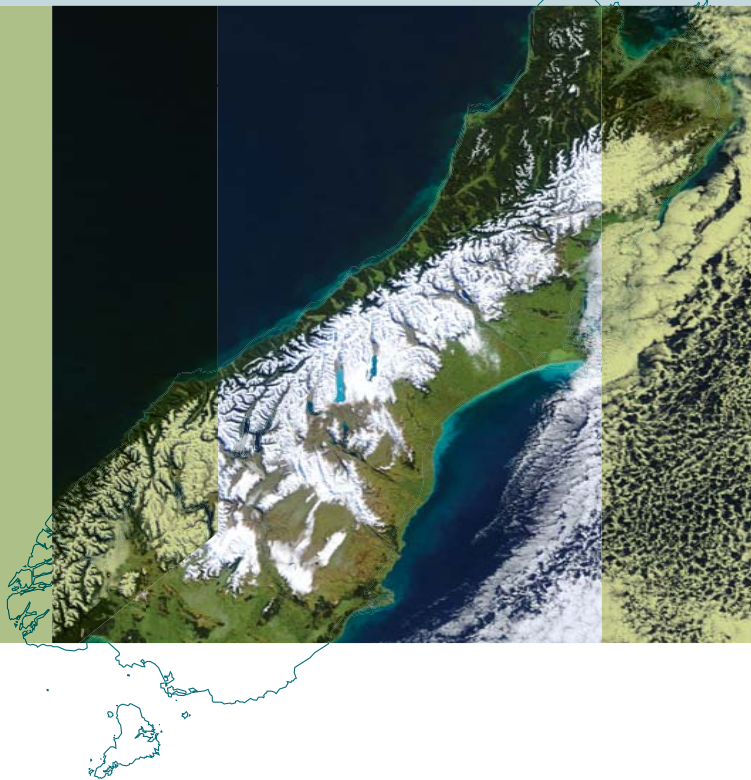
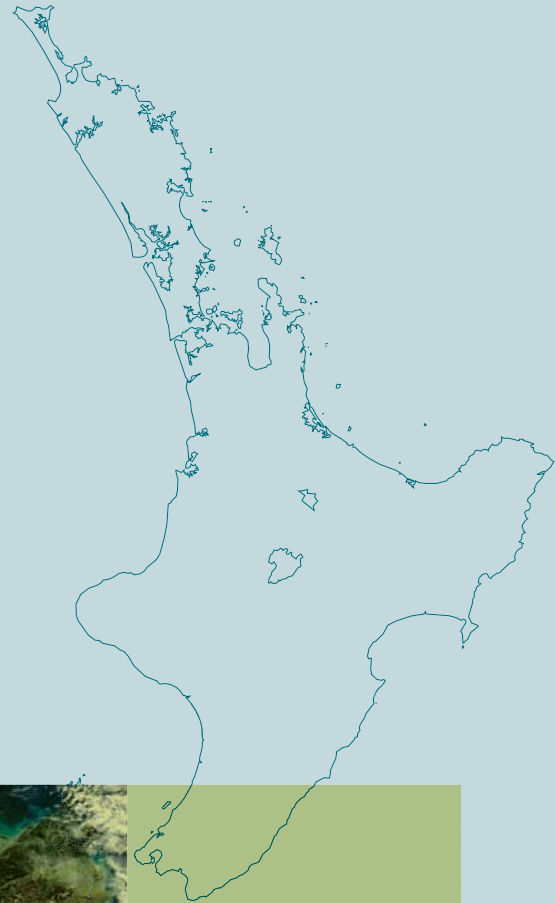




2007-2010

Land Transport New Zealand Statement of intent

This *Statement of intent* sets out a philosophy and course of action for the next three years that will contribute to the delivery of the government's land transport objectives and wider transport vision.



Land Transport **NZ**
Ikiiki Whenua Aotearoa



Statement of intent 2007–2010

More information...

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(Land Transport NZ)
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Front cover image: satellite photo of New Zealand courtesy of
Jacques Descloitres, MODIS Rapid Response Team, NASA/GSFC

PREFACE

Land Transport New Zealand is required to allocate resources and to undertake functions in ways that contribute to an integrated, safe, responsive and sustainable land transport system. In doing so, we must also exhibit a sense of social and environmental responsibility and operate in close partnerships with key transport sector stakeholders. In carrying out these functions, we also contribute to the objectives of the New Zealand Transport Strategy.

This *Statement of intent* explains the formidable challenges facing the land transport sector in finding affordable ways of supporting the economic transformation of New Zealand, and improving the health, safety and accessibility of New Zealanders, while at the same time addressing climate change and the local environmental impacts of land transport.

Since last year's *Statement of intent*, we have made much progress in terms of understanding the keys outcomes we need to achieve, and the key initiatives we need to take, if we are to make a real impact as an organisation. We have also identified the trends we will need to monitor to know whether we are succeeding.

A particular focus in 2007/08 will be assisting with the follow-up to the Next Steps review and helping to ensure that its intent is achieved as effectively as possible. We anticipate providing resources to assist the team working on the implementation plan and related initiatives, so that these are well-informed. Towards the end of 2007/08, if Parliament supports the required legislative change, we expect to be preparing for its implementation and for the associated changes. Meanwhile, our approach is to concentrate on our core roles and to deliver these as well as possible. Naturally, we will also be doing some contingency planning, for example around accommodation, and considering any preparatory moves that would be consistent with the proposed changes.

The prospective financial statements contained in this document are authorised for issue.

 Paul Fitzharris
Acting Chair
Land Transport New Zealand



 Greg Presland
Acting Deputy Chair
Land Transport New Zealand



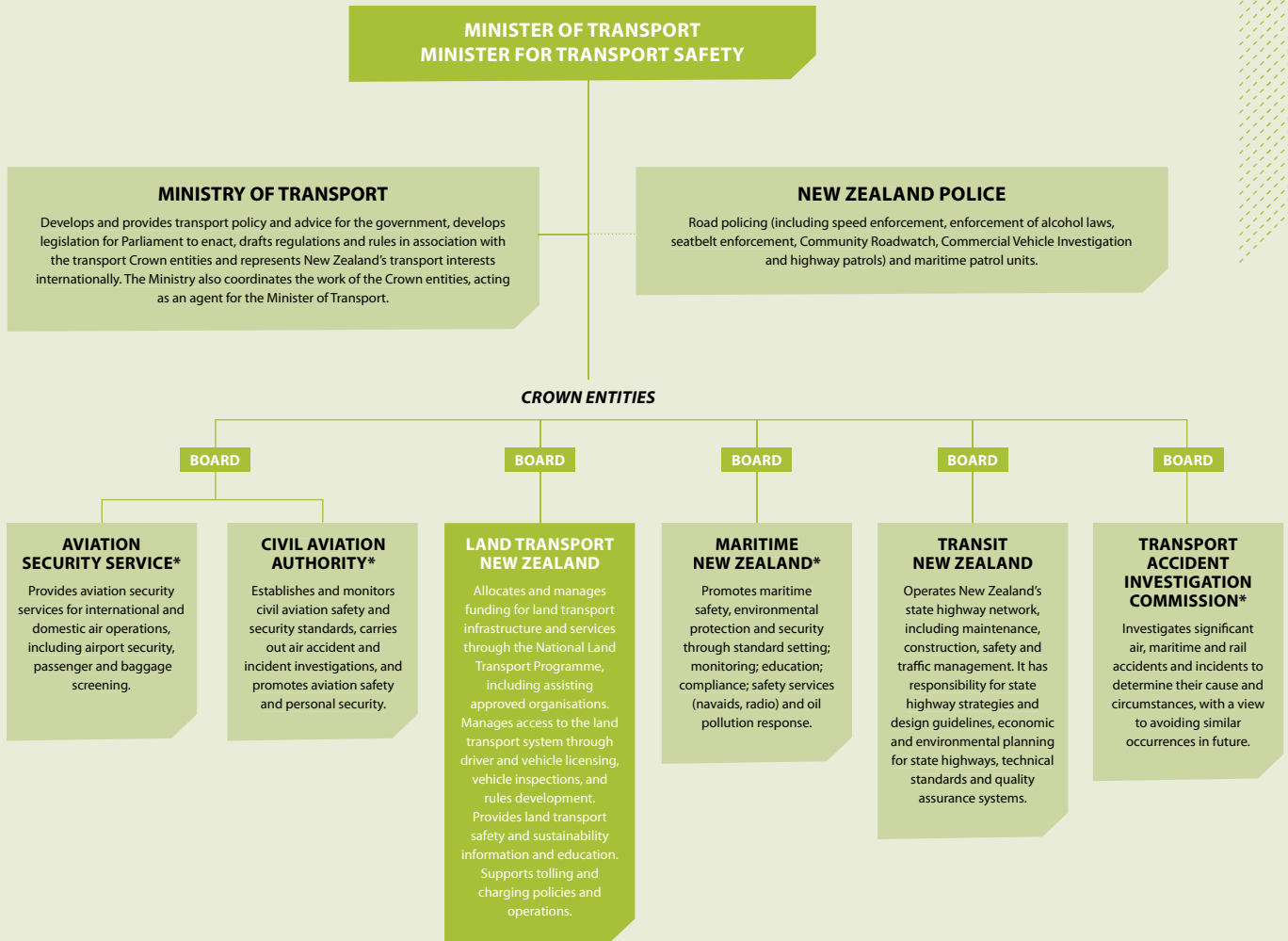
 Wayne Donnelly
Chief Executive
Land Transport New Zealand



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THE NEW ZEALAND GOVERNMENT TRANSPORT SECTOR



THREE STATE-OWNED ENTERPRISES WITH TRANSPORT FUNCTIONS

Airways Corporation of New Zealand Limited – Provides air traffic management services and provides the Ministry with Milford Sound/ Piopiotahi Aerodrome landing and take-off data.

Meteorological Service of New Zealand Limited* – Provides public weather forecasting services and provides meteorological information for international air navigation under contract to the CAA.

ONTRACK – Manages Crown railway land and the national rail network. Legislation is currently before Parliament to transform ONTRACK into a Crown entity, similar to Transit New Zealand.

CROWN-ESTABLISHED TRUST

Road Safety Trust – This Crown-established trust provides funding for road safety projects and research with revenue received from the sale of personalised vehicle registration plates.

LOCAL GOVERNMENT

The sector works closely with local government. Local authorities own, maintain and develop New Zealand's local road network and perform important regulatory transport functions. Regional councils (and unitary authorities) are required to develop regional land transport strategies that guide the transport decision making of local councils, and also fund public transport and Total Mobility schemes in conjunction with Land Transport New Zealand. In the Auckland region, the Auckland Regional Transport Authority carries out these functions. Some local authorities own seaports and airports, or share ownership with the Crown.

* Denotes an agency the Minister for Transport Safety oversees

1 Who we are

Land Transport NZ's statutory objective is to:

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

In doing so, we must also exhibit a sense of social and environmental responsibility and operate in close partnership with key transport sector stakeholders.

The *Land Transport Management Act 2003* charges Land Transport NZ with the twin responsibilities of promoting land transport sustainability and safe transport on land.

In pursuing these responsibilities, we will:

- > encourage our partners to develop, maintain and operate land transport in a way that makes land transport more sustainable and more safe
- > encourage businesses and people to use land transport in a way that makes land transport more sustainable and more safe.

In carrying out our functions, we 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.

¹ The land transport system comprises all local roads and state highways, rail, ferries and coastal shipping. (Note: Land Transport NZ does not regulate maritime safety. This is the role of Maritime New Zealand.)

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

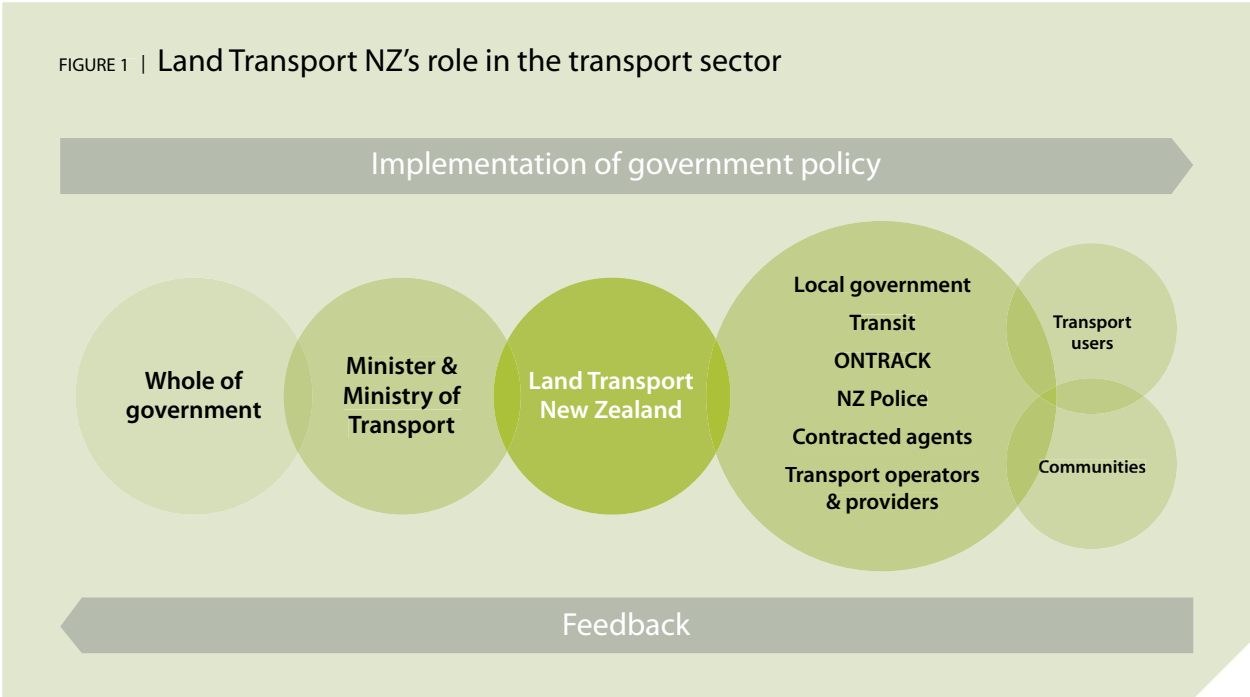
- > forward-looking
- > collaborative
- > accountable
- > evidence-based.

The Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi is recognised in specific provisions in the *Land Transport Management Act 2003* that govern our practices with respect to Māori.

Land Transport NZ's role in the transport sector

Land Transport NZ is a Crown entity governed by a Board appointed by the Minister of Transport. See appendix 2 for Board member profiles.

Land Transport NZ provides a vital connection between transport policy making and the operation of the land transport sector (see figure 1). Close working relationships are maintained with: the Ministry of Transport, which is responsible for leading the development of strategic transport policy and monitoring performance of the sector's Crown entities; the NZ Police, which provides a range of road policing services; and with 'approved organisations', including Transit New Zealand (Transit), regional councils and territorial local authorities, which are responsible for implementing transport projects and other activities funded through the National Land Transport Programme (NLTP). We also have direct links to the public, who use and interact with land transport.



2 Vision, mission and values

VISION

New Zealand's land transport system contributes to the economic, social and environmental well-being of the nation. Land Transport NZ's vision for land transport accordingly is:

Land transport that leads to a better New Zealand

A 'better' New Zealand means improved outcomes in terms of the New Zealand Transport Strategy's five objectives.

MISSION

The mission describes the business of Land Transport NZ. It needs to span activities focused on delivering government policy, those integrated with other transport authorities and those that meet the needs of individual customers. It needs to extend from activities that meet straightforward service demands to those directed at wider influencing roles.

The mission for Land Transport NZ drives us to add value to New Zealanders' lives as we carry out our functions.

Land Transport NZ's mission is:

We improve land transport for all New Zealanders

To 'improve' land transport means to improve the integration, safety, responsiveness and sustainability of the land transport system.

ORGANISATION VALUES

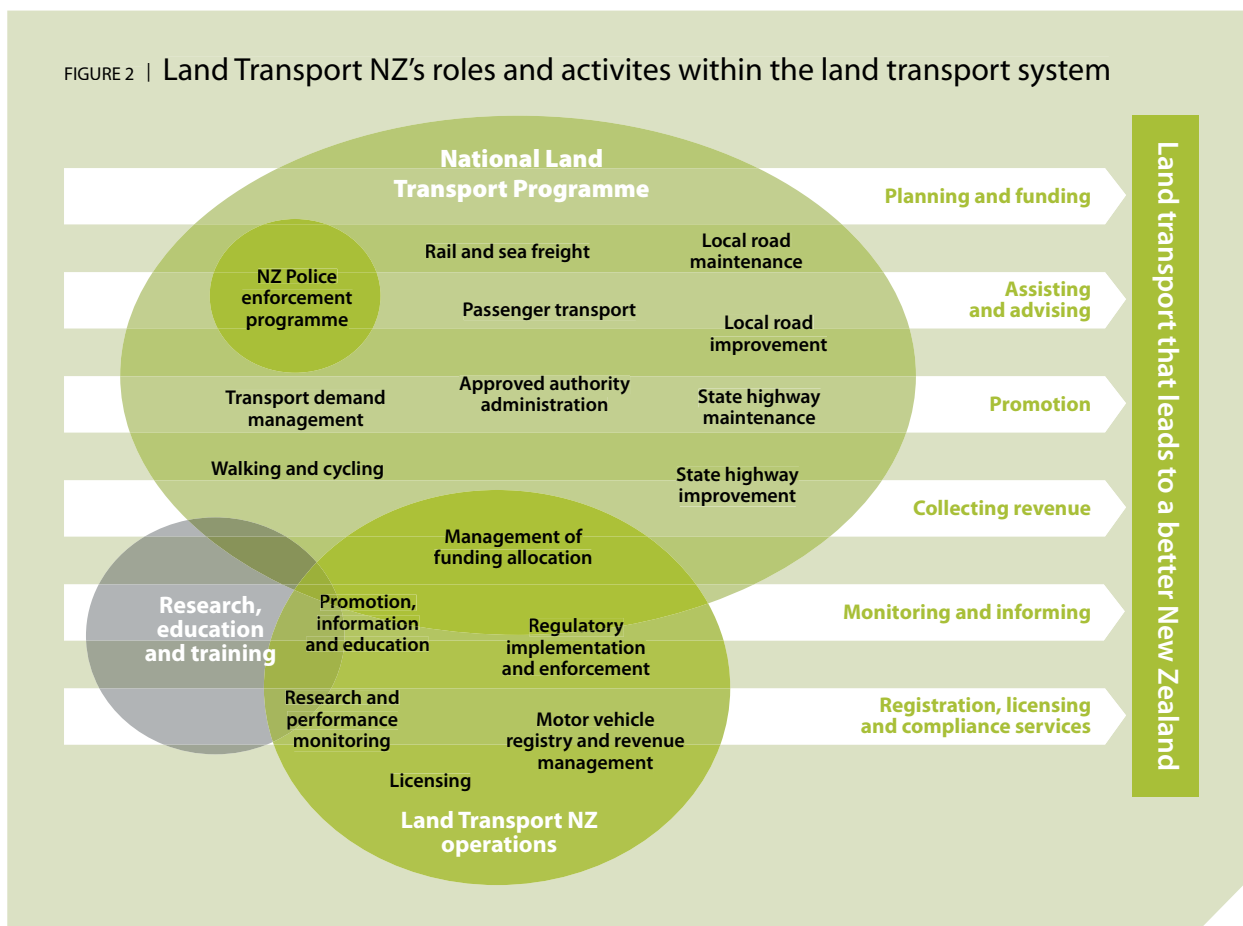
Land Transport NZ's intent is that stakeholders and customers see an organisation that exhibits:

- >> staff competence and empowerment
- >> quality service and adding value
- >> effectiveness and efficiency
- >> commitment, leadership and integrity
- >> teamwork and partnership
- >> a professional approach
- >> knowledge and expertise.

3 What we do

Land Transport NZ is a vital player in the land transport system. Every person or organisation wishing to develop, operate or participate in land transport has regular transactions with Land Transport NZ.

Land Transport NZ operates through six key interventions: planning and funding, assisting and advising, promoting sustainability and safety, collecting revenue, monitoring and informing, undertaking registration licensing and providing compliance services. Land Transport NZ's roles and activities are shown in figure 2.



The National Land Transport Programme shown in figure 2 is a key mechanism through which Land Transport NZ supports the ongoing operation and improvement of the land transport system. This is described in more detail in section 8.

4 Government transport outcomes

Government themes and theme objectives

The government has adopted the following themes as its government priorities for the next decade:

- > economic transformation
- > families, young and old
- > national identity.

Economic transformation is the relevant theme for the transport sector. The government has identified a number of theme objectives, with the following being particularly relevant:

- > increasing international connections of firms to overcome constraints of size and distance
- > creating a world-class Auckland by leveraging off the Rugby World Cup 2011
- > improving the value derived from the sustainable use and management of natural resources
- > ensuring efficient use of existing transport infrastructure and high-quality investment in transport.

As explained in section 5, the challenge for the land transport sector is to find affordable ways of supporting the economic transformation of New Zealand, protecting and promoting public health and the safety and accessibility of New Zealanders, while at the same time addressing climate change and the local environmental impacts of land transport.

As noted in the Prime Minister's Statement to Parliament in February 2007,

'... traditional patterns of development and fast growing populations have put an intolerable strain on the planet. The future economic costs of doing nothing are dire. That's why issues around sustainability and climate change have become the compelling issues of our times, dominating international forums and agendas ... Without a commitment to greater sustainability in our resource use and way of life, we risk not only damaging our own environment but also exposing our economy to significant risk.'

Transport sector strategic directions

In December 2005, the Ministry of Transport released the first joint planning exercise undertaken by government transport sector agencies. The *Transport sector strategic directions* document (TSSD) was developed to support the New Zealand Transport Strategy and serves as a basis for aligning the collaborative aspects of the government transport sector agencies' work programmes.

The TSSD developed a set of directional statements to enable measurement of New Zealand's progress in moving towards an affordable, integrated, safe, responsive and sustainable transport system.

The following trends provide the basis for developing key transport indicators for the sector as a whole:

- >> increasing integration of growth and development with transport
- >> increasing understanding and meeting of costs
- >> improving international and domestic linkages
- >> maintaining and improving effectiveness
- >> improving efficiency
- >> increasing safety and security
- >> improving ability to recover from adverse events
- >> increasing affordable and reliable community access
- >> reducing negative impacts in terms of public health
- >> reducing use of non-renewable resources
- >> reducing negative impacts on the environment.

5 Our strategic environment

Our operating environment

There are formidable challenges facing the land transport sector if it is to find affordable ways to support the economic transformation of New Zealand and improve the health, safety and accessibility of New Zealanders, while at the same time addressing climate change and the local environmental impacts of land transport.

