance.

How does this output contribute to desired transport goals?

Renewal of local road infrastructure primarily contributes to maintaining the resilience and security of the whole road network, efficiency of freight supply chains and the easing of severe congestion, by ensuring that the established local road network asset condition is sustained by an ongoing capital investment programme.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Management and delivery of renewals to the existing local road infrastructure, as authorised under sections 9(3) and 9(4) of the Land Transport Act 2003.

The reinstatement of local roads in Canterbury is limited to the reinstatements following the earthquakes as approved by the Transport Agency under relevant legislation.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of activities that are delivered to agreed standards and timeframes	75%	100%	-25%	N/A
> reinstatement of local roads in Canterbury ⁽⁴⁴⁾				

See 'Management of the funding allocation system' (MOFAS) for further service delivery performance measures.

How do we assess our investment performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
% of sealed network resurfaced (based on road length in lane km)	6%	6-8%	-	6.5%
% of network rehabilitated (based on road length in lane km)	1%	1-2%	-	0.6%
% of unsealed network metalled (based on road length in centreline km)	16%	20-35%	-4%	28%
Pavement integrity of the sealed network	94%	≥94%	-	94%
Surface condition of the sealed network	98%	>97%	+1%	98%
Cost of renewals (excluding emergency reinstatement) per network lane km (total cost)	\$3,006*	\$2,800-\$3,300	-	\$2,692*

KEY Value for money Service quality Customer satisfaction

* Cost of renewal for local roads reflects the full cost of the activity including an average FAR rate of 50%

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievement for renewal of local roads was continued investment in activity sustaining the road network in good serviceable condition. Achievement is shown by stable condition measures although it should be recognised that there may be variations of road condition both within and among road controlling authorities.

How do we interpret our performance results?

Transport Agency service delivery and investment

Reinstatement of local roads in Canterbury did not achieve target this year. The rebuild of earthquake damaged transport assets in Christchurch has been slower than anticipated primarily due to delays in repairing underground assets, which must be completed before roads are repaired.

Renewal of local roads achieved five of six investment performance forecasts this year.

Overall results reflect local authorities across the country seeking to economise on renewal costs by better targeting areas of work and extending the life of existing assets through maintenance.

Local authorities report replacement metalling differently. Some report only road rebuilding and attribute replacement of metal to general maintenance, while other organisations report the total amount of metal applied to their network. Although this year's result is below forecast, a review suggests that the amount of metal being applied is generally appropriate and reasonably consistent across the country.



0/1

DELIVERY TARGETS

5/6

INVESTMENT FORECASTS

Renewal of local roads achieved five of six investment performance forecasts this year.

Financial results

Renewal of local roads ended the year \$13.2m below budget. This reflects local councils' decisions to defer renewals and transfer funding to maintenance, having taken a more rigorous approach to asset renewals by maximising the life of the existing assets.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	232,761	246,000	(13,239)	204,410
Expenditure	232,761	246,000	13,239	204,410
Net surplus (deficit)	0	0	0	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.

OUTPUT CLASS

MAINTENANCE AND OPERATION OF LOCAL ROADS

What does the NZ Transport Agency do?

Under this output class the Transport Agency invests, alongside approved organisations, in the routine maintenance and operation of local roading infrastructure, including the maintenance of pavements, structures, drains, the environment, traffic services, cycle paths and level crossings, and the emergency reinstatement of roads.

How does this output contribute to desired transport goals?

Maintenance of local road infrastructure helps sustain the transport system. Sound management of maintenance activities and the operation of the network have a broad impact, including on better use of transport capacity, ensuring network resilience and security, freight supply chain efficiency, reducing urban congestion and the risk of road crashes.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

Maintenance and operation of existing local road infrastructure, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
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See 'Management of the funding allocation system' (MOFAS) for further service delivery performance measures.

How do we assess our investment performance?°

	Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
Smooth ride - % of travel on smooth roads	86%	≥86%	-	84%
Cost of emergency reinstatement	\$101m	\$90m	-\$11m	\$84m
Cost of maintaining and operating the network (excluding emergency reinstatement) per network lane km (total cost)	\$2,608 [†]	\$2,400-\$2,700	-	\$2,580 [†]

KEY Value for money Service quality Customer satisfaction

[†] Cost of maintenance and operations for local roads reflects the full cost of the activity including an average FAR rate of 50%

What were our key achievements?

The key achievement for the maintenance and operation of local roads this year was to keep costs per lane kilometre at a similar level (1% increase) as last year while maintaining the condition of the roads and responding appropriately to emergency conditions.

How do we interpret our performance results?

Transport Agency investment

Maintenance and operation of local roads achieved two of three investment performance targets this year.

The Transport Agency continues to work with road controlling authorities to implement the recommendations of the Road Maintenance Taskforce's report of October 2012 on procurement and asset management practices. The joint work has led to the development of a national road classification scheme and measures to assess the customer service outcomes for each class of road. It is expected that the measures will ultimately lead to more consistent levels of service and funding.

The costs of emergency work on roads were significantly affected by earthquake recovery work in Canterbury. The total value of road recovery work was \$92m – of which \$50m was funded from the NLTF, \$30m was funded direct from the Crown and \$12m was accumulated as debt.



2/3

Maintenance and operation of local roads achieved two of three investment performance targets this year.

Financial results

Expenditure ended the year \$13.6m over budget because local authorities took a new approach to asset maintenance and renewals. The life of existing assets are being maximised by deferring renewals and transferring the funding to maintenance works.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	302,618	289,000	13,618	279,379
Expenditure	302,618	289,000	(13,618)	279,379
Net surplus (deficit)	0	0	0	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.



OUTPUT CLASS

WALKING AND CYCLING

What does the NZ Transport Agency do?

Under this output class, the Transport Agency invests in new and improved walking and cycling infrastructure for transport purposes and community education and promotion activities. Walking and cycling facilities include, cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and bicycle parking facilities.

New walking and cycling facilities that are part of a roading improvement project are funded through the project rather than through this output class.

How does this output contribute to desired transport goals?

Walking and cycling infrastructure has its main impact through facilitating more transport choices in urban environments where walking or cycling is offered to the community. This contribution indirectly supports better use of transport capacity, reduced adverse environmental effects, congestion relief and reduces deaths and injuries from road crashes.

For how our outputs contribute to impacts see appendix 1, page 126.

Scope of output class

New and improved walking and cycling infrastructure for transport purposes, as authorised under sections 9(3) and 9(4) of the Land Transport Management Act 2003.

How do we assess our service delivery performance?°

Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
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See 'Management of the funding allocation system' (MOFAS) for further service delivery performance measures.

How do we assess our investment performance?°

Actual 2013/14	Target 2013/14	Variance 2013/14	Actual 2012/13
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Kilometres of new footpaths, cycle lanes and cycle paths	33.1km	120km - 200km	-86.9km	46.6km
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KEY Value for money Service quality Customer satisfaction

° For supplementary information for non-financial measurement see appendix 2, page 127.

What were our key achievements?

The key achievements for walking and cycling were:

- › seven new cycle paths and corridor upgrades started in the Auckland region, including construction of Dominion Road corridor upgrade, investigation of Glen Innes to Tamaki Drive cycleway and Northcote Safe Cycle Routes and design of Upper Harbour Drive cycle scheme
- › continuation of the Central Motorway connection in Auckland
- › continued investment in model communities in New Plymouth and Hastings, including education and advertising as well as infrastructure
- › continued investigation into the Ngāūranga to Petone cycle/walkway and continued construction of the Tawa Stream pathway (\$1.7m)
- › continuation of southern commuter routes in Dunedin (\$1.2m).

Activities that contribute to walking and cycling outcomes are delivered in many other activity classes. For example, new facilities as part of road or public transport infrastructure; shoulder widening or reallocation of road space through maintenance and operations; education and promotion activities, such as bike to work challenges; community and school bike training and advertising, are carried out as part of the road safety promotion output class.

How do we interpret our performance results?

Transport Agency investment

Walking and cycling did not achieve the investment performance forecast for the year.

The forecast for this measure was based on a ratio of actual kilometres of new pedestrian and cycle facilities to expenditure delivered in 2010/11. During that year, there were many low-cost, long distance projects, many of these being on-road cycle facilities and cycle lanes, requiring low investment in new infrastructure.

In contrast, projects during the 2012-15 NLTP have been focused more toward segregated cycleways, which need a high level of new infrastructure. Segregated cycleways are preferable because they move the cycle traffic away from existing roads to minimise conflict points with motor vehicles, but require a greater level of investment for shorter lengths of facilities.



0/1

Walking and cycling did not achieve the investment performance forecast for the year.

Financial results

Expenditure is below budget by \$1.8m due to both approved organisations and the State Highways Programme not completing their planned activity. The majority of the underspend can be attributed to a delay to three high-value projects in Auckland, for which \$1.3m of allocated funding has been carried through to the 2014/15 year.

How is the money spent?*

	Actual 2013/14 \$000	Budget 2013/14 \$000	Variance 2013/14 \$000	Actual 2012/13 \$000
Income	18,197	20,000	(1,803)	8,449
Expenditure	18,197	20,000	1,803	8,449
Net surplus (deficit)	0	0	0	0

* For full output class income and expenditure see appendix 3, pages 132 to 142.

APPENDIX 1

HOW OUR OUTPUTS CONTRIBUTE TO IMPACTS

The Transport Agency produces 18 outputs, each of which contributes to our desired long-term impacts in different ways. The following table sets out the contribution of our outputs to our desired long-term impacts.

FUNCTION	OUTPUT CLASS	OUR DESIRED GOALS							
		Better use of existing transport capacity	More efficient freight supply chains	Resilient and secure transport network	Easing of severe urban congestion	More efficient vehicle fleets	Reductions in deaths and serious injuries from road crashes	More transport mode choices	Reduction in adverse environmental effects from road transport
PLANNING THE LAND TRANSPORT NETWORK	Management of the funding allocation system	●	●	●	●		●	●	●
	Transport planning	●	●	●	●		●	●	●
	Sector research	●	●	●	●	●	●	●	●
INVESTING IN LAND TRANSPORT	Public transport **	●		●	●		●	●	●
	Road safety promotion					●	●		
	Road Policing programme*		●	●			●		
	New and improved infrastructure for local roads*		●	●	●		●		
	Renewal of local roads*	●	●	●	●				
	Maintenance and operation of local roads*	●	●	●	●		●		●
	Walking and cycling*	●			●		●	●	●
PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM	Licensing and regulatory compliance		●			●	●		●
	Road tolling	Revenue collection supports repayment of debt-funded infrastructure investment							
	Motor vehicle registry						●	●	●
	Road user charges collection, investigation and enforcement	Revenue collection for the NLTP supports the Transport Agency's investment in the land transport system							
	Refund of fuel excise duty								
MANAGING THE STATE HIGHWAY NETWORK	New infrastructure for state highways		●	●	●		●		
	Renewal of state highways	●	●	●	●				
	Maintenance and operation of state highways	●	●	●	●		●		●
* The Transport Agency does not deliver these goods or services directly. These output classes receive NLTP investment funds. Actual outputs are delivered by approved organisations. Measures of the Transport Agency's performance, in relation to investment output classes, can be found in the management of the funding allocation system.									
** Includes administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.									
KEY	● Major/primary contribution	● Minor/secondary contribution	NB: Where there is no dot, there may still be a small contribution						

APPENDIX 2

SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASUREMENT

This section provides explanations and technical details for non-financial performance measures. These notes include long-term impact indicators, priority indicators, investment service indicators and result performance measures.

Throughout this document there has been a consistent approach to rounding of non-financial performance results to the nearest whole number or one decimal place, where relevant.

PROGRESS ON LONG-TERM GOALS

INTEGRATING ONE NETWORK FOR CUSTOMERS

People movement is more efficient and reliable:

Network productivity: speed and flow on Auckland urban network. This indicator measures lane capacity utilisation (network productivity) of the urban network. Productivity is measured in terms of the product of speed and flow compared to road lane optimal vehicle throughput. It demonstrates how effectively the current road network and operational management activities handles peak demand for vehicle movement. This indicator provides information to help deliver on our priority of making the most of urban network capacity.

The higher the productivity percentage value, the more productive the road network is, due to both speed and flow being maintained near maximum values (ie near free flow speed and capacity respectively). The lower the productivity percentage value the less productive the road network is due to either or both low traffic flow and speed. It is noted that a low productivity may also occur in scenarios of low demand and therefore may not be due to poor network performance.

Freight movement is more efficient and reliable:

The % of travel by high productivity motor vehicles (HPMVs) of total heavy vehicle VKT demonstrates the percentage of travel by HPMVs of the total kilometres travelled by heavy vehicles. This indicator presents the volume of higher productivity motor vehicle freight kilometres. An increase in HPMV kilometres travelled will realise increase freight efficiency as fewer truck trips are undertaken but at higher loads. This increased efficiency will help deliver on our priority of moving more freight on fewer trucks and subsequently lift the transport sectors productivity.

There is an optimal range of travel and transport choices for each location: The % mode share – public transport and walking and cycling. This indicator demonstrates the availability and share alternative travel choices used by the public. It is

sourced from the Ministry of Transport's Household Travel Survey and represents the percentage of journeys where public transport is used in full or in part and a combination of walking and cycling journeys on a three-year moving average.

SHAPING SMART TRANSPORT CHOICES

Safe speeds: The number of deaths and serious injuries on open roads (80–100km/h). This indicator focuses on the high proportion of road deaths (70–80%) that take place on open roads. This indicator shows progress on our priority of ensuring safe speeds on the roads to reduce deaths and serious injuries.

Using roads safely: The number of deaths and serious injuries in alcohol/drug related crashes. This indicator focuses on the involvement of alcohol/ drugs as a contributing factor in contributing to fatal and serious injuries.

Using safer vehicles: This aspect is measured by the % of new vehicles with five-star safety rating. This indicator reflects the impact that structural changes in the vehicle fleet have on road safety. An increasing proportion of new cars with a five star safety rating will, over time, have a positive impact on the number and severity of injuries suffered by individuals.

Making efficient use of vehicles: The efficient use of vehicles is measured by the average petrol and diesel consumption (litres) per 100 vehicle kilometres travelled. This indicator reflects changes in the fuel efficiency of the new, more efficient, vehicle fleet.

DELIVERING HIGHWAY SOLUTIONS FOR CUSTOMERS

Safe highway journeys: Safe highway journeys are measured by the number of deaths and serious injuries in head-on and run-off road crashes on state highways. This indicator reflects that road design can have considerable impact on these types of crashes.

Efficient and reliable highway journeys: Efficient and reliable highway journeys are measured by the number of resolved road closures with a duration of 12 hours or longer. This indicator reflects responsiveness to any unplanned closures that occur on the state highway network. This responsiveness ensures that disruption to the reliability and efficiency of the network is minimised.

Social and environmentally responsible highways:

The provision of socially and environmentally responsible highways is measured by the % compliance with state highway consent conditions. This indicator reflects the desire to minimise social and environmental impacts through our activities on the state highway network by complying with resource consent conditions. The measure includes conditions relating to environmental permits in

resource consents, designations, Department of Conservation concessions, Historic Places Trust authorities and building consents as recorded in Transport Agency's consent compliance management system.

MAXIMISING RETURNS FOR NEW ZEALAND

Efficient road maintenance investment & delivery:

Efficient road maintenance investment is measured by the programmed savings in maintenance and operations activity in 2012-15 National Land Transport Programme. This indicator reflects the need to pursue greater value for money in a constrained funding environment. Efficient road maintenance investment and delivery is a Transport Agency priority for the next three years.

OUTPUT CLASSES THE TRANSPORT AGENCY DELIVERS

Licensing and regulatory compliance

8. The % *accuracy* of registers is a measure of the data input accuracy of the driver licence register (DLR), based on monthly audit checks from a random sample of 100 callers and a selection of agents' work processed against what's written on the form and recorded in DLR. The measure reflects the average of the audit results.
9. *Unit transaction cost* measures the direct unit cost of delivering a driver licence/driver testing transaction/service.
10. The % of *operational assurance activities completed* is an aggregate of three specific operational assurance activities (eg audits) of driver testing agents, transport operators and certifying agents completed against planned. Aggregation is based on the weighted volume of activity in the given year.
11. The % of *activities that are delivered to agreed standards and timeframes* is an aggregate of six specific dimensions – four audit activities of driver testing agent officers and course providers, transport operators, certifying agents and regulatory compliance and agent service delivery (with targets of >90%); and two completion rates against standards of official correspondence and transport rules development programmes (with targets of 100%). Aggregation to the overall result is based on weighted volume of activity across the components in the given year.

12. The *number of products delivered or processed* includes new and renewed driver licences, issuing of driver and transport operator testing services, certification review, border inspection, over-dimension permits, and drug and alcohol assessments funded.
13. The % of *transactions completed online* is the proportion of practical test bookings completed through the Transport Agency website divided by the total number of test bookings completed for motor vehicle and motorcycle licences.
14. The % *customer satisfaction* reflects the proportion of licensing customers who considered it easy to complete their driver licensing test booking via the internet. It is sourced from a feedback survey open to all users of the internet transaction service.

Road tolling

15. *Unit transaction cost* is the direct unit cost of delivering a toll service. Cost excludes write offs, bad debts and administration fees from toll payment notices.
16. The % of *transactions completed online* is the proportion of casual trip payments and toll payment notice (TPN) transactions completed through the internet over the total number of trip and TPN payments. Toll payment notices are issued to customers who have not paid their toll fees within five days.

Motor vehicle registry

17. The *% accuracy of register* reflects the accuracy of the information entered into the motor vehicle registry (MVR). Data verification activities are focused on confirming vehicle attributes, vehicle ownership and address information in the MVR. It combines the result of regular audit checks by regional staff, unverified owner and address information returns.
18. The *% of transactions completed online* is the proportion of motor vehicle annual licensing (new and renewals) purchased over the internet, direct connect and via an industry agent divided by the total number of motor vehicle registrations.
19. The *% customer satisfaction* reflects the proportion of motor vehicle register customers who consider the internet transaction they undertook was easy to complete. It is sourced from a feedback survey open to all users of the online transaction service. Responses are based on the following online transactions – vehicle licence renewal, bought or sold a vehicle, a registered person or stolen vehicle check, an exemption from vehicle licensing, applying for registered person name and address and revoking access to personal details.

Road-user charges (RUC) collection, investigation and enforcement

20. The *number of products/services delivered or processed* includes light and heavy vehicle RUC licence purchases and off-road RUC rebate claims. This is an aggregate figure showing a total of assessment, enforcement and refund activities.
21. The *% of transactions completed online* is the proportion of light and heavy vehicle RUC licences purchased online over the total number of RUC licences purchased. Online refers to transactions via Direct Connect, Transact, e-RUC and automatic tellers.

Refund of fuel excise duty (FED)

22. *Average number of days taken to deliver* is determined by how long it takes, on average, to process and approve FED refunds. Days to deliver refer to the number of working days between the date of application to the date of approval recorded in the FED database system.

23. The *number of products/services delivered or processed* is the number of FED refund applications processed or delivered for the reporting period. The volume of applications is based on the processing date.

Management of the funding allocation system

24. The *total cost of the management of the funding allocation system* is the Transport Agency service delivery cost for this output less the cost of taxi enforcement activity and crash analysis system (CAS) business activities that are not part of the management funding allocation system.
25. The *% of operational assurance activities completed* is an aggregate of three specific dimensions: lessons learned, audits and post-implementation review programmes. Operational assurance activities are assessed according to their effectiveness, economic efficiency and strategic fit (ie high, medium, low). Aggregation is based on the weighted volume of activity in the given year.
26. The *% of activities that are delivered to agreed standards and timeframes* is an aggregate of four specific measures to monitor the quality and efficiency of managing NLTP expenditure and forecast standards, including investment approval and decision activities. All components of the measure have targets of 100%. Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
27. The *average number of days taken to deliver* is determined by how long it takes, on average, to process and approve funding for a new NLTP activity. Days to funding approval is defined as the number of working days between the date of receipt to the date the approval was recorded in the transport information online system.
28. The *% customer satisfaction* demonstrates the percentage of approved organisations' stakeholders (regional, local and unitary authorities, Department of Conservation, Auckland Transport and Waitangi National Trust) that were satisfied with the relationship between their organisation and the Transport Agency. This is measured through an independently conducted survey.

New and improved infrastructure for state highways

29. *% of activities that are delivered to agreed standards and timeframes* compares time, cost and quality of large, block and property acquisition programmes (at the time that construction commenced). It is a measure of the effectiveness of the Transport Agency as a project manager. Within each programme, time, cost and quality are equally weighted with targets of >90%. Aggregation to the overall result is based on weighted programme expenditure across the components in the given year. Construction of passing opportunities on State Highway 2 between Napier and Gisborne: The % of activities that are delivered to agreed standards and timeframes is based on the proportion of the fund spent according to scope and Vote Transport for new and improved state highway work on Buckle Street in Wellington and on passing lanes between Napier and Gisborne.

30. The *% of customers' satisfaction* demonstrates the percentage of supplier stakeholders that were satisfied with the relationship between their organisation and the Transport Agency. This is measured through an independent survey.

Renewal of state highways

31. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of renewal activities and progress of state highway pavement renewal programme against baseline. It is a measure to keep track of the delivery of physical performance targets. The single component aspect of this measure examines the proportion of state highway renewal work completed compared to the planned kilometres.

32. *Safe stopping: % of travel on network above skid threshold* reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to improve skid resistance.

33. *Network resilience: % of rutting >20mm over state highway network* is the proportion of rutting above the 20mm threshold over the length of the state highway network. Rutting in the road surface (long shallow channels generally found

in wheelpaths) is one of the key indicators of the health of the underlying pavement and the need for pavement renewal. Ruts often also hold water and thus lower skid resistance.

Maintenance and operation of state highways

34. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of maintenance activities and progress of state highway maintenance programme against baseline. It is a measure to keep track of the delivery of physical performance targets. The single component aspect of this measure examines expenditure against budget outlined in the state highway annual budget.

35. *Safe stopping: % of network meeting surface texture standards* reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Maintenance of the state highway focuses on ensuring skid resistance (to ensure safe stopping). Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to maintain network skid resistance.

36. *Smooth ride: % of travel on network classed as smooth* is the proportion of travel (proportion of vehicle kilometres travelled on the network surveyed) that occurs on pavements smoother than a nominated surface texture standard, over the length of the network surveyed.

37. *Availability of state highway network: % of unplanned road closures resolved within 12 hours*. It is expressed as the sum of all unscheduled road closure incidences (both urban and rural), which have a significant impact on road users, addressed within standard timeframes (ie urban <2 hours; rural <12 hours) and protocol over the total number of road closure incidences.

38. The *% customer satisfaction* reflects the proportion of the public who are satisfied with the availability of network information and the overall rating of the state highways in New Zealand. It is sourced from several customer surveys. These are computer-aided telephone interviewing (CATI) design surveys with quotas set for target audiences according to age, race, gender and residential region (prescribed numbers are set for each to ensure balance and fairness).

Sector research

39. The % of activities that are delivered to agreed standards and timeframes is a measure that compares planned time, cost and quality of

research investment with actual performance. All aspects have targets of 100% and contribute equally to the overall result. It is a measure of the effectiveness of the Transport Agency as a programme manager.

OUTPUT CLASSES THE TRANSPORT AGENCY PARTLY DELIVERS ALONG WITH APPROVED ORGANISATIONS

Transport planning

40. The % of activities that are delivered to agreed standards and timeframes includes transport planning, studies, strategies and models and activity management planning activities. These components are individually assessed against targets of >90%. Aggregation of these results is based on the weighted volume of activity for each area. The Transport Agency works collaboratively with its partners as they prepare strategies, plans and packages to help ensure that when they are formally received they are of high quality, meet the Transport Agency assessment criteria and are therefore suitable for support or endorsement by the Transport Agency. It provides an indication of how well the Transport Agency manages its transport planning activities to time and cost standards.

between the date the payment was made and the date the claim was submitted to or recorded in the Transport Information Online (TIO) or Land Transport Programme (LTP) website by the regional council. Claims are received, validated and paid electronically.

Road safety promotion

42. The % of activities that are delivered to agreed standards and timeframes is a measure of timeliness and effectiveness in delivering road safety education, advertising and promotion. Components of this measure look at the percentage of the road safety education and advertising campaigns completed on time and the percentage of education and promotion programmes that meet forecast participation rates. All components have a 100% target and contribute equally to the overall result.

Administration of the SuperGold cardholders' scheme and enhanced public transport concessions for SuperGold cardholders

41. The % of activities that are delivered to agreed standards and timeframes is a measure of our speed of processing and approving SuperGold claims to regional councils. The component measure is the average number of days taken to process claims received from regional councils. Days to process is defined as the difference

43. The % of target audience aware of road user safety messages is a measure based on a computer-aided telephone interviewing (CATI) design survey with quotas set for target audiences according to age, race, gender and residential region (prescribed numbers are set for each to ensure balance and fairness). It is currently limited to advertising and television. The scope to include other communication media, such as print, web (eg YouTube) and phone (eg Twitter), is currently being considered.

OUTPUT CLASSES WHERE THE TRANSPORT AGENCY INVESTS, BUT DOES NOT DELIVER SERVICES

Renewal of local roads

44. The % of activities that are delivered to agreed standards and timeframes is the proportion of the fund spent according to scope and Vote Transport estimates for the reinstatement of earthquake damaged local roads in Canterbury.

