

NATIONAL LAND TRANSPORT FUND ANNUAL REPORT

Provided to the Minister of Transport and presented to the House of Representatives pursuant to section 11 of the Land Transport Management Act 2003 and section 150 of the Crown Entities Act 2004

FOR THE YEAR ENDED 30 JUNE 2018



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OVERVIEW OF 2017/18



INVESTING IN TRANSPORT SOLUTIONS FOR NEW ZEALAND'S FUTURE

This was the final year of delivery for the three-year 2015–18 National Land Transport Programme. Total direct investment in New Zealand's transport system over the three years ending 1 July 2018 was \$13.7 billion, representing 99 percent of the published forecast. Investment included a direct Crown contribution of \$108 million to accelerate the delivery of regionally important state highways and improve cycling networks in urban areas, as well as borrowing \$357 million from the Crown to advance critical state highway projects in Auckland.

In 2017/18, the total investment from the National Land Transport Fund was \$10.4 billion, which represents 99 percent of the planned amount published in the 2015–18 National Land Transport Programme. Of the National Land Transport Fund investment this year, 48 percent was invested in economic growth and productivity outcomes, 23 percent in safety outcomes and 29 percent in travel choice, health, environment and resilience outcomes.

Over the three years of the programme, National Land Transport Fund investment increased by \$91 million to enable the Transport Agency to respond to natural events that disrupted New Zealand's transport system, disconnected regions and interfered with people's livelihoods. This investment continued during 2017/18, as illustrated by our ongoing Kaikōura earthquake response work. The rail line between Christchurch and Picton was reinstated in September 2017 for freight, State Highway 1 was re-opened to traffic both north and south of Kaikōura in December 2017, and protective seawalls along the Kaikōura coast were completed in May 2018. Emergency works not related to the earthquake also had a significant impact on spend. Significant weather events, including cyclones, storms and floods across Northland, Coromandel and Tasman, resulted in expenditure of \$30 million over the \$50 million budget.

State highway programmes continued to make significant progress with investment in infrastructure to improve travel and safety on the network. Delivery included opening the Rangiriri section of the Waikato Expressway, continuing Auckland's northern and southern corridor improvements, continuing construction on the Transmission Gully section and starting construction on the Peka Peka to Ōtaki section of the Wellington northern corridor, and opening the Western Belfast Bypass and Harewood Road to Yaldhurst Road to traffic (completing the Western Corridor project) and continuing construction on the Southern Motorway Stage 2 and Christchurch's northern corridor.

Under a new programme of regional improvements, investment outside the major metropolitan areas took a low-cost, low-risk approach to increasing the safety, resilience and efficiency of the regional state highway network. More of the state highway network was opened up to high productivity motor vehicles, allowing more freight to be carried on fewer trucks. This included improving routes to ports in Napier and Gisborne, the Waikato, the East Coast of the North Island, and the West Coast of the South Island.

Investment in walking and cycling infrastructure for transport purposes continued, supporting the development of cycle paths, cycle lanes, new footpaths, services for crossing roads and cycle parking facilities. This year work focused on implementing primary corridors in strategic walking and cycling networks in major metropolitan and high-growth areas, providing a safer environment for people walking and cycling and making travel by bike faster, more convenient and more pleasant.

Targeted investment to improve safety outcomes remains a strong focus for the Transport Agency. In 2017/18, sadly, we saw the negative trend of transport-related deaths and serious injuries increase by 8 percent. A \$550 million increase in funding was applied to achieve road safety outcomes over the three years of the National Land Transport Programme. The Safer Journeys strategy directed investment in roads and roadsides, speeds, vehicles and road use to the areas where we can have the greatest impact. Likewise, through the Boost Safety Programme, the Transport Agency delivered safety improvements on roads across the country that carry lower volumes of traffic but collectively account for a significant number of deaths and serious injuries each year.



48%
invested in
economic
growth and
productivity
outcomes*



\$10.4b
National Land
Transport
Investment

* National Land Transport Programme investment to outcomes.

Significant investments from the National Land Transport Fund supported the provision of better and more efficient public transport options for commuters in urban areas. In 2017/18, this included investing in public transport services, technology, facilities and infrastructure. The number of passengers using public transport increased this year by about 3 percent to 158 million.

The Transport Agency also introduced an accessibility measure for Auckland, Wellington and Christchurch, where accessibility is expected to increase as new public transport networks are delivered.

A new government was elected in 2017 and a new Government Policy Statement on Land Transport was released in June 2018, setting out four government priorities for the land transport system: safety, access, environment and value for money. The policy statement also signals a rebalancing of national funding allocations, representing a shift away from building new state highway capacity and toward greater investment in public transport, regional improvements, local road improvements, road safety and traffic management, and supporting active modes of transport.

The 2018–21 National Land Transport Programme, published on 31 August 2018, will give effect to the latest policy statement. The Transport Agency’s investment will be guided by its Investment Proposal, which provides a whole-of-system view across all modes of transport. This proposal allows the Transport Agency to respond to the policy statement, which has established new activity classes relating to rapid transit and transitional rail, both of which will be completely funded from the National Land Transport Fund.

The Transport Agency is well positioned to continue working with its co-investment partners to create a transport system that delivers the greatest benefits to people and communities. This means improving safety and developing better connections for public transport, private vehicles, walking and cycling, freight and tourism to create more liveable communities and thriving regions.



23%
invested in
safety outcomes



29%
invested in
travel choice,
health,
environment
and resilience
outcomes

MICHAEL STIASSNY
Chair

FERGUS GAMMIE
Chief Executive

ABOUT THIS REPORT

Under the Land Transport Management Act 2003, the Transport Agency is responsible for allocating and investing the National Land Transport Fund and preparing the National Land Transport Programme. The Transport Agency must prepare an annual report on the National Land Transport Fund, including how the funding of activities under the National Land Transport Programme contributes to the Government Policy Statement on Land Transport.

The outcomes and achievements presented in this report are the result of a collective investment in land transport and the efforts of all those delivering the activities in and around the National Land Transport Programme. The activities in the National Land Transport Programme are planned, invested in and delivered in partnership between the Transport Agency, local and regional authorities, the New Zealand Police and other transport sector stakeholders. Where the Transport Agency is funded to deliver activities in the National Land Transport Programme, performance is also reported in the Transport Agency annual report.

This is the third and final annual report against the Government Policy Statement on Land Transport 2015/16 – 2024/25.

STATEMENT OF PERFORMANCE FOR ACTIVITY CLASSES FUNDED BY THE NATIONAL LAND TRANSPORT FUND

The following information forms the statement of performance for the activity classes funded by the National Land Transport Fund (required under section 11 of the Land Transport Management Act 2003).

Activity class	Page
State highway improvements	191
Local road improvements	192
Regional improvements	193
State highway maintenance	194
Local road maintenance	194
Road safety promotion	197
Road policing	197
Public transport	205
Walking and cycling	206

In some cases the Transport Agency delivers these activities, in others it partly delivers them along with local authorities, and in others it invests in the activities (through the National Land Transport Programme), but does not deliver them.

In total, investments through the National Land Transport Fund achieved 63 percent of forecast results where trend information was available (excluding the Road Policing Programme).

ABOUT THE LAND TRANSPORT INVESTMENT SYSTEM

GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT

The Government Policy Statement on Land Transport sets out the priorities, objectives and funding levels for land transport, establishing funding ranges for different land transport activities and identifying the results the government expects from this investment over the next 10 years. It provides guidance on how the Transport Agency will invest over \$4 billion each year from the National Land Transport Fund, signals how about \$1.1 billion each year will be invested by local government, and sets out the details of further Crown investment of around \$200 million per year.

The Government Policy Statement on Land Transport 2015/16 - 2024/25 had three strategic priorities for the land transport system:

- economic growth and productivity
- road safety
- value for money.

NATIONAL LAND TRANSPORT FUND

The National Land Transport Fund is a dedicated fund for maintaining and developing local and national transport services (see figure 1).

NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme is a three-year programme of all land transport activities, including public transport, road maintenance and improvements, and walking and cycling activities, that the Transport Agency anticipates funding to give effect to the Government Policy Statement on Land Transport.

The National Land Transport Programme represents:

- committed funding for transport improvements from previous National Land Transport Programmes that are generally large scale and works in progress that the Transport Agency is still funding
- continuous programmes the Transport Agency delivers every day, such as public transport and road maintenance
- upcoming activities the Transport Agency will consider funding, which are developed collaboratively using the Government Policy Statement and Regional Land Transport Plans.

Investment comes from the National Land Transport Fund along with funds from local government and the Crown (see figure 1).

FIGURE 1 – REVENUE SOURCES AND ACTIVITY CLASSES FOR THE 2015–18 NATIONAL LAND TRANSPORT PROGRAMME

FUNDING COMES FROM...

AND IS INVESTED IN...

FUNDING COMES FROM...	AND IS INVESTED IN...
<p>Local share of National Land Transport Programme activities Local residents through the rates and charges paid for local provision of transport infrastructure and services</p>	
<p>Fuel excise duty (net)¹ Excise collected at source (fuel shipments and refinery) and recharged in petrol, LPG and CNG prices</p>	Road improvements
<p>Road user charges (net)¹ End customers of freight carriers in the prices paid for goods and services. Light diesel vehicle owner payments</p>	Road improvements
<p>Motor vehicle registry fees (net)¹ Public road users through registration and licence fees for vehicles to access the road system</p>	Road maintenance
<p>State highway property Rentals and other charges on state highway property and sale of land surplus to transport requirements</p>	Public transport
<p>SuperGold card Taxpayers through the subsidies paid to fund the SuperGold card for off-peak public transport travel via Ministry of Transport</p>	Walking and cycling improvements
<p>Christchurch earthquake recovery loan Crown loan to fund recovery of Christchurch's transport system from earthquake damage</p>	Road policing and road safety promotion
<p>Accelerated Auckland Transport Programme loan Crown loan to fund acceleration of key Auckland roading projects targeted to reduce congestion</p>	System development and management
<p>Accelerated Regional Transport Programme Crown appropriation to fund earlier delivery of regional state highway projects</p>	Miscellaneous ²
<p>Urban Cycleway Programme Crown appropriation to accelerate delivery of urban cycleways by leveraging National Land Transport Fund and local funding</p>	Miscellaneous ²
<p>Short-term debt movement Movement in short-term debt to balance to Government Policy Statement expenditure target</p>	Miscellaneous ²

¹ Net of refunds and administrative costs.

² Covers costs for bad debts, search and rescue, recreational boating safety awareness and revenue system management.

TRANSPORT AGENCY'S INVESTMENT ROLE

Under the Land Transport Management Act 2003, the Transport Agency's primary objective is to undertake its functions in a way that contributes to an effective, efficient, and safe land transport system in the public interest. The Transport Agency's investment role is to allocate funding, across transport modes, in line with the Government Policy Statement on Land Transport to build an affordable, integrated, safe, responsive and sustainable land transport system. This funding allocation role involves balancing national, local and regional short-, medium- and long-term priorities. The Transport Agency works closely with stakeholders and investment partners (whether local communities or national policy makers: to determine the transport solutions that will work best for New Zealand.

When considering the best mix of activities to receive investment funding, the Transport Agency follows eight principles.

- A **partnership** approach, founded on trust, clarity and accountability, aligns regional and local investments with the Transport Agency's national priorities to optimise the shared investment and deliver whole-of-network benefits.
- A **business case** approach supports planning and investing for outcomes, achieves value for money and supports stakeholder collaboration early in the investment process.
- An **integrated** approach to land use and transport planning optimises existing and new investments in the transport network, support access to social and economic opportunities, and fosters liveable cities and thriving regions.
- A **whole-of-network** approach, targeting areas of greatest need, achieves an optimised, integrated transport network that is fit for purpose and provides best value for money.
- A **value-for-money** approach delivers the right outcomes, at the right time and at the right cost.
- The **Safe System** approach to planning, improving, maintaining, renewing and operating components of the land transport system that supports the achievement of a land transport system that is free of death and serious injury.
- A **socially and environmentally responsible** approach results in land transport investments that improve overall community wellbeing and avoid or mitigates the adverse environmental effects of transport.
- Users of the land transport system who provide revenue into the National Land Transport Fund will benefit from its investments; other beneficiaries, should **pay for the benefits** they receive (as a general principle).

When approved organisations (such as local and regional councils and parts of the Transport Agency) develop proposals for the National Land Transport Programme, they must follow a business case approach. At each investment decision point during the development of a proposal, the Investment Assessment Framework is used to check the proposal still meets the investment criteria including priority for further investment.

The Investment Assessment Framework used to develop the 2015-18 National Land Transport Programme contains three criteria to determine whether a proposal would be suitable for investment from the National Land Transport Fund (see figure 2).

- **Strategic fit** assesses whether the benefits identified from a proposal's business case align with the desired results of the policy statement. This assessment reinforces a focus on results and acts as the initial gateway for further development of the business case.
- **Effectiveness** assesses the consistency of a proposal's business case and how well it delivers on the results identified in the strategic fit assessment.
- **Cost-benefit** assesses projects that have reached the detailed business case stage. This is a quantitative assessment of the whole-of-life benefits and costs of the proposal based on the Transport Agency's *Economic evaluation manual*. This assessment ranks projects according to priority. Projects with the highest benefit-cost ratio for the results being sought are funded first. All projects from local government and the Transport Agency's state highway activities are assessed in this way to maintain a consistent approach.

How the Transport Agency assesses contribution to Government Policy Statement outcomes

Transport investments have long lead times and leave lasting legacies. It can take many years to realise their benefits. To determine the progress of delivering on the government's goals for land transport, the Transport Agency first looks at the strategic priorities in the Government Policy Statement – economic growth and productivity, road safety and value for money – and at the short-, medium- and long-term results.

The Transport Agency also looks at performance across both planned benefits and actual benefits from investment, as well as potential new investment within the National Land Transport Programme. Lastly, the Transport Agency looks at how and where local, regional and national strategies, plans and outcomes align with the Government Policy Statement.

The Transport Agency conducts post-implementation reviews every year on a small sample of completed projects or packages that it has invested in. The Transport Agency uses an appropriate monitoring and auditing framework across funded activities in the National Land Transport Programme. Post-implementation reviews are part of this framework.

Their scope is on reviewing improvement projects and packages from within the following National Land Transport Programme activity classes:

- new and improved state highway infrastructure
- new and improved local road infrastructure
- public transport infrastructure
- walking and cycling.

