
**SECTION E:
STATEMENT
OF SERVICE
PERFORMANCE**



STATEMENT OF RESPONSIBILITY

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

The Board of the Transport Agency has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Transport Agency for the year ended 30 June 2013.

Signed on behalf of the Board:



Chris Moller

Chair

25 SEPTEMBER 2013



Jerry Rickman

Chair of Audit, Risk and Assurance Board Committee

25 SEPTEMBER 2013

Countersigned by:



Geoff Dangerfield

Chief Executive

25 SEPTEMBER 2013



Paul Helm

Chief Financial Officer

25 SEPTEMBER 2013



Brandon Mainwaring

National Manager Trends and Performance

25 SEPTEMBER 2013

STATEMENT OF SERVICE PERFORMANCE

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

OUTPUT CLASSES THE TRANSPORT AGENCY DELIVERS

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

OUTPUT CLASSES THE TRANSPORT AGENCY PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES

- › Public transport infrastructure
- › Transport planning
- › Road safety
- › Administration of the SuperGold cardholders scheme and Enhanced public transport concessions for SuperGold cardholders

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

- › New and improved infrastructure for local roads
- › Renewal of local roads
- › Maintenance and operation of local roads
- › Public transport services
- › Walking and cycling

ACHIEVEMENT OF PERFORMANCE MEASURES

The statement of service performance in the following pages describes the services the Transport Agency delivered and invested in during 2012/13. This statement reports how we performed, and the revenue earned and expenses incurred for each output class. It compares this with the forecast standards included in our *Statement of intent 2012-15*.

In total, the Transport Agency achieved 31 of 43 (72%) service delivery targets, while the NLTF achieved 24 of 36 (67%) investment forecast results. This reflects steady performance across the three core functions of planning and investing in land transport networks, managing the state highway network, and providing access to and use of the land transport system.

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

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

OUTPUT CLASS CASE STUDIES

1**MODERNISING OUR REGISTRY**

OUTPUT CLASS: Motor vehicle register

2**CUSTOMERS AT THE HEART A WIN-WIN**

OUTPUT CLASS: Licensing and regulatory compliance

3**INVESTING IN MODEL COMMUNITIES**

OUTPUT CLASS: Walking and cycling

4**A TRANSFORMATIONAL CHANGE TO PUBLIC TRANSPORT SERVICES**

OUTPUT CLASS: Public transport

5**WATERVIEW CONNECTION PROJECT HAS MOVED CLOSER**

OUTPUT CLASS: New and improved infrastructure for state highways

6**ROAD SAFETY IS SOMETIMES A BLAST**

OUTPUT CLASS: Maintenance and operation of state highways

1

CASE STUDY

MODERNISING OUR REGISTRY MOTOR VEHICLE DATABASE MOVED AND MODERNISED

Moving more than 1.7 billion records to a new computer platform would be difficult in any circumstances without the added complexity of continuing to deliver business as usual, but that was the brief for modernising the Transport Agency's database.

The database hosts the motor vehicle register, as well as information on road user charges, warrants of fitness and certificates of fitness. It handles around one million transactions a day, making it one of New Zealand's largest and most important databases.

With the 17-year-old mainframe system due to become unsupported in 2014, the decision was made to shift the database onto a new Windows-based computer.

Transport Agency CIO Craig Soutar says the existing system had been very reliable due to being well maintained over the years, but it wasn't feasible to keep investing in old and expensive, technology.

'The new computer platform has increased our ability to introduce a wider range of new services, as well as save money on maintaining and upgrading our registers. This project was an important step to ensure we are able to accommodate future advances in technology, as well as legislative changes.'

'Over time, we will be able to make changes to the registers more frequently and for a lower overall cost, as well as providing the opportunity to develop new online and mobile channels to engage with customers.'

The \$8.2 million project was made even more complex because of legislative changes that needed to be accommodated while it was underway, including new road user charges and the introduction of the alcohol interlock programme.

Access and Use Group Manager Celia Patrick said business continuity was a key focus during the migration, to ensure that the Transport Agency could continue to deliver services to customers throughout the project.

'The central register is a critical element in the Transport Agency's infrastructure as it holds all information about driver licences and motor vehicle registrations in New Zealand. As a result, it was only towards the very end of the project that we took the databases offline for a short period.'

The Transport Agency worked closely with our partners including AA, VTNZ, VINZ and NZ Post to mitigate the effects of this outage for customers. Posters, flyers, social media and trade magazine articles were used, as well as messages on the 95,000 vehicle licence renewal forms the Transport Agency mails out each week.

The project was completed ahead of time and well under budget, and the cost is expected to be recovered in the next two years. It is estimated that it saved the Transport Agency more than \$70 million, compared to the cost of replacing the registry systems. Avoiding the mainframe upgrade alone is estimated to have saved \$2 million.

In naming the Transport Agency as the winner of the Project of the Year at the 2012 ITEX Computerworld awards, the judges described the project as an 'exemplar of a government ICT project done very well indeed. Congratulations go to the NZ Transport Agency for an impressive and complex project that demonstrates excellence in IT.'

**THIS CASE STUDY RELATES TO THE OUTPUT CLASS
MOTOR VEHICLE REGISTRY
GO TO PAGE 73 FOR MORE INFORMATION.**



OVER 1.7 BILLION RECORDS WERE MOVED IN THE SHIFT TO THE NEW COMPUTER PLATFORM

2

CASE STUDY

CUSTOMERS AT THE HEART A WIN-WIN REDUCING COMMERCIAL LICENSING WAITING TIMES

Putting our customers at the heart of the business has proven to be a winning formula for the Transport Agency's Commercial Licensing team, with reduced waiting times for customers and less stress for staff.

Each year the team processes approximately 15,000 applications for PVIO (passenger, vehicle recovery, inspector, testing officer) endorsements. Their job is to ensure that these applicants are 'fit and proper' – so that their customers can be confident that they will receive a professional service.

Until they have a current endorsement, these applicants can't operate, so timeliness is crucial for them and for their employers such as bus companies, as scheduled services may be affected if drivers have to be stood down until an application is processed.

The team previously aimed to have applications processed in four weeks, but maintaining that average was a struggle, and sometimes required large amounts of overtime.

After a challenge from the Bus and Coach Association to do better, the team examined all aspects of the application process, including customer input and went right down to details such as the number of trips to the photocopier.

Resulting changes have led to dramatic improvements. These changes include a central hub controlling all applications, with team members taking small amounts of work at a time from the hub and getting more only when work is completed.

While previously staff had up to 40 applications on their desk at any one time, now they only have those that can be actioned in the next 24 hours.

From struggling to maintain a 20 day average turnaround time for standard new or renewal applications, they are now averaging 11 days, – a 43% reduction in wait time achieved with minimal extra staff resource, and there are times when it has reduced even further to only 8 or 9 days.

The team previously received around 600 phone calls per month, often from customers concerned that their application would be processed in time for them to continue working. Now these have reduced by a third, says team leader Mark Pugin.

'Our customers have certainly benefited as a result. From the individual driver to the company that employs them, they now have confidence that we are consistently processing applications in an efficient and timely manner.'

Staff have also benefited.

'Productivity has increased and staff feel less stressed, more in control of their work and happy that they are part of a success story.'

'The process improvements have been maintained and we are continuing to exceed what we previously viewed as optimistic goals. Gaining control of our work is enabling us to now look at some of those items previously put to one side, so our success will produce even more success.'

**THIS CASE STUDY RELATES TO THE OUTPUT CLASS
LICENSING AND REGULATORY COMPLIANCE
GO TO PAGE 70 FOR MORE INFORMATION.**



WE RESPONDED TO THE FEEDBACK FROM OUR CUSTOMERS AND CHANGED OUR PROCESSES



APPROXIMATELY 17,000 PIVO APPLICATIONS ARE PROCESSED EACH YEAR TO ENSURE APPLICANTS ARE 'FIT AND PROPER'

3

CASE STUDY

INVESTING IN MODEL COMMUNITIES

The Transport Agency seeks to provide people with transport options, based on preferences and location, wherever possible.

One example is our ongoing support for the walking and cycling 'model communities' initiatives in New Plymouth and Hastings. By funding model communities, the Transport Agency encourages a planning and investment approach that fully integrates walking and cycling in urban transport networks.

Since our initial investment in 2010, both New Plymouth and Hastings have delivered comprehensive walking and cycling programmes, and the overall investment has contributed to wider outcomes – for example more efficient transport systems, fewer car trips, lower transport costs, increased business activity and tourism, and positive health impacts.

Model communities are urban environments where walking and cycling are offered to the community as the easiest transport choices. The intention is to deliver safer environments for novice users, with a range of community destinations within reasonable riding or walking distance from residential population centres.

New Plymouth's Let's Go is a programme of initiatives to enable, educate and encourage the use of shared pathways. The programme has extended and/or upgraded existing tracks to make them safer and more user-friendly, ensuring they connect to the right destinations. The community now has more than 20 kms of roads with defined cycle lanes and plenty of bike racks in popular parts of the city. Barriers have also been widened on 33 access ways, making them more accessible for all users.

Let's Go is also working with 24 schools, four kindergartens and 19 businesses and community groups to assist them with travel planning.

In Hastings, a multi-modal urban transport model has been developed in partnership with the Transport Agency and Hawke's Bay Regional Council. The community's vision is to create key walking and cycling arterials and a highly visible joined-up network of routes that link where people live, work and learn. The urban transport model is being used to identify the best routes, taking into account trip length, attractiveness, traffic volume and speed, and roadside parking.

**THIS CASE STUDY RELATES TO THE OUTPUT CLASS
WALKING AND CYCLING
GO TO PAGE 94 FOR MORE INFORMATION.**



THE COASTAL WALKWAY IN NEW PLYMOUTH



OPENING OF THE HAVELOCK WALKING & CYCLING ARTERIAL LINKING HAVELOCK NORTH TO HASTINGS

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CASE STUDY

A TRANSFORMATIONAL CHANGE TO PUBLIC TRANSPORT SERVICES

On 30 March 2012 the government announced that it intended to introduce a new operating framework for the provision of bus and ferry services. This was in response to government concerns that the increase in costs to provide the services was far outstripping the increase in patronage. The new framework is a Public Transport Operating Model (PTOM) designed to grow patronage and reduce reliance on public subsidy. While some aspects of PTOM are not new, as a whole it will result in a transformational change to the way services are planned, procured and delivered.

The government expects the Transport Agency to use its statutory functions related to planning, funding and procurement to ensure the successful implementation of PTOM. The benefits of such an approach are expected to grow over the medium to long term.

The new framework is a fundamental shift in the delivery of public transport services. It contains a range of measures and ideas to incentivise investment and collaboration between the commercial and business acumen of public transport operators with the public policy and planning expertise of regional councils for the benefits of public transport users. The new framework provides an exciting platform for the development of public transport services in New Zealand.

Over the past year, the Transport Agency, the Ministry of Transport, and representatives of regional government and operators have worked together to provide advice on a practical approach for the new framework and changes to the legislation. The enactment of the Land Transport Management Amendment Act in June 2013, among other things, set in place the statutory framework for PTOM. It is now over to the Transport Agency to complete the development of the operational policy to ensure that value for money is achieved through the planning and procurement of services.⁷

The development of operational policy and of working closely with our partners is an area where we have really added value. During the year we have worked in close collaboration with regions and the Bus and Coach Association to review our planning and procurement requirements to ensure that PTOM gives better value for money. A consultation document setting out the proposed changes was released on 23 April 2013 resulted in 20 or so submissions which are currently being assessed. The Transport Agency expects to release its final policy position later in 2013 through an update of the Procurement manual and revised Regional Public Transport Plan (RPTR) guidelines.