APPENDIX 3

OUTPUT CLASS INCOME AND EXPENDITURE

PLANNING AND INVESTING IN LAND TRANSPORT NETWORKS

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown (crash analysis system)	771	775	775
National Land Transport Fund	29,573	30,000	28,838
Other	142	0	0
Total inflows	30,486	30,775	29,613
OUTFLOWS			
Transport Agency operating activities (crash analysis system)	1,021	775	731
Transport Agency operating activities (taxi enforcement and RSC)	0	514	71
Transport Agency operating activities	29,715	29,486	28,767
Total outflows	30,736	30,775	29,569
NET SURPLUS/(DEFICIT)	(250)	0	44

TRANSPORT PLANNING			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	14,495	15,990	13,438
Other	432	0	0
Total inflows	14,927	15,990	13,438
OUTFLOWS			
Transport Agency operating activities	4,291	4,150	7,055
Funding to approved organisations	10,636	11,840	6,383
Total outflows	14,927	15,990	13,438
NET SURPLUS	0	0	0

SECTOR RESEARCH			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	4,197	5,600	3,194
Total inflows	4,197	5,600	3,194
OUTFLOWS			
Transport Agency operating activities	4,197	5,600	3,194
Total outflows	4,197	5,600	3,194
NET SURPLUS	0	0	0

PUBLIC TRANSPORT			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	271,926	316,000	287,532
Other	340	0	0
Total inflows	272,266	316,000	287,532
OUTFLOWS			
Transport Agency operating activities	573	2,963	2,607
Funding to approved organisations (PT infrastructure)	15,554	33,037	39,466
Funding to approved organisations (PT services)	256,139	280,000	242,877
Total outflows	272,266	316,000	284,950
NET SURPLUS	0	0	2,582

ROAD SAFETY PROMOTION			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	31,453	32,100	27,592
Community Road Safety Programme	1,018	0	0
Other	359	0	0
Total inflows	32,829	32,100	27,592
OUTFLOWS			
Transport Agency operating activities (community road safety programme)	634	0	0
Transport Agency operating activities (vehicle impoundment)	151	200	201
Transport Agency operating activities	18,844	21,017	15,892
Funding to approved organisations	12,816	10,883	11,499
Total outflows	32,445	32,100	27,592
NET SURPLUS	384	0	0

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	125,043	160,000	152,562
Total inflows	125,043	160,000	152,562
OUTFLOWS			
Funding to approved organisations	125,043	160,000	152,562
Total outflows	125,043	160,000	152,562
NET SURPLUS	0	0	0

RENEWAL OF LOCAL ROADS			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	232,761	246,000	204,410
Total inflows	232,761	246,000	204,410
OUTFLOWS			
Funding to approved organisations	232,761	246,000	204,410
Total outflows	232,761	246,000	204,410
NET SURPLUS	0	0	0

MAINTENANCE AND OPERATION OF LOCAL ROADS			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	302,607	289,000	279,379
Other	11	0	0
Total inflows	302,618	289,000	279,379
OUTFLOWS			
Funding to approved organisations	290,445	289,000	279,379
Funding to AOs (Christchurch earthquake funding)	12,173	0	0
Total outflows	302,618	289,000	279,379
NET SURPLUS	0	0	0

WALKING AND CYCLING			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	17,947	20,000	8,449
Other	250	0	0
Total inflows	18,197	20,000	8,449
OUTFLOWS			
Funding to approved organisations	18,197	20,000	8,449
Total outflows	18,197	20,000	8,449
NET SURPLUS	0	0	0

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

LICENSING AND REGULATORY COMPLIANCE			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown (ministerial advice & official correspondence)	548	548	548
Crown (rules development)	824	899	674
Crown (drug and alcohol assessments)	1,200	1,100	1,100
Crown (driver licensing system)	900	806	600
Crown (driver test subsidy)	1,445	1,445	1,445
Fees and charges	76,909	66,575	70,366
Other	928	1,600	960
Total inflows	82,754	72,973	75,693
OUTFLOWS			
Ministerial advice and official correspondence	826	548	852
Rules development	601	899	1,061
Drug and alcohol assessments	1,256	1,100	1,075
Fees and charges funded activities	75,845	70,180	66,698
Other (including driver licensing system)	1,166	1,907	926
Total outflows	79,694	74,634	70,612
NET SURPLUS/(DEFICIT)	3,060	(1,660)	5,081

ROAD TOLLING			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Fees and charges	6,056	5,696	5,843
Total inflows	6,056	5,696	5,843
OUTFLOWS			
Transport Agency operating activities	5,481	5,763	5,272
Total outflows	5,481	5,763	5,272
NET SURPLUS/(DEFICIT)	575	(67)	571

MOTOR VEHICLE REGISTRY			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Fees and charges	56,779	53,700	54,295
Total inflows	56,779	53,700	54,295
OUTFLOWS			
Transport Agency operating activities	54,033	52,000	51,795
Total outflows	54,033	52,000	51,795
NET SURPLUS	2,747	1,700	2,500

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown (RUC collection)	15,630	10,317	17,002
Crown (RUC investigation and enforcement)	3,835	6,279	0
Crown (RUC refund)	470	450	0
Total inflows	19,935	17,046	17,002
OUTFLOWS			
Transport Agency operating activities (RUC collection)	12,746	12,817	16,016
Transport Agency operating activities (RUC investigation and enforcement)	3,835	3,779	0
Transport Agency operating activities (RUC refund)	470	450	0
Total outflows	17,051	17,046	16,016
NET SURPLUS	2,884	0	986

REFUND OF FUEL EXCISE DUTY			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown	429	429	429
Total inflows	429	429	429
OUTFLOWS			
Transport Agency operating activities	505	429	461
Total outflows	505	429	461
NET (DEFICIT)	(76)	0	(32)

MANAGING THE STATE HIGHWAY NETWORK

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Capital contribution National Land Transport Fund	614,975	536,600	430,064
National Land Transport Fund (renewals)	517,974	417,000	471,295
National Land Transport Fund (interest income)	2,096	20,600	34,525
Other (contributions)	18,904	0	0
State highway disposals	79,693	0	60,771
Borrowing (for toll roads)	0	120,000	0
Total inflows	1,233,642	1,094,200	996,655
OUTFLOWS			
Transport Agency operating activities	31,299	31,760	32,525
Transport Agency investment in the state highway network	1,199,010	1,096,240	960,034
Transport Agency investment in the state highway network (for toll roads)	0	31,000	0
Total outflows	1,230,309	1,159,000	992,559
NET SURPLUS/(DEFICIT)	3,333	(64,800)	4,096

RENEWAL OF STATE HIGHWAYS			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Capital contribution National Land Transport Fund	161,252	222,000	175,009
Other (contributions)	7,341	0	0
Total inflows	168,593	222,000	175,009
OUTFLOWS			
Transport Agency operating activities	10,710	8,000	9,815
Transport Agency investment in the state highway network	157,883	214,000	165,194
Total outflows	168,593	222,000	175,009
NET SURPLUS	0	0	0

MAINTENANCE AND OPERATION OF STATE HIGHWAYS			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
National Land Transport Fund	348,382	312,000	342,209
National Land Transport Fund (rental and interest income)	17,048	0	0
Other (fees and contributions)	7,741	944	2,837
Total inflows	373,170	312,944	345,046
OUTFLOWS			
Transport Agency operating activities	12,950	13,949	10,242
Transport Agency investment in the state highway network	359,836	298,916	333,141
Total outflows	372,786	312,865	343,383
NET SURPLUS	384	79	1,663

SPECIFIC PROJECTS FUNDED BY THE CROWN

REINSTATEMENT OF LOCAL ROADS IN CANTERBURY			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown	30,800	40,694	26,200
Total inflows	30,800	40,694	26,200
OUTFLOWS			
Funding to approved organisations	30,351	40,694	35,019
Total outflows	30,351	40,694	35,019
NET SURPLUS/(DEFICIT)	449	0	(8,819)

ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown	23,905	23,905	22,755
Total inflows	23,905	23,905	22,755
OUTFLOWS			
Funding to approved organisations	24,110	23,905	22,363
Total outflows	24,110	23,905	22,363
NET SURPLUS/(DEFICIT)	(205)	0	392

ADMINISTRATION OF SUPERGOLD CARDHOLDERS

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown	95	95	95
Total inflows	95	95	95
OUTFLOWS			
Transport Agency operating activities	95	95	95
Total outflows	95	95	95
NET SURPLUS	0	0	0

CONSTRUCTION OF PASSING OPPORTUNITIES ON SH2 BETWEEN NAPIER AND GISBORNE			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Crown	3,350	3,500	150
Total inflows	3,350	3,500	150
OUTFLOWS			
Transport Agency investment in the state highway network	3,350	3,500	150
Total outflows	3,350	3,500	150
NET SURPLUS	0	0	0

NATIONAL WAR MEMORIAL PARK			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Capital contribution Crown	25,000	20,000	15,000
Total inflows	25,000	20,000	15,000
OUTFLOWS			
Transport Agency investment in the state highway network	25,000	20,000	15,000
Total outflows	25,000	20,000	15,000
NET SURPLUS	0	0	0

SECTION F STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2014

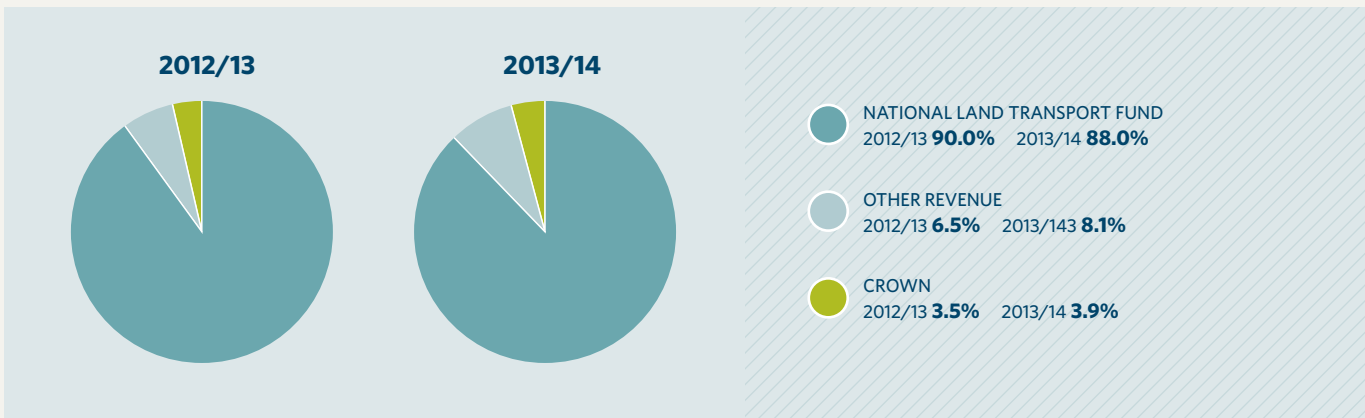


HIGHLIGHTS FROM OUR FINANCIAL STATEMENTS

\$2.2 billion TOTAL INCOME

The largest contribution to our income is from the National Land Transport Fund. We also receive revenue from the Crown to support our objectives and for specific projects such as the Canterbury rebuild. Other revenue comes mostly from our licensing and regulatory activities.

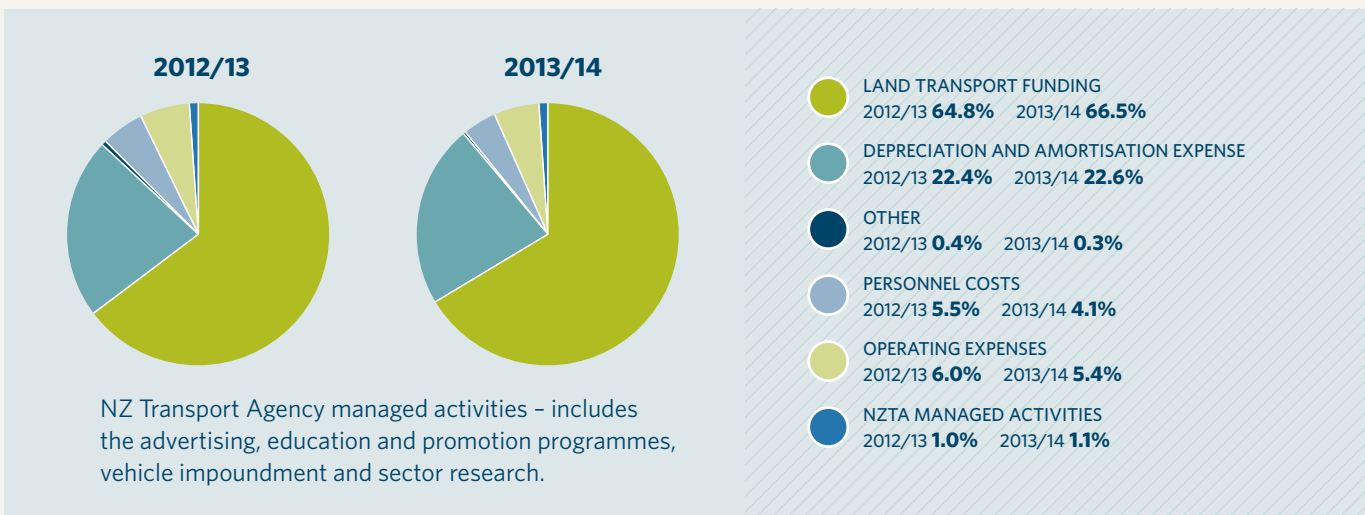
INCOME BY SOURCE



\$2.1 billion TOTAL EXPENDITURE

Our expenditure is guided by the Government Policy Statement on Land Transport Funding (GPS) and the priorities identified in our *Statement of intent*. The majority of our expenditure was directly related to land transport funding the Transport Agency provides to approved organisations for the delivery of services, associated activities funded from the Crown, and the Transport Agency's maintenance and operation of the state highway network (67%). Depreciation and amortisation, reflecting the cost of asset ownership, contributed 23% of our annual expenditure.

EXPENSE BY TYPE



\$78.7 million NET SURPLUS

Our net surplus reflects the combined operations of the Transport Agency itself, our funding of land transport and specific projects completed on behalf of the Crown.

OPERATIONS		LAND TRANSPORT FUNDING		SPECIFIC PROJECTS FUNDED BY THE CROWN		TOTAL
Income \$238.8m	+	Income \$1,880.1m	+	Income \$58.0m	=	Total income \$2,176.9m
	-		-		-	
Expenditure \$232.0m	+	Expenditure \$1,808.4m	+	Expenditure \$57.8m	=	Total expenditure \$2,098.2m
	=		=		=	
Net surplus \$6.8m	+	Net surplus \$71.7m	+	Net surplus \$0.2m	=	Total net surplus \$78.7m

OPERATIONS

Activities the Transport Agency is accountable for, and delivers in-house or contracts out.

This surplus compares favourably to budget:

- volume-driven licensing revenue is ahead of budget due to higher numbers of new drivers and higher volume of driver tests
- volumes for motor vehicle registrations are higher than forecast, which results in higher registration and licence plate revenue.

LAND TRANSPORT FUNDING

Funding for the maintenance and operation of the state highway network, and funding provided by the Transport Agency to local authorities and approved organisations for the delivery of services.

The net surplus represents funding that was planned to be applied to approved organisations for delivery of investment in local roads and public transport. The funds will now be used in future years.

SPECIFIC PROJECTS FUNDED BY THE CROWN

This includes the reinstatement of local roads in Canterbury, SuperGold card public transport concessions and the National War Memorial Park.

Supplementary information for each of these segments is provided on pages 170 to 183.

\$28.7 billion NET ASSETS/EQUITY

The statement of financial position shows what we own (our assets), what we owe (our liabilities) and our overall net worth (represented by our net assets/equity).

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
Total assets	29,241,724	28,872,106	26,844,828
Less total liabilities	514,603	671,402	558,273
NET ASSETS/EQUITY AT END OF YEAR	28,727,121	28,200,703	26,286,556

We continue to maintain a strong balance sheet, with \$29.2 billion of assets and very low levels of liabilities.

The state highway network accounts for 98% of our overall asset base.

HOW WE HAVE INVESTED IN OUR ASSETS

We have spent \$1.4 billion on our capital expenditure programme, which has been invested in the following:

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
Investment in state highways	1,424,065	1,381,000	1,182,555
Investment in information technology	8,013	9,920	8,516
Investment in offices and equipment	1,878	880	710
TOTAL	1,433,956	1,391,800	1,191,781

Investment in state highways is ahead of budget due to the acceleration of capital projects in the state highway programme.

Investment in information technology was lower than budgeted due to the timing of projects, with the balance to be carried forward into 2014/15.

The investment in offices and equipment is \$1 million over budget. This was due to the completion and capitalisation of leasehold improvements in the Canterbury Accelerated Pavement Testing Indoor Facility (CAPTIF) occurring in 2013/14 that had originally been budgeted for 2012/13.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INCOME				
Revenue from the Crown	2	84,202	91,242	71,773
Revenue from the National Land Transport Fund	2	1,915,502	1,864,290	1,853,425
Revenue from other activities	3	177,209	130,915	134,302
Total income		2,176,913	2,086,447	2,059,500
EXPENDITURE				
Personnel costs	4	85,455	88,240	80,728
Operating expenses	5	137,314	134,391	125,261
Land transport funding ^a		1,391,234	1,414,099	1,335,837
Interest on borrowing		3,335	5,200	4,098
Depreciation and amortisation expense	6	474,073	426,666	449,346
State highway asset write-off		6,759	10,500	7,480
Total expenditure		2,098,170	2,079,096	2,002,749
NET SURPLUS		78,743	7,351	56,751
OTHER COMPREHENSIVE INCOME				
Gain/(loss) state highway network revaluations		1,560,595	300,000	(411,820)
Total other comprehensive income		1,560,595	300,000	(411,820)
TOTAL COMPREHENSIVE INCOME FOR YEAR		1,639,338	307,351	(355,069)

Prior year comparative and budget figures have been adjusted to correspond with current year's presentation of personnel costs, operating expenses and land transport funding in the statement of comprehensive income.

a. Land transport funding refers to National Land Transport Programme funding the NZ Transport Agency provides to approved organisations for the delivery of services, associated activities funded from the Crown, and the NZ Transport Agency's maintenance and operation of the state highway network.

Explanations of major variances against budget are provided in note 29.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		23,922	50,050	16,580
Debtor National Land Transport Fund		468,365	398,168	443,424
Debtor Crown		49,222	31,173	80,783
Other receivables	7	38,105	26,279	72,798
Property assets held for sale	8	58,825	50,000	83,813
Prepayments		4,787	2,200	7,015
Inventories		87	200	257
Total current assets		643,313	558,070	704,670
NON-CURRENT ASSETS				
Property, plant and equipment		17,662	15,743	18,702
State highway network	9	28,537,672	28,250,277	26,078,990
Intangible assets	10	42,221	47,116	41,611
Loans and advances	11	855	900	855
Total non-current assets		28,598,410	28,314,036	26,140,158
TOTAL ASSETS		29,241,724	28,872,106	26,844,828
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	12	394,775	281,287	439,296
Tolling funds held in trust		2,573	3,200	2,183
Employee entitlements	13	12,895	12,015	11,934
Borrowing	14	100,000	250,000	100,000
Total current liabilities		510,243	546,502	553,413
NON-CURRENT LIABILITIES				
Creditors and other payables	12	131	200	207
Employee entitlements	13	4,229	4,700	4,653
Borrowing (for toll roads)	14	0	120,000	0
Total non-current liabilities		4,360	124,900	4,860
TOTAL LIABILITIES		514,603	671,402	558,273
NET ASSETS		28,727,121	28,200,703	26,286,556
EQUITY				
General funds		5,606	5,806	5,606
Retained funds	15	46,278	45,221	44,318
Memorandum account - other fees and charges	16	6,254	300	1,018
State highway network ^a	17	28,668,982	28,149,376	26,235,614
TOTAL EQUITY		28,727,121	28,200,703	26,286,556

a. The state highway network includes the state highway investment (including Bailey bridging) and revaluation reserves. Explanations of major variances against budget are provided in note 29.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
EQUITY - OPENING BALANCES				
General funds		5,606	5,606	5,198
Retained funds		44,318	42,310	47,858
Memorandum account - other fees and charges		1,018	760	(6,568)
State highway network		26,235,614	26,945,876	25,974,656
Total equity - opening balance		26,286,556	26,994,552	26,021,144
CHANGES IN EQUITY				
Equity movements				
Retained funds		(872,773)	(883,500)	(672,751)
Memorandum account - tolling	16	0	0	(27)
State highway network	15a	872,773	883,500	672,778
		0	0	0
Total comprehensive income for the year				
Retained funds		73,506	7,811	49,138
Memorandum account - other fees and charges		5,236	(460)	7,613
Net surplus		78,743	7,351	56,751
State highways network - gain/(loss) on revaluations		1,560,595	300,000	(411,820)
		1,639,338	307,351	(355,069)
Capital funding				
General funds		0	200	408
National War Memorial Park		25,000	20,000	15,000
National Land Transport Programme	18	776,227	878,600	605,073
		801,227	898,800	620,481
Total changes in equity		2,440,565	1,206,151	265,412
EQUITY - CLOSING BALANCES				
General funds		5,606	5,806	5,606
Retained funds		46,278	45,221	44,318
Memorandum account - other fees and charges		6,254	300	1,018
State highway network		28,668,982	28,149,376	26,235,614
TOTAL EQUITY - CLOSING BALANCES		28,727,121	28,200,703	26,286,556

Explanations of major variances against budget are provided in note 29.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Crown		115,763	81,994	39,555
Receipts from National Land Transport Fund		1,890,561	2,010,610	1,787,454
Other receipts		211,613	130,136	130,492
Interest received		289	500	323
Payments to suppliers		(1,589,968)	(1,614,382)	(1,399,437)
Payments to employees		(84,918)	(88,225)	(80,847)
Goods & services tax (net)		19,611	600	(1,956)
Net cash from operating activities	19	562,950	521,233	475,584
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of property, plant and equipment		3,068	0	804
Receipts from sale of state highway held properties		79,693	70,000	60,771
Purchase of property, plant and equipment		(6,149)	(2,880)	(4,671)
Purchase of intangible assets		(6,047)	(7,720)	(8,001)
Investment in the state highway network		(1,424,065)	(1,623,983)	(1,152,555)
Net cash from investing activities		(1,353,500)	(1,564,583)	(1,103,652)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution (crash analysis system)		0	0	408
Capital contribution from the Crown for the National War Memorial Park		25,000	20,000	15,000
Capital contribution from the National Land Transport Fund		776,227	758,600	605,073
Receipts from borrowing		60,000	370,000	160,000
Repayment of borrowing		(60,000)	(100,000)	(190,000)
Interest paid on borrowing		(3,335)	(5,200)	(4,098)
Net cash from financing activities		797,892	1,043,400	586,383
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		7,342	50	(41,685)
Cash and cash equivalents at the beginning of the year		16,580	50,000	58,265
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		23,922	50,050	16,580

Explanations of major variances against budget are provided in note 29.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Transport Agency is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the Transport Agency's ultimate parent is the New Zealand Crown.

The Transport Agency's primary objective is to provide services to the public, as opposed to making a financial return. Accordingly, the Transport Agency has designated itself a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the Transport Agency are for the year ended 30 June 2014, and were approved by the Board on 20 October 2014.

NEW ZEALAND TRANSPORT TICKETING LIMITED

New Zealand Transport Ticketing Ltd has been established as a Crown entity subsidiary, under the governance of the Transport Agency, to execute the operational plan for supporting a national integrated transport ticketing system and managing information services generated from such a system.

New Zealand Transport Ticketing Ltd was incorporated on 14 November 2011.

The Transport Agency has consolidated its wholly-owned subsidiary. However, New Zealand Transport Ticketing Ltd has not traded during the year and has no assets or liabilities as at 30 June 2014.

The Transport Agency is in the course of developing a New Zealand-wide public transport automated fare collection system.

BASIS OF PREPARATION

Statement of compliance

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

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

Measurement base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of the state highway network and Bailey bridging stock. The measurement of financial assets and financial liabilities is at amortised cost.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Transport Agency 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

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 Transport Agency is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). The effective date for the new standards for public sector entities is 1 July 2014. This means the Transport Agency will transition to the new standards in preparing its 30 June 2015 financial statements. The Transport Agency has assessed the implications of the new Accounting Standards Framework, will meet the new standards for its 30 June 2015 financial statements, and does not expect any material impact.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the Crown and the National Land Transport Fund

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

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

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.

Rental income

Lease receipts under an operating sublease are recognised as revenue on a straight-line basis over the lease term.

Borrowing costs

All borrowing costs are recognised as an expense in the financial year in which they are incurred.

Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Transport Agency will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Property assets held for sale

Property assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of property assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Property assets held for sale (including those that are part of a disposal group) are not depreciated while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, furniture and fittings, plant and office equipment, and motor vehicles.

Property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Transport Agency and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Transport Agency and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Valuation of the state highway network

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value. Borrowing costs have not been capitalised.

A cyclical basis is used so that each region is revalued at an interval not exceeding 3.5 years. Those regions that are not subject to full revaluation in a particular year will be subject to a valuation update through the use of price indices.

Increases in the carrying amount arising on revaluation of the state highway are credited to the state highway revaluation reserve. Decreases that offset previous increases of the same asset are charged against the state highway revaluation reserve. All other decreases are charged to the statement of comprehensive income. Each year the depreciation, based on the revalued carrying amount of the asset, is charged to the statement of comprehensive income. The gain or loss on the state highway revaluation reserve is also charged to the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Transport Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the assets revaluation reserve in respect of those assets are transferred to general funds.

Brownfield costs have been capitalised where they can be reliably measured. Brownfield cost is a generic term for the additional costs of constructing in a particular location because of the increased intensity of surrounding land use compared to the cost of constructing in a vacant Greenfield situation. A major component of brownfield costs are one-off costs necessary to make the land freely available to build the state highway, and are not part of the physical construction cost. They include capital works relating to relocation and refurbishment of assets owned by other parties, work to protect the privacy and environment of adjoining properties, and compensation to landowners.

Other components of brownfield cost result from the increased constraints or requirements imposed when constructing in an already developed location. Examples include increased traffic management and security, limitations on available contractor areas for storage, parking, buildings and general operations, noise and dust limitations, restricted hours of work etc.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, held properties, formation and the sub-base component of pavement (base), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
State highways – pavement (base)	50	2.0
State highways – pavement (surface)	7	14.3
State highways – drainage	60	1.7
State highways – traffic facilities	15	6.7
State highways – bridges	90 – 100	1.0 – 1.1
State highways – culverts & subways	50 – 75	1.3 – 2.0
State highways – other structures	100	1.0
Bailey bridging	69 – 103	0.97 – 1.4
Motor vehicles	4	25.0
Computer equipment	3	33.3
Plant	5 – 10	10.0 – 20.0
Equipment	5 – 8	12.5 – 20.0
Furniture & fittings	5 – 10	10.0 – 20.0
Office equipment	4 – 5	20.0 – 25.0
Leasehold improvements	Life of lease	7.7 – 33.0

Land, held properties, formation and the sub-base component of pavement (base) are not depreciated as the service potential of these components is considered not to reduce over time.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Costs associated with development and maintenance of the Transport Agency's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
Computer software	3 - 10	10 - 33.3

Impairment of property, plant and equipment and intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested on a cyclical basis so that each region is reviewed at an interval not exceeding three and a half years for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Transport Agency would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets, the impairment loss is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation reserve in equity for the class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a re-valued asset is credited to other comprehensive income and increases the asset revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a re-valued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Financial assets

Financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in debtors and other receivables or cash and cash equivalents in the balance sheet.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowing

Borrowing is initially recognised at their fair value plus transaction costs. After initial recognition, all borrowing is measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- › likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information, and
- › the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to the Government Superannuation Fund, Kiwisaver, National Superannuation Scheme, and Post Office Pension Fund are accounted for as defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Jointly controlled operations

The Transport Agency has interests in jointly controlled operations. These include the Auckland Motorway Alliance and Marlborough Roads. It recognises in its financial statements:

- › the assets that it controls and the liabilities that it incurs
- › the expenses that it incurs from the operations of the jointly controlled operation.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- › general funds
- › retained funds
- › memorandum account – other fees and charges
- › state highway investment and revaluation reserve.