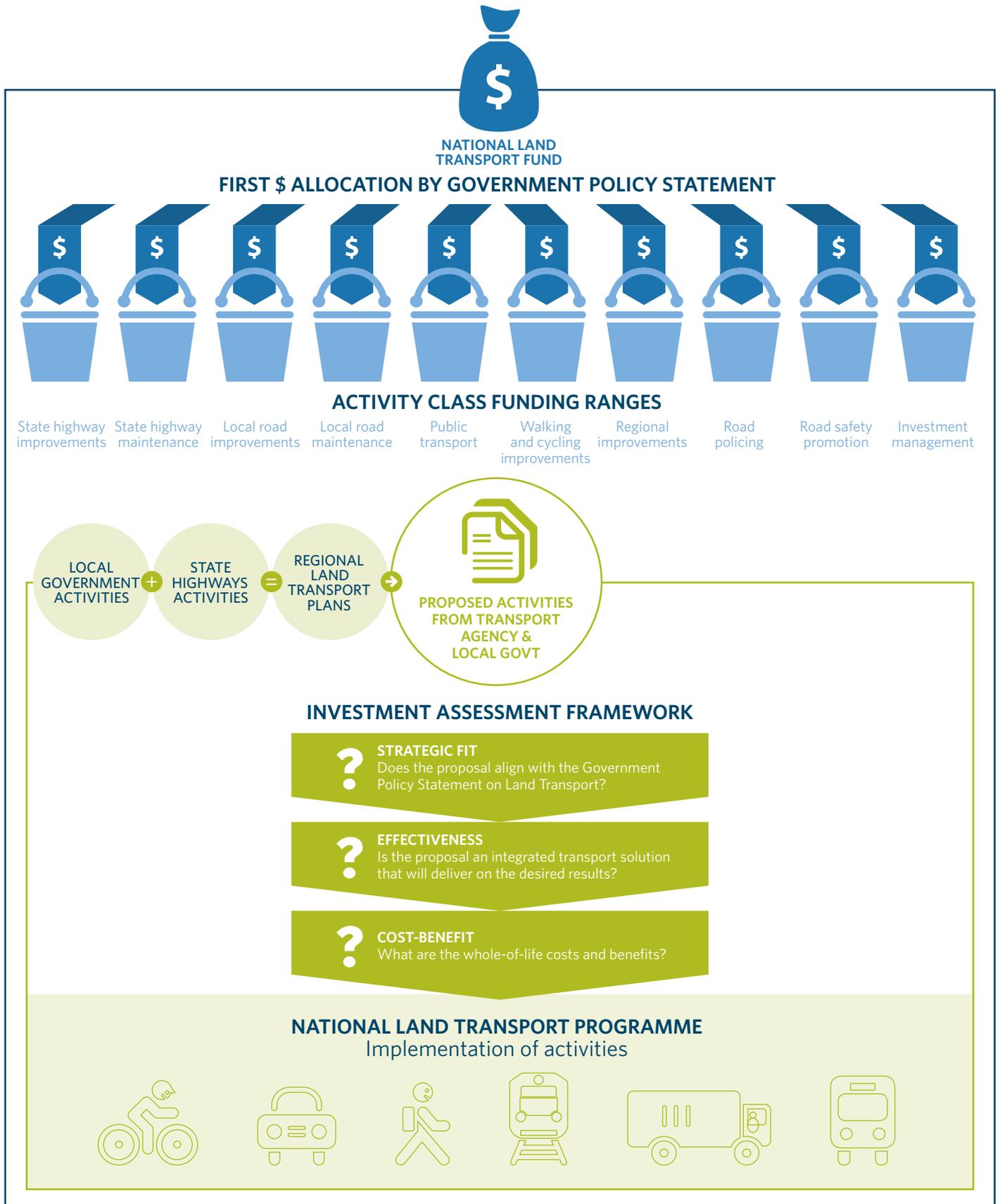
Reporting on the Government Policy Statement

This report demonstrates the performance of the Transport Agency's investment of the National Land Transport Fund by setting out the:

- contribution of the Transport Agency's investments to the priorities specified in the Government Policy Statement
- use of the National Land Transport Fund compared with the planned funding allocation in the published National Land Transport Programme.

The Transport Agency's reporting systems are being improved so it can provide a more detailed picture of the benefits realised from its investments and provide consistency and continuity across multiple government policy statements.

FIGURE 2 - NATIONAL LAND TRANSPORT FUNDING AND ASSESSMENT SYSTEM



INVESTMENT SUMMARY



RESPONDING TO THE GOVERNMENT POLICY STATEMENT 2018/19 – 2027/28

The Government Policy Statement on Land Transport 2018/19 – 2027/28 sets a new strategic direction for land transport in New Zealand. It places a greater focus on making the biggest difference by supporting projects that:

- create a safe and resilient transport system
- improve access to economic and social opportunities for all New Zealanders
- move people more efficiently around our towns and cities
- enable urban development in high-growth areas
- make our public spaces safer and more attractive
- provide people with transport choices
- promote greater use of public transport and active choices
- help people and goods to move efficiently between regions.

In this policy statement, the government has increased investment in land transport through the National Land Transport Fund from \$3.6 billion in 2017/18 to a record \$4 billion in 2018/19, rising to \$4.7 billion a year by 2027/28. There is additional investment of \$1 billion a year from our co-investment partners, local government and the Crown for specific projects.

The development of the 2018–21 National Land Transport Programme was deferred to align with the new policy statement's priorities.

In preparing the 2018–21 programme, we worked closely with local, regional and unitary authorities and other approved organisations, the Department of Conservation and the Waitangi Trust to develop a programme of national and regional activities that responds to the policy statement and ensures our transport system meets the needs of all New Zealanders now and in the future.

All activities proposed for inclusion in the National Land Transport Programme are assessed and prioritised through the Transport Agency's Investment Assessment Framework. This framework was revised in June 2018 to align with the new policy statement, and the 2018–21 National Land Transport Programme was published on 31 August 2018. A total of \$16.9 billion will be invested through the 2018–21 programme – the largest amount on record – including \$12.9 billion from the National Land Transport Fund, \$3.4 billion from local authorities, and \$547 million in additional Crown funding to deliver specific programmes.

The redesigned Investment Assessment Framework strengthens:

- the transparency within investment assessments of the alignment to the Government Policy Statement outcomes
- the role of the benefit and cost appraisal within investment assessments
- integration with the business case approach so a wider range of options and interventions are considered, including non-transport interventions.

DELIVERING ON THE GOVERNMENT POLICY STATEMENT 2015/16 – 2024/25

When developing the 2015–18 National Land Transport Programme, the Transport Agency estimated the proportion of planned total expenditure (from the National Land Transport Fund, local government and the Crown) allocated across three groups of outcomes that support the direction in the Government Policy Statement on Land Transport 2015/16 – 2024/25. These groups are:

- economic growth and productivity
- road safety
- travel choice, health, environment and resilience.

At the same time value for money was an overarching priority for delivering the best outcomes for New Zealand.

At the end of the third year of the 2015–18 National Land Transport Programme, the overall spend (\$10.4 billion) from the National Land Transport Fund was 1 percent below the planned amount when the programme was adopted in June 2015. Of this investment, 48 percent went towards economic growth and productivity, 23 percent towards safety outcomes and 29 percent towards travel choice, health, environment and resilience outcomes (see figure 3).

Revenue for the National Land Transport Fund during 2015/16 – 2017/18 was \$373 million higher than forecast in the published National Land Transport Programme. This was mostly due to increases in travel demand and freight movements, which have provided enough revenue to achieve the forecast investment levels and offset the decision to not adjust the fuel excise duty and road user charges rates in the final two years of the 2015–18 National Land Transport Programme.

The proportion of outcomes invested in during 2017/18 remains close to the published 2015–18 National Land Transport Programme, despite National Land Transport Fund expenditure variations. More detail on investments that have contributed to these outcomes is provided and in the regional highlights (see pages 213–228).

FIGURE 3 – 2015-18 NATIONAL LAND TRANSPORT PROGRAMME PLANNED INVESTMENT AND 2016/17 ACTUAL INVESTMENT IN TARGETED OUTCOMES

	2015-18 PLANNED INVESTMENT (%)	2015/16 ACTUAL INVESTMENT (%)	2016/17 ACTUAL INVESTMENT (%)	2017/18 ACTUAL INVESTMENT (%)	2015-18 ACTUAL INVESTMENT (%)
Economic growth and productivity	55	53	50	48	50
Road safety	23	22	24	23	23
Travel choice, health, environment and resilience	22	25	26	29	27

ECONOMIC GROWTH AND PRODUCTIVITY

The Government Policy Statement on Land Transport identifies the following long-term results for this strategic priority:

1. Support economic growth and productivity through the provision of better access to markets, employment and business areas.
2. Support economic growth of regional New Zealand through provision of better access to markets.

Expenditure on economic growth and productivity outcomes during 2015-18

Approximately 50 percent of National Land Transport Programme expenditure at the end of 2015-18 (48 percent for 2017/18) contributed to economic growth and productivity outcomes, lower than the planned 55 percent. A wide variety of transport activities support New Zealand's economic growth and productivity, in particular state highways and local roads, by providing access to markets, employment and business areas.

Performance results on economic growth and productivity at the end of 2015-18

Investments in state highways and local roads improve safety and travel on the network. Such investment contributes to reducing congestion, enabling more efficient freight supply chains, and creating a safer, more resilient transport system.

Despite an increase in the number of vehicle kilometres travelled, travel times on key state highways and local roads serving Auckland, Wellington and Christchurch remained largely unchanged.

Since baselines were set in March 2016, travel-time predictability in Auckland has improved by 4 percent and remained stable in Wellington. In Christchurch, predictability decreased from 74 percent to 71 percent. However, this is a significant recovery from 65 percent following the Kaikōura earthquake in November 2016.

Productivity on state highways (that is, how much of the capacity of the urban road network is being used) declined overall, primarily due to road works. It remained steady in Auckland, improved by 1 percent in Christchurch and dropped by 3 percent in Wellington.

On key interregional routes, productivity decreased due to substantial road repairs on the Kaikōura coastal route following the 2016 earthquake, which slowed traffic and reduced utilisation.

The total length of state highways available to high productivity motor vehicles (HPMV) is now 7,221km which equates to 62 percent of the total state highway network. This figure is expected to increase next year as more HPMV tranche 2 projects reach completion.

Expenditure on economic growth and productivity by activity class

Of those investments identified as having economic growth and productivity as a priority, most were in state highway improvements and in state highway, local road maintenance and public transport. State highway improvements expenditure at the end of 2017/18 was 8 percent below the published 2015-18 National Land Transport Programme.

ACTIVITY CLASS	2017/18 ECONOMIC GROWTH AND PRODUCTIVITY EXPENDITURE	2015-18 ECONOMIC GROWTH AND PRODUCTIVITY EXPENDITURE
State highway improvements	34.2%	39.2%
State highway maintenance	14.0%	12.4%
Local road improvements	9.9%	7.7%
Local road maintenance	19.9%	21.4%
Regional improvements	1.9%	1.3%
Public transport	16.5%	15.7%
Road safety promotion	0.2%	0.2%
Road policing	1.4%	1.0%
Walking and cycling improvements	2.0%	1.1%

Highlights of investment in economic growth and productivity during 2015-18

The highlights of investment in road safety during 2015-18 include:

- major progress towards completing improvement to Auckland's motorway and strategic roading network including the State Highway 20A link (which makes it easier to travel around Kirkbride and Māngere) and improved access to Auckland International Airport
- completing the 2.4km Waterview Tunnel, which is a significant step in transforming the way people and freight move around Auckland and provides greater reliability for travellers and was opened between Pt Chevalier and Mt Roskill in July 2017
- continuing construction on the Transmission Gully section and starting construction on the Peka Peka to Ōtaki section of the Wellington Northern Corridor to separate local and state highway traffic to enable safer, shorter and more reliable journeys along the Kapiti Coast
- continuing construction on the Christchurch Southern Motorway and Northern Corridor projects, which form part of the Christchurch Roads of National Significance programme and aim to ease congestion, reduce travel times and improve safety on critical motorway routes
- starting construction on the Pūhoi to Warkworth section of Pūhoi to Wellsford
- making good progress on the construction of the Lincoln to Westgate section of the Western Ring Route
- opening the Rangiriri section of the Waikato Expressway while continuing construction on the Huntly and Hamilton sections and the final section (Longswamp)
- regional improvements such as upgrades along State Highway 2 Watchman Road intersection and the Hawke's Bay Airport, and the substantial completion of the new two-lane Taramakau Bridge on the West Coast.

CASE STUDY

ECONOMIC GROWTH AND PRODUCTIVITY BENEFITS ACHIEVED FROM INVESTMENT IN THE BAY OF PLENTY

Every year, the Transport Agency conducts post-implementation reviews on a sample of completed projects or packages that received National Land Transport Fund investment. These reviews give the Transport Agency insight into the actual outcomes that National Land Transport Fund investments are achieving for New Zealand.

In 2017, the Transport Agency reviewed the outcomes from the \$390 million Tauranga Eastern Link. This 21km road of national significance is a main part of an eastern corridor in the Bay of Plenty to the Port of Tauranga and Tauranga central business district. The review found that the investment delivered significant performance improvements related to economic growth and productivity, including improved journey-time reliability and average travel times along the whole Tauranga Eastern Link was 13 minutes compared with 22 minutes along the previous route through Te Puke.

The Tauranga Eastern Link also provides a more direct freight route to the Port of Tauranga, so is popular with truck drivers.

Safety was also an expected benefit that was used to support funding. Early signs indicate the toll motorway is a very safe road. All 17 crashes between the highway opening in August 2015 and the end of 2016 were non-injury crashes. Only one crash was recorded on the motorway over that period, with the rest occurring on or leading into the roundabout at the eastern end of the link.

DETAILED INVESTMENT PERFORMANCE RESULTS

The following activity classes have a primary link to economic growth and productivity outcomes.

State highway improvements

Four out of seven investment measures matched the desired trend or met target.

INVESTMENT PERFORMANCE	ACTUAL 2016/17	ACTUAL 2017/18	DESIRED TREND/ TARGET 2017/18	VARIANCE	RESULT
Average travel times on key state highways serving major metropolitan areas		Maintained ¹	Maintaining ²		
Auckland	1.1 min/km	1.1 min/km	1.1 min/km	-	 ACHIEVED
Wellington	1.2 min/km	1.2 min/km	1.2 min/km	-	 ACHIEVED
Christchurch	1.4 min/km	1.3 min/km	1.4 min/km	-0.1 min/km	 ACHIEVED
Productivity of the state highway network in major metropolitan areas (morning peak)		Decreased	Maintaining		
Auckland	59%	59%	≥ 62%	-3%	 NOT ACHIEVED
Wellington	63%	60%	≥ 63%	-3%	 NOT ACHIEVED
Christchurch	33%	34%	≥ 35%	-1%	 NOT ACHIEVED
% of state highways available to high productivity motor vehicles	49%	62% ³	≥ 45%	-	 ACHIEVED

Productivity measures how much of the capacity of the urban road network is being used by comparing the actual speed and flow of traffic with the optimal speed and flow of traffic. Overall, targets in Auckland, Wellington and Christchurch were not met.

Productivity in Auckland remained at 59 percent. In Wellington, productivity decreased due to increased traffic leading to the Basin Reserve and Mt Victoria Tunnel and through Ngāūranga Gorge due to roadworks. Productivity also decreased between Paekakariki and Pukerua Bay and on State Highway 2 in Upper Hutt around Moonshine Road. In Christchurch, while productivity was slightly below target, travel speed in several locations increased, particularly along State Highways 1 and 74 in the vicinity of the new Belfast bypass and north of the Lyttelton Tunnel.

¹ The measure represents change in travel time per kilometre travelled. For example, a change of 0.1 between years would represent an increase of 6 seconds per kilometre travelled.

² The targets for Wellington and Christchurch were interchanged in the NZ Transport Agency *Statement of performance expectations 2017/18*. We are reporting against the correct targets here.

³ Note that due to a change in data source this result is not comparable to the previous year.

Local road improvements

Four out of five investment measures match the desired trend and one was not available.

INVESTMENT PERFORMANCE	ACTUAL 2016/17	ACTUAL 2017/18	DESIRED TREND/TARGET 2017/18	VARIANCE	RESULT
Average travel times on key local roads serving major metropolitan areas Auckland, Wellington and Christchurch, reported for a year until March ¹	Maintained overall	Maintained overall	Maintaining ²		
Auckland	2.5 min/km	2.3 min/km	2.5 min/km	-0.2	 ACHIEVED
Wellington	2.3 min/km	2.4 min/km	2.7 min/km	-0.3	 ACHIEVED
Christchurch	1.8 min/km	1.8 min/km	1.9 min/km	-0.1	 ACHIEVED
Productivity of the local road network in major metropolitan areas	Not available	Not available ³	Increasing	-	NOT AVAILABLE
% of approved organisations signed up to the 5OMAX network ⁴	95%	95%	≥ 90%	+5%	 ACHIEVED

¹ This measure represents the average travel time per kilometre travelled. For example a change of 0.1 between years would represent an increase of 6 seconds per kilometre travelled.

