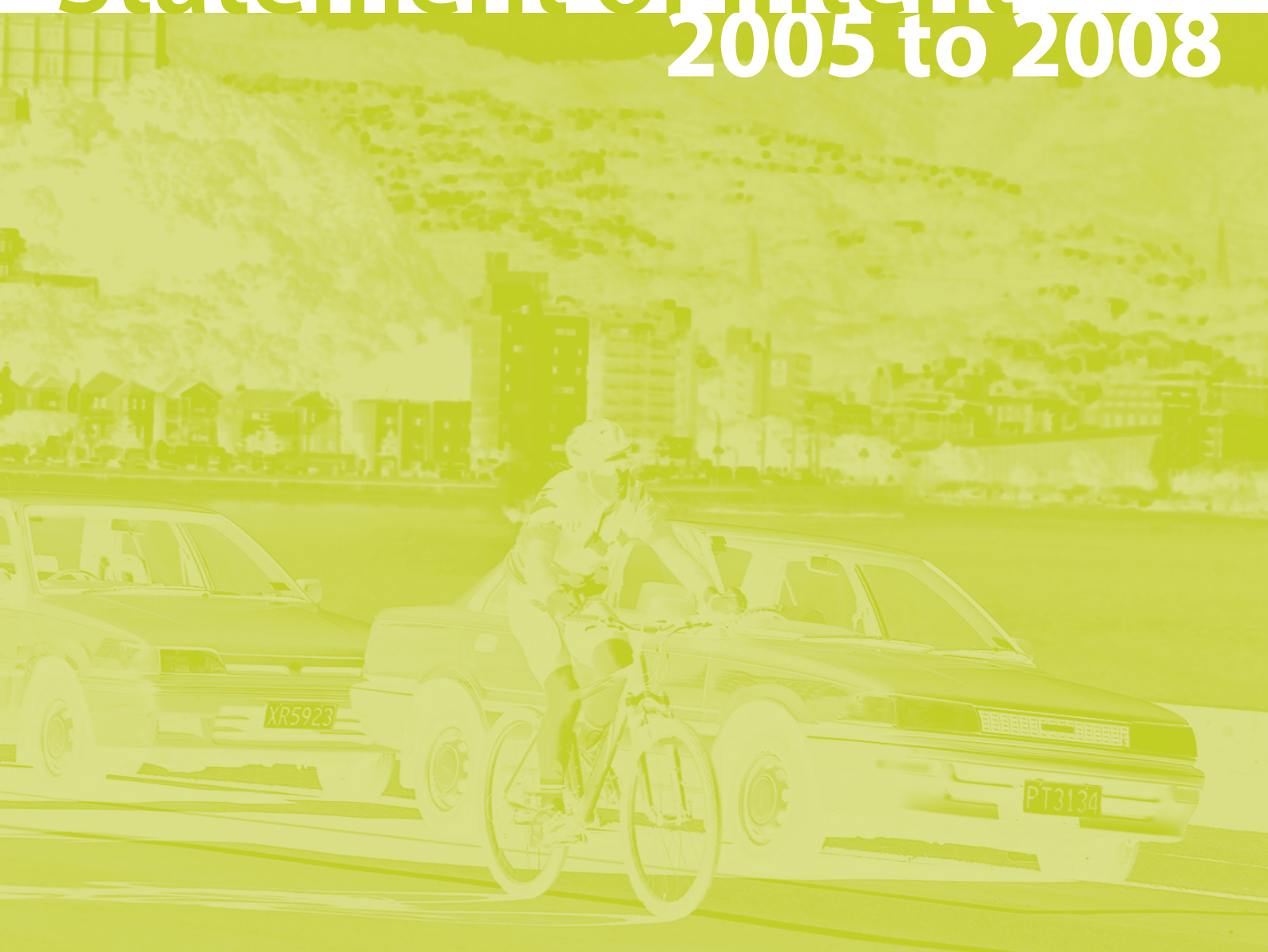


# Statement of Intent 2005 to 2008



## **Statement of Intent 2005 to 2008**

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# Preface

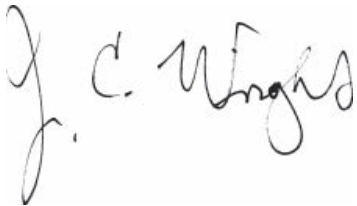
The *New Zealand Transport Strategy* (NZTS), released in 2002, introduced new objectives for New Zealand's transport sector. The former focus on safety and efficiency was broadened to create the vision of an affordable, integrated, safe, responsive and sustainable land transport system by 2010.

The Transport Sector Review, initiated in early December 2003, addressed the question of whether the sector had the capability and was best arranged to implement the NZTS. This has resulted in some significant changes in the way in which the government transport sector operates. A major outcome was the disestablishment of Transfund New Zealand and the Land Transport Safety Authority on 1 December 2004 and the establishment of Land Transport New Zealand on the same day.

The Land Transport Management Amendment Act 2004, under which Land Transport New Zealand was established, has given us the responsibility to carry forward the functions of the two former organisations, but with the additional function of promoting land transport sustainability.

Land Transport New Zealand is preparing to meet this challenge through the development of a partner and service-oriented organisation structure and appointment of a high quality leadership team.

This *Statement of Intent* sets out a philosophy and course of action for the next three years that will put in place the conditions needed to ensure delivery of the government's land transport objectives and wider transport vision.



Dr Jan Wright

*Chair  
Land Transport New Zealand*



Wayne Donnelly

*Chief Executive  
Land Transport New Zealand*



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# 1 Who we are

On 1 December 2004, the Land Transport Management Amendment Act 2004 disestablished Transfund and the LTSA, and created Land Transport New Zealand (Land Transport NZ) to take responsibility for land transport funding and safety, with a further mandate to promote land transport sustainability.

Land Transport NZ's statutory objective is to:

*Allocate resources and to undertake its functions<sup>1</sup> in a way that contributes to an integrated, safe, responsive and sustainable land transport system.<sup>2</sup>*

Land Transport NZ must also exhibit a sense of social and environmental responsibility and operate in a close partnership with key transport sector stakeholders.

In addition, Land Transport NZ must contribute to the five objectives of the *New Zealand Transport Strategy*:

- Assisting economic development
- Assisting safety and personal security
- Improving access and personal mobility
- Protecting and promoting public health
- Ensuring environmental sustainability.

Land Transport NZ also supports the *New Zealand Transport Strategy* by encouraging the governance, management and funding of the land transport system to be:

- forward looking
- collaborative
- accountable
- evidence-based.

## Land Transport NZ's role in the transport sector

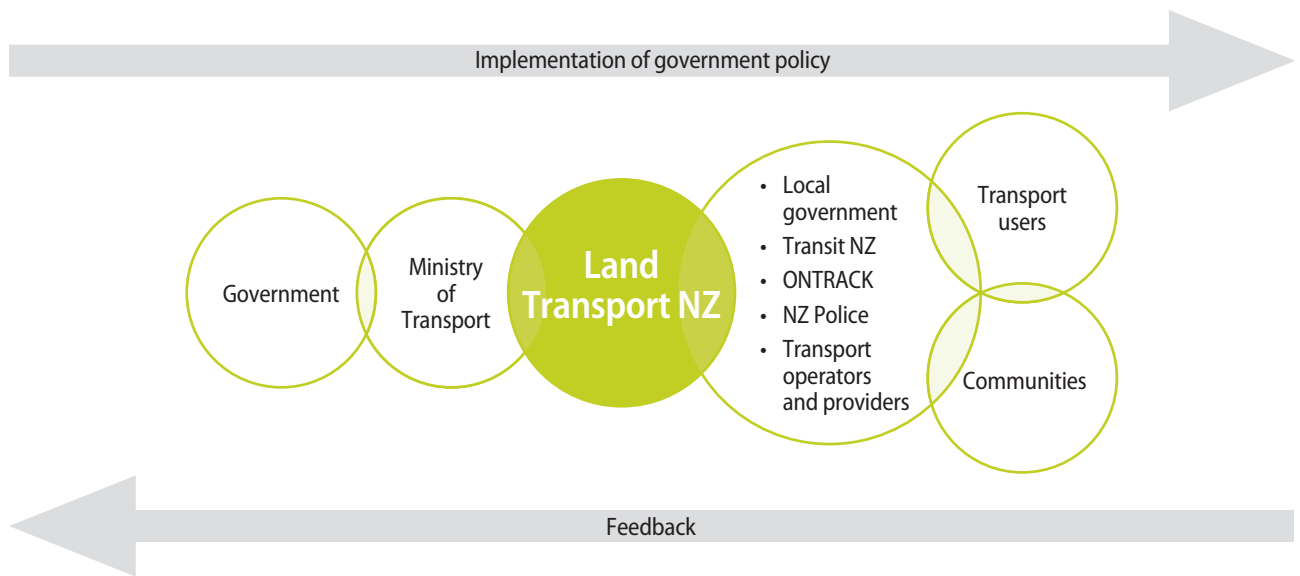
Land Transport NZ provides a vital connection between transport policy-making and the operation of the transport sector. Close working relationships exist with: the Ministry of Transport, which is responsible for leading the development of strategic transport policy; the NZ Police, which enforces and promotes safety regulations; and with 'approved organisations' including Transit New Zealand, regional councils and territorial local authorities, which are responsible for implementing transport projects and other activities. Land Transport NZ also has direct links to the public, which uses and interacts with the land transport system.



2 | 1 | Refer to Appendix 1 for a list of Land Transport NZ functions contained in the Land Transport Management Amendment Act 2004.

2 | 2 | The land transport system comprises all local roads and state highways, rail, ferries and coastal shipping.

**Figure 1 | Land Transport NZ's role in the transport sector**



The creation of Land Transport NZ provides an opportunity to focus on multi-modal and integrated land transport solutions, and a stronger emphasis on solutions that are sustainable in the longer term.

The Land Transport Management Act 2003 charges us with the twin responsibilities of promoting land transport sustainability and safe transport on land. We will achieve these over-arching responsibilities by working proactively with partners and communities to plan, maintain, operate and develop the land transport system.

Land Transport NZ has a number of ways in which this can be achieved:

#### *Enabling*

- Planning assistance
- Application of transport expertise

#### *Funding*

- Land transport infrastructure and services funded through the National Land Transport Programme
- Safety promotion funded through the Safety Administration Programme

#### *Information and education*

- Television safety advertising
- The Community Road Safety Programme

#### *Managing access to the land transport system*

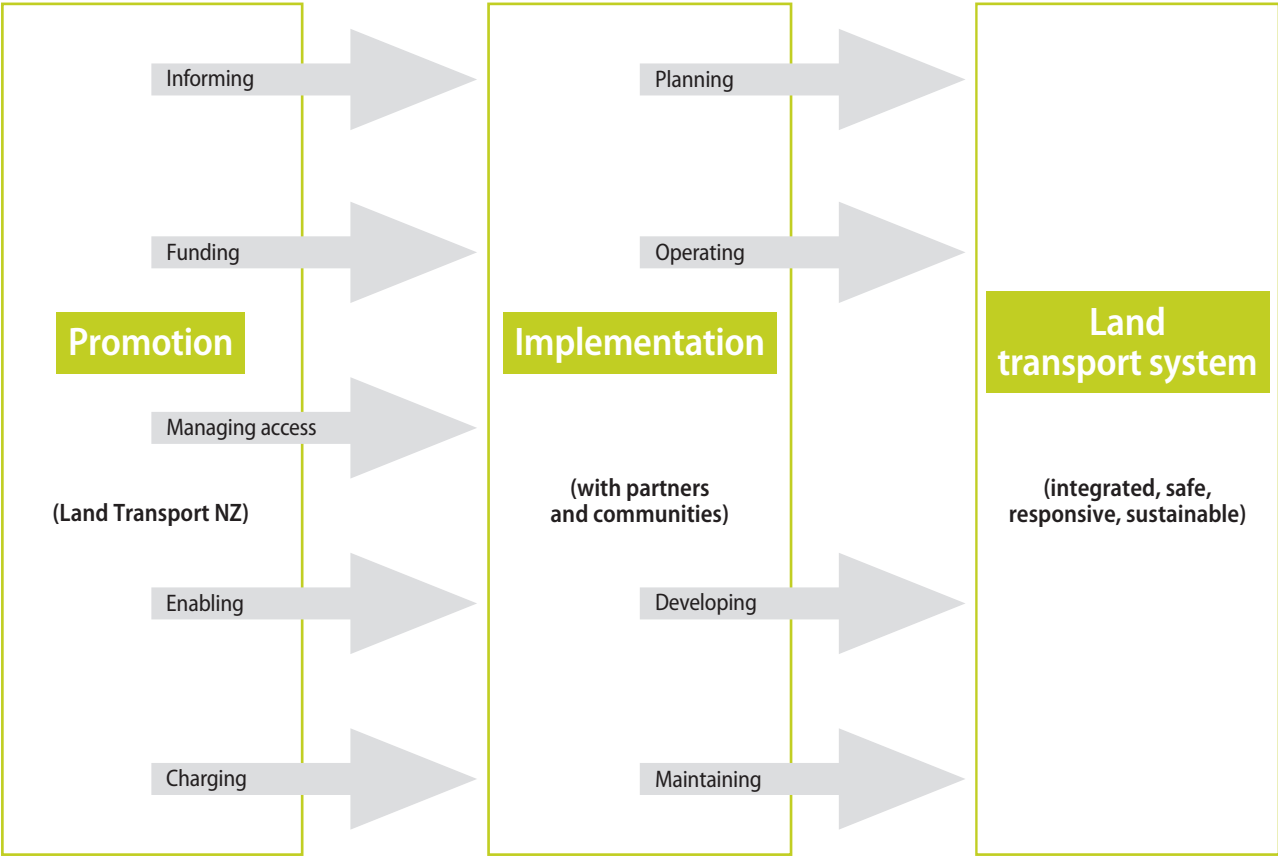
- Rules development
- Vehicle inspections
- Licensing
- Auditing

#### *Charging*

- Road user charging
- Motor vehicle licensing
- Supporting tolling schemes

This is shown in Figure 2. The five promotion arrows are the ways in which Land Transport NZ works with funding partners and communities to promote an integrated, safe, responsive and sustainable land transport system.

**Figure 2 | Ways in which Land Transport NZ can influence the land transport system**



Land Transport NZ will succeed when:

- its partners plan, maintain, develop and manage the land transport system effectively
- operators and users use the land transport system in a sustainable and safe manner
- communities are able to improve their access and mobility, safety, personal security, health and environment, and assist economic development
- environmental sustainability is maintained or enhanced.

For Land Transport NZ to be fully successful in its pivotal role, it needs to be able to readily influence the planning and implementation decisions of partners, the transport choices of users and increase the capability of communities to achieve desirable outcomes.

Land Transport NZ, being newly formed, is still in the process of developing a set of statements outlining the organisation's mission, vision and values. These will be developed over the course of 2005 through a process of internal discussion.

However, it is already clear that government objectives for sustainable development, the *New Zealand Transport Strategy* and the Land Transport Management Act 2003 will be major drivers of the organisation's vision and mission.

The vision statement will be driven primarily by the *New Zealand Transport Strategy* and government's objectives regarding sustainable development.

The mission statement will be a succinct description of the business of Land Transport NZ. It will capture the objective and the functions of the organisation set out in the Land Transport Management Amendment Act 2004.



The organisation's values will be specific to Land Transport NZ but will be consistent with the attributes for transport sector governance, and the management and funding approach described in the *New Zealand Transport Strategy*, which is forward-looking, collaborative, accountable and evidence-based.

Land Transport NZ recognises that to be effective in its role in the land transport sector, it will need to earn and retain the:

- goodwill of New Zealanders
- respect of sector professionals
- trust of sector governance
- confidence of government.

This is a significant challenge, as much of Land Transport NZ's business that people and the sector see is to do with regulation and rationing of resources.