State highway revaluation reserve

This reserve relates to the revaluation of the state highway network.

Goods and services tax

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Transport Agency 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 are derived from the *Statement of intent* as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Transport Agency has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual value

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Transport Agency, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. The Transport Agency minimises the risk of this estimation uncertainty by:

- › physical inspection and condition monitoring of assets
- › asset management planning
- › asset replacement programmes.

The Transport Agency has not made significant changes to past assumptions concerning useful lives and residual values.

Retirement and long service leave

Note 13 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies.

Critical judgements relate to:

- › estimating the replacement cost of existing assets, including the impact of cost allocation and whether a cost should be capitalised or expensed. The Transport Agency incurs expenditure on maintaining state highways and on new and improved infrastructure for state highways. Professional judgement and engineering assessments are used to determine whether costs incurred on state highways should be capitalised or expensed
- › the age, condition and remaining economic life of existing assets, including the impact of maintenance thereon
- › determining the optimum level of Bailey bridging stock.

The asset base has been compiled over a number of years and has a degree of inaccuracy as some historic records are incomplete.

Brownfield construction costs are included in the valuation where they can be reliably measured. Brownfield construction costs include:

- › temporary traffic management
- › demolition and removal of displaced assets
- › restoration of damaged/severed utility infrastructure
- › re-establishment of the interface between the new and existing development (landscaping, footpaths, roads, fences, driveways etc.)
- › environment compliance
- › work restrictions (noise, hours, limitations on available site area for contractors, storage/plant/offices etc).

Further work is currently being carried out to determine a reliable measure of Brownfield costs not included in the state highway assets (see note 9).

2 REVENUE FROM THE CROWN AND NATIONAL LAND TRANSPORT FUND

The Transport Agency has been provided with funding from the Crown and the National Land Transport Fund for the specific purposes of the Transport Agency as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government or National Land Transport Fund funding.

3 REVENUE FROM OTHER ACTIVITIES

	Note	Actual 2013/14 \$000	Actual 2012/13 \$000
Border inspection fees		947	1,794
Certification review fees		8,061	7,516
Driver licensing fees		31,567	29,090
Driver testing fees		19,781	16,478
Motor vehicle licensing fees		54,073	52,535
Over dimension and overweight permits		608	459
Rail licensing fees		1,066	1,230
Standards development fee and certification levies		5,642	6,106
Transport licensing fees		8,545	6,707
Total fees and charges		130,290	121,914
Administration fee from Accident Compensation Corporation		904	855
Business units	a	1,570	1,040
Crash analysis system support		38	39
Levy on personalised plates for community road safety initiatives		996	84
Road Safety Trust administration		0	106
Tolling fees and contributions		6,056	5,839
Interest income		289	323
Net loss on disposal of assets		(39)	0
Kiwisaver		0	158
Recoveries from NLTP activities	b	36,627	3,498
Miscellaneous revenue		478	444
TOTAL REVENUE FROM OTHER ACTIVITIES		177,209	134,302

a. These are activities the Transport Agency has undertaken, which are not funded from the National Land Transport Programme, but where operating costs are covered by the income generated from these activities.

	Bailey bridging \$000	CAPTIF \$000	Training & education \$000	Total \$000
Revenue earned in 2013/14	432	404	734	1,570
Revenue earned in 2012/13	0	372	668	1,040

CAPTIF - Canterbury Accelerated Pavement Testing Indoor Facility

b. Contributions for 2013/14 of \$21m for projects including the Wellington War Memorial and Tauranga Eastern Link have resulted in a higher recovery from NLTP activities. The revenue offsets the expenditure incurred which is included in the land transport funding line.

4 PERSONNEL COSTS

	Note	Actual 2013/14 \$000	Actual 2012/13 \$000
Salaries and wages	a	81,242	77,739
Defined contribution plan employer contributions		2,466	1,640
Other personnel costs		1,747	1,349
TOTAL PERSONNEL COSTS		85,455	80,728

a. An additional \$41.276 million (2013: \$40.629 million) was incurred for staff who are employed to manage state highway capital projects. These project management staff are charged directly to the projects and the costs capitalised.

5 SIGNIFICANT OPERATING EXPENSES

	Note	Actual 2013/14 \$000	Actual 2012/13 \$000
Fees to principal auditors:			
- for audit of financial statements		315	345
- for other services	a	7	10
Operating lease expense		18,116	17,472
Impairment of receivables		571	296
Commissions and transaction costs		67,483	61,227
Professional services		11,501	9,484
Road user safety advertising		15,320	13,277
Information technology		10,684	9,724
Meetings and conferences		656	513
Staff travel		3,588	3,197
Office and building management		3,952	4,580

a. Other fees are for technical and contractual advice.

6 DEPRECIATION AND AMORTISATION EXPENSE

	Actual 2013/14 \$000	Actual 2012/13 \$000
Depreciation on property, plant and equipment	3,795	3,668
Depreciation on state highway network	464,840	441,526
Amortisation	5,437	4,151
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	474,073	449,346

7 OTHER RECEIVABLES

	Actual 2013/14 \$000	Actual 2012/13 \$000
Debtors and other receivables	40,364	76,137
Less : Provision for impairment	2,259	3,339
TOTAL DEBTORS AND OTHER RECEIVABLES	38,105	72,798

Fair value

The carrying value of receivables approximates their fair value.

Impairment

The ageing profile of receivables at year end is detailed below:

	2013/14			2012/13		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due date	25,499	0	25,499	71,252	0	71,252
Past due 1-30 days	10,865	0	10,865	1,035	0	1,035
Past due 31-60 days	269	0	269	556	(45)	511
Past due 61-90 days	390	0	390	663	(663)	0
Past due over 90 days	3,341	(2,259)	1,082	2,631	(2,631)	0
TOTAL	40,364	(2,259)	38,105	76,138	(3,339)	72,798

Movements in the provision for impairment of receivables are as follows:

	Actual 2013/14 \$000	Actual 2012/13 \$000
Balance at 1 July	3,339	2,349
Operating provisions made during the year	571	296
Additional provisions made during the year	(1,044)	1,200
Receivables written-off during the year	(607)	(506)
BALANCE AS 30 JUNE	2,259	3,339

8 PROPERTY ASSETS HELD FOR SALE

The Transport Agency owns 112 properties valued at \$58.825 million (2013: 280 properties valued at \$83.813 million) which have been classified as held for sale. It is expected that these properties will be sold by 30 June 2015.

9 STATE HIGHWAY NETWORK

Movements for the state highway network are as follows:

	Actual 2013/14 \$000	Actual 2012/13 \$000
COST OR VALUATION		
Balance at 1 July	26,078,990	25,844,073
Additions - capital expenditure	1,424,065	1,182,555
Revaluation gains/(losses)	1,560,595	(411,820)
Depreciation expense	(464,840)	(441,526)
Disposals	(79,693)	(60,771)
Asset write-off	(6,433)	(7,480)
Change in assets held for sale	24,988	(26,041)
BALANCE AS 30 JUNE	28,537,672	26,078,990

The most recent valuation of the state highway network and bailey bridging was performed by a registered independent valuer, J Vessey, BE (Civil), BA (Economics), FIPENZ (Civil), CPEng, of Opus International Consultants Ltd. The total fair value amounted to \$28.538 billion (2013: \$26.079 billion) and this valuation is effective as at 30 June 2014.

Depreciated replacement cost is used to value these assets and is calculated by deducting an allowance for accumulated depreciation from the replacement cost, using a number of significant assumptions. These significant assumptions include:

- › the valuation methodology detailed in significant accounting policies
- › the remaining useful life of assets is estimated
- › straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

	Replacement cost \$000	Accum deprn \$000	Valuation 2013/14 \$000	Replacement cost \$000	Accum deprn \$000	Valuation 2012/13 \$000
State highway corridor land	7,487,292	0	7,487,292	6,930,313	0	6,930,313
Held properties	1,301,100	0	1,301,100	988,685	0	988,685
Formation	7,785,120	0	7,785,120	7,287,210	0	7,287,210
Pavement (other)	4,357,070	976,310	3,380,760	4,028,014	935,750	3,092,264
Pavement (surface)	1,302,690	640,900	661,790	1,202,600	598,470	604,130
Drainage	1,317,560	570,900	746,660	1,207,270	545,920	661,350
Traffic facilities	1,918,570	791,190	1,127,380	1,709,550	761,430	948,120
Bridges	6,945,290	2,638,640	4,306,650	6,473,360	2,580,470	3,892,890
Culverts & subways	544,140	203,120	341,020	490,710	191,520	299,190
Other structures ^a	1,777,640	377,740	1,399,900	1,764,590	389,752	1,374,838
TOTAL	34,736,472	6,198,800	28,537,672	32,082,302	6,003,312	26,078,990

a. Other structures include retaining walls, minor structures, sea and river protection, tunnels, and rock fall netting.

There are some uncertainties about the values assigned to different components (land, formation, bridges, etc) of the state highway network. These uncertainties include whether the Agency's databases have accurate quantities, remaining life and complete capture for some cost components. Some uncertainties are inherent, but those for both the quantity and costs of components can be reduced by improvements in the accuracy of the underlying databases.

The Transport Agency has identified a few instances where some of the quantities have been understated and some actual costs have not been included in the underlying databases.

The valuer has valued the state highway on the basis of the information in the databases. In arriving at a value, the valuer has noted that the reported valuation is potentially understated due to the issues described above.

Brownfield costs are assessed as being the most significant part of the potential undervaluation with the remaining due to incomplete records.

The Transport Agency has commenced improving the accuracy of the asset databases and identify all costs able to be capitalised. This is reducing the understatement of the value of the state highway network.

Work in progress

The total amount of the state highway network in the course of construction is \$2.886 billion (2013: \$2.167 billion).

10 INTANGIBLE ASSETS

Movements for acquired software assets are as follows:

	Actual 2013/14 \$000	Actual 2012/13 \$000
COST		
Balance at 1 July	68,379	60,445
Additions	5,806	6,134
Reclassification	0	97
Work in progress movements	241	1,867
Disposals	0	(164)
Balance at 30 June	74,426	68,379
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES		
Balance at 1 July	26,767	22,698
Amortisation expense	5,437	4,151
Reclassification	1	34
Disposals	0	(116)
Balance at 30 June	32,205	26,767
CARRYING AMOUNTS		
At 30 June 2013	41,611	37,747
At 30 June 2014	42,221	41,611

There are no restrictions over the title of the Transport Agency's intangible assets, nor are any intangible assets pledged as security for liabilities.

Work in progress

The total amount of intangible assets in the course of development is \$22.306 million (2013: \$22.065 million). This includes \$20 million for a New Zealand wide public transport automated fare collection system.

11 LOANS AND ADVANCES

Statutory advances

Under the Public Works Act, the Transport Agency has provided statutory advances of \$0.855 million (2013: \$0.855 million).

12 CREDITORS AND OTHER PAYABLES

	Actual 2013/14 \$000	Actual 2012/13 \$000
CURRENT PORTION		
Creditors	389,134	432,042
Income in advance	5,593	7,146
Lease make-good provision	0	70
Onerous contracts	48	38
Total current portion	394,775	439,296
NON-CURRENT PORTION		
Onerous contracts	131	207
Total non-current portion	131	207
TOTAL CREDITORS AND OTHER PAYABLES	394,906	439,503

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

Onerous contracts provision

The Transport Agency has non-cancellable leases for office space that is no longer used by the Transport Agency due to restructuring. A provision has been recognised for the future rental payments.

13 EMPLOYEE ENTITLEMENTS

	Actual 2013/14 \$000	Actual 2012/13 \$000
CURRENT PORTION		
Accrued salaries and wages	3,858	3,141
Annual leave	8,082	8,010
Sick leave	509	424
Retirement and long service leave	446	359
Total current portion	12,895	11,934
NON-CURRENT PORTION		
Retirement and long service leave	4,229	4,653
Total non-current portion	4,229	4,653
TOTAL EMPLOYEE ENTITLEMENTS	17,124	16,587

The actuarial valuation as at 30 June 2014 was conducted in-house using prescribed Treasury guidance.

The sick, long service, and retirement leave valuations involve making future service projections for each employee. The probability of an employee leaving has been determined with reference to current public service leaving statistics. Additional economic assumptions were taken from Treasury guidance.

Sensitivity analysis has been performed to assess the financial impact of changes in the assumptions to the retirement and long service leave liabilities.

Using 50% of the assumed resignation rate, with all other factors held constant, the amount of expected liability would be \$420,000 higher. If the resignation rate is at 150% of the assumed rate, then the expected liability would be \$328,000 lower.

14 BORROWING

The Transport Agency has a borrowing facility for short-term advances to the Transport Agency from the Crown, to cover seasonal variations in cash flows where state highway works progress ahead of funding available from the National Land Transport Fund. The maximum amount of such advances at any one time shall not exceed \$250 million.

The Transport Agency also arranged an additional borrowing facility of \$100 million from the Crown which was not drawn upon during the year, and lapsed at 30 June 2014.

The Transport Agency has current borrowing of \$100 million as at 30 June 2014 (2013: \$100 million).

The fair value of the borrowing is \$100.338 million (2013: \$100.139 million), based on cash flows discounted using Treasury determined coupon rate of 4.0% (2013: 3.25%).

15 RETAINED FUNDS

	Note	Actual 2013/14 \$000	Actual 2012/13 \$000
RETAINED FUNDS - NZ TRANSPORT AGENCY OPERATIONS			
Balance at 1 July		23,323	21,018
Surplus from operations		1,716	2,278
Tolling balance from memorandum account		0	27
Balance at 30 June		25,039	23,323
RETAINED FUNDS - NATIONAL LAND TRANSPORT PROGRAMME			
Balance at 1 July		0	0
Capital contribution from the National Land Transport Fund		776,227	605,073
Deficit from operations		(142)	0
Surplus from land transport funding		71,687	55,286
Transfer to state highway investment	a	(847,773)	(657,778)
Funds provided for public transport automated fare collection system		0	(2,582)
Balance at 30 June		0	0
RETAINED FUNDS - SPECIFIC PROJECTS FUNDED BY THE CROWN			
Balance at 1 July		995	9,422
Capital contribution from the Crown		25,000	15,000
Surplus/(deficit)		244	(8,427)
Transfer to state highway investment	a	(25,000)	(15,000)
Balance at 30 June		1,239	995
FUNDS PROVIDED FOR PUBLIC TRANSPORT AUTOMATED FARE COLLECTION SYSTEM			
Balance at 1 July		20,000	17,418
Funds from the National Land Transport Programme		0	2,582
Balance at 30 June		20,000	20,000
TOTAL RETAINED FUNDS		46,278	44,318

a. Below is a breakdown of the movement of the National Land Transport Programme funds to state highways

	Note	Actual 2013/14 \$000	Actual 2012/13 \$000
Capitalised expenditure		1,399,065	1,167,555
State highway depreciation and asset write-off		(471,599)	(449,006)
State highway disposals to the National Land Transport Programme		(79,693)	(60,771)
Retained funds - National Land Transport Programme		847,773	657,778
Capitalised expenditure		25,000	15,000
Retained funds - specific projects funded by the Crown		25,000	15,000
TRANSFER TO STATE HIGHWAY INVESTMENT	17	872,773	672,778

16 MEMORANDUM ACCOUNT - OTHER FEES AND CHARGES

	Note	Actual 2013/14 \$000	Actual 2012/13 \$000
Balance at 1 July		1,018	(6,568)
Surplus from operations		5,236	7,613
Tolling balance to retained funds - NZ Transport Agency operations		0	(27)
TOTAL MEMORANDUM ACCOUNT - OTHER FEES AND CHARGES		6,254	1,018

Below are the closing balances of the memorandum accounts by funding activities.

	Actual 2013/14 \$000	Actual 2012/13 \$000
Customer licensing activities	3,188	(3,389)
Vehicle standards compliance activities	3,067	4,407
TOTAL MEMORANDUM ACCOUNT - OTHER FEES AND CHARGES	6,254	1,018

Customer licensing activities include driver licensing and testing, and rail and transport operator licensing.

Vehicle standards compliance activities include border inspections, certification reviews, motor vehicle licensing, overdimension permits, and standards development and certification.

17 STATE HIGHWAY NETWORK

	Note	Actual 2013/14 \$000	Actual 2012/13 \$000
STATE HIGHWAY INVESTMENT			
Balance at 1 July		18,440,952	17,768,174
Transfer from the National Land Transport Programme	15a	872,773	672,778
Balance at 30 June		19,313,725	18,440,952
STATE HIGHWAY REVALUATION RESERVE			
Balance at 1 July		7,794,662	8,206,482
Revaluation gains/(losses) - state highway network		1,560,595	(411,820)
Balance at 30 June		9,355,257	7,794,662
TOTAL STATE HIGHWAY NETWORK		28,668,982	26,235,614

18 CAPITAL FUNDING - NATIONAL LAND TRANSPORT PROGRAMME

	Actual 2013/14 \$000	Actual 2012/13 \$000
New and improved infrastructure for state highways	614,975	430,064
Renewal of state highways	161,252	175,009
TOTAL CAPITAL CONTRIBUTION - NATIONAL LAND TRANSPORT PROGRAMME	776,227	605,073

19 RECONCILIATION OF NET SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2013/14 \$000	Actual 2012/13 \$000
NET SURPLUS	78,743	56,751
ADD NON-CASH ITEMS:		
Depreciation and amortisation expense	474,073	449,346
State highway asset write-off	6,759	7,480
Total non-cash items	480,832	456,826
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCIAL ACTIVITIES:		
Borrowing	60,000	160,000
Repayment of borrowing	(60,000)	(190,000)
Interest on borrowing	3,335	4,098
Total items classified as investing or financing activities	3,335	(25,902)
ADD/(LESS) MOVEMENTS IN STATEMENT OF FINANCIAL POSITION ITEMS:		
(Increase)/decrease in debtor National Land Transport Fund and Crown	6,620	(68,189)
(Increase)/decrease in other receivables	34,693	(3,487)
(Increase)/decrease in prepayments and inventories	2,398	(4,808)
Increase/(decrease) in creditors and other payables	(44,597)	65,521
Increase/(decrease) in tolling funds held in trust for Ministry of Transport	390	(1,008)
Increase/(decrease) in employee entitlements	537	(120)
Net movements in working capital items	40	(12,091)
NET CASH FROM OPERATING ACTIVITIES	562,950	475,584

20 CAPITAL COMMITMENTS AND OPERATING LEASES

National Land Transport Programme funding commitments

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

	Actual 2013/14 \$000	Actual 2012/13 \$000
Not later than one year	2,940,126	2,780,993
Later than one year and not later than five years	1,247,206	3,076,390
Later than five years	695,654	248,761
TOTAL FUNDING COMMITMENTS	4,882,986	6,106,144

Capital commitments

The future aggregate construction contract commitments for the state highway network are as follows:

	Actual 2013/14 \$000	Actual 2012/13 \$000
Not later than one year	1,233,118	1,009,489
Later than one year and not later than five years	1,190,798	1,311,920
Later than five years	15,762	5,872
TOTAL CAPITAL COMMITMENTS	2,439,678	2,327,281

Construction of the state highway network is a component of the National Land Transport Programme. These capital commitments are also included under the National Land Transport Programme funding commitments.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2013/14 \$000	Actual 2012/13 \$000
Not later than one year	17,770	18,554
Later than one year and not later than five years	36,084	50,749
Later than five years	17,747	30,187
TOTAL NON-CANCELLABLE OPERATING LEASES	71,601	99,490

Significant operating leases are limited to buildings for office accommodation and provision of registry systems.

21 CONTINGENCIES

Contingent liabilities

Contract and land settlements

There are claims of \$32.8 million (2013: \$4.5 million) relating to a range of roading and other contract disputes.

Contingent assets

The Transport Agency has contingent assets of \$0.581 million (2013: \$0.581 million) relating to claims for legal costs.

22 RELATED PARTY TRANSACTIONS

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

The Transport Agency is a wholly owned entity of the Crown.

Significant transactions with government-related entities

The Transport Agency has been provided with funding from the Crown and National Land Transport Fund of \$2.000 billion (2013: \$1.925 billion) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations. The Crown has also made available to the Transport Agency, a borrowing facility of \$350 million for short-term advances.

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

In conducting its activities, the Transport Agency is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Transport Agency is exempt from paying income tax.

The Transport Agency also 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 2014 totalled \$69.911 million (2013: \$57.275 million). These government-related entities include New Zealand Post Ltd of \$26.169 million, Transpower NZ Ltd of \$14.873 million, and Environmental Protection Authority of \$5.611 million. These purchases also include the purchase of electricity from Genesis Energy and Meridian Energy, and air travel from Air New Zealand.

During the 2013/14 financial year Board members and staff of the Transport Agency were involved in minor transactions with the motor vehicle registry and driver licensing systems when re-registering their vehicle or driver licences.

Key management personnel - director transactions

The following material transactions were entered into during the year with entities the directors have a relationship with. All transactions were conducted in the ordinary course of business:

Board member/entity	Relationship	Transaction ^a	Transaction value		Balance outstanding	
			2013/14 \$000	2012/13 \$000	2013/14 \$000	2012/13 \$000
CHRIS MOLLER						
Meridian Energy Ltd	Chair	Energy costs	639	380	31	0
Westpac NZ Ltd	Director	Income from interest received	1,742	2,614	0	0
Westpac NZ Ltd	Director	Fees for banking services	3,342	2,559	106	114
GILL COX						
Waste Management NZ Ltd	Chair	Highway maintenance services	237	305	0	0
TONY LANIGAN						
Watercare Services Ltd	Director	Income share of relocation costs	0	2,186	0	12

a. Transactions are expenditure items unless stated as income.

There are no close family members of key management personnel employed by the Transport Agency.

Key management personnel compensation

	Actual 2013/14 \$000	Actual 2012/13 \$000
Salaries and other short-term employee benefits	4,419	4,205
Termination benefits	98	33
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	4,517	4,238

Key management personnel include all board members, the Chief Executive, and the 10 (2013: 10) members of the Senior Leadership Team.

Funds held in trust

The following funds are held in trust while awaiting roading work to be completed. When the requirements of the agreement with the depositor are met, the funds are paid over to the Transport Agency.

	Actual 2013/14 \$000	Actual 2012/13 \$000
Chapman Tripp	9,243	5,271
Public Trust	797	758
TOTAL FUNDS HELD IN TRUST	10,040	6,029

23 BOARD MEMBER REMUNERATION

The total value of remuneration paid or payable to each Board member during the year was:

	Actual 2013/14 \$000	Actual 2012/13 \$000
Chris Moller (Chair)	63	68
Dame Patsy Reddy	39	42
Gill Cox	32	34
Tony Lanigan	32	34
Jerry Rickman	32	34
Nick Rogers	Appointed September 2013	23
Alick Shaw	Stepped down in May 2014	32
Adrienne Young-Cooper		34
Bryan Jackson	Retired in October 2012	0
TOTAL BOARD MEMBER REMUNERATION	287	292

There have been no payments made to committee members appointed by the Board who were not Board members during the financial year. The Transport Agency has effected directors and officers liability and professional indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees. The Board has also taken insurance cover covering personal accident and travel risk for Board members and employees where injury or loss occurs whilst on Transport Agency business.

No Board members received compensation or other benefits in relation to cessation (2013: nil).

Subsequent to the year end, Mark Oldfield was appointed to the Board on 11 July 2014.

24 EMPLOYEE REMUNERATION

Total remuneration paid or payable	No. of staff 2013/14	No. of staff 2012/13
100,000 - 109,999	96	84
110,000 - 119,999	71	53
120,000 - 129,999	57	57
130,000 - 139,999	45	32
140,000 - 149,999	31	18
150,000 - 159,999	13	15
160,000 - 169,999	17	16
170,000 - 179,999	11	12
180,000 - 189,999	11	9
190,000 - 199,999	7	4
200,000 - 209,999	3	7
210,000 - 219,999	7	3
220,000 - 229,999	3	0
230,000 - 239,999	0	2
240,000 - 249,999	1	0
250,000 - 259,999	1	6
260,000 - 269,999	4	1
270,000 - 279,999	1	1
280,000 - 289,999	2	0
300,000 - 309,999	1	0
310,000 - 319,999	0	1
320,000 - 329,999	0	1
330,000 - 339,999	1	3
340,000 - 349,999	1	1
350,000 - 359,999	3	0
360,000 - 369,999	1	0
380,000 - 389,999	1	0
390,000 - 399,999	0	1
400,000 - 409,999	0	1
600,000 - 609,999	0	0
610,000 - 619,999	0	*1
620,000 - 629,999	*1	0
TOTAL EMPLOYEES	390	329

* Chief Executive

During the year ended 30 June 2014, 20 (2013: 6) employees received compensation and other benefits in relation to cessation totalling \$0.786 million (2013: \$0.332 million).

25 EVENTS AFTER THE BALANCE DATE

On 29 July 2014 the Transport Agency signed the Transmission Gully Public Private Partnership contract where the Wellington Gateway Partnership will design, construct, finance, operate and maintain the new Transmission Gully highway for the 25 years that follow the expected five-year construction. Transmission Gully should be open for traffic by 2020. Funding will be provided from the National Land Transport Fund, with commitments in relation to this contract being \$3.843 billion over 25 years.

26 FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and liabilities are categorised as follows:

	Actual 2013/14 \$000	Actual 2012/13 \$000
LOANS AND RECEIVABLES		
Cash and cash equivalents	23,922	16,580
Debtors National Land Transport Fund and Crown	517,587	524,207
Debtors and other receivables	38,105	72,798
Loans and advances	855	855
TOTAL LOANS AND RECEIVABLES	580,469	614,440
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Creditors and other payables (current and non-current)	394,906	439,503
Borrowing	100,000	100,000
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	494,906	539,503

27 FINANCIAL INSTRUMENT RISKS

The Transport Agency's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Transport Agency has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Transport Agency's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest. The Transport Agency does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowing issued at variable interest rates expose the Transport Agency to cash flow interest rate risk.