² The targets for Wellington and Christchurch were interchanged in the NZ Transport Agency's *Statement of performance expectations 2017/18*. We are reporting against the correct targets here.

³ The coverage of local roads in the productivity model is too small to provide a representative sample.

⁴ This is a proxy measure. It is not possible to report on the Government Policy Statement on Land Transport measure of % of local roads that are made available to high productivity motor vehicles, because roads are made available on the basis of individual journey permits. The sign-up to 5OMAX signals intent to make the network available to 5OMAX complying vehicles.

Regional improvements

Two out of three investment measures achieved the desired trend or target.

INVESTMENT PERFORMANCE	ACTUAL 2016/17	ACTUAL 2017/18	DESIRED TREND/ TARGET 2017/18	VARIANCE	RESULT
Kilometres of improved regional roading	16km	9.38km	Increasing	-	 ACHIEVED
Six projects were completed, of which three were intersections and one was a roundabout. While these four projects have contributed to improved safety on our regional roads, they have not contributed any kilometres of improved regional roading.					
Kilometres available to high productivity motor vehicles on key regional routes	5,392km	7,221km ¹	Increasing	-	 ACHIEVED
% of activities delivered to agreed standards and timeframes	-	87%	≥ 90%	-3%	 NOT ACHIEVED

All three of the large (over \$5 million) projects planned for completion in 2017/18 were completed (State Highway 14 Hospital Road intersection improvement (Northland), State Highway 3: Ohaupo to Te Awamutu (Waikato), and high productivity motor vehicle tranche 2: State Highway 24 Matamata to State Highway 29 intersection (Waikato)).

However, of the 11 small (under \$5 million) projects planned for completion in 2017/18, only three were completed (State Highway 11: Airfield to Lily Pond (Northland), high productivity motor vehicle tranche 2: State Highway 24 Matamata to State Highway 29 intersection (Waikato), and State Highway 1 State Highway 62 Spring Creek intersection roundabout (Marlborough)).

Several projects will be completed during the first few months of 2018/19, including high productivity motor vehicle tranche 2: State Highway 26/SH2 Hamilton to Paeroa (Waikato) and State Highway 6 High St/Marlborough St intersection (West Coast).

Some projects were delayed following input from stakeholders and Safe System experts, which identified that scope changes (for example State Highway 1B: Taupiri to Gordonton) or more investigation of the public transport components (for example Grant Rd to Kawarau Falls Bridge Improvements) was needed.

¹ The data source changed so this result is not comparable to the previous year.

State highway maintenance

One out of three investment measures for state highway maintenance achieved target and one was not available this year.

INVESTMENT PERFORMANCE	ACTUAL 2016/17	ACTUAL 2017/18	DESIRED TREND/TARGET 2017/18	VARIANCE	RESULT
Surface condition of the sealed network	Not available	Not available	Not available	-	-
Smooth ride: % of travel on smooth roads	99%	99%	≥ 98%	+1%	 ACHIEVED
State highway maintenance cost per lane kilometre expenditure ¹	\$19,284	\$24,705 ²	≤ \$21,400	+\$3,305	 NOT ACHIEVED

This measure is calculated by dividing the amount spent on the maintenance of state highways by the total number of kilometres in the network. Because we worked on more kilometres of maintenance this year, the total cost and the cost per lane kilometre are higher. Increased renewals accounts for \$2,800 of the increased cost per kilometre. A further \$1,800 per kilometre arose from work on the alternative and inland route required as a result of the Kaikōura earthquake. The first full year of maintenance costs for the Waterview Tunnel accounts for \$400 per kilometre.

Costs per lane kilometre are above target largely due to higher than expected maintenance and operations required in response to the Kaikōura earthquake.

¹ This measure aspires to capture cost per lane kilometre expenditure by road classification. However, it has not been possible to assess cost by road classification. The cost of maintenance is recorded through 23 work categories. While some of the work categories can readily be assigned to sections of road, many types of work do not readily link to road class. For example, costs such as lighting or measuring road roughness are managed at a network level. While there is a long-term intention to assess cost by road class, several changes to management processes and accounting systems are needed before the long-term intention can be met. We will continue reporting road maintenance costs on an aggregated kilometre cost basis until data becomes available on a functional classification basis.

² This figure has been adjusted for inflation based on the network outcomes index.

Local road maintenance

Three out of our four investment measures achieved target.

INVESTMENT PERFORMANCE	ACTUAL 2016/17	ACTUAL 2017/18	DESIRED TREND/TARGET 2017/18	VARIANCE	RESULT
Pavement integrity of the sealed network	94	94	≥ 94	-	 ACHIEVED
Surface condition of the sealed network	98	98	≥ 97	1	 ACHIEVED
Smooth ride: % of travel on smooth roads	88%	87%	≥ 86%	+1%	 ACHIEVED
Local road maintenance cost per lane kilometre expenditure ¹	\$2,910	\$3,095 ²	≤ \$3,000	+\$95	 NOT ACHIEVED

This measure is calculated by dividing the amount spent on the maintenance of local roads by the total number of kilometres in the network. Many local authorities completed more maintenance work this year, because they delivered less than planned last year and because of wet weather, increasing the total cost and the cost per lane kilometre.

¹ This measure aspires to capture cost per lane kilometre expenditure by road classification. However, it has not been possible to assess cost by road classification. The cost of maintenance is recorded through 23 work categories. While some of the work categories can readily be assigned to sections of road, many types of work do not readily link to road class. For example, costs such as lighting or measuring road roughness are managed at a network level. While there is a long-term intention to assess cost by road class, several changes to management processes and accounting systems are needed before the long-term intention can be met. We will continue reporting road maintenance costs on an aggregated kilometre cost basis until data becomes available on a functional classification basis.

² This figure covers maintenance, operations and renewals (excluding emergency works) by New Zealand total lane kilometres and has been adjusted for inflation based on the network outcomes index.

ROAD SAFETY

The Government Policy Statement on Land Transport identifies the following long-term result for this strategic priority: reduction of deaths and serious injuries.

Expenditure on road safety outcomes during 2015-18

Approximately 23 percent of National Land Transport Programme expenditure at the end of 2015-18 (also 23 percent for 2017/18) contributed to road safety outcomes, in line with planned investment. This proportion is similar to that in the 2012-15 National Land Transport Programme, but the larger amount of funding in the 2015-18 programme means investments to improve road safety outcomes during 2015-18 increased by \$550 million.

Performance results on road safety at the end of 2015-18

In 2017/18, we saw the negative trend of transport-related deaths and serious injuries continue with an 8 percent increase. Our investments in road safety remain critical to addressing this unacceptable level of harm.

Infrastructure improvements delivered by the Transport Agency and local authorities under the Safer Journeys Action Plan 2016-2020 continue to focus on creating safer roads and roadsides. These activities vary from major roading projects such as the Waikato Expressway to urban intersection improvements and low-cost improvements such as rumble strips.

Ongoing maintenance of roads and their safety features is a high priority in state highway and local road maintenance programmes. Investment in cycling also aims to increase the safety of users through improved cycle networks, getting more people to ride bicycles more often and encouraging all road users to share the road.

The Road Policing Programme has been the cornerstone for maintaining and improving road safety. Considerable efforts were made during the development of the 2015-18 National Land Transport Programme to increase the Road Policing Programme's focus on reducing deaths and serious injuries from road crashes in ways that deliver value for money.

The Transport Agency, New Zealand Police and the Ministry of Transport are working together to significantly reduce deaths and serious injuries. The parties agreed to move to an outcomes-based approach with collective responsibility and accountability for delivering the Road Safety Partnership Programme (previously the Road Policing Programme, for more details, see page 197).

By the end of the three years 2015-18, \$99 million was invested to promote road safety through advertising, education and information targeted at road users and contributing to the high and medium priority areas of the Safer Journeys strategy. Of the Transport Agency's road safety advertising campaigns, 87 percent met or exceeded their agreed success criteria.

Expenditure on road safety by activity class

Of investment identified as having safety as the primary driver, most was invested in road policing and local road maintenance.

ACTIVITY CLASS	2017/18 ROAD SAFETY EXPENDITURE	2015-18 ROAD SAFETY EXPENDITURE
State highway improvements	19.3%	21.4%
State highway maintenance	13.2%	12.2%
Local road improvements	8.5%	6.2%
Local road maintenance	20.2%	21.9%
Public transport	3.5%	3.4%
Regional improvements	5.2%	4.1%
Road safety promotion	3.4%	3.7%
Road policing	24.8%	26.0%
Walking and cycling improvements	1.9%	1.1%

Highlights of investment in road safety

The highlights of investment in road safety during 2015-18, include:

- continuing to deliver safety improvements through the Safe Roads and Roadsides Programme, which aims to significantly reduce deaths and serious injuries on rural state highways around the country
- continuing to promote road safety through advertising campaigns highlighting safety priorities such as driving within speed limits and driving sober, free from drug impairment and phone-free
- delivering, with the Accident Compensation Corporation, the BikeReady national cycle education system, which includes resources, tools and cycle skills training accreditation to support young people to bike skilfully and safely and older people to return to cycling safely
- starting construction on the \$8 million one-way system of separated cycle lanes in Dunedin, which will provide safe routes for cyclists to the city centre
- completing the State Highway 3 Vickers to City project in New Plymouth, which improves safety, route security, and journey-time reliability to and from the central business district
- having the Transport Agency's partnership with Clemenger BBDO recognised by the Brand Axis award in March 2018, recognising a successful creative collaboration creating excellent creative brand work for five or more years and acknowledging mutual trust, respect for audience, and firm ambition to make a difference through road safety promotion
- completing the Brynderwyn Hills Safe System, which realigned a section of State Highway 1, widened the road, removed tight corners, and installed median and side wire rope barriers
- completing a roundabout at the intersection of State Highway 3 and State Highway 21 (Airport Road) southwest of Hamilton to address an historical high-risk safety area and enable access to industrial land next to Hamilton International Airport
- delivering over 800 low-cost, low-risk state highway improvement projects, a 30 percent increase from last year, of which more than 75 percent focused on improving safety
- delivering, through the Boost Safety Programme high-benefit, low-cost safety improvements (such as rumble strips, improved signage and road marking, and safety barriers) on selected roads that carry lower volumes of traffic but collectively account for significant number of deaths and serious injuries in Northland, Taranaki, Manawatū-Whanganui, Otago and Southland.

CASE STUDY

SUCCESSFUL SAFETY IMPROVEMENTS IN AUCKLAND

In September 2017, the Transport Agency conducted a post-implementation review to assess how well a \$30.9 million upgrade of the Glenfield Road corridor in Auckland achieved its expected benefits.

The upgrade aimed to improve traffic flows and efficiency, promote alternative transport modes, improve the road environment, and improve safety. Overall, the project has been highly successful with improving safety. Crashes have decreased from an average 23 per year between July 1999 and December 2011 to 9 per year after project completion.

DETAILED INVESTMENT PERFORMANCE RESULTS

The following activity classes have a primary link to road safety outcomes.

Road safety promotion

Both the Transport Agency's service delivery targets for road safety promotion were achieved.

SERVICE DELIVERY	ACTUAL 2016/17	ACTUAL 2017/18	TARGET 2017/18	VARIANCE	RESULT
% of educational activities delivered to agreed standards and timeframes	100%	100%	100%	-	 ACHIEVED
% of road safety advertising campaigns that meet or exceed their agreed success criteria	83%	87%	≥ 75%	+12%	 ACHIEVED

ROAD POLICING

The Road Policing Programme is a special type of National Land Transport Fund investment in the land transport system that is delivered by New Zealand Police and appropriated through Vote Police.

The Transport Agency prepares the Road Policing Programme with New Zealand Police and recommends it to the Minister of Transport for approval in consultation with the Minister of Police. The Transport Agency also monitors and reports to the Minister of Transport on the delivery of the programme against the desired outcomes listed in the Road Policing Programme.

The Road Policing Programme contributes to a reduction in deaths and serious injuries from road crashes and the resulting trauma, by deterring dangerous behaviour by road users through prevention and enforcement activities. The programme also contributes to network management and efficiency through these activities and by increasing compliance with road user charges, commercial vehicle operator rules, and vehicle dimension and mass rules, protecting the roading asset, and supporting the resilience and security of the transport network.

What Road Policing Programme investment covers

Road Policing Programme investment covers the delivery of the activities listed below. The activities align with the Safer Journeys strategy and focus on the following high-priority areas:

- speed, including the use of automated cameras, hand-held cameras, enforcement demerits and driving to the conditions
- distractions and restraints (in-car behaviour), including mobile phones, child car seats, motorcycle helmets and cycle helmets
- impaired driving, which addresses drug- and alcohol-affected driving as well as impairment from fatigue
- vulnerable road users, such as pedestrians, cyclists, elderly people, disabled people, inexperienced drivers, visiting drivers, road workers, skateboarders and motorcyclists
- high-risk behaviour, which addresses dangerous and reckless driving, fleeing drivers, and intersection and centre line offences, as well as high-risk behaviours in commercial vehicles such as dangerous goods, insecure loads and overloading
- network maintenance and efficiency, including crash attendance and event management, driver licence stop orders, road user charges, and vehicle mass and dimension rules.

Achievements

In 2017, the Road Policing Programme was varied by agreement to include an additional \$10 million to support the restoration of the desired service levels, through dedicated road policing constabulary staff. The variation led to a step change in the relationship and the development of the Road Safety Programme.

The partnership is reviewing the operating, investment and delivery models between New Zealand Police and the Transport Agency. This review is highlighting the strengths of each organisation and the challenges they both need to meet to be most effective together.

Road policing special projects delivery

Over the 2015–18 National Land Transport Programme, \$26 million was allocated for the delivery of projects to reduce death and serious injuries on the roads and to operate an efficient network. All projects were successfully implemented, with highlights described below.

Static Camera Expansion Programme

By the end of June 2018, 48 safe speed cameras and three red light cameras had been installed and were operating across New Zealand. This work was completed in three tranches, and was done in tandem with a project to implement a modem-based download process that would allow the Police Infringement Bureau to download camera images remotely, thereby avoiding the need to disrupt traffic movement by manually downloading data at the camera site. Early results of the programme indicate that the average speed around cameras has decreased substantially since installation.

Radar and Laser Device Refresh project

New Zealand Police has refreshed its fleet of radar and lasers that officers use to detect speeding offences, reducing crashes caused by speed. The old fleet was reaching the end of its life and was causing safety issues, such as the frequency used by the devices interfering with police radios. The refreshed fleet should result in more effective speed detection activities across all police districts.

OnDuty mobile phone application

The OnDuty mobile application is a world-leading iOS-based application that allows officers to issue infringement offence notices and written traffic warnings, and to complete traffic crash reports and commercial vehicle inspection reports from their mobile device. The application provides officers with easy access to intelligence at the roadside, keeping them safe and allowing them to make informed decisions about the right intervention to take to influence driver behaviour.

Alcohol breath testing

The old fleet of hand-held alcohol breath testing devices (Dräger 6510s) has been discontinued and will no longer be supported by the provider. A new hand-held alcohol breath testing device, the Dräger 7510s, has been introduced to add roadside evidential capability to the testing functionality. This improved functionality means officers no longer have to return to the station to complete the evidential portion of the testing process, making them available for more road safety activities and reducing the impact on the public.