Land Transport NZ's intention is to take a strong service ethic into its regulatory and registry functions. It will also enhance the quality of data it collects on the performance of the land transport system and ensure that through its recording and monitoring functions, it provides meaningful information to the public and organisations it works with. Through its knowledge of the use of the land transport system and the funding resources entrusted to it, Land Transport NZ intends to strongly develop its role in enabling, funding and rule-making.

The intent is captured in the following service attributes being emphasised within Land Transport NZ:

- excellent customer service (with rigorous timeliness standards)
- a high level understanding of the business of all partners
- a highly effective communication capability
- simple and easily understood information requirements and processes
- transparent and fair application of rules and criteria
- a willingness to assist stakeholders and transport users.

Achievement of these attributes, as measured by the public, system users, government and partners, will enable Land Transport NZ to be effective in its functions of promoting land transport sustainability and safety.



# 2 Our strategic environment

## Overview

New Zealand's land transport system is an integral part of the socio-economic and environmental fabric of the country. Consequently, land transport impacts on, and is affected by, cultural, social, economic and environmental factors.

### The land transport challenge

Contributing towards an integrated, safe, responsive and sustainable land transport system will require Land Transport NZ to encourage, with the available resources, a balance between the provision of transport services and infrastructure, and demand management.

Some of the major developments likely to impact on land transport planning and investment include:

- international trends in oil supply and demand and the influence this has on energy efficiency, energy affordability, fuel and vehicle choice, and choice of transport mode
- technological developments, including alternative fuels and hybrid vehicles
- international agreements relating to global climate change
- demographic trends, such as an aging population and regional patterns of growth
- growth in wealth and associated lifestyle choices (including a desire for increasing mobility)
- a general lack of public support for passenger transport
- transport logistics, such as movement of freight (especially international shipping patterns)
- transport-related health issues, such as health impacts of air pollutants and health effects of increasing dependence on motor vehicles
- transport-related environmental impacts, including emissions, contaminants, noise and waste
- land use development pressures, such as development patterns and the interaction of urban land use and transport corridors.

Land Transport NZ endeavours, in co-operation with the Ministry of Transport, to be intelligent about these developments and influence the long-term planning for land transport accordingly.

Factors currently putting pressure on land transport investment include:

- strong growth in traffic volumes leading to congestion in particular urban settings, including increasing kilometres travelled, single occupancy car trips, and growth in freight traffic leading to increasing maintenance requirements
- labour shortages in a tight labour market and shortages of key transport-related professional skills with long training lead times
- contracting and materials cost escalation
- severe weather events causing major damage to roading networks
- public attitudes towards speed enforcement
- the need to address road deaths and serious injuries.

The net result is that, despite substantial increases in levels of revenue, our funding programme will remain under pressure and will require careful management.

### 3 Achieving government transport outcomes

The government, through recent transport legislation and the *New Zealand Transport Strategy*, has communicated its high-level transport outcomes.<sup>3</sup> Each year the Minister also communicates his or her particular desired outcomes through letters of expectations to transport sector agencies.

Land Transport NZ uses this guidance to assist in deciding priorities for the forthcoming year and beyond.

New areas of focus for Land Transport NZ will be:

- transport demand management, including travel behaviour change
- environmental policy and interventions
- stronger links between infrastructure provision, land use planning, environmental sustainability and energy use
- land transport security
- the development of land transport rules in support of the government's vehicle emissions policy.

Continued areas of focus are:

- implementing the government's *Road Safety to 2010* strategy
- developing Land Transport NZ's Land Transport Programme
- improving conditions for integrating cycling and walking more fully into the transport system.

The Ministry of Transport is working on a number of significant policy initiatives on which Land Transport NZ will actively co-operate. They include:

- the land transport funding policy review
- strengthening land transport strategies and planning
- the Auckland road pricing evaluation study
- development of an initial evaluation framework for rail.

3 | The Public Finance Amendment Act draws a distinction between outcomes and impacts:

- 'Outcome' means a state or condition of society, the economy or the environment, or a change in that state or condition.
- 'Impact' means the contribution made to an outcome by a specified set of outputs, or actions, or both.

The inclusion of the term 'objectives' in the legislation recognises that not all functions are intended to achieve 'outcomes' as the term is defined above.

## 4 Key results sought by Land Transport NZ

Land Transport NZ functions primarily through partnerships with approved organisations and service delivery agents, and its ability to deliver outcomes will depend on factors over which it has only partial control and others outside its control.

The government suggests that departments and agencies focus on 'a select few' key results that can be delivered with a degree of certainty.

Table 1 shows key results that Land Transport NZ has confidence it can deliver.

**Table 1 | Key results for Land Transport NZ**

What?	How?	NZTS objectives				
		Economic	Accessibility	Safety/security	Health	Environment
Improve the transport system.	Targeted financial assistance for new and improved infrastructure.	✓	✓	✓		
Encourage sustainable travel patterns.	Travel behaviour change initiatives.	✓	✓		✓	✓
Increase the availability of mode choice.	Funding and promotion of different modes.	✓	✓		✓	✓
Improve the efficiency and effectiveness of network management.	Influencing the use of transport services and infrastructure through network management.	✓	✓	✓	✓	✓
Improve safety and integration of transport networks. <sup>4</sup>	System risk assessment and funding of appropriate safety programmes and enhancements.	✓		✓	✓	
Promote safer use of networks.	Information, education, licensing and enforcement.	✓		✓	✓	
Improve vehicle safety.	Vehicle standards and inspection.	✓		✓	✓	
Sustain management of transport assets.	Infrastructure asset management.	✓	✓			✓
Reduce transport environmental impacts.	Project impact assessment, vehicle emissions standards and mitigation activities.				✓	✓
Improve integration of land and transport planning.	Providing assistance and funding support for regional and local authority planning activities.	✓	✓			✓

# A land transport assessment framework

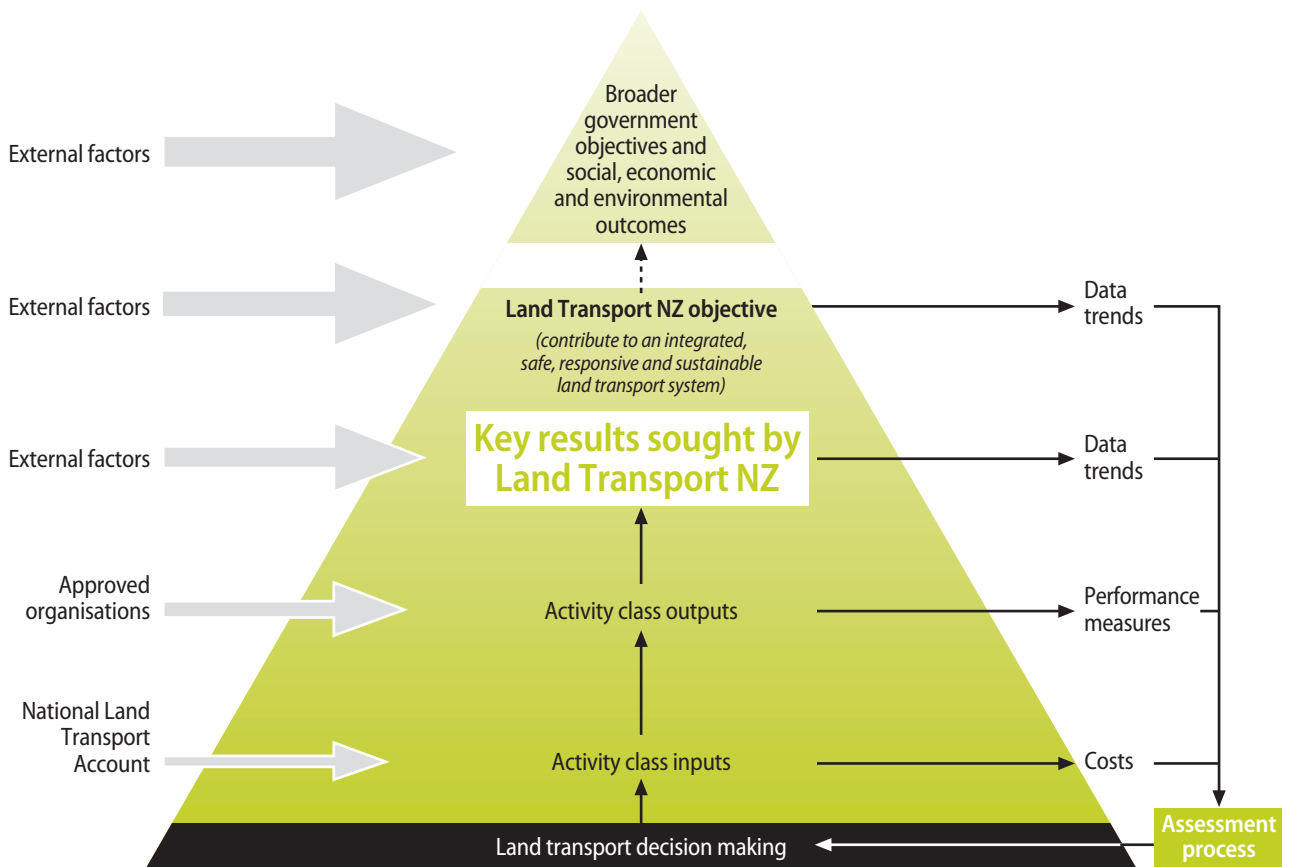
Land Transport NZ currently audits and assesses the effectiveness and efficiency of its activities. This is a necessary part of managing the National Land Transport Programme and the Safety Administration Programme, which includes approval of individual activities and enforcement, education and promotion activities. Funding assessment is currently undertaken predominantly at the individual activity level in keeping with established procedures to predict and monitor the effectiveness of proposals.

At the strategic level, transport safety is the only *New Zealand Transport Strategy* objective that is currently subject to quantified assessment and future condition forecasting. Over time, a quantified approach will need to be applied, where possible and appropriate, to the assessment of all government transport objectives.

An improved assessment model is proposed (incorporating an assessment framework) which draws on a core dataset to develop assessment factors that can be used as indicators of progress against objectives and key results. These indicators will be developed progressively and presented each year in the *Statement of Intent* to show trends in the main key result indicators and provide a measure of progress over time.

A proposed land transport assessment model that can allow this to occur is shown in Figure 3.

**Figure 3 | Land transport assessment model**



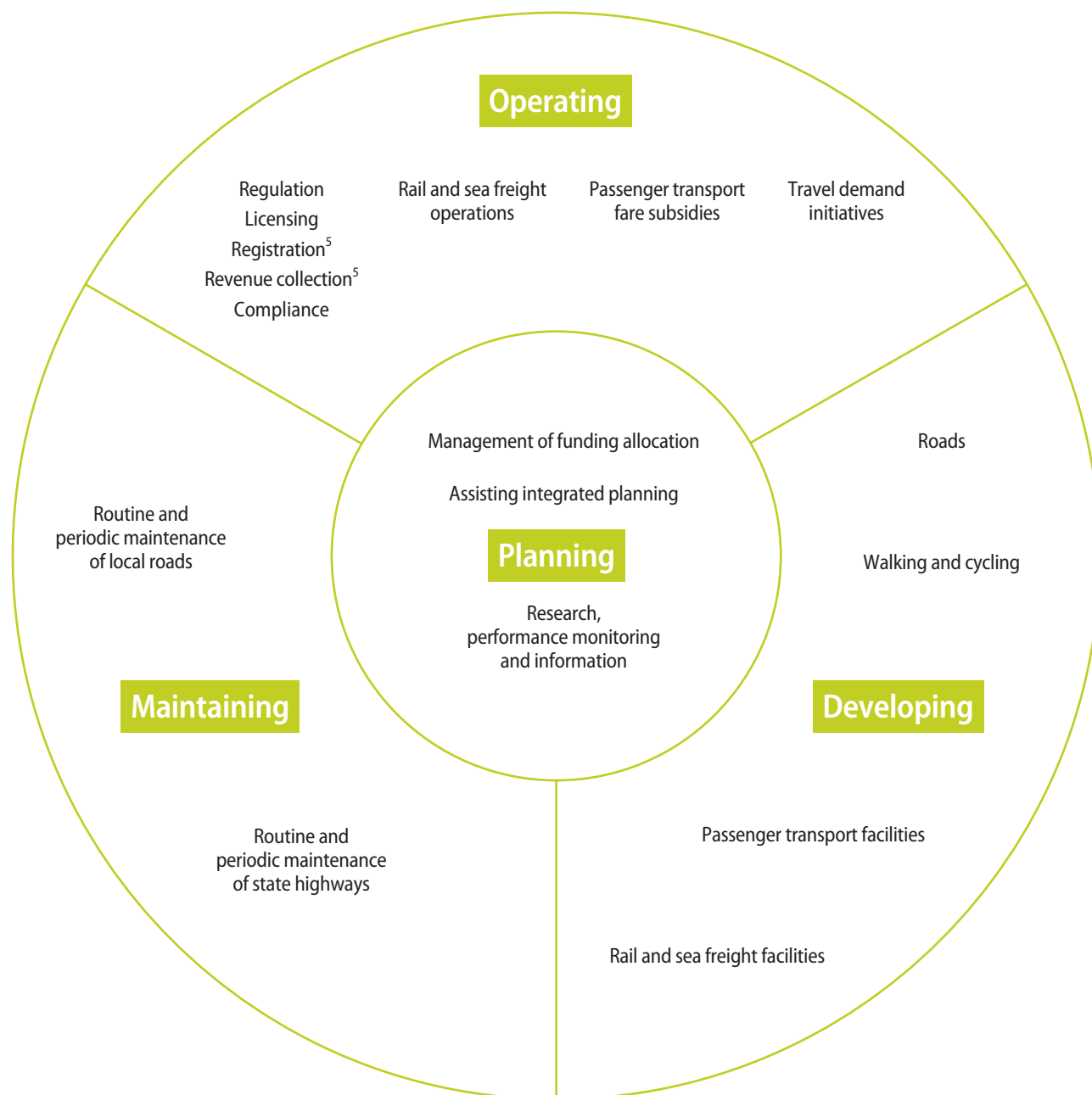
In the diagram above, the outcomes Land Transport NZ has some confidence in delivering over time are described as 'results sought'. This language makes a clear distinction between the range of high-level outcomes over which Land Transport NZ may have limited influence and the outcomes the organisation can have some confidence in delivering.

# 5 What we do

The functions of Land Transport NZ can be summarised, as shown in Figure 4, into a high level description of the way in which Land Transport NZ and its partners contribute to the land transport system. All activities are carried out in a way that promotes land transport sustainability and safety.

Within each of the four segments of the diagram, Land Transport NZ has a close involvement with the land transport system. This is either direct – through provision of services, communication and education activities and management of the land transport funding allocation process, or indirect – through funding assistance for maintenance and improvement of transport-related infrastructure and services.

**Figure 4 | How Land Transport NZ and partners contribute to land transport**



# Planning

In order to deliver its key results, Land Transport NZ relies on its stakeholders to successfully plan and deliver their individual land transport activities. Success in this context will require alignment between local government long-term council community and annual plans, the regional land transport strategy, and the purpose and objectives of the Land Transport Management Act 2003.

A major opportunity to integrate planning for a sustainable and safe land transport system is at the regional level through the development of appropriate regional land transport strategies. The delivery of this planning is to be undertaken through the mechanism of land transport programmes. Local government develops land transport programmes through long-term council community plans (LTCCPs), which provide a major opportunity to integrate transport with broader community aspirations.

A 'predict and provide' approach to planning and funding, where growth in vehicle numbers and traffic volumes would automatically lead to planned network upgrading, is no longer valid. For example, in 2004, an average of 438 vehicles were added to the national fleet each day. Of these, around 150 vehicles per day were added in the Auckland region. We propose to give full consideration to wider policy and strategic options to manage demand and to contribute to the integration of land use, urban form and transport planning.

There is a new emphasis on managing existing transport networks before necessarily adding new infrastructure, and encouraging different travel choices as a key means of reducing pressure on the transport system.