A major change of direction will be needed if the land transport sector is to meet the expectations that have been placed on it.

We set out below the issues facing the sector and responses to these.

- > Growth in transport demand resulting from:
 - increased desire for mobility as household incomes increase
 - growth in the freight task and business services as the economy develops
 - the growing population of some communities.
- > Increased congestion on road networks resulting from:
 - the general preference for travel by private motor vehicles
 - the growth of dispersed communities, leading to the private motor vehicle becoming the dominant transport mode, and increased travel to access employment, education and social amenities
 - the difficulty for transport authorities to implement road and passenger transport improvements to 'keep up' with demand.
- > Negative impacts on the environment and communities resulting from:
 - growth in emissions, contaminants, noise and waste from increasing road vehicle use
 - air pollution causing respiratory illnesses, and increased dependence on motor vehicles affecting physical fitness.
- > Reduced accessibility and mobility for certain groups in society resulting from:
 - an ageing population and reduced mobility for older people and others in society who do not have a car or are unable to use one
 - increasing costs of public transport and of mobility services for the transport disadvantaged.
- > Increased road trauma resulting from:
 - greater use of motorcycles and other fuel efficient vehicles
 - increased walking and cycling.
- > Providing sustainable funding for the transport system:
 - to support the operation and maintenance of current transport networks and services while also funding key strategic developments of the system
 - through new mechanisms to replace funding from traditional sources that is expected to slow as the vehicle fleet becomes more fuel efficient
 - to implement high-cost strategic projects funded from many sources.

- > Ensuring continued performance of the transport system despite the occurrence of:
 - fluctuations in global fuel prices and changes to the NZ\$ exchange rate
 - short-term responses to cost volatility by transport users, eg by increases in passenger transport patronage following fuel price rises
 - adverse weather or traffic incidents on key strategic routes.

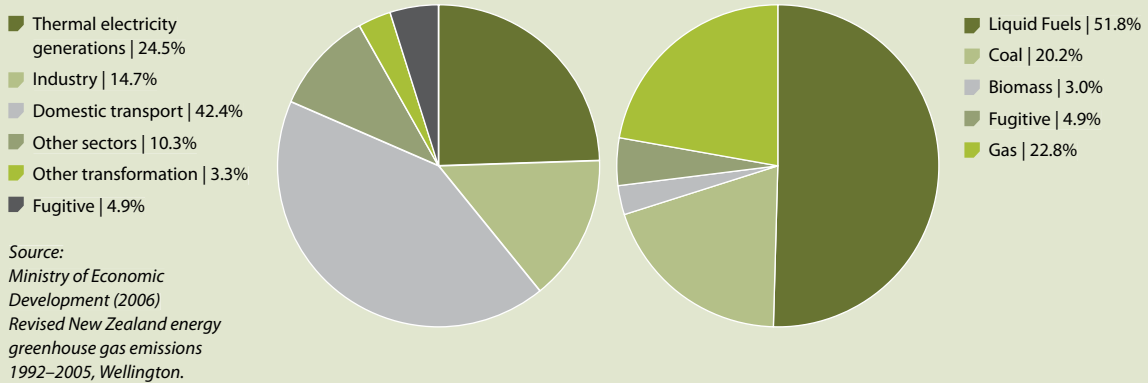
The issues described above are not new and they are certainly not unique to New Zealand. Traditionally, transport authorities have responded by: building new road capacity in an attempt to meet demand; providing increased subsidies for public transport; and mitigating the environmental impacts through, for instance, increased expenditure on landscaping and tunnelling of roads. This has become known as the 'predict and provide' approach.

The current approach is not sustainable

The 'predict and provide' approach is not sustainable for a number of reasons:

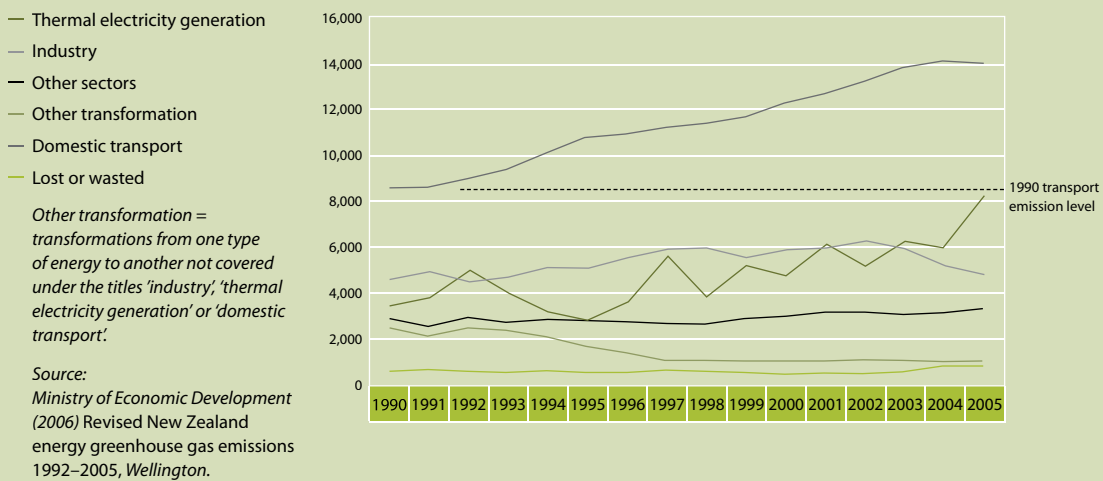
- 1 Improvements in the road system reinforce the tendency for people and businesses to move further out from the centre of urban areas, leading to increased growth in traffic levels and further demands for new road building.
- 2 Experience overseas suggests that supply-side measures become increasingly unaffordable as time goes by. In New Zealand, the government has substantially increased land transport funding over recent years and is considering allocating all revenues from fuel excise duties and road user charges to land transport in future years. However, traffic forecasts suggest that, even at this higher level of investment, congestion will progressively worsen in major urban centres over the next 20 years.
- 3 Even if further funding could be allocated by the government in the years ahead, New Zealand has signed the Kyoto Protocol and has therefore committed itself to contributing to international efforts to reduce greenhouse gas emissions, including CO₂ in particular. Figure 3 shows energy CO₂ equivalent emissions by sector and contribution by fuel type. Domestic transport is the single largest contributor to CO₂ emissions, and the sector's contribution is growing at a rate of 4.2 percent per year.

FIGURE 3 | Energy CO₂ equivalent emissions by sector and contribution by fuel type (2005)



A comparison of trends in energy CO₂ equivalent emissions by sector over time, as shown in figure 4, shows that transport emissions in New Zealand are growing at a much stronger rate than emissions in other sectors. Transport CO₂ emissions increased from 8633 kt CO₂ equivalent in 1990 to 14,005 kt CO₂ equivalent in 2005 (an increase of 62 percent over this period).

FIGURE 4 | Energy CO₂ equivalent emissions by sector



If the transport sector is going to contribute to New Zealand's obligation under the Kyoto Protocol to reduce overall greenhouse gas emissions back to 1990 levels, then the sector must find a way to reverse this currently unsustainable trend. This will require significant changes over the next decade or two in travel behaviour patterns, fuel choices and energy consumption per kilometre travelled.

- 4 Pricing and regulatory measures may be introduced by governments in the years ahead to reverse this trend but, in any event, there will be an inevitable trend towards rising fuel costs in future years. There is worldwide consensus that oil supplies will peak at some time in the next 50 years. When this occurs, it will lead to the price of oil increasing to perhaps four or five times its present level. Nobody knows whether this will happen suddenly or whether there will be a gradual price increase over many years. Over this period, there will be a switch to non-fossil-based transport fuels, but these are also likely to be relatively expensive compared to the price of fuel today.

Once the era of 'cheap' car travel is over, demand for public transport will increase but the costs of serving dispersed patterns of development with public transport will also be very high. The inescapable conclusion is that the costs of moving people and goods around will be higher than it is now. This has major implications for the ability of the land transport system to contribute to the government's economic and social goals for New Zealand in the long term.

The need to understand what is happening within the land transport sector, and how it interconnects with society as a whole and the wider world, has led Land Transport NZ to conclude that future policy and operational decision-making must be built on a strengthened evidence base. In collaboration with the Ministry of Transport and other sector Crown agencies, Land Transport NZ has begun tracking a number of key sector indicators. In section 10, we show how some key land transport sector indicators have been tracking over time.

6 Land Transport NZ's approach

Land Transport NZ's statutory functions include the promotion of land transport sustainability and safe transport on land. We interpret the word 'promotion' to indicate a proactive role in influencing the direction of the land transport system towards one that is more sustainable and safer than the present one. We interpret a more sustainable, safer land transport system to be one with the following attributes:

- >> low energy
- >> non-polluting
- >> safe and secure (vehicles and practices)
- >> able to meet needs long term
- >> affordable
- >> able to be provided long term
- >> reliable and efficient
- >> compatible with liveable cities.

Land Transport NZ has identified a number of trends that need to be addressed for the sector to progress towards land transport sustainability and safer transport on land. These are set out below:

- > CO₂ emissions from land transport reduce.
- > Fatal and serious injury crashes reduce.
- > More people choose active and shared modes of transport.
- > The availability and use of shared transport, passenger transport and services for the transport disadvantaged increases.
- > People drive in a way that uses less energy and is safe in the conditions.
- > The commercial and private vehicle fleets become more energy efficient and safer, and have improved environmental performance.
- > Commercial transport operators adopt management practices that promote safety, use less energy and reduce emissions, noise and vibration.
- > A higher proportion of freight is carried on rail and coastal shipping.
- > Freight industry productivity improves.
- > Development patterns of towns and cities reduce the need for people to travel.
- > Development of towns and cities, design of networks, and operating rules provide a safe and convenient environment for walking, cycling and other personal travel options.

- > People use private vehicles less at congested times.
- > Traffic flows more efficiently and with greater reliability on the road network.

Moving towards a future that can be sustained involves many contributions. Bringing about the optimum mix of contributions to sustainable land transport and safe transport on land requires thinking ahead, good judgement and effective partnerships.

Land Transport NZ's overall response to meeting its statutory objectives and the government's priorities within the strategic environment outlined in section 4 can be summarised briefly as follows.

How we can improve the way the land transport system is planned

Reducing the need to travel

- > Encourage appropriate integration between land use and transport planning, especially in urban and peri-urban areas, to consolidate new development around public transport nodes, to improve walking and cycling routes, and to make it safer and easier for people to access jobs, shopping and leisure facilities.

Encouraging better-connected transport solutions

- > Assist and advise approved organisations on transport planning to improve integration between the activities and plans of different transport authorities to achieve a strategic focus in identifying long-term solutions.

Facilitating more efficient commercial transport

- > Work with the Ministry of Transport on regulatory reform aimed at improving the efficiency of freight logistics, and facilitating inter-modal transfer between road, rail and coastal shipping.

How we can improve the performance of land transport networks

Developing and managing transport networks

- > Invest in road, rail and coastal shipping networks, with an emphasis on improving reliability, safety and effectiveness of existing networks.
- > Selectively fund new links that focus on completing networks and improving connections to transport hubs, freight terminals, ports and airports.
- > Increase emphasis on measures to improve the management of traffic flows, such as ramp metering and sophisticated signalling systems.
- > Encourage road controlling authorities to consciously prioritise scarce road space to favour high-occupancy, high-value vehicle use.

Providing greater choice of modes

- > Invest in public transport services and the infrastructure to provide an attractive alternative to the motor car, and to improve accessibility and mobility for those who do not own motor vehicles or cannot use them.
- > Increase investment in walking and cycling infrastructure to provide healthier and safer ways for people to make shorter trips.

Obtaining better value for money

- > Review the process used to allocate funding in the National Land Transport Programme to ensure sustainability is addressed through strategic planning rather than simply 'adding things on' to existing activities.
- > Reform procurement procedures for activities funded through the National Land Transport Programme to ensure best value for money for government funds, and to encourage competitive and efficient transport operators and suppliers.
- > Improve investment planning in conjunction with sector partners to secure greater certainty from the National Land Transport Programme.
- > Ensure the scope of proposals is reviewed as part of project assessments.

How we can improve the way the land transport system is used

Influencing travel choices

- > Promote and fund travel planning initiatives to encourage people to share cars, use public transport, and walk and cycle.
- > Facilitate and fund neighbourhood accessibility planning to identify small-scale infrastructure improvements that will improve connectivity at a local level.
- > Promote practical ways transport users can improve their safety, save money and help the environment.
- > Promote vehicle safety and fuel efficiency as key factors influencing vehicle purchase.

Promoting road safety

- > Deliver information and education campaigns to promote safe use of roads.
- > Develop and implement land transport rules for vehicles and road use.
- > Fund and coordinate road safety activities across agencies, including those delivered by the NZ Police, local authorities and community groups.

Road policing or enforcement targeting road safety

- > Advise the government on how to focus road policing on the delivery of strategic enforcement to address risky behaviours associated with driving at excessive speed or while fatigued, alcohol- and/or drug-affected driving, not wearing restraints and dangerous driving.
- > Provide advertising and other social marketing to address risky road use.
- > Consult on, plan and develop road safety education and road policing programmes in accordance with the direction provided by the National Road Safety Committee.
- > Invest in NZ Police technologies and people to deliver activities designed to achieve road safety and wider land transport outcomes.

Intervening through regulatory means to improve performance

- > Undertake development and enforcement of land transport rules relating to vehicle emissions, fuel consumption, and vehicle safety and noise.
- > Improve the operator compliance regime to achieve higher standards of safety, environmental and energy performance, including the development of an operator rating system and the implementation of taxi enforcement activity.

Investigating the potential for managing demand through pricing

- > Develop tolling systems for new roads in collaboration with sector partners.
- > Work with the Ministry of Transport to review the road user charging system and to develop road pricing and parking policies.

In section 7 and subsequent sections, we explain how Land Transport NZ is planning to implement this approach, with specific reference to the impacts we can make through the key initiatives we will be taking and the outputs we will be delivering.

7 Strategic goals, outcomes and impacts

Strategic goals

Land Transport NZ will focus on six strategic goals – three strategic goals focus on what we do and three focus on how we work. These goals are interdependent. They have been chosen in the knowledge that, if deployed effectively, they will generate a pattern of actions and choices by stakeholders that, sustained over time, will achieve Land Transport NZ's vision and mission.

Land Transport NZ's strategic goals for land transport are:

- > Sustainable and safe use of land transport.
- > Greater synergy within the transport sector.
- > Improved performance of land transport networks.

Land Transport NZ's strategic goals for operational excellence are:

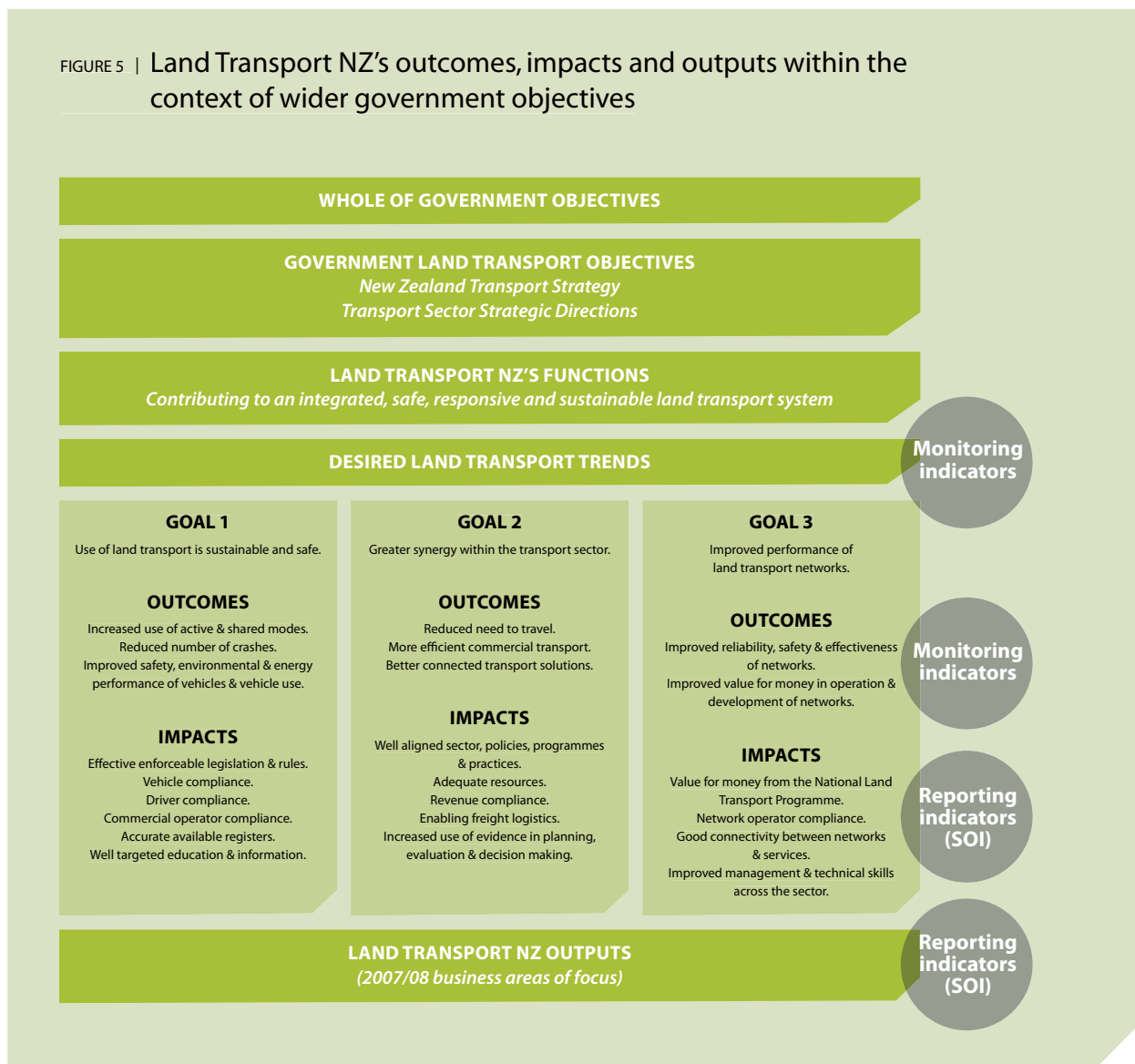
- > Confident, capable, motivated people.
- > Effective information and business systems.
- > Leadership that enables.

We believe these goals will shape changes to current sector practices that will further contribute to the sustainable development goal for New Zealand and the vision and objectives of the New Zealand Transport Strategy.

This section describes Land Transport NZ's outcomes and impacts under each goal, sets out the key initiatives needed to deliver on these, and describes how the things we do and the way we do them will contribute to the objectives of the New Zealand Transport Strategy and the government's theme objectives.

Figure 5 shows key outcomes and impacts that Land Transport NZ has confidence it can significantly influence within the context of whole-of-government objectives and government objectives related to the land transport sector.

FIGURE 5 | Land Transport NZ's outcomes, impacts and outputs within the context of wider government objectives



Goal 1 | Use of land transport is sustainable and safe

Progress towards the broad outcomes promoted by the New Zealand Transport Strategy and the *Land Transport Management Act 2003* is very much dependent on the choices and actions of people and businesses when they use land transport.

Choices and actions that support such progress come from people and businesses being well informed about the contributions they can make – in their choice of transport mode, their choice of vehicle and their driving behaviour.

Progress also comes from setting standards that apply to transport networks, vehicles and fuels and from the effectiveness and acceptability of enforcement. Progress could be enhanced by providing incentives for good practice as well as applying penalties for illegal practices.

Facilitating informed choices

Currently, Land Transport NZ delivers a road safety advertising campaign that supports NZ Police's road policing activities and contributes to the reduction of road trauma by increasing public awareness and change behaviour relating to:

- > excessive speed, drink-driving, not wearing safety belts and failure to give way
- > identified road safety risks specific to Māori and Pacific peoples.

Land Transport NZ is now actively working to promote sustainable use of the land transport system. An education strategy has been developed to provide direction and to guide a behavioural research-based approach to identifying objectives, audiences and tactics to influence safer and more sustainable use of the land transport system.

Rules and standards

Land Transport NZ is funded by the Ministry of Transport to provide Rules development services for the government. Rules are tertiary legislation that, in conjunction with associated regulations, enable the aims of primary legislation and many of the functions of Land Transport NZ to be achieved.

This work occurs within an extended programme to replace 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 safety and emissions 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. Major progress has been made to finalise and implement the *Heavy-vehicle Brakes Rule 2006* that came into force on 1 March 2007. Technical expertise has been provided to the Ministry of Transport to enable progress in developing and implementing an objective noise test and in further refining the emissions controls on vehicles entering New Zealand.

Compliance and registry services

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 road-related revenue. A large number of individual transactions are conducted in providing these delivery services, eg over 550,000 driver licences and over seven million motor vehicle licence transactions each year.

Motor vehicle registry and revenue management functions operate under a contract from the Chief Executive of the Ministry of 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 agents that are required to act as one-stop shops delivering across the broad range of Land Transport NZ services.² 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 and flexible service delivery strategy that has a strong customer focus and provides coverage and access models that can accommodate

2 The three agents are: the Automobile Association, Vehicle Testing New Zealand and Vehicle Inspection New Zealand.

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.

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

- > promoting improvements to the road environment
- > ensuring compliance with safety standards
- > undertaking 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 expected to play a larger role in terms of movement of freight and passenger transport.

Land Transport NZ's regulatory role 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 case. Regular safety audits are carried out to ensure that operators comply with their approved safety case.

Land Transport NZ's compliance strategy

The strategy aims to combine regulatory compliance interventions targeting licensed transport operators with encouragement for voluntary conformance with performance standards.

As the regulator, Land Transport NZ is developing a strong advisory function, supported by its investigatory role, to address key components that give rise to non-compliance in the transport sector, namely:

- > the degree to which the industry *is aware of and comprehends* the rules, environment and expectations associated with improving the level of compliance
- > the degree to which the industry is *willing to comply* – either because of economic incentives, positive attitudes arising from a sense of good citizenship and acceptance of policy goals, or because of pressure from enforcement activities
- > the degree to which the industry is *able to comply* with the rules and expectations.

The strategy will facilitate integration between industry and government agencies, particularly the NZ Police as the enforcement agency, which is essential if the level of performance in the transport sector is going to improve.

This strategy will connect good practice with improved levels of performance and compliance through:

- > increasing adherence to the regulatory requirements affecting the transport sector
- > developing industry and agency capacity, enhanced tools, technological capacity
- > developing intelligence systems to support the progression towards a higher level of compliance
- > encouraging industry leaders to voluntarily adopt, and consistently pursue, higher industry performance standards with links to incentives.