All regions are aware of the changes in legislation and the Transport Agency's progress on policy development. Regions are at various stages of the review of their RPTRs (as required by the changes in the legislation) and the tendering of services in the new PTOM environment. A new focus for the sector will be on the development of a partnering approach (as opposed to a legal partnership).

The Transport Agency is providing tailored support and guidance to all regions when required.

We will continue to develop the policy, promote it and work closely with regions as required and monitor progress with the implementation.

The Transport Agency was asked to report to the Minister on progress in 2015 and we're confident we'll be able to report substantial progress.

THIS CASE STUDY RELATES TO

PUBLIC TRANSPORT

GO TO PAGE 85 FOR MORE INFORMATION.



THE PUBLIC TRANSPORT OPERATING MODEL (PTOM) IS A FUNDAMENTAL SHIFT IN THE DELIVERY OF PUBLIC TRANSPORT SERVICES.

⁷ The Transport Agency will, among other things, implement PTOM by exercising its statutory functions, in terms of section 95 (1) (ia) issue guidelines for, and monitor the development of, regional public transport plans and, in terms of section 25 (1) approve procurement procedures that are designed to obtain the best value for money spent.

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CASE STUDY

WATERVIEW CONNECTION PROJECT HAS MOVED CLOSER 'ALICE' - THE BORING MACHINE HAS ARRIVED

A critical component to the landmark Waterview Connection project is named Alice, reflecting a long-held tunnelling tradition of naming the machines. Following her long trip from China, Alice the tunnel boring machine is being reassembled on site and is expected to start work on New Zealand's biggest-ever roading project in October.

The \$1.4 billion Waterview Connection – New Zealand's largest roading project – is one of six projects to complete the 48km Western Ring Route, which will bypass the city centre to the west and will provide a seamless link between Manukau City and the North Shore. It is being built by the Well-Connected Alliance comprising the Transport Agency, McConnell Dowell, Fletcher, Parsons Brinckerhoff, Obayashi, Beca, and Tonkin and Taylor.

The tunnel boring machine is the tenth largest machine of its kind ever built. Designed in Germany and built in China, Alice operates as an underground factory tunnelling and constructing a 2.5km-long tunnel wide enough for three lanes of traffic. Alice will emerge after a year at Waterview and be turned around to build the second tunnel connecting Auckland's Northwestern (SH16) and Southwestern (SH20) motorways.

The circular cutting head – painted all black with a silver fern together with the Transport Agency's Māori name 'Waka Kotahi' – is just over 14m wide, the equivalent of a three-storey building, and is almost 100m long, the length of a rugby field.

Alice's safe arrival in kitset form followed a massive logistical operation from the factory in China, across the Pacific and through the streets of Auckland to Owairaka where she was reassembled.

To welcome the tunnel boring machine to New Zealand, schools in the Waterview area were asked to complete a task traditionally linked to huge machines like this – finding a name for the unique New Zealand giant.

The clear winner that emerged from public voting for the preferred name was 'Alice' from the classic tale, Alice in Wonderland. 'Alice' was submitted by a nine-year-old Auckland schoolboy because the tunnel boring machine will make a tunnel to go through, and just like the rabbit hole Alice used, 'Wonderland' will be on the other side.

**THIS CASE STUDY RELATES TO TWO OUTPUT CLASSES
NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS
GO TO PAGE 78 FOR MORE INFORMATION.**



ALICE THE TUNNEL BORING MACHINE



SOUTHERN APPROACH TRENCH OF THE WATERVIEW CONNECTION PROJECT

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CASE STUDY

ROAD SAFETY IS SOMETIMES A BLAST

Sometimes the Transport Agency has to go to great heights to ensure our roads are safe.

That was the case on the Milford Road in May 2013, when 2,000 tonnes of unstable rock several hundred metres above the western entrance of the Homer Tunnel on State highway 94 posed a major risk to road users.

Regarded as one of New Zealand's most scenic roads, it is also susceptible to the vagaries of weather. Part of the rock feature had broken free in November 2012, causing disruptions to traffic using State Highway 94 from the eastern entrance of the Homer Tunnel to Milford Sound.

Although the road was quickly cleared and reopened at the time, the Transport Agency continued to monitor the remaining rock on the feature. As part of its efforts to increase road user safety, a temporary portal was erected at the western entrance to the Homer Tunnel in February 2013 to protect road users from shatter rock that might fall from this site. In early May 2013, a geotechnical inspection revealed that the unstable feature was largely detached from the rock face and would likely fall when put under pressure from winter freeze/thaw conditions.

The Transport Agency acted quickly, knowing that if the rock wasn't removed before the onset of winter, there was no guarantee the road could be kept open over winter.

Road user safety is always our top priority, said Southland Area Manager Peter Robinson. 'If we couldn't remove the unstable rock before winter, we knew we wouldn't have the margins of road user safety that are important to us.'

The biggest challenge was finding enough fine days for the New Zealand based team of high-altitude rock stabilisation specialists to carry out the precision drilling and blasting required to remove the unstable rock. The road was closed for a month, while this team of specialists waited patiently for enough good days to do the work that eventually led to most of the unstable rock being successfully blasted in mid-June 2013.

On the ground, Transport Agency staff regularly met with and communicated to local tour operators and businesses to explain the situation and the need to move quickly to safely bring this unstable rock down in a managed way. 'While there is never an ideal time to do this sort of work from the perspective of people who depend on the route for their livelihood, May and June was the least disruptive as visitor numbers to Milford are at seasonal lows then,' Peter said.

Although the stabilisation work was a success, the Transport Agency continues to monitor the rock face as part of its ongoing road safety activities.

**THIS CASE STUDY RELATES TO THE OUTPUT CLASS
MAINTENANCE AND OPERATIONS FOR STATE HIGHWAYS
GO TO PAGE 82 FOR MORE INFORMATION.**



TEMPORARY PORTAL AT THE ENTRANCE TO THE HOMER TUNNEL



REMOVAL OF THE UNSTABLE ROCK REQUIRED PRECISION DRILLING AND BLASTING

OUTPUT CLASSES

THE TRANSPORT AGENCY DELIVERS

LICENSING AND REGULATORY COMPLIANCE

What does the NZ Transport Agency do?

Under this output class, the Transport Agency:

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

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

How does this output contribute to desired transport impacts?

Licensing and regulatory compliance primarily contributes to reducing deaths and serious injuries through regulation of rail system participants, drivers, vehicles and commercial operators and the associated influence on drivers and driver behaviour. Secondary contribution to impact is also derived from regulatory activities through support of efficiency of freight supply chains, vehicle fleet efficiency and reducing adverse environmental effects. For further details see appendix 2, page 96.

What were our key achievements?

The key achievements for licensing and regulatory compliance are a result of a strong focus in 2012/13 on continuous service improvement.

Key achievements were:

- › simplifying the PVIO licensing endorsement⁸ process which resulted in:
 - 67% reduction in processing times
 - 30% reduction in customer process enquiries

- › implementing the new restricted and full licence driving test regimes.
- › delivering a 4.7% reduction in unit transaction costs across this output class since 2011/12. This reflects our increased focus on designing processes that suit customer needs and the promotion of our online channels.
- › approved the rail licence to the manufacturer and maintainer of the new rolling stock for Auckland. The licence was approved after auditing the Spanish company's factory processes to ensure that they meet our safety requirements.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% accuracy of registers (10)	96.1%	>93%	+3.1%	96.3%
Unit transaction costs (11)	\$36.45	<\$37.54	+\$1.09	\$38.26
% of operational assurance activities completed (12)	100%	100%	-	100%
% of activities that are delivered to agreed standards and timeframes (13)	88%	100%	-12%	86.5%
Number of products/services delivered or processed (14)	930k	883-1,014k	-	N/A
% of transactions completed online (15)	15%	>15%	-	12.2%

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

⁸ PVIO (driver licence endorsement for passenger, vehicle recovery, driving instructor or testing officer)

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	75,693	73,567	2,126	75,244
Expenditure	70,612	70,729	117	74,043
Net surplus/(deficit) [†]	5,081	2,839	2,242	1,201

How do we interpret our performance results?

Transport Agency service delivery

Regulatory implementation and enforcement achieved/exceeded five of six performance targets this year.

- › The percentage of transactions completed online met the target due to small but effective changes made to improve the customer online experience.
- › The percentage of activities delivered to agreed standards and timeframes was 12% below target. It was identified that some internal auditing activities were not being delivered to required standards. Changes were made to ensure these errors were rectified and that all activities are delivered to standard. In addition, while Ministerial official correspondence met statutory timeframes on 87% of occasions this was below the 100% target. It should be noted that part way through the year the timeframes reduced from 15 to 10 days.

Financial results

The licensing activities output class recorded a net surplus at yearend of \$5.1m which was \$2.2m above the budgeted surplus of \$2.8m.

Revenue was ahead of budget by \$2.1m and the following outputs contributed to the unbudgeted year end surplus:

Driver testing revenue was ahead of budget by \$2.3m due to transaction volumes being 10% higher than the prior year.

Border inspection revenue was ahead of budget by \$1.0m due to 14% higher transaction volumes when compared to the prior year.

Driver licensing, over dimension permits and rail licensing together contributed \$1.6m to the revenue surplus.

Volumes for other categories were down but overall the net transactions were in line with forecast (883-1,014k).

These increases were partly offset by the transport service licensing revenue being \$1.7m below forecast.

Business efficiencies have resulted in the ability to service the higher than expected volumes within existing budgets.

SCOPE OF OUTPUT CLASS: Purchase of land transport regulatory implementation services, specialist land transport enforcement services, and licensing services, including driver licensing.

Ministerial servicing is limited to services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

[†] Any annual surpluses or deficits resulting from 3rd party fee funded activities in this output class are managed over the long-term to achieve a net cost recovery position. Further information can be found in the statement of financial position on page 115.

ROAD TOLLING

What does the NZ Transport Agency do?

Under this output class, the NZ Transport Agency:

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

How does this output contribute to desired transport impacts?

Road tolling supports the impacts provided from new infrastructure investment through the collection of fees for infrastructure investment repayments.

For further details see appendix 2, page 96

What were our key achievements?

The key achievements for road tolling were:

- › a 5% growth in trips charged to online prepay accounts as a result of promoting this easy payment method to customers.

- › a high degree of revenue compliance (97%) by providing services to make paying toll charges as easy as possible.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of revenue compliance	97%	>96%	+1%	96.5%
Value of bad debt written off	\$551k	≤\$658k	+\$107k	\$400k
Unit transaction costs (16)	\$0.60	<\$0.70	+\$0.10	\$0.65
Number of products/ services delivered or processed (17)	6.0m	5.5m-6.0m	-	5.2m
% of transactions completed online	60%	>60%	-	55%

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	5,843	6,000	(157)	5,544
Expenditure	5,272	5,971	699	5,388
Net surplus/(deficit) [†]	571	29	542	156

How do we interpret our performance results

Transport Agency service delivery

Road tolling achieved/exceeded all of its service delivery performance targets this year.

Financial results

Tolling revenue was \$157k lower than budget due to a combination of factors:

- › Fewer tolling payment notices were issued resulting in lower revenue from associated administration fees.
- › Increased online uptake resulted in lower transaction costs than forecast.

Road tolling expenditure was \$699k below budget due to a deferral in tolling system development to the next financial year.

The resulting net surplus of \$571k will be carried forward to the next financial year to complete the tolling system development.

SCOPE OF OUTPUT CLASS: Collection of road tolling charges and enforcement activities to recover road tolling payment evasion.

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

[†] Any annual surpluses or deficits resulting from 3rd party fee funded activities in this output class are managed over the long-term to achieve a net cost recovery position. Further information can be found in the statement of financial position on page 115.

MOTOR VEHICLE REGISTRY

What does the NZ Transport Agency do?

Under this output class, the NZ Transport Agency:

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

How does this output contribute to desired transport impacts?