Land Transport NZ will work to improve integration of land and transport planning by assisting and participating in the development of:

- regional growth strategies and resource management plans
- regional land transport strategies
- long-term council community plans
- asset management plans.

## Integrating funding programmes

Although the National Land Transport Programme (NLTP) and the Safety Administration Programme (SAP) will remain separate for 2005/06, there will be new integrated arrangements from 2006/07 onwards. One benefit of doing this will be the opportunity to make trade-offs between engineering, enforcement and education, in order to achieve an optimum intervention policy.

During the 2005/06 year, the SAP will continue. While it will still focus on land transport public safety, there will be more emphasis on the vision and objectives of the NZTS and Land Transport NZ.

From 2006/07, the SAP will be replaced by a land transport programme developed by Land Transport NZ. This programme can include a broader range of activities. Once approved by the Minister of Transport, Land Transport NZ's own land transport programme will form part of the NLTP.

Any newly funded initiatives in Land Transport NZ's land transport programme (LTP) that contribute to delivering on the government's *Road Safety to 2010* strategy will be explicitly identified in the 2006/07 programme.

## Strategic policy development

Land Transport NZ does not directly undertake strategic policy development but plays a contributing role in the Ministry of Transport's policy development process. Land Transport NZ is also actively assisting the government to achieve the *Road Safety to 2010* strategy goals of no more than 300 deaths and 4,500 hospitalisations annually by 2010.

The SAP is a key means of implementing the government's *Road Safety to 2010* strategy in that it defines and funds the annual programme of road safety education and enforcement activities for New Zealand.



## Road policing

The enforcement element of Land Transport NZ's LTP will be prepared each year in consultation with the Commissioner of Police. The funding for road policing (approximately \$215m GST exclusive for 2005/06) will be paid from the National Land Transport Fund directly to Vote: Police.

Although Land Transport NZ does not have direct control over the funding for road policing, we can influence the total level of funding through negotiation with the Minister of Transport, and the actual enforcement activities through consultation with the NZ Police and approved organisations.

## Rules

The rules give effect, in legislative form, to the government's vision for transport, as set out in the *New Zealand Transport Strategy* and, along with education and encouragement of industry self-regulation, are a key strategy for achieving the goals of Land Transport NZ.

The Minister of Transport and the Minister for Transport Safety, through provisions contained in the primary legislation, are empowered to make transport rules. At present the Minister for Transport Safety is delegated this function. The transport Crown entities develop these rules before they are forwarded by the Ministry of Transport to the Minister for consideration and, if agreed, signed into law following Cabinet noting the Minister's intention to make the rule.

This work occurs within an extended programme that is replacing regulations with rules that are designed to be accurate, clear, detailed, comprehensive and written in plain language. The development of rules is subject to an extensive process of consultation with other government sector entities, the transport industry and the wider public.

Land transport rules include provisions on driver licensing, road use, and vehicle equipment and standards. In the future, rules may be produced for rail. Land Transport NZ provides technical expertise to support the implementation and maintenance of rules and regulations. It also contributes to the development of primary transport legislation.

## Development of a sector implementation strategy

The Ministry of Transport is leading a transport sector strategic planning process and all transport sector Crown entities are actively assisting with this. The intent is to develop a forward-looking sector implementation strategy that will be the means by which the sector and government can achieve desired outcomes by co-ordinating activities and priorities.

Planning cycles will be co-ordinated between government and agencies, and in relation to the development and delivery of accountability documents. It is envisaged that this process will occur yearly, with a rolling three-year planning horizon.



## Forecasting funding revenue and allocations

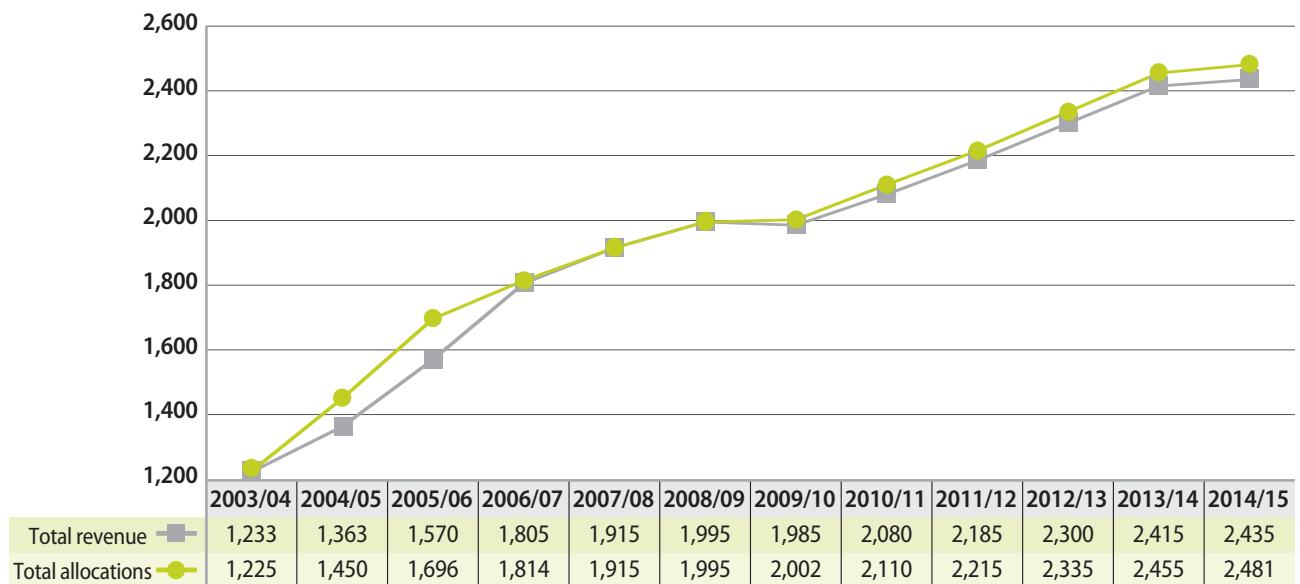
As part of the NLTP, Land Transport NZ includes a forecast of its anticipated revenue and expenditure for the current financial year and the nine following years. This 10-year financial forecast spans 2005/06 to 2014/15 and will be the third financial forecast published with the annual NLTP. It sets out the revenue Land Transport NZ anticipates receiving from the National Land Transport Fund, including regionally distributed funds, Crown funds for Auckland and Wellington, and the proposed allocation to activities over this period.

The 2005/06 figures make up the allocation for this year's NLTP and are fixed. The figures for the other years are indicative and will change over time. Even though the forecast may change, publishing it assists the sector with planning and decision-making.

There are several reasons why this forecast will change. The priorities of other organisations may change in response to the forecast, or there may be changes in the New Zealand economy or to government priorities. Where Land Transport NZ funds projects in partnership with local government, the level of that partner's funding may influence the timing of projects or their ability to proceed. Finally, projects and activities will change in cost and anticipated timing.

For all expenditure allocations within the forecast, the allocation of a particular amount does not imply a commitment to fund that amount. All forecasts are subject to review as policy evolves and knowledge improves. The 10-year revenue and allocation forecast is shown in Figure 5.

**Figure 5 | 10-year land transport revenue and allocations forecast**



## Planning – Key initiatives for 2005/06

Activity	Completion target
<ul style="list-style-type: none"> <li>Complete the first phase of the integration of the Safety Administration Programme into the National Land Transport Programme.</li> </ul>	30 June 2006
<ul style="list-style-type: none"> <li>Complete the first phase of the passenger transport procurement and funding review.</li> </ul>	30 June 2006
<ul style="list-style-type: none"> <li>Develop initiatives to promote land use planning that is consistent with the functions of Land Transport NZ (Section 69 in the Land Transport Management Act).</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Continue with work on support of transport demand management and travel behaviour change initiatives.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Assist local government with community consultation processes and the development of land transport strategies and programmes.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Contribute to the Ministry of Transport's strategic policy work for the transport sector, including:               <ul style="list-style-type: none"> <li>- the review of financial assistance policy</li> <li>- the review and development of passenger transport funding policy</li> <li>- assistance for road charging group activities (including the Auckland pricing evaluation study)</li> <li>- the review of regulatory arrangements for passenger transport in Auckland as part of the Sustainable Cities Programme (including review of the Transport Services Licensing Act)</li> <li>- assistance with development of a walking and cycling action plan</li> <li>- responding to the recommendations of the Human Rights Commission of Inquiry into accessible passenger transport services.</li> </ul> </li> </ul>	30 June 2006 30 June 2006 Ongoing 30 June 2006 30 June 2006 30 June 2006
<ul style="list-style-type: none"> <li>Contribute to the activities of the sector-wide planning taskforce.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Work with the Ministry of Transport over 2005/06 to further review and refine Land Transport NZ's performance measures.</li> </ul>	30 June 2006
<ul style="list-style-type: none"> <li>Develop a performance assessment framework that links with work being undertaken by the Ministry of Transport to measure the delivery of government transport policy outcomes.</li> </ul>	30 June 2006
<ul style="list-style-type: none"> <li>Develop an assessment framework for considering long-term strategies and for testing different outcome scenarios for land transport.</li> </ul>	30 June 2006
<ul style="list-style-type: none"> <li>Develop guidelines for the 2006/07 National Land Transport Programme and Land Transport NZ's 2006/07 Land Transport Programme.</li> </ul>	30 June 2006
<ul style="list-style-type: none"> <li>Further work on development and implementation of the operator safety rating system.</li> </ul>	

## Operating

Land Transport NZ assists the operation of the land transport system by:

- (1) financially assisting transport operations and services
- (2) managing access to the system through licensing, regulation, registration and revenue collection
- (3) working with the NZ Police to deliver effective road policing.

The ways in which Land Transport NZ financially assists operations and services are shown below.

### *Passenger transport*

- Through funding of fare subsidies on contracted bus and ferry services
- Funding rail passenger subsidies
- Financially assisting some capital expenditure

### *Total mobility*

- Financially assisting the operation of a taxi-based transport service for people with disabilities

### *Transport demand management*

- Assisting development and promotion of travel behaviour change initiatives, such as travel plans
- Running the Safer Routes scheme (education, engineering and promotion of safer pedestrian and cycling routes in at-risk urban areas)

### *Cycling and walking*

- Financially assisting the development of strategies and infrastructure
- Providing a pedestrian and cyclist road safety framework
- Providing guidelines for route planning and design (including facilities for people with impairments)

### *Road pricing*

- Working with Transit NZ and the Ministry of Transport to investigate road pricing policy
- Involvement in the Auckland road pricing study (investigating possible future road pricing alternatives)

### *Freight and barging*

- Financially assisting the movement of freight from road to rail where appropriate

## **Information and education activities**

Currently, Land Transport NZ delivers a road safety advertising campaign that supports Police enforcement and contributes to the reduction of road trauma by undertaking publicity campaigns that increase public awareness and change behaviour relating to:

- excessive speed, drink-driving, safety belts and failure to give way
- identified road safety risks specific to Maori and Pacific Island people.

Land Transport NZ also operates a voluntary incentive-based initiative to encourage New Zealand drivers to improve and maintain their knowledge of the road rules and road safety and commissions research into road safety problems.

## **Managing network access and use**

Land Transport NZ has a substantial land transport regulatory and service delivery role, including providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other roading revenue. A large number of individual transactions are conducted in providing these delivery services, eg over 650,000 driver licences and over five million vehicle licences are issued each year.

Motor vehicle registry and revenue management functions operate under a contract between Land Transport NZ and the Secretary for Transport.

In order to facilitate the delivery of its transport services, Land Transport NZ maintains a wide network of contracted agents. The agent network is currently based on three transport services delivery (TSD) agents that are required to act as one-stop shops delivering across the broad range of Land Transport NZ services. However, the network also encompasses other specialist agencies, including the small independent garages that provide warrant of fitness certificates.

Underpinning these activities is an effective service delivery strategy that is flexible and evolutionary, has a strong customer focus, and provides coverage and access models that can accommodate e-government. Land Transport NZ has commenced a review of its service delivery strategy to bring it into line with the expanded mandate of the organisation.

## Key regulation and service delivery areas

### *Driver licensing*

- Theory and practical testing of novice car drivers, older drivers and drivers from overseas
- Rules for removal and re-entry of drivers from/to the system for medical reasons and for court-based offences
- Theory and practical testing for heavy vehicle licences
- Monitoring of driver compliance with rules
- Rules and regulations for endorsements (passenger, testing officer and vehicle endorsements)

### *Vehicle licensing*

- Setting standards for vehicles imported into New Zealand
- Rules and regulations governing warrants of fitness and certificates of fitness

### *Operator licensing*

- Setting standards and guidelines for operators (taxis, bus, rental vehicle companies)
- Monitoring compliance with relevant rules and regulations

### *Other areas*

- Guidelines and standards for roads
- Road user charges compliance
- Transport environmental impacts
- Vulnerable road user regulations, guidelines and standards (pedestrians, cyclists)

Land Transport NZ will continue to focus on key areas of regulation and service delivery including:

- promoting improvements to the roading environment
- ensuring compliance with safety standards
- driver education initiatives and newspaper and television campaigns
- facilitating safe, responsible and sustainable access to the transport network for road users and their vehicles
- providing safety information and advice and fostering education programmes
- conducting regular reviews of the road and rail systems
- investigating and reviewing land transport accidents and incidents
- creating and managing information databases on road user charges and vehicle licensing and registration (on behalf of the Ministry of Transport) and driver licensing and operator licensing.

## Regulation of rail safety

In the future, the rail system is likely to play a larger role in terms of movement of freight and passenger transport. Land Transport NZ will be an important player in the rail sector as a funder of rail facilities and rolling stock, and as the government railway regulator, with the objective of providing assurance that the rail industry is operating safely.

This encompasses the national Crown-owned railway network as well as privately owned infrastructure and rail passenger rolling stock. At present this ranges from infrastructure providers, short and long distance passenger services, long-haul freight operations, numerous industrial wagon loading and unloading sidings, tramways, the Wellington cable car, through to tourist and heritage operators.

This regulatory role is undertaken through the issuing of licences to operate within the limits of an approved safety system. Regular safety audits are carried out to ensure that operators comply with their approved safety system.

## Service quality

In early 2005/06, Land Transport NZ will carry out a review of its service delivery strategy. The characteristics of a high quality service delivery strategy are likely to include:

- excellent customer service (with rigorous timeliness performance measures)
- a high level understanding of the business of all partners
- a highly effective communication capability
- simple and easily understood information requirements and processes
- transparent and fair application of rules and criteria
- a willingness to assist stakeholders and transport users.

In 2003/04, the Land Transport Safety Authority completed a review of all its compliance activities and practices relating to transport service operations, to identify the optimal structures and systems it would need to develop to support the introduction of a 'willing compliance' philosophy into the transport industry.

The objective of this change in approach is to create an environment where operators willingly take responsibility for the safe performance of their drivers and vehicles and to ensure compliance with legal standards. The ultimate goal is to encourage transport operators to adopt best practice standards in excess of the legal minimum, given the tangible advantage to them of doing so.

By contrast, the rail regime is a collaborative co-regulatory regime; and this approach is being carried through into the new rail legislation.

## Operating – Key initiatives for 2005/06

Activity	Completion target
• Carry out a review of Land Transport NZ's service delivery strategy.	30 June 2006
• Work with the Ministry of Transport to develop a targeted approach to interventions that will allow the government to achieve its <i>Road Safety to 2010</i> strategy.	Ongoing
• Continue to work with government and partners to improve rail safety.	Ongoing
• Work with the Ministry of Transport to develop a more integrated approach to the management of the Motor Vehicle Registry and enhance the efficiency of all registers and databases (including work related to tolling and the operator safety rating system).	Ongoing
• Clarify the accountability of the Land Transport NZ Board with respect to the Motor Vehicle Registry and the rules programme.	30 June 2006
• Put into operation any decisions made by the Minister of Transport after completion of the review of the total mobility scheme in early 2005/06.	30 June 2006
• Continue to work with the Ministry of Transport on ways to reduce harmful vehicle emissions.	Ongoing
• Complete rules on heavy vehicle brakes, heavy vehicle load security, operator licensing, driver work and log books, the omnibus amendment and bus accessibility.	30 June 2006
• Consider issues related to further review of the driver licensing rule.	30 June 2006

## Developing

Under the provisions of the Land Transport Management Act, Land Transport NZ has placed a new emphasis on better managing existing transport networks and encouraging different travel choices as key ways to reduce pressure on the transport system.