The compliance strategy is based on constructive relationships and is information-driven. It will support a thriving and sustainable land transport industry by improving levels of compliance through enforcing regulatory standards, providing a level playing field for all operators and rewarding compliance and good and efficient business practices.

Aspects of the compliance strategy are relevant to the facilitation of informed choice and the adoption, by all land transport system users, of options that go beyond regulated standards and requirements. The strategy is commensurate with encouraging users who aspire to good practices, whether mandated or not, in areas such as:

- > the selection of vehicles that are fuel efficient and provide improved environmental performance
- > driving behaviours that are safer and use less fuel
- > transport and supply chain logistics that reduce demand for freight movements, especially at peak times
- > commercial transport operators adopting management practices that promote safer and more sustainable performance
- > living and working at locations that reduce demand for freight movements.

Operator Rating System

Following the 1996 *Parliamentary inquiry on truck crashes*, Land Transport NZ adopted the recommendation to develop a rating system enabling targeted enforcement and a responsible operator programme designed to help operators develop effective safety systems.

The Operator Rating System is a method of aggregating safety event information collected about transport operators and using that information to profile the entire commercial transport fleet³. Currently, it is not possible to compare a transport operator's safety performance in relation to the overall performance of the fleet. This makes it difficult to target resources to risk. An important corollary is the provision of information that will improve evidence-based decision making as well as forecasting and modelling within the commercial sector.

Better targeting of NZ Police and Land Transport NZ resources to at-risk operators is expected to result in an overall improvement of the safety performance of the commercial fleet and a commensurate reduction in vehicle crashes and related social costs.

³ 'Commercial' here means light and heavy vehicles subject to transport licensing. This excludes a number of vehicles under 6000 kg used for the carriage of goods.

GOAL 1 | Use of land transport is sustainable and safe

Outcomes	Contribution to NZTS objectives					
	Economic	Accessibility	Safety/security	Health	Environment	
Increased use of active and shared modes		●		●	●	
Reduced number of crashes			●	●		
Improved safety, environmental and energy performance of vehicles and vehicle use	●		●	●	●	
Impacts						
Effective enforceable legislation and rules						
Vehicle compliance						
Driver compliance						
Commercial operator compliance						
Accurate available registers						
Well-targeted education and information						
Key initiatives for 2007/08						
	Effective enforceable legislation and rules	Vehicle compliance	Driver compliance	Commercial operator compliance	Accurate available registers	Well targeted education and information
Implement Land Transport NZ education strategy to promote walking and cycling and use of public transport						●
Progress Rules development	●					
Implement new Rules	●					
Improve the effectiveness of the commercial road transport engagement programme		●	●	●		
Improve the operation of the driver licensing and motor vehicle registers					●	
Develop website to guide car buyers towards safer, more fuel-efficient and less polluting vehicles						●
Continue development of the Operator Rating System				●		
Improve driver safety through better-targeted education and enforcement		●	●			●
Work with Ministry of Transport to progress high priority strategic policy initiatives, including 'Implementing the New Zealand Transport Strategy'	●					●

The following case studies highlight two areas where Land Transport NZ is actively working to improve the land transport system in relation to Goal 1 – Use of land transport is sustainable and safe.

Case studies

CASE STUDY #1 Promoting walking and cycling



KEY OUTCOME: INCREASED USE OF ACTIVE AND SHARED MODES

Land Transport NZ is taking a leading role in implementing the Getting There – On Foot, By Cycle strategy. An implementation plan was released in July 2006 and it identified 10 new initiatives to support existing activity. Some of the key successes so far are outlined below.

Bike Wise Week 2007

More than 100,000 New Zealanders took part in Bike Wise Week 2007, which is the only nationally coordinated event that promotes biking as a valid, fun and healthy mode of transport. The event is coordinated by regional and city councils, sports trusts, businesses, environmental groups, parents, public health units, cycling advocates, the retail sector, schools and more.

Bike Wise Week is sponsored by Land Transport NZ, the Ministry of Health and the Health Sponsorship Council. Land Transport NZ contributes more than \$220,000 in funding for Bike Wise Week each year.

Cycle skills training

Land Transport NZ is working with Opus International Ltd and Cycle Safe in Christchurch to develop national guidelines for cycle skills education programmes in New Zealand. Stage 2 involves trialling guidelines with Cycle Safe trainers to gain an understanding of their ease of use and ability to promote safe cycling skills to current and new cyclists.

Promoting walking school buses

Land Transport NZ, through approved organisations, is actively promoting and encouraging walking school buses, including providing information and resource kits to every school in the country to encourage walking to school.

Schools in four areas participated in a Walk to School Week event called Feet First in early March 2007 (which also involves the promotion of walking school buses). This event will be rolled out further in 2008, with the aim of becoming a nationwide event.

Guidelines on how to start a walking school bus are available on Land Transport NZ's website.

CASE STUDY #2 Website for car buyers

KEY OUTCOME: IMPROVED SAFETY, ENVIRONMENTAL AND ENERGY PERFORMANCE BY VEHICLES AND VEHICLE USE

Building on the success of the established Fuelsaver site, Land Transport NZ will launch a website later this year that guides car buyers to choose cars that perform better environmentally.



The site will bring together information on different vehicles' pollutant output, fuel economy and CO₂ emissions to give an overall picture of the effect on the environment. Cars will receive a performance rating for each of these three areas, enabling users to compare the relative performance of different makes and models before they buy.

Featured cars will also get two ratings for safety: the protection provided to driver and occupants in an accident, and the effect on other road users. The safety data will be a significant extension of that already available, incorporating used car safety ratings, links to the Australasian New Car Assessment Programme (ANCAP) crash test results, and further information on the availability of car safety features.

As well as the searchable databases, site visitors will be able to access general information about the effect of vehicles and driving on air quality and climate change.

The Fuelsaver website has been running for just over a year and provides a fuel economy calculator for different makes and models, with useful information about how driving habits impact on fuel consumption. The new site will link to the Fuelsaver site for content on fuel economy and driving efficiency.

The public launch of the new website will be towards the end of the 2007 calendar year. Initially, it will feature newer makes and models for which data is available. It is planned that the range of cars featured will be extended in later phases of development.

The site will be designed to support future promotions and campaigns highlighting sustainability issues, and will be a resource for regional activities.

The address for the Fuelsaver website is www.fuelsaver.govt.nz.

Goal 2 | Greater synergy within the land transport sector

Progress towards the broad outcomes of the New Zealand Transport Strategy and the *Land Transport Management Act 2003* is enhanced if the decisions and actions of public and private sector transport stakeholders support each other.

Decisions and actions that support such progress will come from well coordinated land use and transport planning and clearly articulated longer-term plans by those who develop and operate the land transport system. Progress will also come when methods for paying for development and use of the land transport system adequately price the system, provide sufficient revenue and create an appropriate level of travel demand management. Further progress will come from ensuring that the barriers that prevent stakeholders (including commercial organisations) from making the greatest possible contribution to the sustainable development and use of land transport are identified, investigated and, where possible, removed.

Advocating integrated planning

In order to deliver outcomes, Land Transport NZ relies on 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 strategies, and the purpose and objectives of the *Land Transport Management Act 2003*.

A major opportunity exists to improve transport for a sustainable and safe land transport system by using current local and regional planning processes and documents (regional policy statements, regional land transport strategies, long-term council community plans) to develop regional and intra-regional integrated transport plans that can form the basis for forward-looking and fundable sustainable land transport programmes.

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.

Land Transport NZ is working with regional and local stakeholders on a number of fronts to encourage land transport sustainability. The options being investigated and implemented include:

- > reducing the need to travel – through encouragement of land use consolidation and mixed-use developments
- > providing travel choices – through allocation of road space to public transport, walking and cycling, and high-occupancy vehicles
- > influencing travel choices – through school and workplace travel plans, neighbourhood accessibility plans and information on travel choices
- > pricing interventions – through investigation of regionally and/or nationally agreed parking controls and, in the future, congestion pricing and tolling.

GOAL 2 | Greater synergy within the land transport sector

Outcomes	Contribution to NZTS objectives				
	Economic	Accessibility	Safety/security	Health	Environment
Reduced need to travel		●	●		●
More efficient commercial transport	●			●	●
Better-connected transport solutions	●	●	●		●
Impacts					
Well-aligned sector, policies, programmes and practices					
Adequate resources for investing in the land transport sector					
Revenue compliance					
Enabling freight logistics					
Increased use of evidence in planning, evaluation and decision making					
Key initiatives for 2007/08					
	Contribution to impacts				
	Well-aligned sector, policies, programmes and practices	Adequate resources	Revenue compliance	Enabling freight logistics	Increased use of evidence in planning, evaluation
Continue to improve the effectiveness of Land Transport NZ engagement with stakeholders	●				
Continue to work with the Ministry of Transport to assess investment levels and revenue options for land transport		●	●		
Upgrade ability to monitor, report on and predict the performance of land transport and the land transport sector				●	●
Continue to provide national guidance in the implementation of travel behaviour change and integration of land use and transport planning	●				

The following case studies highlight three areas where Land Transport NZ is actively working to improve the land transport system in relation to Goal 2 – Greater synergy within the land transport sector.

Case studies

CASE STUDY #3 Encouraging inter-modal freight transport

KEY OUTCOME: MORE EFFICIENT COMMERCIAL TRANSPORT

If current trends persist, it is expected that heavy vehicle kilometres travelled and the road freight task will undergo an 85 percent increase by 2020. As a result of this increase, road user charges revenue is expected to grow by approximately 93 percent.

In most cases, the movement of freight requires some road transport component at the origin, the destination or both. A key to successful inter-modal operations is the simple and efficient transfer of payload between modes. Often, the impediment to increased use of rail as part of the freight transport matrix is the time and cost involved in transferring freight between modes. If the costs are too large, it becomes more efficient to complete the journey by road.

Land Transport NZ instigated an exemption regime to minimise the cost of mode transfer. This allows long road/rail containers to be carried on short road journeys to promote inter-modal freight options. This applies to freight that was previously entirely carried on road. Special inter-modal self-powered refrigerated road/ rail containers are able (under exemption) to be placed on long semi-trailers to allow freight to be moved door to door with primarily a rail link.

This initiative provides 30 percent more productive freight movement and improves safety outcomes by considerably reducing truck trips. It has positive impacts on reducing fuel consumption and therefore emissions.

This is a new and ongoing initiative. It includes a facility to monitor freight transfer from road to rail on a monthly basis to ensure the desired outcomes are being achieved. The success of this initiative will open up the scope for more inter-modal containers operating short distances on roads. This could be captured under an amendment to the *Vehicle Dimensions and Mass Rules* which commenced in 2006/07.



CASE STUDY #4 Land use and transport planning

KEY OUTCOME: REDUCED NEED TO TRAVEL

There has been a trend over past decades for households and businesses to relocate away from town centres and inner suburbs to outer suburbs or rural locations. These dispersed patterns of land use increase people's dependence on private vehicle use and increase average trip distances. This in turn leads to traffic loads increasing on key links and junctions in the road network and pressure for future improvements in the road network.



Over time, it becomes increasingly difficult for road controlling authorities to respond to the increase in demand for road travel due to the high costs of urban road schemes and adverse social and environmental impacts of road building. These trends lead to, among other things, reduced accessibility for people who do not have a car or are unable to use one and to incompatible land use and transport development.

Land Transport NZ is a signatory to the Urban Design Protocol and is on the Integrated Approach to Planning steering group working towards a better understanding of the connection between land use and transport planning in New Zealand. In our research programme, there are several projects looking at different aspects of urban design and integration of land use and transport planning. The findings of these projects will be available to all sectors that depend on the land transport network to better guide future decision making.

We seek land use outcomes:

- > in urban areas or for other major generators of travel demand that are planned around public transport interchanges with convenient routes for walking and cycling
- > that provide community facilities and essential services in safe and easily accessible locations planned within an environment that encourages increased levels of walking, cycling and use of public transport
- > for new development sites that are well located and linked to existing developments
- > that do not compromise the functionality of the road hierarchy
- > that promote higher densities with sensible in-fill and good urban design
- > where growth boundaries for urban areas are clearly maintained
- > that deliver an integrated, safe, responsive and sustainable land transport system.

Case studies

CASE STUDY #5 Encouraging greater integration of transport planning



KEY OUTCOME: BETTER-CONNECTED TRANSPORT SOLUTIONS

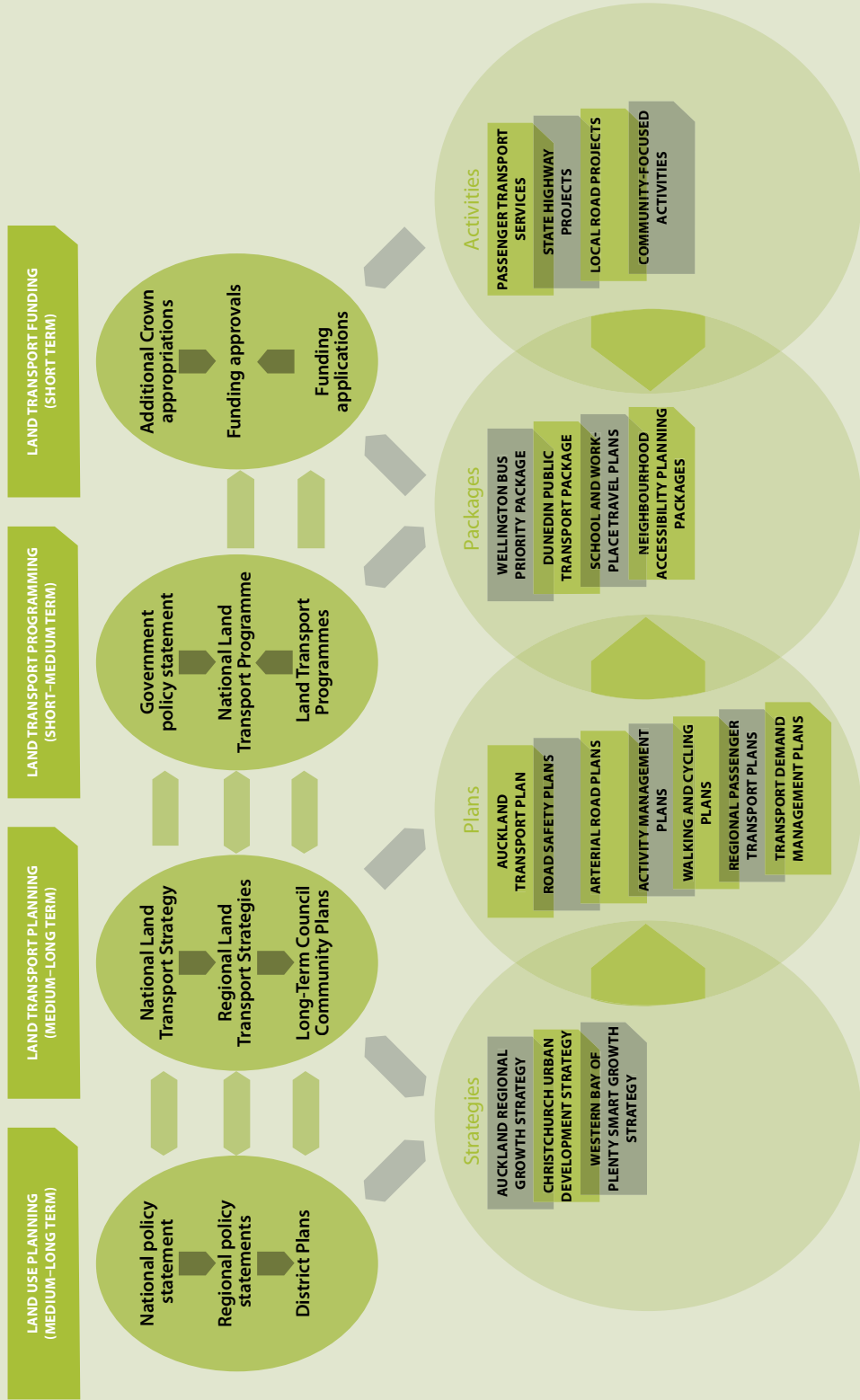
Prior to the introduction of the Land Transport Management Act 2003 (LTMA), land transport funding tended to be allocated on a supply-oriented basis, often described as 'predict and provide'. Funding decisions were also strongly driven by cost:benefit analysis with a high discount rate, so tended to be weighted towards achieving short-term incremental benefits rather than long-term strategic outcomes.

Land Transport NZ is now seeking to give much more weight to long-term sustainable land transport outcomes in accordance with the Act. We will actively work with stakeholders to try and achieve long-term, integrated planning at a national, regional, inter-regional or sub-regional level.

Key tools will be the use of non-statutory integrated transport plans, transport packages and neighbourhood accessibility plans, all of which Land Transport NZ wishes to encourage. These are already being developed in Auckland and other areas around the country. This approach, which is multi-modal and multi-agency, integrates the planning and funding activities of the relevant central and local government organisations.

Figure 6 opposite shows local and regional planning processes and the way in which these could interact with the National Land Transport Programme to achieve a greater degree of integrated and long-term planning.

FIGURE 6 | An integrated approach to land transport planning



Goal 3 | Improved performance of land transport networks

Progress towards the broad outcomes of the New Zealand Transport Strategy and the *Land Transport Management Act 2003* is very much dependent on the quality of activities carried out by those organisations that develop and operate land transport networks.

Land Transport NZ's partners, who plan for, develop and operate different components of land transport networks, are responsible for their own specific functions. The challenge for Land Transport NZ, particularly through our funding function, is to bring about an optimum balance between the needs of different modes and users, and between existing and new infrastructure and services that make up land transport networks.

Ensuring sustainable management of networks

A major focus of the sustainable land transport objective is the ongoing management of existing infrastructure and services so their use can be sustained long term. The management of transport networks has two main elements – the best possible performance of the different network components and the connectivity for users between the different components eg, the through-route effectiveness of state highways and the connections between rail, bus and ferry services.

Another area of focus is ensuring adequate development of infrastructure and transport services to promote the use of modes other than the private motor vehicle. This should both encourage mode change choices and meet the needs of the transport disadvantaged.

However, achieving economic transformation will require the addition of new infrastructure where required, and this will involve selectively funding new links that focus on completing networks and improving connections to transport hubs, freight terminals, ports and airports.

Ensuring connectivity between transport modes

Transport demand management

Land Transport NZ is becoming actively involved in transport demand management activities, including assisting development and promotion of travel behaviour change initiatives, such as travel plans and neighbourhood accessibility plans.

Cycling and walking

Land Transport NZ provides assistance for the promotion of cycling and walking by:

- > 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 disabilities).

Land Transport NZ has taken a leadership role in managing the implementation of the government's *Getting There – On Foot, By Cycle* strategy. Land Transport NZ will manage the implementation of seven of the 10 initiatives identified in the implementation plan, while continuing to build upon current initiatives such as those identified above. The Ministry of Transport will implement the remaining three initiatives.

Improving accessibility for all users

Land Transport NZ financially assists the provision of passenger transport services in order to provide people with alternative modes of transport and improve overall system integration. This is achieved through:

- > funding subsidies on contracted regional council bus, ferry and rail services
- > financially assisting some capital expenditure by regional councils and territorial local authorities
- > financially assisting regions for the operation of a taxi-based transport service for people with disabilities.

Funding development of infrastructure and services

Maintaining infrastructure

Over 50 percent of the National Land Transport Programme is allocated to activities focused on maintaining or operating the existing land transport system.

Land Transport NZ continues to work on improving its approach to road maintenance through the 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 lifecycle costs.

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. Our aim is to enable approved organisations to maintain their road networks at a steady level of condition for smooth travel, safety and asset preservation.

Developing infrastructure

In 2007/08, Land Transport NZ will allocate almost \$900 million to improve the state highway and local road networks, and around \$100 million to improve public transport infrastructure.

GOAL 3 | Improved performance of land transport networks

Outcomes	Contribution to NZTS objectives				
	Economic	Accessibility	Safety/security	Health	Environment
Improved reliability, safety and effectiveness of networks	●	●	●	●	●
Improved value for money in operation and development of networks	●				
Impacts					
Value for money from the National Land Transport Programme					
Network operator compliance					
Good connectivity between networks and services					
Improved management and technical skills across the sector					
Key initiatives for 2007/08					
	Value for money from the NLTP	Network operator compliance	Good connectivity between networks and services	Improved management and technical skills	
Promote improved accessibility and responsiveness of public transport			●		
Continue to improve the evaluation of programmes and projects funded through the National Land Transport Programme	●				●
Continue to improve public transport procurement procedures, including development of guidelines for regional public transport plans	●	●	●		
Continue to improve procurement procedures for physical works and professional services					●
Continue to work to improve network development and management systems			●		●

The following two case studies highlight areas where Land Transport NZ is actively working to improve the land transport system in relation to Goal 3 – Improved performance of land transport networks.

Case studies

CASE STUDY #6 Ramp signalling

KEY OUTCOME: IMPROVED RELIABILITY, SAFETY AND EFFICIENCY OF NETWORKS

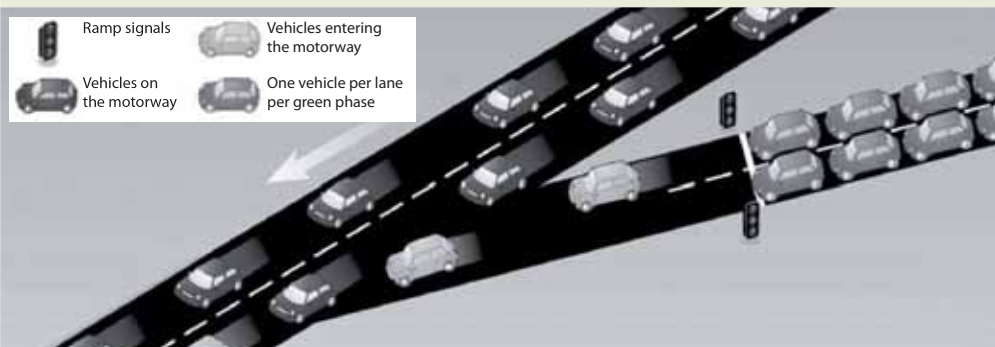
Ramp signals are traffic lights at the top of motorway on-ramps that manage the flow of traffic onto the motorway during peak periods. With each green light, two cars (one from each lane) are able to drive down the ramp to merge easily, one at a time, with motorway traffic. Vehicles move forward every few seconds between green lights. Separating the vehicles travelling down the on-ramp makes merging onto the motorway easier and causes less disruption to motorway traffic flow.

By managing the rate at which vehicles enter the motorway, ramp signalling results in:

- > more consistent and predictable travel times
- > safer merging
- > fewer accidents
- > better throughput of vehicles on the motorway
- > more consistent speeds.