Motor vehicle registry services, by helping manage the motor vehicle fleet, contribute to the following impacts: reduction in deaths and serious injuries from road crashes, reduction in adverse environmental effects from land transport and more efficient vehicle fleets.

For further details see appendix 2, page 96

What were our key achievements?

The key achievements for the motor vehicle registry were:

- › completing the first phase of the reform of the vehicle licensing regime aimed at improving vehicle licensing compliance. This was undertaken jointly with the Ministry of Transport as part of the Vehicle and Operator Licensing Reform project. The new regime aims to allow us to work more effectively and efficiently, while saving New Zealanders money without compromising their safety
- › delivering a 1.8% reduction in unit transaction costs across this output class since 2011/12. The majority of the efficiency was achieved by shifting customers to lower-cost channels, such as online
- › achieving a 38% growth in the proportion of transactions being completed online since 2011/12. This reflects our increased focus on designing processes that suit customer needs and the promotion of our online channels.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of accuracy of registers (18)	95%	≥95%	-	95.1%
% of revenue compliance	99%	≥98%	+1%	98.6%
Value of bad debt written off	\$0.045m	<\$3.6m	+\$3.6	\$4.1m
Unit transaction costs	\$5.50	<\$5.99	+\$0.49	\$5.60
Number of products/services delivered or processed	9.2m	8.6–9.6m	-	9.0m
% of transactions completed online (19)	22.6%	>20%	+2.6%	16.4%

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	54,295	52,773	1,522	53,616
Expenditure	51,795	53,309	1,514	56,926
Net surplus/(deficit)*	2,500	(535)	3,036	(3,310)

How do we interpret our performance results?

Transport Agency service delivery

Motor vehicle registry achieved or exceeded all of its performance targets this year.

Highlights include:

- › bad debt written off was \$45k against a target of \$3.6m. This large favourable variance is due to revising our basis for revenue recognition, in line with International Accounting Standards (NZ IAS 18).

Financial results

Revenue was \$1.5m higher than budgeted due to volumes of vehicle registrations for new and used car imports being 18% higher than forecast.

The higher revenue combined with \$1.5m less expenditure than budgeted, due to IT costs from changing the motor vehicle register platform, contributed to a net surplus of \$2.5m.

SCOPE OF OUTPUT CLASS: Registration and licensing of motor vehicles, the collection and refund of motor vehicle registration and licensing revenue, and the operation of the motor vehicle register.

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

* Any annual surpluses or deficits resulting from 3rd party fee funded activities in this output class are managed over the long-term to achieve a net cost recovery position. Further information can be found in the statement of financial position on page 115.

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

What does the NZ Transport Agency do?

Under this output class, the NZ Transport Agency:

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

How does this output contribute to desired transport impacts?

Road user charges collection, investigation and enforcement, by helping manage the motor vehicle fleet, contributes to the following impacts: reduction in deaths and serious injuries from road crashes, reduction in adverse environmental effects from land transport and more efficient vehicle fleets.

For further details see appendix 2, page 96.

What were our key achievements?

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

- › successfully implementing the first major changes to the Road User Charges Act in 30 years. The new RUC system is simpler for customers to use and cheaper to operate. The new regime is expected to reduce compliance costs and, over time, to increase RUC compliance

- › identifying more RUC non-compliance where odometer readings show outstanding RUC at WoF or CoF inspection through automated RUC assessment invoicing
- › achieving a 7.7% growth in the proportion of transactions being completed online since 2011/12. This reflects our increased focus on designing processes that suit customer needs and the promotion of our online channels.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Value of bad debt written off	\$3m	<\$2.4m	-\$600k	\$2.1m
Unit transaction costs	\$6.08	<\$6.50	+\$0.42	\$5.80
Number of products/services delivered or processed (20)	2.4m	2.4-2.7m	-	2.6m
% of transactions completed online (21)	47.3%	>55%	-7.7%	43.9%

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	17,002	18,514	(1,512)	16,485
Expenditure	16,016	18,773	2,757	16,897
Net surplus/(deficit) [†]	986	(259)	1,245	(412)

How do we interpret our performance results?

Transport Agency service delivery

RUC collection, investigation and enforcement achieved/exceeded two of four performance targets this year.

- › The new automated RUC assessment invoicing has resulted in more RUC non-compliance being identified. This has had flow on implications to the level of bad debt for both heavy and light vehicles. As the new RUC system embeds we will be able to improve our bad debt forecasting in line with a better understanding of RUC non-compliance. Introduction of customer focused service options that support compliance are planned in 2013/14.
- › The proportion of transactions completed online were 7.7% below our stretch target. As a result of the new RUC Act requiring customers to make fewer RUC purchases we have seen a reduction in transaction volumes and correspondingly the growth in the proportion of transactions completed online is less than originally expected.

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

† Any annual surpluses or deficits resulting from 3rd party fee funded activities in this output class are managed over the long-term to achieve a net cost recovery position. Further information can be found in the statement of financial position on page 115.

Financial results

The re-sequencing of planned system and business changes to help implement the new RUC Act 2012 has meant that some planned expenditure will not happen until next financial year. This output class is funded by appropriation from the Ministry of Transport and the resulting surplus will be carried forward to the next financial year.

SCOPE OF OUTPUT CLASS: Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.

REFUND OF FUEL EXCISE DUTY

What does the NZ Transport Agency do?

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

How does this output contribute to desired transport impacts?

Refund of excise duty is an NZ Transport Agency function performed on behalf of the Ministry of Transport as an adjunct to the collection of fuel excise duty, as provided for under the Land Transport Management Act 2003. This output makes no direct contribution to the Transport Agency's desired impacts.

What were our key achievements?

The key achievements for refund of fuel excise duty were:

We achieved a simpler fuel excise duty claim process by:

- › developing new protocols and agreements to enable independent agents to file claims on behalf of clients

- › developing an online application system which is due to go live in 2014
- › implementing a new financial management system to administer fuel excise refunds which will provide efficiency and customer benefits. This includes allowing online applications.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Average number of days taken to deliver (22)	12.65	10	-2.65	9.7
Number of products/services delivered or processed (23)	29,114	28,128	+986	N/A

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	429	429	0	441
Expenditure	461	429	(32)	501
Net surplus/(deficit) [†]	(32)	0	(32)	(60)

How do we interpret our performance results?

Transport Agency service delivery

Refund of fuel excise duty achieved/exceeded one of two performance targets this year.

Specifically,

- › the average number of days taken to deliver refunds exceeded the target by 2.7 days. This was a result of increased refund application and customer inquiry volumes due to independent agents filing on behalf of clients. Work is underway to reduce the time to deliver through online and process efficiencies
- › the number of fuel excise duty refunds processed exceeded target due to third party agents generating more applications. Volumes also increased due to a refund rate change, which meant that customers were required to lodge applications for pre and post change refunds separately.

Financial results

This output is funded by appropriation from the Crown (Vote Transport), thus the revenue attributed in the year matched budget. A small deficit arose due to a higher than anticipated level of resource being required to support simplifying customer claims processing and implementing the development of the new financial management system. The increase in expenditure was offset to a small degree by a lower than anticipated administration fee charged by Customs.

SCOPE OF OUTPUT CLASS: Receipt and processing of applications for, and the refunding of, fuel excise duty.

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

[†] Any annual surpluses or deficits resulting from 3rd party fee funded activities in this output class are managed over the long-term to achieve a net cost recovery position. Further information can be found in the statement of financial position on page 115.

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM

What does the NZ Transport Agency do?

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

- › develop and manage the National Land Transport Programme (NLTP)
- › develop the Transport Agency's planning and investing strategies and plans
- › provide policy advice to government on policy framework
- › monitor and audit the performance of organisations that receive funding from us
- › provide investment policy advice on public transport services
- › monitor and report on work undertaken in the national Road Policing Programme⁹.

› How does this output contribute to desired transport impacts?

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

For further details see appendix 2, page 96.

What were our key achievements?

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

- › launching the 2012-15 NLTP that shapes the investment in the land transport system
- › working with investment partners to influence the integration of land use and transport planning, such as the Christchurch land use recovery planning and the Auckland draft unitary plan

- › embedding a business case approach to planning and investment
- › working with the sector to develop a range of tools to optimise use of the network, and developing a structured programme to deliver the next NLTP in a more outcomes based approach
- › supporting the Ministry of Transport to enable enactment of the legislative framework for the Public Transport Operating Model through the Land Transport Management Amendment Act 2013
- › working with Police on improving quarterly monitoring and reporting on the delivery of the Road Policing Programme.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Total cost of managing the funding allocation system as a % of NLTP expenditure (24)	1%	≤1%	-	1%
% of operational assurance activities completed (25)	90%	100%	-10%	100%
% of activities that are delivered to agreed standards and timeframes (26)	97%	100%	-3%	81%
Average number of days taken to deliver (27)	19	25	+6	24

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	29,613	29,775	(162)	29,371
Expenditure	29,569	29,775	206	29,891
Net surplus/(deficit)	44	0	44	(520)

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

⁹ For detailed information about the Road Policing Programme refer to page 190.

How do we interpret our performance results?

NZ Transport Agency service delivery

Management of the funding allocation system achieved two of the four service delivery performance targets this year.

- › Audit resources were reprioritised to assist with the establishment of an audit programme for the Christchurch infrastructure rebuild. This resulted in six low-risk audits being postponed to next year.
- › The percentage of activities delivered to agreed standards and timeframes was 3% below target. While this component was 4% under target it still reflects a high level of control for a large and complex programme.

Financial results

Expenditure was \$206k under budget due to:

- › delays on a number of projects with some activity still to be completed in 2013/14. This includes the Economic evaluation manual review and the enterprise geospatial rollout
- › expenditure on the Crash Analysis System was \$44k under budget and will be carried forward to 2013/14.

SCOPE OF OUTPUT CLASS: Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS

What does the NZ Transport Agency do?

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

How does this output contribute to desired transport impacts?

New and improved infrastructure for state highways primarily contributes to more efficient freight supply chains, resilient and secure transport network, easing of severe urban congestion, as well as helping to reduce deaths and serious injuries from road crashes, through capital investment in the state highway network. For further details see appendix 2, page 96.

What were our key achievements?

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

- › successful delivery of a number of projects including Newmarket Viaduct in Auckland and Caversham Highway Improvements in Dunedin
- › continued construction of the Waterview Connection SH20 Tunnels. Excavation of the southern approach trench to the tunnels was

completed and the plant for manufacturing the precast tunnel linings was completed. The Tunnel Boring Machine, 'Alice' was delivered to site in July

- › progression of the RoNS programme, with notable achievements including the completion of the Te Rapa section of the Waikato Expressway, the award of the construction contract on the Cambridge section, and completion of Stage One of the Christchurch Southern Motorway.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of activities that are delivered to agreed standards and timeframes (28)	64%	>90%	-26%	90%

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Length of road reconstruction and new road completed (lane km)	85	No forecast in SOI	NA	89
Length of bridge replacements (lane km)	12.6	No forecast in SOI	NA	1.6

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	935,884	945,791	(9,907)	806,950
Expenditure	992,559	992,216	(343)	888,295
Net surplus/(deficit)	(56,675)	(46,425)	(10,250)	(81,345)

How do we interpret our performance results?

Transport Agency service delivery and investment

New and improved infrastructure for state highways did not meet its service delivery target this year.

This indicator includes three components: large projects, small projects and property acquisition. The overall achievement result is 26% below target. The variance was a result of under performance of the small project programme and a delay in getting the safety programme underway.