However, adding new infrastructure continues to be necessary and this is being achieved within a new long-term planning context.

### The funding allocation process

The funding allocation process developed and refined by Transfund NZ for 2003/04 and 2004/05 will continue to be central to government investment in the land transport system. The Board must use its own judgement in assessing individual project proposals, but will take into account:

- the size and nature of the transport problem
- the effectiveness of the proposed solution
- the efficiency of the proposed solution.

To further assist with the development of the land transport system, from 2005/06 the government has made available additional sources of funding.

On 1 April 2005, the government increased fuel excise duty by five cents per litre and increased road user charges for light vehicles in order to make available a pool of funds to be distributed regionally on the basis of population.

From 2005/06, these funds will be available for 10 years and will be used to assist with projects of regional importance. Land Transport NZ has agreed a process with regional and local authorities to identify projects that might be suitable for such support. To ensure the funds are additional to what each region might otherwise have been allocated from the national fund, regional projects will only be selected for assistance after national priorities have been determined.

The government, in recognising the additional needs in the largest and fastest growing urban zones, has also made available further Crown contributions for Auckland and Wellington. These will come from the Crown account and will be targeted to the delivery of specific outcomes as set out in Appendix 4. Transport priorities in the Bay of Plenty and Waikato regions are currently being reviewed.

### Developing – Key initiatives for 2005/06

Activity	Completion target
• Fund improvements to passenger transport infrastructure.	Ongoing
• Fund extension of the walking and cycling network.	Ongoing
• Fund passenger rail services and rolling stock and transfer of freight from road to rail.	Ongoing
• Fund additions and improvements to the strategic roading network.	Ongoing
• Fund additions and improvements to the local roading network.	Ongoing
• Continue funding the improvement of roads for the regional development of Northland and Tairāwhiti to support forest harvesting and processing.	30 June 2008

# Maintaining

Over 50 percent of the National Land Transport Fund is used to maintain or operate the existing land transport system.

Land Transport NZ continues to work on improving its approach to road maintenance through promotion of robust decision-making processes based on accurate inventory data management, regular condition monitoring and sound asset management planning.

The objective when setting maintenance funding levels is to have confidence that a cost-effective maintenance (operational) strategy is adopted for road networks, on a long-term basis. To this aim the maintenance evaluation process focuses on:

- the robustness of an approved organisation’s information and quality assurance systems
- benchmarking across road controlling authorities
- variation to national and regional level of service targets
- the achievement of lowest life-cycle costs.

Land Transport NZ considers the current recommended level of funding allows approved organisations to maintain their road networks at a steady level of condition for smooth travel, safety and asset preservation. We continue to refine our understanding of maintenance levels of service by monitoring trends in road network performance with indicators such as smooth travel exposure, surface condition index and pavement integrity index.

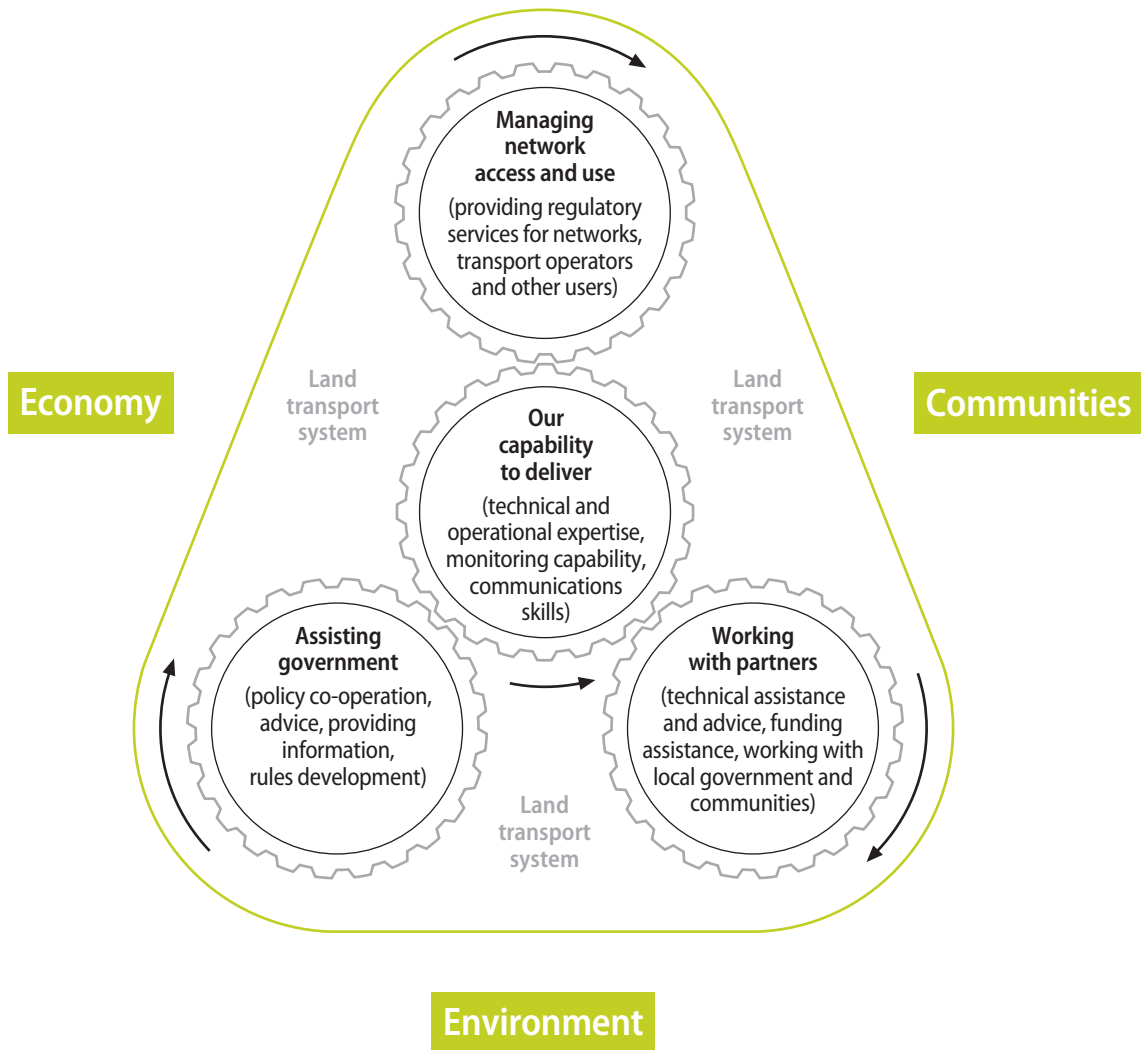
## Maintaining – Key initiatives for 2005/06

Activity	Completion target
• Continue supporting the road information management system group to refine deterioration modelling.	Ongoing
• Continue funding the gravel loss project to further improve unsealed road maintenance practices.	30 June 2006
• Continue monitoring pavement performance and trends.	Ongoing
• Undertake development of competitive pricing procedures market improvement indices.	30 June 2006
• Continue monitoring road asset management model (RAMM) data from approved organisations.	Ongoing
• Continue technical audits of approved organisations to ensure compliance with good practice and optimisation of maintenance spending.	Ongoing

# 6 Capability to deliver

Land Transport NZ operates at the interface between government and those who develop, operate and use the land transport system, and has a critical role in ensuring the system functions efficiently and effectively. This requires a highly relational and integrated way of working (as suggested in Figure 6).

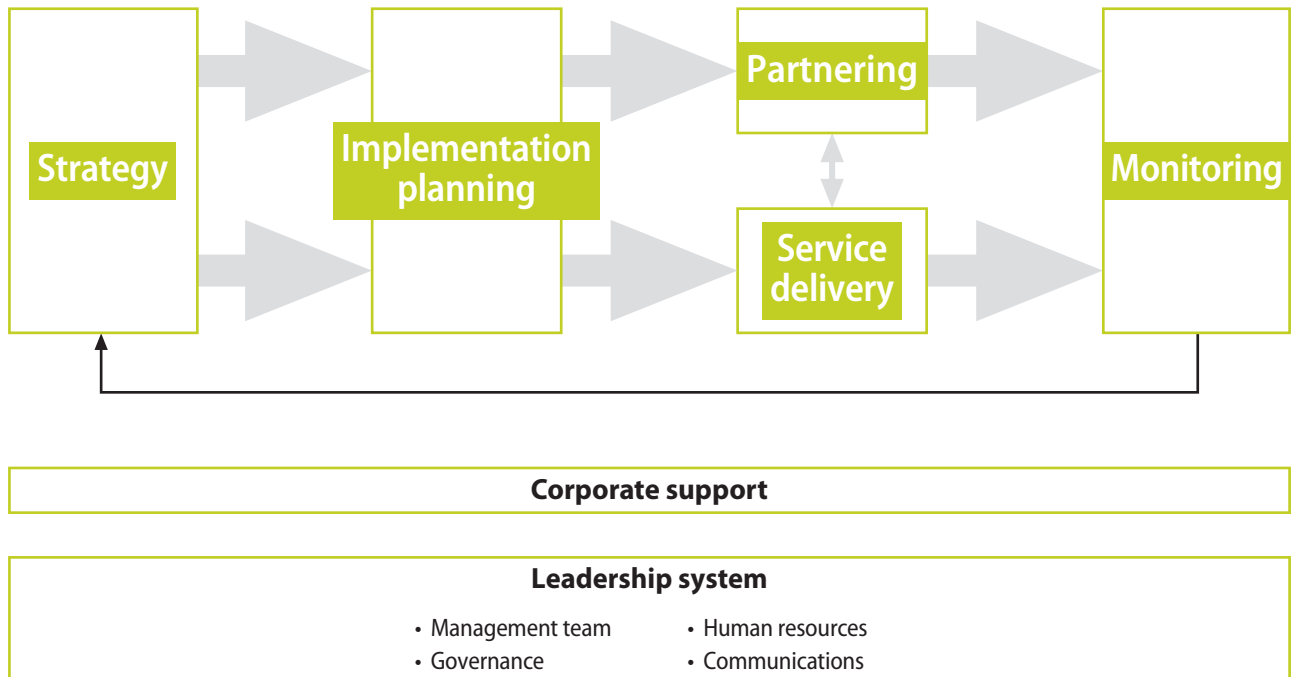
**Figure 6 | How Land Transport NZ interacts with government, partners and communities**



The intention is to create an organisation that will be the engine room for implementing the *New Zealand Transport Strategy*. To achieve this aim the structure of Land Transport NZ is based on continuous improvement, a 'Think, Plan, Deliver, Monitor' model, as illustrated in Figure 7.



**Figure 7 | High-level business model**



The structure is designed to:

- integrate funding and safety capabilities, making the expertise in different parts of the business available to all
- leverage existing capability and provide for development of skills in a learning environment
- enhance regional engagement so land transport strategy is more responsive – reaching into the communities we serve and working alongside our key partners
- provide for fair and transparent decision-making
- ensure clear responsibilities and accountabilities for each group
- facilitate collaborative working arrangements with other transport agencies and businesses.

The structure is comprised of five organisational groups. They are shown below.

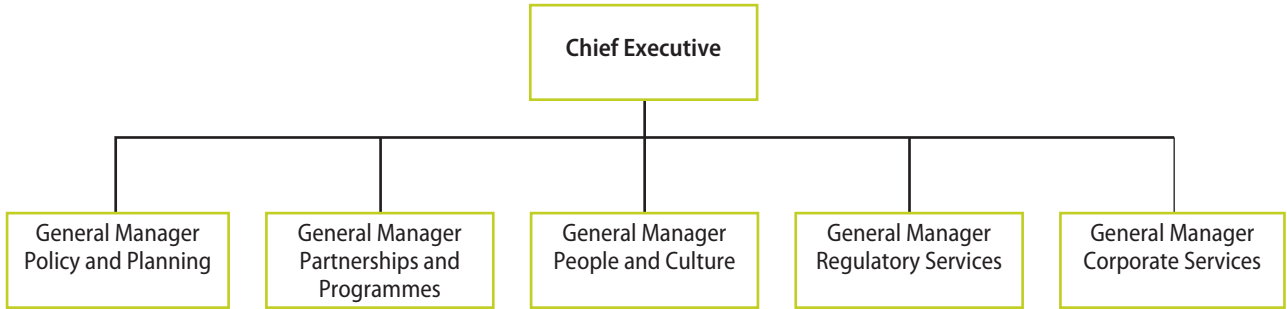
- The **Policy and Planning Group** is responsible for the development of strategic initiatives, policy development, advice and rule making, and provision of information that will contribute to delivering sustainable land transport. The group also manages the accountability relationships and facilitates the strategic planning for the organisation.
- The **Partnerships and Programmes Group** is responsible for developing and delivering land transport programmes, providing for engagement and relationship management with respect to partners and stakeholders, monitoring of organisations that receive funding, and monitoring the effectiveness of Land Transport NZ's programmes.
- The **Regulatory Services Group** is responsible for implementing regulatory frameworks and revenue collection. In particular, continually improving service delivery, developing strategy, managing agency relationships and contracts, monitoring and reviewing performance, managing entry and exit of users from the land transport system and, where necessary, ensuring appropriate disciplinary action. The group is also responsible for delivering on the contract with the Secretary of Transport for the motor vehicle registry and revenue management activities.
- The **Corporate Services Group** is responsible for providing service excellence to internal customers in the areas of finance, information systems and technology, information management and business services.
- The **People and Culture Group** is responsible for the development of business style and the implementation of people management and development strategies that enhance and increase both organisational capability and organisational development, and drive the integration of cross-organisational development.

The structure is supported by a number of processes and systems, including ways to work collaboratively, share resources and manage work programmes between groups as appropriate and to ensure timely and useful information is available for decision-making.

# Organisation structure

Figure 8 shows how the organisation is structured.

**Figure 8 | Land Transport NZ organisation structure**



## Capability development

Capability refers to the combination of people, resources, systems and structures, both now and in the future, for Land Transport NZ to achieve its key result areas and deliver services.

The importance of capability development is reflected in the establishment of a people and culture function whose manager reports directly to the Chief Executive and is a member of the leadership team.

Land Transport NZ has inherited some very strong capabilities from its parent organisations. However, delivering a sustainable transport system will require the development of new capabilities, wider application of existing skills and a culture that guarantees the desired service attributes.

Areas where Land Transport NZ has well-developed capabilities include:

- engineering
- rule making
- business and funding process management
- operational policy development
- information management
- registry management
- communications and social marketing.

While the organisation is yet to undertake a strategic planning exercise or gap analysis, it is already apparent that the organisation will need to:

- develop and/or enhance leadership and strategic management
- strengthen the ability to work with partners at all levels
- ensure that interventions and decisions are shaped by business intelligence and analysis
- evaluate the effectiveness of interventions
- influence land use planning and optimise transport’s contribution to the development of liveable and sustainable communities.

In the 2005/06 year, a significant amount of effort will be focused on the development of new human resource policies, job descriptions and employment agreements that reflect the role of Land Transport NZ. A human resources strategy will be developed as part of the overall strategic planning exercise as will a process of buying in to an appropriate values base.