The Transport Agency's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Transport Agency currently has no variable interest rate investments.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Transport Agency purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies. The Transport Agency does not actively manage its exposure to currency risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Transport Agency, causing the Transport Agency to incur a loss.

Due to the timing of its cash inflows and outflows, the Transport Agency invests surplus cash with registered banks.

In the normal course of business, the Transport Agency is exposed to credit risk from cash and term deposits with banks, debtors and other receivables, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

The Transport Agency limits the amount of credit exposure to any one financial institution for term deposits to no more than \$40 million. The Transport Agency invests funds only with registered banks that have a Standard and Poor's credit rating of at least A-1 for short term and for long term investments. The Transport Agency has experienced no defaults of interest or principal payments for term deposits.

The Transport Agency holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

The Transport Agency's maximum credit risk exposure for each class of financial instrument is as follows:

	Actual 2013/14 \$000	Actual 2012/13 \$000
Cash and cash equivalents	23,922	16,580
Debtors National Land Transport Fund and Crown	517,587	524,207
Debtors and other receivables	38,105	72,798
Loans and advances	855	855
TOTAL CREDIT RISK	580,469	614,440

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings.

	Actual 2013/14 \$000	Actual 2012/13 \$000
CASH AND CASH EQUIVALENTS		
AA-	23,922	16,580
TOTAL CASH AND CASH EQUIVALENTS	23,922	16,580

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Transport Agency will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash.

The Transport Agency mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	2013/14			2012/13		
	Less than 6 months \$000	6-12 months \$000	Later than 1 year \$000	Less than 6 months \$000	6-12 months \$000	Later than 1 year \$000
Creditors and other payables	394,727	48	131	439,188	108	207
Borrowing	0	100,000	0	0	100,000	0

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	2013/14		2012/13	
	Less than 6 months \$000	Later than 1 year \$000	Less than 6 months \$000	Later than 1 year \$000
Cash and cash equivalents	23,922	0	16,580	0
Debtors National Land Transport Fund and Crown	517,587	0	524,207	0
Debtors and other receivables	38,105	0	72,798	0
Loans and advances	0	855	0	855

Borrowing

The Transport Agency's borrowing facility from the Crown is the result of the acceleration of the investment in state highways, which is to cover seasonal variations in cash flows where state highway works progress ahead of funding available from the National Land Transport Fund. The Transport Agency is addressing this risk through prudent management of expenditure on state highways and cash flows from the National Land Transport Fund.

Sensitivity analysis

Interest rate risk

The table below illustrates the potential effect on the surplus or deficit for reasonably possible market movements, with all other variables held constant, based on the Transport Agency's financial instrument exposure at balance date.

	2013/14		2012/13	
	Effect on surplus or deficit		Effect on surplus or deficit	
	+1%	-1%	+1%	-1%
	\$000	\$000	\$000	\$000
Cash and cash equivalents	144	(144)	89	(89)

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a 1% change in interest rates.

	2013/14		2012/13	
	Effect on surplus or deficit		Effect on surplus or deficit	
	+0.5%	-0.5%	+0.5%	-0.5%
	\$000	\$000	\$000	\$000
Borrowing	542	(542)	1,024	(1,024)

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a 0.5% change in the Treasury determined coupon rate.

28 CAPITAL MANAGEMENT

The Transport Agency's capital is its equity, which comprises general funds, accumulated funds and revaluation reserves. Equity is represented by net assets.

The Transport Agency is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowing, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

The Transport Agency manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Transport Agency effectively achieves its objectives and purpose, while remaining a going concern.

29 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from the Transport Agency's budgeted figures in the *Statement of intent* are as follows:

Statement of comprehensive income

INCOME

Revenue from the National Land Transport Fund was \$51 million (2.7%) higher than budgeted. Higher revenue available in the National Land Transport Fund was used to deliver the National Land Transport Programme activities in the current year.

Revenue from other activities was \$46 million higher than budgeted. This was due to:

- › contributions to state highway project income that was previously categorised as either National Land Transport Fund revenue or cost recoveries, now being categorised as other revenue (contributions)
- › volume-driven licensing revenue being ahead of budget due to higher numbers of new drivers and higher volume of driver tests
- › higher than forecast volumes for motor vehicle registrations and their accompanying revenue from plates.

EXPENDITURE

Land transport funding was \$23 million lower than budgeted which mainly came from the net impact of these activities:

- › *Public transport* was \$41 million under budget due to lower cost delivery of existing services, fewer new services being progressed, and slower than planned delivery of infrastructure projects.
- › *New and improved local road infrastructure* was \$35 million under budget resulting from low investment in Christchurch relative to budget, and lower than planned delivery of minor improvement and infrastructure programmes.
- › *Maintenance and operation of state highways* was \$61 million over budget resulting from a new approach to asset maintenance and renewals, which aims to extend the service life of our assets.

Depreciation and amortisation expense was \$47 million higher than budget. This predominately relates to the state highway depreciation budget being established before the revaluation at the end of last year.

Statement of financial position

CURRENT ASSETS

Debtor National Land Transport Fund was \$70 million higher than budgeted. This level of debtor arises in the short term to cover the gap between NLTF revenue and expenditure remaining and is higher than budgeted.

Debtor Crown was \$18 million higher than budgeted, which arises in the short term to cover the gap between revenue and expenditure remaining and is higher than budgeted.

Other receivables were \$12 million higher due to a GST receivable planned for receipt in June, received in the first week of July.

NON-CURRENT ASSETS

State highway network was \$287 million higher than budgeted. A greater increase in land valuation and prices associated with road construction than anticipated has led to the 2014 valuation being higher than budgeted.

CURRENT LIABILITIES

Creditors and other payables were \$113 million higher than budgeted due to a higher level of activity at the end of the year than anticipated.

Borrowing was \$150 million lower than budgeted. A better than forecast NLTF cash position meant the Transport Agency did not need to fully draw down on the \$250 million borrowing facility.

NON-CURRENT LIABILITIES

Borrowing (for toll roads) was below budget as the \$120 million to advance the construction of the Tauranga Eastern Link road was not called upon.

SUPPLEMENTARY INFORMATION

This supplementary information section contains additional disclosure and guidance material to the financial statements and has been provided to give a better understanding of the Transport Agency's business.

In this section you will find the following:

- › detailed performance by segment of the business
- › National Land Transport Programme
- › land transport management (road tolling scheme).

This information is consistent with and should be read in conjunction with, the financial highlights on pages 144 to 146 and the audited financial statements on pages 147 to 174.

DETAILED PERFORMANCE BY SEGMENT OF THE BUSINESS

The following tables provide further detailed financial performance information for each of these segments.

OPERATIONS			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INCOME			
REVENUE FROM THE CROWN			
Management of the funding allocation system	771	775	775
Licensing and regulatory compliance	4,917	4,798	4,367
Road user charges collection, investigation and enforcement	19,935	17,046	17,002
Refund of fuel excise duty	429	429	429
Administration of the SuperGold cardholders scheme	95	95	95
	26,147	23,143	22,668
REVENUE FROM THE NATIONAL LAND TRANSPORT FUND			
Management of the funding allocation system	29,573	30,000	28,838
Transport planning	4,291	4,150	7,055
Sector research	4,197	5,600	3,194
Public transport	573	2,963	2,607
Road safety promotion	18,995	21,217	16,093
Maintenance and operation of state highways	11,764	13,084	9,069
	69,393	77,014	66,856
REVENUE FROM OTHER ACTIVITIES			
Road safety promotion	1,018	0	0
Licensing and regulatory compliance	77,837	68,175	71,326
Road tolling	6,056	5,696	5,843
Motor vehicle registry	56,779	53,700	54,295
Maintenance and operation of state highways	1,570	944	2,837
	143,260	128,515	134,302
TOTAL INCOME	238,800	228,672	223,826

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
EXPENDITURE			
OPERATING ACTIVITIES			
Management of the funding allocation system	1,021	775	731
Road safety promotion	634	0	0
Licensing and regulatory compliance	79,694	74,634	70,612
Road tolling	5,481	5,763	5,272
Motor vehicle registry	54,033	52,000	51,795
Road user charges collection, investigation and enforcement	17,051	17,046	16,016
Refund of fuel excise duty	505	429	461
Administration of the SuperGold cardholders scheme	95	95	95
	158,513	150,742	144,982
OPERATING ACTIVITIES (NATIONAL LAND TRANSPORT PROGRAMME)			
Management of the funding allocation system	29,715	30,000	28,838
Transport planning	4,291	4,150	7,055
Sector research	4,197	5,600	3,194
Public transport	573	2,963	2,607
Road safety promotion	18,995	21,217	16,093
New and improved infrastructure for state highways	31,299	31,760	32,525
Renewal of state highways	10,710	8,000	9,815
Maintenance and operation of state highways	11,764	13,084	9,069
	111,543	116,774	109,196
OPERATING ACTIVITIES (BUSINESS UNITS)			
Maintenance and operation of state highways	1,186	865	1,173
Expenses relating to the delivery of outputs	271,242	268,381	255,351
Other expenses	2,755	0	924
Total expenditure	273,997	268,381	256,274
STATE HIGHWAY NETWORK			
Less capitalised expenditure	(42,009)	(39,760)	(42,340)
Total expenditure	231,989	228,621	213,934
NET SURPLUS	6,811	51	9,892

Movement of operations net surplus to equity

This table shows the net result of the Transport Agency's operations. The net surplus/(deficit) is separated into three retained funds based on the source of funding:

- › **Retained funds - NZ Transport Agency operations** refers to Crown funded (excluding the driver test subsidy), contracted services, non third party fees and charges activities, and expenses relating to the merger.
- › **Retained funds - National Land Transport Programme** refers to activities that are funded from the National Land Transport Fund.
- › **Memorandum account - Other fees and charges** refers to activities funded from fees and charges.

Movement of operations net surplus to equity

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
EXPENDITURE			
INCOME			
Retained funds - NZ Transport Agency operations	34,274	29,938	30,863
Retained funds - National Land Transport Programme	69,393	77,014	66,856
Memorandum account - other fees and charges	135,133	121,720	126,107
	238,800	228,672	223,826
EXPENDITURE			
Retained funds - NZ Transport Agency operations	32,557	29,427	28,584
Retained funds - National Land Transport Programme	69,535	77,014	66,856
Memorandum account - other fees and charges	129,897	122,180	118,494
	231,989	228,621	213,934
NET SURPLUS			
Retained funds - NZ Transport Agency operations	1,716	511	2,278
Retained funds - National Land Transport Programme	(142)	0	0
Memorandum account - other fees and charges	5,236	(460)	7,613
NET SURPLUS	6,811	51	9,892

LAND TRANSPORT FUNDING			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INFLOWS			
Transport planning	10,636	11,840	6,383
Public transport	271,693	313,037	284,925
Road safety promotion	12,816	10,883	11,499
New and improved infrastructure for local roads	125,043	160,000	152,562
Renewal of local roads	232,761	246,000	204,410
Maintenance and operation of local roads	302,618	289,000	279,379
Walking and cycling	18,197	20,000	8,449
New and improved infrastructure for state highways	538,974	437,600	505,821
Renewal of state highways	7,341	0	0
Maintenance and operation of state highways	359,836	298,916	333,141
Management of the funding allocation system	142	0	0
Total income	1,880,057	1,787,276	1,786,569
OUTFLOWS			
Transport planning	10,636	11,840	6,383
Public transport	271,693	313,037	282,343
Road safety promotion	12,816	10,883	11,499
New and improved infrastructure for local roads	125,043	160,000	152,562
Renewal of local roads	232,761	246,000	204,410
Maintenance and operation of local roads	302,618	289,000	279,379
Walking and cycling	18,197	20,000	8,449
New and improved infrastructure for state highways	1,199,010	1,127,240	960,034
Renewal of state highways	157,883	214,000	165,194
Maintenance and operation of state highways	359,836	298,916	333,141
Interest on borrowings	3,335	5,200	4,098
	2,693,827	2,696,116	2,407,492
STATE HIGHWAY NETWORK			
State highway depreciation	464,840	417,000	441,526
State highway asset write-off	6,759	10,500	7,480
Less capitalised expenditure	(1,357,057)	(1,341,240)	(1,125,215)
	(885,458)	(913,740)	(676,209)
Total expenditure	1,808,370	1,782,376	1,731,283
NET SURPLUS	71,687	4,900	55,286

SPECIFIC PROJECTS FUNDED BY THE CROWN

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INCOME			
REVENUE FROM THE CROWN			
Enhanced public transport concessions for SuperGold cardholders	23,905	23,905	22,755
Passing opportunities on SH2 between Napier and Gisborne	3,350	3,500	150
Reinstatement of local roads in Canterbury	30,800	40,694	26,200
Total income	58,055	68,099	49,105
EXPENDITURE			
Enhanced public transport concessions for SuperGold cardholders	24,110	23,905	22,363
Passing opportunities on SH2 between Napier and Gisborne	3,350	3,500	150
Reinstatement of local roads in Canterbury	30,351	40,694	35,019
National war memorial park	25,000	20,000	15,000
	82,811	88,099	72,532
STATE HIGHWAY NETWORK			
Less capitalised expenditure	(25,000)	(23,500)	(15,000)
Total expenditure	57,811	64,599	57,532
NET SURPLUS/(DEFICIT)	244	3,500	(8,427)

This supplementary information does not form part of the Agency's audited financial statements.

NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme outlines a three-year programme of funding for land transport infrastructure and services throughout the country. The Transport Agency develops the National Land Transport Programme based on the policy direction in the Land Transport Management Act and the Government Policy Statement on Land Transport Funding (and regional priorities).

The following table shows the movements in the National Land Transport Programme balance for the second year of the programme.

NATIONAL LAND TRANSPORT PROGRAMME			
	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INCOME			
Capital contribution from National Land Transport Fund (NLTF)	776,227	758,600	605,073
Revenue from the NLTF	1,896,358	1,843,690	1,818,900
Revenue from the NLTF (rental and interest income)	19,144	20,600	34,525
Revenue from state highway disposals	79,693	70,000	60,771
Revenue from other activities	33,949	0	0
Total income for the NLTF	2,805,370	2,692,890	2,519,270
Borrowing (for toll roads)	0	120,000	0
Total income for the National Land Transport Programme	2,805,370	2,812,890	2,519,270
EXPENDITURE			
Transport planning	14,927	17,000	13,438
Road safety promotion	31,811	32,000	27,592
Walking and cycling	18,197	20,000	8,449
Public transport	272,266	315,000	284,950
Maintenance and operation of local roads	290,445	294,000	279,379
Maintenance & operation of local roads (Christchurch earthquake fund)	12,173	0	0
Maintenance and operation of state highways	371,600	325,000	342,210
Renewal of local roads	232,761	251,000	204,410
Renewal of state highways	168,593	210,000	175,009
New and improved infrastructure for local roads	125,043	170,000	152,562
New and improved infrastructure for state highways	1,230,309	1,160,000	992,559
Sector research	4,197	5,000	3,194
Management of the funding allocation system	29,715	30,000	28,838
Interest on borrowing	3,335	0	4,098
Total expenditure	2,805,370	2,829,000	2,516,687
CARRY OVER INTO NEXT YEAR	0	(16,110)	2,582
Public transport infrastructure - automated fare collection system	0	0	(2,582)
Opening balance	0	0	0
CLOSING BALANCE AT THE END OF THE YEAR	0	(16,110)	0

This supplementary information does not form part of the Agency's audited financial statements.

LAND TRANSPORT MANAGEMENT (ROAD TOLLING SCHEME)

This supplementary information has been provided to fulfil section 17 of the Land Transport Management (Road Tolling Scheme for ALPURT B2) Order 2005.

The Northern Gateway Toll Road was officially opened on 24 January 2009, bringing about a safer and more reliable journey between Auckland and Northland. In the year to 30 June 2014, 5.8 million trips were made on the toll road. Based on volumes recorded at a point just north of the toll road, traffic volumes were 7.1 million, indicating that 1.4 million used the alternate free route, State Highway 17.

Toll tariffs

The toll tariffs are now set at \$2.20 for light vehicles (3.5 tonnes and under) and motorcycles, and \$4.40 for heavy vehicles (over 3.5 tonnes). There is no cost for towing a trailer or caravan.

Toll revenue

The toll tariff consists of three parts: revenue, transaction charge and GST. Toll revenue is the portion of the tariff used to repay the debt, while the transaction charge element provides funding towards the operation costs (of running tolling). For a \$2.20 toll this is \$1.21 and \$0.70 respectively. The remaining \$0.29 is GST. Over \$7.6 million of toll revenue has been paid to the Ministry of Transport for the period ending 30 June 2014, for debt repayment.

TRAFFIC VOLUMES FOR THE YEAR ENDED 30 JUNE 2014

Class of motor vehicle	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
Light vehicle	5,288	4,895	4,958
Heavy vehicle	422	396	392
Exempt	20	21	19
Unidentifiable	11	12	12
Technical loss	20	13	31
TOTAL	5,761	5,337	5,412

TOLL REVENUE (PORTION DESIGNATED FOR REPAYMENT OF DEBT) FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
PAID TOLL			
Light vehicle	6,285	5,773	5,856
Heavy vehicle	1,309	1,221	1,212
Interest	54	41	47
TOTAL FUNDS AVAILABLE	7,648	7,035	7,115
OUTSTANDING DEBTOR BALANCE AS AT 30 JUNE			
Unpaid toll revenue to be collected for the Ministry of Transport	159		148
Unpaid operating charge to be collected	89		82
Unpaid administration charges to be collected	325		317
GST to be collected	86		82
TOTAL OUTSTANDING DEBTOR BALANCE AS AT 30 JUNE	659		629

USE OF TOLL ROAD AND ALTERNATIVE ROUTE(S) FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2013/14 \$000	Actual 2012/13 \$000
Northern Gateway Toll Road (SH 1)	80.2%	79.0%
Free alternative routes (SH 16 and 17)	19.8%	21.0%
TOTAL	100.0%	100.0%

COMPLIANCE WITH TOLLING FOR THE YEAR ENDED 30 JUNE 2014

	Volumes Actual 2013/14 \$000	Revenue Actual 2013/14 \$000	Volumes Actual 2012/13 \$000	Revenue Actual 2012/13 \$000
Total chargeable toll trips	5,710	13,491	5,350	12,631
Total administration charges	n/a	2,196	n/a	2,212
TOTAL TOLL REVENUE	5,710	15,687	5,350	14,843
Paid toll trips	5,538	13,093	5,190	12,267
Paid administration charges	n/a	1,644	n/a	1,730
PAID TOLL REVENUE	5,538	14,737	5,190	13,997
Unpaid toll trips	172	398	160	364
Unpaid administration charges	n/a	552	n/a	482
UNPAID TOLL REVENUE	172	950	160	846
Administration charge payment compliance	n/a	74.9%	n/a	78.2%
Toll payment compliance	97.0%	97.0%	97.0%	97.1%

Financial statements for tolling

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
INCOME			
Toll fees	6,056	5,697	5,839
Total income	6,056	5,697	5,839
Expenditure	5,481	5,785	5,268
NET SURPLUS/(DEFICIT)	575	(88)	571

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
ASSETS			
Current assets	10,730	9,654	8,399
Non-current assets	2,074	2,073	2,677
TOTAL ASSETS	12,804	11,727	11,076
Liabilities	6,075	5,661	4,922
NET ASSETS/EQUITY	6,729	6,066	6,154

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2013/14 \$000	Budget 2013/14 \$000	Actual 2012/13 \$000
Net cash from operating activities	8,087	7,126	7,237
Net cash from financing activities	(7,458)	(6,722)	(7,063)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	629	404	174
Cash and cash equivalents at the beginning of the year	4,958	4,958	4,784
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,587	5,362	4,958

This supplementary information does not form part of the Agency's audited financial statements.

INDEPENDENT AUDITOR'S REPORT



TO THE READERS OF THE NZ TRANSPORT AGENCY AND GROUP'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2014

The Auditor-General is the auditor of the NZ Transport Agency (the "Transport Agency") and group, comprising the Transport Agency and its subsidiary. The Auditor-General has appointed me, Brent Manning, using the staff and resources of KPMG, to carry out the audit of the financial statements and non-financial performance information of the Transport Agency and the group on her behalf.

We have audited:

- the financial statements of the Transport Agency and group on pages 147 to 174, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity 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 non-financial performance information of the Transport Agency and group that comprises the statement of service performance on pages 90 to 125 and the report about outcomes on pages 40 to 43.

OPINION

In our opinion:

- the financial statements of the Transport Agency and group on pages 147 to 174:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Transport Agency and group's:
 - › financial position as at 30 June 2014; and
 - › financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the Transport Agency and group on pages 90 to 125 and 40 to 43:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Transport Agency and group's service performance and outcomes for the year ended 30 June 2014, including for each class of outputs:
 - › its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
 - › its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 20 October 2014. 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 non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. 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 non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Transport Agency and group's financial statements and non-financial performance information 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 Transport Agency'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 appropriateness of the reported non-financial performance information within the Transport Agency and group's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

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 non-financial performance information that:

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

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information 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 non-financial performance information, whether in printed or electronic form.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Land Transport Management Act 2003.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, the Crown Entities Act 2004 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 External Reporting Board.

In addition to the audit we have carried out assignments in the areas of technical and contractual advice, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Transport Agency or its subsidiary.



Brent Manning

KPMG Wellington

On behalf of the Auditor-General

Wellington, New Zealand

PUTTING THE SCRUTINY PRINCIPLE INTO PRACTICE

Report on the implementation of systems and procedures to give effect to the scrutiny principle for the period 1 July 2013 to 30 June 2014.

BACKGROUND

The Land Transport Management Act (LTMA) 2003 provides for an operating principle for the NZ Transport Agency, namely, that it must:

...ensure that... it gives, when making decisions in respect of planning and funding under subpart 1 of Part 2, the same level of scrutiny to its own proposed activities and combinations of activities as it would to those proposed by approved organisations (section 96(1) d).

The Transport Agency is required to do a number of things in relation to this principle including developing systems and procedures to enable it to give effect to the scrutiny principle, and include a report on its implementation of the systems and procedures in its annual report.

SYSTEMS AND PROCEDURES

The Transport Agency has set up a number of systems and procedures to give effect to the scrutiny principle. Three sets of procedures have been developed to ensure compliance: operational procedures, to ensure individual decisions apply the appropriate level of scrutiny; managerial procedures, to oversee the application of the scrutiny principle; and monitoring/reporting procedures, to confirm the operational procedures are followed and the scrutiny principle has been properly applied.

The operational procedures enable employees and board members of the Transport Agency to know when and how to comply with the principle in relation to individual decisions, including:

- following the same procedure for similar types of activities
- applying equivalent evaluation criteria
- requiring an equivalent level of information
- applying the same level of rigour to the analysis
- applying the same level of tolerance to cost estimate rigour
- staff with equivalent seniority and experience involved with equivalent decisions.

IMPLEMENTATION

The Transport Agency has published its approach to giving effect to the scrutiny principle on its website page titled 'The scrutiny principle' (<http://www.nzta.govt.nz/planning/what-funding/scrutiny-principle.html>).

This page also lists the systems and procedures it has in place to apply the scrutiny principle and provides links to documentation - the procurement manuals and the Planning and Investment Knowledge Base where the systems and procedures are set out in detail. Monitoring of the webpage during 2014 indicates the page is accessed on average 17 times a month (2013: 15).

A further link on this page links to a webpage that lists all the funding decisions the Transport Agency has made since August 2008 (prescribed date in the legislation is 1 October 2008) <http://www.nzta.govt.nz/planning/what-funding/board-decisions/index.html>). The page is updated monthly once the previous month's decisions have been confirmed. Monitoring of the webpage during 2014 indicates the page is accessed on average 151 times a month (2013: 136).

The key system used by the Transport Agency was the web-based Transport Investment Online (TIO) system and is used to manage the National Land Transport Programme. It contains all the activities proposed for funding and sets out for all applicants, both approved organisations and the Transport Agency for its own activities, the information required for the assessment and evaluation of the activities for funding. The system also records the decisions made by the Transport Agency including any conditions applied to the funding. The system is transparent. Every approved organisation can see the details of their proposals, the Transport Agency's recommendations and decisions and those of any other approved organisation and the Transport Agency. This effectively provides assurance that the requirements placed on any one approved organisation can be compared against others.

A number of different monitoring procedures are in place to provide quality assurance to the Transport Agency Board that employees and members are complying with the principle. These include:

- management reviews and checking of assessments / decisions
- audits conducted on both Transport Agency and approved organisation projects by the investment monitoring team
- periodic, risk based review of the performance of procedures by the internal audit team. Results from this work are reported to the Transport Agency's Audit, Risk and Assurance committee. The Secretary for Transport is an advisor to this committee and attends the meetings
- KPMG, on behalf of the Auditor-General, review as required to verify this report.

INDEPENDENT LIMITED ASSURANCE REPORT



INDEPENDENT LIMITED ASSURANCE REPORT TO THE READERS OF THE NZ TRANSPORT AGENCY'S REPORT ON PUTTING THE SCRUTINY PRINCIPLE INTO PRACTICE FOR THE YEAR ENDED 30 JUNE 2014

We have carried out work to provide limited assurance on whether any matter has come to our attention that would lead us to believe that the report prepared by the NZ Transport Agency (the "Transport Agency") on Putting the Scrutiny Principle into Practice (the "Report") on page 186 of the annual report does not fairly reflect the implementation of systems and procedures that are required to give the same level of scrutiny to its own proposed activities and combinations of activities, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Land Transport Management Act 2003 (the "Act") as it would give to those proposed by approved organisations.

The Auditor-General is the auditor of the Transport Agency. The Auditor-General has appointed me, Brent Manning, using the staff and resources of KPMG, to carry out this work on her behalf.

RESPONSIBILITIES OF THE DIRECTORS

The Directors of the Transport Agency are responsible for preparing a report on the implementation of the systems and procedures that are required to give the same level of scrutiny to its own proposed activities and combinations of activities, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Act, as it would give to those proposed by approved organisations. We refer to this as the "scrutiny principle". The Transport Agency's report is required to be included in its annual report, and to be fairly stated. Fairly stated, in the context of the Transport Agency's report, requires that the report is complete, correct and understandable.

RESPONSIBILITY OF THE AUDITOR

Section 96(3) of the Act requires the Auditor-General to conclude whether the Report fairly states the Transport Agency's implementation of the systems and procedures to give effect to the "scrutiny principle" in accordance with section 96(1)(d)(ii) the Act.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* in order to state whether anything has come to our attention that would indicate that the systems and procedures, as described in the Report, have not, in all material respects, been consistently applied in order to give effect to the "scrutiny principle" for the year ended 30 June 2014.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for implementing the systems and procedures associated with implementing the "scrutiny principle", and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with the Auditor-General's Auditing Standards. Consequently we do not seek to obtain evidence that allows us to provide the higher level of assurance afforded by an audit. Accordingly, we do not express a reasonable assurance or audit opinion.

INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our engagement is not designed to detect all weaknesses in the implementation of the systems and procedures required to give effect to the "scrutiny" principle, as the engagement has not been performed continuously throughout the period and the testing performed was undertaken on a sample basis.

The limited assurance conclusion expressed in this report has been formed on the above basis.

INDEPENDENCE

When carrying out the limited assurance engagement we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Our firm has also provided audit services to the Transport Agency. Subject to certain restrictions, partners and employees of our firm may also deal with the Transport Agency on normal terms within the ordinary course of trading activities of the business of the Transport Agency. These matters have not impaired our independence as assurance providers of the Transport Agency for this engagement. We have no other relationship with, or interest in, the Transport Agency.

CONCLUSION

Based on our limited assurance procedures, which have not been designed to provide a reasonable or audit assurance, we have not become aware of any material matter that would lead us to believe that the report prepared by the Transport Agency on Putting the Scrutiny Principle into Practice for the year ended 30 June 2014 on page 186 is not fairly stated.

Our limited assurance engagement was completed on 20 October 2014, and is the date at which our conclusion is expressed.



Brent Manning

KPMG Wellington

On behalf of the Auditor-General

Wellington, New Zealand

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 2014



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SECTION A NLTF OVERVIEW



REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE

We are pleased to present the 2013/14 annual report for the National Land Transport Fund, as we complete the second year of the three-year 2012-15 National Land Transport Programme (NLTP).

The annual report provides information on how the National Land Transport Fund (NLTF) has been invested by the Transport Agency to create integrated transport solutions for a thriving New Zealand and how we continue to meet the goals outlined in the Government Policy Statement on Land Transport Funding.

The NLTP is a planning and investing partnership between the Transport Agency, local authorities, NZ Police and transport sector stakeholders. It contains all land transport activities – public transport, road safety policing and promotions, walking and cycling, and state highway and local road construction and maintenance.

The NLTP helps to create transport solutions for communities and businesses from Cape Reinga to Bluff, and targets investment in land transport to where it is most needed, reflecting a whole-of-life view to ensure that the best transport system is developed for the long-term benefit of New Zealanders. It does this through land transport investments that support productivity, economic growth and safety; as well as ensuring value for money while providing a range of travel choices for New Zealanders.

To achieve these objectives, the 2012-15 NLTP has a particular focus on rebuilding Christchurch after the earthquakes and on Auckland, where significant opportunities exist to increase the city's contribution to the country's economic growth.

The second year success of this National Land Transport Programme reflects the joined-up thinking that comes from working with our transport sector partners and stakeholders. We are increasingly working with local authorities and other stakeholders on the transport system to make the most of the NLTF investments in improving and maintaining state highways, local roads and public transport, and operating them as an integrated network.

We want to recognise the efforts of the Transport Agency's staff, our transport sector partners and stakeholders, who continue to strive to deliver the ambitious NLTP and deliver the benefits of our \$15.3b of collective investment in the land transport system.



Chris Moller

Chair

20 OCTOBER 2014

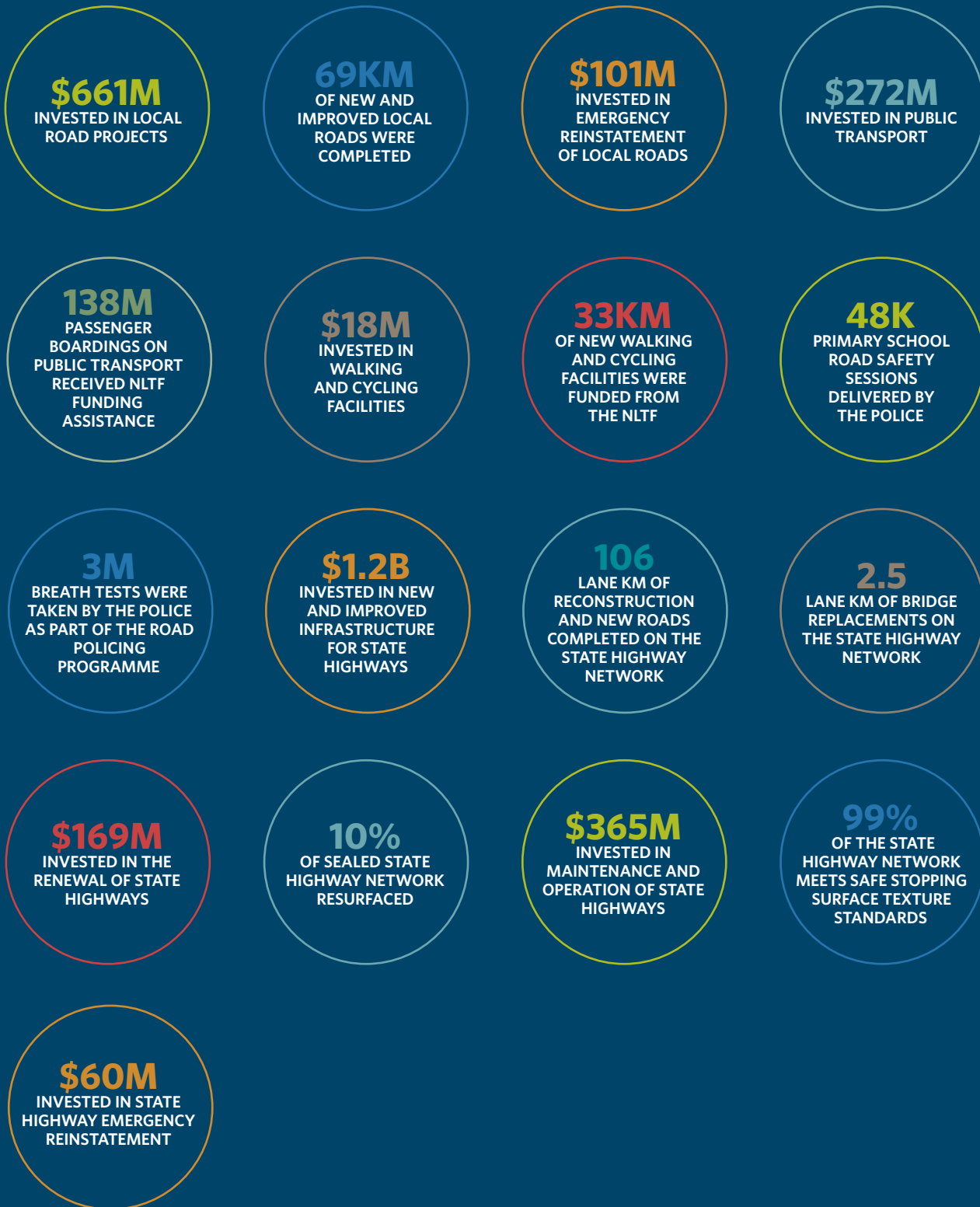


Geoff Dangerfield

Chief Executive

20 OCTOBER 2014

NLTF INVESTMENT PERFORMANCE 2013/14 AT A GLANCE



NATIONAL LAND TRANSPORT FUND

Links to Government Policy Statement on Land Transport Funding (GPS) outcomes



Guides NLTF investment activities

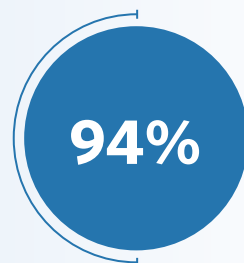
Investment strategy

- Strategic fit - investment aligned to GPS
- Effectiveness - investment has high degree of effectiveness
- Efficiency - investment has high degree of efficiency

Investment activities

- New infrastructure for state highways
- Road safety promotion
- Management of the funding allocation system
- Renewal of state highways
- Road Policing Programme (NLTF investment, but NZ Police output)
- Transport planning
- Maintenance and operation of state highways
- New and improved infrastructure for local roads
- Sector research
- Public transport
- Renewal of local roads
- Road tolling
- Administration of SuperGold cardholder scheme and enhanced public transport concessions for SuperGold cardholders
- Maintenance and operation of local roads
- Road-user charges collection, investigation and enforcement
- Walking and cycling
- Refund of fuel excise duty

Key facts and numbers



How we know we are making progress

... reflects how much less the Transport Agency has paid on contracts than the overall market during 2013/14

... increase in economic activity led to a 3.3% rise in heavy vehicle travel for the year ended 30 June 2014

... per 100 million vehicle kilometres travelled died or were seriously injured on our roads during the year ended March 2013/14 - the same as in the previous year, despite there being 1.7% more traffic

... of all kilometres travelled in New Zealand from 2010 to 2013 was by people using passenger vehicles. People travelling by public transport accounted for about 4% of all kilometres travelled.

OVERVIEW OF THE LAND TRANSPORT INVESTMENT SYSTEM

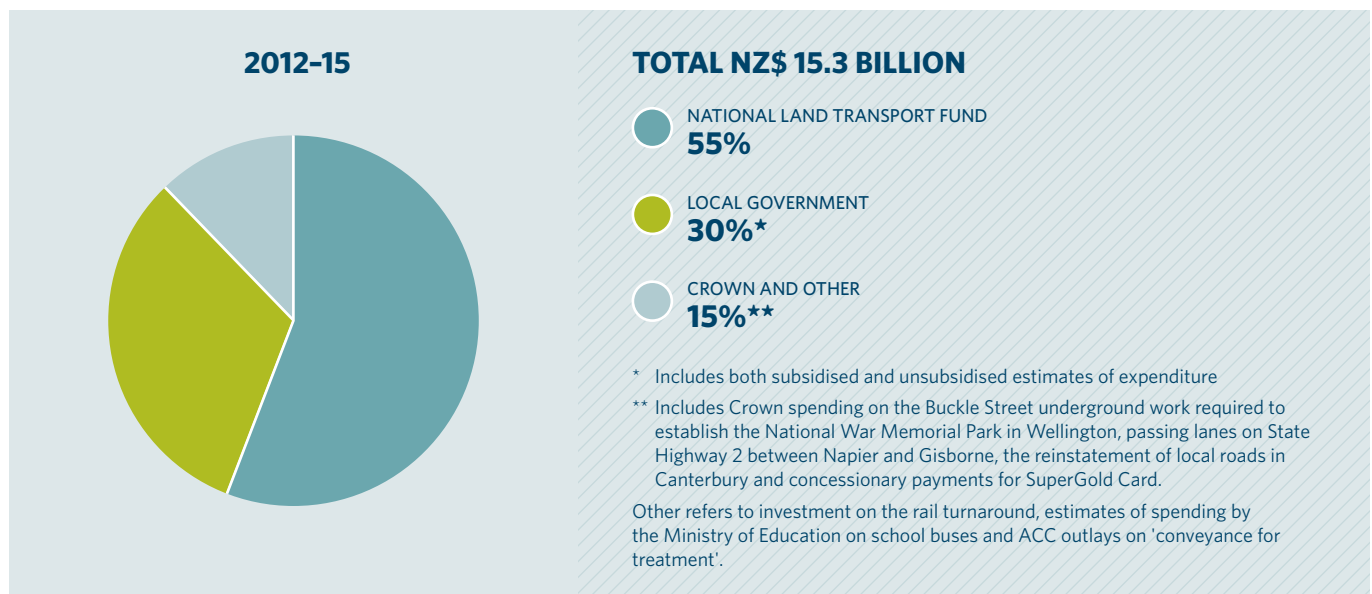
FUNDING TRANSPORT INVESTMENT

Total investment in the land transport system for the three years ending June 2015 is estimated to be about \$15.3bn. The National Land Transport Programme (NLTP) investment priorities account for \$11.7bn of this expenditure, with the remainder made up of unsubsidised spending by local authorities, eg works paid for by local rates, investment by government in rail and other transport initiatives, and contributions made by private developers to local roads.

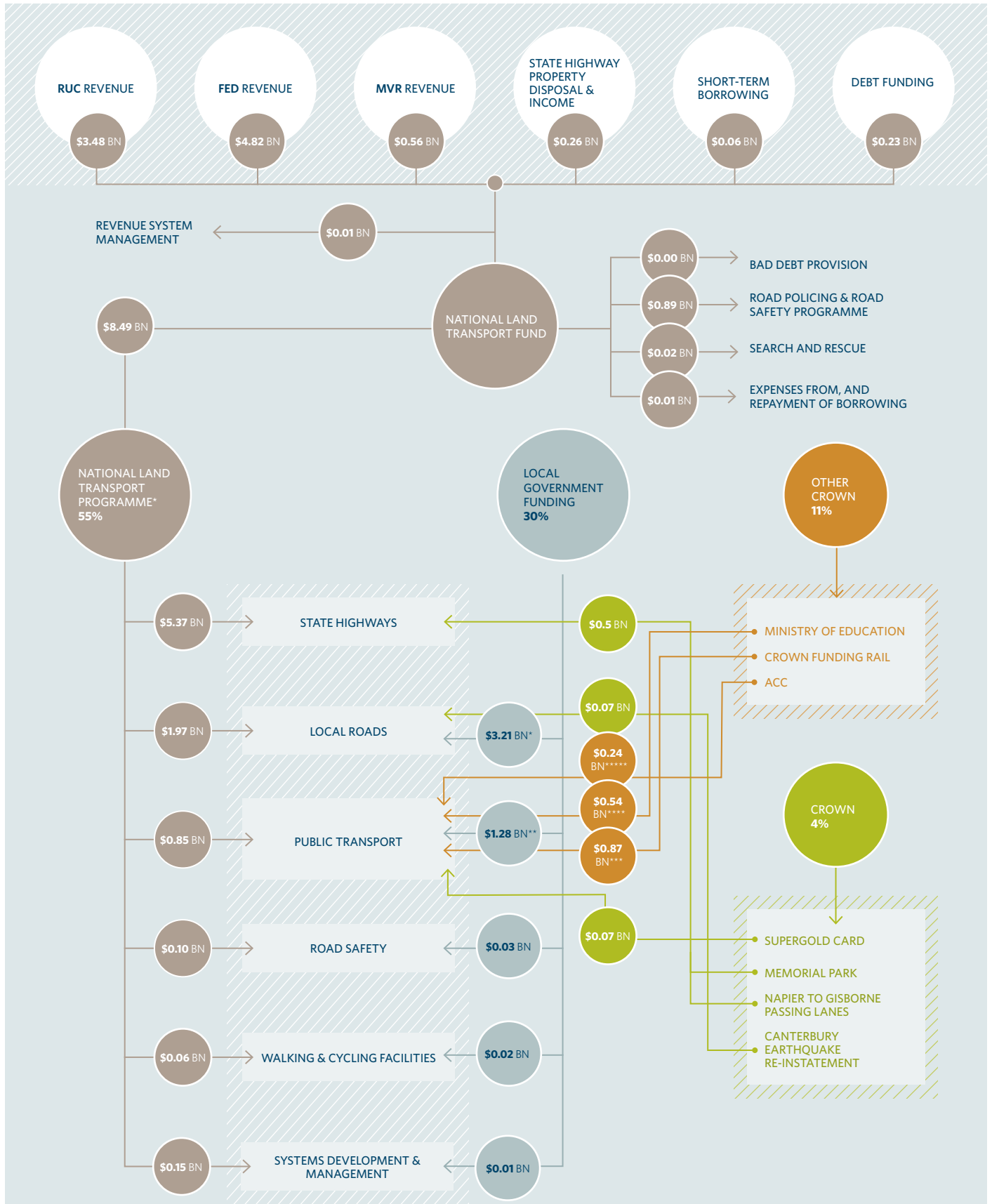
The ability of the NLTP to deliver depends on the extent to which actual revenues flowing into the NLTF match the forecast revenues that were used to inform the investment priorities within the NLTP. The extent to which these priorities may need to change reflects the degree to which actual revenues deviate from forecasts.

As at June 2014, NLTF revenue was 1.8% lower than what was forecast when the NLTP was published in 2012. Although this underperformance resulted in adjustments to investment priorities, the main components of the 2012-15 NLTP remain unaltered and will still be delivered within the available funding.

2012-15 ESTIMATED LAND TRANSPORT PUBLIC SECTOR INVESTMENT



FUNDING FOR 2012-15 NATIONAL LAND TRANSPORT PROGRAMME



* Made up of subsidised amount of NZ\$1.6bn plus an unsubsidised estimate of NZ\$1.6bn
 ** Made up of a subsidised amount of \$0.7bn plus an unsubsidised estimate of NZ\$0.58bn
 ** 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

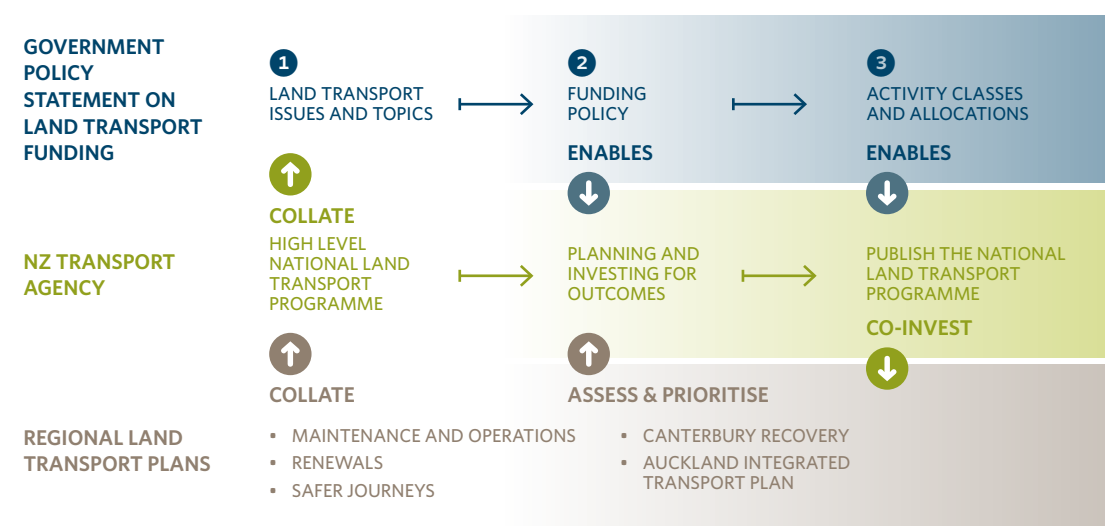
The Transport Agency's Investment and Revenue Strategy provides us with the framework to give effect to the Government Policy Statement on Land Transport Funding (GPS) as it invests the NLTF. The Investment and Revenue Strategy sets out the prioritisation framework that is used to manage the National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

The GPS is issued by the Minister of Transport and provides our sector with policy direction from the government on matters related to transport planning and investment.

The GPS identifies the key land transport issues for planning and funding from a central government perspective. It specifies the funding policies for the NLTF and how the NLTF 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 the activity 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 priorities 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:

- reducing deaths and serious injuries through the Safer Journeys road safety strategy (including the adoption of a Safe System approach)
- relieving congestion in major urban areas and improving journey time reliability
- optimising the land transport network and services
- improving key tourism and freight routes, including those for high-productivity motor vehicles (HPMVs)

- investing in transport planning, research and training that makes the greatest contribution to priorities
- encouraging integrated planning approaches.

In 2013/14, we revised the investment part of the strategy:

- We completed stage one of a review of the *Economic evaluation manual*. This included changes to the discount rate, evaluation period, handling of traffic growth and values of travel times across transport types, and inclusion of additional wider economic benefits. We have also consolidated the two previous volumes into one comprehensive *Economic evaluation manual*.

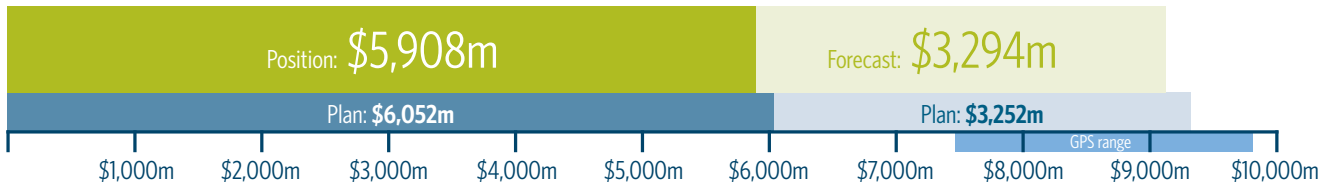
- We now use predicted crash risk in transport safety assessments as one component to assess whether a project fits strategically with our goals.

The government issued a draft GPS for 2015/16 to 2024/25 for consultation in mid-June 2014. We will revise our investment strategy for the 2015-18 NLTP in response to the new GPS.

For information on how our output classes contribute to the priority results in the GPS, refer to page 126 (how our outputs contribute to impacts).

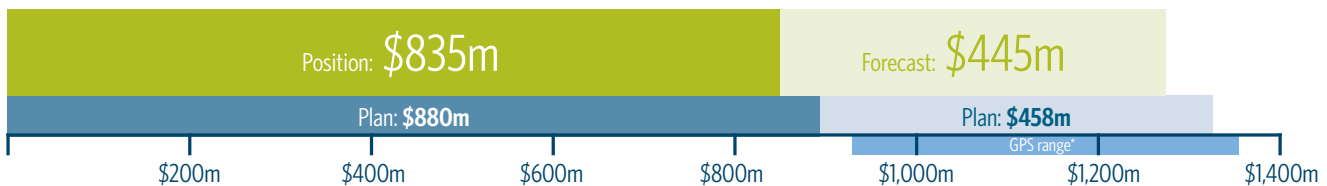
PROGRESS ON THE 2012-15 NATIONAL LAND TRANSPORT PROGRAMME

OVERALL NATIONAL LAND TRANSPORT PROGRAMME (NLTP)



In the two years to 30 June 2014, actual expenditure in the 2012-15 NLTP was \$5.9 billion. Measured against the initial phasing of the NLTP, we are currently \$148 million or 2.4% behind programme. At the end of the 2012-15 NLTP, we expect to be down 1.1% (\$106m) against the published NLTP. This represents a \$24m improvement on the NLTP forecast at the end of 2012/13, however, we anticipate the final position to be down 3% against the revised NLTP, which incorporated the three cents per litre fuel excise duty (FED) and road user charges (RUC) increases (endorsed by Cabinet in November 2012) and higher than anticipated revenue from state highway property.

LOCAL ROADS RENEWALS, MAINTENANCE AND OPERATIONS (EXCLUDING EMERGENCY WORKS)



* adjusted for emergency works

LOCAL ROADS NEW AND IMPROVED INFRASTRUCTURE



Around \$835 million has been invested from the NLTF in local road renewals, maintenance and operations (excluding emergency works) to the end of 2013/14. This is approximately 5% below the NLTP plan for the two years, mainly due to the 5% underspend on renewals, with routine maintenance and operations expenditure almost on budget. The underspend in renewals is expected to continue through to the end of the 2012-15 NLTP as local authorities have transferred some renewal funds to routine maintenance and operations as they optimise their maintenance programmes.

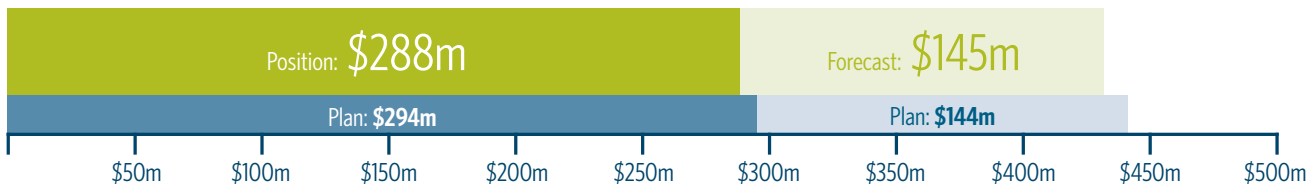
Local road improvements expenditure to the end of 2013/14 is down 16% on the published NLTP, because it is taking longer to deliver some projects than anticipated. Also the spend in Christchurch was about \$15 million lower than planned because the CBD improvements are taking longer than expected when the NLTP was developed.

Major investments in local roads:

- The Auckland Manukau Eastern Transport Initiative (AMETI) package of projects is well underway with the \$17.5 million Panmure station and bus interchange officially opened in January 2014, and the Otahuhu bus/train interchange and Manukau transport interchange both in the design phase.
- Significant progress has been made on the construction of the Hamilton Ring Road project. The Ring Road work includes the opening of the four-lane section across the Waikato River, construction of the four-lane section to Resolution Drive, and the Clyde Street section being opened up to traffic. Monitoring of traffic flows has identified significant benefits for road users, including cyclists and pedestrians who use the off-road facilities.

- The River Road/Raetihi-Pipiriki Road project opened, after seven years of construction. The network now provides a good level of service for tourists and locals.
- A \$10 million transport improvement package for Johnsonville has been approved.
- New traffic signals at the Waimea Road/Motueka Street intersection in Nelson have been installed as part of a series of improvements to enhance the efficiency of this key corridor.
- Strengthening of Tiwai Bridge in Invercargill is continuing.

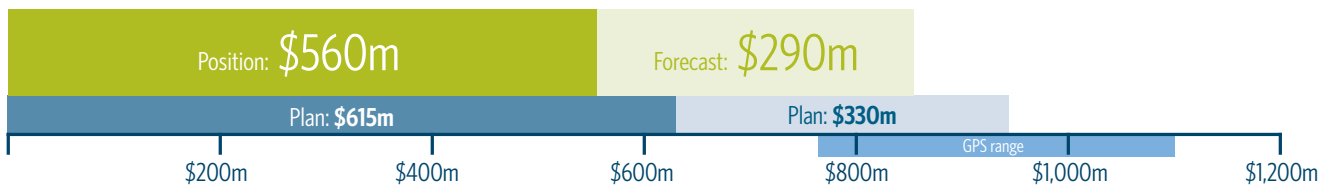
EMERGENCY WORKS (STATE HIGHWAYS AND LOCAL ROADS)



Emergency works expenditure across local roads and state highways was down approximately 2% on the NLTP budget. The \$50 million NLTF contribution to the Christchurch earthquake rebuild was fully spent. We anticipate a higher spend in 2014/15 in response to the recent Northland storms events and are forecasting expenditure at the end of the NLTP to be close to plan.

In addition to the NLTF investment, around \$78 million of central government and debt funding was contributed to the reinstatement of damaged roads in Christchurch in the first two years of the NLTP.