- › **Small projects:** Four of the 12 small projects achieved their completion target. Of the eight that missed, half were in the safety programme. This programme came under intense scrutiny at the start of the year to ensure we were picking the right Safe System projects. This led to a slight delay in getting the programme going, and combined with some optimistic completion dates means some year-end deadlines have been missed.
- › **Large projects:** Four of the five projects achieved their completion target. One, the SH2 Papatawa realignment project, did not meet its schedule completion dates. Initial delays due to contractor financial issues were not able to be made up.
- › **Property acquisition:** The programme was achieved with the highlights being the strong purchase activity on the Christchurch RoNS route, Mackays to Peka Peka and Cambridge Bypass.

Investment performance achievements in any particular year are sensitive to the completion date of activities which are only 'completed' once the works are deemed substantially completed and fully open to the public.

Financial results

Expenditure on the new and improved infrastructure of state highways ended on budget.

A significant proportion of the expenditure (60%) is on multi-year projects, including the RoNS.

While the overall expenditure for the year is on budget, results differed between projects. For example, Waterview, one of the large projects, ended the year well ahead of projections while the Papatawa realignment progressed slower than expected.

SCOPE OF OUTPUT CLASS: Capital works for new infrastructure for state highways, as authorised by section 9 (3) and (4) of the Land Transport Management Act 2003.

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

RENEWAL OF STATE HIGHWAYS

What does the NZ Transport Agency do?

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

How does this output contribute to desired transport impacts?

Renewal of state highway infrastructure primarily contributes to maintaining the resilience and security of the whole road network, efficiency of freight supply chains and the easing of severe congestion, by ensuring that the established state highway network asset condition is sustained by an ongoing capital investment programme.

For further details see appendix 2, page 96.

What were our key achievements?

The key achievements for renewal of state highways were:

- › completion of 1,484km of pavement renewals including chip sealing and pavement rehabilitation
- › completion of 167km of pavement rehabilitation renewal through pavement strengthening work.

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

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of activities that are delivered to agreed standards and timeframes (29)	108%	>90%	+18%	93%
Safe stopping: % of travel on network above skid threshold (30)	97.2%	≥98%	-0.8%	97.6%
Network resilience: % of rutting >20mm over state highway network (31)	0.8%	<1.5%	+0.7%	0.8%

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometre travelled)	0.87c/vkt	<0.97c/vkt	+0.10 c/vkt	0.99 c/vkt
Cost of renewals (excluding emergency reinstatement) per network lane km	\$7,565	<\$9,687	+\$2,122	\$8,552
% of sealed network resurfaced (based on road length in lane km)	11.5	No forecast in SOI	NA	10
% of network rehabilitated (based on road length in lane km)	1.3	No forecast in SOI	NA	1.7
Pavement integrity of the sealed network	99	>97	+2	97
Surface condition of the sealed network	98	>98	-	98

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	175,009	195,000	(19,991)	199,731
Expenditure	175,009	195,000	19,991	199,731
Net surplus/(deficit)	0	0	0	0

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

How do we interpret our performance results?

Transport Agency service delivery and investment

Renewal of state highways achieved/exceeded two of the three service delivery targets this year.

- › Activities were delivered to agreed standards and timeframes exceeded target. This is a good result as we under-spent on the overall renewals budget yet achieved more treatment length against the baseline. A greater quantity of work was completed in some of the contract areas with fixed annual price contracts both because works not completed in 2011/12 were carried forward into 2013/14 and some works were advanced from 2013/14 where there was a need. Additionally some works used new techniques with a lower unit cost.
- › The percentage of travel on the network above skid threshold was below target. The definition of good skid resistance was tightened this year by increasing targets on the riskier sections of state highways, such as tight bends. We are now using better performing chip in these situations because it will ensure the roads perform better for longer giving better long-term value for money.

Renewal of state highways achieved/exceeded four investment performance forecasts this year.

- › Renewal works undertaken this year were achieved under budget. This resulted in the positive variances in the cost of network renewal measures.

Financial results

Expenditure on renewal of state highways was 11% under budget. Close analysis of the network resulted in a choice to apply lower cost treatments in some areas.

SCOPE OF OUTPUT CLASS: Renewal work on the state highway network, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

MAINTENANCE AND OPERATION OF STATE HIGHWAYS

What does the NZ Transport Agency do?

Under this output class the NZ Transport Agency:

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

How does this output contribute to desired transport impacts?

Maintenance of state highway infrastructure helps ensure that the impact of established network has on the transport system are sustained. Sound management of maintenance activities and of the operation of the network have a broad impact including better use of transport capacity, ensuring network resilience and security and freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes, by ensuring that surface condition and skid resistance network standards are maintained and traffic flow and incidences effectively managed.

For further details see appendix 2, page 96.

What were our key achievements?

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

- › maintaining a consistent and safe environment on the state highway. Where there were closures, alternative routes were generally available to travellers
- › increasing the Wellington Traffic Operation Centre hours to 24/7 provides an increasingly seamless experience for customers across the entire state highway network
- › completing the first major review in 20 years of how state highways are maintained and operated, which comes under the wider umbrella of the Road Efficiency Group. There are two main drivers for this change:

- strategy- our one network strategy of contributing to managing the land transport network as a resilient and integrated whole that supports New Zealand's economic growth, productivity and social goals
- cost-effectiveness - there is an annual cap on expenditure for our maintenance and renewals work
- › we have moved to a primary supplier model that brings professional services and physical works components into one contract, called a network outcome contract.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of activities that are delivered to agreed standards and timeframes (32)	96%	>90%	+6%	100%
Safe stopping: % of network meeting surface texture standards (33)	99%	≥98%	+1%	99.7%
Smooth ride: % of travel on network classed as smooth (34)	99%	≥97%	+2%	99%
% of availability of state highway network (35)	94%	90%	+4%	99.6%

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Cost of emergency reinstatement	\$56m	\$70m	+\$14m	\$65.3m
Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometre travelled)	1.43 c/vkt	<1.25 c/vkt	-0.18 c/vkt	1.38 c/vkt
Cost of maintaining and operating the network excluding emergency reinstatement (\$ per lane km)	\$12,357	<\$11,971	-\$386	\$11,949
Network resilience - % of travel on smooth roads	99	>98	-	99

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	345,046	325,964	19,082	365,325
Expenditure	343,383	325,865	(17,518)	345,844
Net surplus/(deficit)	1,663	99	1,564	19,481

How do we interpret our performance results?

Transport Agency service delivery and investment

Maintenance and operation of state highways achieved/exceeded all service delivery targets this year.

- › The percentage of the network meeting surface texture standards exceeded target. The texture threshold has now been reduced in some lower speed environments in line with the lower risk there. This will require less work to maintain good texture over the network.
- › The percentage of travel on network classified as 'smooth' exceeded target. This report is against the old classification system. The new levels of service targets for the new lower classifications of state highways allow for greater roughness on roads with lower volume than before. Service levels for higher classification roads remain similar to before.

Maintenance and operation of state highways achieved/exceeded two of the four investment performance forecasts this year.

- › The significant contributors to emergency works spend continued to be related to the Canterbury earthquakes and the Manawatu Gorge slip.
- › The cost of maintaining and operating the network measures are above both target and last year's result due to higher than budgeted spend on these activities. This reflects that the efficiency gains sought across this and the renewal activity are still in the process of being realised as costs and demands on the network continue to grow.

Financial results

Maintenance and operation of state highways was \$18m over budget. This over-spend was in line with expectations.

2012/13 was the first year of the three-year NLTP period, so while an over-spend is showing we are managing the expenditure over the three-year programme.

SCOPE OF OUTPUT CLASS: Activities that manage, maintain and operate state highway infrastructure as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

SECTOR RESEARCH

What does the NZ Transport Agency do?

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

How does this output contribute to desired transport impacts?

Sector research contributes to all eight desired areas of impact – it does so indirectly and enables better delivery of all other outputs. The Transport Agency seeks to manage this output to maximise the overall benefit derived from all other outputs. For further details see appendix 2, page 96.

What were our key achievements?

The key achievements for sector research¹⁴ were:

- › we published 36 research programme reports on the Transport Agency website. A further 19 research projects were completed and the associated research reports were being finalised for publication as at June 2013. In addition, 22 research projects were actively managed, including 16 new contracts which were procured during 2012/13
- › we approved 27 research programme topics for investment in the upcoming 2013/14 financial year

- › we published seven NZ Transport Agency research (quarterly and high profile research supplementary) newsletters to promote research reports to policy makers, stakeholders and the public
- › we invested \$1m in the Austroads' research programme which provides New Zealand with considerable leverage, in terms of both investment and expertise, given the broad Austroads' membership (all Australian states and New Zealand). It is planned that this level of investment will continue into the foreseeable future, as the Transport Agency uses Austroads' design and planning guides, and standards; and the projects and task forces challenge and develop new approaches which transfer well to the New Zealand context.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of activities that are delivered to agreed standards and timeframes (36)	84%	100%	-16%	97%

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	3,194	4,000	(806)	5,002
Expenditure	3,194	4,000	806	3,858
Net surplus/(deficit)	0	0	0	1,144

How do we interpret our performance results?

Transport Agency service delivery

Transport Agency research programme management did not achieve service delivery performance target for this year.

Research activities were measured against three components, namely agreed cost (42%), peer reviews (100%) completed (quality) and timeliness (86%). Refer to the technical notes section for details on the measure.

- › We planned to complete 42 research projects during the year. Ten were published, 4 were cancelled, 15 delayed to 2014/15 and final pre-publication checks for 13 will be carried forward into 2014/15.

This performance is expected due to the nature of the arrangement where the Transport Agency manages the programme and is reliant on third party research providers.

Financial results

Expenditure on research ended the year \$806k under budget because of the Transport Agency's termination of research projects due to complications and delays in progress.

The Transport Agency is managing the 2012–15 Research Programme as a three-year programme, and has plans in place to expend the full three-year budget allocation during this period.

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

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

¹⁴ The methodology for calculating this measure has been revised. This year's results are not comparable to 2011/12.

OUTPUT CLASSES

THE TRANSPORT AGENCY PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES

PUBLIC TRANSPORT

What does the NZ Transport Agency do?

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

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

How does this output contribute to desired transport impacts?

Public transport primarily contributes to more mode choices, easing urban congestion and reduction in adverse environmental effects. Public transport's secondary contributions include supporting better use of existing transport capacity, reducing deaths and serious injury from road crashes (especially when bus replaces multiple single occupant cars), and aiding transport system resilience and security. Public transport's contribution to long term impacts is supported by administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders

For further details see appendix 2, page 96.

What were our key achievements?

The key achievements for public transport were:

- › investing \$243.2m across the country in public transport services and operations for 2012/13. 90% of this investment was in the major urban centres of Auckland, Wellington and Christchurch
- › co-funding further upgrading and installation of new and refurbished rail stations at Onehunga, Otahuhu and Remuera and multi-modal interchanges at Hobsonville and Beachhaven in Auckland
- › co-funding the Matangi train fleet upgrade across the Wellington rail network
- › supporting the successful adoption of Wellington's public transport spine study
- › continuing funding and assisting with the implementation of the Auckland integrated fares system (AIFS) with rail and ferry services being rolled out during the year
- › completing development of National Integrated Ticketing Interoperability Standards and certified equipment for use in Auckland.

How do we assess our service delivery performance?

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

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Number of passengers using urban public transport services (bus, train and ferry)	132.7m	>128m	+4.7m	132.4m
Public transport boardings per NLTF \$ invested on public transport services	0.55	>0.67	-0.12	0.66
Fare revenue as a % of total expenditure (farebox recovery ratio)	46.4%	47-50	-0.6%	43.3%

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	287,532	310,000	(22,468)	268,019
Expenditure	284,950	310,000	25,050	249,398
Net surplus/(deficit)	2,582	0	2,582	18,621

How do we interpret our performance results?

Transport Agency investment

Public transport achieved/exceeded one of the three investment performance forecasts this year.