How the investment performed

Overall, the Road Policing Programme continues to provide a positive return on National Land Transport Fund investment, with 80 percent of the Road Policing Programme results that New Zealand Police contributes to matching the desired trend.

AREA OF CONCERN	ROAD POLICING PROGRAMME RESULTS WHERE NZ POLICE MAKES A SIGNIFICANT CONTRIBUTION	DESIRED TREND	ASSESSMENT AGAINST DESIRED TREND
Vehicle dimension and mass (VDAM)	Number of VDAM offences detected	Decrease	 INCREASE
Commercial vehicle operators	% of overweight heavy vehicles	Decrease	 INCREASE
	Percentage of local authorities, Transport Agency and ACC injury prevention consultants satisfied that NZ Police heavy vehicle activities addressed risk	Increase	 DECREASE
High risk drivers	Number of disqualified driving offences	Decrease	 DECREASE
	Number of disqualified or unlicensed drivers involved in fatal/serious crashes	Decrease	 DECREASE
Traffic management	Time to reinstate traffic flow after road or carriageway closure or crash	Decrease	 DECREASE
	% of local authorities, Transport Agency and ACC injury prevention consultants satisfied that NZ Police delivery of traffic management activities has addressed risk	Increase	 DECREASE
Speed	% of vehicles complying with open road 100km/h speed limits	Increase	 INCREASE
	% of vehicles complying with urban road 50km/h speed limits	Increase	 INCREASE
	% of heavy vehicles complying with open road 90km/h speed limits	Increase	 INCREASE
	% of heavy vehicles complying with urban road 50km/h speed limits	Increase	 INCREASE
	% of vehicles exceeding speed limits by 1-10km/h	Decrease	 INCREASE
	% of respondents who agree that enforcing the speed limit lowers the road toll	Increase	 DECREASE
Young drivers	% of youth (15-24 years) with the expectation that the risk of being caught drink driving is small	Decrease	 DECREASE
	% of youth (15-24 years) with the expectation that the risk of being caught speeding is small	Decrease	 DECREASE

Alcohol	Number of fatal and serious injuries in alcohol/drug crashes per 100,000 population	Decrease	 DECREASE
	% of respondents who agree there is a good chance of being stopped at an alcohol checkpoint if driving late at night	Increase	 INCREASE
Walking and cycling	% of vehicles complying with urban road (50km/h) speed limits	Increase	 INCREASE
	Number per 100,000 population of pedestrians and cyclists killed or seriously injured enough to be hospitalised for longer than one day	Decrease	 DECREASE
Motorcycles	% of motorcycles in crashes with a non-current warrant of fitness	Decrease	 DECREASE
Light vehicles	% of light vehicles in crashes with a non-current warrant of fitness	Decrease	 DECREASE
Restraints	% of adults wearing safety belts in front seats	Increase	 INCREASE
	% of adults wearing safety belts in rear seats	Increase	 INCREASE
	% of children aged 5-9 using restraints (including booster seats, child seats and child harnesses)	Increase	 INCREASE
	% of children aged 0-5 using child restraints	Increase	 INCREASE
Older road users	Fatal and serious injuries to older road users per 100,000 population	Decrease	 INCREASE
Crash reporting	% of fatal traffic crash reports received within 10 weeks	Increase	 INCREASE
	% of serious injury traffic crash reports received within 10 weeks	Increase	 INCREASE
	% of minor injury traffic crash reports received within 10 weeks	Increase	 INCREASE
	% of non-injury traffic crash reports received within 10 weeks	Increase	 INCREASE

Note: As at 30 June 2018, 16 of the 30 intermediate outcomes above are no longer being measured by the relevant organisation. Of these 16 measures, 13 (81%) were meeting desired trends at their last date of capture. Of the remaining 14 intermediate outcomes, 11 (79%) are meeting desired trends. The intermediate outcomes and wider performance framework are under review and will be refreshed, with the Road Safety Partnership team, as part of the new Road Safety Strategy.

What New Zealand Police delivers

Full details of New Zealand Police's service performance are in *New Zealand Police Annual Report 2017/18* at www.police.govt.nz.

TRAVEL CHOICE, HEALTH, ENVIRONMENT AND RESILIENCE

The Government Policy Statement on Land Transport identifies the following long-term results for these objectives:

1. Provide appropriate travel choices, particularly for people with limited access to a private vehicle
2. Increased safe cycling through improvement of cycle networks
3. Improved network resilience at the most critical points
4. Mitigation of adverse environmental effects

Expenditure on travel choice, health, environment and resilience during 2015-18

Approximately 27 percent of National Land Transport Programme expenditure at the end of 2015-18 (29 percent for 2017/18) contributed to travel choice, health, environment and resilience outcomes. This was more than the planned 22 percent for the three years of the 2015-18 National Land Transport Programme.

Performance results on travel choice, health, environment and resilience at the end of 2015-18

Projects delivered under the walking and cycling improvements activity class support healthy travel choices in urban areas by increasing and improving the number and safety of walking and cycling facilities. Walking and cycling expenditure continued to grow and was 31 percent above the published National Land Transport Programme at the end of 2017/18, largely due to the growing impact of the Urban Cycleways Programme, which accelerated the delivery of new cycling infrastructure with the addition of Crown funding. New and improved walking and cycling infrastructure resulted in 79.3km new cycle lanes in 2017/18 with 61.8km delivered as part of the Urban Cycleways Programme.

Investment in public transport aims to provide people with more ways to travel, easing urban congestion and making better use of the existing transport system capacity.

Five million more people (7 percent) used urban transport services (bus, train and ferry) during 2017/18 compared with the previous year. The increase was largely driven by growth in Auckland. However, the greatest change was in the Otago region following road improvements in Dunedin and the Wakatipu Basin.

Bus and ferry services and associated costs increased at a faster rate than patronage and passenger kilometres travelled, causing measures of productivity (costs per passenger km and costs per passenger boarding) to increase.

The SuperGold cardholders' scheme provides more transport choices for older people and improves the use of public transport during off-peak hours. This year, we supported 13.7 million SuperGold trips, an increase of 6 percent (773,000 trips) from 2016/17.

The Transport Agency's focus area *Keep people safe* aims to prevent or reduce environmental harms across all land transport modes. The energy efficiency of the nation's vehicle fleet improved from 6.88km travelled per litre of fuel to 7.05km in 2017/18.

Severe weather events in the past year affected measures of resilience, which focus on the duration of road closures. Sixty-four percent of the road closures on the state highway network that were unresolved after 12 hours were due to avalanche risk, flooding, slips, snow, ice and strong winds.

Expenditure on travel choice, health, environment and resilience by activity class

ACTIVITY CLASS	2017/18 TRAVEL CHOICE, HEALTH, ENVIRONMENT AND RESILIENCE EXPENDITURE	2015-18 TRAVEL CHOICE, HEALTH, ENVIRONMENT AND RESILIENCE EXPENDITURE
State highway improvements	10.4%	11.1%
State highway maintenance	18.9%	17.2%
Local road improvements	6.4%	4.9%
Local road maintenance	32.2%	32.8%
Public transport	25.7%	25.2%
Regional improvements	2.8%	1.1%
Road safety promotion	0.2%	0.2%
Road policing	1.4%	4.0%
Walking and cycling improvements	2.1%	3.5%

Highlights of investment in travel choice, health, environment and resilience:

The highlights of investment in travel choice, health, environment and resilience during 2015-18 include:

- increasing investment to improve alternative routes following the closure of State Highway 1 after the November 2016 Kaikōura earthquake with an investment of \$23.7 million to make sections of the Picton to Christchurch alternate route in the Marlborough and Tasman regions safer and more resilient for road users
- responding to the Kaikōura earthquake through North Canterbury Transport Infrastructure Recovery with more than \$100 million directed to repairing and reinstating roads damaged by the earthquake
- co-investing \$82 million with Auckland Council to significantly improve roads, public transport services, public transport stations, transport interchanges, walking routes and cycleways in the region
- implementing the Public Transport Operating Model in Auckland and Wellington in 2017 to enable regional councils and operators to partner and deliver affordable urban public transport services such as new services and timetables in Auckland that operate in all areas except Waiheke Island (from September 2018)
- using a targeted enhanced funding assistance rate¹ to accelerate the LED street-lighting programme, investing \$106 million across 53 programmes to upgrade to energy-efficient LED lights across the country
- investing \$6 million to build 1km of noise barriers to reduce the impact on local residents of road traffic noise from the Southern Motorway in Ellerslie in Auckland
- working in partnership with councils, the Department of Conservation, and iwi to minimise negative impacts on plants and wildlife from roading construction and maintenance works in pristine environments such as the Kaikōura coastline, Waipoua Forest in Northland and the Desert Road on the Central Plateau of the North Island
- working with industry and government stakeholders to deliver the vision for public charging infrastructure coverage on state highways (close to 80 percent of state highways have rapid DC chargers at 75km intervals) and maintaining close ties with the energy and automotive industries through a regular forum, resulting in a nationwide network of public charging infrastructure.

¹ Targeted enhanced rates are time-limited, specified funding assistance rates (FARs) that are higher than normal FARs and applied in exceptional circumstances and time-limited periods to either:

- facilitate an activity that is particularly important from a national land transport perspective, where it is highly likely that it would not proceed within an appropriate timeframe if additional funding assistance were not provided
- give a kick start to encourage and enable an approved organisation to make a step change.

Mitigating adverse environmental effects from transport

The Transport Agency has a responsibility to exhibit environmental responsibility. Improvements to New Zealand's land transport networks can have positive, as well as negative, effects on the environment. The Transport Agency minimises environmental harm in a variety of ways, including by making robust, evidence-based decisions that take account of environmental costs and benefits. It continually builds on its evidence base to understand the impact of the transport network on the environment and mitigate the negative effects.

The Transport Agency works alongside suppliers, customers and other stakeholders to provide strategic advice, research and support for transport-related natural environment, social, culture and heritage, public health and urban design issues.

While all land transport activities are planned and delivered in a way that considers the surrounding environment and to mitigate adverse effects, improved environmental outcomes can also result from:

- investment in public transport
- freight productivity
- easing congestion and improving journey-time predictability
- making cycling a safer and more attractive transport choice
- transport projects that make cities more accessible, safe and easy to live in.

The Transport Agency mitigates the effects of climate change by investing in urban cycleways, the electrification of rail lines and efforts to facilitate the uptake of electric vehicles. The Transport Agency also requires high-value state highway projects to complete a carbon footprint analysis in their design phase and provides an online tool so planners can estimate the carbon footprint of their project and identify methods to reduce emissions.

The Transport Agency commissioned research projects and tools to, among other things, better understand the community impact of noise from road and rail, assess 'real-world' exhaust emissions from vehicles on roads compared with laboratory tests, to capture the full range of costs and benefits arising from transport sector investments mitigating negative environmental impacts, and improve understanding of visitor expectations on key journeys to grow landmark tourism destinations for regional economic benefit.

The Transport Agency is working with local government to better understand the impact of dust from unsealed roads on communities and the environment and to explore how best to reduce adverse effects through the use of suppressants, seal extensions and improved asset management practices.

Each year, the Transport Agency holds more than 3,000 environmental permits related to operating and improving state highways, including for discharges to air, water and land. More than 50 live environmental management plans are in place at any given time.

Improving resilience

Resilience is the transport system's ability to enable communities to withstand and absorb impacts of unplanned disruptive events, perform effectively during a disruption, and respond and recover functionality quickly. It requires minimising and managing the risk and consequences of small-scale and large-scale, frequent and infrequent, sudden and slow-onset disruptive events whether caused by natural or human-made hazards.

Resilience is about being prepared and being able to preserve and quickly restore access to the transport network for Transport Agency customers, including lifeline utilities, in the face of unplanned events.

The Transport Agency re-opened State Highway 1 from Picton to Christchurch as part of its Kaikōura earthquake response work and in time for the Christmas holiday traffic in December 2017. This follows the reinstatement of the rail line in September 2017. Restoring these coastal highway and rail links was a huge job that re-established vital connections for Kaikōura and other affected communities and supported local and national businesses, freight and tourism. The highway reinstatement work continued into 2018, with safety a top priority. The Transport Agency also responded during the year to damage caused by severe weather events. For example, following significant storm damage to State Highway 25 Thames Coast Road in January 2018, it worked closely with the local community and other stakeholders to quickly rebuild and strengthen the coast road.

² Immediate response, through emergency works that restore basic usability and access, is one of the key components to resilience in the Government Policy Statement on Land Transport 2015/16 - 2024/25.

In the Tararua district, the Transport Agency continued to improve Saddle Road and work continues on the Manawatū Gorge Alternative Route to provide a safe and secure alternative route for network resilience for State Highway 3 (\$15.5 million over five years).

The Transport Agency Resilience Framework was developed in 2018. The resilience framework responds to the increased focus on improving resilience for the transport system in the latest Government Policy Statement on Land Transport. It sets out a new approach to resilience that will take the Transport Agency from a risk-based approach that targeted specific assets to a system-based approach that is:

- **comprehensive** (across a variety of hazards, risks and responses), but targeted to address priority risks, challenges and opportunities
- **community focused** and based on a robust understanding of different communities' tolerances and acceptance of risk and of how their access to economic and social needs can be sustained
- **collaborative** so the Transport Agency is playing an effective role as part of a comprehensive sectoral response to resilience
- **proactive** so the Transport Agency is more active and present across all aspects of emergency management, engaging in a wider variety of approaches to resilience and risks, rather than being solely reactive after an event.

Implementation of the framework, through collaboration with key partners, will provide a shared understanding of communities' acceptance of risk and tolerance of system disruptions. Measures will be put in place to enable communities to become less exposed to and better prepared to deal with, the economic, physical, social, cultural and environmental impacts of risks and shocks from natural hazards and other disruptive events.

We can gain some insight into resilience performance by looking at National Land Transport Fund expenditure on emergency works.² Emergency works expenditure for the three years of the 2015-18 National Land Transport Programme position was 17 percent above the published amount. This reflects the response to the 2015 Whanganui-Taranaki floods, the 2016 Kaikōura earthquake and heavy rain events in 2016/17 and 2017/18 across local roads and state highways.

CASE STUDY

INCREASE IN PUBLIC TRANSPORT AFTER PANMURE STATION UPGRADE

Phase 1 (stage 1) of the Auckland Manukau Eastern Transport Initiative was part of the wider Eastern Busway project. It involved a major upgrade of Panmure Station, a new road link from Morrin Road to Mt Wellington Highway, the reconstruction of the Ellerslie Panmure Highway, a new bridge next to Ellerslie Panmure Highway and a bridge for pedestrians.

These improvements have led to higher than expected increases in public transport journeys starting and ending at Panmure Station. Ticket sales and HOP card tag-on data (for trains) quantify a 270 percent increase in public transport patronage from December 2013 to March 2016.

The project resulted in an initial journey-time saving of almost 3 minutes, especially for those travelling between Mt Wellington and Glen Innes (via the new Te Horeta Road). This saving is now starting to diminish.

DETAILED INVESTMENT PERFORMANCE RESULTS

The following activity classes have a primary link to travel choice, health, environment and resilience outcomes.

Public transport

Three out of eight investment measures achieved target.