A working example of ramp signalling has been in place since 2003 on the South-western Motorway (SH 20) at the Rimu Road on-ramp, Mangere Bridge. This ramp signal has proven successful in relieving congestion during peak hours, reducing accidents caused by merging traffic and improving travel times.

The first four ramp signals are now operating on the Northern Motorway (SH 1) and Central Motorway Junction links, with more ramp signals expected to be operating across the Southern, Northern and North-western Motorways by mid-2009. These ramp signalling projects are 100 percent funded by Land Transport NZ via Transit.



Case studies

CASE STUDY #7 Improving the procurement of passenger transport services



KEY OUTCOME: IMPROVED VALUE FOR MONEY IN MAINTENANCE AND DEVELOPMENT OF NETWORKS

In February 2007, the Minister of Transport announced plans to introduce legislation to enable regional councils to provide better local public transport services. This announcement followed a review of current public transport legislation by a group comprising representatives from central government, local government and public transport operators.

The proposed legislation will give regions the power to set standards that all commercial services will be required to meet over time, and give regions tools to improve their public transport services so that they provide better value for money for users, local and central government and taxpayers. It will also enable regional councils to require operators to meet quality and performance standards for commercial services that will include integrated ticketing.

Regional councils currently have little control over commercial services and cannot require such operators to provide information about their services. This information would greatly assist regions to establish public transport networks that are integrated and responsive to community needs.

The proposed legislation would empower regional councils to mandate the provision of information from all public transport operators to ensure that quality standards can be maintained and the needs of the travelling public are adequately catered for. For example, there would be the ability to require integrated ticketing and integrated fares or to set standards for ease of access for passengers into vehicles.

These changes will give regions tools to ensure that all public transport services in that area comply with the local regional passenger transport plan.

In conjunction with these changes, Land Transport NZ is currently developing a public transport procurement framework. This document will provide guidelines on the development of procurement procedures and a revised indexation formula for bus and ferry service contracts. The framework will also set out Land Transport NZ's policy on farebox recovery. Land Transport NZ is also preparing guidelines for regional passenger transport plans, which will assist the implementation of both the procurement review and the new legislation.

8 Allocating funds to land transport

The funding allocation process

The methodology Land Transport NZ uses to allocate funds from the National Land Transport Programme is contained in *Land Transport New Zealand's funding allocation process*. The allocation process has been devised to take into account the New Zealand Transport Strategy and the requirements placed on approved organisations⁴ and Land Transport NZ under the *Land Transport Management Act 2003* and its 2004 amendment. The assessment factors used by Land Transport NZ when considering proposals are shown in table 1, along with further explanation of what is taken into account when rating proposals.

TABLE 1 | Explanations of Land Transport NZ's assessment factors

Assessment factors	Explanation	Rating
Seriousness and urgency	Focus on the issue or problem What is the main issue or problem being addressed in terms of the objectives of the <i>Land Transport Management Act 2003</i> and the New Zealand Transport Strategy? How does the issue or problem relate to undesirable trends in the performance of the land transport system? How significant is the issue or problem? How urgent is the issue or problem? What is the level of confidence that the issue or problem is serious and urgent?	High, medium or low
Effectiveness	Focus on the effectiveness of the proposed solution To what degree does the proposal contribute to the requirements of the objectives of the <i>Land Transport Management Act 2003</i> and the New Zealand Transport Strategy? Will the solution do the job it is intended to do, and will it be effective over the long term? Have alternatives, options and complementary measures been assessed? Does the proposal represent an optimised activity or package of activities? Does the proposal represent a net overall improvement, considering all adverse and beneficial effects? What is the level of confidence that the proposal will be effective in doing the job it is intended to do?	High, medium or low
Economic efficiency	Focus on the economic efficiency of the proposed solution Is the proposal efficient in its use of scarce resources in terms of the costs and benefits and rate of return? How sustainable are the benefits in the longer term? Does the proposal represent value for money in terms of the overall monetised and non-monetised benefits? What is the level of confidence about the estimated costs and benefits?	High, medium or low
Additional factors	Land Transport NZ will consider any additional factors that are specific to the activity being assessed and relevant to determining its overall priority in the programme.	

⁴ Approved organisations are defined in the *Land Transport Management Act 2003* as Transit, regional councils, territorial local authorities and other approved public organisations.

The version being used for 2007/08 National Land Transport Programme funding allocations includes the following changes:

- > references to legislation updated to include relevant provisions of the *Crown Entities Act 2004*
- > Crown allocations to Bay of Plenty and Waikato included
- > updated references to further revisions to financial assistance policy
- > the seriousness and urgency assessment factor revised to focus it more clearly on the problem to be solved rather than the solution
- > assessment and allocation methodologies included for NZ Police's road policing activities.

The National Land Transport Programme

Overview

The National Land Transport Programme (NLTP) is the mechanism through which Land Transport NZ's Board, as a statutorily independent function under the *Land Transport Management Act 2003* (LTMA), allocates funds to transport activities prior to the start of each financial year. Transport funding comes from Crown funds, road user charges, fuel excise tax, motor vehicle registration and licensing fees, and goes into the National Land Transport Fund. A portion is used for NZ Police's road policing activities and to fund the costs of operating the Motor Vehicle Registry, registration and licensing, and related revenue collection and enforcement. The remainder goes into the National Land Transport Account, which is managed by Land Transport NZ and is then used to fund Land Transport NZ's operating costs and is allocated through the NLTP to approved organisations.

Road policing

The road policing element of Land Transport NZ's Land Transport Programme (ALTP) is prepared each year in consultation with the Commissioner of Police. The funding for road policing will be approximately \$259 million (GST exclusive) for 2007/08.

Whilst the Minister of Transport approves the nature and level of funding and activities for road policing, Land Transport NZ can influence this as part of preparing the ALTP, including advice on matters arising from the statutory consultation with the NZ Police and approved organisations.

Breakdown of allocations by funding stream

The NLTP has a number of funding streams available, as set out below.

Nationally distributed funds ('N' funds)

The majority of the funding available through the NLTP is allocated on the basis of a national priority order. Maintenance and operations allocations are made first, on the basis that levels of service relating to assets and operational activities need to be sustained before consideration is given to allocating funds to improvement activities. \$1588 million will be available for allocation in 2007/08 from 'N' funds.

Regionally distributed funds ('R' funds)

In December 2003, the government announced additional funds for land transport over a 10-year period. The announcement included a five cent per litre increase in fuel excise duty (petrol-powered vehicles) and an equivalent increase in road user charges for light non-petrol-powered vehicles, to be distributed regionally on the basis of population (with Auckland receiving 35 percent of the total collected) for 10 years from April 2005. These 'R' funds are being allocated through the NLTP by Land Transport NZ in accordance with the requirements of the *Land Transport Management Act 2003*. \$214 million will be available for allocation in 2007/08 from 'R' funds.

Crown appropriations to specific regions ('C' funds)

In addition to the regionally distributed funding stream, the government has undertaken assessments of the transport needs of targeted regions. Auckland, Wellington, Bay of Plenty and Waikato regional transport needs have been assessed and additional Crown appropriations have been made available for those regions. \$471 million will be available for allocation in 2007/08 from 'C' funds (see section 13 for further details).

Government funding guarantees

The government has provided a five-year cost-escalation guarantee for a specified programme of state highway construction projects, beginning in 2007/08. To maintain construction activity over the five-year period, the government will provide additional appropriations into the NLTP and make adjustments in line with input construction cost escalation. The government will also guarantee the revenue stream into the NLTP over this period.

Research, education and training

Land Transport NZ funds research, education and training activities as part of its statutory responsibility to contribute to an integrated, safe, responsive and sustainable land transport system. Land Transport NZ will allocate \$4.3 million to operational research activities in 2007/08, within an overall research, education and training total of \$25.7 million.

Procurement procedures

When considering any proposal to introduce a new procurement procedure or vary an existing procurement procedure, Land Transport NZ is required to have regard to the matters described in section 25 of the *Land Transport Management Act 2003*.

Land Transport NZ's standard procurement procedures are in the *Competitive pricing procedures manual* volumes 1 and 2. These procedures are amended from time to time in accordance with section 25 of the *Land Transport Management Act 2003*. Procurement procedure reviews covering both passenger transport and physical works and professional services are under way. The results of these reviews will include new manuals of standard procurement procedures. Non-standard procurement procedures are contained in other documents issued by Land Transport NZ periodically.

Land Transport NZ may approve a procurement procedure to cover a particular purchase arrangement where it considers it appropriate in the circumstances.

Allocations to maintenance and operations

Emergency works

Emergency work provides for the repair and restoration of the road asset following adverse natural effects such as earthquakes and rainstorms. Approved applications from road controlling authorities are funded from an allocation set aside in the NLTP for this purpose each year.

Annual expenditure is variable from one year to the next, but over the last decade has been tracking upwards, with significant upward spikes in 1998/1999 and 2003/04 through to 2006/07. From an annual average expenditure of around \$20 million in the early 1990s, we are now allocating around \$85 million as a result of recent significant weather events.

Preventative maintenance

The preventative maintenance category provides for non-routine work required to protect the serviceability of the road network and to minimise the threat of closure. Approved organisations apply for financial assistance at monthly NLTP reviews from an allocation set aside in the NLTP for this purpose each year.

State highway property operations

This category provides for the external management costs of Transit's state highway property portfolio. A state highway property administration allocation of \$13 million has been proposed for 2007/08.

Maintenance of local roads

The Land Transport NZ Board has approved a total allocation of \$420.2 million for 2007/08 for routine maintenance, operations and renewal activity. This includes \$53.0 million for emergency works and \$5.0 million for preventative maintenance.

Maintenance of state highways

The Land Transport NZ Board has approved a total allocation of \$427.2 million for 2007/08 for routine maintenance, operations and renewal activity. This includes \$32.0 million for emergency works and \$5.0 million for preventative maintenance.

Allocations to improvement activities

Improvement of local roads

Land Transport NZ expects to allocate \$232 million to local road construction activities in 2007/08.

Improvement of state highways

Land Transport NZ expects to allocate \$437 million to state highway construction activities in 2007/08.

Passenger transport

Land Transport NZ has allocated \$157.7 million to passenger transport community services, \$7.3 million to social services and \$97.8 million to passenger transport infrastructure in 2007/08. Included within this amount is a commitment of \$47 million for continuation of the northern busway in Auckland.

The allocation for passenger transport services increased by 16.8 percent compared with 2006/07, caused by price increases and service expansion, particularly in Auckland. Land Transport NZ expects the trend of service expansion to continue and notes that growth in services has been limited by the availability of funding expected from local authorities.

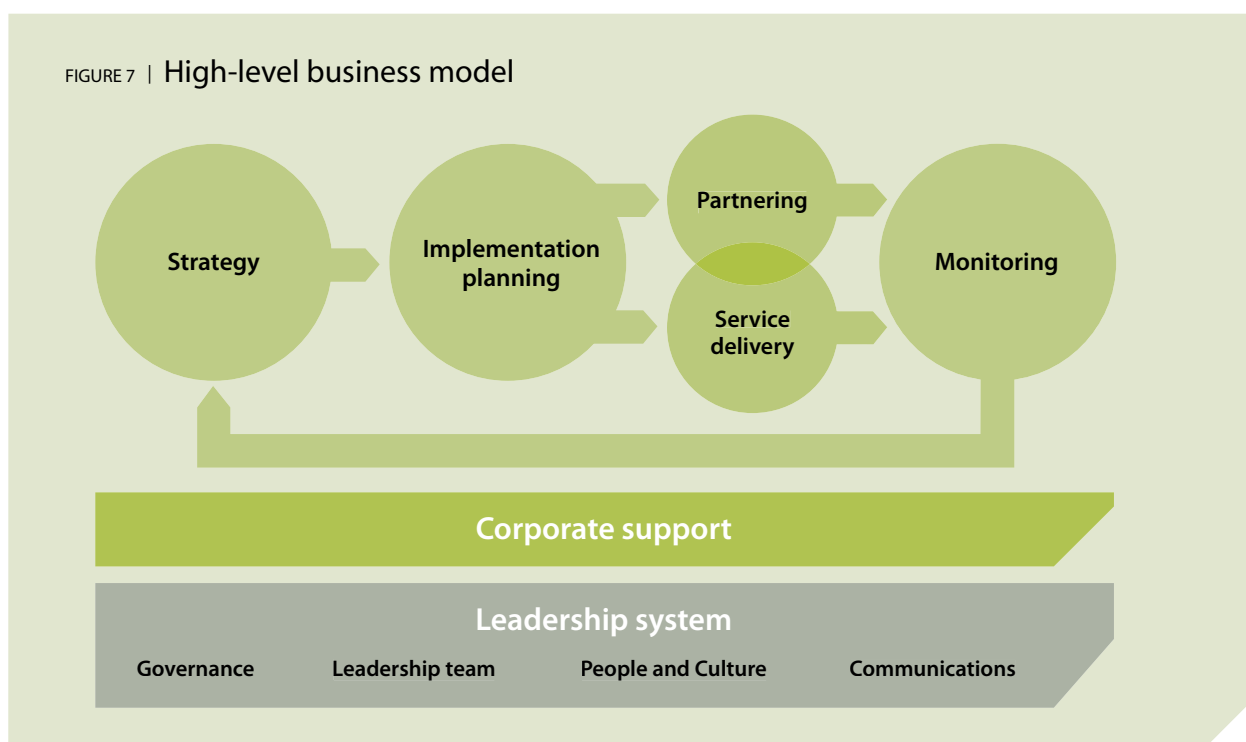
Revenue forecasting

Recent forecasts of revenue from fuel excise duty, road user charges and motor vehicle registration are below the forecasts used to develop the 2006/07 NLTP. This impacts on the long-term land transport allocation forecast (and the list of projects included in the 10-year state highway programme).

However, because the government has provided a revenue guarantee, this has no impact on the next four years of NLTP expenditure. In May 2007, the government made a series of announcements with respect to transport, including exploration of full hypothecation of petrol tax, the merger of Land Transport NZ with Transit and the shifting of the NLTP to a three-year cycle. The 2007/08 NLTP has incorporated full hypothecation as an assumption in the 10-year financial forecast.

9 How we deliver

To achieve our aim of contributing to an integrated, safe, responsive and sustainable land transport system, the structure of Land Transport NZ is based on continuous improvement – a ‘think, plan, deliver, monitor’ model, as illustrated in figure 7.



The model is designed to:

- > fully utilise existing capability and provide for development of skills in a learning environment
- > enhance regional engagement so the 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.

Land Transport NZ is governed by a Board of six to eight members appointed by the Minister of Transport. Board details are provided in Appendix 2.

Our organisation structure comprises five groups (see figure 8), as set out below.

- > The Policy and Planning group is responsible for operational policy development, Rule development and the provision of advice and expertise that will contribute to delivering sustainable land transport. The group also manages the accountability relationships with the government and facilitates the organisation's strategic and business planning.
- > The Partnerships and Programmes group is responsible for developing and delivering land transport programmes, engaging and managing relationships with partners and stakeholders, monitoring 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, particularly 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 from the Chief Executive of the Ministry 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.

This 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.

FIGURE 8 | Land Transport NZ organisation structure

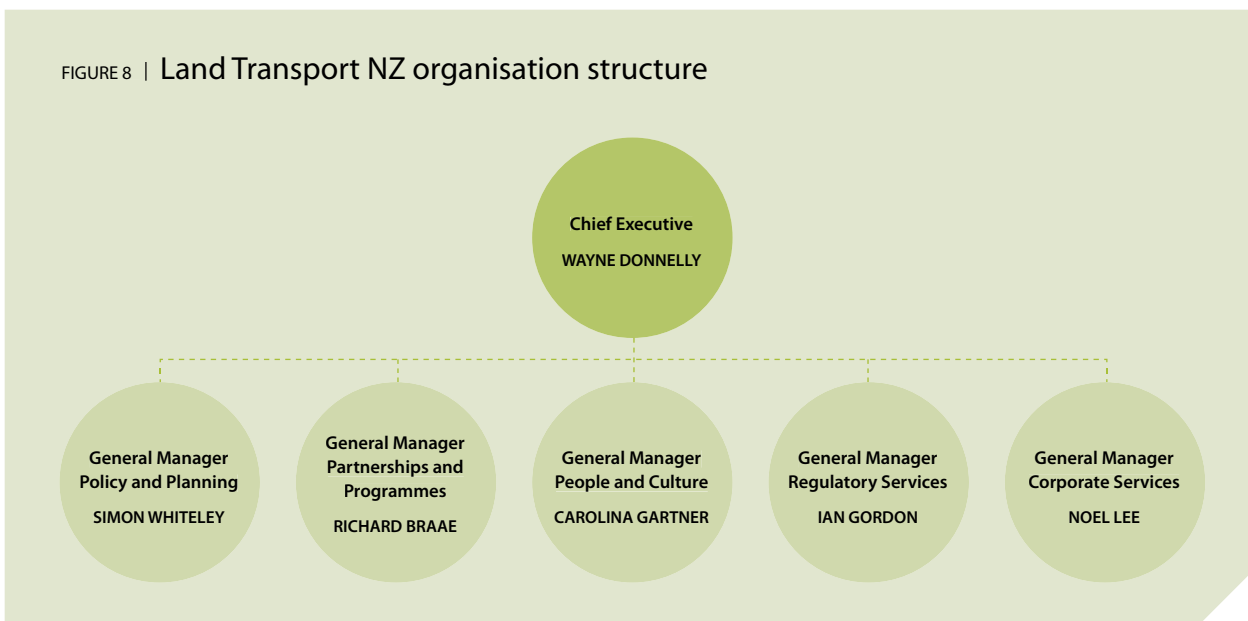


FIGURE 9 | Land Transport NZ's operational excellence goals, outcomes and impacts within the context of wider government goals for the public sector



Operational excellence goals

Land Transport NZ has three strategic goals for the achievement of operational excellence.

Every person or organisation wishing to develop, operate or participate in land transport must transact with Land Transport NZ. Hence, it is imperative that we provide high-quality service and operate efficiently in our dealings with government, transport authorities, commercial operators and the public. It is from this foundation that we have the ability to promote land transport sustainability and safe transport on land.

Goal 4 | Confident, capable, motivated people

Our ability to carry out our functions effectively and efficiently, while promoting land transport sustainability and safe transport on land, depends on the quality of our people and their ability to deliver what our customers need.

The reality of Land Transport NZ's business is that we rely on our staff to competently deal with the public, our agents, commercial operators, transport authorities and government departments and other agencies. Every transaction either adds to or takes away from Land Transport NZ's ability to efficiently provide good service and to effectively promote land transport sustainability and safe transport on land.

Our operational excellence goals are directed at enabling our staff to carry out their duties to the best of their ability and to the level of performance required.

In order to achieve this, we focus on developing our skills. Our aim is to provide a supportive environment where staff feel valued and motivated to achieve. This requires Land Transport NZ managers to provide the right kind of leadership, including recognising and rewarding excellent performance. Developing and nurturing our desired organisational culture is a significant and critical component in having people who are confident, capable and motivated.

Outcomes, impacts and key initiatives for Goal 4 – Confident, capable, motivated people

Outcomes

- Staff contributions increasingly valued externally and internally
- More targeted service to customers that better meets their needs
- More effectively managed stakeholder relationships
- Improved capability to deliver on sustainable and safe land transport

Impacts

- Cost-effective achievement of organisation functions through knowledge, skills and experience gained on the job
- Staff performance of roles and provision of required service, and recognition of this
- Effective customer-driven service delivery strategy and service quality feedback loops
- Provision and take-up of career and professional development opportunities
- Good understanding of organisation goals, and roles and responsibilities in achieving these
- Growth in internal leadership capability and opportunity

Key initiatives for 2007/08

- Provide access for all staff to National Qualification Framework management, technical and public sector unit standards, certificates and qualifications
- Build and implement a competency framework, based on the Lominger competency library and resources
- Continue with implementation of the diversity and fairness programme
- Implement a new learning and development policy aligned to the development goals and competency framework

Goal 5 | Effective information and business systems

Land Transport NZ is a large business with a high dependency on large-scale information systems, such as the motor vehicle and the driver licence registers. We also depend on efficient business systems to function effectively internally and through our 4000 agency outlets.

Access to and use of high-quality information is becoming increasingly important as we develop capability in revenue management and more closely monitor the performance of the land transport system as an aid to decision making by Land Transport NZ and our partner organisations.

Outcomes, impacts and key initiatives for Goal 5 – Effective information and business systems

Outcomes
Increasingly meaningful information provided by Land Transport NZ to the public and the transport sector
More customer-focused business processes and systems
More evidence-based internal business planning and decision making
Clearly established and achieved accountabilities
Impacts
Sector information needs identified and provided through appropriate channels
Consistent approach to key processes and practices (eg project and risk management)
Customer-focused, responsive and fit-for-purpose business systems
Effective cross-team processes, knowledge management and communication systems
Effective organisational strategies (eg finance, information systems and technology, training and development)
Improved internal monitoring and reporting on how we are doing
Documented business processes with embedded measures of efficiency and effectiveness
Key initiatives for 2007/08
Develop and implement an information systems and technology strategy
Develop and implement a finance strategy
Develop and implement a service delivery strategy
Develop and implement a risk management strategy

Goal 6 | Leadership that enables

A large and diverse business like that operated by Land Transport NZ requires good leadership at management level, but also promotion and development of leadership qualities throughout the organisation. Leadership should be seen at all levels and should support people in their roles so that they can achieve what is expected of them; this is what leadership that enables does.

To this end, Land Transport NZ has developed a set of priority leadership protocols that are being promulgated throughout the organisation and managers are charged with demonstrating these in the day-to-day management of people and resources.

Outcomes, impacts and key initiatives for Goal 6 – Leadership that enables

Outcomes
Better internal and external understanding of Land Transport NZ's focus and purpose
More strategic evidence-based decisions by the Board that lead to optimum outcomes
An evidence-based and value-for-money culture in the sector led by Land Transport NZ
Land Transport NZ works confidently with cultural and geographical diversity
Impacts
Wider sector exposure and adoption of sustainable and safe land transport trends
Clear, consistent and succinct advice to customers and land transport sector
Advice to Board based on sound analysis and evidence
Transparency of processes that improves trust
Continuous improvement of key business processes
Business planning driven by accountability documents and organisation strategy
Capability to work with diversity
Key initiatives for 2007/08
Further develop and assist and advise capability of the organisation
Obtain formal membership of the Leadership Development Centre and associated development services for managers nominated by the Chief Executive
Provide a customised leadership development programme, aligned to the Leadership Development Centre's capability profile and the National Qualification Framework, available by nomination to people managers and technical leaders within the organisation

Maintaining organisational health

Land Transport NZ employs a significant number of high-level, professionally qualified staff and recruitment can be a challenge, especially for technical roles, in the current tight labour market. The organisation has an ongoing recruitment process to fill vacancies and gaps are addressed, where necessary, by external consultancy support.