- › The decline in public transport boardings per NLTF\$ invested in public transport services for 2012/13 reflects lower patronage in Auckland and Wellington relative to the levels achieved last year during the Rugby World Cup. Track charges have increased to fund the required improvements in service quality and reliability as well as the forecast growth in service provision in Auckland. We continue to forecast public transport patronage growth and invest in network and service improvements to meet future demand.

Financial results

Public transport expenditure ended the year \$25m below budget. This was due to underspends reported in Auckland and Wellington public transport service and operations related costs: Contributing to this underspend were:

- › new Auckland bus services delayed until 2013/14 (\$4.5m)
- › deferred expenditure on Wellington's trolley bus overhead lines to 2013/14 due to more time being taken to prepare business cases (\$2m)
- › Timing changes in the payments for new train rolling stock in Auckland mean there is a carry forward (\$3m) from 2012/13 to 2013/14
- › passenger rail services in Auckland was under-spent (\$6m) due to:
 - a delay in implementing its new track access agreement with KiwiRail
 - improved cost management with Veolia
 - reduced payment to Veolia as a result of missing a customer service target
- › increased fare revenue in the Wellington rail network was greater than forecast resulting in a reduced net cost outlay (\$4m)
- › further minor savings were experienced across most of the other regional public transport networks (\$1.3m).

A further \$2.6m has been invested in the public transport automated fare collection system. This is capital expenditure and is funded from the net surplus.

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

TRANSPORT PLANNING

What does the NZ Transport Agency do?

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

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

How does this output contribute to desired transport impacts?

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

For further details see appendix 2, page 96.

What were our key achievements?

The key achievements for transport planning were:

- › contributing to transport studies for the Auckland Unitary Plan, and contributing to and investing in Auckland sub-regional planning and planning for the East-West link, and the Integrated Transport Programme which is now complete
- › contributing to and investing in Wellington transport planning, with the Public Transport Spine Study completed, and the Northern Corridor RoNS network plan ready to be reported to the Board
- › contributing to and investing in Christchurch recovery planning, including the Greater Christchurch Transport Statement
- › being actively involved with the freight sector in completing the Upper North Island Freight story, and progressing the Central and Southern Freight Plans to support efficient freight movement, including strategic routes for high productivity motor vehicles
- › working on developing the State Highway Activity Management Plan for the 2015-18 NLTP to further optimise spend on maintenance and operation of the state highway network.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of activities that are delivered to agreed standards and timeframes (37)	92%	100%	-8%	87%

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	13,438	20,000	(6,562)	25,088
Expenditure	13,438	20,000	6,562	22,614
Net surplus/(deficit)	0	0	0	2,474

How do we interpret our performance results?

NZ Transport Agency service delivery

Transport planning did not fully achieve the service delivery performance target this year.

- › Overall, our transport planning performance was strong, with a number of key planning projects either completed or well progressed. The incomplete portion of the programme of work will be carried forward into the 13/14 programme.
- › Uptake of transport planning activities at the start into the 12/15 NLTP was slow due to further refining of the programme. This was to ensure good value for money through a focused and efficient programme targeted at high priority issues.

Financial results

Transport planning expenditure ended the year \$6.5m below budget. This was the consequence of a slow start into the 2012-15 NLTP due to:

- › further refining of the programme to ensure good value for money
- › extended timelines for some projects because of the added value of transitioning to the new business case approach for transport planning and investing.

SCOPE OF OUTPUT CLASS: Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS SCHEME AND ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS

What does the NZ Transport Agency do?

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

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

How does this output contribute to desired transport impacts?

SuperGold cardholders concessionary fares scheme supports the impact contribution of public transport investments (service and infrastructure) by providing more transport mode choice for the elderly and improving the utilisation of public transport capacity during off-peak hours.

For further details see appendix 2, page 96.

What were our key achievements?

The key achievement for administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders was:

- › 11.1 million SuperGold card trips were made during the year. This represents a 5% increase over the 10.6m trips made in 2011/12.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Average number of days taken to deliver	17	20	+3	N/A
% of activities that are delivered to agreed standards and timeframes (38)	100%	100%	-	100%

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	22,850	21,400	1,450	21,385
Expenditure	22,458	21,400	(1,058)	21,385
Net surplus/(deficit)	392	0	392	0

How do we interpret our performance results?

Transport Agency service delivery

SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders achieved 2 of 2 performance targets for the year.

Financial results

Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders expenditure was \$1.1m above the original budget due to:

- › more people being eligible and signing up to the SuperGold scheme across the country
- › general usage patterns increasing within the eligible population.

Part way through the year, the anticipated shortfall was recognised and additional Crown funding was agreed and provided in advance of the end of the year. The surplus of \$392k will be carried forward and made available to this activity in 2013/14.

SCOPE OF OUTPUT CLASS: Administration of the scheme to provide enhanced public transport concessions for SuperGold cardholders. Providing enhanced public transport concessions for SuperGold cardholders.

ROAD SAFETY

What does the NZ Transport Agency do?

Under this output class, the NZ Transport Agency manages and invests in activities that contribute to the safe, efficient and effective use of land transport networks and services, including road user advertising, education and information initiatives that contribute to the high- and medium-priority areas of the Safer Journeys strategy.

How does this output contribute to desired transport impacts?

Road safety's primary contribution is to the reduction in death and serious injuries from road crashes by influencing the behaviour of drivers and other road users. Its secondary contribution is to a more efficient vehicle fleet by encouraging the use of vehicles with 5-star safety rating.

For further details see appendix 2, page 96.

What were our key achievements?

The key achievements for road safety were:

- › launching the *Drive Social* advertising campaign which encourages people to step back and look at 'driving' from a different perspective and reframes 'driving' from a solo pursuit to an activity that is much more social. The ultimate aim is encourage better driving behaviour across all of our priority areas
- › Transport Agency investment in local authorities continues to address local safety issues and increase alignment to the Safer Journeys priorities

- › advertising work continues to be recognised within the industry, with several successes at the Communication Agencies Association of New Zealand (CAANZ Axis) and Media Awards including:
 - Radio Legends
 - Drug-driving Integrated Campaign
 - Flash speeding game - Interactive.

How do we assess our service delivery performance?

	ACTUAL 2012/13	TARGET 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of activities that are delivered to agreed standards and timeframes (39)	100%	100%	-	100%
% of target audience aware of road user safety messages (40)	75%	≥70%	+5%	78%
% of road safety target audience that rate advertising as relevant to them (41)	49%	≥60%	-11%	53%

How was the money spent?*

	ACTUAL 2012/13 \$'000	BUDGET 2012/13 \$'000	VARIANCE 2012/13 \$'000	ACTUAL 2011/12 \$'000
Income	27,592	32,000	(4,408)	40,841
Expenditure	27,592	32,000	4,408	41,097
Net surplus/(deficit)	0	0	0	(256)

How do we interpret our performance results?

Transport Agency service delivery

Road user safety achieved or exceeded 2 of the 3 service delivery performance targets.

- › Results remain below expectation for the target audiences rating of the advertising being relevant to them. To date, drug-driving is not perceived as relevant to a large part of our audience. This measure has been removed in our Statement of intent for 2013-16 as it no longer accurately measures our range of mixed media used by the advertising programme.

Financial results

Expenditure on road safety was lower than budget by \$4.4m because of delayed expenditure on the following:

- › \$2.7m under-spend in local authorities expenditure
- › \$1.3m carry-over of alcohol advertising as a result of delayed production
- › \$0.4m under-spend in share the road advertising with work delayed due to slower progress in stakeholder engagement and alignment.

SCOPE OF OUTPUT CLASS: Promote safe and economical use of land transport networks and services, pursuant to section 9 of the Land Transport Management Act 2003.

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

OUTPUT CLASSES WHERE THE TRANSPORT AGENCY INVESTS, BUT DOES NOT DELIVER SERVICES

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS

What does the NZ Transport Agency do?

Under this output class the NZ Transport Agency invests, in conjunction with approved organisations, in local road improvements including new roads, seal extensions, new traffic management facilities and replacement of bridges and other structures.

How does this output contribute to desired transport impacts?

New and improved infrastructure for local roads helps increase the resilience and security of freight supply chains and ease severe congestion. Improved road engineering also significantly helps reduce the risk of road crashes.

For further details see appendix 2, page 96.

What were our key achievements?

The key achievement for new and improved infrastructure for local roads was continued investment in the following major projects:

- › Construction work completed in 2013 included the Lower Hatea Bridge in Whangarei and the Glenfield Road on the North Shore.

- › Work is continuing on the Hamilton Ring Road and the Auckland Manukau Eastern Transport Initiative (AMETI). AMETI comprises a series of related construction projects, five of which are significant budget items.

How do we assess our service delivery performance?

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

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Length of road construction and new roads completed (lane km)	89.6	120-200	-30.4	230
Length of bridge replacements (lane metres)	1,116	Approx 1,200	-84	400

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	152,562	165,000	(12,438)	137,000
Expenditure	152,562	165,000	12,438	110,132
Net surplus/(deficit)	0	0	0	26,868

How do we interpret our performance results?

Transport Agency investment

New and improved infrastructure for local roads achieved neither of the two investment performance forecasts this year.

- › The forecasts for new construction were based on historic levels and published before the 2012-15 NLTP programme was approved. The approved programme now concentrates construction in Auckland and Christchurch. The actual result reflects the approved projects in the NLTP.

- › The Auckland Manukau Eastern Transport Initiative (AMETI) is under way and will continue for some years. Reconstruction of Christchurch is not apparent in these results but can be expected to significantly contribute to the length of road construction.
- › The length of bridge replacements is close to target being just 7% under reflecting the lane km of approved projects in 2012/13.

Financial results

Expenditure was under budget by \$12.4m. This was anticipated given the reported reduction in the number of lane km completed during the year.

SCOPE OF OUTPUT CLASS: Management and delivery of improvement of local roads, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

RENEWAL OF LOCAL ROADS

What does the NZ Transport Agency do?

Under this output class, the NZ Transport Agency invests, in conjunction with investment from approved organisations, in the capital expenditure and management of renewal activities required to minimise the long-term cost of retaining serviceable local roading infrastructure, including resurfacing sealed and unsealed roads, renewing drains, rehabilitating road pavements and structures, and preventative maintenance.

How does this output contribute to desired transport impacts?

Renewal of local road infrastructure primarily contributes to maintaining the resilience and security of the whole road network, efficiency of freight supply chains and the easing of severe congestion, by ensuring that the established local road network asset condition is sustained by an ongoing capital investment programme.

For further details see appendix 2, page 96.

What were our key achievements?

The key achievement for renewal of local roads was continued investment in:

- › Renewal activity sustaining the road network in good serviceable condition. Achievement is shown by stable condition measures although it should be recognised that there may be variations of road condition both within and among road controlling authorities.

How do we assess our service delivery performance?

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

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
% of sealed network resurfaced (based on road length in lane km)	6.5%	>6%	+0.5%	6%
% of network rehabilitated (based on road length in lane km)	0.6%	1-2%	-0.4%	0.7%
% of unsealed network metalled (based on road length in centreline km)	28%	20-35%	-	28.9%
Pavement integrity of the sealed network (steady trend) (42)	94	>94 (Steady)	Steady	93.7
Surface condition of the sealed network (steady trend) (43)	98	>98 (Steady)	Steady	97.9
Cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometre travelled) (44)	0.94c/vkt	<1.0 c/vkt	+0.06c/vkt	0.87 c/vkt
Cost of renewals (excluding emergency reinstatement) per network lane km (45)	\$1,346	<\$1,319	-\$27	\$1,240

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	204,410	228,000	(23,590)	185,000
Expenditure	204,410	228,000	23,590	188,227
Net surplus/(deficit)	0	0	0	(3,227)

For notes see appendix 3 on page 98.

* Full output class financials are set out in appendix 4 on page 102.

How do we interpret our performance results?

Transport Agency investment

Renewal of local roads achieved five of seven investment performance forecasts this year.