INVESTMENT PERFORMANCE	ACTUAL 2016/17	ACTUAL 2017/18	TARGET 2017/18	VARIANCE	RESULT	
Number of passengers using urban public transport services (bus, train and ferry)	153m	158m	≥ 148m	+10m	 ACHIEVED	
The number of passengers using urban public transport (patronage) increased by approximately 3 percent over the year driven largely by growth in Auckland (approximately 3.5 million more bus boardings). Outside of Auckland, patronage growth was mixed, with some regions declining while others grew. Otago Regional Council recorded the greatest relative growth of 22 percent, driven by improvements to the network in Dunedin and the Wakatipu Basin.						
Fare revenue as a % of total expenditure	47.4%	45.2%	≥ 48%	-2.8%	 NOT ACHIEVED	
Fare revenue as a percentage of total expenditure (the farebox recovery ratio) was lower than expected because total fare revenue remained largely unchanged from last year while total operating costs increased. Fare revenue increased by 3 percent across the Greater Wellington public transport network and 6 percent across small and medium and sized public transport networks, but this was offset by a 1 percent decrease in Auckland and an 11 percent decrease in Christchurch.						
Productivity (costs per passenger km) where available by bus, train and ferry	Bus	0.17 \$/km	0.19 \$/km	≤ \$0.15 \$/km	+0.04 \$/km	 NOT ACHIEVED
	Train	0.16 \$/km	0.16 \$/km	≤ \$0.13 \$/km	+0.03 \$/km	 NOT ACHIEVED
	Ferry	0.06 \$/km	0.06 \$/km	≤ \$0.06 \$/km	-	 ACHIEVED
Costs per passenger kilometre increased for bus and ferry services because services and associated costs increased at a faster rate than patronage and passenger kilometres travelled. The roll-out of the new bus network across eastern parts of Auckland had a significant impact. Bus in-service kilometres increased by 10 percent in Auckland compared with patronage growth of 6 percent and passenger kilometre growth of 2 percent. The remainder of the new bus network will be rolled out across the northern and central parts of the Auckland network in 2018/19.						
Productivity (costs per passenger boarding) ¹	Bus	\$1.25	\$1.38	Decreasing cost	+\$0.13	 NOT ACHIEVED
	Train	\$2.86	\$2.66	Decreasing cost	+\$0.20	 ACHIEVED
	Ferry	\$0.76	\$0.86	Decreasing cost	+\$0.10	 NOT ACHIEVED
Costs per passenger boarding for bus and ferry increased because services and associated costs increased at a faster rate than patronage and fare revenue. Conversely, costs for rail decreased as operating costs were down 1 percent and rail patronage was up 3 percent compared with last year.						
From a National Land Transport Fund perspective, costs decreased further through a planned reduction in the fund's contribution toward rail operating costs from 55 percent in 2016/17 to 54 percent in 2017/18.						

¹ This is a proxy measure. The information available from service providers and regional councils to report on the Government Policy Statement on Land Transport measure, *productivity (costs per passenger kilometre)* where available by peak and off-peak, is not available in sufficient quality to enable accurate and reliable reporting.

Walking and cycling

One investment measure achieved the desired trend, the other was not available.

INVESTMENT PERFORMANCE	ACTUAL 2016/17	ACTUAL 2017/18	DESIRED TREND 2017/18	VARIANCE	RESULT
Network kilometres of cycle lanes	New km	New km			
	91.4km (including 63.6km Urban Cycleways Programme)	79.3km (including 61.8 km Urban Cycleways Programme)	Increasing	-	 ACHIEVED
The target to increase the kilometres of cycle lanes was achieved with 61.8km of new cycling infrastructure delivered as part of the Urban Cycleways Programme. In addition, was another 17.5km of new cycling infrastructure delivered outside the Urban Cycleways Programme.					
% increase in cycling trip legs per person across Auckland, Wellington and Christchurch	Not available	Not available ¹	Increasing		NOT APPLICABLE
While data on the percentage of cycling trips legs per person is not yet available, physical cordon counts, which provide a snapshot of the number of cycling trips in central business districts, increased from 5,413 last year to 5,605 this year. Auckland saw a 3 percent increase (1,944 trips), Wellington a 5 percent increase (2,264 trips) and Christchurch a 1 percent increase (1,397).					

¹ The measure capturing the percentage increase in cycling trip legs per person across Auckland, Wellington and Christchurch is sourced from the Household Travel Survey. Due to methodology changes, results from this survey will not be available until 2019. During 2015/16, physical cordon counts were undertaken to establish baseline trip information.

³ Value-for-money maturity describes how well the systems and processes in each output class are set up to allow a value-for-money assessment.

VALUE FOR MONEY

The Government Policy Statement on Land Transport identifies the following long-term results for this strategic priority:

- Delivery of the right infrastructure and services to the right level
- Improved returns from road maintenance and public transport
- Effective on-road enforcement of the road user charges regime
- Understand the benefits and costs associated with innovation and technology

The Transport Agency is working to better understand the value for money gained from National Land Transport Fund investments. However, insight into value for money can be gained by looking at the expected benefit-cost ratios of National Land Transport Fund investment for new approvals in system improvements. The average benefit-cost ratio across National Land Transport Programme investment by the number of new approvals across the programme remained around four during the three years of the 2015-18 National Land Transport Programme. For 2017/18 investments, investments primarily relating to state highway improvements had the highest benefit-cost ratio.

ACTIVITY CLASS	BENEFIT-COST RATIO 2015/16	BENEFIT-COST RATIO 2016/17	BENEFIT-COST RATIO 2017/18
State highway improvements	3.4	3.7	5.1
Local road improvements	4.9	5.3	3.8
Public transport	7.4	5.8	3.3
Walking and cycling	4.3	4.0	2.3
Regional improvements	2.4	2.9	1.9
Estimated return on investment across all new investment	4.0	4.0	4.2

State highway improvements accounted for the largest proportion (66 percent) of new investment approvals in 2017/18.

ACTIVITY CLASS	TOTAL COST OF NEW APPROVALS 2017/18 (\$)	NUMBER OF NEW APPROVALS 2017/18
Local road improvements	308,019,035	76
Public transport	163,913,081	13
Regional improvements	2,015,064	4
State highway improvements	1,197,712,333	96
Walking and cycling improvements	121,779,972	18
Grand total	1,793,439,485	207

The Transport Agency's approach to value for money

Value for money is about delivering the best outcomes for the amount spent, optimising costs whilst simultaneously improving the efficiency and effectiveness of spending.

The Transport Agency is developing a value-for-money framework. The first step to understand the current value-for-money maturity³ through workshops across the output classes and to provide best practice guidance for assessing value for money. This year, the Transport Agency assessed its maturity through a targeted review of its output classes across the areas of economy, efficiency, effectiveness and equity.

The second step will be to define the framework for the Transport Agency value-for-money measurement, which will involve establishing the value chain of its output classes for customers, identifying the drivers that influence economy, efficiency, effectiveness and equity, and agree metrics to measure the identified drivers.

The Transport Agency plans to make more informed, evidence-based choices as part of its approach to continuous improvement and to maximise the impact of each dollar it spends to improve the lives of New Zealanders.

Physical infrastructure meets the digital world

The future of transport is rapidly changing, and the Transport Agency needs to respond to shifting customer needs and the ever-evolving digital world. The intersection of physical infrastructure and the digital world is opening up exciting opportunities in the transport industry. The Transport Agency's culture of innovation aims to exploit these opportunities and improve outcomes for New Zealanders.

The Transport Agency is aligning its innovation strategies to take advantage of emerging and game-changing technologies to create better transport system outcomes for New Zealand, including great journeys for its customers.

For example, in conjunction with Auckland Transport, the Transport Agency agreed to establish the Auckland Technology Transformation Group. This group aims to improve customer experiences by enabling Auckland's transport system to use advances in digital technology and prepare the city for advances in vehicle technologies. A road map will be developed to guide the delivery of digital transport systems in the regions.

Leading edge research to support planning and investment

Strategic and operational research supports sound system planning and investment and is a key component of the Government Policy Statement's investment management activity class. The Transport Agency conducts leading-edge research that contributes to the breadth and depth of transport sector business and to achieving sector outcomes.

For example, a study sought to understand the value of individual services to the public transport network. This study proposed a framework for appraising the incremental value added to a public transport network by services that, in isolation, might be comparatively inefficient. This report recommends how the study's findings could be built on and implemented, including by developing an assessment tool for practitioners. The aim will be to develop a tool that closely aligns with, and complements existing economic evaluation tools provided by the Transport Agency, to inform assessments of public transport service reviews in the future.

Twenty-five research reports were published during 2017/18, addressing topics including economic analysis, environmental impacts, asset management, technology developments and safety.

CASE STUDY

SUPPORTING ROAD CONTROLLING AUTHORITIES TO IMPROVE EFFICIENCY IN ROAD MAINTENANCE

The Road Efficiency Group⁴ supported road controlling authorities to embed the One Network Road Classification and business case approach into their activity management plans. A co-design, co-delivery model was followed to build a robust evidence base to support business case submissions for the 2018–21 National Land Transport Programme. Major achievements to improve the efficiency of maintenance activities and create consistency across all road controlling authorities included:

- developing 27 performance measures for customer outcomes in the One Network Road Classification to report against
- further developing a web-based monitoring and reporting tool so all authorities can report performance against these measures
- producing a standard report for a subset of the 27 measures to highlight each authority's performance against its peer group
- delivering a sector-wide project to improve data quality
- publishing *Procurement best practice guide* and the Smart Buyer self-assessment tool
- building capability through cross-sector collaborative learning and peer support and publishing guides and case studies to support industry self-learning.

⁴ The Road Efficiency Group is a collaboration between local government and the Transport Agency. It aims to create and embed a new national funding and activity management structure for roads (the One Network Road Classification) for improving value for money, focusing on customer outcomes, consistency and collaboration.

USE OF THE NATIONAL LAND TRANSPORT FUND

SUMMARY OF THE NATIONAL LAND TRANSPORT FUND FOR 2015-18

At the end of the third year of the 2015-18 National Land Transport Programme, the overall investment of \$10.4 billion from the National Land Transport Fund was 1 percent below the planned amount when the programme was adopted in June 2015. Expenditure for the 2015-18 National Land Transport Programme, which included local and Crown funding, was slightly lower at \$13.7 billion than the \$13.9 billion in the published programme.

Use of funds for **state highway improvements** during 2015-18 were 8 percent below the planned amount after three years, largely due to lower tender prices for large projects and delays to some projects

Expenditure for **state highway maintenance** was 3 percent above the planned amount after three years. This was due to a push to increase the percentage of the network undergoing renewal during 2017/18, following lower than planned levels in the previous two years.

Regional improvements was a new activity class for the 2015-18 National Land Transport Programme. It aims to progress regionally important transport infrastructure outside metropolitan areas. Expenditure was slow to start up, being at 47 percent below the planned amount after two years. Construction increased significantly in 2017/18 and final expenditure was 1 percent above the published plan.

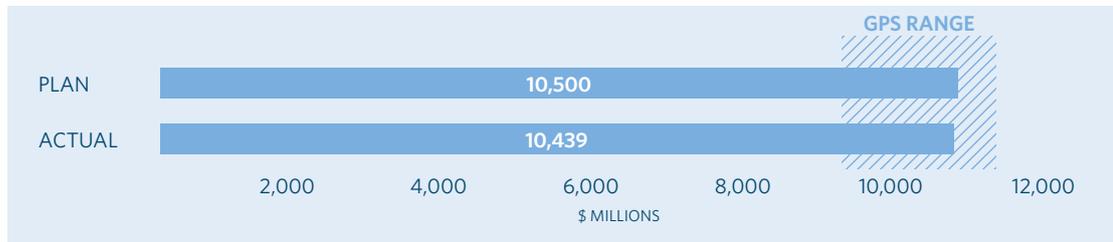
Local road improvements expenditure at the end of 2017/18 was 5 percent above the published amount in the 2015-18 National Land Transport Programme. The increase in spend was driven by the use of a targeted enhanced funding assistance rate to accelerate the LED street-lighting programme, the decision to change the minor improvements threshold from \$300,000 to \$1 million, reduced compliance effort for approved organisations, and a catch-up funding claim from Tauranga City Council for eligible work completed earlier in 2015-18.

The Minister of Transport adjusted the funding range in the Government Policy Statement on Land Transport 2015/16 – 2024/25 funding range for the **walking and cycling** activity class to accommodate an increase in expenditure driven by the Urban Cycleways Programme. Walking and cycling expenditure continued its strong performance at 31 percent above the published 2015-18 National Land Transport Programme. This was largely due to the impact of the Urban Cycleways Programme, where the Crown supplied additional funding.

Final expenditure on emergency works was 17 percent above the published amount in the 2015-18 National Land Transport Programme. Some of this was due to the response to the Whanganui-Taranaki floods in 2015. The Kaikōura Earthquake in 2016 and severe weather events in 2016/17 and 2017/18 also pushed up expenditure further across local and state highway networks.

The actual investments made from the 2015-18 National Land Transport Fund for the planned level of funds allocated in the 2015-18 National Land Transport Programme are shown below. The figures do not account for National Land Transport Programme funds contributed by local authorities or other sources, including Crown grants and loans. However, repayment of Crown loans is included. Additionally, the figures take a cash perspective on the use of funds and exclude non-cash items such as depreciation and book-value movements.

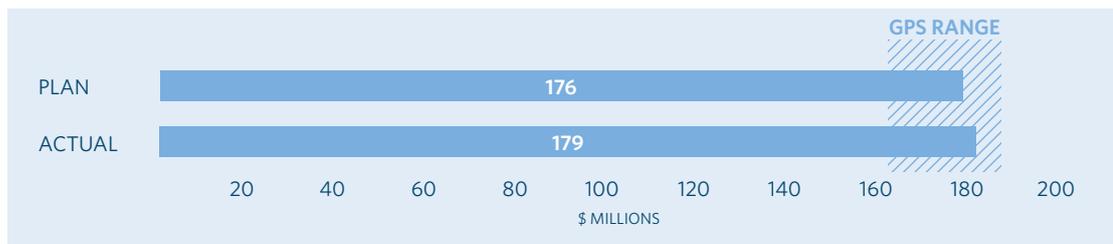
OVERALL USE OF THE NATIONAL LAND TRANSPORT FUND



Overall expenditure at the end of 2015-18 sits at 99 percent of the published National Land Transport Programme. The underspend in state highway improvements was mostly offset by increased spend in local road improvements, walking and cycling, and emergency works.

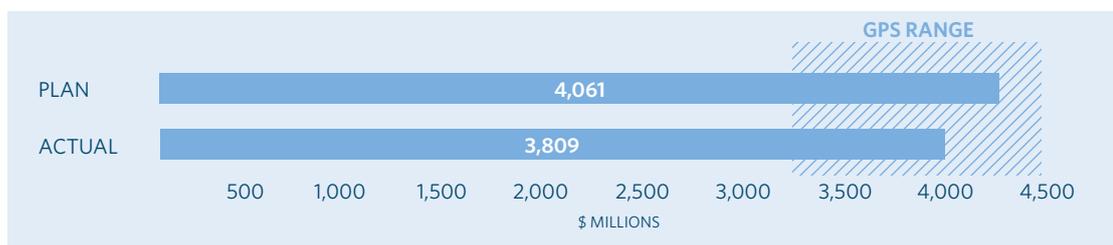
USE OF THE FUND BY ACTIVITY CLASS

Investment management



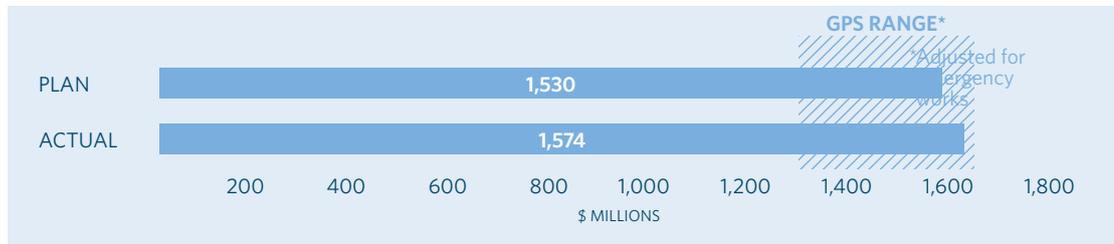
Expenditure in investment management was 2 percent above the published amount at the end of 2015-18. This \$3 million increase was due to increased investment in transport planning to develop programme business cases, additional work to develop regional land transport plans as a result of the new Government Policy Statement on Land Transport and continued Road Efficiency Group work to improve activity management planning. The higher transport planning expenditure was offset by lower spends in sector research and investment in the funding allocation system, which enabled the activity class to remain within the Government Policy Statement funding range.