Areas where work is already underway include:

- scoping the requirements for a business intelligence and analysis capability, to improve decision-making in the allocation of funding and targeting of regulatory interventions
- establishing ways of working that ensure the necessary co-ordination and co-operation within the organisation and in its relationships with sector and industry organisations
- developing an extended leadership team (the management team), which includes all third-tier managers plus specialised senior staff who will be responsible for the development and deployment of organisation-wide perspectives, culture development and leadership capability
- the development of a cohesive organisational culture that builds on the best of the previous organisations and engages the Contracts and Registry Centre as an integral part of Land Transport NZ
- the development of stakeholder engagement models in the partnerships and regulatory areas.



# Appendix 1

## Functions of Land Transport NZ

### Section 69. Land Transport Management Amendment Act 2004

- (1) The functions of the Authority are:
  - (a) to promote land transport sustainability in New Zealand
  - (b) to prepare and adopt a land transport programme under section 12A and a national land transport programme under section 19
  - (c) to review and revise the National Land Transport Programme in accordance with its most recent performance agreement
  - (d) to approve activities and activity classes
  - (e) to make payments from the National Land Transport Account as authorised by this Act
  - (f) to promote safe transport on land in New Zealand
  - (g) to provide safety information and advice, and to foster appropriate information education programmes that promote its objective
  - (h) to investigate and review accidents and incidents involving transport on land in its capacity as the responsible safety authority, subject to any limitations set out in the Transport Accident Investigation Commission Act 1990
  - (i) to approve procurement procedures under section 25
  - (j) to maintain and preserve records and documents concerning activities within the land transport system, and in particular to maintain the Land Transport Register under the Land Transport Act 1998
  - (k) to audit the performance of approved organisations in relation to activities approved by the Authority and the operation of the organisation's land transport disbursement account
  - (l) to assist and advise approved organisations in relation to the Authority's functions, duties and powers under this Act and the Land Transport Act 1998
  - (m) to fund research, education, and training activities and activity classes
  - (n) to provide the Minister with any advice relating to the Authority's functions that the Minister may request
  - (o) to co-operate with, or to provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister, but only if the Minister and the Authority are satisfied that the performance of the Authority's functions and duties will not be compromised
  - (p) to carry out any other functions relating to land transport that the Minister [[directs in accordance with section 112 of the Crown Entities Act 2004]].
- (2) The Authority's statutorily independent functions are:
  - (a) to determine whether particular activities should be included in a National Land Transport Programme
  - (b) to approve activities
  - (c) to approve procurement procedures.

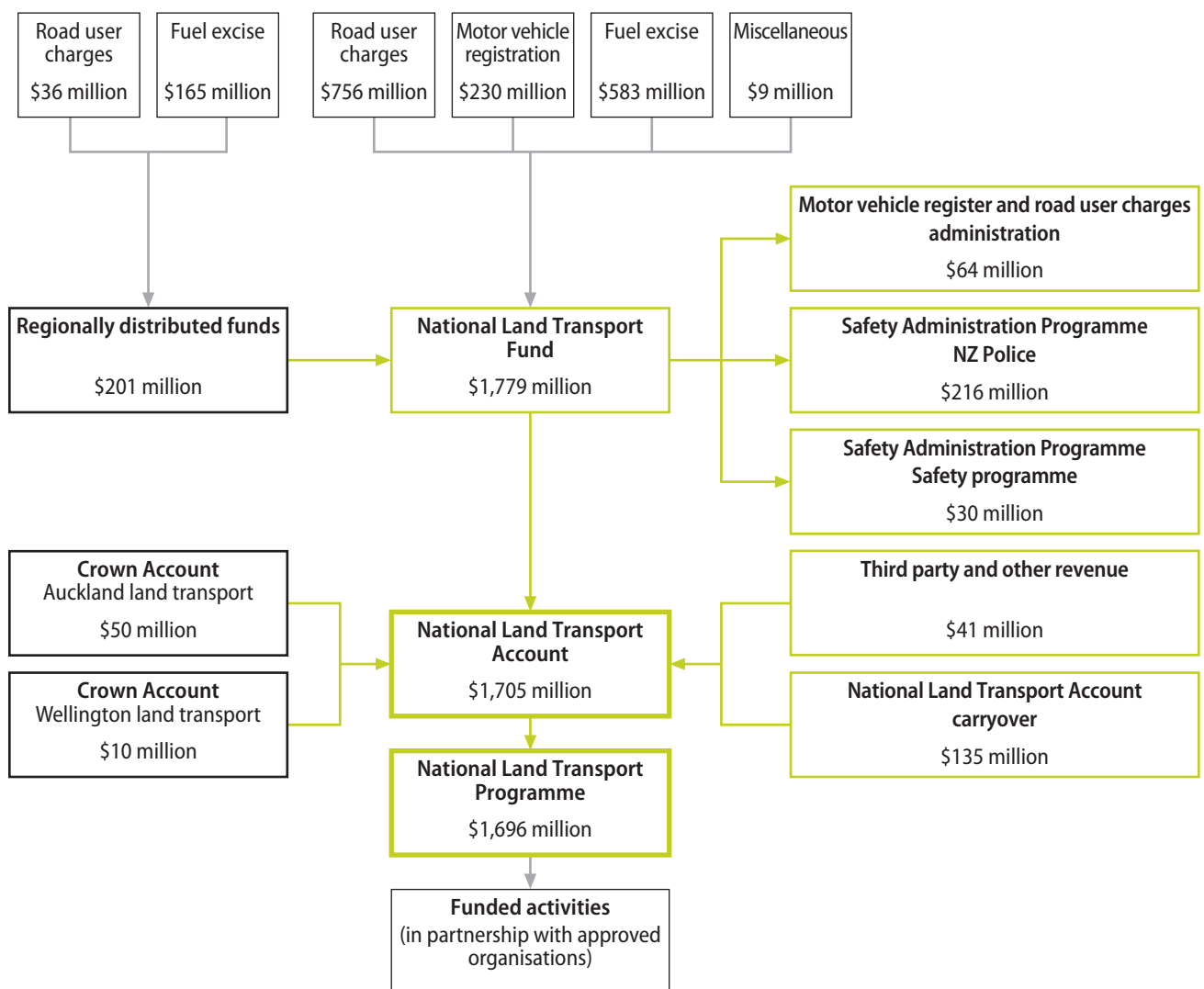
# Appendix 2

## Forecast financial statements

This appendix includes:

- Statement of accounting policies
- Forecast statement of financial performance
- Forecast statement of financial position
- Forecast statement of cash flows
- Forecast statement of estimated expenditure
- Forecast output class financial performance

**Figure 9 | Transport sector revenue flows for 2005/06**



In addition to the performance measures and targets stated for each of the output classes, there are stringent conditions attached to the receipt of funding from the National Land Transport Account as set out in the National Land Transport Programme agreements with approved organisations. Services provided in all the activity classes must be delivered in accordance with those conditions.

## Statement of accounting policies

### Reporting entity

Land Transport New Zealand (Land Transport NZ) is a Crown Entity established in December 2004 as the result of a re-organisation of the government transport sector. Land Transport NZ has a responsibility to work towards the development and delivery of an affordable, integrated, safe, responsive, and sustainable land transport system in line with the *New Zealand Transport Strategy* vision.

### Statutory base

Land Transport NZ's financial statements are prepared in accordance with the requirements of section 41 of the Public Finance Act 1989 and section 141 of the Crown Entities Act 2004.

### Measurement basis

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

### Accounting policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

### Budget figures

The budget figures contained in this *Statement of Intent 2005 to 2008* are those approved by the Land Transport NZ Board.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

The budget figures were prepared prior to the new organisation structure being finalised. Consequently, when actual results are reported in the annual report, they may differ from those contained here due to different cost drivers and a better understanding of the structure of the organisation.

### Revenue

Land Transport NZ derives revenue from:

- the National Land Transport Fund established under sections 8 to 11 of the Land Transport Management Act 2003
- fees and charges from regulatory activities
- the sale of goods and services
- contracts for delivery of motor vehicle registration activities, revenue management and rules development
- Crown revenue
- income from investments.

Revenue from the National Land Transport Fund is equal to the roading revenue collected less any liabilities incurred in relation to the collection of that revenue and the Safety Administration Programme, per section 9 (4) of the Land Transport Management Act 2003. The National Land Transport Fund Statement reports the revenue flows into the fund and the distributions from the fund.

### Expenditure

Operating expenses are recognised in the period to which they relate.

Approved organisations claims are recognised as expenditure in the period when the activity has been performed and up to the amount approved by the Board for that activity. Revenue received by Transit NZ, as per section 10 (6) of the Land Transport Management Act 2003, is treated as a reduction to expenditure.

### Financial instruments

Land Transport NZ is party to financial instruments as part of its everyday operations. These financial instruments include cash and bank balances, investments, accounts receivable and accounts payable. Investments are stated at the lower of cost or net realisable value. All revenue and expenditure relating to financial instruments is recognised in the Statement of Financial Performance.

### Accounts receivable

Accounts receivable are stated at their estimated realisable value, after providing for doubtful and non-collectable debts.

## Inventories

Inventories are stated at the lower of cost or estimated net realisable value.

## Fixed asset valuation

Fixed asset purchases are recorded at cost, and depreciated on a straight-line basis over their estimated useful lives. The minimum cost value for a purchase to be classified as a fixed asset is \$2,000.

## Depreciation of fixed assets

Depreciation is calculated on a straight-line basis at rates that will write off the cost of the assets over their estimated useful lives. The useful lives and associated depreciation rates used in these statements are as follows:

Asset class	Estimated life	Depreciation rate
Leasehold improvements	Life of the lease	
Plant and equipment	5 years	20%
Furniture and fittings	10 years	10%
Motor vehicles	4 years	25%
Office equipment	5 years	20%
Computer hardware	3 years	33%
Computer software	various	0%
Driver licence register system	10 years	10%

## Assets held at the time of transition

Assets held by Transfund NZ and the Land Transport Safety Authority (LTSA) as at 30 November 2004 were transferred to Land Transport NZ at net book value, and are depreciated over their remaining estimated useful life.

## Cost of service statements

The Statement of Service Performance reports the net cost of services for the outputs of Land Transport NZ and is represented by the costs of providing the output less all the revenue that can be allocated to these activities.

## Output costing

Land Transport NZ has derived the net cost of service for each significant activity using the cost allocation system outlined below.

### *Criteria for direct and indirect costs*

'Direct costs' are those costs directly attributed to an output. 'Indirect costs' are those costs that cannot be identified in an economically feasible manner with a specific output.

### *Direct costs assigned to outputs*

Direct costs are charged directly to outputs. Depreciation and capital charge are charged on the basis of asset utilisation. Personnel costs are charged on the basis of time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output.

### *Basis for assigning indirect and corporate costs to outputs*

Indirect costs are assigned to business units based on a number of cost drivers, the main driver being the proportion of direct costs for each output.

## **Taxation**

### *Income tax*

Land Transport NZ is a public authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

### *Goods and Services Tax (GST)*

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable that are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

## **Employee entitlements**

Provision is made in respect of Land Transport NZ's liability for annual leave, long service leave and retirement leave. Annual leave and other entitlements expected to settle within 12 months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay.

Entitlements that are payable beyond 12 months such as long service leave and retirement leave, have been calculated on an actuarial basis based on the present value of expected future entitlements.

## **Statement of cash flows**

Cash means cash balances on hand held in bank accounts, demand deposits and other liquid investments in which Land Transport NZ invests as part of its day-to-day cash management. All demand deposits are held with trading banks registered in New Zealand.

Operating activities include cash received from all income sources of Land Transport NZ and cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in the capital structure of Land Transport NZ.

## **Operating leases**

Land Transport NZ leases office premises, office equipment, and motor vehicles. As all the risks of ownership are retained by the lessor, these leases are classified as operating leases. Operating lease costs are charged as expenses in the period in which they are incurred.

## **Commitments**

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Commitments relating to employment contracts are not disclosed.

## **Contingent liabilities**

Contingent liabilities are disclosed at the time at which the contingency is evident.

## **Taxpayers' funds**

This is the Crown's net investment in the Crown entity, retained surpluses and the balance of all Memorandum accounts.

## **Changes in accounting policies**

Land Transport NZ is a new entity in its first year of operations. As such there cannot be any changes in accounting policies.

Land Transport NZ has integrated the accounting policies of Transfund NZ and the LTSA, including cost allocation accounting policies. All policies are in line with generally accepted accounting principles.



## Forecast statement of financial performance

For the year ended 30 June

(GST exclusive)	2005/06 \$' 000	2006/07 \$' 000	2007/08 \$' 000
<b>Revenue</b>			
Crown	62,701	117,425	142,203
Safety Administration Programme (SAP)	30,454	29,456	29,456
NLTP funding from NLTF	1,481,067	1,662,133	1,748,356
Contract services	49,899	50,554	51,251
Third party revenue	78,552	77,955	78,265
<b>Total revenue</b>	<b>1,702,673</b>	<b>1,937,523</b>	<b>2,049,531</b>
<b>Expenditure</b>			
Personnel expenses	39,073	41,145	41,308
Operating expenses	124,093	119,764	120,847
NLTP excluding operating costs	1,658,740	1,775,190	1,878,604
Depreciation	5,740	5,989	6,005
Capital charge	1,842	1,919	1,932
<b>Total expenditure</b>	<b>1,829,488</b>	<b>1,944,007</b>	<b>2,048,697</b>
<b>Surplus/(deficit) from operations</b>	<b>-126,815</b>	<b>-6,484</b>	<b>834</b>
Transfer to licensing memorandum account	70	0	0
<b>Surplus/deficit operations to be repaid</b>	<b>-126,885</b>	<b>-6,484</b>	<b>834</b>

## Forecast statement of financial position

as at 30 June

	2005/06 \$' 000	2006/07 \$' 000	2007/08 \$' 000
<b>Assets</b>			
Current assets			
Cash and investments	38,914	39,729	40,603
Prepayments	220	220	220
Inventory	180	180	180
Debtors and receivables	299,297	303,896	324,300
<b>Total current assets</b>	<b>338,611</b>	<b>344,025</b>	<b>365,303</b>
<b>Fixed assets</b>	<b>24,954</b>	<b>24,528</b>	<b>24,102</b>
<b>Total assets</b>	<b>363,565</b>	<b>368,553</b>	<b>389,405</b>
<b>Current liabilities</b>			
Creditors and payables	324,291	335,763	356,281
Holiday pay accrual	3,640	3,640	3,640
<b>Total current liabilities</b>	<b>327,931</b>	<b>339,403</b>	<b>359,921</b>
<b>Taxpayers funds</b>			
General funds	18,575	18,575	18,575
Memorandum account balances	3,714	3,714	3,714
Accumulated operating surplus/(deficit)	13,345	6,761	7,095
<b>Total taxpayers funds</b>	<b>35,634</b>	<b>29,150</b>	<b>29,484</b>
<b>Total liabilities and taxpayers' funds</b>	<b>363,565</b>	<b>368,553</b>	<b>389,405</b>

**Forecast statement of cash flows**

For the year ended 30 June

(GST exclusive)	2005/06 \$' 000	2006/07 \$' 000	2007/08 \$' 000
<b>Cash flows from operating activities</b>			
Cash provided from:			
Supply of outputs to Crown	62,701	117,425	142,203
Supply of outputs to SAP/NLTP	1,678,256	1,760,359	1,887,201
Supply of outputs to other: Third party	78,563	77,955	78,265
Cash disbursed to:			
Personnel expenses	-39,073	-41,145	-41,308
Operating cost of outputs	-1,914,576	-1,907,136	-2,058,859
Payment of capital charge to the Crown	-1,842	-1,919	-1,932
<b>Net cash flows from operations</b>	<b>-135,971</b>	<b>5,539</b>	<b>5,570</b>
<b>Cash flows from investing activities</b>			
Cash provided from:			
Sale of fixed assets	20	20	20
Cash disbursed to:			
Purchase of fixed assets	-4,768	-4,743	-4,716
<b>Net cash flows from investment</b>	<b>-4,748</b>	<b>-4,723</b>	<b>-4,696</b>
<b>Cash flows from financing activities</b>			
Cash provided from:			
Capital contribution from the Crown	0	0	0
Cash disbursed to:			
Cash to repayment of surplus to the Crown	-1,553	0	0
Repayment of capital to the Crown	0	0	0
<b>Net cash flows from financing</b>	<b>-1,553</b>	<b>0</b>	<b>0</b>
Net increase/(decrease) in cash held	-142,272	816	874
Opening cash balances	181,186	38,914	39,729
<b>Closing total cash balances</b>	<b>38,914</b>	<b>39,729</b>	<b>40,603</b>