- › For resealing, a target of covering 6% of the road network each year gives an average life of 16-17 years. This is toward the upper end of what might be expected for the life of a sealed surface.
- › For rehabilitation, the life of pavements is very uncertain but thought to be between 30 and 70 years with an average of 50 years. That would suggest a target rehabilitation rate of 2%. The current rate of renewal of around 1% is low and has been maintained for some years without road condition deteriorating. In fact there has been a small improvement in pavement condition in recent years. There are a number of possible explanations for this variation and research about pavement life is ongoing.

The total volume of metal applied to unsealed roads is about 920,000 cubic metres which should be enough to renew the network on a 3-5 year cycle. This is an appropriate renewal rate.

Financial results

Renewal of local roads expenditure is \$23.6m under budget in delivering the planned programmes of activities due to:

- › local authorities deferring some activity to 2013/14 and some applications for funding being moved to maintenance and operations.

SCOPE OF OUTPUT CLASS: Management and delivery of renewals to the existing local road infrastructure, as authorised under section 9(3) and (4) of the Land Transport Act 2003.

The reinstatement of local roads in Canterbury is limited to the reinstatements following the earthquakes as approved by the NZ Transport Agency under relevant legislation.

MAINTENANCE AND OPERATION OF LOCAL ROADS

What does the NZ Transport Agency do?

Under this output class the NZ Transport Agency invests, in conjunction with approved organisations, in the routine maintenance and operation of local roading infrastructure, including the maintenance of pavements, structures, drains, the environment, traffic services, cycle paths and level crossings, and the emergency reinstatement of roads.

How does this output contribute to desired transport impacts?

Maintenance of local road infrastructure helps ensure that the impacts the established networks have on the transport system are sustained. Sound management of maintenance activities and of the operation of the network have a broad impact including on better use of transport capacity, ensuring network resilience and security, freight supply chain efficiency, and reducing urban congestion and the risk of road crashes.

For further details see appendix 2, page 96.

What were our key achievements?

The key achievement for the maintenance and operation of local roads this year was to keep costs at the same level as last year while maintaining the condition of the roads and responding appropriately to emergency conditions.

How do we assess our service delivery performance?

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

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Smooth ride - % of travel on smooth roads	84%	>86%	-2%	85.7%
Cost of emergency reinstatement	\$84m	\$90m	+\$6m	\$92m
Cost of maintaining and operating the network (excluding emergency reinstatement) per network lane km	\$1,290	<\$1,052	-\$238	\$1,320
Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometre travelled)	0.90c/vkt	<0.75 c/vkt	-0.15 c/vkt	0.93 c/vkt

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	279,379	298,000	(18,621)	275,000
Expenditure	279,379	298,000	18,621	292,639
Net surplus/(deficit)	0	0	0	(17,639)

How do we interpret our performance results?

Transport Agency investment

Maintenance and operation of local roads achieved one of four investment performance forecasts this year.

- › Network performance for smooth travel was below forecast. This is a result of changes in measurement methods rather than a decline in road condition in the data reported by individual authorities.
- › The cost of maintaining the network is very close to that seen in 2011/12. The Road Maintenance Task Force report in October 2012 has resulted in the Transport Agency working with local authorities on ways of controlling maintenance costs.

- › The amount of travel per vehicle has declined slightly year-on-year resulting in an increase in the costs of maintaining and operating the network per vehicle kilometre travelled.

Financial results

Maintenance and operation expenditure was \$18.6m below budget. Of the \$84m spent on emergency works, the \$50m approved for Canterbury roads reinstatement after the earthquakes was fully used.

SCOPE OF OUTPUT CLASS: Management and operation of existing local road infrastructure, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

WALKING AND CYCLING

What does the NZ Transport Agency do?

Under this output class, the NZ Transport Agency invests in new and improved walking and cycling infrastructure for transport purposes and model community education and promotion activities. Walking and cycling facilities include cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and bicycle parking facilities.

New walking and cycling facilities that are components of roading improvement projects are funded as a part of investments to improve roading networks rather than through the walking and cycling activity class.

How does this output contribute to desired transport impacts?

Walking and cycling infrastructure has its main impact through facilitating more transport choices in urban environments where walking or cycling is offered to the community. This contribution indirectly supports better use of transport capacity, reducing adverse environmental effects, congestion relief and reduction in deaths and injuries from road crashes.

For further details see appendix 2, page 96.

What were our key achievements?

The key achievements for walking and cycling were:

- › continued investment in model communities in New Plymouth and Hastings (\$2.4m)
- › initiation of the Central Motorway connection in Auckland (\$1.1m)

- › completion of Southern Motorway connections in Christchurch (\$4m)
- › completion of the Tawa walkway connection in Wellington (\$1.4m)

Activities which contribute to walking and cycling outcomes are delivered in many other activity classes, for example, new facilities as part of road or public transport infrastructure, shoulder widening or reallocation of road space through maintenance and operations.

How do we assess our service delivery performance?

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

How do we assess our investment performance?

	ACTUAL 2012/13	FORECAST 2012/13	VARIANCE 2012/13	ACTUAL 2011/12
Kilometres of new footpaths, cycle lanes and cycle paths	46.6	140-170	-93.4	65.3

How was the money spent?*

	ACTUAL 2012/13 \$000	BUDGET 2012/13 \$000	VARIANCE 2012/13 \$000	ACTUAL 2011/12 \$000
Income	8,449	13,000	(4,551)	7,000
Expenditure	8,449	13,000	4,551	11,708
Net surplus/(deficit)	0	0	0	(4,708)

How do we interpret our performance results?

Walking and cycling did not achieve the investment performance forecast this year.

NZ Transport Agency investment

A number of high value, short distance projects are underway at present, eg work initiated on the Central Motorway connection in Auckland, Christchurch Southern Motorway connections and the Tawa stream pathway in Wellington.

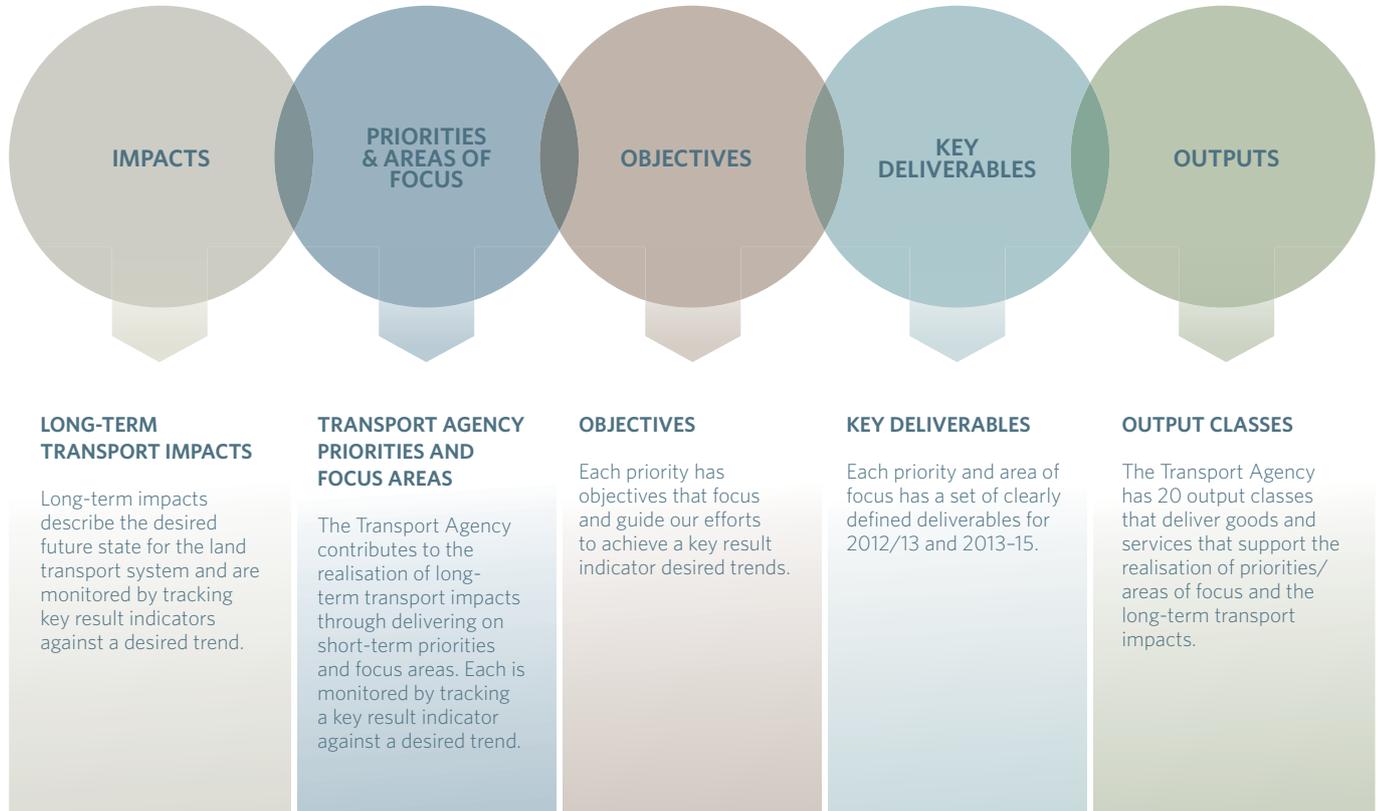
Only stand-alone walking and cycling activities are delivered within this activity class rather than as part of the other projects, ie walking and cycling facilities built as part of new and improved state highway or local road infrastructure are included in the new and improved infrastructure activity classes.

Financial results

Expenditure is below budget by almost \$4.5m due to both approved organisations and the State Highways Programme not completing their planned activity. However, there has been significant activity on walking and cycling projects undertaken as an integral part of state highway projects and this activity has been funded from the state highways activity classes.

SCOPE OF OUTPUT CLASS: New and improved walking and cycling infrastructure for transport purposes, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

APPENDIX 1: STRATEGIC FRAMEWORK DIAGRAM



APPENDIX 2: HOW OUR OUTPUTS CONTRIBUTE TO IMPACTS

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

OUTPUT CLASS	OUR DESIRED LONG-TERM IMPACTS							
	Better use of existing transport capacity	More efficient freight supply chains	Resilient and secure transport network	Easing of severe urban congestion	More efficient vehicle fleets	Reductions in deaths and serious injuries from road crashes	More transport mode choices	Reduction in adverse environmental effects from road transport
Management of the funding allocation system	●	●	●	●		●	●	●
Transport planning	●	●	●	●		●	●	●
Sector research	●	●	●	●	●	●	●	●
Public transport**	●		●	●		●	●	●
Road safety					●	●		
Road Policing Programme*		●	●			●		
New and improved infrastructure for local roads*		●	●	●		●		
Renewal of local roads*	●	●	●	●				
Maintenance and operation of local roads*	●	●	●	●		●		●
Walking and cycling*	●			●		●	●	●

OUTPUT CLASS	OUR DESIRED LONG-TERM IMPACTS							
	Better use of existing transport capacity	More efficient freight supply chains	Resilient and secure transport network	Easing of severe urban congestion	More efficient vehicle fleets	Reductions in deaths and serious injuries from road crashes	More transport mode choices	Reduction in adverse environmental effects from road transport
Licensing and regulatory compliance		●			●	●		●
Road tolling	Revenue collection supports repayment of debt-funded infrastructure investment							
Motor vehicle registry						●	●	●
Road user charges collection, investigation and enforcement	Revenue collection for the NLTP supports the NZ Transport Agency's investment in the land transport system							
Refund of fuel excise duty								
New infrastructure for state highways		●	●	●		●		
Renewal of state highways	●	●	●	●				
Maintenance and operation of state highways	●	●	●	●		●		●
<p>* The NZ Transport Agency does not deliver these goods or services directly. These output classes receive NLTP investment funds. Actual outputs are delivered by approved organisations. Measure of the Transport Agency's performance, in relation to investment output classes, can be found in the management of the funding allocation system.</p> <p>** Includes administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.</p>								
KEY	● Minor/secondary contribution		● Major/primary contribution			NB: Where there is no dot, there may still be a small contribution		

APPENDIX 3: SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASUREMENT

This section provides explanation and technical details for non-financial performance measures. These notes include long-term impact indicators, priority indicators, investment service indicators and result performance measures. Throughout the document there has been a consistent approach to rounding of non-financial performance results to the nearest whole number or one decimal place where relevant for the particular measure.