PUBLIC TRANSPORT



During the last two years, \$560 million was invested from the NLTF across all regional networks in public transport services, operations and infrastructure. Public transport expenditure is about 9% lower than planned, with public transport services down almost 8% and public transport infrastructure down almost 23%. The underspend reflects approved organisations delivering their services at lower cost than expected as well as slower delivery of service and infrastructure improvements in Auckland. The majority of this investment, close to 90%, was in Auckland, Wellington and Christchurch where demand is greatest. The end of NLTP position is forecast to be down 10% against the published NLTP.

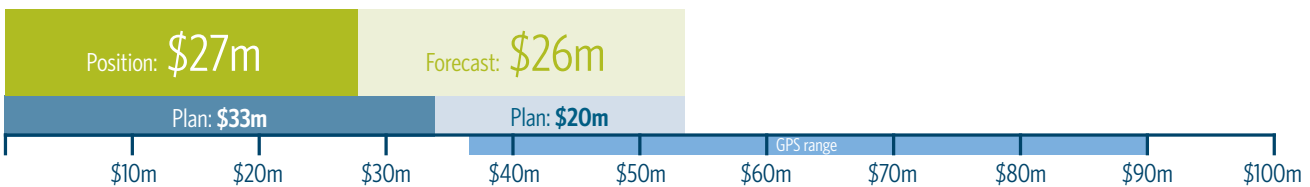
Investment in public transport infrastructure projects was prioritised and targeted to activities and areas that maximised our return on investment; particularly in Auckland, where our investment can relieve severe congestion and enable economic growth. Key investments in this activity class included:

- The first of Auckland Transport’s new electric trains arrived in mid-August 2013. They’re quieter, carry more passengers and provide shorter travel times than their predecessors.
- Integrated ticketing – Auckland Transport’s HOP card was introduced and is now almost fully implemented across bus, rail and ferry public transport services.
- Horizons Regional Council has undertaken a review of Palmerston North’s bus network and released the review document for public consultation. The review is aimed at improving customer service and increasing patronage.

- Greater Wellington, Wellington City Council and the Transport Agency completed the Wellington Public Transport Spine Study looking at the long-term options for public transport along the city’s growth spine.
- We continue to work with CERA and Christchurch City Council on the concept design for the new central city bus interchange. Design is due to be completed in May 2014.

As well as an increase in the level of our investment, public transport patronage has increased by 5.3 million (4%) to 138 million during the year across the country. This was not as great an increase as hoped, patronage was affected by recovery in Christchurch following the earthquake on 22 February 2011 and minimal patronage movement across the majority of other networks.

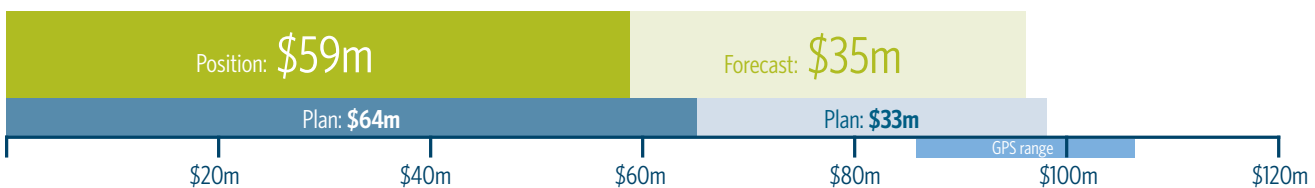
WALKING AND CYCLING FACILITIES



Walking and cycling expenditure is down by 18% against the published NLTP at the end of 2013/14. While this performance is not desirable, it is a substantial lift on the position at the end of 2012/13, when expenditure was around 38% below plan. The lift in delivery came mainly from state highway projects. The forecast spend for 2014/15 is higher again and is based on Auckland Transport having resolved some of the planning and programming issues that delayed some of its initiatives during 2013/14.

The most significant expenditure was based in Auckland with the continuation of the Central Motorway connection and the initiation of seven new cycle paths and corridor upgrades in the Auckland region. There were also significant investments made in Wellington, including investigating the Ngauranga to Petone cycle/walkway and constructing the Tawa Stream pathway, and in Dunedin the southern commuter routes were continued.

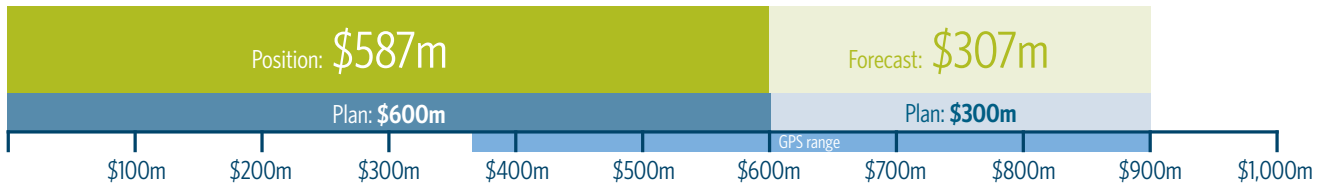
ROAD SAFETY PROMOTION



Approximately \$59 million has been invested to the end of 2013/14 in local government programmes and in nationally delivered activities that increase the safe and efficient use of the land transport system. The greatest proportion of spend was on raising awareness of the risks of driving impaired by alcohol or drugs, followed by speed, younger drivers, fatigue and distraction, and cycling safety.

Road safety promotion at the end of 2013/14 is down by approximately 8% against the published NLTP, due to slower than expected delivery of activities by approved organisations outside of Auckland. We expect a catch up of expenditure during 2014/15 and that the end of NLTP position will be \$2m down against plan.

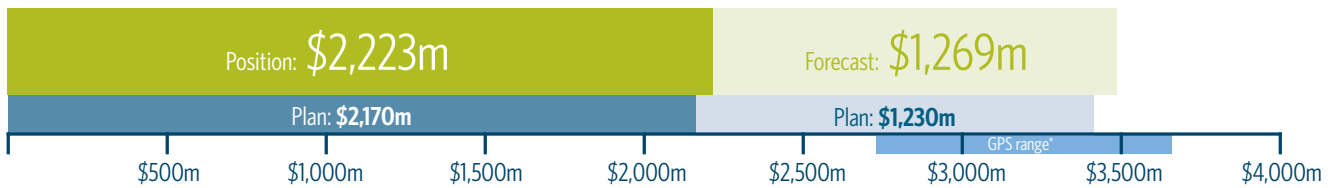
ROAD POLICING



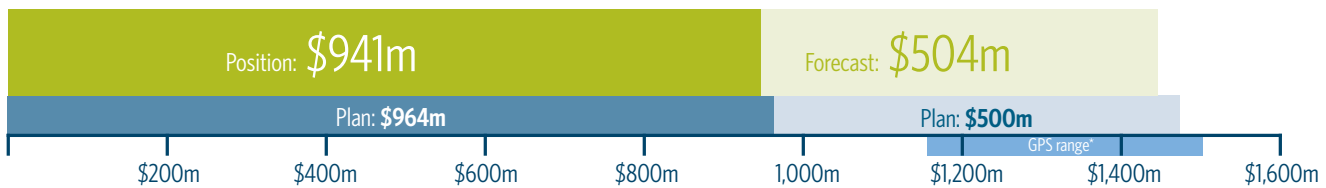
Investment in road policing amounted to \$587 million for the two years to the end of 2013/14, approximately 2% down against plan, and is forecast to be at the published NLTP level of \$900m as the new speed cameras are rolled out during 2014/15.

Key investments in this activity class included targeting high-risk drivers, young drivers, motorcycling, alcohol/drug-impaired driving, speed, traffic management, restraints, the heavy vehicle fleet including road user charges, roads and roadsides, the light vehicle fleet, walking and cycling, fatigue and distraction, older road users, and crash attendance and reporting. See pages 238 to 241 for further information.

STATE HIGHWAY NEW AND IMPROVED INFRASTRUCTURE



STATE HIGHWAY RENEWALS, MAINTENANCE AND OPERATIONS (EXCLUDING EMERGENCY WORKS)



* adjusted for emergency works

Investment in the new and improved infrastructure for state highways activity class amounted to \$2.22 billion for the two years to the end of 2013/14, approximately 2.4% ahead of plan, and is forecast to be 2.7% ahead of the published 2012-15 NLTP by the end of the three-year period. A number of high profile nationally significant projects have advanced:

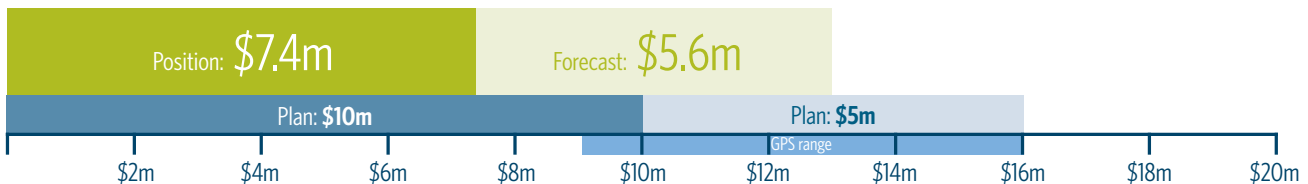
- Construction on the 2.4km Waterview tunnel started in November 2013. This \$1.4 billion project is a key project of the Western Ring Route road of national significance.
- Significant progress has been made on delivering the various sections of the Waikato Expressway, including the opening of the Ngāruawāhia section. Investment in this 10km, four-star route has reduced travel time by three minutes between the greater Hamilton area and Auckland. Construction is also well underway on the Rangiriri and Cambridge sections, while investigation and planning continues on the Hamilton and Huntly sections.

- The Wellington Northern Corridor is being delivered. Substantial progress has been made on the State Highway 1 Memorial Park project with major structural components, such as the roof slab, underway. Construction is well underway on the State Highway 1 MacKays to Peka Peka section of the Kāpiti Expressway. Ngauranga to Aotea Quay has been approved for construction at a cost of \$50m.
- Christchurch Motorways project: On the State Highway 1 Western Corridor, the Avonhead to Yaldhurst and Sawyers Arms to Harewood sections are complete, Yaldhurst to Waterloo is substantially complete and consents have been obtained for the Groynes to Sawyers Arms section (construction will start late in 2014). We also received consents for the Harewood to Avonhead section but are awaiting the outcome of appeals to the consents before construction can start in 2015. We have lodged a notice of requirement for the Western Belfast Bypass. Consent and designations for stage 2 (from stage 1 to Rolleston) of the Christchurch Southern Motorway have been granted and a contract has been let for the design works.
- Good progress is being made on transport solutions for upper North Island travel, with work progressing on a number of the constraints identified in the Upper North Island Freight Story, including enabling the high-productivity motor vehicle (HPMV) network between Auckland, Hamilton, Tauranga and Rotorua.

In addition, another \$941 million was spent on the renewals, maintenance and operation of the state highway network during the first two years of the 2012–15 NLTP. In 2013/14, this kept the state highways available 85% of the time. 10% of the sealed network was resurfaced, down from 11.5% in the previous year.

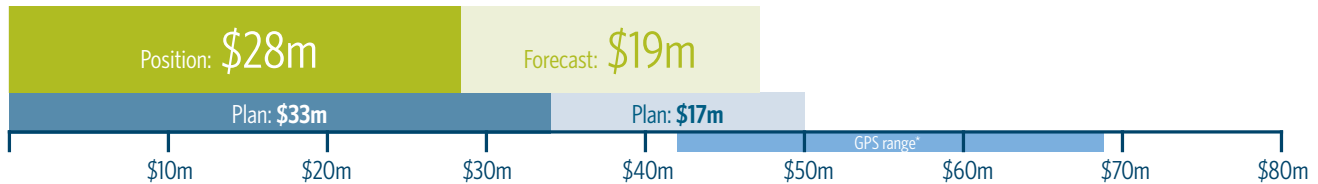
To the end of 2013/14, \$116 million was spent on emergency works, including the reinstatement of state highway infrastructure damaged during the Canterbury earthquakes.

SECTOR RESEARCH



Investment in the sector research output class amounted to \$7.4 million for the two years to the end of 2013/14, 26% down against the published NLTP and is expected to be 13% down by the end of the NLTP. The Transport Agency is managing the 2012–15 sector research activity class across the three years and is on target to expend the budget at the GPS midpoint allocation rather than the NLTP approved highpoint. The forecast research spend has been adjusted down based on the number of topics assessed as high priority for research and the resources available internally to manage their delivery.

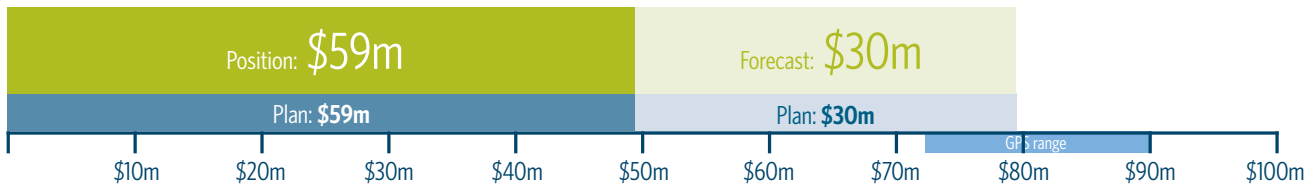
TRANSPORT PLANNING



The NLTF has invested \$28 million in the transport planning activity class over the two years, approximately 15% less than planned. NLTP spend is expected to be closer to plan as approved organisations look to improve their activity management plans during 2014/15 in the lead up to the 2015-18 NLTP.

The most significant investment was for transport planning activities in Auckland around the Auckland South Western airport multimodal planning, corridor management plans and the Transport Agency’s submission on the Auckland Unitary Plan. Other significant investments were local authority and state highway activity management planning.

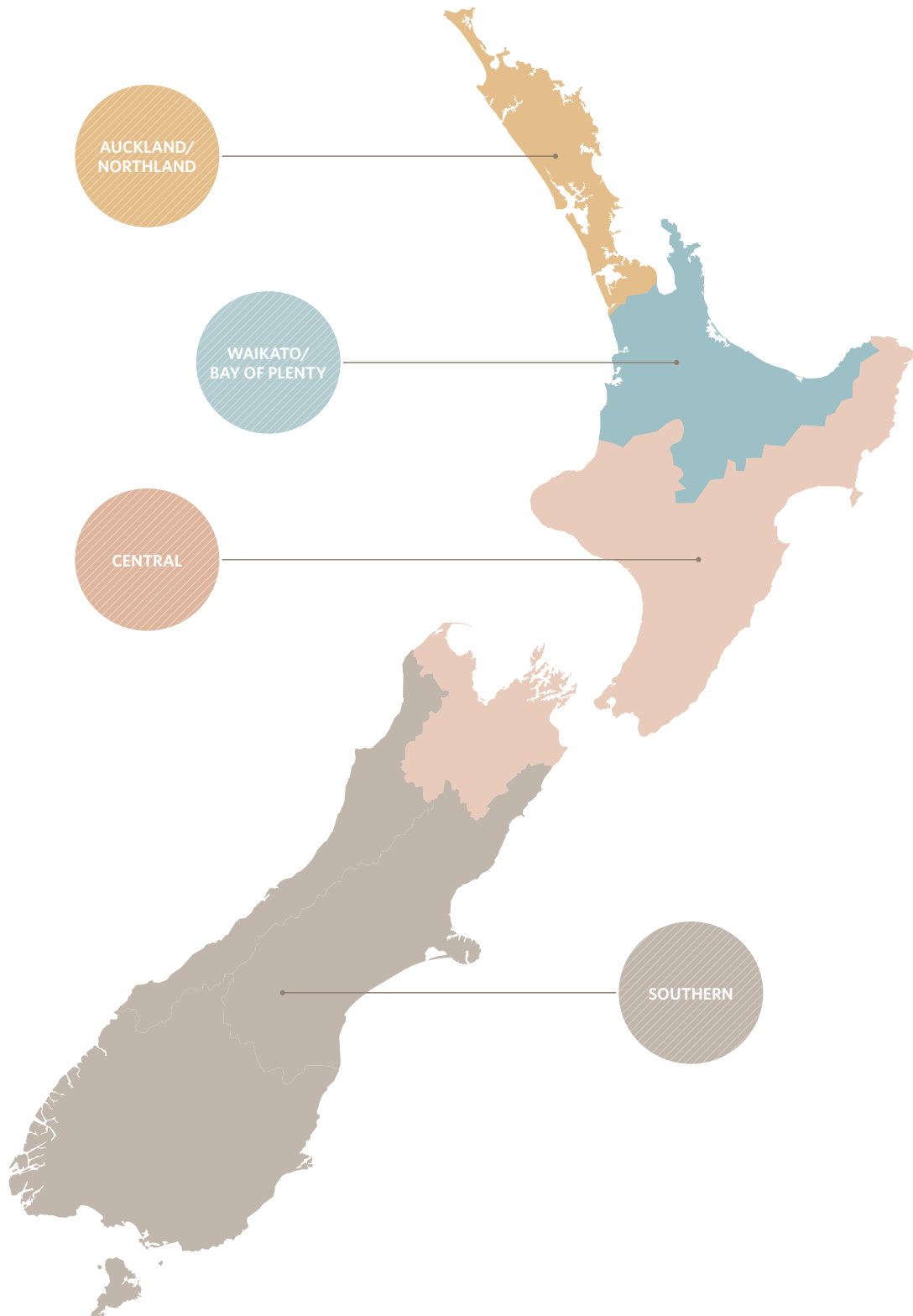
MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM



Expenditure on management of the funding allocation system is very close to the published NLTP and is forecast to remain so through to the end of the NLTP.

REGIONAL NLTF INVESTMENT HIGHLIGHTS

The NLTF, through the 2012-15 NLTP, has made targeted investments in transport across New Zealand. Regional investment highlights over the three-year programme are detailed below



AUCKLAND/NORTHLAND REGION

THE TRANSPORT AGENCY'S AUCKLAND/NORTHLAND REGION COVERS THE TOP OF THE NORTH ISLAND - EVERYTHING NORTH OF THE BOMBAY HILLS.



What we set out to achieve

2012-15 NLTP investment in Northland (\$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.

We said we'd invest in:

- renewing, maintaining and operating state highways and local roads
- consenting and designating the Pūhoi to Warkworth component of the Pūhoi to Wellsford road of national significance (RoNS)
- state highway and local road improvements targeted at addressing efficiency, safety and route resilience in flood-prone areas
- continuing road safety community programmes and road policing activity.

Key facts and numbers

- 20 deaths in Northland in 2013/14 and 109 serious injuries. Overall this is a 6% decrease from 2012/13.
- 12,700 lane kms currently maintained in Northland, including local roads and state highways.
- 323,553 trips were taken by bus, a 5.8% increase compared to the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Northland total	78,461
New and improved infrastructure for state highways	9,598
Renewal, maintenance and operation of state highways	33,942
New and improved infrastructure for local roads	4,069
Renewal, maintenance and operation of local roads	28,567
Public transport services	589
Other ^o	1,696

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

Investment highlights 2013/14

- Construction of Whangarei District Council's Lower Hatea Bridge was completed in July 2013, improving access to the port and bypassing the CBD.
- The SH1/SH14 intersection upgrade was completed in May 2014. These improvements are part of a programme that aims to improve efficiency and safety on State Highway 1 through Whangarei.
- Otaika Stream Bridge No. 85 and the Kauri Rail Overbridge have been upgraded (Dec 2013) to accommodate HPMVs.
- Whangarei District Council's 2012-15 walking and cycling application was approved in July 2014. The proposed improvements reflect two components of the cycleway strategy, which aims to provide a safe alternative for both recreational and commuter cyclists and pedestrians.
- The Pūhoi to Wellsford RoNS project is progressing well. The project team has submitted their application and evidence to the Environmental Protection Authority.

6%
DECREASE

20 deaths in Northland in 2013/14 and 109 serious injuries. Overall this is a 6% decrease from 2012/13.

12,700
LANE KMS

12,700 lane kms currently maintained in Northland, including local roads and state highways.



What we set out to achieve

In collaboration with Auckland Transport and other partners, the 2012-15 NLTP investment (\$3,154 million) set out to make it increasingly easier for commuters to move around Auckland and to make freight movements more efficient.

We said we'd invest in:

- constructing the Western Ring Route RoNS
- implementing the Auckland Manukau Eastern Transport Initiative (AMETI) – a 30-year, \$1.5 billion strategy, aimed at dealing with current traffic congestion, poor transport options and projected growth in an important retail, commercial and residential area
- improving the road network to enable greater access for HPMVs
- improving public transport modes, ie rail, bus and ferry services, including loan repayments for the 57 electric trains, station upgrades, and the introduction of integrated ticketing across all public transport.

Key facts and numbers

- 41 deaths in the Auckland region in 2013/14, and 431 serious injuries. Overall, this is a 7% increase from 2012/13.
- 15,600 lane kms currently maintained in the Auckland region, including local roads and state highways.
- 55,851,123 bus trips and 11,435,085 train trips were taken, while a further 5,109,947 trips were taken by ferry. Bus patronage was 4.3% up on the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Auckland total	1,061,520
New and improved infrastructure for state highways	596,631
Renewal, maintenance and operation of state highways	90,186
New and improved infrastructure for local roads	74,329
Renewal, maintenance and operation of local roads	107,520
Public transport infrastructure	11,697
Public transport services	157,980
Other ^o	23,177

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

Investment highlights 2013/14

- Construction commenced on the 2.4km Waterview tunnel and the SH16 Causeway Project, both part of the Western Ring Route RoNS. This will complete a major connection in the Auckland motorway network, releasing the efficiency benefits of previous investments over many years.
- The AMETI package of projects is well under way with the \$17.5 million Panmure bus/train interchange opened in January 2014 and the Otahuhu and Manakau interchanges in the design phase. These investments continue Auckland's investment in public transport to provide a quality customer experience, grow patronage and relieve traffic congestion.
- The first of Auckland Transport's world class new electric trains arrived in 2013. They're quieter, carry more passengers, and provide faster travel times than their predecessors.
- Auckland Transport's HOP card was introduced and is now implemented across bus, rail and ferry services, delivering convenient and seamless intermodal travel.
- Auckland Transport developed its Regional Public Transport Plan. To implement this and the Public Transport Operating Model, Auckland Transport developed and finalised a bus procurement strategy and developed a draft regional agreement aimed at improving the efficiency of bus services and improving connectivity for users.
- Route planning is under way for the Inner City Rail Loop, which will dramatically improve the functionality of Auckland's rail network and provide the scope for more frequent and efficient services.
- We have either committed or approved over \$20 million for walking and cycling projects. This will contribute to completing an integrated and connected cycle network and make cycling and walking safer in Auckland and an integral part of Auckland's transport future.
- The proposed Auckland Unitary Plan was notified on 30 September 2013. Our submission was lodged in February 2014, aimed at improving integration between land use and transport and ensuring that people have more transport choices.
- Agreement was reached to delegate funding authority to Auckland Transport for projects with a construction phase of up to \$5 million, improving AT's autonomy and ability to deliver investment where it's needed most.

7%

INCREASE

41 deaths in the Auckland region in 2013/14, and 431 serious injuries. Overall, this is a 7% increase from 2012/13.

15,600

LANE KMS

15,600 lane kms currently maintained in the Auckland region, including local roads and state highways.

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.



What we set out to achieve

The 2012-15 NLTP investment (\$1,163 million) aims to improve the efficiency, resilience and safety of the Waikato road network, as well as to support economic growth through the safe and efficient movement of freight.

We said we'd invest in:

- maintaining, operating and renewing local roads and state highways
- constructing the Waikato Expressway RoNS, including completing the Te Rapa, Ngāruawāhia sections and progressing the Rangiriri and Cambridge sections
- contributing to a number of other minor state highway improvements, as well as partnering with Hamilton City Council to develop the Hamilton Ring Road as part of the Waikato's integrated network
- replacing the Ātiamuri Bridge on State Highway 1 to improve freight efficiency by enabling access for HPMVs between Tokoroa and Taupō, while improving the safety and resilience of this route for all road users.

Key facts and numbers

- 41 deaths in the Waikato region in 2013/14, and 264 serious injuries. Overall this is a 14% decrease from 2012/13.
- 21,500 lane kms currently maintained in the Waikato region, including local roads and state highways.
- 5,149,350 trips were taken by bus, a 2.2% decrease compared to the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Waikato total	310,462
New and improved infrastructure for state highways	163,217
Renewal, maintenance and operation of state highways	69,199
New and improved infrastructure for local roads	13,239
Renewal, maintenance and operation of local roads	49,168
Public transport infrastructure	156
Public transport services	9,259
Other ^o	6,224

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

Investment highlights 2013/14

- Good progress is being made on transport solutions for key upper North Island journeys, including progressing work on a number of the constraints identified in the Upper North Island Freight Story and the development of a Safe System corridor approach on SH2 between Pōkeno and the Coromandel – a key tourist route in the region.
- The Ngāruawāhia section of the Waikato Expressway was opened and progress was made on other sections of the road. Investment in this 10km, four-star route has reduced travel time by three minutes between the greater Hamilton area and Auckland. Construction is well underway on the Rangiriri and Cambridge sections, while investigation and planning continues on the Hamilton and Huntly sections.
- To maximise the benefits of the Te Rapa section of the expressway, the 6km Limmer project was completed. This route provides a key freight link to State Highway 39 linking through to Taranaki.
- We have targeted historical black spots in the region. Construction work is well underway at the State Highway 1 and 5 intersection south of Tirau. The new roundabout is expected to be completed in time for the coming Christmas traffic. On State Highway 3 at Waitomo, temporary safety management remains in place until work can begin on the new intersection for the Waitomo Caves and the design phase has been completed on the intersection of State Highway 2 and 25.
- Construction works are well advanced on the southern Coromandel motorcycle project after successful engagement with the motorcycle community.
- As we target bridges on State Highway 1, State Highway 29 in the Bay of Plenty and State Highway 3 for strengthening, we expect greater freight efficiency on journeys through the region. This work will also allow 50MAX and full HPMV to operate.
- Hamilton City Council has made significant progress on the construction of the Hamilton Ring Road project. The Ring Road work includes the opening of the four-lane section across the Waikato River, construction of the four-lane section to Resolution Drive, and the Clyde Street section, which is now open to traffic. Monitoring of traffic flows has identified significant benefits for road users, including cyclists and pedestrians who use the off-road facilities.
- Building on the direction provided in the GPS, we are working alongside local authorities to develop collaborative delivery models to improve the effectiveness of maintenance activities. The local government Waikato Road Asset Technical Accord is leading the way towards more efficient asset management.

14%

DECREASE

41 deaths in the Waikato region in 2013/14, and 264 serious injuries. Overall this is a 14% decrease from 2012/13.