## Forecast statement of estimated expenditure<sup>6</sup>

Output class	2005/06	2006/07	2007/08
(GST exclusive)	\$' 000	\$' 000	\$' 000
Licensing	47,939	44,960	44,960
Regulatory, implementation and enforcement	19,636	20,655	20,596
Motor vehicle registry and revenue management	60,852	61,711	62,718
Management of the funding allocation system	13,287	10,592	10,906
Research and performance monitoring	4,953	4,690	4,830
Promotion, information and education	31,601	30,453	30,453
Rail and sea freight	2,065	2,034	2,024
Transport demand management and walking and cycling	17,607	29,069	36,568
Passenger transport services	181,581	224,179	243,378
Maintenance of state highways (1)	174,470	185,288	203,312
Maintenance of local roads	167,715	177,778	188,445
New and improved infrastructure for local roads	312,410	359,806	382,223
Regional land transport	65,563	163,858	237,169
New and improved infrastructure for state highways (2)	664,559	552,504	465,804
Auckland land transport	64,000	62,066	77,311
Wellington land transport	1,250	14,864	36,000
<b>Total net expenditure</b>	<b>1,829,488</b>	<b>1,944,007</b>	<b>2,048,697</b>

**Note:**

(1) Net of Transit third party revenue

(2) Net of Transit property sales revenue

## Forecast output class financial performance

For the year ended 30 June 2006

	Crown	Crown	Crown		Total	Expenditure	Surplus/ (def)
(GST exclusive)	Crown	Contract (MoT)	NLTF/SAP	Third party	Total	Expenditure	Surplus/ (def)
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<b>Output classes</b>							
Licensing	1,655	0	444	45,910	48,009	47,939	70
Promotion, information and education	0	0	28,675	2,871	31,546	31,601	-55
Regulatory implementation, and enforcement	548	1,013	1,335	15,503	18,399	19,636	-1,237
Motor vehicle registry and revenue management	0	48,886	0	12,267	61,153	60,852	301
National Land Transport Programme	60,498	0	1,481,067	2,000	1,543,565	1,669,460	-125,895
<b>Total</b>	<b>62,701</b>	<b>49,899</b>	<b>1,511,521</b>	<b>78,552</b>	<b>1,702,673</b>	<b>1,829,488</b>	<b>-126,815</b>

For the year ended 30 June 2007

	Crown	Crown	Crown		Total	Expenditure	Surplus/ (def)
(GST exclusive)	Crown	Contract (MoT)	NLTF/SAP	Third party	Total	Expenditure	Surplus/ (def)
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<b>Output classes</b>							
Licensing	1,655	0	444	42,886	44,985	44,960	25
Promotion, information and education	0	0	27,677	2,821	30,498	30,453	454
Regulatory implementation, and enforcement	548	1,013	1,335	17,793	20,689	20,655	35
Motor vehicle registry and revenue management	0	49,541	0	12,455	61,996	61,711	285
National Land Transport Programme	115,222	0	1,662,133	2,000	1,779,355	1,786,228	-6,873
<b>Total</b>	<b>117,425</b>	<b>50,554</b>	<b>1,691,589</b>	<b>77,955</b>	<b>1,937,523</b>	<b>1,944,007</b>	<b>-6,484</b>

For the year ended 30 June 2008

	Crown	Crown	Crown		Total	Expenditure	Surplus/ (def)
(GST exclusive)	Crown	Contract (MoT)	NLTF/SAP	Third party	Total	Expenditure	Surplus/ (def)
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<b>Output classes</b>							
Licensing	1,655	0	444	42,886	44,985	44,960	25
Promotion, information and education	0	0	27,677	2,821	30,498	30,453	45
Regulatory implementation, and enforcement	548	1,013	1,335	17,793	20,689	20,596	93
Motor vehicle registry and revenue management	0	50,238	0	12,765	63,003	62,718	285
National Land Transport Programme	140,000	0	1,748,356	2,000	1,890,356	1,889,970	386
<b>Total</b>	<b>142,203</b>	<b>51,251</b>	<b>1,777,812</b>	<b>78,265</b>	<b>2,049,531</b>	<b>2,048,697</b>	<b>834</b>

# Appendix 3

## Policy direction – regional development

On 9 October 2002, the Minister of Transport gave a Ministerial Direction to Transfund New Zealand on regional development. The direction stated:

*Pursuant to Section 3F of the Transit New Zealand Act 1989, and in accordance with the government's regional development land transport policy, I direct Transfund New Zealand to increase the financial assistance rate to 100 percent for the following councils for roads and alternatives to roads projects that are eligible for and are funded from the National road account output: Regional development capital and output: Regional development maintenance:*

- *Far North District Council*
- *Kaipara District Council*
- *Whangarei District Council*
- *Northland Regional Council*
- *Gisborne District Council*
- *Wairoa District Council*

### Background

1. On 28 February 2002, the government agreed to the allocation of \$30 million through the National Land Transport Fund, over a 16-month period, for regional development (roading and alternatives to roading). The government decided that its regional development priority was to assist local authorities (and other public bodies) to meet specific needs where regional development and alternatives to roads were constrained by inadequate investment. The government also agreed that regional development investment would be focused on areas of acute need such as the East Cape and Northland.
2. The councils from Northland and East Cape informed the government that they could not fund their contribution for roads and alternatives to roads aimed at regional development.
3. This direction recognised the decisions in (1) above and the Northland and East Cape council's financial situation outlined in (2) above. The government also agreed that, while this direction required Transfund New Zealand to provide 100 percent funding for regional development roads and alternatives to roading for the named councils, those councils' overall contribution to land transport investment was to be maintained.

# Appendix 4

## Output and activity classes

In October 2004, the Ministry of Transport, in consultation with Transfund NZ and the Land Transport Safety Authority (LTSA), began work on a revised output class structure for Land Transport NZ. The opportunity was taken to not only combine the two pre-existing sets of output classes, but to review and refine them.

In addition, a set of activity classes closely aligned with the output classes was devised for the new organisation.

The schedule of forecast service performance is formatted according to the output class structure. As an organisation, we work more directly with activity classes, but as alignment between the two is quite close, this doesn't represent a major problem.

The major difference occurs with respect to regionally distributed funds, the output class structure shows these funds aggregated into regional output classes, whereas data presented by activity class will show these funds allocated into the appropriate activity class (the activity class breakdown shows the destination of the funding rather than the origin).

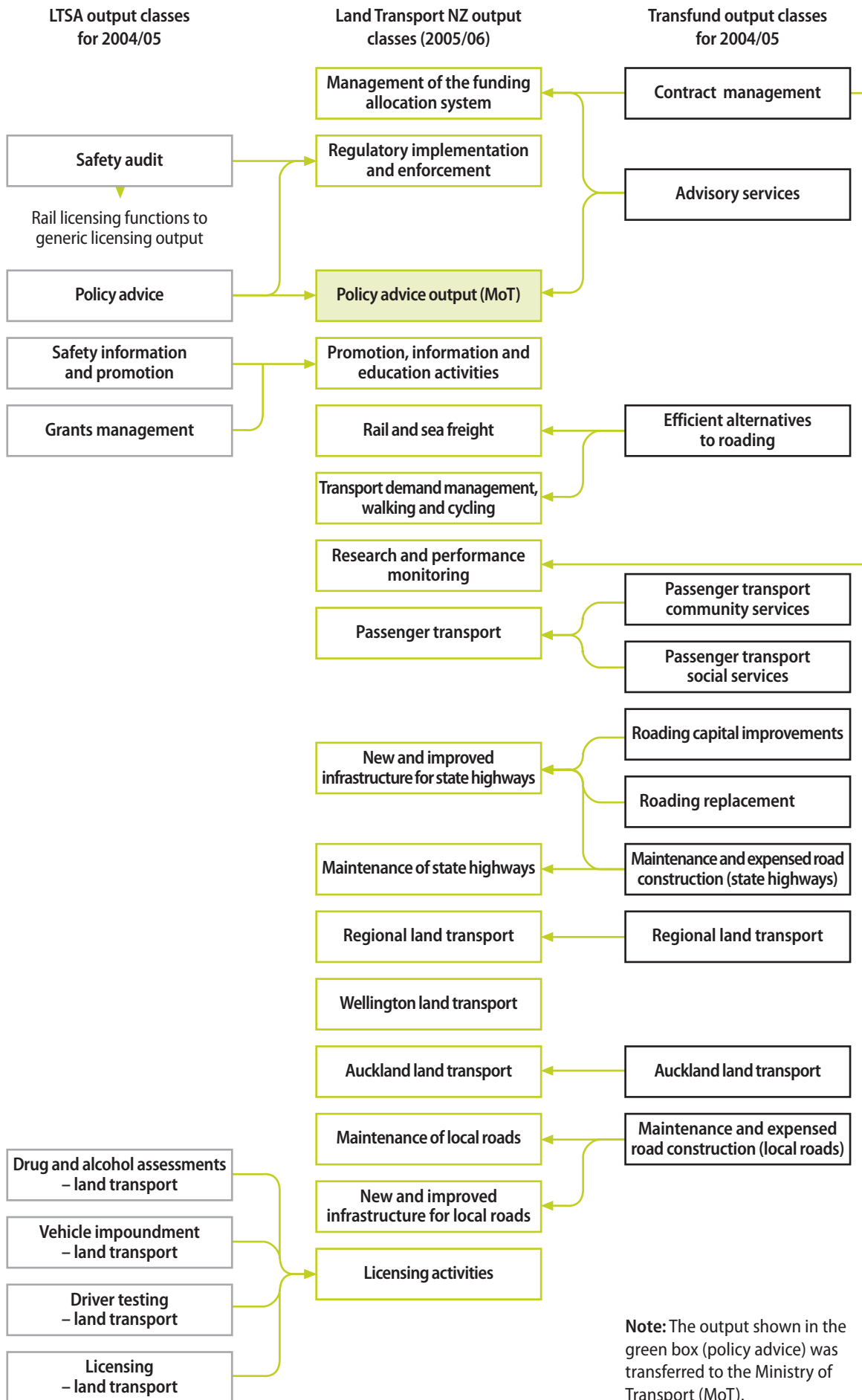
Figure 10 shows the way in which the set of Land Transport NZ output classes have been derived from those for the preceding organisations, Transfund NZ and the LTSA. The strategic policy advice function has been transferred to the Ministry of Transport, so Land Transport NZ has not retained an output class specific to this function. Land Transport NZ will still continue to develop operational policy, but this activity will be captured in other output classes.

Figure 11 shows the relationship between output classes and activity classes. When Land Transport NZ publishes land transport data, the focus is on the activities being undertaken or funding, so the activity class structure will be used for this purpose.

On Thursday 23 June 2005, the government announced its intention to provide an additional \$500 million for funding land transport activities.

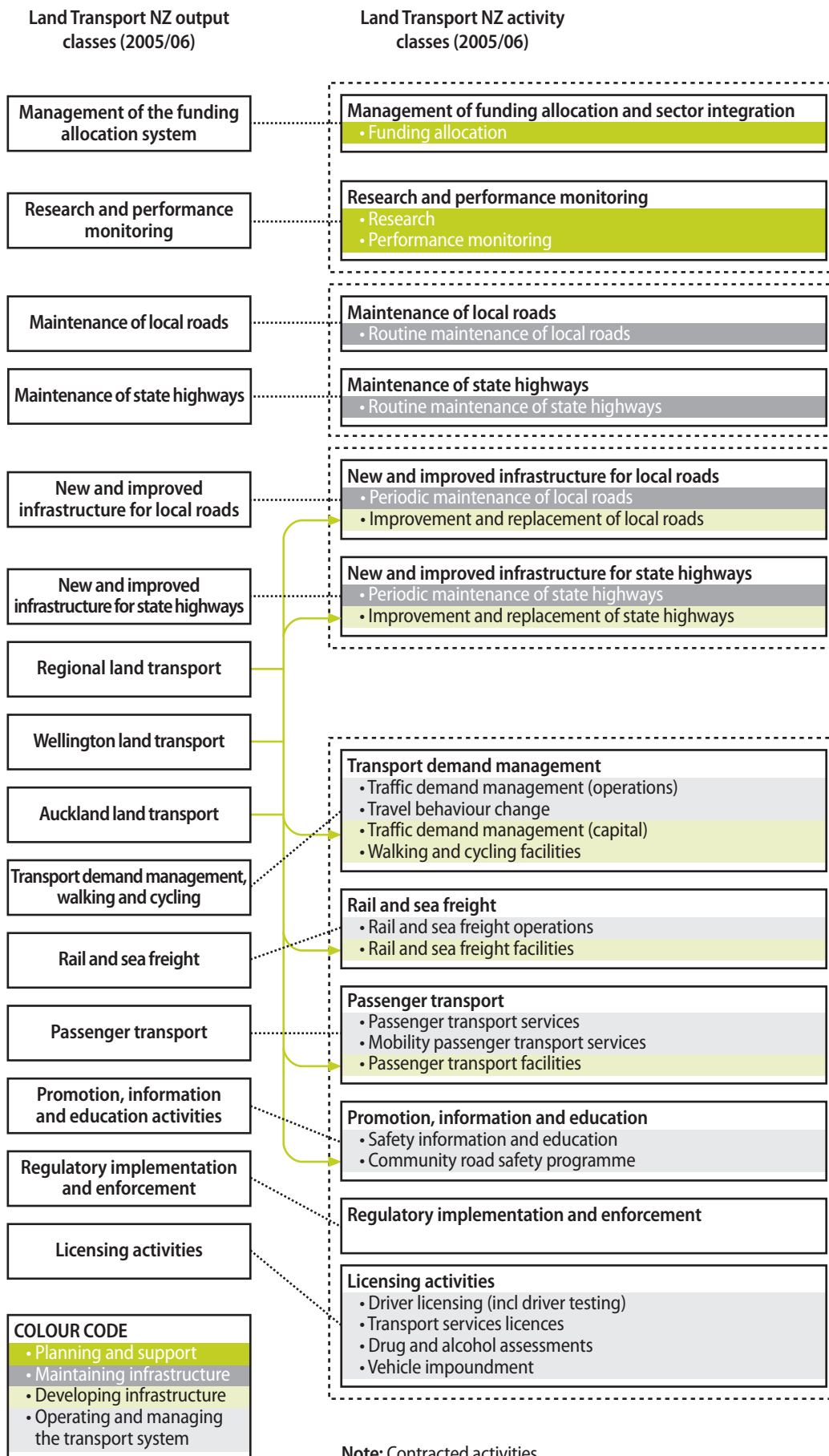
As the specifics for this funding have not been finalised at the time of drafting this document, it has not been possible to include this amount as Land Transport NZ revenue. Hence, it has not been included in the National Land Transport Programme or in the statement of forecast service performance.

**Figure 10 | Land Transport NZ output classes**



**Note:** The output shown in the green box (policy advice) was transferred to the Ministry of Transport (MoT).

**Figure 11 | Mapping of Land Transport NZ output classes to activity classes**





# Appendix 5

## Statement of forecast service performance

Land Transport NZ's output classes fall into two distinct categories:

- those delivered directly by Land Transport NZ (or contracted agents)
- those delivered by approved organisations (with Land Transport NZ funding support).