PROGRESS ON LONG-TERM IMPACTS

1. The number of vehicle kilometres travelled (VKT) per network kilometre (network length) is used to reflect the use of existing transport capacity. It is based on the total number of VKT and network lane kilometres submitted by approved organisations (AOs), ie regional councils, territorial authorities or business units approved to carry out minor or ancillary works, in their annual returns to the NZ Transport Agency.
2. The average daily measured weight of freight vehicles (in tonnes) is used to reflect efficiency of road freight. It is based on the traffic freight and vehicle weights measured in weigh-in-motion (WiM) sites across the country. WiM sites are located in Auckland (Drury), Waikato (Tokoroa), Bay of Plenty (Te Puke), Hamanatua Bridge (Gisborne), Eskdale (Hawke's Bay) and Canterbury (Waipara). This indicator is currently reported by financial year.
3. The number of resolved road closures with a duration of 12 hours or longer is used to reflect a resilient and secure network. It is based on the number of resolved road closures (planned or unplanned) recorded in the Traffic Road Event Information System (TREIS). TREIS contains information on a range of roading events such as planned roadworks, unplanned incidents, area warnings like flooding among others. This indicator is currently reported by financial year.
4. The number of seconds delay per km during AM peak hours in Auckland is used to reflect how well we are doing in easing severe congestion. It is based on the bi-annual Travel Time Survey results. This survey provides average travel speeds and congestion indicators for the NZ Transport Agency. The survey covers a representative sample of the network covering key centres including Auckland, Christchurch, Hamilton, Tauranga and Wellington. For purposes of monitoring progress in easing severe congestion, Auckland was selected as the primary centre of significant congestion. This indicator is currently reported by financial year.
5. The average diesel and petrol consumption (in litres) per 100 vehicle kilometres travelled is used to reflect our progress on a more efficient vehicle fleet. It is based on the annual oil consumption data provided by the Ministry of Business Innovation and Employment and the New Zealand vehicle fleet by fuel type data provided by the Ministry of Transport. This indicator is currently reported by calendar year.
6. The number of road deaths and serious injuries per million vehicle kilometres travelled is used to monitor how well we are progressing in reducing the number of deaths and serious injuries. It is based on a quarterly report generated from the Crash Analysis System (CAS) and the combined annual vehicle kilometres travelled from local roads and state highways. This indicator is currently reported by financial year.
7. The % of survey respondents that consider public transport as a good option for taking all of their work or study trips in Auckland is used to monitor our progress in providing more transport mode choices. It is based on Auckland Council's 2-yearly Community Perceptions of Personal Transport Choices Survey.

PROGRESS ON OUR STRATEGIC DIRECTION - BY PRIORITY

8. Customer service performance score is an aggregate of three customer satisfaction measures to show the overall level of satisfaction with a sample of key services that NZ Transport Agency provides to the public. Two of the components (driver licensing and motor vehicle registration) are sourced from the State Services Commission 'Kiwi Counts' survey with the third focusing on state highways. All surveys are independently commissioned online surveys of the general public. The overall score is weighted on the basis of sample size for each survey component.
9. The % of relevant NZ Transport Agency staff who demonstrate awareness of what change is needed to implement the Safe System approach reflects the proportion of those Transport Agency staff attending Safe System training whose self assessed ratings average between 4 and 5 (on a 5 point scale) across the courses eight learning outcomes. A self assessed rating of between 4 and 5 shows that the individual feels able to meet most or all aspects of the learning outcomes. The eight learning outcomes for the course are: I can understand and talk about the Safe System principles using real world examples; I can understand and talk about the 'human factors' approach to error and the limits of human performance; I can understand and talk about what we are aiming to achieve in improving each area of the Safe System; I can understand and talk about interrelationships across the road system; I have contributed to a group Safe System case study that will have identified the contributions that all Safe System pillars make to a crash or other road safety issue; I will be able to apply the above in my own role, ie identify roles and responsibilities across the sector and know whom I should personally work with and why; I can identify effective road safety interventions across all pillars; I will be able to make at least one change in my work to apply the Safe System approach and report back on this.

OUTPUT CLASSES THE NZ TRANSPORT AGENCY DELIVERS

Licensing and regulatory compliance

10. The *% accuracy of registers* is a measure of the data input accuracy of the driver licence register (DLR) based on monthly audit checks from a random sample of 100 callers and a selection of agents' work processed against what's written on the form and recorded in DLR. The measure reflects the average of the audit results.
11. *Unit transaction cost* measures the direct unit cost of delivering a driver licence/driver testing transaction/service.
12. The *% of operational assurance activities completed* is an aggregate of three specific operational assurance activities (eg audits) of driver testing agents, transport operators and certifying agents completed against planned. Aggregation is based on the weighted volume of activity in the given year.
13. The *% of activities that are delivered to agreed standards and timeframes* is an aggregate of six specific dimensions – four audit activities of driver testing agent officers and course providers, transport operators, certifying agents and regulatory compliance and agent service delivery (with targets of >90%); and two completion rates against standard of official correspondence and transport rules development programmes (with targets of 100%). Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
14. The *number of products and delivered or processed* include new and renewed driver licences, issuing of driver and transport operator testing services, certification review, border inspection, over-dimension permits, and drug and alcohol assessments funded.
15. The *% of transactions completed online* is the proportion of practical test bookings completed through the Transport Agency website divided by the total number of test bookings completed for motor vehicle and motorcycle licences.

Road tolling

16. *Unit transaction cost* is the direct unit cost of delivering a toll service. Cost excludes write offs, bad debts and administration fees from toll payment notices.
17. The *% of transactions completed online* is the proportion of casual trip payments and Toll Payment Notice (TPN) transactions completed through the internet over the total number of trip and TPN payments. Toll payment notices are issued to customers who have not paid their toll fees within five days.

Motor vehicle registry

18. The *% accuracy of register* reflects the accuracy of the information entered into the motor vehicle registry (MVR). Data verification activities are focused on confirming vehicle attributes; vehicle ownership and address information in the MVR. It combines the result of regular audit checks by regional staff, unverified owner and address information returns.
19. The *% of transactions completed online* is the proportion of motor vehicle annual licensing (new and renewals) purchased over the internet, direct connect and via an industry agent divided by the total number of motor vehicle registrations.

Road user charges (RUC) collection, investigation and enforcement

20. The *number of products/services delivered or processed* includes light and heavy vehicle RUC licence purchases and off-road RUC rebate claims. This is an aggregate figure showing a total of assessment, enforcement and refund activities.
21. The *% of transactions completed online* is the proportion of light and heavy vehicle RUC licence purchased online over the total number of RUC licences purchased. Online refers to transactions via Direct Connect, Transact, e-RUC and automatic tellers.

Refund of fuel excise duty (FED)

22. *Average number of days taken to deliver* is determined by how long it takes, on average, to process and approve FED refunds. Days to deliver refer to the number of working days between the date of application to the date of approval recorded in the FED database system.
23. The *number of products/services delivered or processed* is the number of FED refund applications processed or delivered for the reporting period. The volume of application is based on the processing date.

Management of the funding allocation system

24. The *total cost of the management of the funding allocation system* is the NZ Transport Agency service delivery cost for this output less the cost of taxi enforcement activity and Crash Analysis System (CAS) business activities which are not part of the management funding allocation system.
25. The *% of operational assurance activities completed* is an aggregate of three specific dimensions: lessons learned, audits and post-implementation review programmes. Operational assurance activities are assessed according to their effectiveness, economic efficiency and strategic fit (ie high, medium, low). Aggregation is based on the weighted volume of activity in the given year.
26. The *% of activities that are delivered to agreed standards and timeframes* is an aggregate of four specific measures to monitor the quality and efficiency of managing NLTP expenditure and forecast standards, including investment approval and decision activities. All components of the measure have targets of 100%. Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
27. The *average number of days taken to deliver* is determined by how long it takes, on average, to process and approve funding of a new NLTP activity. Days to funding approval is defined as the number of working days between the date of receipt to the date the approval was recorded in the transport information online system.

New and improved infrastructure for state highways

28. *% of activities that are delivered to agreed standards and timeframes* compares time, cost and quality of large, block and property acquisition programmes (at the time that construction commenced). It is a measure of the effectiveness of the NZ Transport Agency as a project manager. Within each programme, time, cost and quality are equally weighted with targets of >90%. Aggregation to the overall result is based on weighted programme expenditure across the components in the given year.

Renewal of state highways

29. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of renewal activities and progress of state highway pavement renewal programme against baseline. It is a measure to keep track of the delivery of physical performance targets. The single component aspect of this measure examines the proportion of state highway renewal work completed compared to the planned kilometres.
30. *Safe stopping: % of travel on network above skid threshold* reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to improve skid resistance.
31. *Network resilience: % of rutting >20mm over state highway network* is the proportion of rutting above the 20mm threshold over the length of the state highway network. Rutting in the road surface (long shallow channels generally found in wheelpaths) is one of the key indicators of the health of the underlying pavement and the need for pavement renewal. Ruts often also hold water and thus lower skid resistance.

Maintenance and operation of state highways

32. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of maintenance activities and progress of state highway maintenance programme against baseline. It is a measure to keep track of the delivery of physical performance targets. The single component aspect of this measure examines contracts terminated for non-performance of agreed contractual obligations.
33. *Safe stopping: % of travel on network above skid threshold* reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Maintenance of the state highway focuses on ensuring skid resistance (to ensure safe stopping). Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to maintain network skid resistance.
34. *Smooth ride: % of travel on network classed as smooth is the proportion of travel (proportion of vehicles kilometres travelled on the network surveyed) that occurs on pavements smoother than a nominated surface texture standard over the length of the network surveyed.*
35. *% availability of state highway network.* It is expressed as the sum of all unscheduled road closure incidences (both urban and rural) which have a significant impact on road users addressed within standard timeframes (ie urban <2 hours; rural <12 hours) and protocol over the total number of road closure incidences.

Sector research

36. The *% of activities that are delivered to agreed standards and timeframes* is a measure that compares planned time, cost and quality of research investment with actual performance. All aspects have targets of 100% and contribute equally to the overall result. It is a measure of the effectiveness of the NZ Transport Agency as a programme manager.

OUTPUT CLASSES THE NZ TRANSPORT AGENCY DELIVERS ALONG WITH LOCAL AUTHORITIES

Transport planning

37. The *% of activities that are delivered to agreed standards and timeframes* includes transport planning, studies, strategies and models and activity management planning activities. These components are individually assessed against targets of >90%. Aggregation of these results is based on the weighted volume of activity for each area. The NZ Transport Agency works collaboratively with its local authority partners as they prepare strategies, plans and packages to help ensure that when they are formally received they are of high quality, meet the Transport Agency assessment criteria and are therefore suitable for support or endorsement by the Transport Agency. It provides an indication of how well the Transport Agency manages its transport planning activities to time and cost standards.

Administration of the SuperGold cardholders' scheme

38. The *% of activities that are delivered to agreed standards and timeframes* is a measure of our speed of processing and approving SuperGold claims to regional councils. The component measure is the average number of days taken to process claims received from regional councils. Days to process is defined as the difference between the date the payment was made and the date the claim was submitted/record in the Transport Information Online (TIO) or Land Transport Programme (LTP) website by the Regional Council (RC). Claims are received, validated and paid electronically.