State highway improvements



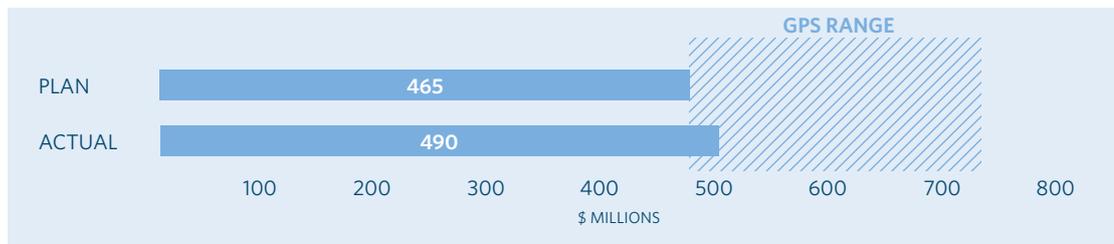
Expenditure on state highway improvements at the end of 2015-18 was 8 percent lower than the published amount. This reflects lower tender prices for some major projects and slower delivery than planned in some cases.

State highway maintenance (excluding emergency works)



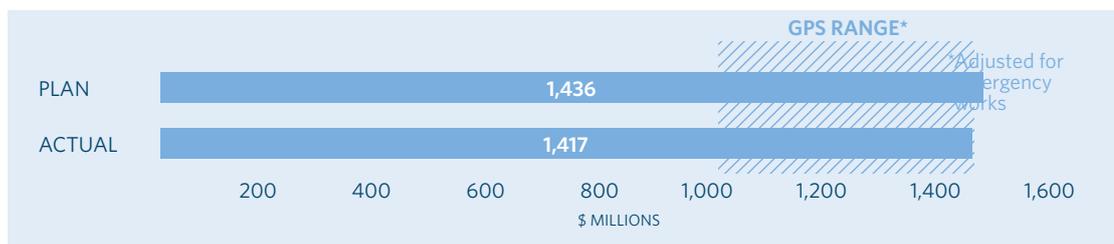
Expenditure on state highway maintenance at the end of 2015–18 was 3 percent above the published amount. This was due to a push to increase the percentage of the network undergoing renewal during 2017/18, following lower than planned levels in the previous two years.

Local road improvements



Expenditure on local road improvements at the end of 2015–18 was 5 percent above the published amount. The increase in spend was driven by the use of a targeted enhanced funding assistance rate⁵ to accelerate the LED street-lighting programme, the decision to change the minor improvements threshold from \$300,000 to \$1 million, a reduction in compliance effort for approved organisations, and completion of funding claims as the three year period concluded. The net result was that the activity class achieved expenditure within the Government Policy Statement funding range, contrary to earlier expectations that it would fall short of the range.

Local road maintenance (excluding emergency works)

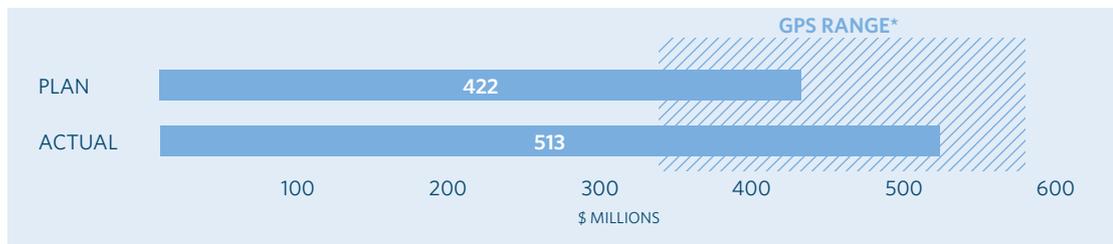


Final expenditure on local road maintenance was 1 percent below the published amount due to lower input costs and programme optimisation by local authorities making decisions around the correct timing of interventions, usually holding off renewals when there is still useful life left in the asset.

⁵ Targeted enhanced rates are time-limited, specified funding assistance rates (FARs) that are higher than normal FARs and applied in exceptional circumstances and time-limited periods to either:

- facilitate an activity that is particularly important from a national land transport perspective, where it is highly likely that it would not proceed within an appropriate timeframe if additional funding assistance was not provided
- give a kick start to encourage and enable an approved organisation to make a step change.

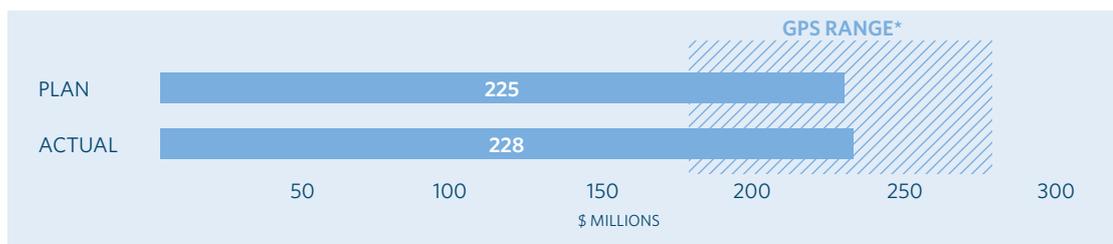
Emergency works on state highways and local roads



*Adjusted for maintenance programmes

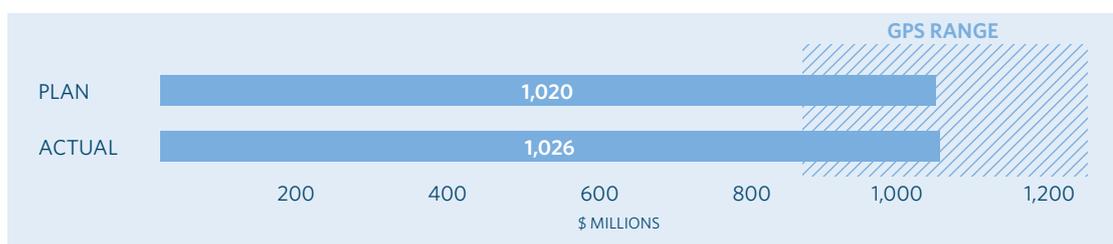
Expenditure on emergency works was 17 percent above the published amount. Some of this was due to the response to the Whanganui-Taranaki floods in 2015. The Kaikōura earthquake in 2016 and severe weather events in 2016/17 and 2017/18 also pushed up expenditure across local and state highway networks. The tail end of expenditure of these events will extend into the 2018–21 National Land Transport Programme.

Regional improvements



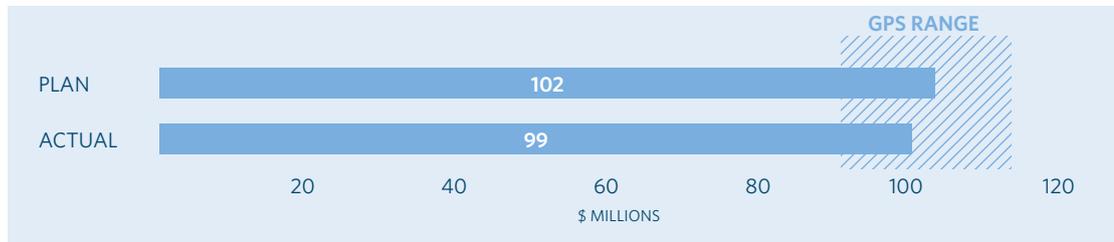
Regional improvements was a new activity class in the 2015–18 National Land Transport Programme, all of which was planned to be delivered on the state highway network, given that for most of the 2015–18 National Land Transport Programme, including during its development, delivery of local road improvements was expected to be below the Government Policy Statement funding range for the activity class. Therefore, only state highway activities were allocated to regional improvements. While delivery got off to a slow start, it accelerated through the latter half of the National Land Transport Programme and final expenditure at the end of 2017/18 was 1 percent above the amount published.

Public transport



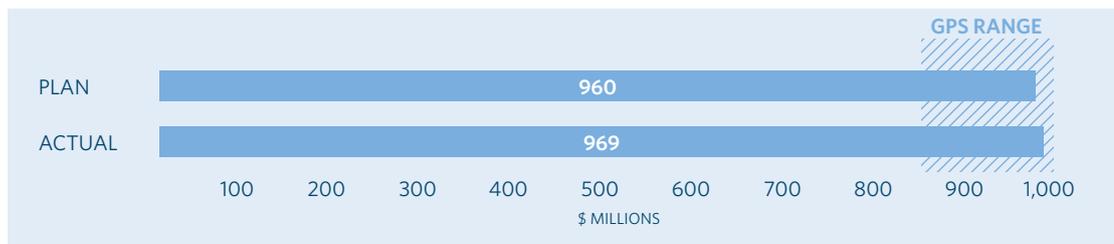
Final expenditure on public transport was 1 percent above the published amount, evenly spread across public transport services, infrastructure and Transport Agency investment. This was largely driven by increased spending on services and infrastructure in Auckland.

Road safety promotion



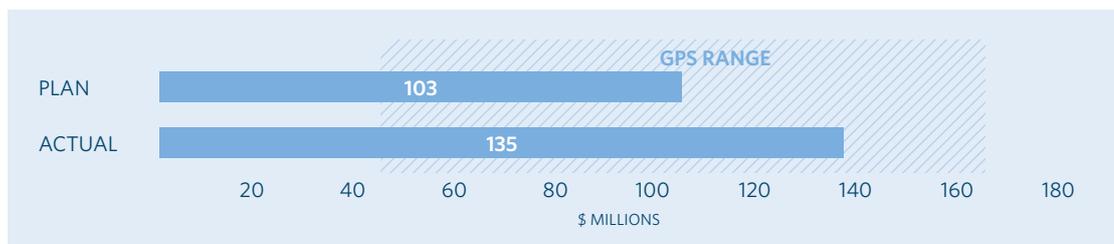
Final expenditure on road safety promotion for 2015-18 was 3 percent below the published amount, tracking closer to the approved funds compared with previous years. The underspend is due to a value-for-money decision to continue a successful advertising campaign and not spend further on a new campaign as well as due to changes in the production timelines for several campaigns in late 2017/18.

Road policing



Expenditure on road policing was, 0.9 percent above the published amount. The increase in funding allocation was approved so commercial vehicle inspections could continue.

Walking and cycling improvements



Expenditure on walking and cycling continued to be high, at 31 percent above the published amount. This was largely due to the impact of the Urban Cycleways Programme, where the Crown supplied additional funding. Part of the way through the 2015-18 National Land Transport Programme, the Minister of Transport adjusted the upper end of the Government Policy Statement funding range to accommodate the expenditure increase.

REGIONAL HIGHLIGHTS FOR 2015-18



NORTHLAND



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Northland was focused on contributing to the region's economic growth, improving transport network resilience and accessibility, and improving road safety performance, as well as growing public transport and encouraging cycling and walking.

INVESTMENT HIGHLIGHTS FOR 2015-18

Completing the Brynderwyn Hills Safe System project: This project realigned the Brynderwyn Hills section of State Highway 1, widened the road, removed tight corners on the north side of the hills, and installed median and side wire rope barriers – improving safety for all road users. Work is now under way for pouwhenua to be installed at the new lookout point over Bream Bay.

Completing the Akerama Curves Realignment and Passing Lanes project: This project delivered a safer and realigned section of State Highway 1 north of Whāngārei, including an extended northbound passing lane, new southbound passing lane and a wetland for the protection of mudfish.

Completing the new State Highway 15 project: This project involved collaboration with councils, iwi, hapū and key users of this important freight route and community connection. The status of the original road was upgraded to a state highway, which removes the financial burden from the local councils and empowers the Transport Agency to support economic growth by meeting freight demands and providing accessibility in a safe and resilient manner.

Partnering on the Whāngārei Urban Cycleway network: This project has seen a co-investment through the National Land Transport Programme, the government's Urban Cycleways Fund and Whāngārei District Council for urban cycleways. Onerahi's Riverside Drive section opened in August 2016 and attracts commuters and families.

Delivering the Mid-Northland bus service: The Transport Agency partnered with Northland Regional Council for a new public transport service from December 2016. The service centred on the Bay of Islands and Kaikohe, connecting the people in these communities with services, recreation and jobs.

Creating the Northland Transportation Alliance: Since May 2016, the alliance has resulted in the Transport Agency and local and regional councils sharing resources and coordinating transport planning and operations across Northland. The alliance plans to create a more engaged and capable workforce to deliver superior asset management as well as improved customer outcomes, and enabling investment and social opportunities.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Northland total	146,219	345,562
State highway improvements	25,784	69,187
State highway maintenance	42,506	93,482
Local road improvements	9,750	22,888
Local road maintenance	44,586	117,773
Regional improvements	19,169	31,054
Public transport	1,260	2,956
Road safety promotion, investment management and walking and cycling	3,165	8,221

AUCKLAND



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Auckland was focused on supporting the region's complex transport network to handle the demands of special housing areas, freight, general road traffic, public transport, and cycling.

INVESTMENT HIGHLIGHTS FOR 2015-18

Completing the Waterview Tunnel section of the Western Ring Route Road of National Significance:

The twin tunnels opened on 2 July 2017, and in the first year of operation delivered more resilience and reliability for people's journeys across the Auckland transport network. Nearly 22 million vehicles drove through the tunnel in 2017/18. More than 55,000 cycle trips were recorded on the Waterview Shared Path, which has become a link for people cycling on short trips to work, school and shops and a valued recreational facility.

Upgrading the Western Ring Route: Upgrading involved critical interchanges, at Te Atatū and Lincoln Rd (opened May 2016), St Lukes (October 2016) and the Causeway (November 2016), and substantial progress was made on the Lincoln to Westgate section now in construction. This route has become an alternative to State Highway 1, linking Manukau, central Auckland, Waitākere and the North Shore, improving network resilience, and travel-time reliability, creating bus shoulder lanes, and upgrading cycleway and pedestrian facilities.

Completing the State Highway 20A to Auckland Airport project: This project created a shared path for the local community and separated local traffic from motorway traffic, making it easier and more reliable to travel around Kirkbride and Māngere and improving access to and from Auckland Airport.

Collaborating on shared paths across Auckland: Work with Auckland Transport, Auckland Council and local boards is creating a network of connected paths that offer attractive, safe transport choices, so people can leave their cars at home. Connected paths are from Te Ara I Whiti Lightpath (completed in December 2015) to Quay Street Cycleway (completed July 2016) and section 1 of the Glen Innes to Tamaki shared path. Better cycling and walking infrastructure is now an important component in the Transport Agency's projects.

Creating better links and connections on the northern and southern corridors: Substantial progress was made on the Northern Corridor project to provide better links and improve transport options on the North Shore for freight, cars, pedestrians and cyclists. It includes a new motorway connection between State Highways 1 and 18, opening access to the Western Ring Route and Auckland airport. The Southern Corridor project will address bottlenecks at several locations to provide a more reliable trip for all road users. The project addresses safety risks in an area where rapid population growth is expected over the next 30 years. The project completed an additional section of southbound motorway lane, the new Takanini southbound off-ramp, and the Orams Road bridge upgrade in 2017. The full project is scheduled for completion by the end of 2019.