When Land Transport NZ was formed in December 2004, the organisation had a total establishment of 734 staff. The establishment as of March 2007 is 779.

In the year to December 2005 (the first year of operation), turnover was 18.9 percent. In the year to March 2007, turnover was 12.6 percent. The higher turnover figure during 2005 can be explained by the fact that two different cultures were being merged into a new business with a broadened mandate. The significant decrease in turnover reflects the progressive move to a more stable organisational environment, our ability to attract, retain and reward people, and the development of a culture of investing in our people.

Each person who works at Land Transport NZ has a leadership role. The organisation wants the culture to be reflected by core behaviours – how people, as individuals, behave. These are expressed as follows.

At Land Transport NZ we always:

- >> inform each other and are open and honest
- >> live our commitment to sustainable and safe transport
- >> seek continuous improvement
- >> give our best
- >> act professionally and with integrity
- >> acknowledge achievement and contribution
- >> involve and support each other and respect each other's views.

In 2005, Land Transport NZ staff were engaged in a survey to identify the culture they would like to work within. This resulted in a series of workshops in 2006. All staff had the opportunity to attend these. Staff identified seven key result areas they wanted to see progress on, and action plans were devised for all business groups, showing how the result areas would be progressed. Core behaviours were also identified by staff, signalling how they wished staff within the organisation to behave.

Key result areas

- 1 Promote public understanding of Land Transport NZ and the services it provides (connectedness between the public and the organisation promoted)
- 2 Recognise and celebrate success, especially at the team level (value contributions by all staff)
- 3 Understand the function and role of groups and people inside Land Transport NZ (internal connectedness)
- 4 Share ideas and effort with each other across teams (internal connectedness to each other's efforts)
- 5 Share a sense of common purpose (internal connectedness to goals)
- 6 Encourage accountability and empowerment (continuous improvement)
- 7 Ensure internal systems and processes are simple, efficient and consistently applied (prudent use of resources to achieve results).

In 2007, the organisation will work to build on these result areas, while continuing to engage with staff at all levels. An on-going engagement process will be used to ensure all staff continue to 'have their say' and the organisation has an opportunity to respond. The result will be an organisation-wide approach to supporting the desired culture, complemented by a business-group / team focused approach.

Core behaviours continue to signal to all staff the ways in which individuals can contribute to organisational health. This work is also supported by other People and Culture initiatives, such as the Leadership Development Programme, the competency framework project and individual learning and development opportunities.

All new human resources policies and guidelines reflect the agreed behaviours, ensuring that we achieve strong strategic alignment with all of our activities.

10 How we will measure our performance

The organisation's mission is not internally derived. It is driven by the expectations stated in the New Zealand Transport Strategy that the governance, management and funding of land transport would be forward-looking, collaborative, accountable and evidence-based. It is driven by the expectations and priorities of partner organisations, stakeholders, customers and the general public. Consequently, our mission to improve land transport needs to be viewed from the perspectives of the desired outcomes, our relationships, outputs and organisational culture. These linkages are shown in figure 10.

FIGURE 10 | Land Transport NZ's business from different perspectives



TABLE 2 | Indicators that can be used to measure the performance of the land transport system over time

Perspectives	Results sought	Indicators
Outcomes and impacts	<p>Increased use of active and shared modes</p> <p>Reduced number of crashes</p> <p>Improved safety, environmental and energy performance of vehicles and vehicle use</p> <p>Reduced need to travel</p> <p>More efficient commercial transport</p> <p>Improved reliability, safety and effectiveness of networks</p> <p>Improved value for money in maintenance and development of networks</p> <p>Better connected transport solutions</p>	<p>Total travel</p> <p>Total vehicle kilometres travelled (VKT)/GDP</p> <p>Mode share</p> <p>% mode share for individual trips</p> <p>% mode share (road/rail/coastal shipping)*</p> <p>Access and mobility</p> <p>Minutes delay/km</p> <p>% population within 500 m of regular public transport service**</p> <p>Safety</p> <p>Road deaths per VKT</p> <p>Road hospitalisations (more than 3 days) per VKT</p> <p>% regulatory compliance</p> <p>Environment</p> <p>Fuel consumption per VKT (petrol/diesel)</p> <p>Average age of light/heavy vehicle fleet</p> <p>Asset management</p> <p>Road condition index</p> <p>Road smooth travel exposure</p> <p>Road pavement integrity index</p> <p>Rail asset management indicator</p>
Relationships	<p>Sustainable and safe choices</p> <p>Respect and cooperation of transport sector professionals</p> <p>Trust and collaboration of transport sector leaders</p> <p>Confidence and backing of the government</p>	<p>Satisfaction ratings from stakeholder surveys on:</p> <ul style="list-style-type: none"> > NLTP process > 'assist and advise' function > audit and regulatory functions > research programme
Organisation	<p>Commitment, leadership and integrity</p> <p>Teamwork and partnership</p> <p>A professional approach</p> <p>Being knowledgeable and informative</p> <p>Staff competence and empowerment</p> <p>Quality service and adding value</p> <p>Effectiveness and efficiency</p>	<p>Staff turnover:</p> <ul style="list-style-type: none"> > average tenure in job > absenteeism > average time to full productivity
Outputs	<p>Providing registrations, licensing and compliance services</p> <p>Assisting and funding</p> <p>Monitoring and informing partners and stakeholders</p> <p>Promoting sustainable and safe land transport</p> <p>Assisting and advising</p>	<p>Quality, quantity, timeliness and cost measures</p>

Notes:

* Subject to availability of data

** Minimum number of services per day

Measuring the performance of the sector over time

Land Transport NZ gathers or has access to a significant amount of information each year that can be used to measure the performance of the land transport sector over time. Even so, there are significant data gaps in the transport sector and some of these will need to be addressed if a robust and comprehensive understanding of trends is going to be achieved.

The Ministry of Transport and Crown transport entities are collaborating on the development of an integrated monitoring indicators framework. The framework will contain a hierarchy of measurable indicators to monitor the sector's progress towards delivering the objectives of the New Zealand Transport Strategy.

Table 2 shows a set of impact and outcome indicators that are currently used to understand trends relative to the objective of achieving a safe and sustainable land transport system.

Trends in some key indicators

The trends illustrated below use national data. Regional and local trends vary significantly and are reported in other Land Transport NZ documents, such as the *National Land Transport Programme* published in June each year and *New Zealand land transport at a glance*.

Figure 11 shows gross domestic product (GDP) relative to the national trend in vehicle kilometres travelled over the last six years. The economy has grown faster than the growth in road transport, an outcome Land Transport NZ is seeking to support.

FIGURE 11 | Trend in GDP (current prices) relative to vehicle kilometres travelled (VKT)

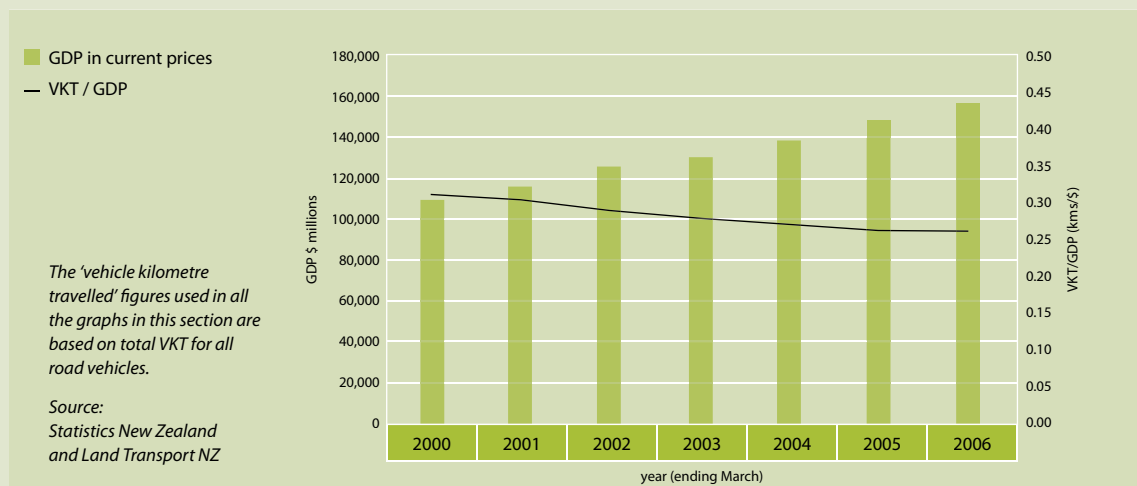


Figure 12 shows the national trend in bus patronage from 2001. The overall upward trend is modified by a levelling off of patronage (largely in Auckland) due to a decline in overseas student numbers, while the recent upward trend is a response to rises in fuel prices.

FIGURE 12 | Trend in bus patronage

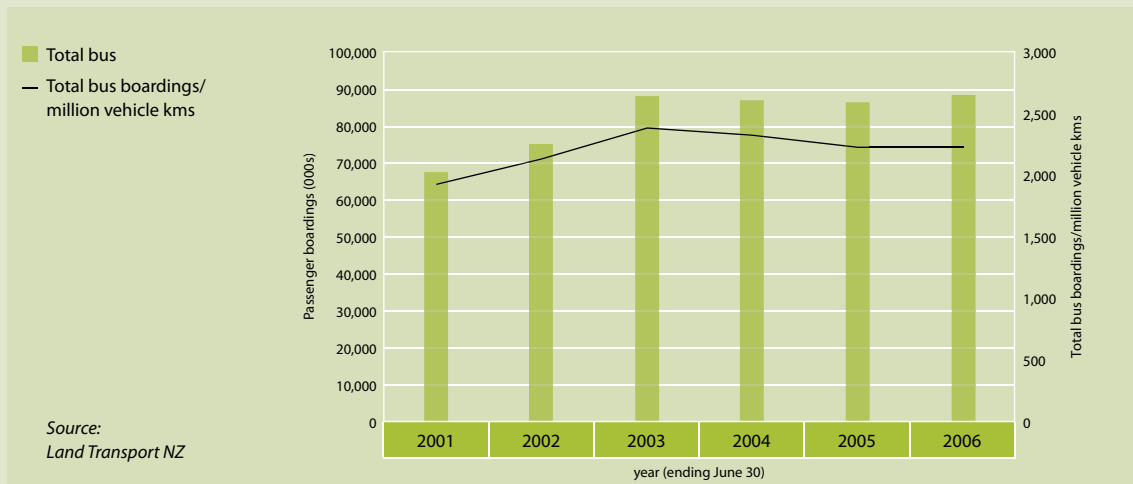


Figure 13 shows the trend in total passenger rail boardings from 2001 and total rail boardings per vehicle kilometres travelled. The steady increase is in large part a response to rising fuel prices.

FIGURE 13 | Trend in rail patronage

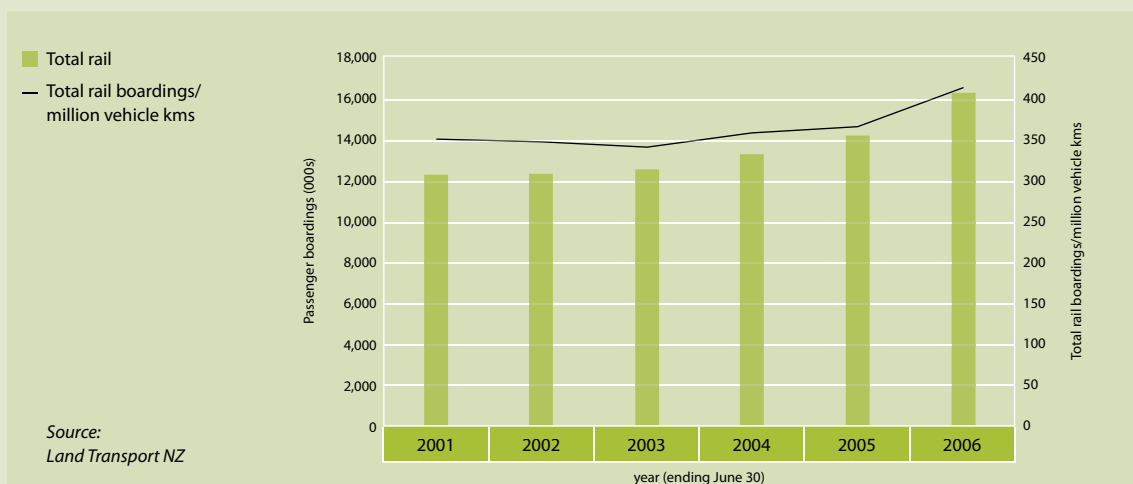
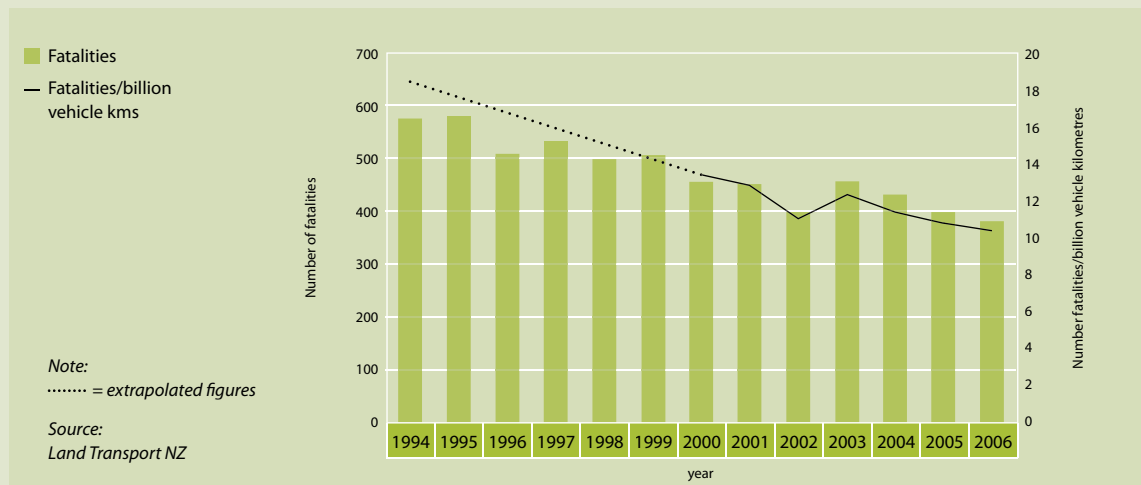


Figure 14 and figure 15 show trends in total road fatalities and serious injuries per billion vehicle kilometres travelled for the past decade. The overall improvement in road safety achieved during the 1990s is continuing, which is encouraging. The recent rise in hospitalisations may reflect the impact of improved vehicle safety features, eg, frontal impact systems that may save lives but leave people with serious injuries.

FIGURE 14 | Trend in road fatalities



Significant reductions in hospitalisation and fatality rates have been achieved through a combination of education, engineering and enforcement activities, as shown in figure 15. However, recently, the rate of improvement in hospitalisations and fatalities has slowed. This implies that a sustained and innovative approach will be required if the 2010 targets are to be achieved.

FIGURE 15 | Road fatality and hospitalisation rates

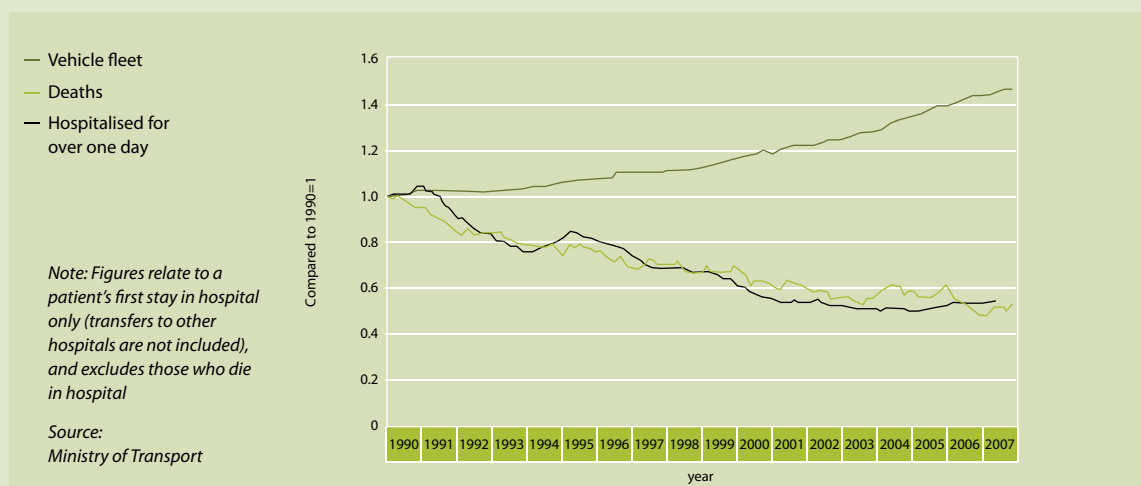


Figure 16 shows trends in restraint and cycle helmet compliance rates from 1998. The use of safety restraints in cars is steadily improving but cycle helmet compliance may be trending down slightly. It is encouraging to see a significant increase in rear seat restraint compliance and greater use of child restraints, indicating the success of education campaigns targeting these safety issues.

FIGURE 16 | Trend in safety restraints and cycle helmet compliance rates



Figure 17 shows trends in speed compliance rates from 1998. Average speeds continue to decline slowly, which is very important from a transport safety perspective as well as in terms of energy consumption.

FIGURE 17 | Trend in speed compliance rates



Figure 18 shows land transport carbon dioxide emissions from road transport. Road transport is the largest single contributor to emissions of this greenhouse gas. The trend is one of increasing emissions over time, with emissions per vehicle kilometre travelled following a fairly flat trajectory, influenced by improvements in the fuel efficiency of newer vehicles.

FIGURE 18 | Trends in CO₂ emissions from road transport

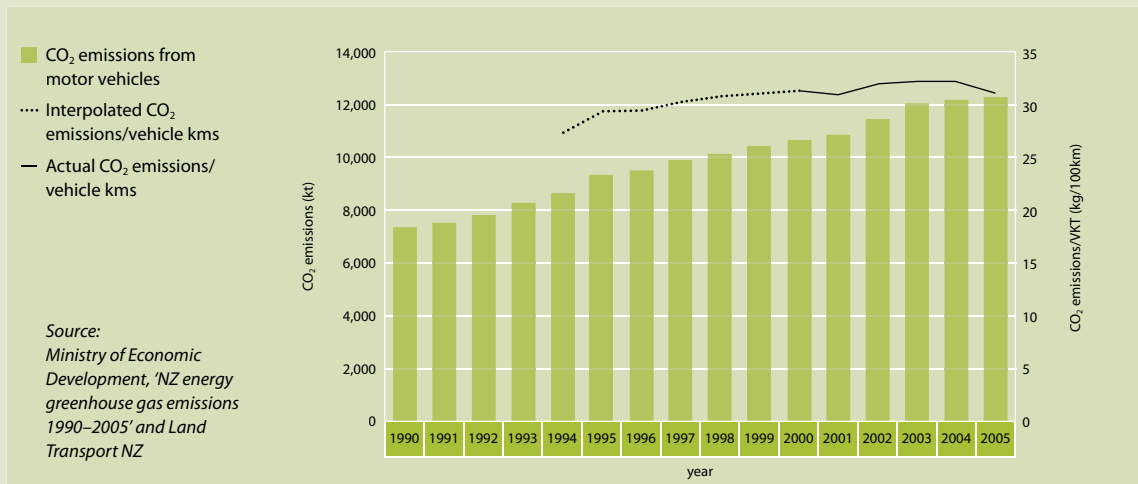


Figure 19 shows the trend in land transport energy consumption over the last decade. Energy use continues to increase steadily, but it appears that energy use per vehicle kilometre travelled may be beginning a downward trend.

FIGURE 19 | Trend in petrol and diesel use in transport

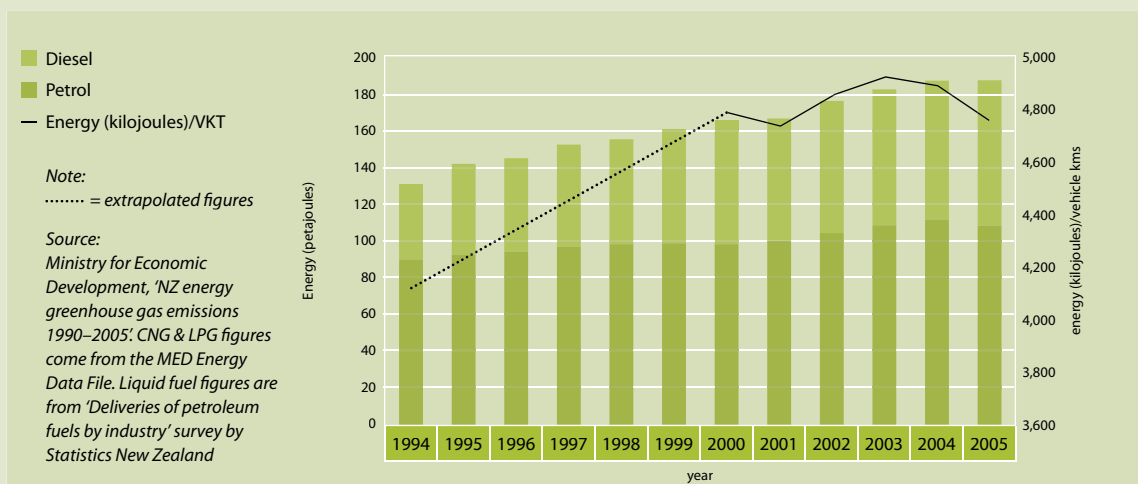
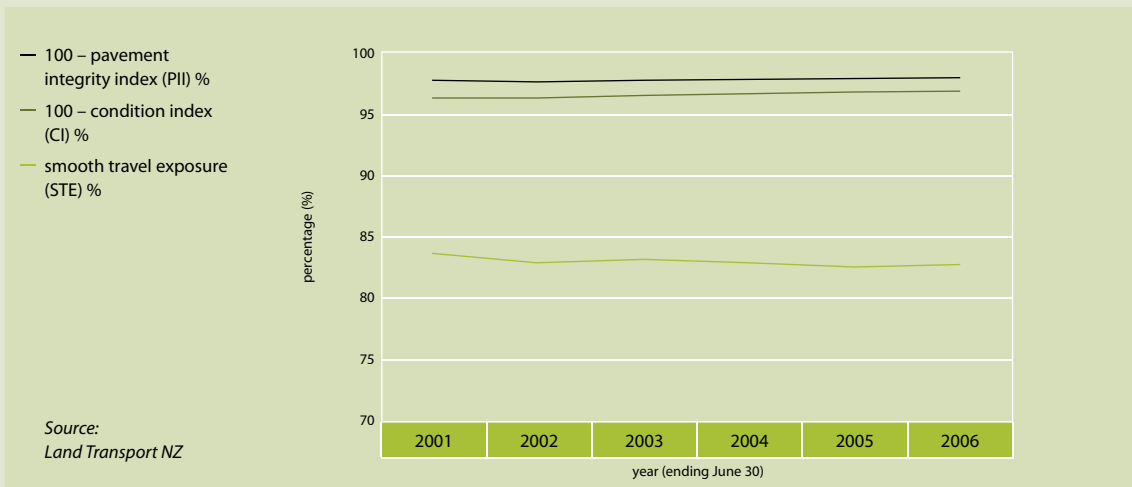


Figure 20 shows trends in three local road maintenance performance indicators over the last five years. The condition of local roads has improved slightly but the ride on the network has become slightly rougher.