Road safety

39. The *% of activities that are delivered to agreed standards and timeframes* is a measure of timeliness and effectiveness in delivering road safety education, advertising and promotion. Components of this measure look at the percentage of the road safety education and advertising campaigns completed on time and the percentage of education and promotion programmes that meet forecast participation rates. All components have a 100% target and contribute equally to the overall result.
40. *% of target audience aware of road user safety messages* is a measure based on a computer aided telephone interviewing (CATI) design survey with quotas set for target audiences according to age, race, sex and residential region (prescribed numbers are set for each to ensure balance and fairness). It is currently limited to advertising and television. The scope to include other communication media such as print, web (eg YouTube) and phone (eg Twitter) is currently being considered.
41. *% of target audience aware of road user safety messages as relevant to them* is a measure based on a computer aided telephone interviewing (CATI) design survey with quotas set for target audiences according to age, race, sex and residential region (prescribed numbers are set for each to ensure balance and fairness). It is currently limited to advertising and television. The scope to include other communication media such as print, web (eg YouTube) and phone (eg Twitter) is currently being considered.

OUTPUT CLASSES WHERE THE NZ TRANSPORT AGENCY INVESTS, BUT DOES NOT DELIVER SERVICES

Renewal of local roads

42. The *pavement integrity of the sealed network* reflects the structural integrity of the network based on the rutting faults per unit length of the road. This was changed from simply reporting the proportion of rutting faults per unit length of the road.
43. The *surface condition* of the sealed network reflects the overall surface health of the network based on surface faults per unit length of the road. This was changed from simply reporting the proportion of surface faults per unit length of the network. Surface faults include visual inspection of cracking, ravelling, potholes, pothole patches and flushing across the network.
44. The *cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled)* is based on the NLTP cost of renewal of local roads expressed in cents per vehicle kilometres travelled.

APPENDIX 4: OUTPUT CLASS INCOME AND EXPENDITURE

Planning and investing in land transport networks

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown (crash analysis system)	775	775	0
Revenue from the National Land Transport Fund	28,838	29,000	29,371
Total income	29,613	29,775	29,371
EXPENDITURE			
NZ Transport Agency operating activities (crash analysis system)	731	775	0
NZ Transport Agency operating activities (taxi enforcement and RSC)	71	1,276	1,408
NZ Transport Agency operating activities	28,767	27,724	28,483
Total expenditure	29,569	29,775	29,891
NET SURPLUS/(DEFICIT)	44	0	(520)

TRANSPORT PLANNING			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	13,438	20,000	25,088
Total income	13,438	20,000	25,088
EXPENDITURE			
NZ Transport Agency operating activities	7,055	7,000	7,668
Funding to approved organisations	6,383	13,000	14,946
Total expenditure	13,438	20,000	22,614
NET SURPLUS/(DEFICIT)	0	0	2,474

SECTOR RESEARCH			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	3,194	4,000	5,000
Revenue from other activities	0	0	2
Total income	3,194	4,000	5,002
EXPENDITURE			
NZ Transport Agency operating activities	3,194	4,000	3,858
Total expenditure	3,194	4,000	3,858
NET SURPLUS/(DEFICIT)	0	0	1,144

PUBLIC TRANSPORT			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	287,532	310,000	268,019
Total income	287,532	310,000	268,019
EXPENDITURE			
NZ Transport Agency operating activities	2,607	3,268	2,551
Funding to approved organisations	282,343	306,732	246,847
Total expenditure	284,950	310,000	249,398
NET SURPLUS/(DEFICIT)	2,582	0	18,621

A further \$2.582 million has been invested in the public transport automated fare collection system asset. This capital expenditure is funded from this net surplus.

ROAD SAFETY			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	27,592	32,000	40,841
Total income	27,592	32,000	40,841
EXPENDITURE			
NZTA operating activities (vehicle impoundment)	201	444	171
NZ Transport Agency operating activities	15,892	17,456	20,218
Funding to approved organisations	11,499	14,100	20,708
Total expenditure	27,592	32,000	41,097
NET SURPLUS/(DEFICIT)	0	0	(256)

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	152,562	165,000	137,000
Total income	152,562	165,000	137,000
EXPENDITURE			
Funding to approved organisations	152,562	165,000	110,132
Total expenditure	152,562	165,000	110,132
NET SURPLUS/(DEFICIT)	0	0	26,868

RENEWAL OF LOCAL ROADS			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	204,410	228,000	185,000
Total income	204,410	228,000	185,000
EXPENDITURE			
Funding to approved organisations	204,410	228,000	188,227
Total expenditure	204,410	228,000	188,227
NET SURPLUS/(DEFICIT)	0	0	(3,227)

MAINTENANCE AND OPERATION OF LOCAL ROADS			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	279,379	298,000	275,000
Total income	279,379	298,000	275,000
EXPENDITURE			
Funding to approved organisations	279,379	298,000	292,639
Total expenditure	279,379	298,000	292,639
NET SURPLUS/(DEFICIT)	0	0	(17,639)

WALKING AND CYCLING			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	8,449	13,000	7,000
Total income	8,449	13,000	7,000
EXPENDITURE			
Funding to approved organisations	8,449	13,000	11,708
Total expenditure	8,449	13,000	11,708
NET SURPLUS/(DEFICIT)	0	0	(4,708)

RAIL AND COASTAL FREIGHT			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	0	0	0
Total income	0	0	0
EXPENDITURE			
Funding to approved organisations	0	0	72
Total expenditure	0	0	72
NET SURPLUS/(DEFICIT)	0	0	(72)

Providing access to and use of the land transport system

LICENSING AND REGULATORY COMPLIANCE			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown (ministerial advice and official correspondence)	548	548	548
Revenue from the Crown (rules development)	674	804	848
Revenue from the Crown (drug and alcohol assessments)	1,100	1,030	1,030
Revenue from the Crown (driver licensing system)	600	1,286	0
Revenue from the Crown (driver test subsidy)	1,445	1,245	1,445
Revenue from other activities (fees and charges)	70,366	68,196	69,343
Revenue from other activities (other)	960	458	2,030
Total income	75,693	73,567	75,244
EXPENDITURE			
Ministerial advice and official correspondence	852	554	701
Rules development	1,061	804	541
Drug and alcohol assessments	1,075	1,030	1,060
Fees and charges funded activities	66,698	66,950	71,424
Other (including driver licensing system)	926	1,391	317
Total expenditure	70,612	70,729	74,043
NET SURPLUS/(DEFICIT)	5,081	2,839	1,201

ROAD TOLLING			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from other activities	5,843	6,000	5,544
Total income	5,843	6,000	5,544
EXPENDITURE			
NZ Transport Agency operating activities	5,272	5,971	5,388
Total expenditure	5,272	5,971	5,388
NET SURPLUS/(DEFICIT)	571	29	156

MOTOR VEHICLE REGISTRY			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	0	0	47,966
Revenue from other activities	54,295	52,773	5,650
Total income	54,295	52,773	53,616
EXPENDITURE			
NZ Transport Agency operating activities	51,795	53,309	56,926
Total expenditure	51,795	53,309	56,926
NET SURPLUS/(DEFICIT)	2,500	(535)	(3,310)

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown (RUC collection)	17,002	14,273	16,485
Revenue from the Crown (RUC investigation and enforcement)	0	4,241	0
Total income	17,002	18,514	16,485
EXPENDITURE			
NZTA operating activities (RUC collection)	16,016	14,532	16,897
NZTA operating activities (RUC investigation and enforcement)	0	4,241	0
Total expenditure	16,016	18,773	16,897
NET SURPLUS/(DEFICIT)	986	(259)	(412)

REFUND OF FUEL EXCISE DUTY			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	429	429	441
Total income	429	429	441
EXPENDITURE			
NZ Transport Agency operating activities	461	429	501
Total expenditure	461	429	501
NET SURPLUS/(DEFICIT)	(32)	0	(60)

Managing the state highway network

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Capital contribution from the National Land Transport Fund	430,064	512,564	373,625
Revenue from the NLTF (renewals)	471,295	412,000	408,000
Revenue from the NLTF (rental and interest income)	34,525	21,227	24,875
Revenue from other activities	0	0	450
Total income	935,884	945,791	806,950
EXPENDITURE			
NZ Transport Agency operating activities	32,525	31,165	29,770
NZ Transport Agency investment in the state highway network	960,034	961,051	858,526
Total expenditure	992,559	992,216	888,295
NET SURPLUS/(DEFICIT)	(56,675)	(46,425)	(81,345)

RENEWAL OF STATE HIGHWAYS			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Capital contribution from the National Land Transport Fund	175,009	195,000	199,731
Total income	175,009	195,000	199,731
EXPENDITURE			
NZ Transport Agency operating activities	9,815	8,735	10,728
NZTA investment in the state highway network	165,194	186,265	189,003
Total expenditure	175,009	195,000	199,731
NET SURPLUS/(DEFICIT)	0	0	0

MAINTENANCE AND OPERATION OF STATE HIGHWAYS			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the National Land Transport Fund	342,209	325,000	364,159
Revenue from other activities (business units)	2,837	964	1,166
Total income	345,046	325,964	365,325
EXPENDITURE			
NZ Transport Agency operating activities	9,069	8,735	10,728
NZ Transport Agency operating activities (business units)	1,173	865	1,202
NZTA investment in the state highway network	333,141	316,265	333,914
Total expenditure	343,383	325,865	345,844
NET SURPLUS/(DEFICIT)	1,663	99	19,481

Specific projects funded by the Crown

REINSTATEMENT OF LOCAL ROADS IN CANTERBURY			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	26,200	91,000	45,000
Total income	26,200	91,000	45,000
EXPENDITURE			
Funding to approved organisations	35,019	91,000	36,106
Total expenditure	35,019	91,000	36,106
NET SURPLUS/(DEFICIT)	(8,819)	0	8,894

CANTERBURY TRANSPORT PROJECT			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	0	0	5,000
Total income	0	0	5,000
EXPENDITURE			
Funding to approved organisations	0	0	5,000
Total expenditure	0	0	5,000
NET SURPLUS/(DEFICIT)	0	0	0

REGIONAL DEVELOPMENT TRANSPORT FUNDING			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	0	0	2,000
Total income	0	0	2,000
EXPENDITURE			
Funding to approved organisations	0	0	2,256
Total expenditure	0	0	2,256
NET SURPLUS/(DEFICIT)	0	0	(256)

ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	22,755	21,305	21,339
Total income	22,755	21,305	21,339
EXPENDITURE			
Funding to approved organisations	22,363	21,305	21,339
Total expenditure	22,363	21,305	21,339
NET SURPLUS/(DEFICIT)	392	0	0

ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS SCHEME			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	95	95	46
Total income	95	95	46
EXPENDITURE			
NZ Transport Agency operating activities	95	95	46
Total expenditure	95	95	46
NET SURPLUS/(DEFICIT)	0	0	0

CONSTRUCTION OF PASSING OPPORTUNITIES ON SH2 BETWEEN NAPIER AND GISBORNE			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Revenue from the Crown	150	0	0
Total income	150	0	0
EXPENDITURE			
NZTA investment in the state highway network	150	0	0
Total expenditure	150	0	0
NET SURPLUS/(DEFICIT)	0	0	0

NATIONAL WAR MEMORIAL PARK			
	Actual 2012/13 \$000	Budget 2012/13 \$000	Actual 2011/12 \$000
INCOME			
Capital contribution from the Crown	15,000	0	0
Total income	15,000	0	0
EXPENDITURE			
NZTA investment in the state highway network	15,000	0	0
Total expenditure	15,000	0	0
NET SURPLUS/(DEFICIT)	0	0	0