Co-investing in the Auckland Manukau Eastern Transport Initiative Eastern Busway: Auckland Transport successfully completed the approval and consultation processes for the Panmure to Pakuranga section of the Eastern Busway. Construction on the \$1.2 billion project will begin in late 2018 and includes a dedicated, congestion-free busway with new cycling and walking connections, improvements to major intersections and improved public spaces.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Auckland total	990,088	2,808,016
State highway improvements	404,041	1,238,623
State highway maintenance	140,594	347,460
Local road improvements	64,542	178,836
Local road maintenance	114,512	328,482
Regional improvements	-	-
Public transport	239,945	631,780
Road safety promotion, investment management and walking and cycling	26,454	82,836

WAIKATO



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Waikato was targeted to support significant residential growth, new industrial development and jobs, while also ensuring efficient freight movement and access to markets across New Zealand, as well as to the export ports of Tauranga and Auckland.

INVESTMENT HIGHLIGHTS FOR 2015-18

Continuing progress on the Waikato Expressway: The expressway project enables considerable opportunity for economic development and improved safety. It is expected to save 35 minutes of journey time between Tirau and the Bombay Hills. The Cambridge section was completed in December 2015, and the Rangiriri section was substantially completed in 2017 with minor finishing works into 2018. Construction continues on the Hamilton, Huntly and Longswamp sections, with the final section, Hamilton, expected to open in 2020.

State highway safety improvements: Several safety initiatives began, including improvements on State Highway 3 between Hamilton and Te Awamutu, State Highway 37 (Waitomo Caves) and State Highway 23 from Hamilton to Raglan. Good progress was also made on improving safety on State Highway 1B east of Hamilton and State Highway 3 south to Awakino – an essential freight route to the Taranaki region.

Completing Te Awa cycleway: The shared walking and cycling corridor between Hamilton and Ngāruawāhia enables safe active travel between businesses, schools and residential areas within Hamilton, Horotiu and Ngāruawāhia. This corridor includes Perry Bridge, a pedestrian and cycle network arch bridge, the longest bridge of its kind in New Zealand, with seating and bike racks.

Constructing a roundabout at the intersection of State Highways 3 and 21 (Airport Road): This roundabout is located southwest of Hamilton and was completed in June 2016. It addresses an historical high-risk safety issue and enables economic development by providing access to industrial land next to Hamilton International Airport.

Collaborative planning and investigation for the future: An integrated programme of walking and cycling initiatives across the region considers the economic, transport, health, environmental and social benefits derived from increasing walking and cycling. Areas to have benefitted include Cambridge to Tamahere (the final section of Te Awa cycleway), the Western Rail Trail, the State Highway 3 shared path, and the Cobham Drive underpass connection, all of which opened in recent years.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Waikato total	554,083	1,394,973
State highway improvements	317,075	844,621
State highway maintenance	114,218	246,964
Local road improvements	20,097	34,016
Local road maintenance	58,658	169,228
Regional improvements	29,888	54,342
Public transport	9,910	26,983
Road safety promotion, investment management and walking and cycling	4,036	18,818

BAY OF PLENTY



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Bay of Plenty was targeted to support significant residential growth and new industrial land development and jobs while also ensuring efficient freight movement and access to the Port of Tauranga.

INVESTMENT HIGHLIGHTS FOR 2015-18

Improving State Highway 2 Waihi to Tauranga: During the next five years and beyond road safety will be improved on this stretch of state highway. Two of the 10 sections are in the design stage. Completion of the State Highway 2 Te Puna roundabout in September 2017 also delivered considerable safety improvements for the corridor.

Delivering improvements for Rotorua: Completion of the State Highway 5, State Highway 30 and Hemo Road roundabout in March 2018 increased road safety and access for cyclists and pedestrians. Detailed solutions for the eastern State Highway 30 Te Ngae Road and central State Highway 30A Amohau Street corridors continued. This work supports local growth, regional economic development and city centre revitalisation.

Continuing intersection improvements: The State Highway 29A Maungatapu underpass was opened to traffic in June 2018, increasing safety and separating state highway and local traffic. Construction continues on the State Highway 2/29A Baypark to Bayfair Link, which will complete the eastern corridor to the Port of Tauranga.

Delivering state highways to improve safety: The completed projects State Highway 33 Te Ngae (Rotorua) to Paengaroa, State Highway 30 Te Teko to Awakeri, and State Highway 30 to Kawerau section of State Highway 34 provide safer roads and roadsides. Progress was also made developing business cases, including for the Wainui Road to Ōpōtiki section of State Highway 2.

Investing in cycling infrastructure: Investment in the Rotorua and Tauranga urban cycling networks continued with a focus on delivering key missing links in the cycleways. Of note is the Omokoroa to Tauranga Cycleway, with implementation under way and completion in stages. The final stage is expected to be completed by late 2019.

Responding to growth: Options are being developed for the Tauriko Network Plan to support the planned and sustainable development of Tauriko West, enhance people's access to economic and social opportunities in the area, and protect State Highway 29's strategic role as part of the Auckland-Hamilton-Tauranga national strategic freight route.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Bay of Plenty total	201,203	487,172
State highway improvements	76,921	216,928
State highway maintenance	37,544	101,188
Local road improvements	37,070	45,343
Local road maintenance	35,035	87,338
Regional improvements	2,119	4,023
Public transport	7,826	21,046
Road safety promotion, investment management and walking and cycling	4,689	11,305

GISBORNE



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Gisborne was focused on developing and maintaining a resilient transport network. Roads in the region are a lifeline for the local population and enable the efficient movement of freight, on which the economy depends.

The Tairāwhiti Regional Economic Development Action Plan identified the need for an integrated priority plan so transport investment is made at the right time and place to enable growth at a strategic local level.

Delivering the State Highways 2 and 35 Inter-Regional Connections programme business case: This business case is a key action from the Tairāwhiti Regional Economic Development Action Plan. It aims to identify important improvements on State Highways 2 and 35 and local connections to facilitate freight and tourism growth from the Bay of Plenty through Tairāwhiti to Hawke's Bay.

Completing construction of State Highway 2 Motu Bridge replacement: This safety and resilience project, delivered from the Accelerated Regional Transport Programme, replaces a one-lane bridge with a two-lane bridge and improves road alignment on the approaches to the bridge.

Beginning stage 2 of the Wainui Cycleway: The Wainui Cycleway is an Urban Cycleways Fund project to link Wainui with the Gisborne central business district. Stage 2 will link Sponge Bay with the central business district and will include separated cycleways linking several schools in Kaiti.

Beginning construction of the Rere Falls and State Highway 35 rest area upgrades: These two fully Crown-funded projects were identified in the Tairāwhiti Regional Economic Development Action Plan as providing safety and tourism benefits. The Rere Falls project is to provide a Heartland ride experience over 7km along State Highway 2 and includes sealing, widening and additional signage. The upgraded rest areas will encourage road users and tourists to pull off the road and take a break and will be a mix of fully serviced areas, picnic areas and laybys.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Gisborne total	53,680	102,895
State highway improvements	7,702	11,348
State highway maintenance	15,493	38,597
Local road improvements	1,852	4,537
Local road maintenance	24,261	42,773
Regional improvements	1,896	2,976
Public transport	477	886
Road safety promotion, investment management and walking and cycling	1,999	1,777

HAWKE'S BAY



WHERE 2015-18 INVESTMENT WAS FOCUSED

Hawke's Bay is experiencing a prolonged period of economic growth. Significant investment from the 2015-18 National Land Transport Programme is being made across the transport network to support increased demand, particularly from freight.

INVESTMENT HIGHLIGHTS FOR 2015-18

Commencing construction of the Hawke's Bay Expressway Pakowhai and Links Rd intersection:

This project will improve the efficiency of the Hawke's Bay Expressway by combining two adjacent intersections to remove a bottleneck. It will also improve safety.

Commencing construction of the Watchman Road intersection upgrade: This project will provide a safe and efficient route into Hawke's Bay airport. It will also improve safety at one of the North Island's highest-risk intersections and will link to cycling and walking infrastructure in the area.

Commencing construction in two State Highway 2 projects - Paki Paki to Waipukurau and Wairoa to Bay View:

These projects will improve the safety of the road and roadside environment along the two corridors. They are part of the government's \$600 million Safe Roads and Roadside Programmes.

Delivering the State Highway 2 Inter-regional Connections programme business case: This business case is a key action from the Tairāwhiti Regional Economic Development Action Plan. It aims to identify important improvements on State Highway 2 to facilitate freight and tourism growth from the Bay of Plenty through Tairāwhiti to Hawke's Bay.

Progressing the Whakatū Arterial Link: This link will improve access for freight and enhance supply-chain efficiency, while reducing the risk of deaths and serious injuries. The link provides opportunities for integration between road, rail, the freight distribution centre (the inland port at Whakatū) and coastal shipping. The project is well under way with the recent opening of the new Whakatū arterial roundabout on State Highway 2. Work on the new link road connecting to the roundabout continues. Construction is expected to be completed by the end of 2018.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Hawke's Bay total	79,115	194,492
State highway improvements	1,716	7,981
State highway maintenance	14,199	44,257
Local road improvements	8,512	17,016
Local road maintenance	30,007	79,920
Regional improvements	20,735	30,644
Public transport	2,097	6,031
Road safety promotion, investment management and walking and cycling	1,850	8,642

TARANAKI



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Taranaki was focused on freight efficiency, route resilience, interregional connectivity, road maintenance and public transport.

INVESTMENT HIGHLIGHTS FOR 2015-18

Progressing State Highway 3 Awakino Gorge to Mount Messenger: A preferred option was identified for the strategic link between Hamilton and New Plymouth and is now progressing through the detailed design stage. The new route will improve safety, resilience, route availability and travel times. The Accelerated Regional Transport Programme is delivering some of this work.

Completing the State Highway 3 Normanby Bridge realignment: The final stage of this project officially opened in January 2018. This project enables access for high-productivity motor vehicles, while also improving safety and journey-time reliability, which, ultimately, improves freight efficiency. The whole project has improved the old state highway with a new three-lane safe road alignment, a new railway bridge as well as a recreational area, drainage and signage throughout the route. The upgrade of Memorial Park is a good recreational area for the Normanby community. The Accelerated Regional Transport Programme delivered this project.

Investigating safety on critical sections of strategic road network: Several investigations are under way to target safety issues across the region, including State Highway 45 Ōakura, State Highway 3 Bell Block to Waitara and State Highway 3 New Plymouth to Hawera. Safety-focused responses will consider future demand and support the economic potential of the area.

Reinstating State Highways 3 and 43: Significant remedial work was required at various sites on State Highways 3 and 43 following a major storm in 2015. Completion of this work restored normal access for communities and improved route resilience and travel times.

Completing improvements for high-productivity motor vehicles: State Highway 3 Hawera to Whanganui became a high-productivity motor vehicle route in September 2015, which improved freight efficiency in the region.

Completing the State Highway 3 Vickers to City project: This route officially opened in June 2016, improving journey-time reliability, safety and route security to and from the New Plymouth central business district. This route also has dedicated facilities for cyclists.

Making progress on upgrades to cycling facilities on Coronation Avenue: These new cycle lanes connect the largest intermediate school into the existing cycle network. They also link the central business district, high schools and residential areas and provide a safer route. The cycleway was opened in June 2018.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Taranaki total	47,679	142,422
State highway improvements	4,637	22,085
State highway maintenance	16,937	42,123
Local road improvements	4,649	10,247
Local road maintenance	17,590	58,925
Regional improvements	1,385	1,799
Public transport	1,749	4,616
Road safety promotion, investment management and walking and cycling	731	2,627

MANAWATŪ-WHANGANUI



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in the Manawātū-Whanganui region was focused on developing and maintaining a resilient transport network that supports an economy heavily reliant on its role as a distribution hub and getting produce to market.

INVESTMENT HIGHLIGHTS FOR 2015-18

Completing the detailed business case for a State Highway 3 Manawātū Gorge replacement:

The closure of the gorge in April 2017 and the subsequent decision to build an alternative route meant fast-tracking investigations to replace the existing route to minimise long-term effects on road users and local communities.

Commencing construction of the replacement of the State Highway 1 Whirokino Trestle and Manawatu River Bridge: A replacement bridge improves safety, efficiency and resilience, including allowing high-productivity motor vehicles to avoid taking a 14km detour.

Constructing walking and cycling networks in Palmerston North and Whanganui: Work continued to develop and improve cycleways and shared paths for both urban centres as part of the Urban Cycleways Programme. In Palmerston North, this work includes a new bridge across the Manawātū River, connecting the city with Massey University and Linton Army Camp.

Completing the Accessing Central New Zealand strategic case to align transport system thinking across the region: This work delivered detailed business cases for State Highway 3 Napier Road and State Highways 3 and 54 Kairanga-Bunnythorpe Road to ensure the network will meet the demand of the growth in and around Palmerston North.

Consulting on Otaki to North Levin: An initial business case is being developed to identify options for this route.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Manawātū-Whanganui total	147,488	380,893
State highway improvements	11,584	44,392
State highway maintenance	34,868	85,230
Local road improvements	12,047	24,887
Local road maintenance	56,485	174,185
Regional improvements	26,250	37,840
Public transport	3,620	9,314
Road safety promotion, investment management and walking and cycling	2,634	5,045

WELLINGTON



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Wellington was focused on improving travel-time reliability in the city's commuter peak travel times, enabling the development of a multimodal network and supporting a safe and resilient network for freight and commuters.

INVESTMENT HIGHLIGHTS FOR 2015-18

Investing in public transport: Work continues to develop additional commuter car park facilities in Waikanae and Paraparaumu to support the growth in rail patronage.

Continuing investment in walking and cycling networks in main urban centres: About \$50 million has been invested in projects such as; beginning construction in Wellington City's eastern suburbs, completing stage 1 of the Hutt Road pathway, sealing and widening roads, continuing walking and cycling path projects in Upper Hutt, continuing construction of the Wainuiomata shared path, and pre-implementation work for the Beltway and Eastern Bays projects in Hutt City. Completion of these routes will improve safety and increase travel choices for commuters and recreational users.

Continuing investment in the Wellington Northern Corridor Road of National Significance: This project includes construction of Transmission Gully and the Peka Peka to Ōtaki Expressway. Completion of the Wellington Northern Corridor will significantly improve resilience, reliability, safety and journey times for customers.

Opening the MacKays to Peka Peka Expressway to traffic: This 18km four-lane expressway redirects State Highway 1 along the Kāpiti Coast and opened in February 2017. It is the first project in the Wellington Northern Corridor Road of National Significance programme to be completed and was opened four months ahead of schedule. The new route separates local and state highway traffic to enable safer, shorter and more reliable journeys along the Kāpiti Coast.

Constructing the State Highway 2 and State Highway 58 Haywards Interchange: This project was completed in July 2017, and included realigning the Manor Park highway connection, McDougal Grove and Hebden Crescent and constructing car parking and a pedestrian bridge to Manor Park Railway Station. The interchange separates traffic between State Highways 2 and 58, improving safety and journey-time reliability.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Wellington total	294,880	1,175,263
State highway improvements	88,061	620,126
State highway maintenance	56,781	166,000
Local road improvements	29,854	43,986
Local road maintenance	39,257	111,660
Regional improvements	-	-
Public transport	74,311	215,003
Road safety promotion, investment management and walking and cycling	6,615	18,486

TOP OF THE SOUTH



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in the Top of the South was focused on maintaining efficiency of important freight routes, addressing route resilience challenges, investing in cycling and public transport and helping to fund the costs of maintenance, operations and renewals.