21,500

LANE KMS

21,500 lane kms currently maintained in the Waikato region, including local roads and state highways.



BAY OF PLENTY

What we set out to achieve

The 2012-15 NLTP investment (\$580 million) aims to improve the efficiency, resilience and safety of the Bay of Plenty's road network. The needs of heavy vehicles using the Port of Tauranga were also identified as a key consideration within our focus on freight movement to increase economic growth.

We said we'd invest in:

- maintaining, operating and renewing local roads and state highways
- the Tauranga Eastern Link RoNS to improve travel times and safety, and support residential and business growth
- progressing other major improvement projects including the Maunganui-Girven and Te Maunga intersection upgrades, Hairini intersection upgrade and the Rotorua Eastern Arterial.

Key facts and numbers

- 28 deaths in the Bay of Plenty region in 2013/14, and 140 serious injuries. Overall this is a 5% increase from 2012/13.
- 9,100 lane kms currently maintained in the Bay of Plenty region, including local roads and state highways.
- 3,005,049 trips by bus and 29,959 ferry trips were taken. Bus patronage was 5.3% up on the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Bay of Plenty total	194,061
New and improved infrastructure for state highways	114,066
Renewal, maintenance and operation of state highways	43,324
New and improved infrastructure for local roads	5,034
Renewal, maintenance and operation of local roads	23,400
Public transport infrastructure	1,067
Public transport services	5,395
Other ^o	1,775

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

Investment highlights 2013/14

- Good progress is being made on transport solutions for Bay of Plenty travel, including work on the HPMV network between Auckland, Hamilton, Tauranga and Rotorua.
- Progress on the Waikato Expressway project is already achieving travel time and safety improvements that will benefit the Bay of Plenty.
- We continue to make decisions that will support the changes in land use to accommodate industrial and residential development in the Western Bay of Plenty, and to ensure the long-term efficiency of the Tauranga transport network after the Tauranga Eastern Link is finished, including the Maungatapu underpass, Baypark to Bayfair link upgrade and Tauriko upgrade investigation.
- We have supported economic development in Rotorua by completing the Lake Road/Ngongotaha cycleway connection and ongoing investigation into the best long-term solution for the Te Ngae Road corridor.
- Forward planning is underway to provide public transport choices to Tauranga's urban school children in 2015 and to manage transport demands at peak times following the Ministry of Education's planned withdrawal from providing services in urban areas in 2015.
- We have completed the Ardern Cottage Curves realignment on State Highway 2 and Sun Valley curves realignment on State Highway 30, and progressed the design of the Te Puna/Minden Road intersection upgrade. We have also begun to investigate other safety improvements on SH2 from Tauranga to Waihi, at the intersection of State Highways 5 and 30 at Rotorua, and State Highway 2 at Welcome Bay.
- The Eastern Bay Route Security strategy has been completed. It will inform future decisions for the state highway network between Whakatane and Opotiki.
- We're preparing to trial a weather-activated variable speed sign on State Highway 29 Eastern Kaimai Range. We expect the trial to begin during the next year.
- ACC is leading the investigation for the Eastern Bay road safety signature project.

5%

INCREASE

28 deaths in the Bay of Plenty region in 2013/14, and 140 serious injuries. Overall this is a 5% increase from 2012/13.

9,100

LANE KMS

9,100 lane kms currently maintained in the Bay of Plenty region, including local roads and state highways.

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, MANAWATŪ-WHANGANUI, WELLINGTON TO THE HAWKE'S BAY AND GISBORNE.



What we set out to achieve

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.

We said we'd invest in:

- maintaining, operating and renewing the highway and local road network
- improving the resilience of the network as well as improving route security around the East Coast
- developing HPMV routes to the Port of Gisborne
- Gisborne's public transport service.

Key facts and numbers

- 3 deaths in the Gisborne region in 2013/14, and 21 serious injuries. Overall this is an 8% decrease from 2012/13.
- 3,600 lane kms currently maintained in the Gisborne region, including local roads and state highways.
- 139,473 trips were taken by bus, an 11.2% decrease compared to the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Gisborne total	33,109
New and improved infrastructure for state highways	3,321
Renewal, maintenance and operation of state highways	14,120
New and improved infrastructure for local roads	807
Renewal, maintenance and operation of local roads	13,587
Public transport infrastructure	6
Public transport services	185
Other ^o	1,084

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

Investment highlights 2013/14

- Journeys have been improved with the introduction of nine new passing opportunities between Napier and Gisborne, enabled by \$4 million of Crown funding.
- To facilitate the development of routes for HPMVs, bridges across the region have been investigated and construction has started on improvements to local roads. Good progress has also been made in opening up the network to 5OMAX vehicles.
- We've confirmed that the Gladstone Road Bridge is strong enough for HPMVs. We're looking at ways to improve the bridge's safety for vulnerable road users.
- Gisborne District Council has completed a section of the walking and cycling network. This has provided an alternative access to Awapuni School, addressing safety concerns with children using the existing access along the highway. Work is also near completion for the Wainui pathway, which will link Wainui to Gisborne City.

8%

DECREASE

3 deaths in the Gisborne region in 2013/14, and 21 serious injuries. Overall this is an 8% decrease from 2012/13.

3,600

LANE KMS

3,600 lane kms currently maintained in the Gisborne region, including local roads and state highways.

**CENTRAL REGION
HAWKE'S BAY**



What we set out to achieve

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.

We said we’d invest in:

- renewing, maintaining and operating local roads and state highways
- developing the Whakatū Outlet and the expressway/Pākōwhai Road intersection, and improving the link between Hastings’ industrial area and the port
- improving the expressway to the port through Napier
- continuing the ‘model communities’ walking and cycling programme
- increasing patronage on the public transport network.

Key facts and numbers

- 9 deaths in the Hawke’s Bay region in 2013/14, and 86 serious injuries. Overall this is a 9% increase from 2012/13.
- 8,600 lane kms currently maintained in the Hawke’s Bay region, including local roads and state highways.
- 799,845 trips were taken by bus - 5.1% higher than the previous year.

2013/14 NLTF investment in the region’s transport system

	ACTUAL \$000
Hawke’s Bay total	59,246
New and improved infrastructure for state highways	3,410
Renewal, maintenance and operation of state highways	20,273
New and improved infrastructure for local roads	4,571
Renewal, maintenance and operation of local roads	27,109
Public transport infrastructure	24
Public transport services	1,990
Other ^o	1,869

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

Investment highlights 2013/14

- The design phases of the Pakipaki junction and the Pākōwhai/Links Road intersection have been finalised and construction will start soon. The intersections are among the top 100 high-risk intersections, therefore the projects will provide major safety outcomes for the region.
- We have reviewed the investment logic mapping to identify the safety problems for the Airport Intersection.
- The design phase is underway for the Whakatū arterial link, which is key in improving access from Hastings' industrial area to the port.
- The Hastings District model communities programme (iWays) has developed a walking and cycling network across the local road and state highway network. Cycling now makes up 12% of the traffic on roads (compared to 7% when data collection first began) and walking increased from 31% to 45% of the traffic. The programme is now investigating further state highway and local road projects.
- Customer journeys have been improved through the creation of nine new passing opportunities between Napier and Gisborne, enabled by \$4 million of Crown funding.
- We have investigated bridges in the region to help develop routes for HPMVs. Good progress has been made in opening up the network to 50MAX vehicles.

9%

INCREASE

9 deaths in the Hawke's Bay region in 2013/14, and 86 serious injuries. Overall this is a 9% increase from 2012/13.

8,600

LANE KMS

8,600 lane kms currently maintained in the Hawke's Bay region, including local roads and state highways.

**CENTRAL REGION
TARANAKI**



What we set out to achieve

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.

We said we'd invest in:

- renewing, maintaining and operating local roads and state highways
- the model communities walking and cycling pilot programme
- a HPMV route to Port Taranaki
- significant capacity improvements around the Waiwhakaiho Bridge to relieve congestion and improve freight efficiency
- taking a network-wide approach to improve safety.

Key facts and numbers

- 10 deaths in the Taranaki region in 2013/14, and 35 serious injuries. Overall this is a 41% decrease from 2012/13.
- 7,200 lane kms currently maintained in the Taranaki region, including local roads and state highways.
- 584,371 trips were taken by bus - 5.1% more than the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Taranaki total	50,988
New and improved infrastructure for state highways	5,944
Renewal, maintenance and operation of state highways	24,341
New and improved infrastructure for local roads	1,110
Renewal, maintenance and operation of local roads	16,426
Public transport infrastructure	40
Public transport services	1,315
Other ^o	1,810

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

Investment highlights 2013/14

- The design phase for New Plymouth's State Highway 3 Vickers to City safety and capacity improvements has been completed. Construction has started and is expected to be completed by June 2016.
- We've partnered with New Plymouth District Council on several 'Let's Go' walking and cycling projects. Census data comparing 2006 and 2013 shows that walking and cycling have increased by 12%. Now 65% of pupils get to school using an active mode, an increase from 35% in 2006.
- We have investigated bridges and identified which ones need to be strengthened to develop routes for HPMVs. Strengthening is underway on four State Highway 3 bridges between South Taranaki and Port Taranaki. Seven further bridges between South Taranaki and Wanganui are being designed. State Highway 3 between New Plymouth and Hamilton can now take HPMVs. The Taranaki roading network is 50MAX capable. This includes both state highways and local roads.
- We've improved safety by introducing lower speed limits north of New Plymouth and at the Normanby Overbridge. Surface treatments, improved markings and signage have also contributed to safety improvements for Normanby.

41%

DECREASE

10 deaths in the Taranaki region in 2013/14, and 35 serious injuries. Overall this is a 41% decrease from 2012/13.

7,200

LANE KMS

7,200 lane kms currently maintained in the Taranaki region, including local roads and state highways.

**CENTRAL REGION
MANAWATU-
WHANGANUI**



What we set out to achieve

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.

We said we'd invest in:

- renewing, maintaining and operating local roads and state highways
- improving the Manawatu Gorge alternative route between Manawatu and Hawke's Bay
- replacing the Whakaruatapu Bridge to improve safety on State Highway 2
- continuing investigations into the Ōtaki to Levin section of the Wellington Northern Corridor RoNS.

Key facts and numbers

- 24 deaths in the Manawatu/ Whanganui region in 2013/14, and 123 serious injuries. Overall this is no change from 2012/13.
- 16,000 lane kms currently maintained in the Manawatu/ Whanganui region, including local roads and state highways.
- 1,577,158 trips were taken by bus, a 2.7% decrease compared to the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Manawatu-Whanganui total	91,979
New and improved infrastructure for state highways	19,543
Renewal, maintenance and operation of state highways	15,179
New and improved infrastructure for local roads	5,646
Renewal, maintenance and operation of local roads	42,603
Public transport infrastructure	4,557
Public transport services	2,425
Other ^o	2,026

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

Investment highlights 2013/14

- Renewing, maintaining and operating state highways and local roads has been the main focus for the region.
- Construction has been completed for the State Highway 2 Papatawa realignment. The project improves the overall geometry, efficiency and safety of the state highway and provides safer and easier journeys for motorists travelling between Hawke's Bay and the Manawatu.
- Investigations have progressed on the Ōtaki to Levin RoNS with substantial public consultation over the last 12 months. A key component of the project is improving the connection between State Highways 1 and 57.
- Councils across the region have embraced both 50MAX and HPMVs. The HPMV routes, across both state highways and local roads, will be completed this year, including the important links that improve freight connectivity in the region and the rest of the country.
- Construction is about to start on the State Highway 2 Whakaruatapu Bridge, north of Dannevirke. The project will improve the width of the bridge and alignment of the approaches.
- Construction is about to start on the State Highway 57 Shannon North Seal Widening and Bridge Replacement project. The project will improve safety along this busy route by eliminating a narrow bridge and providing a wider corridor.
- Investigations on the State Highway 1 Whirokino Trestle Bridge are underway to improve safety, efficiency and resilience on this bridge, which is reaching the end of its useful life. A key feature will be enabling HMPV vehicles to use the bridge instead of taking a 14km detour route.
- The Whanganui District Council, in partnership with the Rangitikei District Council, is replacing Wylies Bridge, which is at the end of its useful life and remains an important lifeline.
- The Mount Stewart/Awahuri Road intersection is currently being upgraded by the Manawatu District Council. This intersection has a poor safety record and is also on an HPMV route.
- The construction of the Manawatu Gorge Alternative Route project is underway and will be completed within two years. The alternative route is an important lifeline should the Manawatu Gorge close.
- Horizons Regional Council has reviewed Palmerston North's bus network and released the review document for public consultation. The review aims to improve customer service and increase patronage.
- The River Road project opened on 29 March, after seven years of construction, and now provides a good level of service for tourists and locals.

0%

CHANGE

24 deaths in the Manawatu/Whanganui region in 2013/14, and 123 serious injuries. Overall this is no change from 2012/13.

16,000

LANE KMS

16,000 lane kms currently maintained in the Manawatu/Whanganui region, including local roads and state highways.

**CENTRAL REGION
WELLINGTON**



What we set out to achieve

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.

We said we’d invest in:

- projects to relieve congestion and improve freight connections into and around Wellington city, including improvements to state highway links to the port and airport
- the Wellington Northern Corridor to provide a safer, more reliable and more efficient highway connection from Levin to Wellington, connecting the city, the port and airport to the growing economic centres of Kāpiti and the Manawatū and the wider North Island
- public transport services and infrastructure to help relieve congestion
- regional safety and pedestrian and cycling improvements
- making the most of the network at Johnsonville, on State Highway 2 at Melling and where State Highway 1 joins State Highway 2.

Key facts and numbers

- 15 deaths in the Wellington region in 2013/14, and 134 serious injuries. Overall this is a 6% increase from 2012/13.
- 8,000 lane kms currently maintained in the Wellington region, including local roads and state highways.
- 23,981,194 bus trips and 11,643,292 train trips were taken, while a further 180,155 trips were taken by ferry. Bus patronage was 1.6% up on the previous year.

2013/14 NLTF investment in the region’s transport system

	ACTUAL \$000
Wellington total	403,772
New and improved infrastructure for state highways	255,849
Renewal, maintenance and operation of state highways	38,334
New and improved infrastructure for local roads	14,885
Renewal, maintenance and operation of local roads	31,995
Public transport infrastructure	3,317
Public transport services	53,033
Other ^o	6,359

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

Investment highlights 2013/14

- Substantial progress has been made on the State Highway 1 Memorial Park project with major structural components such as the roof slab under way. This project is expected to be completed ahead of schedule.
- Construction is well under way on the State Highway 1 MacKays to Peka Peka section of the Kāpiti Expressway.
- The construction of the Milne Drive / Te Roto Road improvements project is well underway. Project cost is \$2.1m and will improve links to the Kāpiti Expressway.
- Ngauranga to Aotea Quay has been approved for construction at a cost of \$50m.
- Planning and investigation work on the Mt Victoria to airport project (Mt Victoria Tunnel Duplication) has commenced.
- A \$10 million transport improvement package to optimise the transport network of all transport modes around Johnsonville has been approved and will be delivered by the Transport Agency working with Wellington City Council.
- Greater Wellington, Wellington City Council and the Transport Agency completed the Wellington Public Transport Spine Study looking at long-term options for public transport along the city's growth spine.
- The Petone to Grenada investigation is at a consultation phase. Investigations into improving the cycleway between Petone and Ngauranga are nearly complete with two options identified (seaside or roadside).

6%

INCREASE

15 deaths in the Wellington region in 2013/14, and 134 serious injuries. Overall this is a 6% increase from 2012/13.

8,000

LANE KMS

8,000 lane kms currently maintained in the Wellington region, including local roads and state highways.

**CENTRAL REGION
TOP OF THE SOUTH**



What we set out to achieve

The 2012-15 NLTP investment in the Top of the South (Nelson, Tasman and Marlborough) (\$195 million) focuses on maintaining a safe and resilient network in order to provide route security for tourism and freight movements, and to keep local communities safe and connected.

We said we'd invest in:

- renewing, maintaining and operating local roads and state highways
- improving HPMV route capability on some routes
- a package of walking and cycling improvements
- safety improvements
- managing traffic on local roads to reduce journey times along Waimea Road
- replacing State Highway 1 Dashwood overbridge and upgrading the relevant section of highway
- further investigations into upgrading the Saxton Fields roundabouts.

Key facts and numbers

- 8 deaths in the Top of the South region in 2013/14, and 70 serious injuries. Overall this is a 32% increase from 2012/13.
- 8,000 lane kms currently maintained in the Top of the South region, including local roads and state highways.
- 422,824 trips were taken by bus, which is 12.2% higher than the previous year's patronage.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Top of The South total	61,741
New and improved infrastructure for state highways	13,962
Renewal, maintenance and operation of state highways	23,035
New and improved infrastructure for local roads	3,385
Renewal, maintenance and operation of local roads	17,922
Public transport infrastructure	46
Public transport services	606
Other ^o	2785

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

Investment highlights 2013/14

In Nelson:

- Delivery of the \$13m walking and cycling package of activities continues. The Rocks Road concepts, which are part of the package, are currently out to public consultation.
- New traffic signals at the Waimea Road/Motueka Street intersection have been installed as part of a series of improvements to enhance the efficiency of this key corridor.
- Construction of a stock effluent disposal facility will begin shortly to serve the Tasman and Nelson regions.

In Marlborough:

- Work is well under way to replace the Dashwood overbridge on State Highway 1. Project cost is \$6.9m.
- We have completed a safety improvement on Alabama Road (Butter Factory Corner) at a cost of \$1.14 million.
- We have replaced several bridges - including Kaka Bridge and Pine Valley Number 2 Bridge.
- We have undertaken safety improvements on State Highway 1 between Picton and Blenheim.
- Investigation and design of a safety improvement for the intersection of State Highways 1 and 62 at Spring Creek has been substantially completed.

In Tasman:

- We have signed an agreement with the Tasman District Council to provide management services for the highway network through State Highway 60 in Golden Bay. This new arrangement covers a 75km stretch of highway, from the Riwaka Bridge to Collingwood. We replaced several bridges throughout the network including Yellow Pine Bridge on Pākawau Bush Road in Golden Bay at a cost of \$494,000.
- We have approved a further bridge replacement in the Motueka valley at a cost of \$680,000.

32%

INCREASE

8 deaths in the Top of the South region in 2013/14, and 70 serious injuries. Overall this is a 32% increase from 2012/13.

8,000

LANE KMS

8,000 lane kms currently maintained in the Top of the South region, including local roads and state highways.

SOUTHERN REGION

THE SOUTHERN REGION IS THE LARGEST OF THE TRANSPORT AGENCY’S FOUR REGIONS, ENCOMPASSING ALL OF THE SOUTH ISLAND EXCEPT NELSON, TASMAN AND MARLBOROUGH.



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.

We said we’d invest in:

- emergency works in response to earthquake recovery challenges
- maintaining, operating and renewing local roads and state highways
- completing the first stage of the Southern Motorway
- developing the Northern Motorway
- investigating an HPMV route between Timaru and Christchurch
- replacing the Waitaki Bridges at Kurow to increase security and resilience of the State Highway 82/83 route.

Key facts and numbers

- 43 deaths in the Canterbury region in 2013/14, and 318 serious injuries. Overall this is a 15% increase from 2012/13.
- 29,500 lane kms currently maintained in the Canterbury region, including local roads and state highways.
- 14,174,013 bus trips and 130,466 ferry trips were taken. Bus patronage increased by 5.6% from the previous year.

2013/14 NLTF investment in the region’s transport system

	ACTUAL \$000
Canterbury total	348,341
New and improved infrastructure for state highways	114,547
Renewal, maintenance and operation of state highways	68,099
New and improved infrastructure for local roads	34,701
Renewal, maintenance and operation of local roads	96,891
Public transport infrastructure	5,041
Public transport services	20,249
Other ^o	8,813

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

Investment highlights 2013/14

- Funding has been approved to design and build a replacement Ashley River Bridge in the Waimakariri District and widen the Factory Road Bridge in the Timaru District; both projects improve network resilience and help manage freight efficiently and safely.
- The two new State Highway 82 bridges across the Waitaki River at Kurow were opened, significantly improving the resilience and capacity of the network and providing access for cyclists.
- The Christchurch Transport Operations Centre is established, a partnership between Christchurch City Council, Environment Canterbury and the Transport Agency. The centre is a major step forward in making the most of the combined state highway and local road networks across Christchurch. The centre also helps coordinate planning and managing rebuild activity. The centre will improve customer service by:
 - actively managing the combined networks to minimise congestion and to ensure we make the most of the existing asset
 - providing travellers with up-to-the-minute information about network conditions, so they can make informed choices about route or type of transport
 - managing planned and unplanned events. This includes coordinating rebuild activity to minimise disruption.
- Improving the bus passenger transport system is a key part of central Christchurch's recovery. A major milestone was achieved when the contract was awarded to build a new central city bus interchange, to be opened in April 2015. The new interchange will offer excellent facilities and ensure passenger transfers are seamless.
- Significant progress has been made on developing the various sections of the Christchurch RoNS projects to improve freight efficiency and reduce congestion across greater Christchurch:
 - On the State Highway 1 Western Corridor, congestion has been reduced and freight efficiency improved now that the Avonhead to Yaldhurst, Sawyers Arms to Harewood sections and most of the Yaldhurst to Waterloo section are completed. There will be further improvement as we deliver the rest of the corridor improvements; consents have been obtained for the Groyne to Sawyers Arms section (construction starts late in 2014). We also received consents for the Harewood to Avonhead section but are awaiting the outcome of appeals to the consents before construction can start in 2015. We have lodged a notice of requirement for the Western Belfast Bypass.
 - Consent and designations for stage 2 (from stage 1 to Rolleston) of the Christchurch Southern Motorway have been granted and a contract has been let for the design works for this four-star road; this link will significantly improve freight efficiency to the south of Christchurch.

15%

INCREASE

43 deaths in the Canterbury region in 2013/14, and 318 serious injuries. Overall this is a 15% increase from 2012/13.

29,500

LANE KMS

29,500 lane kms currently maintained in the Canterbury region, including local roads and state highways.

**SOUTHERN REGION
WEST COAST**



What we set out to achieve

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

We said we'd invest in:

- ensuring key strategic routes (principally State Highway 73) continue to support the region's primary industry and tourism
- replacing the Rough River Bridge on Atarau Road to allow HPMVs to use the route to transport coal
- investigating the installation of a 'clip-on' addition to the Taramakau River Bridge
- improving safety for cyclists and motorcyclists.

Key facts and numbers

- 11 deaths in the West Coast region in 2013/14, and 28 serious injuries. Overall this is a 22% increase from 2012/13.
- 5,000 lane kms currently maintained in the West Coast region, including local roads and state highways.
- 24,173 trips were taken by bus, 40.3% fewer than in the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
West Coast total	46,185
New and improved infrastructure for state highways	3,066
Renewal, maintenance and operation of state highways	31,490
New and improved infrastructure for local roads	1,129
Renewal, maintenance and operation of local roads	10,187
Public transport services	99
Other ^o	215

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

Investment highlights 2013/14

- The first tranche of improvements for the Taramakau River Bridge is now complete and provides enhanced safety outcomes.
- We continue to team up with KiwiRail to investigate a second tranche of short- and long-term options for safe roading facilities for cyclists and motorcyclists on the Taramakau River Bridge.
- A full range of safety improvements on both state highways and local roads throughout the region were carried out.
- Emergency works are continuing following a large rockfall at Diana Falls on State Highway 6. Route resilience and safety are the prime focus to ensure this isolated but critical highway is open for tourism and freight, and available for Otago and Westland communities to maintain their businesses.

22%

INCREASE

11 deaths in the West Coast region in 2013/14, and 28 serious injuries. Overall this is a 22% increase from 2012/13.

5,000

LANE KMS

5,000 lane kms currently maintained in the West Coast region, including local roads and state highways.

**SOUTHERN REGION
OTAGO**



What we set out to achieve

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.

We said we'd invest in:

- renewing, maintaining and operating local roads and state highways
- targeting efficiency gains on Otago's transport network
- opening HPMV routes in the Otago region
- Caversham Valley Safety Improvements project.

Key facts and numbers

- 17 deaths in the Otago region in 2013/14, and 178 serious injuries. Overall this is a 7% increase from 2012/13.
- 18,500 lane kms currently maintained in the Otago region, including local roads and state highways.
- 2,851,728 trips were taken by bus, 2.1% fewer than in the previous year.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Otago total	103,936
New and improved infrastructure for state highways	17,167
Renewal, maintenance and operation of state highways	30,273
New and improved infrastructure for local roads	10,254
Renewal, maintenance and operation of local roads	35,299
Public transport infrastructure	23
Public transport services	3,681
Other ^o	7,240

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

Investment highlights 2013/14

- The Caversham Valley Safety Improvements project is progressing well.
- We strengthened the Clydevale Bridge to make room for HPMVs and overdimension traffic, and improve route resilience.
- The Dunedin City Council's southern commuter walking and cycling routes activity, which will improve cycling safety and provide people with a choice in transport options, is progressing.
- The Otago and Southland regional transport committees are exploring options for a combined Regional Land Transport Plan for 2015-18. A combined plan will provide a strategic approach to journeys across both regions, including a consistent approach to providing for freight and tourism needs.

7%

INCREASE

17 deaths in the Otago region in 2013/14, and 178 serious injuries. Overall this is a 7% increase from 2012/13.

18,500

LANE KMS

18,500 lane kms currently maintained in the Otago region, including local roads and state highways.

**SOUTHERN REGION
SOUTHLAND**



What we set out to achieve

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.

We said we'd invest in:

- renewing, maintaining and operating local roads and state highways
- safety initiatives focused on regular renewals, maintenance and operations programmes, minor improvements and targeted road safety promotion
- opening HPMV routes in the Southland region
- continuing to improve the safety of the Homer Tunnel.

Key facts and numbers

- Eight deaths in the Southland region in 2013/14, and 62 serious injuries. Overall this is a 1% decrease from 2012/13.
- 14,300 lane kms currently maintained in the Southland region, including local roads and state highways.
- 289,745 trips were taken by bus, 6.7% fewer than in the previous year.

Investment highlights 2013/14

- Strengthening of Tiwai Bridge in Invercargill continues.
- Support is growing for HPMVs.
- Southland and Otago regional transport committees are exploring options for developing a combined Regional Land Transport Plan for 2015-18.
- Southland District's maintenance and operations activity continues to improve after putting in place the economic network plan.