FIGURE 20 | Trend in performance of local roads



Risk management

Following the formation of Land Transport NZ, a new risk register was required. The objectives, responsibilities and structure of the organisation are significantly different from its predecessor organisations. It was, therefore, determined that a 'green fields' approach would be taken, as it was not appropriate to simply amalgamate the two existing organisational risk registers.

An independent, high-level risk review has been completed to initially identify significant risks for Land Transport NZ and to form an opinion as to the status of risk awareness and related control activities. Following that independent review, agreement has been reached on an appropriate recognised risk management framework within Land Transport NZ. Progressive implementation of the agreed framework has now commenced. These measures include management of financial and computer system risks.

TABLE 3 | Some of the major external risks faced by the organisation

Outcome	Risk	Mitigation
1 Increased use of active and shared modes	Promotional activities will have limited impact in achieving modal shift without realistic pricing or regulatory measures	Work with Ministry of Transport on additional demand management measures
2 Reduced number of crashes	Inherent tendency for more crashes as vehicle kilometres increase	Implement compliance strategy and work with agencies in National Road Safety Committee to develop further promotion, regulatory and engineering initiatives
3 Improved safety, environmental and energy performance of vehicles and vehicle use	Vehicle technology improves performance but, with increasing incomes, people are choosing heavier and larger vehicles	Support Ministry of Transport on developing measures such as differential motor vehicle registration fees
4 Reduced need to travel	Dispersed land use patterns and increasing incomes result in growing vehicle kilometres	Work with central and local government to strengthen national and regional land use and transport planning
5 More efficient commercial transport	Growing road congestion will reduce commercial transport efficiency	Work with Ministry of Transport and other agencies to identify additional initiatives such as commercial vehicle priority lanes and removing barriers to more productive logistics
6 Better-connected transport solutions	Inherent complexity of integrated planning under <i>Resource Management Act 1991</i> , <i>Local Government Act 2002</i> , <i>Land Transport Act 1998</i> and <i>Land Transport Management Act 2003</i>	Work with Ministry of Transport and other agencies on Integrated Approach to Planning initiative. Also work to improve certainty of implementation of agreed strategies
7 Improved reliability, safety and effectiveness of networks	Growth in traffic will outstrip ability to expand existing networks	Increase investment in advanced traffic management systems (see also outcomes 1, 2 and 4 above)
8 Improved value for money in operation and development of networks	Higher level of investment is driving cost escalation, and need to meet environmental and social objectives is resulting in project scope increases (eg, tunnelling and landscaping)	Reviewing and implementing improved procurement procedures. Developing improved maintenance and operational techniques to improve cost effectiveness while retaining quality of networks

TABLE 4 | Some of the major internal risks faced by the organisation

Outcome	Risk (as though unmitigated)	Mitigation
1 Staff contributions increasingly valued externally and internally	Staff will feel disengaged from internal planning processes Awareness of stakeholder needs not part of business planning process	Engagement survey (replaces culture survey), and support to managers from People and Culture Stakeholder needs articulated through stakeholder surveys and viewed as part of business KPI measurements
2 More targeted service to customers that better meets their needs	Business planning will not recognise customer needs or realities of access	Implement KPI approach when tracking customer/stakeholder surveys; customer service part of key leadership competency framework
3 More effective management of stakeholder relationships	Stakeholders will experience lack of coordination between their needs and our services/products	Better engagement processes, using marketing thinking, and joint planning forums, such as promotion forum; realistic engagement with regional councils on national issues; support for relationship management through leadership competencies
4 Improved capability to deliver on sustainable and safe land transport	Products and services will not meet the higher-level requirements of government, nor the value exchange of stakeholders, bringing our effectiveness as a lead agency into question	More aligned thinking and planning between Land Transport NZ strategy, leading practice and recognition of learning needed to deliver. Linked to initial work being done on sector capability for sustainability
5 Land Transport NZ provides increasingly meaningful information to the public and the transport sector	Trends affecting our effectiveness will not be well understood, nor will they show positive trends in behaviours required to meet organisational effectiveness indicators	Implement research/evidence-based approach, and proven methods to produce more focused understanding of customer and stakeholder needs and values through segmentation. Develop prioritised education and communications strategies
6 Business processes and systems are better attuned to customer needs	Related to 2 above – business planning will take a tunnelled view of our purpose and not recognise or adapt to changes in stakeholder needs	Strategic relationship management, including links between stakeholders and business planning, is included in the Leadership Development Programme available to all leaders and aspiring leaders. Supported by new project management approach across teams and business groups. One of focus areas for the 2006 Moving Forward initiative. Linked to Competency Framework Project
7 Evidence-based internal business planning and decision making	Projects and initiatives will be conceived and exist in a vacuum of evidence, and effectiveness will be compromised. Subsequent planning decisions will then be flawed	Work with Leadership Team and external agencies to promote greater use of project management discipline and tools, use of empirical and research findings and evaluation strategies to plan, manage and review findings of projects and initiatives
8 Clearly established and achieved accountabilities	Accountabilities will not be identified, articulated, recorded and reported, reducing organisational efficiency and effectiveness	Greater recognition and use of project governance and management structures. Work is managed, recorded and reported effectively and efficiently. Linked to Competency Framework Project

Outcome	Risk (as though unmitigated)	Mitigation
9 Focus and purpose of Land Transport NZ is better understood internally and externally	Staff understanding of how they are expected to achieve results is not aligned to strategic direction, resulting in flawed practice and communications – and flawed results for external stakeholders	Business planning processes take account of future organisational direction, and aligning the 'how' of our work is more clearly promoted and understood. This is done through engagement, development and communications programmes across the organisation
10 The Board makes more strategic evidence-based decisions leading to optimum outcomes	The Board will make decisions based on unsupported views, or representational interests, rather than leading practice for the transport, central and local government settings	Better internal planning processes, which use evidence linked to leading practice, is used to plan and manage work and reporting to the Board – allowing it to make more evidence-based decisions
11 Land Transport NZ leads an evidence-based and value-for-money culture in the sector	Staff will lead based on personal views and values, without recognising the greater strategic direction and organisational deliverables. This will result in a disconnect between the organisation's mandate and the ability of staff to deliver on that	Engagement surveys identify contributing values held by staff and strategies are put in place to increase alignment, such as through the Leadership Development Programme, and prioritise learning and development for key staff. Technical competencies in analysis and management are developed
12 Land Transport NZ works confidently with cultural and geographical diversity	Diversity will not be recognised and therefore products and services will not be appropriate in a range of contexts, reducing effectiveness in staff, sector and community engagement	Implement the Diversity and Fairness Strategy, strategic policies and operational tools – linked to work streams in Equal Employment Opportunities, Cultural Relationship Capability and Work/Life Balance. Staff will support key stakeholders to engage on terms appropriate within a diverse and fair context

11 Prospective financial statements

These financial statements have been prepared on the basis that Land Transport NZ is a going concern. On 25 May 2007, the government announced changes in the transport sector that will result in the merging of Land Transport NZ and Transit.

At this time, it is not known when the merger will be completed, or the full impacts, but it is expected to be completed before 30 June 2010. These financial statements have been prepared for Land Transport NZ as a stand-alone operation and do not take into account the impact of the announcement made on 25 May 2007.

This section includes:

- > statement of accounting policies
- > prospective statement of financial performance
- > prospective statement of changes in equity
- > prospective statement of financial position
- > prospective statement of cash flows
- > prospective statement of third party revenue
- > prospective statement of output expenditure
- > prospective financial performance by output class.

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 NZ is a Crown entity established in December 2004 as the result of a re-organisation of the government transport sector, which saw the majority of the activities of the Land Transport Safety Authority and Transfund New Zealand combine to form Land Transport NZ. Land Transport NZ is integrally involved in developing and delivering an affordable, integrated, safe, responsive and sustainable land transport system in line with the vision of the New Zealand Transport Strategy.

Land Transport NZ is a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Statutory base

Land Transport NZ's financial statements are prepared in accordance with the requirements of section 139 of the *Crown Entities Act 2004*.

Basis of preparation

The financial statements have been prepared on an historical cost basis in New Zealand dollars rounded to the nearest thousand dollars (\$000).

Statement of compliance

From 1 July 2007, the financial statements of Land Transport NZ will be prepared in compliance with NZ IFRS as appropriate to a public benefit entity. No exemptions have been used under NZ IFRS 1. In preparation for this change, the financial statements for the period 1 July 2006 to 30 June 2007 are being prepared both under NZ GAAP and NZ IFRS. This is to provide NZ IFRS comparisons for the 2007/08 year.

These financial statements comply with the New Zealand financial reporting standard 42.

The information contained in these statements may not be appropriate for purposes other than those described.

Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in the preparation of the opening NZ IFRS statement of financial position as at 30 June 2006 for the purpose of transition to NZ IFRS.

Budget figures

The budget figures contained in the financial statements are those approved by the Land Transport NZ Board in April 2007 and assume statutory approval of the maximum amounts of the operating and research costs by the Minister of Transport (as provided for in the *Land Transport Management Act 2003*).

The Minister's current approvals are not set at the Board's proposed levels. The Minister is considering the Board's proposals for further initiatives and the related funding. Once the Minister has decided on these proposals and reset the level of the approvals, the Board will consider the need to table a revised Statement of intent that reflects these changes.

Actual financial results achieved for the period covered are likely to vary from the information presented due to ongoing operational decisions, and these variations may be material.

There is no intention to update budgets subsequent to the printing of this document.

Significant budget assumptions

The budget for 2007/08 has been prepared based on the following assumptions.

- > There is a government expectation that the organisation will fully allocate all roading funds available to projects meeting the government's policy objectives.
- > The Minister of Transport will approve the full operating budget for 2007/08, including additional expenditure above business as usual for new initiatives and business improvement activities and implementing the Next Steps review.
- > The personnel budget is seen to stabilise in 2007/08 as the new organisational structure is put in place.
- > Operationally, the organisation is less than three years old, so further review of the range of services being provided is expected.

Revenue

Revenue is measured at fair value of consideration received. Land Transport NZ derives revenue from:

- > 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 split into two components – Crown Revenue and Crown Revenue from the National Land Transport Fund
- > income from investments.

Such revenue is recognised when earned and is reported in the financial period to which it relates.

Expenditure

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

Road controlling authorities and regional council 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, as per section 10 (6) of the *Land Transport Management Act 2003*, is treated as a reduction to expenditure funding.

Financial assets

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 fair value. All revenue and expenditure relating to financial instruments is recognised in the statement of financial performance.

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from the date of acquisition. Investments are deposits held with a maturity greater than three months.

Trade and other receivables

Accounts receivable are stated at their estimated realisable value after providing for doubtful and non-collectable debts. A provision is made when there is objective evidence that the debt will not be collected.

Inventories

Inventories are valued at the lower of cost or current replacement cost.

Property, plant and equipment

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 \$2000.

Depreciation of property, plant and equipment

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	Useful lives	Depreciation rate
Leasehold improvements	Estimated 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%
Driver Licence Register system	10 years	10%

Intangible assets

Acquired computer software is capitalised on the basis of cost and amortised as below.

Asset class	Useful lives	Depreciation rate
Computer software	3 – 10 years	Range

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 outputs.

Output costing

Basis of assigning indirect and corporate costs to business units who produce outputs

Corporate indirect costs and corporate overheads are assigned to business units based on a number of cost drivers.

Business unit's direct costs and overhead assignment to outputs

Business units are defined as work areas that produce outputs. Where possible, costs incurred by a business unit are directly coded to outputs. A business unit's indirect costs, including salaries and their share of indirect and corporate overheads, are assigned to outputs based on the proportion of direct staff time spent on each output.

Taxation

Income tax

Crown entities are exempt from income tax under provisions of the *Income Tax Act 2004* and therefore no charge for income tax has been provided for.

Goods and services tax (GST)

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

Employee benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retirement leave and other similar benefits are recognised in the statement of financial performance when they accrue to employees.

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.

Land Transport NZ recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on a past average sick leave above the normal yearly level.

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.

Public equity

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

Changes in accounting policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

These prospective financial statements have been completed in line with NZ IFRS.

Further information

Forecast expenditure

Land Transport NZ has in past years reported expenditure against total revenue. No breakdown by output is evident in earlier annual reports or statements of intent.

When reporting expenditure against the stated Crown appropriation for each output class, as per the Estimates, variances occur. Where under-spends are forecast for output classes funded through Crown – annual appropriations, the level of the appropriation will be adjusted as part of the government's regular baseline update process. Where surpluses arise from output classes funded through Crown – NLTF appropriations, these surpluses have been retained at year-end for reallocation in the next financial year and are reflected in the National Land Transport Account (NLTA) carryover amount.

National Land Transport Account

Funds received by Land Transport NZ are held in the NLTA. Those funds to be paid to approved organisations for approved activities under the NLTP, and to Land Transport NZ for its own operating expenses, are accounted for separately. Unallocated funding or operating surpluses from output classes are also held in the NLTA and carried over to the next year for appropriate allocation.

Research, Education and Training (RET) programme

Expenditure on RET activities are the external cost only of those activities.

Prospective statement of financial performance

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Consolidated		
Revenue		
Crown – annual	430,603	314,875
Crown – National Land Transport Fund	1,776,153	1,741,975
Contract services	53,196	49,898
Third party revenue	85,292	86,791
Total revenue	2,345,244	2,193,539
Expenditure		
Employee benefit expenses	47,382	43,872
Operating expenses	135,374	133,773
National Land Transport Programme excluding operating expenses	2,143,400	1,999,954
Depreciation	8,000	6,103
Capital charge	1,644	1,828
Total expenditure	2,335,800	2,185,530
Net surplus (deficit)	9,444	8,009
National Land Transport Programme		
Revenue		
Crown – annual	427,000	312,672
Crown – National Land Transport Fund	1,724,144	1,690,374
Third party revenue	10,000	10,000
Total revenue	2,161,144	2,013,046
Expenditure		
National Land Transport Programme excluding operating expenses	2,143,400	1,999,954
Total expenditure	2,143,400	1,999,954
Net surplus (deficit)	17,744	13,092
Operations (non NLTP)		
Revenue		
Crown – annual	3,603	2,203
Crown – National Land Transport Fund	52,009	51,601
Contract services	53,196	49,898
Third party revenue	75,292	76,791
Total revenue	184,100	180,493
Expenditure		
Employee benefit expenses	47,382	43,872
Operating expenses	135,374	133,773
Depreciation	8,000	6,103
Capital charge	1,644	1,828
Total expenditure	192,400	185,576
Net surplus (deficit)	(8,300)	(5,083)

Prospective statement of changes in equity

As at 30 June

	2008 BUDGET \$000	2007 PROJECTED \$000
Public equity		
Opening balance	68,304	60,575
Transfer to retained earnings	(3,689)	188
Transfer to licensing memorandum account	(4,611)	(5,551)
Transfer to National Land Transport Programme account	17,744	13,092
Net surplus (deficit)	9,444	7,729
Closing balance	77,748	68,304

Prospective statement of financial position

As at 30 June

	2008 BUDGET \$000	2007 PROJECTED \$000
Assets		
Current assets		
Cash and cash equivalents	204,812	329,873
Crown receivable	170,000	40,000
Trade and other receivables	10,000	10,000
Prepayments	220	220
Inventories	180	180
Total current assets	385,212	380,273
Non-current assets		
Property, plant and equipment	2,889	4,417
Intangible assets	21,629	15,596
Total non-current assets	24,518	20,013
Total assets	409,730	400,286
Liabilities		
Current liabilities		
Trade and other payables	327,817	328,042
Employee benefit liabilities	2,215	2,050
Total current liabilities	330,032	330,092
Non-current liabilities		
Employee benefit liabilities	1,950	1,890
	1,950	2,170
Total liabilities	331,982	331,982
Net assets	77,748	68,304
Represented by:		
Public equity		
General funds	18,795	18,795
Licensing memorandum account balances	(4,235)	376
National Land Transport Programme account	55,383	37,639
Accumulated operating surplus (deficit)	7,805	11,494
Total public equity	77,748	68,304
Total liabilities and public equity	409,730	400,286

Prospective statement of cash flows

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Cash flows from operating activities		
Cash was provided from:		
> supply of outputs to the Crown	483,799	364,773
> supply of outputs to National Land Transport Fund	1,646,153	1,748,928
> supply of outputs to third parties	71,749	106,121
> interest received	13,543	13,650
Cash was applied to:		
> employee expenses	(47,157)	(44,003)
> operating cost of outputs	(2,278,999)	(2,071,765)
> payment of capital charge to the Crown	(1,644)	(1,828)
Net cash flows from operating activities	(112,556)	(115,876)
Cash flows from investing activities		
Cash was provided from:		
> sale of property, plant and equipment	20	20
> sale of intangible assets	0	0
Cash was applied to:		
> purchase of property, plant and equipment	(6,492)	(3,743)
> purchase of intangible assets	(6,033)	(3,000)
Net cash flows from investing activities	(12,505)	(6,743)
Cash flows from financing activities		
Cash was provided from:		
> capital contribution from the Crown	0	0
Cash was applied to:		
> repayment of surplus to the Crown	0	(1,398)
> repayment of capital to the Crown	0	0
Net cash flows from financing activities	0	(1,398)
Net increase (decrease) in cash held	(125,061)	107,755
Opening cash balances	329,873	222,118
Closing cash balances	204,812	329,873

Prospective statement of third party revenue

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Fees and charges from:		
Over-dimension permits	227	230
Rail licensing fees in accordance with regulation 7 of the <i>Transport Services Licensing Regulations 1989</i>	312	260
Border inspection fees in accordance with <i>Land Transport Rule: Vehicle Standards Compliance 1998</i>	2,027	2,670
Transport licensing fees in accordance with regulations 6 and 7 of the <i>Transport Services Licensing Regulations 1989</i>	4,610	4,610
Vehicle registration fees in accordance with regulation 38 of the <i>Transport (Vehicle Standards) Regulations 1990</i> and certificate of fitness levies	5,200	5,200
Certification review fees in accordance with the <i>Certification and Other Fees Amendment Regulations 2002</i>	6,998	7,100
Administration fee from ACC	12,060	11,830
Driver testing fees in accordance with the <i>Land Transport (Driver Licensing and Driver Testing Fees) Regulations 2001</i>	14,358	15,041
Driver licence fees in accordance with the <i>Land Transport (Driver Licensing and Driver Testing Fees) Regulations 2001</i>	24,729	24,810
	70,521	71,751
Other revenue		
Road Safety Trust	194	165
Sale of road safety materials	720	293
Crash Analysis System (IT support)	250	325
Governance	0	535
Miscellaneous revenue	64	72
	1,228	1,390
Interest	13,543	13,650
Total third party revenue	85,292	86,791

Prospective statement of output expenditure

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Output classes delivered by Land Transport NZ		
Research and performance monitoring	7,775	6,179
Promotion, information and education activities	27,429	33,577
Regulatory implementation and enforcement	27,063	25,651
Licensing activities	49,137	45,661
Management of funding allocation system	16,689	13,230
Motor vehicle registry and revenue management	64,307	61,278
Total cost of outputs delivered by Land Transport NZ	192,400	185,576
Output classes delivered by approved organisations		
Rail and sea freight	1,600	1,500
Transport demand management, and walking and cycling	33,100	18,550
Passenger transport services	239,100	270,920
Regional land transport	194,800	60,960
Auckland land transport	50,000	20,550
Wellington land transport	15,500	12,010
Wellington land transport (Western Corridor)	10,000	0
Bay of Plenty land transport	10,000	55,000
Tauranga Harbour Link Project	50,000	0
Waikato land transport	3,000	0
New and improved infrastructure for state highways	634,100	701,564
Maintenance of state highways	237,600	160,630
New and improved infrastructure for local roads	363,200	436,360
Maintenance of local roads	225,500	175,990
Management of funding allocation system	75,900	85,920
Total cost of outputs delivered by approved organisations	2,143,400	1,999,954
Total cost of outputs	2,335,800	2,185,530

Prospective financial performance by output class

For the financial year ending 30 June 2008

Output class	REVENUE			EXPENDITURE		SURPLUS/(DEFICIT) \$000	
	CROWN ANNUAL \$000	CROWN NLIF \$000	CONTRACT SERVICES \$000	THIRD PARTY \$000	TOTAL REVENUE \$000		
Research and performance monitoring	0	4,371	0	0	4,371	7,775	(3,404)
Promotion, information and education activities	0	33,883	0	250	34,133	27,429	6,704
Regulatory implementation and enforcement	548	3,353	1,013	21,087	25,301	27,063	(1,762)
Licensing activities	3,055	0	0	41,471	44,526	49,137	(4,611)
Management of funding allocation system (Land Transport NZ)	0	11,102	0	0	11,102	16,689	(5,587)
Motor vehicle registry and revenue management	0	0	52,183	12,484	64,667	64,307	360
National land transport programme	427,000	1,724,144	0	10,000	2,161,144	2,143,400	17,744
Total	430,603	1,776,153	53,196	85,292	2,345,244	2,335,800	9,444

Mapping activity class to output class for 2007/08

The National Land Transport Programme is managed by activity classes, as detailed below. The second column reflects the reallocation of expenditure to regionally and Crown-funded output classes. The third column reflects the Transit NZ revenue that is offset against the National Land Transport Programme. Transit revenue reflects funds collected by Transit from property sales that offset their roading claims.