The performance measures contained in this appendix have been assembled from those for the two pre-existing organisations, Transfund NZ and the Land Transport Safety Authority, with some revision. Land Transport NZ will work with the Ministry of Transport over 2005/06 to further review and refine the set of performance measures.

### Output classes delivered by Land Transport NZ

Output class	Brief description
Research and performance monitoring	<ul style="list-style-type: none"> <li>• Organisation and publication of research</li> <li>• Monitoring of land transport inputs, outputs, impacts and consequences</li> </ul>
Promotion, information and education activities	<ul style="list-style-type: none"> <li>• Promotion of land transport safety and sustainability</li> <li>• Provision of information and advice to government and stakeholders on issues relating to Land Transport NZ functions</li> <li>• Servicing of the Road Safety Trust</li> <li>• Safety Administration Programme</li> </ul>
Regulatory, implementation and enforcement	<ul style="list-style-type: none"> <li>• Rules development (under contract to the Ministry of Transport)</li> <li>• Delivery of regulatory services, including investigation and review of accidents and incidents involving land transport</li> </ul>
Licensing activities	<ul style="list-style-type: none"> <li>• Provision of licensing and driver testing services</li> <li>• Payment of fees to storage providers for unclaimed vehicles impounded by the NZ Police</li> <li>• Payment of drug and alcohol assessment fees</li> </ul>
Management of the funding allocation system	<ul style="list-style-type: none"> <li>• Management of the National Land Transport Account, (includes the development and administration of the National Land Transport Programme and procurement procedures, policies and guidelines and performance agreements with approved organisations)</li> <li>• The audit of approved organisations in relation to activities approved by Land Transport NZ and the operation of the organisation's land transport disbursement account</li> <li>• Assistance and advice to approved organisations</li> </ul>
Motor vehicle registry and revenue management	<ul style="list-style-type: none"> <li>• The provision of an administrative and accounting service, under contract to the Ministry of Transport, for:               <ul style="list-style-type: none"> <li>– motor vehicle registration and licensing fees</li> <li>– road user distance/weight and time licences</li> <li>– fuel excise duty credited to the National Land Transport Fund</li> </ul> </li> </ul>

## Output classes delivered by approved organisations and funded by Land Transport NZ

Output class	Brief description
Rail and sea freight	Co-funding of initiatives that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road
Transport demand management, walking and cycling	Co-funding of: <ul style="list-style-type: none"> <li>• initiatives to improve the management of land transport networks</li> <li>• travel behaviour change initiatives</li> <li>• new and improved walking and cycling initiatives (including infrastructure)</li> </ul>
Passenger transport	Co-funding of passenger transport infrastructure and services
Regional land transport	The allocation of Crown funding for regional land transport priorities including: <ul style="list-style-type: none"> <li>• promotion, information and education</li> <li>• new and improved land transport infrastructure and services</li> <li>• transport demand management</li> <li>• the allocation of Crown funding for the improvement of roads for the regional development of Northland and Tairāwhiti</li> </ul>
Auckland land transport	The allocation of Crown funding for Auckland land transport, with priority given to capital investment for: <ul style="list-style-type: none"> <li>• improvements to passenger transport services and infrastructure</li> <li>• transport demand management</li> <li>• improvements to strategic roads</li> </ul>
Wellington land transport	The allocation of Crown funding for Wellington land transport, with priority given to capital investment for: <ul style="list-style-type: none"> <li>• retaining passenger mode share</li> <li>• reducing congestion and improving access through: <ul style="list-style-type: none"> <li>- transport demand management</li> <li>- enhancing passenger transport</li> <li>- strategic roading</li> </ul> </li> </ul>
New and improved infrastructure for state highways	The allocation of Crown funding for capital improvements of state highways infrastructure
Maintenance of state highways	The allocation of Crown funding for the routine and periodic maintenance of state highways
New and improved infrastructure for local roads	Co-funding of local roads capital improvements
Maintenance of local roads	Co-funding of the routine and periodic maintenance of local roads infrastructure

## Output class | Research and performance monitoring

### Description

Under this output class Land Transport NZ will:

- organise and publish research
- co-ordinate and report performance monitoring of the land transport system.

### Results sought

Improved formulation and delivery of strategies and programmes through effective and efficient:

- organisation and publication of research
- monitoring of land transport inputs, outputs, impacts and consequences.

### Delivery

This output class is delivered directly by Land Transport NZ (or contracted agents).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Publication of research findings in Land Transport Research (previously TranSearch)	3 issues	4 issues	4 issues	4 issues	4 issues
Publication of performance information	1 issue	New, 1 issue	1 issue	1 issue	1 issue
% of funding allocation <sup>7</sup> (by theme)		New			
Asset management	40%	40%	30–40%	No change	No change
Natural hazard risk management	4%	1%	1–5%	Decrease	Decrease
Safety and personal security	13%	16%	5–15%	No change	No change
Environmental effects	19%	11%	15–20%	No change	No change
Travel behaviour change	16%	8.50%	10–25%	Increase	Increase
Traffic management	8%	9%	5–15%	No change	No change
Sustainable land transport	0	14.50%	10–25%	Increase	Increase
Performance measure	Actual 2003/04	Target 2004/05	Target 2005/06	Target 2006/07	Target 2007/08
<b>Quality</b>					
% of approved organisations and relevant transport industry representatives that agree that Land Transport NZ's research programme adds value to the land transport industry.		New	≥80%	≥80%	≥80%
% of approved organisations and relevant transport industry representatives that agree that performance monitoring adds value to the land transport industry		New	≥80%	≥80%	≥80%
% of research projects completed on time	64%	≥75%	≥75%	≥75%	≥75%
% of approved organisations and land transport industry representatives that agree that Land Transport NZ's <b>industry training</b> adds value to the land transport industry	78%	≥80%	≥80%	≥80%	≥80%
<b>Total cost (\$,000)</b>	<b>2,458<sup>8</sup></b>	<b>3,920<sup>8</sup></b>	<b>4,953</b>	<b>4,690</b>	<b>4,830</b>

## Output class | Promotion, information and education activities

<b>Description</b>					
Under this output class Land Transport NZ will:					
<ul style="list-style-type: none"> <li>• promote land transport sustainability</li> <li>• promote safe land transport</li> <li>• provide information and advice to government and stakeholders on issues relating to Land Transport NZ functions</li> <li>• service the Road Safety Trust.</li> </ul>					
<b>Results sought</b>					
Progress towards a safer, more sustainable land transport system through effective and efficient:					
<ul style="list-style-type: none"> <li>• promotion of land transport sustainability</li> <li>• promotion of safe land transport</li> <li>• provision of information and advice.</li> </ul>					
<b>Delivery</b>					
This output class is delivered directly by Land Transport NZ (or contracted agents).					
<b>Performance measure</b>	<b>Actual 2003/04</b>	<b>Estimate 2004/05</b>	<b>Estimate 2005/06</b>	<b>Estimate 2006/07</b>	<b>Estimate 2007/08</b>
<b>Quantity</b>					
Number of contracts for delivery of the Community Road Safety Programme	159	150–180	150–180	150–180	150–180
Number of schools participating in the Road Safety Education Programme	966	1,000	1,000	1,000	1,000
Number of issues of Land Transport NZ News	11	11	11	11	11
Number of road codes reviewed and updated	3	3	3	3	3
Number of manuals and standards issued	8	4	4	4	4
Road safety data and issues reports	101	74	74	74	74
General land transport publications	43	40	40	40	40
National Community Road Safety Conference or Symposium	1	1	1	1	1
Number of Australian New Car Assessment Programme (ANCAP) advertising initiatives completed	2	2	1	1	1
Number of road safety advertising campaigns for Maori and Pacific peoples	2	2	2	2	2
Road safety advertising package – number of themed flights (flights) and average number of targeted audience rating points (TARPs) purchased	18 flights 953 TARPs	18 flights 666 TARPs	18 flights 666 TARPs	18 flights 666 TARPs	18 flights 666 TARPs
% of media spend on television	72%	65%–75%	65%–75%	65%–75%	65%–75%
<b>Performance measure</b>	<b>Actual 2003/04</b>	<b>Target 2004/05</b>	<b>Target 2005/06</b>	<b>Target 2006/07</b>	<b>Target 2007/08</b>
<b>Quality</b>					
% of Community Road Safety Programme providers who rate Land Transport NZ <b>assistance and advice</b> as very good or better based on independent surveys against agreed criteria		New	≥75%	≥75%	≥75%
% of survey respondents who rate <b>publications</b> as useful or better	83%	≥75%	≥75%	≥75%	≥75%
Total unprompted recall by the target audience of road safety television commercials, tested quarterly and averaged over 12 months	83%	≥70%	≥70%	≥70%	≥70%
Relevance of road safety television commercials to the target audience, tested quarterly and averaged over 12 months	60%	≥60%	≥60%	≥60%	≥60%
<b>Total cost (\$,000)</b>		<b>New</b>	<b>31,601</b>	<b>30,453</b>	<b>30,453</b>

## Output class | Regulatory implementation and enforcement

### Description

Under this output class Land Transport NZ will:

- develop rules<sup>9</sup>
- provide regulatory services, including enforcement, in relation to vehicle certification, vehicle inspection and certifying organisations, driver licence administration, driver testing, driver licence course provision, border check processes, licensed transport service operations, transport operator vehicle fleet audits.

### Results sought

Progress towards a safer, more sustainable land transport system with reduced adverse impacts on the environment and public health, through effective and efficient:

- rules development<sup>9</sup>
- delivery of regulatory services and enforcement.

### Delivery

This output class is delivered directly by Land Transport NZ (or contracted agents).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Number of rules signed <sup>9</sup>	1	6	5	5	2
Number of rules underway <sup>9</sup>	9	3	0	2	5
Number of rules to be started <sup>9</sup>	1	2	7	5	0
Reviews of vehicle inspectors and inspecting organisations	2,689	2,500-2,900	1,800-2,200	1,800-2,200	1,800-2,200
Audits of driver licence administration	30	30	30	30	30
Audits of driver testing officers	67	30	30	30	30
Audits of driver licence course providers	42	100-120	140-160	140-160	140-160
Audits of licensed transport service operations	181	100-120	100-120	100-120	100-120
Audits of transport operator vehicle fleets	80	40-50	40-50	40-50	40-50
Random roadside audits of transport service vehicles	69	20-40	20-40	20-40	20-40
Reports on audits of border check agencies	4	4	4	4	4
Complaints investigated	200	422	200	200	200
Joint crash investigations	34	15-21	15-21	15-21	15-21
Road controlling authorities surveyed on 1-2 topics	33	30	30	30	30
Monitoring of rail operator's annual audits	91	65-85	65-85	65-85	65-85
Special focus rail audits	4	4	0-4	0-4	0-4
Number of Transport Accident Investigation Commission rail safety recommendations	0	4	0-2	0-2	0-2
% of Transport Accident Investigation Commission recommendations actioned and reported		New	100%	100%	100%
New safety management systems adopted by road controlling authorities	20	15	5	5	5
Safety management system implementation trials undertaken	16	20	20	15	15
Draft responses to ministerial correspondence		New	300-400	300-400	300-400
Draft responses to parliamentary questions		New	90-120	90-120	90-120
Direct responses to ministerial correspondence		New	200-400	200-400	200-400

**Output class | Regulatory implementation and enforcement** *(continued)*

<b>Performance measure</b>	<b>Actual 2003/04</b>	<b>Target 2004/05</b>	<b>Target 2005/06</b>	<b>Target 2006/07</b>	<b>Target 2007/08</b>
<b>Quality</b>					
% of safety-critical non-compliances rectified to the satisfaction of the Chief Executive within 30 days		New	100%	100%	100%
% of driver tests that comply with the Land Transport NZ <i>Driver Testing Officers Manual</i> (as determined by audit)	99%	95%	95%	95%	95%
% of draft responses to Ministerial correspondence and parliamentary questions accepted by the Minister		New	≥95%	≥95%	≥95%
% of Ministerial correspondence responded to within 12 working days		New	100%	100%	100%
% of parliamentary questions delivered within agreed timeframes	100%	100%	100%	100%	100%
<b>Total cost (\$,000)</b>		<b>New</b>	<b>19,636</b>	<b>20,655</b>	<b>20,596</b>

## Output class | Licensing activities

### Description

Under this output class Land Transport NZ, using Crown and third party funding, will:

- provide driver licensing and testing services for the land transport sector
- pay fees to storage providers for unclaimed vehicles impounded by the NZ Police
- pay drug and alcohol assessment fees.

### Results sought

Progress towards a safer, more secure land transport system through effective and efficient delivery of licensing activities.

### Delivery

This output class is delivered directly by Land Transport NZ (or contracted agents).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Driver licences issued (new, renewals, endorsements, overseas conversions and conversions/upgrades)	662,336	650,000-700,000	700,000	715,000	730,000
Transport services licences issued	3,985	2,500-3,500	2,500-3,500	2,500-3,500	2,500-3,500
Overdimension permits issued	6,832	7,500-8,000	7,500-8,000	7,500-8,000	7,500-8,000
Theory, practical and older driver tests	389,336	350,000-450,000	410,000	425,000	440,000
Number of vehicle impoundment payments	3,062	4,800-5,000	4,800-5,000	4,800-5,000	4,800-5,000
Number of drug and alcohol assessments	1,265	1,400	1,400	1,400	1,400
Performance measure	Actual 2003/04	Target 2004/05	Target 2005/06	Target 2006/07	Target 2007/08
<b>Quality</b>					
Appeals on points of law or procedural matters sustained regarding the Chief Executive's decisions	Nil	Nil	Nil	Nil	Nil
% of licences issued within specified timeframes	100%	100%	100%	100%	100%
% of ordinary and special overdimension permits issued within specified timeframes	100%	≥98%	≥98%	≥98%	≥98%
% of driver tests delivered within timeliness guidelines	92%	≥95%	≥95%	≥95%	≥95%
<b>Total cost (\$,000)</b>		<b>New</b>	<b>47,939</b>	<b>44,960</b>	<b>44,960</b>

## Output class | Management of the funding allocation system

### Description

Under this output class Land Transport NZ will:

- manage the National Land Transport Account, including the development and administration of:
  - the National Land Transport Programme (NLTP) funded from the National Land Transport Fund
  - procurement procedures, policies and guidelines
  - performance agreements with approved organisations, as service providers, to record the arrangements between the parties for the implementation of the NLTP
- audit approved organisations in relation to activities approved by Land Transport NZ, and the operation of the organisation's land transport disbursement account.
- assist and advise approved organisations with their contribution towards an affordable, integrated, safe, responsive and sustainable land transport system.

### Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient management of the funding allocation system.