2013/14 NLTF investment in the region's transport system

	ACTUAL \$000
Southland total	52,896
New and improved infrastructure for state highways	7,261
Renewal, maintenance and operation of state highways	23,021
New and improved infrastructure for local roads	1,688
Renewal, maintenance and operation of local roads	19,192
Public transport infrastructure	50
Public transport services	980
Other ^o	704

**1%
DECREASE**

Eight deaths in the Southland region in 2013/14, and 62 serious injuries. Overall this is a 1% decrease from 2012/13.

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

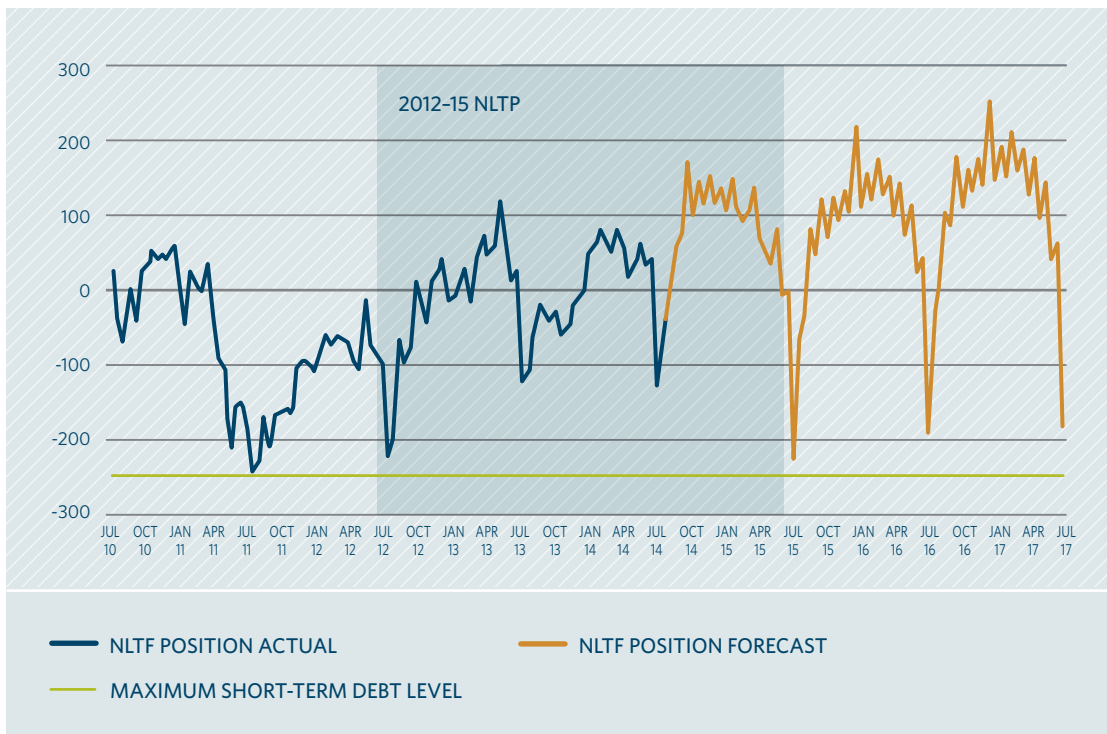
LOOKING FORWARD

The balance of the current 2012-15 NLTP will be delivered during the remaining year of the programme. Total overall expenditure for the two years ending June 2014 was approximately 2% below the published NLTP, due to under delivery or underspend across most activity groupings, with state highway improvements being the notable exception. The position at the end of the NLTP 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 continues to depend on both revenue flows into the NLTF and greater flexibility in the use of the short-term borrowing facility, which was put in place to manage cash flow and revenue changes. NLTF revenues for the two years ended June 2014 were 1.8% lower than the published NLTP, but 2.6% higher than what was budgeted for at the beginning of 2013/14.

The latest cash flow projections are shown in the graph below.

NLTF NET CASH POSITION (\$ MILLIONS)



As shown, we anticipate that we will need to utilise most of the short-term borrowing facility available to us shortly after the end of the 2012-15 NLTP. Given the uncertainty that exists for revenue forecasts beyond the current year, any slippage in revenue flows will constrain investment even further.

The draft GPS for 2015/16 to 2024/25 has been released for consultation with the sector. Key areas of focus include increasing network resilience, getting the most out of existing networks (particularly in urban areas), extracting cost efficiencies from maintenance and operations activities, improving public transport services and road safety. Each of these will require ongoing collaboration with sector, local government and industry partners.

SECTION B STATEMENT OF SERVICE PERFORMANCE



STATEMENT OF RESPONSIBILITY

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

The Transport Agency is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance about 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 NLTF for the year ended 30 June 2014

Signed on behalf of the Board:



Chris Moller

Chair
20 OCTOBER 2014



Jerry Rickman

Chair of Audit, Risk and Assurance Board Committee
20 OCTOBER 2014

Countersigned by:



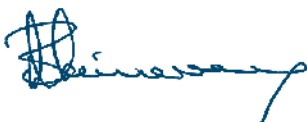
Geoff Dangerfield

Chief Executive
20 OCTOBER 2014



Philip Berry

Acting Chief Financial Officer
20 OCTOBER 2014



Brandon Mainwaring

National Manager Trends and Performance
20 OCTOBER 2014

SUMMARY OF NATIONAL LAND TRANSPORT FUND INVESTMENT PERFORMANCE

In 2013/14, 13 of our 25 investment performance targets were achieved (52%) with one year to go in the NLTP.

A FULL SUMMARY OF THE TRANSPORT AGENCY'S INVESTMENT PERFORMANCE CAN BE FOUND IN THE STATEMENT OF SERVICE PERFORMANCE SECTION OF THE TRANSPORT AGENCY'S 2013/14 ANNUAL REPORT.

KEY INVESTMENT HIGHLIGHTS FOR 2013/14 INCLUDE:

Management of funding allocation system

The cost of managing the funding allocation system (excluding the Road Policing Programme) remained $\leq 1\%$ of the total annual fund. This result reflects continued fiscal prudence in administration costs as we focus on investing for outcomes and maximising the return from our investments.

State highway networks

State highway investment in new and improved infrastructure significantly exceeded forecast with successful advancement of the RoNS and freight efficiency programmes. Substantial savings have been realised in renewals through changes in asset management practices, where an increased focus on maintenance and operations delivers an extended service life and reduced periodic renewal cost. This approach to asset management is reflected in the increased cost of maintaining and operating the network, as well as a minor reduction in asset resurfacing and pavement integrity; however, the programme was managed to ensure the right level of risk was taken in the right places.

Sector research

We published 26 research programme reports on the Transport Agency website. A further 12 research projects were completed and the associated reports were being finalised for publication as at June 2014. In addition, 20 research projects were actively managed, including 16 new contracts procured during 2013/14.

Transport planning

During 2013/14 the Transport Agency made considerable contributions to transport planning activities at both national and regional levels. Key achievements include maximising transport sector investment through the Auckland Unitary Plan and ensuring the Christchurch Land Use Recovery Plan reflected integrated land use and transportation planning. Significant contributions were also made to support efficient freight movement across the country through the Central and Southern Freight Story and leading development of the Greater Christchurch Freight Study.

Public transport

Investment in public transport services was 5% higher than in 2012/13 with the majority of investment focused in Auckland, Wellington and Christchurch. Public transport patronage was lower than forecast; however, it did increase by 3.8% and further growth is expected in line with increased investment. Boardings per NLTF \$ invested narrowly missed forecast, which is consistent with expenditure in public transport services increasing slightly more than patronage.

Road safety

Road safety advertising for our speed and drug driving campaigns received extensive national and international recognition with multiple successes at leading advertising awards. Investment in local authorities' activities continued to address local safety issues and increase alignment to the Safer Journeys priorities.

Local road networks

Investment in new and improved infrastructure for local roads was focused in Auckland with several large projects underway to support economic growth and productivity in the region. Overall the volume of work completed was less than forecast due to competing Canterbury rebuild priorities and ongoing construction on a number of large local-road projects. Investment performance in renewals and the maintenance and operation of local roads was strong, with seven of nine forecasts achieved. This was achieved despite local authorities across the country economising on renewal costs by better targeting work and extending the life of existing assets through maintenance.

Walking and cycling

Walking and cycling infrastructure investment shifted focus from low-cost, long-distance projects to shorter distance and higher cost segregated cycleway projects resulting in a lower than forecast delivery of new footpaths, cycle lanes and cycle paths. A number of large projects in major centres made good progress during the year and there was significant investment in the investigation and design stages for upcoming projects.

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 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.

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 2013/14 WERE THAT THE TRANSPORT AGENCY:

- led the Transport Agency/NZ Police Road Policing Programme Strategic Oversight Committee, the membership of which comprises senior managers from both organisations. The committee considered a wide range of issues during the year, including the static camera expansion programme which includes speed and red light cameras, and the development of intervention logic mapping and benchmarking for road policing
- reported quarterly to the 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, and to maintain investment confidence and improve future delivery of the programme.

For full details of NZ Police activities, including the Road Policing Programme, see the 2013/14 NZ Police annual report.

This investment covers:

- the delivery of activities listed in the Road Policing Programme focusing on high-risk drivers, young drivers, motorcycling, alcohol/drug-impaired driving, speed, traffic management, restraints, the heavy vehicle fleet, crash attendance and investigation, roads and roadsides, the light vehicle fleet, walking and cycling, fatigue and distraction, and older road users
- delivery is directed towards the achievement of road safety and economic growth and productivity outcomes
- delivery is monitored and reported on in terms of results or intermediate outcomes to which Police make a significant contribution.

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.

In delivering road policing activities, Police

- encourage all drivers on New Zealand roads to observe and abide by the road rules
- work with individuals and groups in the community so they take responsibility for themselves and others on our roads
- listen to communities to further understand the risks
- work with local authorities and transport authorities, for example, to reduce speed
- consider opportunities for enhanced road safety through environmental design.

HOW DO WE ASSESS OUR INVESTMENT PERFORMANCE?

PERFORMANCE MEASURES	LATEST ACTUAL 2013-16 SOI	DESIRED TREND 2013-16 SOI	LATEST ACTUAL	OVERALL TREND
High risk drivers: % of disqualified drivers detected driving	12% (2009)	Decrease	125 ^a (Mar 2014)	Decrease
High risk drivers: Number of disqualified or unlicensed drivers involved in fatal/serious crashes	180 (Dec 2011)	Decrease	178 ^b (Mar 2014)	Decrease
Young drivers: Number of drivers on graduated driver licences at fault in fatal/serious crashes	255 (2011)	Decrease	216 (Mar 2014)	Decrease
Young drivers: % of youth who believe they will be stopped for non-alcohol/speed traffic offences	42% (2012)	Increase	45% (2013)	Increase
Motorcycling: % of motorcycles in crashes without a current Warrant of Fitness	26% (Dec 2011)	Decrease	29% (Mar 2014)	Increase
Alcohol drug/impaired driving: % of people surveyed who think there is a high probability of being stopped at a compulsory breath test checkpoint	52% (2012)	Increase	53% (2013)	Increase
Alcohol drug/impaired driving: % of people surveyed who think there is a high probability of being tested for drugs	New measure	-	Not surveyed	-
Speed: % of vehicles exceeding posted speed limits (50km/h and 100km/h)	25% (100km/h) 2012 53% (50km/h) 2012	Decrease	25% (100km/h) 2013 56% (50km/h) 2013	Decrease ^c
Speed: % of people surveyed who believe there is a high probability of being detected speeding	55% (2012)	Increase	56% (2013)	Increase
Traffic management: Compliance with road user charges regime	New	Increase	97.5% ^d (June 2014)	Static
Traffic management: 'Post-incident' availability of state highway network ^e	New	Decrease	75 minutes (June 2014)	Increase

Notes

- a Measure subsequently adjusted to: Decreased number of drivers driving while disqualified involved in injury crashes - Dec 2011 figure of 188
- b Measure monitored was: Reduction of disqualified, unlicensed, fleeing or racing drivers in fatal/serious crashes - Dec 2011 figure of 206
- c While the change in average speeds in 50km/h speed limit areas shows an increase from 2012 to 2013, the overall trend for the six years to 2013 is decreasing
- d Measured by: Percentage of vehicles stopped by CVIU staff not in breach of RUC rules - September 2012 97.1%
- e Measured in terms of average time state highways closed as a result of crashes

ACTUAL 2012/13	HOW THE POLICE ASSESS SERVICE DELIVERY PERFORMANCE (REPRODUCED FROM THE NZ POLICE ANNUAL REPORT 2014)	ACTUAL 2013/14	PERFORMANCE STANDARD 2013/14
REDUCE THE IMPACT OF HIGH RISK DRIVERS			
New measure for 2013/14*	Number of enforcement actions taken against high risk drivers per 10,000 population **/**	774	680 to 720
INCREASE SAFETY OF YOUNG DRIVERS			
8,863	Number of secondary school road safety sessions delivered by School Community Officers	9,554	7,000
New measure for 2013/14	Youth related Graduated Drivers Licensing (GDL) Systems offences detected per 10,000 population	1,449	1,200 to 1,500

ACTUAL 2012/13	HOW THE POLICE ASSESS SERVICE DELIVERY PERFORMANCE (REPRODUCED FROM THE NZ POLICE ANNUAL REPORT 2014)	ACTUAL 2013/14	PERFORMANCE STANDARD 2013/14
INCREASE SAFETY OF MOTORCYCLING			
New measure for 2013/14	Number of enforcement actions taken against motorcyclists relating to bike not to standard (warrant of fitness) per 10,000 population **	4.4	3.5 to 4.5
New measure for 2013/14	Motorcycle related Graduated Drivers Licensing (GDL) Systems offences detected per 10,000 population	4	2 to 4
New measure for 2013/14	Motorcycle related speed offences detected per 10,000 population	11	8 to 14
REDUCE IMPACT OF ALCOHOL / DRUG IMPAIRED DRIVING			
2,903,250	Number of breath tests conducted	3,029,072	2,700,000
New measure for 2013/14	Total alcohol and drug driving offences detected per 10,000 population	52	64 to 66
REDUCE THE IMPACT OF SPEED			
New measure for 2013/14	Number of enforcement actions by officers for speed per 10,000 population **	648	590 to 635
INCREASE THE USE OF RESTRAINTS			
New measure for 2013/14	Number of enforcement actions for vehicle occupants for not wearing restraints per 10,000 population **	140	120 to 135
IMPROVE SAFETY OF HEAVY MOTOR VEHICLE FLEET			
New measure for 2013/14	Number of (officer issued) enforcement actions taken for heavy motor vehicles exceeding the speed limit per 10,000 population **	18	20 to 30
100%	Percentage of roadside inspection reports for all heavy motor vehicle roadside inspections (levels 3, 5 and 6) that are entered into the Transport Agency's road inspection database within 20 working days	81%	100%
100%	Percentage of all commercial vehicle combinations stopped by Commercial Vehicle Investigation Unit (CVIU) staff, and for which vehicle inspection reports are completed	100%	100%
CRASH ATTENDANCE AND REPORTING			
94%	Percentage of all Traffic Crash Reports correctly completed and received by the NZTA within 10 weeks of the crash or within seven days of completion of file (whichever happens first)	93%	95%
ENFORCEMENT OF ROAD AND ROADSIDE RULES			
New measure for 2013/14	Number of enforcement actions in relation to intersection behaviour and lane compliance per 10,000 population **	152	125 to 145
IMPROVE SAFETY OF LIGHT VEHICLE FLEET			
New measure for 2013/14	Number of enforcement actions in relation to light vehicle fleet standard requirements (warrant/certificate of fitness) per 10,000 population **	319	270 to 295

ACTUAL 2012/13	HOW THE POLICE ASSESS SERVICE DELIVERY PERFORMANCE (REPRODUCED FROM THE NZ POLICE ANNUAL REPORT 2014)	ACTUAL 2013/14	PERFORMANCE STANDARD 2013/14
IMPROVE SAFE WALKING AND CYCLING			
50,220	Number of primary school road safety sessions delivered by School Community Officers	48,862	43,000
New measure for 2013/14	Number of enforcement actions in relation to cycle helmet non-compliance per 10,000 population **	25	20 to 30
REDUCE IMPACT OF FATIGUE AND DISTRACTION			
New measure for 2013/14	Number of enforcement actions for mobile-phone non-compliance per 10,000 population **	41	30 to 35
New measure for 2013/14	Number of enforcement actions for breaches of work-time and log-book rules **	2,445	2,000 to 3,000
IMPROVE SAFETY OF OLDER ROAD USERS			
New measure for 2013/14	Number of enforcement actions on road users 75 years and over because of driver behaviour per 10,000 population **	221	150 to 250
TRAFFIC MANAGEMENT			
7 minutes 38 seconds	Median response time to emergency traffic events in urban policing areas	7 minutes 37 seconds	8 to 9 minutes
10 minutes 22 seconds	Median response time to emergency traffic events in rural policing areas	11 minutes 27 seconds	12 to 14 minutes

Notes

* This measure reports the total high risk driver and dangerous and careless driving offences per 10,000 population.

** "Enforcement actions" include traffic infringements (i.e. those offences with a prescribed fee – commonly known as a ticket) and traffic offence proceedings (i.e. those offences that may result in prosecution, referral to Youth-Aid, warnings, and other resolutions).

Commentary on Police service performance is available in the NZ Police annual report 2014 (www.police.govt.nz).

HOW IS THE MONEY SPENT?

Road safety programme for the year ended 30 June 2014

2012/13 Actual \$000		2013/14 Actual \$000	2013/14 Budget \$000
286,667	Total revenue	308,667	306,667
286,683	Total expenses	308,238	306,667
(16)	Net surplus (deficit)	429	0

HOW DO WE INTERPRET THESE PERFORMANCE RESULTS?

NLTF investment

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 and economic growth and productivity outcomes.

SECTION C STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2014



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013/14 \$m	Budget 2013/14 \$m	Actual 2012/13 \$m
INCOME INFLOWS^a				
Land transport revenue	3	2,994	2,927	2,758
Government contribution to land transport revenue		3	0	3
Management of Crown land and interest		99	91	95
Total income flows		3,096	3,018	2,856
OUTFLOWS				
National Land Transport Programme		2,771	2,693	2,519
Road Policing Programme		307	307	280
Fuel Excise Duty/Road User Charges administration		5	0	0
Forecasting and strategy		1	0	0
Total outflows		3,084	3,000	2,799
NET SURPLUS		12	18	57

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 2014

	Note	Actual 2013/14 \$m	Budget 2013/14 \$m	Actual 2012/13 \$m
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4	136	17	114
Debtors	5	229	206	214
Total assets		365	223	328
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	6	468	398	443
Total liabilities		468	398	443
NET ASSETS		(103)	(175)	(115)
General funds		(103)	(175)	(115)
GENERAL FUNDS CLOSING BALANCE ^a	7	(103)	(175)	(115)

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 CHANGES IN GENERAL FUNDS BALANCE FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013/14 \$m	Budget 2013/14 \$m	Actual 2012/13 \$m
GENERAL FUNDS OPENING BALANCE				
General funds		(115)	(193)	(172)
Total general funds opening balance		(115)	(193)	(172)
CHANGES IN GENERAL FUNDS BALANCE				
Net surplus		12	18	57
Total changes in general funds balance		12	18	57
GENERAL FUNDS CLOSING BALANCE				
General funds		(103)	(175)	(115)
TOTAL GENERAL FUNDS CLOSING BALANCE ^a		(103)	(175)	(115)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2013/14 \$m	Budget 2013/14 \$m	Actual 2012/13 \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from land transport revenue		3,081	3,004	2,839
Payments to suppliers		(3,059)	(3,025)	(2,769)
Net cash from operating activities	8	22	(21)	70
Net (decrease)/increase in amounts held by the Crown		22	(21)	70
Amounts held by the Crown at the beginning of the year		114	38	44
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR ^b		136	17	114

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 2014

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 2014 and were approved by the Board on 20 October 2014.

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

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). The effective date for the new standards for public sector entities is 1 July 2014. This means the National Land Transport Fund will transition to the new standards in preparing its 30 June 2015 financial statements. The National Land Transport Fund has assessed the implications of the new Accounting Standards Framework, will meet the new standards for its 30 June 2015 financial statements, and does not expect any material impact.

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, and Fuel Excise Duty/Road User Charges administration
- › The Police - who provide the Roothing Policing Programme
- › Ministry of Transport – for forecasting and strategy.

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.

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 2012-2015.

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 their financial statements.

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

	Actual 2013/14 \$m	Actual 2012/13 \$m	Actual 2011/12 \$m
INCOME INFLOWS			
Land transport revenue	2,994	2,758	2,686
Government contribution to land transport revenue	3	3	1
Management of Crown land and interest	99	95	48
Total income flows	3,096	2,856	2,735
OUTFLOWS			
National Land Transport Programme	2,771	2,519	2,363
Roothing Policing Programme	307	280	297
Fuel Excise Duty/Road User Charges administration	5	0	0
Forecasting and strategy	1	0	0
Total outflows	3,084	2,799	2,660
NET SURPLUS	12	57	75

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 2013/14 \$m	Actual 2012/13 \$m
REVENUE		
Fuel excise duty	1,650	1,564
Road user charges	1,247	1,119
Motor vehicle registration fees	188	174
	3,084	2,857
LESS REFUNDS		
Fuel excise duty	46	41
Road user charges	42	53
Motor vehicle registration fees	1	0
	88	94
Less bad debt write-off	2	5
TOTAL LAND TRANSPORT REVENUE	2,994	2,758

As per the Land Transport Management Act 2003, a payment is made for maritime search and rescue activities from fuel excise duty prior to the duty becoming land transport revenue. This payment was \$7m (2013: \$6m).

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 2013/14 \$m	Actual 2012/13 \$m
Debtors - fuel excise duty	199	196
Debtors - motor vehicle register/road user charges	30	18
TOTAL DEBTORS	229	214

6 CREDITORS AND OTHER PAYABLES

	Actual 2013/14 \$m	Actual 2012/13 \$m
Transport Agency (for the National Land Transport Programme)	468	443
TOTAL CREDITORS AND OTHER PAYABLES	468	443

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, with fund inflows forecast to be higher than outflows over time.

8 RECONCILIATION OF NET SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2013/14 \$m	Actual 2012/13 \$m
NET SURPLUS/(DEFICIT) AFTER TAX	12	57
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:		
(Increase)/decrease in debtors	(15)	(23)
Increase/(decrease) in creditors and other payables	25	36
Net movements in working capital items	10	13
NET CASH FROM OPERATING ACTIVITIES	22	70

9 CAPITAL COMMITMENTS AND OPERATING ROADING COMMITMENTS

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

	Actual 2013/14 \$m	Actual 2012/13 \$m
Not later than one year	2,940	2,781
Later than one year and not later than five years	1,247	3,076
Later than five years	696	249
TOTAL FUNDING COMMITMENTS	4,883	6,106

10 CONTINGENCIES

Contingent liabilities

The National Land Transport Fund has no contingent liabilities (2013: Nil).

Contingent assets

The National Land Transport Fund has no contingent assets (2013: 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 \$3.096 billion (2013: \$2.862 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 2014 totalled \$3.084 billion (2013: \$2.805 billion). These purchases included the funding of the Road Policing Programme, and the National Land Transport Programme.

Key management personnel compensation

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

12 EVENTS AFTER THE BALANCE SHEET DATE

On 29 July 2014 the Transport Agency signed the Transmission Gully Public Private Partnership contract where the Wellington Gateway Partnership will design, construct, finance, operate and maintain the new Transmission Gully highway for the 25 years that follow the expected five-year construction. Transmission Gully should be open for traffic by 2020. Funding will be provided from the National Land Transport Fund, with commitments in relation to this contract being \$3.843 billion over 25 years.

13 FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and liabilities are categorised as follows:

	Actual 2013/14 \$m	Actual 2012/13 \$m
LOANS AND RECEIVABLES		
Cash and cash equivalents	136	114
Debtors	229	214
TOTAL LOANS AND RECEIVABLES	365	328
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Creditors and other payables	468	443
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	468	443

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 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	130
Waikato land transport	188	2017/18	188
Wellington land transport *	92	2015/16	74
Wellington land transport (Western corridor) *	625	2016/17	245
TOTAL	1,170		767

Auckland land transport commitment was met in 2010/11.

Waikato land transport commitment was met in 2012/13.

* Changes were made to the Land Transport Management Act 2008 Amendment in 2013.

Wellington land transport commitment changed from \$163 million to \$92 million.

Wellington land transport (Western corridor) commitment changed from \$640 million to \$625 million.

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 higher than budgeted by \$67 million. Increased RUC sales are the main driver being \$42 million above budget.

OUTFLOWS

National Land Transport Programme was higher than budgeted by \$78 million, but this was largely due to acceleration of state highway expenditure into the current year.

STATEMENT OF SERVICE PERFORMANCE FINANCIALS

	Actual 2013/14 \$m	Budget 2013/14 \$m	Actual 2012/13 \$m
Management of the funding allocation system	30	30	29
Transport planning	14	16	13
Sector research	4	6	3
Public transport	272	316	288
Road safety	31	32	28
New and improved infrastructure for local roads	125	160	153
Renewal of local roads	233	246	204
Maintenance and operation of local roads	303	289	279
Walking and cycling	18	20	8
New and improved infrastructure for state highways	1,215	1,044	997
Renewal of state highways	161	222	175
Maintenance and operation of state highways	365	312	342
TOTAL OUTPUT CLASS FUNDING TO THE TRANSPORT AGENCY	2,771	2,693	2,519

INDEPENDENT AUDITOR'S REPORT



TO THE READERS OF THE NATIONAL LAND TRANSPORT FUND'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2014

The Auditor-General is the auditor of the National Land Transport Fund (the "NLTF"). The Auditor-General has appointed me, Brent Manning, using the staff and resources of KPMG, to carry out the audit of the financial statements and non-financial performance information of the NLTF on her behalf.

We have audited:

- the financial statements of the NLTF on pages 243 to 252, that comprise the statement of financial position as at 30 June 2014, 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 236 to 241.

OPINION

In our opinion:

- the financial statements of the NLTF on pages 243 to 252:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the NLTF's:
 - › financial position as at 30 June 2014; and
 - › financial performance and cash flows for the year ended on that date.
- the statement of service performance of the NLTF on pages 236 to 241:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the NLTF's service performance achievements and expenses measured against the performance targets and budgets adopted for the year ended 30 June 2014.

Our audit was completed on 20 October 2014. 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 non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. 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 non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, 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 non-financial performance information 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 External Reporting Board.

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



Brent Manning

KPMG Wellington

On behalf of the Auditor-General

Wellington, New Zealand



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

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Private Bag 6995
Wellington 6141.

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