NATIONAL LAND TRANSPORT PROGRAMME	TOTAL ACTIVITY \$000	REGIONAL ADJUSTMENT \$000	REGIONAL AND CROWN ALLOCATION \$000	TRANSIT REVENUE \$000	TOTAL OUTPUT \$000	STATEMENT OF INTENT
Activity classes						Output classes delivered by approved organisations
Rail and sea freight	1,600				1,600	Rail and sea freight
Travel demand management, walking and cycling	34,600		(1,500)		33,100	Transport demand management, and walking and cycling
Passenger transport	262,800		(23,700)		239,100	Passenger transport services
Regional development	20,000	(20,000)	194,800		194,800	Regional land transport
			50,000		50,000	Auckland land transport
			15,500		15,500	Wellington land transport
			10,000		10,000	Wellington land transport (Western Corridor)
			10,000		10,000	Bay of Plenty land transport
			50,000		50,000	Tauranga Harbour Link Project
			3,000		3,000	Waikato land transport
Improvement and replacement of state highways	894,000		(244,900)	(15,000)	634,100	New and improved infrastructure for state highways
Maintenance of state highways	254,600			(17,000)	237,600	Maintenance of state highways
Improvement and replacement of local roads	406,400	20,000	(63,200)		363,200	New and improved infrastructure for local roads
Maintenance of local roads	225,500				225,500	Maintenance of local roads
Administration and project control	75,900				75,900	Management of funding allocation system
Total expenditure	2,175,400	0	0	(32,000)	2,143,400	

12 Statement of forecast service performance

The statement of forecast service performance is formatted according to the output class structure contained in the 2006/07 *Estimates of appropriations*. As an organisation, we work more directly with activity classes, but as alignment between the two is quite close, this does not represent a major problem.

The major difference occurs with respect to regionally distributed funds, as 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).

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.

Part 1 | Land Transport NZ output classes

Output class | Research and performance monitoring

Description

Under this output class, Land Transport NZ will:

- > commission and publish research
- > monitor and report on the performance of the land transport system.

Link to Land Transport NZ's outcomes

- > Increased use of active and shared modes.
- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.
- > Improved reliability, safety and effectiveness of networks.

Delivery

The research output is contracted out contestably to researchers.

Performance monitoring information is provided directly by Land Transport NZ.

	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09	TARGET 2009/10
Quantity					
Delivery of a published research programme (by theme):					
> asset management	37%	30-40%	30-40%	Decrease	Decrease
> natural hazard risk management	2%	1-5%	1-5%	Increase	Increase
> safety and personal security	16%	5-15%	5-15%	No change	No change
> environmental effects	17%	15-20%	15-20%	Increase	Increase
> travel behaviour change	14%	10-25%	10-25%	No change	No change
> traffic management	5%	5-15%	5-15%	No change	No change
> sustainable land transport	9%	10-25%	10-25%	Increase	Increase
Delivery of a land transport statistics report	New	1	1	1	1
Quality					
Percentage of approved organisations and relevant transport sector representatives that agree that Land Transport NZ's research programme adds value to the land transport sector	81%	≥80%	≥80%	≥80%	≥80%
Percentage of approved organisations and relevant transport sector representatives that agree that information on the performance of Land Transport NZ adds value to the land transport sector	72%	≥80%	≥80%	≥80%	≥80%
Percentage of research projects completed on time	49%	≥70%	≥70%	≥70%	≥70%

Research and performance monitoring

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	4,371	4,244
Total revenue	4,371	4,244
Expenditure		
Research	5,906	4,530
Performance monitoring	1,869	1,649
Total expenditure	7,775	6,179
Net surplus (deficit)	(3,404)	(1,935)
Expense approval category		
Research, education and training	4,000	4,000
Costs and expenses	3,775	2,179
Total expenses	7,775	6,179

Comment

The variance in net surplus (deficit) between 2007/08 budget and 2006/07 projected is mainly due to more expenditure in 2007/08 on this output class.

Output class | Promotion, information and education activities

Description

Under this output class, Land Transport NZ will:

- > commission national advertising on land transport related issues
- > commission national promotion of walking and cycling
- > commission nationally managed school road safety education
- > provide funding for the Community Road Safety Programme
- > manage the Crash Analysis System
- > provide information and education for drivers, operators, vehicles, road controlling authorities and others
- > provide administration services to the Road Safety Trust.

Link to Land Transport NZ's outcomes

- > Increased use of active and shared modes.
- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

Delivery

Some activities are contracted out. Other activities will be delivered directly by Land Transport NZ.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE/ TARGET 2006/07	ESTIMATE/ TARGET 2007/08	ESTIMATE/ TARGET 2008/09	ESTIMATE/ TARGET 2009/10
Quantity					
Development and implementation of an education strategy	New	1	1	1	1
All allocation decisions consistent with the funding allocation process	New	Yes	Yes	Yes	Yes
Road safety advertising package – average number of targeted audience rating points (TARPs) purchased	10,740 TARPs	8,000 TARPs	8,000 TARPs	8,000 TARPs	8,000 TARPs
Quality	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09	TARGET 2009/10
Total unprompted recall by the target audience of road safety television commercials, tested quarterly and averaged over 12 months	77%	≥70%	≥70%	≥70%	≥70%
Relevance of road safety television commercials to the target audience, tested quarterly and averaged over 12 months	63%	≥60%	≥60%	≥60%	≥60%

Promotion, information and education activities

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	33,883	33,826
Third party revenue	250	3,965
Total revenue	34,133	37,791
Expenditure		
Bike Wise	1,455	1,316
Community road safety programme	1,385	8,357
RoadSense	2,283	2,669
Advertising	15,601	14,916
Education	4,509	4,332
Road Safety Trust	132	133
Crash analysis system	2,064	1,854
Total expenditure	27,429	33,577
Net surplus (deficit)	6,704	4,214
Expense approval category		
Research, education and training	0	0
Authority Land Transport Programme (ALTP)	0	23,167
Costs and expenses	27,429	10,410
Total expenses	27,429	33,577

Comment

The variance in net surplus (deficit) between 2007/08 budget and 2006/07 projected is mainly because of transferring major part of community road safety programme expenditure to NLTP in 2007/08.

Output class | Regulatory implementation and enforcement

Description

Under this output class, Land Transport NZ will:

- > develop standards and procedures, and monitor and audit:
 - vehicle certification and testing
 - transport service operators
 - driver licences
 - rail operators
 - road networks
 - taxi compliance and enforcement
- > provide ministerial advice
- > develop land transport Rules under contract to the Ministry of Transport.

Link to Land Transport NZ's outcomes

- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

Delivery

This output class is delivered directly by Land Transport NZ and agents.

PERFORMANCE MEASURE	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09	TARGET 2009/10
Quantity					
Delivery of an agreed Rules development programme	New	1	1	1	1
Delivery of an agreed audit programme covering: <ul style="list-style-type: none"> > regulatory compliance of rail licence holders and licensed transport operators, eg, passenger services (including taxis) and goods services > agent service delivery (including driver testing, licence administration, and vehicle certification services) 	New	1	1	1	1
Number of taxi industry contacts ⁵	New	2,000-2,500	14,000	14,000	14,000
Number of joint enforcement operations	New	6	16	16	16
Quality					
Rules programme will meet the quality and timeliness requirements in the 2007/08 agreement for Rules development services	Yes	Yes	Yes	Yes	Yes
Percentage of audits of regulatory compliance and agent service delivery carried out according to agreed standards	New	≥95%	≥95%	≥95%	≥95%
Percentage of driver tests that comply with the Land Transport NZ <i>Driver testing officers manual</i> (as determined by audit)	100%	≥95%	≥95%	≥95%	≥95%
Standard of service supplied by agents providing vehicle certification services as measured via the certification performance indicator (scale 0–3)	2.5	≥2.5	≥2.5	≥2.5	≥2.5
Percentage of enforcement of regulatory compliance for taxi operators and taxi drivers carried out according to agreed standards	New	97%	100%	100%	100%
Percentage of reported rail accidents and incidents are addressed in accordance with the <i>Railways Act 2005</i> and Land Transport NZ procedures.	New	100%	100%	100%	100%

⁵ This includes taxi vehicles and taxi drivers inspected through work with the NZ Police; 'mystery shopper' observations; and static checks of taxi vehicles and taxi drivers on taxi ranks by Taxi Enforcement Officers.

Regulatory implementation and enforcement

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	548	548
Crown – National Land Transport Fund	2,653	1,985
Contract services	1,013	1,013
Third party revenue	21,087	22,093
Total revenue	25,301	25,639
Expenditure		
Ministerial advice	236	230
Rail audit and monitoring	806	801
Driver licence audit and monitoring	1,565	1,033
Rules development	1,538	1,520
Roading network audit and monitoring	2,143	3,096
Transport service operator audit and monitoring	10,678	8,823
Vehicle audit and monitoring	10,097	10,148
Total costs and expenses	27,063	25,651
Net surplus (deficit)	(1,762)	(12)
Expense approval category		
Research, education and training	0	0
Costs and expenses	27,063	25,651
Total expenses	27,063	25,651

Comment

The variance in net surplus (deficit) between 2007/08 budget and 2006/07 projected is mainly due to lower third party revenue budgeted for 2007/08 and higher costs associated with delivering the services. Revised Rail fees and Transport Service Levy are expected to be implemented during 2007/08. As any revisions have yet to be agreed by government, the new fees have not been included in the budgeted revenue.

Output class | Licensing activities

Description

Under this output class, Land Transport NZ will:

- > commission licensing and testing services for drivers
- > provide licensing services for transport service operators
- > provide licensing services for rail operators
- > maintain the currency and integrity of licence-related data in statutory registers
- > provide accurate, timely and relevant licensing information and advice to members of the public and service delivery agents
- > commission drug and alcohol assessments.

Link to Land Transport NZ's outcomes

- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

Delivery

This output class is delivered directly by Land Transport NZ or contracted agents and is generally demand-driven.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Driver licences issued (new, renewals, endorsements, overseas conversions and conversions/upgrades)	565,000	600,000	550,000	550,000	550,000
Transport services licences issued	3,721	2,500–3,500	2,500–3,500	2,500–3,500	2,500–3,500
Theory, practical and older driver tests	375,000	380,000	323,000	323,000	323,000
Number of drug and alcohol assessments	967	2,650	1,650	1,650	1,650
Quality	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09	TARGET 2009/10
Call centre grade of service for driver licensing activities and/or enquires:					
> percentage of calls answered within 30 seconds	89%	≥80%	≥80%	≥80%	≥80%
> quality assurance of customer service representatives' performance	New	≥97%	≥97%	≥97%	≥97%
Customer satisfaction (ie, percentage of customers who rate call centre and/or agents' service for driver licensing activities and/or services as good or better) based on independent surveys	89%	≥90%	≥90%	≥90%	≥90%
Percentage of drug and alcohol assessments carried out according to Ministry of Health guidelines	New	100%	100%	100%	100%

Licensing activities

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	3,055	1,655
Third party revenue	41,471	38,455
Total revenue	44,526	40,110
Expenditure		
Rail operator licences	673	584
Driver licences and testing	46,984	43,453
Other licensing	418	538
Total costs and expenses	49,137	45,661
Net surplus (deficit)	(4,611)	(5,551)
Expense approval category		
Research, education and training	0	0
Costs and expenses	49,137	45,661
Total expenses	49,137	45,661

Comment

The variance in net surplus (deficit) between 2007/08 budget and 2006/07 projected is mainly because of additional Crown funding appropriated for drug and alcohol assessments. Revised Rail fees and Transport Service Levy are expected to be implemented during 2007/08. As any revisions have yet to be agreed by government, the new fees have not been included in the budgeted revenue.

Regulatory implementation and enforcement and licensing activities combined

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	3,603	2,203
Crown – National Land Transport Fund	2,653	1,985
Contract services	1,013	1,013
Third party revenue	62,558	60,548
Total revenue	69,827	65,749
Cost and expenses		
Ministerial advice	236	230
Rail activities	1,479	801
Rules development	1,538	1,033
Roading network audit and monitoring	2,143	1,520
Transport service operator activities	11,740	3,096
Vehicle audit and monitoring	10,097	8,823
Driver licence and testing activities	48,549	10,148
Other licensing	418	45,661
Total costs and expenses	76,200	71,312
Net surplus (deficit)	(6,373)	(5,563)
Expense approval category		
Research, education and training	0	0
Costs and expenses	76,200	71,312
Total expenses	76,200	71,312

Output class | Management of funding allocation system

Description

Under this output class, Land Transport NZ will:

- 1 manage the funding allocation system by:
 - > managing the National Land Transport Account, including the development and administration of:
 - the National Land Transport Programme (NLTP) and the Authority's Land Transport Programme (including the NZ Police's road policing programme)
 - procurement procedures, policies and guidelines
 - funding agreements with approved organisations for the implementation of the NLTP
 - > auditing approved organisations in relation to activities approved by Land Transport NZ, and operating the approved organisations' land transport disbursement account.
- 2 provide assistance and advice to approved organisations through:
 - > good practices and policy in transportation planning (including regional land transport strategies and regional passenger transport plans)
 - > connections between land and transport planning (eg, sub-regional growth strategies)
 - > road safety and network management engineering.
- 3 assist administration and project control by approved organisations by:
 - > providing funding for administration of land transport activities by Transit and local authorities.

Link to Land Transport NZ's outcomes

- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

Outputs 1 and 2 are delivered directly by Land Transport NZ.

Output 3 provides funding to approved organisations.

PERFORMANCE MEASURE	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09	TARGET 2009/10
Quantity					
Development and delivery of the National Land Transport Programme	New	1	1	1	1
Delivery of a performance monitoring audit programme	New	1	1	1	1
Preparation of the NZ Police's road policing programme for recommendation to the Minister of Transport		New	1	1	1
Quality					
Percentage of relevant stakeholders who rate the way in which Land Transport NZ assists and advises stakeholders to formulate proposed activities and procurement procedures as 'good or better', based on independent surveys against agreed criteria	59%	≥75%	≥75%	≥75%	≥75%
Percentage of relevant stakeholders who rate the way in which Land Transport NZ processes and administers funding applications and procurement procedures as 'good or better', based on independent surveys against agreed criteria	60%	≥75%	≥75%	≥75%	≥75%
Percentage of relevant stakeholders who rate the way in which Land Transport NZ undertakes its auditing activities as 'good or better', based on independent surveys against agreed criteria	78%	≥75%	≥75%	≥75%	≥75%
Publication of the NLTP for the following financial year no later than 30 June	Yes	Yes	Yes	Yes	Yes
Percentage of agreements with approved organisations that are in place by 31 July	72%	100%	100%	100%	100%
Land Transport NZ costs for management of the funding allocation system as a percentage of the total cost of the National Land Transport Programme	0.8%	<1%	<1%	<1%	<1%
All allocations consistent with the funding allocation process		New	Yes	Yes	Yes

Management of funding allocation system (Land Transport NZ)

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	11,102	11,102
Total revenue	11,102	11,102
Expenditure	16,689	13,230
Net surplus (deficit)	(5,587)	(2,128)
Expense approval category		
Research, education and training	0	0
Costs and expenses	16,689	13,230
Total expenses	16,689	13,230

Comment

The variance in net surplus (deficit) between 2007/08 budget and 2006/07 projected is mainly due to higher expenses on assist and advise and NLTP outputs.

Management of funding allocation system (approved organisations)

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund – approved organisations	59,374	57,499
Total revenue	59,374	57,499
Expenditure	75,900	85,920
Net surplus (deficit)	(16,526)	(28,421)

Output class | Motor vehicle registry and revenue management

(Ministry of Transport output class delivered by Land Transport NZ)

Description

Under this output class, Land Transport NZ will provide 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
- > fuel excise duty credited to the National Land Transport Fund
- > pay fees to storage providers for unclaimed vehicles impounded by the NZ Police.

Land Transport NZ is contracted to provide these services under an agreement with the Secretary for Transport.

Link to Land Transport NZ's outcomes

- > Reduced number of crashes.
- > Improved safety, environmental and energy performance of vehicles and vehicle use.

Delivery

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

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE /TARGET 2006/07	ESTIMATE /TARGET 2007/08	ESTIMATE /TARGET 2008/09	ESTIMATE /TARGET 2009/10
Quantity					
Motor vehicle register (MVR) transactions	7,894,000	8,050,000	8,114,000	8,250,000	8,250,000
> MVR licensing compliance (proportion of licensed vehicles in the MVR)	87.9%	≥88.5%	≥88.5%	≥88.5%	≥88.5%
> MVR revenue compliance (proportion of vehicles re-licensed within 12 months of licence expiry)	98.5%	≥98.5%	≥98.5%	≥98.5%	≥98.5%
Number of vehicle impoundment payments	2,735	4,800-5,000	5,000	5,000	5,000
Road user charges (RUC) transactions	2,072,000	2,245,000	2,293,000	2,350,000	2,350,000
Quality					
Accuracy of data on the MVR	New	≥95%	≥95%	≥95%	≥95%
Identified RUC evasion	\$12.8m	\$6m	\$8m	\$8m	\$8m
Percentage of identified RUC evasion revenue recovered	New	30%	30%	30%	30%
RUC and MVR revenue written off as bad debt	New	\$5m	\$5m	\$5m	\$5m
Call centre grade of service for MVR and RUC activities and/or enquires:					
> percentage of calls answered within 30 seconds	88%	≥80%	≥80%	≥80%	≥80%
> quality assurance of customer service representatives' performance	New	≥97%	≥97%	≥97%	≥97%
Customer satisfaction (ie, percentage of customers who rate call centre and/or agents' service for MVR and RUC activities and/or services as 'good or better'), based on independent surveys.	96.5%	≥90%	≥90%	≥90%	≥90%
Costs per MVR transaction	\$5.83	\$5.51	\$5.61	\$5.60	\$5.60

Motor vehicle registry and revenue management

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	0	444
Contract services	52,183	49,329
Third party revenue	12,484	12,278
Total revenue	64,667	61,607
Expenditure	64,307	61,278
Net surplus (deficit)	360	329
Expense approval category		
Research, education and training	0	0
Costs and expenses	64,307	61,278
Total expenses	64,307	61,278

Comment:

This output class is managed under a contract with the Ministry of Transport.

The variance in net surplus (deficit) between 2007/08 budget and 2006/07 projected is mainly because of budgeting slightly for more interest revenue in 2007/08.

Summary of research, education and training and costs and expenses

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Research, Education and Training (RET)		
Research	4,000	4,000
Education	0	0
Training	0	0
Authority Land Transport Programme (ALTP)	0	23,167
Total cost of research, education and training	4,000	27,167
Costs and expenses		
Research and performance monitoring	3,775	2,179
Promotion, information and education activities	27,429	10,410
Regulatory implementation and enforcement	27,063	25,651
Licensing activities	49,137	45,661
Management of funding allocation system	16,689	13,230
Motor vehicle registry and revenue management	64,307	61,278
Total costs and expenses	188,400	158,409
Total cost of outputs delivered by Land Transport NZ	192,400	185,576

Part 2 | National Land Transport Programme output classes

Output class | Rail and sea freight

Description

Under this output class, Land Transport NZ will allocate funding, together with funding from approved organisations, to initiatives that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered directly by approved organisations. The estimated level of demand-driven funded activity is set out below. Delivery is subject to suitable proposals being received from approved organisations.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Number of rail and sea freight funded activities	6	5	5	5	5

Rail and sea freight

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	2,000	2,000
Total revenue	2,000	2,000
Expenditure		
	1,600	1,500
Net surplus (deficit)	400	500

Output class | Transport demand management, and walking and cycling

Description

Under this output class, Land Transport NZ will allocate funding, together with funding from approved organisations, to:

- > initiatives to improve the performance and use of the land transport system
- > community-focused land transport activities (including neighbourhood accessibility planning, travel behaviour change and road safety initiatives)
- > new and improved walking and cycling infrastructure.

Link to Land Transport NZ's outcomes

- > Reduced need to travel.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Length of new walkway/cycleway funded (km)	36.7	120	120	120	120

Transport demand management, and walking and cycling

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	27,524	19,801
Total revenue	27,524	19,801
Expenditure	33,100	18,550
Net surplus (deficit)	(5,576)	1,251

Output class | Passenger transport services

Description

Under this output class, Land Transport NZ will allocate funding, together with funding from approved organisations, to non-commercial road, rail and ferry infrastructure and services.

Link to Land Transport NZ's outcomes

- > Reduced need to travel.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by regional authorities. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Total boardings on buses (million)	89.9	101.0	100.0	increasing	increasing
Total boardings on ferries (million)	4.2	4.2	4.3	increasing	increasing
Total boardings on rail (million)	16.3	17.0	19.2	increasing	increasing
Total mobility boardings (million)	1.9	1.8	1.9	increasing	increasing
	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09	TARGET 2009/10
Quality					
Percentage of users who rate passenger transport services as 'good or better' by an annual independent survey	88%	≥75%	≥75%	≥75%	≥75%
Percentage of users who rate total mobility services as 'good or better' by an annual independent survey	90%	≥75%	≥75%	≥75%	≥75%

Passenger transport services

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	248,289	235,753
Total revenue	248,289	235,753
Expenditure	239,100	270,920
Net surplus (deficit)	9,189	(35,167)

Output class | Regional land transport

Description

Under this output class, Land Transport NZ will allocate funding to regional priority land transport activities unable to be funded from nationally distributed funds.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Percentage of funds allocated to output classes:					
> transport demand management, and walking and cycling	4%	10%	1%	1%	1%
> passenger transport services	40%	26%	7%	9%	8%
> new and improved state highways	Nil	48%	66%	67%	78%
> new and improved local roads	56%	16%	26%	23%	13%
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Regional land transport

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	210,000	205,500
Total revenue	210,000	205,500
Expenditure		
	194,800	60,960
Net surplus (deficit)	15,200	144,540

Output class | Auckland land transport

Description

Under this output class, Land Transport NZ will allocate funding to activities that support the increased integration of transport and land use in the Auckland region.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Percentage of funds allocated to output classes:					
> transport demand management, and walking and cycling	100%	100%			
> passenger transport services					
> new and improved state highways			100%	100%	100%
> new and improved local roads					
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Auckland land transport

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	50,000	20,450
Total revenue	50,000	20,450
Expenditure	50,000	20,550
Net surplus (deficit)	0	(100)

Output class | Wellington land transport

Description

Under this output class, Land Transport NZ will allocate funding to activities that retain passenger transport mode share, address congestion and improve access to the Wellington region.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Percentage of funds allocated to output classes:					
> transport demand management, and walking and cycling	100%	13%	42%	69%	69%
> passenger transport services		42%	2%	3%	8%
> new and improved state highways		30%	56%	28%	23%
> new and improved local roads		15%			
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Wellington land transport

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	40,000	12,000
Total revenue	40,000	12,000
Expenditure		
	15,500	12,010
Net surplus (deficit)	24,500	(10)

Output class | Wellington land transport (Western Corridor)

Description

Under this output class, Land Transport NZ will allocate funding to improve safety and improve access reliability to the Western Corridor.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Percentage of funds allocated to output classes:	New	New			
> transport demand management, and walking and cycling					
> passenger transport services					
> new and improved state highways			70%	70%	80%
> new and improved local roads			30%	30%	20%
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Wellington land transport (Western Corridor)

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	20,000	0
Total revenue	20,000	0
Expenditure	10,000	0
Net surplus (deficit)	10,000	0

Output class | Bay of Plenty land transport

Description

Under this output class, Land Transport NZ will allocate funding to activities that address strategic transport issues in the Bay of Plenty region.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Percentage of funds allocated to output classes:	New				
> transport demand management, and walking and cycling					
> passenger transport services		50%	97%	85%	30%
> new and improved state highways		50%	3%	15%	70%
> new and improved local roads					
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Bay of Plenty land transport

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	10,000	5,000
Total revenue	10,000	5,000
Expenditure	10,000	5,000
Net surplus (deficit)	0	0

Output class | Tauranga Harbour Link Project

Description

Under this output class, Land Transport NZ will allocate funding to activities that address strategic transport issues in the Bay of Plenty region.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

Performance measure	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Percentage of funds allocated to output classes:	New				
> transport demand management, and walking and cycling					
> passenger transport services					
> new and improved state highway		100%	100%	100%	100%
> new and improved local roads					
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Tauranga Harbour Link Project

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	50,000	50,000
Total revenue	50,000	50,000
Expenditure	50,000	50,000
Net surplus (deficit)	0	0

Output class | Waikato land transport

Description

Under this output class, Land Transport NZ will allocate funding to activities that address strategic transport issues in the Waikato region.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by approved organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09	ESTIMATE 2009/10
Quantity					
Percentage of funds allocated to output classes:		New			
> transport demand management, and walking and cycling					
> passenger transport services					
> new and improved state highways			50%	76%	46%
> new and improved local roads			50%	24%	54%
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Waikato land transport

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	17,000	0
Total revenue	17,000	0
Expenditure		
	3,000	0
Net surplus (deficit)	14,000	0

Output class | New and improved infrastructure for state highways

Description

Under this capital appropriation, Land Transport NZ will allocate funding to state highway capital improvements.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by Transit.