### Delivery

This output class is delivered directly by Land Transport NZ (or contracted agents).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Number of approved organisations audited	30	29	29	29	29
Number of activities subject to post-implementation audits	9	9	9	9	9
Performance measure	Actual 2003/04	Target 2004/05	Target 2005/06	Target 2006/07	Target 2007/08
<b>Quality</b>					
Generally applied funding priority threshold (seriousness and urgency of the problem, effectiveness of the solution, efficiency of the solution)		New	Medium Medium High	Medium Medium High	Medium Medium High
% of all activities that delivered the <b>forecast benefits</b> (as determined by post-implementation reviews/audits)		New	100%	100%	100%
% of all activities delivered at <b>forecast cost</b> (as determined by post-implementation reviews/audits)		New	100%	100%	100%
% of relevant stakeholders who rate the way in which Land Transport NZ <b>assists and advises stakeholders</b> to formulate proposed activities and procurement procedures as 'very good' or better based on independent surveys against agreed criteria		New	>75%	>75%	>75%
% of relevant stakeholders who rate the way in which Land Transport NZ <b>processes and administers funding applications and procurement procedures</b> as 'very good' or better based on independent surveys against agreed criteria		New	>75%	>75%	>75%
% of relevant stakeholders who rate the way in which Land Transport NZ undertakes its <b>auditing</b> activities as 'very good' or better based on independent surveys against agreed criteria		New	>75%	>75%	>75%
% of <b>issues raised in audits</b> of approved organisations that are resolved within agreed time-frames	74%	100%	100%	100%	100%
Publication of the NLTP for the following financial year no later than 30 June	Yes	Yes	Yes	Yes	Yes
% of agreements with approved organisations that are in place by 31 July	75% by 30 June	New	100%	100%	100%
Efficiency of <b>new works</b> in the NLTP as measured by benefit/cost ratio (average for applicable approved activities)	3.8	New	>2	>2	>2
Land Transport NZ costs for management of the funding allocation system as a % of the total cost of the National Land Transport Programme		New	<1%	<1%	<1%
<b>Total cost (\$,000)</b>		<b>New</b>	<b>13,287</b>	<b>10,592</b>	<b>10,906</b>



<b>Description</b>					
The provision of an administrative and accounting service for the collection and refund of motor vehicle registration and licensing fees and ACC levies; road user distance/weight and time licences; and fuel excise duty credited to the National Land Transport Fund. Land Transport NZ is contracted to provide these services under an agreement with the Secretary for Transport.					
<b>Results sought</b>					
Improved planning, maintenance, management and development of the land transport system through effective and efficient management of the motor vehicle registry and revenue collection.					
<b>Delivery</b>					
This output class is delivered directly by Land Transport NZ (or contracted agents).					
<b>Performance measure</b>	<b>Actual 2003/04</b>	<b>Estimate 2004/05</b>	<b>Estimate 2005/06</b>	<b>Estimate 2006/07</b>	<b>Estimate 2007/08</b>
<b>Quantity</b>					
<i>Collection and refund of revenue</i>					
Motor vehicle new registration	325,335	340,000	340,000	345,000	355,000
Motor vehicle licences	4,870,751	5,100,000	5,300,000	5,400,000	5,550,000
Motor vehicle change of ownership	959,781	1,100,000	1,050,000	1,100,000	1,100,000
Other licensing transactions	625,249	910,000	870,000	870,000	870,000
Road user charge licences	1,882,856	1,940,000	2,000,000	2,100,000	2,200,000
Road user charge refunds	286,000	290,000	290,000	290,000	290,000
Fuel excise duty refunds	13,000	14,000	14,000	14,000	14,000
<i>Motor vehicle information</i>					
Number of motor vehicle information requests	6,141,365	6.0-6.4m	10.0m	6.0m	6.0m
<i>Evasion detection and enforcement</i>					
Number of road user charge investigations	76	90-110	90-110	90-110	90-110
Number of road user charge audits	3,323	3,000-4,500	3,000-4,500	3,000-4,500	3,000-4,500
Number of road user charge surveys	37	60-80	60-80	60-80	60-80
Number of light vehicle audits	7,721	2,500-3,000	10,000-12,000	10,000-12,000	10,000-12,000
<b>Performance measure</b>	<b>Actual 2003/04</b>	<b>Target 2004/05</b>	<b>Target 2005/06</b>	<b>Target 2006/07</b>	<b>Target 2007/08</b>
<b>Quality</b>					
<i>Collection and refund of revenue</i>					
Unplanned outage of LANDATA <sup>10</sup> computer system	0.6 hours	<48 hours	<48 hours	<48 hours	<48 hours
Accuracy of LANDATA <sup>10</sup> computer system records (by random sample)	99%	≥95%	≥95%	≥95%	≥95%
% of motor vehicle registry and road user charge licence customers who rate the services provided as 'good' or better based on independent survey	96%	≥90%	≥90%	≥90%	≥90%
Road user charge and motor vehicle registry total costs per transaction	\$6.04	\$6.12	\$6.11	\$6.11	\$6.11
<i>Motor vehicle information</i>					
% of users who rank motor vehicle registry supplied data as meeting their expectations, based on independent survey	86%	≥90%	≥90%	≥90%	≥90%
<i>Evasion detection and enforcement</i>					
Amount of identified and proven road user charge revenue evasion	\$8.9m	\$5-6m	\$8-10m	\$8-10m	\$8-10m
Amount of revenue recovered from road user charge evasion	0	New	0	0	0
Amount of revenue from road user charge and motor vehicle registry evasion written off as bad debt	0	New	0	0	0
<b>Total cost (\$,000)</b>	<b>50,351</b>	<b>59,411</b>	<b>60,852</b>	<b>61,711</b>	<b>62,718</b>

10 | LANDATA is the register for motor vehicles, road user charges and the vehicle inspection system

## Output class | Rail and sea freight

### Description

Under this output class Land Transport NZ will co-fund, with approved organisations, initiatives that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road.

### Results sought

Progress towards a safer, more integrated and sustainable land transport system through effective and efficient use of alternatives to road freight.

### Delivery

This output class is delivered by approved organisations (with Land Transport NZ funding support).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Freight diverted from road to rail (million tonne-km)		New	22.0	22.0	22.0
Freight diverted from road to coastal shipping (million tonne-km)		New	8.4	8.4	8.4
Number of currently funded activities		New	5	5	5
<b>Quality</b>					
% of allocated funds actually spent		New	100%	100%	100%
Forecast efficiency ratio (average for approved new activities)		New	>1	>1	>1
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/ audits)		New	100%	100%	100%
<b>Total cost (\$,000)</b>		<b>New</b>	<b>2,065</b>	<b>2,034</b>	<b>2,024</b>

## Output class | Transport demand management, walking and cycling

### Description

Under this output class Land Transport NZ will co-fund, with approved organisations:

- initiatives to improve the management and use of land transport networks
- travel behaviour change initiatives
- new and improved walking and cycling infrastructure.

### Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient activities that:

- improve the management and use of land transport networks
- reduce dependence on private motor vehicles
- develop new and improved walking and cycling infrastructure.

### Delivery

This output class is delivered by approved organisations (with Land Transport NZ funding support).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Number of school travel plans funded		New	100	120	140
Number of work place travel plans funded		New	40	80	120
Length of walkway/cycleway funded (km)		New	100	120	140
<b>Quality</b>					
% of allocated funds actually spent		New	100%	100%	100%
Forecast benefit/cost ratio (average for approved new activities)		New	>1	>1	>1
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/ audits)		New	100%	100%	100%
<b>Total cost (\$,000)</b>		New	17,607	29,069	36,568

## Output class | Passenger transport

### Description

Under this output class Land Transport NZ will co-fund non-commercial road, rail and ferry infrastructure and services from approved organisations.

### Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient activities that increase access to and use of passenger transport services.

### Delivery

This output class is delivered by approved organisations (with Land Transport NZ funding support).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Total boardings on buses (million)		New	92.0	96.0	99.0
Total boardings on ferries (million)		New	4.0	4.2	4.4
Total boardings on rail (million)		New	15.0	17.0	19.0
Total mobility boardings (million)	1.7	2.0	1.9	2.0	2.0
Total passenger-km on buses (million)		New	650	680	710
Total passenger-km on ferries (million)		New	39	41	43
Total passenger-km on rail (million)		New	330	360	400
Length of dedicated bus-lane funded (km)		New	4	5	6
<b>Quality</b>					
User satisfaction, as measured by the % of users who rate <b>passenger transport services</b> as 'good' or better by an annual independent survey	76%	≥75%	≥75%	≥75%	≥75%
User satisfaction, as measured by the % of users who rate <b>total mobility services</b> as 'good' or better by an annual independent survey		New	≥75%	≥75%	≥75%
Land Transport NZ subsidy per passenger boarding on buses		New	\$0.90	\$0.93	\$1.00
Land Transport NZ subsidy per passenger boarding on ferries		New	\$0.39	\$0.46	\$0.54
Land Transport NZ subsidy per passenger boarding on rail		New	\$2.73	\$2.66	\$2.41
Land Transport NZ subsidy per passenger-km	\$0.13	\$0.11	\$0.12	\$0.12	\$0.12
% of total costs recovered by fares on non-commercial services					
Forecast benefit / cost ratio (average for approved new activities)		New	>1	>1	>1
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)		New	100%	100%	100%
<b>Total cost (\$,000)</b>		<b>New</b>	<b>181,581</b>	<b>224,179</b>	<b>243,378</b>

## Output class | Regional land transport

### Description

Under this output class Land Transport NZ will fund regional priority land transport activities and the improvement of roads for the regional development of Northland and Tairāwhiti.

### Delivery

This output class is delivered by approved organisations (with Land Transport NZ funding support).

## Output - Regionally distributed land transport funds

### Description

Under this output Land Transport NZ will fund regional priority land transport activities.

### Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system in each region by contributing effectively and efficiently towards:

- promotion, information and education
- new and improved land transport infrastructure and services
- transport demand management.

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
% of funds allocated to output classes:		New			
Transport demand management, walking and cycling			10	10	10
Passenger transport			26	26	26
New and improved state highways			48	48	48
New and improved local roads			16	16	16
<b>Quality</b>					
% of allocated funds actually spent <i>NB – specifics of performance reported within other output classes</i>		New	100%	100%	100%
<b>Total cost (\$,000)</b>		Nil	65,563	163,858	237,169

## Output - Regional development

### Description

Under this output Land Transport NZ will fund the improvement of roads for the regional development of Northland and Tairāwhiti.

### Results sought

Progress towards a more responsive land transport system by assisting regional economic development through effective and efficient improvements to land transport infrastructure.

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
% of funds allocated to output classes:		New			
New and improved state highways	0.2%	0.6%	0%		
New and improved local roads	99.8%	99.4%	100%		
<b>Quality</b>					
% of allocated funds actually spent <i>NB – specifics of performance reported within other output classes</i>	95.7%	100%	100%		
<b>Total cost (\$,000)</b>	19,140 <sup>11</sup>	28,755 <sup>11</sup>	15,335 <sup>11</sup>	20,450 <sup>11</sup>	20,450 <sup>11</sup>

<sup>11</sup> | Regional development is included in output class entitled 'New and improved infrastructure for local roads'

## Output class | Auckland land transport

### Description

Under this output class, the Minister of Transport will purchase activities that support the increased integration of transport and land use in the Auckland region, using Crown funding.

### Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system in Auckland, through effective and efficient activities, with priority given to:

- improvements to passenger transport services and infrastructure
- transport demand management
- improvements to strategic roading.

### Delivery

This output class is delivered by approved organisations (with Land Transport NZ funding support).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
% of funds allocated to output classes:		New			
Passenger transport services			100	100	100
<b>Quality</b>					
% of allocated funds actually spent <i>NB – specifics of performance reported within other output classes</i>		New	100%	100%	100%
<b>Total cost (\$,000)</b>		New	64,000	62,066	77,311

## Output class | Wellington land transport

### Description

Under this output class, the Minister of Transport will purchase activities that retain passenger transport mode share, address congestion and improve access to the Wellington region, using Crown funding.

### Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system in Wellington, through effective and efficient activities, with priority given to:

- enhancing passenger transport services and infrastructure and retaining passenger transport mode share
- transport demand management
- walking and cycling
- strategic roading.

### Delivery

This output class is delivered by approved organisations (with Land Transport NZ funding support).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
% of funds allocated to output classes:		New			
Transport demand management, walking and cycling			13	13	13
Passenger transport services			42	42	42
New and improved state highways			30	30	30
New and improved local roads			15	15	15
<b>Quality</b>					
% of allocated funds actually spent <i>NB – specifics of performance reported within other output classes</i>		New	100%	100%	100%
<b>Total cost (\$,000)</b>		New	1,250	14,864	36,000

## Output class | New and improved infrastructure for state highways

### Description

Under this capital appropriation Land Transport NZ will purchase state highway capital improvements.

### Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient development of new and improved road infrastructure.

### Delivery

This output class is delivered by approved organisations (with Land Transport NZ funding support).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
New roads (lane-km)		New	6	6	6
New bridges (lane-m)		New	20	20	20
<b>Quality</b>					
Cost of new urban roads (\$ per m <sup>2</sup> of new road)		New			
Cost of new rural roads (\$ per m <sup>2</sup> of new road)		New			
Forecast benefit/cost ratio (average for approved new activities)		New	≥4	≥4	≥4
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)		New	100%	100%	100%
<b>Total cost (\$,000)<sup>12</sup></b>		<b>New</b>	<b>679,559</b>	<b>567,504</b>	<b>480,804</b>

## Output class | Maintenance of state highways

### Description

Under this output class Land Transport NZ will purchase the routine and periodic maintenance of state highways.

### Results sought

Progress towards a safer, more sustainable land transport system through effective and efficient preservation of roading infrastructure.

### Delivery

This output class is delivered by Transit New Zealand (with Land Transport NZ funding support).

Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Minor safety activities (\$,000)	26,425	New	26,113	27,459	28,948
Road reconstruction (lane-km)		New	40	40	40
Pavement smoothing (lane-km)		New	60	60	60
Area wide pavement treatment (lane-km)		New	360	360	360
Reseals (lane-km)		New	2,600	2,600	2,600
Bridge reconstruction (lane-m)		New	1,000	1,000	1,000
% of roads undergoing periodic maintenance		New			
<b>Quality</b>					
Ride quality (smooth travel exposure, STE)	98.9	New	Steady	Steady	Steady
Road condition index (CI)	5.1	New			
Road pavement integrity index (PII)		New			
Cost of routine maintenance per network-km		New			
Cost of periodic maintenance per network-km		New			
<b>Total cost (\$,000)<sup>13</sup></b>		<b>New</b>	<b>186,570</b>	<b>197,388</b>	<b>215,412</b>



## Output class | New and improved infrastructure for local roads

<b>Description</b>					
Under this output class Land Transport NZ will co-fund, with approved organisations, local roads capital improvements.					
<b>Results sought</b>					
Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient development of new and improved road infrastructure.					
<b>Delivery</b>					
This output class is delivered by approved organisations (with Land Transport NZ funding support).					
Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
New roads (lane-km)		New	8	8	8
Seal extensions (lane-km)	128.0	New	280	280	280
New bridges (lane-m)		New	40	40	40
<b>Quality</b>					
Cost of new urban roads (\$ per m <sup>2</sup> of new road)		New			
Cost of new rural roads (\$ per m <sup>2</sup> of new road)		New			
Forecast benefit/cost ratio (average for approved new activities)		New	≥4	≥4	≥4
% of activities that delivered the forecast benefits (as determined by post-implementation reviews/audits)		New	100%	100%	100%
<b>Total cost (\$,000)<sup>14</sup></b>		<b>New</b>	<b>312,410</b>	<b>359,806</b>	<b>382,223</b>

## Output class | Maintenance of local roads

<b>Description</b>					
Under this output class Land Transport NZ will co-fund, with approved organisations, the routine and periodic maintenance of local roads infrastructure.					
<b>Results sought</b>					
Progress towards a safer, more sustainable land transport system through effective and efficient preservation of roading infrastructure.					
<b>Delivery</b>					
This output class is delivered by approved organisations (with Land Transport NZ funding support).					
Performance measure	Actual 2003/04	Estimate 2004/05	Estimate 2005/06	Estimate 2006/07	Estimate 2007/08
<b>Quantity</b>					
Minor safety activities (\$,000)	16,391	New	26,708	32,209	34,152
Road reconstruction (lane-km)		New	360	360	360
Pavement smoothing (lane-km)		New	200	200	200
Area wide pavement treatment (lane-km)		New	900	900	900
Reseals (lane-km)		New	7,600	7,600	7,600
Bridge reconstruction (lane-m)		New	1,400	1,400	1,400
% of roads undergoing periodic maintenance		New	9	9	9
<b>Quality</b>					
Ride quality (smooth travel exposure, STE)	83.4	New	Steady	Steady	Steady
Road condition index (CI)	3.1	New	Improving	Improving	Improving
Road pavement integrity index (PII)	1.8	New	Steady	Steady	Steady
Cost of routine maintenance per network-km		New			
Cost of periodic maintenance per network-km		New			
<b>Total cost (\$,000)</b>		<b>New</b>	<b>167,715</b>	<b>177,778</b>	<b>188,445</b>