PERFORMANCE MEASURE	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09	TARGET 2009/10
Quantity					
Delivery of a state highway improvement programme (refer Appendix 4)	New	1	1	1	1
	ACTUAL 2005/06	ESTIMATE /TARGET 2006/07	ESTIMATE /TARGET 2007/08	ESTIMATE /TARGET 2008/09	ESTIMATE /TARGET 2009/10
Quality					
Forecast benefits of completed projects accrue over time		New	Yes	Yes	Yes
Percentage of programme delivered within approved funding limits		New	100%	100%	100%
Percentage of programme delivered consistent with performance guidelines		New	100%	100%	100%

New and improved infrastructure for state highways

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	240,000	225,222
Crown – National Land Transport Fund	461,729	485,808
Third party revenue	10,000	10,000
Total revenue	711,729	721,030
Expenditure	634,100	701,564
Net surplus (deficit)	77,629	19,466

Output class | Maintenance of state highways

Description

Under this output class, Land Transport NZ will allocate funding to the routine and periodic maintenance of state highways.

Link to Land Transport NZ's outcomes

- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by Transit.

PERFORMANCE MEASURE	ACTUAL 2005/06	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quantity					
Delivery of a state highway maintenance programme	New	1	1	1	1
	ACTUAL 2005/06	ESTIMATE /TARGET 2006/07	ESTIMATE /TARGET 2007/08	ESTIMATE /TARGET 2008/09	ESTIMATE /TARGET 2009/10
Quality					
Percentage of programme delivered consistent with performance guidelines		New	100%	100%	100%

Maintenance of state highways

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	209,406	197,553
Total revenue	209,406	197,553
Expenditure		
	237,600	160,630
Net surplus (deficit)	(28,194)	36,923

Output class | New and improved infrastructure for local roads

Description

Under this output class, Land Transport NZ will allocate funding, together with funding from approved organisations, to local roads capital improvements.

Link to Land Transport NZ's outcomes

- > More efficient commercial transport.
- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by territorial local authorities and approved public organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quantity					
Delivery of a local road improvement programme	New	1	1	1	1
		ESTIMATE /TARGET	ESTIMATE /TARGET	ESTIMATE /TARGET	ESTIMATE /TARGET
	ACTUAL 2005/06	2006/07	2007/08	2008/09	2009/10
Quality					
Forecast benefits of completed projects accrue over time		New	Yes	Yes	Yes
Percentage of programme delivered within approved funding limits		New	100%	100%	100%
Percentage of programme delivered consistent with performance guidelines		New	100%	100%	100%

New and improved infrastructure for local roads

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	323,596	314,549
Total revenue	323,596	314,549
Expenditure		
	363,200	436,360
Net surplus (deficit)	(39,604)	(121,811)

Output class | Maintenance of local roads

Description

Under this output class, Land Transport NZ will allocate funding, together with funding from approved organisations, to the routine and periodic maintenance of local roads infrastructure.

Link to Land Transport NZ's outcomes

- > Better connected transport solutions.
- > Improved reliability, safety and effectiveness of networks.
- > Improved value for money in operation and development of networks.

Delivery

This output class is delivered by territorial local authorities and approved public organisations. The estimated level and allocation of demand-driven funded activity is set out below.

PERFORMANCE MEASURE	ACTUAL 2005/06	ACTUAL 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quantity					
Delivery of a local road maintenance programme	New	1	1	1	1
	ACTUAL 2005/06	ESTIMATE /TARGET 2006/07	ESTIMATE /TARGET 2007/08	ESTIMATE /TARGET 2008/09	ESTIMATE /TARGET 2009/10
Quality					
Percentage of programme delivered consistent with performance guidelines		New	100%	100%	100%

Maintenance of local roads

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – National Land Transport Fund	182,226	171,911
Total revenue	182,226	171,911
Expenditure	225,500	175,990
Net surplus (deficit)	(43,274)	(4,079)

Summary of the National Land Transport Account

For the financial year

	2007/08 BUDGET \$000	2006/07 PROJECTED \$000
Revenue		
Crown – annual	427,000	312,672
Crown – National Land Transport Fund	1,724,144	1,690,374
Third party revenue	10,000	10,000
Total revenue	2,161,144	2,013,046
National Land Transport Programme excluding operating expenses		
Rail and sea freight	1,600	1,500
Transport demand management, and walking and cycling	33,100	18,550
Passenger transport services	239,100	270,920
Regional land transport	194,800	60,960
Auckland land transport	50,000	20,550
Wellington land transport	15,500	12,010
Wellington land transport (Western Corridor)	10,000	0
Bay of Plenty land transport	10,000	5,000
Tauranga Harbour Link Project	50,000	50,000
Waikato land transport	3,000	0
New and improved infrastructure for state highways	634,100	701,564
Maintenance of state highways	237,600	160,630
New and improved infrastructure for local roads	363,200	436,360
Maintenance of local roads	225,500	175,990
Management of funding allocation system (approved organisations)	75,900	85,920
Total expenditure	2,143,400	1,999,954
Net surplus (deficit)	17,744	13,092
Opening balance	37,639	24,547
Closing balance	55,383	37,639

13 Additional Crown appropriations for land transport

In December 2003, the government announced additional funds for land transport over a 10-year period. The announcement included a five cent per litre increase in fuel excise duty and an equivalent increase in road user charges for light vehicles, to be distributed regionally on the basis of population (with Auckland receiving 35 percent of the total collected) for 10 years from April 2005.

Since the 2003 decision, the sources of funding available for land transport have increased further. Four new sources of funding are described in this section.

- > Additional Crown contributions to national priorities.
- > Additional Crown contributions to identified regions for stated priorities.
- > Guaranteed funding for a five-year state highway package of works.
- > Guaranteed revenue for a five-year period.

The funding from these sources enters the National Land Transport Account, and is allocated by Land Transport NZ to activity classes and activities through the National Land Transport Programme. Land Transport NZ also approves funding for particular activities in response to applications from approved organisations.

The regional fuel taxes announced in the 2007 Budget will not be channelled through the National Land Transport Programme so are not included here. The sections below state the way in which the government wishes to see the additional funding allocated.

Additional Crown contributions to national priorities

In the Budget announcement in May 2005, the government increased land transport funding by \$100 million per year for three years from 2006/07. The new funding was provided to ensure that the National Land Transport Programme could continue to deliver on forecast allocation to national priority activities.

In August 2005, the government announced an additional one-off \$500 million injection into the National Land Transport Programme to accelerate delivery of some high-priority land transport activities.

Additional Crown contribution to the Auckland region

Between 2005/06 and 2014/15, the Crown intends to provide a total additional appropriation of \$900 million (GST exclusive) for improvements to Auckland's regional land transport, of which \$300 million will be allocated by Land Transport NZ through the National Land Transport Programme and \$600 million will be allocated by the government through Vote Finance to improve passenger rail infrastructure.

Land Transport NZ will give funding priority to proposals that:

- > improve public transport services and infrastructure
- > provide transport demand management
- > improve the existing road network.

Additional Crown contributions to the Wellington region

Between 2005/06 and 2014/15, the Crown intends to provide total additional appropriations for improvements to Wellington's regional land transport, as detailed below.

- > \$65 million (GST exclusive) between 2005/06 and 2014/15 for investment in:
 - infrastructure and services (primarily rail) to maintain passenger transport mode share (this can be used to assist the Greater Wellington Regional Council to meet its share of the costs on the condition that the council has agreed to raise additional rates revenue estimated to be \$95 million over 10 years)
- > \$160 million (GST exclusive) between 2005/06 and 2014/15 for investment in:
 - strategic roads
 - transport demand management
 - enhanced passenger transport to reduce congestion and improve access

(Land Transport NZ can use some of this amount to contribute to a local authority's share of costs for relevant projects.)

- > \$255 million (GST exclusive) between 2007/08 and 2015/16 for:
 - passenger transport and roading to address congestion and improve access reliability on the western corridor

(Land Transport NZ can use some of this amount to contribute to the Greater Wellington Regional Council's share of costs for capital rail transport projects in the western corridor.)

- > \$405 million (GST exclusive) between 2008/09 and 2015/16 for:
 - state highway construction to advance a long-term solution to address access reliability for State Highway 1 between Wellington and Kapiti.

Additional Crown contribution to the Bay of Plenty region

Between 2006/07 and 2014/15, the Crown intends to provide a total additional appropriation of \$150 million (GST exclusive) for improvements to the Bay of Plenty's regional land transport.

To address congestion and improve access and safety, Land Transport NZ will seek applications for:

- > strategic roads
- > passenger transport
- > transport demand management
- > walking and cycling.

Additional Crown contribution to the Waikato region

Between 2007/08 and 2016/17, the Crown intends to provide a total additional appropriation of \$202 million (GST exclusive) for improvements to the Waikato's regional land transport.

Over 10 years, the funds are expected to be allocated as follows:

- > \$125 million for state highway safety spending
- > \$7 million for local road safety improvements
- > \$55 million of state highway improvements to enhance long-haul arterial performance
- > \$15 million to improve access and mobility (walk, cycle, public transport and transport demand management)
- > In 2007/08, \$17 million will be allocated for a range of projects.

Guaranteed five-year state highway package of works

In the 2006 Budget, the government announced changes to the way the state highway construction programme and other land transport programmes are funded through the National Land Transport Programme (NLTP). Funding allocations are made by Land Transport NZ through the NLTP following submission of programmes by Transit and local authorities. A five-year funding guarantee has been given for an agreed programme of state highway construction projects and a five-year revenue guarantee for the remainder of the NLTP. These guarantees give Land Transport NZ and Transit greater confidence in their forward planning.

\$862 million (GST exclusive) has been appropriated over five years from 2006/07 in order to guarantee the completion of the agreed programme of state highway construction projects and the reinstatement of the remainder of the NLTP.

A further \$425 million (GST exclusive) will be appropriated over five years to accelerate major state highway projects.

Tauranga Harbour Link

A further \$136 million (GST exclusive) will be appropriated to enable full funding of the Tauranga Harbour Link project without tolling.

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 Land Transport NZ Board

PAUL FITZHARRIS | Acting Chair



Based in Christchurch, Paul retired from the NZ Police in 2001 as an Assistant Commissioner. During the latter part of his career, he was Acting Deputy Commissioner and represented the NZ Police on the National Road Safety Committee. He is currently a member of the Legal Aid Review Panel Chair of the Prostitution Law Review Committee, a Board member of Orana Park Wildlife Park, Christchurch and the Patron of Neighbourhood Support, NZ.

Board members

DR MURRAY KING



Based in Wellington, Murray is an independent consultant specialising in transport. He has had over 35 years' experience in land transport, including rail, trucking and buses, mainly as an executive with Tranz Rail Ltd and its predecessors. Murray has had an active involvement (including membership) with regional councils' transport committees since the mid 1980s. He is particularly interested in rail and road law, economics, safety, heritage and environmental impact. Murray is a Chartered Fellow of the Chartered Institute of Logistics and Transport.

GARY McIVER



Based in Hastings, Gary has an extensive background in commercial and general management, mainly in the motor industry. He is a former member of the Transit New Zealand Board.

GARRY MOORE



Garry trained as an accountant and has worked in both the public and private sectors. He is married to Pam Sharpe and has four children. In the 1980s, Garry worked for a number of employment programmes and was part of the founding group that formed Whalewatch Ltd, Kaikoura. He has had 15 years' involvement in local body politics, starting in 1989 when he was elected as a member of the Area Health Board. Garry then served two terms as a councillor for the Christchurch City Council and was elected Mayor of Christchurch in 1998. He was founder Chair of the Mayor's Taskforce for Jobs and is Chair of Safer Christchurch.

Garry is a member of the Institute of Chartered Accountants of New Zealand and of the Institute of Directors. He is a member of the Boards of Christchurch City Holdings Ltd, Canterbury Development Corporation and Whalewatch Ltd.

GREG PRESLAND



Based in Auckland, Greg is the principal of Presland & Co, a Waitakere law firm. He practises in a variety of areas but has considerable experience in traffic law and land law. Greg is Deputy Chair of the Film and Censorship Review Board. He has served as a councillor on the Waitakere City Council and has been involved in aspects of Auckland's transport issues.

JOHN RUTLEDGE



John is a civil engineer by profession and was Chief Executive of Opus International Consultants from its incorporation in 1991 until he retired. He has experience in New Zealand and overseas on a wide range of projects, including highway and mass transit works. John's previous career has included positions as: deputy head of the Geotechnical Engineering Office in Hong Kong; Chief Designing Engineer and then Assistant Commissioner of Works (Engineering Services) in the Ministry of Works & Development (MWD); and, from 1988, when the SOE Works and Development Corporation was incorporated, he was the General Manager of Consultancy Services.

John played a major role in the corporatisation of the MWD and in the consultancy activities becoming an SOE and then a private company, Opus. He was made a Distinguished Fellow of IPENZ in recognition of managing that change. John has been a Board member of the Centre for Advanced Engineering at Canterbury University, Polytechnics International NZ Ltd and was Chairman of the Structures Committee of the NRB's Road Research Unit. At present, he is on the Board of the Wellington Cable Car Company.

DR JANET STEPHENSON



Janet lectures in planning and environmental studies at Otago University, and also coordinates an energy research initiative. She was previously a planner with 15 years' experience working for local authorities and the NZ Historic Places Trust and as a planning consultant. Janet has a particular interest in sustainability, culture, energy and the environment.

Appendix 3 Policy directions

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

Appendix 4 Key deliverables – 5-year funding package for state highways

Large state highway improvements built and opened – 2006/07 to 2010/11

State highway corridor	Projects built
SH1, Cape Reinga	SH1, Waitiki Land to Cape Reinga stage 2 ^(*)
SH1, Awanui to Whangarei	SH1, Akerama curves realignment ^(*)
Auckland Northern gateway	SH1, ALPURT B2 #
Auckland North Shore	SH1, Northern busway # SH1, Esmonde Road interchange # SH1, Ramp signalling # SH1, Northcote to Sunnynook auxiliary lane
Auckland Central improvements	SH1, Central motorway junction # SH16, Newton Road to Western Springs auxiliary lane SH1, Auckland Harbour Bridge moveable lane barrier SH1, Auckland Harbour Bridge stormwater upgrade SH1, Newmarket Viaduct to Greenlane auxiliary lane ^(*) SH16, Punganui Bridge replacement ^(*)
Auckland western ring route	SH20, Mt Roskill extension # SH20, Manukau extension # SH18, Greenhithe deviation #
Auckland northwestern motorway	SH16, Ramp signalling
Auckland southern motorway	SH1, Waiouru connection (Manukau city) SH1, Ramp signalling #
Waikato Maramarua expressway	SH2, Mangatawhiri deviation #
Hamilton western corridor	SH1, Church to Avalon four-laning SH1, Avalon Drive bypass #
SH1, Hamilton to Taupo	SH1, Piarere-Oak Tree Bend realignment (deferred)
Tauranga strategic network	Tauranga Harbour link # Tauranga travel demand management ^(*)
SH36, Tauranga to Rotorua	SH36, Pyes Pa bypass
Hawkes Bay expressway	SH50A, Meeanee Rd interchange #
SH1, Waiouru to Bulls	SH1, Hihitahi Bluffs realignment *
SH3, New Plymouth to Hawera	SH3, Bell Block bypass #
Wellington western corridor	SH1, Mackays overbridge * SH1, Centennial Highway median barrier #
Wellington Hutt Corridor	SH2, Dowse to Petone #
Wellington city	SH1, Wellington inner city bypass *
SH2, Wairarapa	SH2, Waiohine Bridge *
SH1, Picton to Kaikoura	SH1, Awatere Bridge #
SH60, Richmond to Motueka	SH60, Ruby Bay bypass ^(*)
Christchurch city	Christchurch travel demand management
SH1 Oamaru to Dunedin	SH1, Tumai-Waikouaiti realignment #

* completed

underway

^(*) Construction, subject to investigation and design being completed as planned.

Large state highway improvements built and opened – 2006/07 to 2010/11

State highway corridor	Projects built
SH1, Awanui to Whangarei	SH1, Bulls Gorge realignment ⁽⁴⁾
Auckland southern motorway	SH1, Papakura interchange upgrade stage 1
Hawkes Bay expressway	SH50A, Hawkes Bay expressway (southern) ⁽⁴⁾
SH2, south of Hastings	SH2, Waipukurau overbridge realignment ⁽⁴⁾
SH6, West Coast (South Island)	SH6, Arahura Bridge replacement ⁽⁴⁾

⁽⁴⁾ Construction, subject to investigation and design being completed as planned.

Large state highway improvements with substantive construction starting 2006/07 to 2010/11 (at least 1 year construction)

State highway corridor	Projects started
SH1, Whangarei	SH1, Kamo bypass stage II ⁽⁴⁾
SH1, Whangarei to Auckland	SH1, Warkworth Improvements Stage 1 ⁽⁴⁾
Auckland western ring route	SH18, Hobsonville deviation SH16, Brigham Creek extension SH16, Te Atatu–Royal six-laning ⁽⁴⁾ SH20, Waterview connection ⁽⁴⁾ SH20, Manukau Harbour crossing ⁽⁴⁾ SH18/20 Ramp signalling ⁽⁴⁾
Auckland Central improvements	SH1, Victoria Park Tunnel ⁽⁴⁾ SH1, Newmarket Viaduct ⁽⁴⁾ Advanced Traffic Management System
Waikato expressway	SH1, Te Rapa bypass ⁽⁴⁾ SH1, Rangiriri bypass ⁽⁴⁾
SH3, New Plymouth to Hawera	SH3, Rugby Road underpass
SH1, Waiouru to Bulls	SH1, Ohingaiti-Makohine realignment
SH2, Wairarapa/Hawkes Bay	SH2, Papatawa realignment ⁽⁴⁾
Wellington western corridor	SH1, Kapiti Western Link Road stage 1 ⁽⁴⁾
SH3, New Plymouth to Hawera	SH3, Normanby overbridge realignment
Christchurch Southern links	SH1, Christchurch southern motorway extension ⁽⁴⁾
Christchurch Western corridor	SH1, Memorial Ave to Yaldhurst four-laning
Dunedin city	SH1, Caversham four-laning ⁽⁴⁾
National	Toll systems project #

⁽⁴⁾ Construction started, subject to investigation and design being completed as planned.

Large state highway improvements with substantive construction starting 2006/07 (additional to August 2005 state highway forecast)

State highway corridor	Project started
SH2, Napier to Gisborne	SH2, Matahorua Gorge realignment ⁽⁴⁾
Wellington Hutt corridor	SH2/SH58 grade separation ⁽⁴⁾

⁽⁴⁾ Construction started, subject to investigation and design being completed as planned.

Large state highway improvements being prepared for construction starting 2006/07 to 2010/11

State highway corridor	Projects developed
Auckland western ring route	SH16, Te Atatu interchange westbound off-ramp SH16, Rosebank to Te Atatu six-laning SH16, Waterview to Rosebank eight-laning
Waikato expressway	SH1, Ngaruawahia bypass SH1, Cambridge bypass SH1, Longswamp to Rangiriri four-laning SH1, Huntly bypass
Waikato Maramarua expressway	SH2, Maramarua deviation
Coromandel gateway	SH25, Kopu Bridge replacement
Tauranga strategic network	SH2, Tauranga eastern motorway SH2, Tauranga northern arterial
Gisborne–Tolaga	SH35, Gisborne–Tolaga seal widening
SH2, Hawkes Bay	SH2, Takapau Plains seal widening SH2, Trebensen Drive/Hyderabad Road interchange
Wellington Western Corridor	SH1, Transmission Gully (investigation and preliminary design)*
Wellington Rimutaka Hill	Sh2, Rimutaka corner easing
Nelson–Marlborough	SH6, Whangamoia south realignment
Christchurch western corridor	SH1, Sawyers Arms to Memorial Ave
Milford Sound tourist route	SH94, Homer East Portal avalanche shed

* Kapiti Western Link Road (southern section)

Large state highway improvements being prepared for design starting 2006/07 to 2010/11

State highway corridor	Projects investigated
SH12, Kaipara	SH12, Matakohe realignment
SH1, Whangarei to Auckland	SH1, Schedewys Hill deviation
SH1, Whangarei to Auckland	SH1, Brynderwyn Hill realignment
Waikato Maramarua expressway	SH2, Kopuku realignment
Hamilton southern corridor	Hamilton southern links
SH2, north of Tauranga	SH2, Katikati bypass SH2, Omokoroa roundabout
Wellington western corridor	Kapiti Western Link Road stage 2
Wellington Hutt corridor	SH2, Melling interchange
Wellington city	SH1, Basin Reserve improvements
Tasman–West Coast	SH16, Hope Saddle realignment
Christchurch northern links	Christchurch northern arterial (rural) QE2 four-laning (northern arterial to Hills Rodd) Western Belfast bypass
Christchurch western corridor	SH1, Memorial Ave intersection
West Coast	SH6, Gates of Haast
Dunedin Southern corridor	SH1, East Taieri bypass
Queenstown	SH6, Kawarau Falls Bridge

Land Transport New Zealand
Statement of intent
2007–2010