INVESTMENT HIGHLIGHTS FOR 2015-18

Completing the detailed design for a new two-lane bridge to Opawa Bridge: Construction funding was confirmed with \$21 million allocated for this project, including landscaping and road realignment. Construction of the new bridge will take about 18 months and make State Highway 1 between Picton and Christchurch more resilient to natural disasters and major weather events.

Continuing the State Highway 6 Nelson Southern Link investigation: This investigation includes a possible State Highway 6 Rocks Road walking and cycling path. The programme business case has been finished for a project with the potential to deliver several benefits for the Nelson urban transport system.

Completing the initial business case for State Highway 1 Picton to Christchurch: This route is a nationally strategic route carrying large volumes of freight. Initial investigations identified a package of safety, resilience, efficiency and access proposals. A detailed business case for the realignment of Weld Pass between Blenheim and Seddon is proceeding.

Completing the State Highways 1 and 62 Spring Creek intersection roundabout: This roundabout opened in September 2017. This intersection was previously one of the least safe rural intersections in the country (ranked 15th out of 100 most dangerous). This project has made it easier and safer for people to travel into, through and from the Spring Creek area.

Beginning construction of State Highway 6 Rai Saddle Second Curve Realignment: This project is scheduled for completion in August 2018. This work will increase safety for road users by removing three corners with high crash risk along this section of State Highway 6.

Completing the State Highway 63 alternate route Picton to Christchurch: This project is part of the upgrading and resilience programme for State Highway 63. The work includes pavement strengthening, bridge improvements, enhanced traffic signs, and road markings to enable safe travel when State Highway 1 was closed for earthquake recovery work.

Completing walking and cycling paths: This work includes extending the Taylor River (Blenheim) shared path southwards to Wither Road. The Eltham and Beaver Roads separated cycle path was also completed, providing access to two schools and the Taylor River shared path.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Top of the South total	146,892	280,647
State highway improvements	46,503	73,402
State highway maintenance	60,064	123,211
Local road improvements	7,551	10,787
Local road maintenance	21,168	50,407
Regional improvements	10,095	17,710
Public transport	813	2,449
Road safety promotion, investment management and walking and cycling	698	2,683

CANTERBURY



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Canterbury continued to target completing earthquake recovery work and making significant progress developing Christchurch motorways.

THIS YEAR'S INVESTMENT HIGHLIGHTS

Constructing stage 2 of the Christchurch Southern Motorway and Northern Corridor projects: Both of these projects are part of the Christchurch Roads of National Significance programme aimed at easing congestion, improving travel times and increasing safety on critical motorway routes. These projects are expected to be completed in 2020/21.

Progressing reinstatement of Sumner Road: This work involves restoring an important alternative road link between Christchurch and Lyttelton Port that has remained closed since the 2011 earthquakes.

Completing State Highway 1 Western Belfast Bypass: This project will improve safety on this busy highway corridor while delivering more efficient freight access to the airport and the employment growth areas in the southwest of Christchurch.

Completing the State Highway 1 Western Corridor four-lane creation project: This project also includes the construction of the iconic Memorial Avenue Arches Overbridge and associated access improvements in and around Christchurch International Airport.

Responding to the Kaikōura earthquake: Through the North Canterbury Transport Infrastructure Recovery Alliance, over \$100 million was directed to the repair and reinstatement of roads damaged by the November 2016 earthquakes.

Progressing stages 1 and 2 of the Accessible City programme: Stage 1 is now substantially completed, and work is well advanced on stage 2, implementing this 30-year programme. Stage 1 connected the anchor projects and provides a variety of transport choices for the inner-city network. Stage 1 involved connecting inner city cycleways, slowing traffic to 30km per hour and providing better streetscapes for business and residential rebuilding.

Beginning a \$28.7 million project for a new fire protection system inside Lyttelton Tunnel: This system will increase safety for tunnel users while safeguarding a route that is an economic life line for both the greater Christchurch area and South Island as a whole.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Canterbury total	511,932	1,343,708
State highway improvements	226,120	617,929
State highway maintenance	109,366	234,972
Local road improvements	24,566	53,395
Local road maintenance	111,517	334,799
Regional improvements	2,047	3,245
Public transport	24,295	69,564
Road safety promotion, investment management and walking and cycling	14,020	29,804

Note: By the end of 2015-18, investment from the National Land Transport Fund for the Chatham Islands totalled \$11.137 million. This was primarily for local road maintenance (\$10.525 million) and improvements (\$0.574 million).

WEST COAST



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in the West Coast was focused on safety, travel-time reliability and route resilience, particularly for freight and tourists.

THIS YEAR'S INVESTMENT HIGHLIGHTS

Completing State Highway 6 Taramakau Road-Rail Bridge between Hokitika and Greymouth: The \$25 million two-lane bridge officially opened on 22 July 2018. It will provide major safety benefits and improve access for visitors and locals. The new bridge has a cycle and pedestrian path that links to existing facilities, making it safer to walk and bike in this area.

Beginning work on the Whitcombe Valley Road project in the first quarter of 2018: This \$1.24 million project is jointly funded by the Transport Agency and Westland District Council to improve the safety and driving experience along the last 6km of this route into the Hokitika Gorge. This project aligns with the Tai Poutini West Coast Growth Study, which identified the Hokitika Gorge as an iconic location for further development and promotion.

Collaborating on the Visiting Drivers project: This project is a collaboration between central and local government, the tourism and rental vehicle industries along with other organisations to deliver safety initiatives. The initiatives target popular tourist regions, including the West Coast, Otago and Southland. During 2017/18, \$5 million of work was carried out, including upgrading road safety barriers and improving signage and road markings. These improvements increase safety for both visitors and local road users.

Partnering on the West Coast Regional Economic Development Action Plan: A co-investment approach has been taken for projects, including the Franz Josef township natural hazards options assessment and the Northern Link Road strategic business case.

Completing a detailed business case to replace the State Highway 7 Ahaura River Bridge: The project is now into the detailed design stage. The new bridge immediately south of the Ahaura township will improve safety as well as providing better regional and interregional road connections.

Repairing highway damage: In 2017/18, \$3.5 million was spent on emergency work to repair highway damage, in particular from Cyclone Fehi, sea erosion on State Highway 6 at Punākaiki and Bruce Bay, and river erosion near the Gates of Haast.

Nearing completion of safety improvements to the Marlborough Street and High Street intersection in Greymouth: These improvements include a new roundabout and other traffic-calming measures to safely manage traffic through a busy intersection.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
West Coast total	67,736	146,699
State highway improvements	11,057	18,141
State highway maintenance	24,128	63,953
Local road improvements	1,208	3,225
Local road maintenance	10,007	28,306
Regional improvements	21,049	32,130
Public transport	97	300
Road safety promotion, investment management and walking and cycling	191	643

OTAGO



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Otago was focused on safety, travel-time reliability and route resilience, particularly for freight and tourists.

INVESTMENT HIGHLIGHTS FOR 2015-18

Completing the new \$22 million Kawarau Falls Bridge: This two-lane bridge at Frankton near Queenstown opened in May 2018. It provides for the safer and more efficient movement of freight and people south of Queenstown and creates improved access to Queenstown Airport and to the many new commercial developments on the Frankton Flats area around the airport.

Confirming funding for works between Dunedin and Port Chalmers: In May 2018, funding was confirmed to complete the final 5km section of the Dunedin to Port Chalmers shared path and to improve highway safety on State Highway 88 between Dunedin and Port Chalmers. This project is designed to increase safety for all highway users, particularly pedestrians and cyclists. The shared path and safety improvements will cost between \$20 million and \$25 million. The shared path will take an estimated three years to complete.

Completing the Eastern Access Road project (Hawthorne Drive): This new local arterial road in Queenstown (Frankton Flats) provides alternative access for employment, tourism and freight due to mixed land use in Frankton Flats and access to the new Wakatipu High School. The route eases congestion on State Highway 6 and at the intersection of State Highways 6 and 6A. Fifty-one percent of the \$14.95 million construction cost of this project was funded from the 2015-18 National Land Transport Programme. Queenstown Lakes District Council paid the balance.

Launching improved public transport services in Queenstown: These services represent a joint \$9.7 million investment by the Transport Agency and Otago Regional Council from 2017/18 to 2020/21. These services, which started in November 2017, aim to double public transport trips in the next two years, using a simplified route structure and flatter fares (most trips on the service are \$2).

Dunedin City Council Central City Cycle Network project: Construction started in the first half of 2018 on this \$7.8 million project to improve access and provide safe routes for cyclists connecting to the central city area, including a cycle bridge over Water of Leith. This project is jointly funded by the Dunedin City Council and 2015-18 National Land Transport Programme and is expected to be completed in the first half of 2019.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$000	2015-18 ACTUAL \$000
Otago total	146,883	316,274
State highway improvements	24,844	38,738
State highway maintenance	42,197	97,586
Local road improvements	12,637	26,520
Local road maintenance	46,286	113,770
Regional improvements	8,870	13,053
Public transport	8,250	18,175
Road safety promotion, investment management and walking and cycling	3,799	8,431

SOUTHLAND



WHERE 2015-18 INVESTMENT WAS FOCUSED

The 2015-18 National Land Transport Programme's investment in Southland was focused on safety, travel-time reliability and route resilience, particularly for freight and tourists.

INVESTMENT HIGHLIGHTS FOR 2015-18

Tendering in May 2018 to construct the Edendale State Highway 1 realignment: The new 2.6km alignment will bypass Edendale and the Fonterra dairy plant site. This \$14 million investment will improve safety for highway users and the surrounding community and increase access and safety on Southland's main road freight route.

Constructing the Haldane to Curio Bay road: Construction started mid-2017 on this popular tourist route in the Catlins coastal area 80km east of Invercargill. This joint \$7 million Transport Agency and Southland District Council project will improve safety on a busy, gravel visitor route by sealing the surface and improving road alignment.

Engaging with stakeholders on plans to develop the State Highway 1 Elles Road roundabout: This \$2.3 million roundabout will improve safety and access to future industrial development sites near the intersection.

Working with Invercargill City Council to increase public transport patronage: This work involved developing cost-effective initiatives (as part of the council's 2018-21 continuous public transport improvement programme) to make public transport a more attractive way for people to move around the city. The initiatives will be implemented in 2018/19.

Collaborating on the Visiting Drivers project: This project is a collaboration between central and local government, the tourism and rental vehicle industries along with other organisations to deliver safety initiatives. The initiatives target popular tourist regions, including Southland, Otago and the West Coast. During 2017/18, \$5 million of work was carried out, including upgrading road safety barriers and improving signage and road markings. These improvements increase safety for both visitors and local road users.

NATIONAL LAND TRANSPORT FUND INVESTMENT FOR 2015-18

ACTIVITY CLASS	2017/18 ACTUAL \$'000	2015-18 ACTUAL \$'000
Southland total	55,833	134,598
State highway improvements	4,160	7,469
State highway maintenance	20,658	53,454
Local road improvements	8,122	10,508
Local road maintenance	19,405	55,569
Regional improvements	2,164	3,720
Public transport	1,035	2,999
Road safety promotion, investment management and walking and cycling	289	880

FINANCIAL STATEMENTS AND AUDIT REPORTS



STATEMENT OF RESPONSIBILITY

In terms of the Land Transport Management Act 2003, we are responsible for the preparation of the National Land Transport Fund financial statements and statement of service performance, and for the judgements made in them.

We are responsible for any end-of-year performance information provided by the National Land Transport Fund under section 19A of the Public Finance Act 1989.

We are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the National Land Transport Fund for the year ended 30 June 2018.

Signed on behalf of the board:



MICHAEL STIASSNY
Chair
28 September 2018



MARK DARROW
Chair of the Audit, Risk
and Assurance Board
Committee
28 September 2018

Countersigned by:



FERGUS GAMMIE
Chief Executive
28 September 2018



HOWARD CATTERMOLE
General Manager
Investment and Finance
28 September 2018



JENNY CHETWYND
General Manager
Strategy, Policy and
Planning
28 September 2018

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	ACTUAL 2017/18 \$M	BUDGET 2017/18 \$M	ACTUAL 2016/17 \$M
REVENUE INFLOWS*				
Land transport revenue	3	3,658	3,555	3,584
Management of Crown land		53	67	72
Tolling revenue		10	7	9
Interest revenue		12	13	9
Total revenue inflows	2	3,733	3,642	3,674
OUTFLOWS				
National Land Transport Programme (NLTP)	2	3,435	3,266	3,082
Road Policing Programme		333	322	321
Fuel excise duty/road user charges administration		5	5	5
Forecasting and strategy		1	1	1
Total outflows		3,774	3,594	3,409
SURPLUS/(DEFICIT) FROM CURRENT NATIONAL LAND TRANSPORT FUND BALANCE		(41)	48	265
Fair value gain on long-term payables		20	20	17
National Land Transport Fund (NLTF) expenditure to be funded long-term		(557)	(518)	(310)
Finance charges		(6)	(6)	(3)
Deficit to be funded from future NLTF revenue		(543)	(504)	(296)
SURPLUS/(DEFICIT)		(584)	(456)	(31)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTE	ACTUAL 2017/18 \$M	BUDGET 2017/18 \$M	ACTUAL 2016/17 \$M
ASSETS				
Cash and cash equivalents	6	515	509	575
Receivables	3	272	253	232
Total assets		787	762	807
LIABILITIES				
Payables	4	1,899	1,832	1,335
Total liabilities		1,899	1,832	1,335
NET ASSETS		(1,112)	(1,070)	(528)
General funds		(1,112)	(1,070)	(528)
GENERAL FUNDS CLOSING BALANCE*		(1,112)	(1,070)	(528)

* These headings has been used to be consistent with the terminology in the Land Transport Management Act 2003.

STATEMENT OF CHANGES IN GENERAL FUNDS BALANCE FOR THE YEAR ENDED 30 JUNE 2018

	ACTUAL 2017/18 \$M	BUDGET 2017/18 \$M	ACTUAL 2016/17 \$M
GENERAL FUNDS OPENING BALANCE			
General funds	(528)	(614)	(497)
Total general funds opening balance	(528)	(614)	(497)
CHANGES IN GENERAL FUNDS BALANCE			
Surplus/(deficit)	(584)	(456)	(31)
Total changes in general funds balance	(584)	(456)	(31)
GENERAL FUNDS CLOSING BALANCE			
General funds	(1,112)	(1,070)	(528)
TOTAL GENERAL FUNDS CLOSING BALANCE*	(1,112)	(1,070)	(528)

* This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	ACTUAL 2017/18 \$M	BUDGET 2017/18 \$M	ACTUAL 2016/17 \$M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from land transport revenue	3,692	3,660	3,690
Payments to suppliers	(3,752)	(3,609)	(3,377)
Net cash from operating activities	(60)	51	313
NET INCREASE/(DECREASE) IN AMOUNTS HELD BY THE CROWN	(60)	51	313
Amounts held by the Crown at the beginning of the year	575	458	262
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR*	515	509	575

* The National Land Transport Fund is a notional account only. There are no actual cash and cash equivalents as funds are held by the Crown. However, this statement has been provided to meet the requirements of section 11 of the Land Transport Management Act 2003.

RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	ACTUAL 2017/18 \$M	BUDGET 2017/18 \$M	ACTUAL 2016/17 \$M
NET SURPLUS/(DEFICIT) AFTER TAX	(584)	(456)	(31)
Add/(less) movements in working capital items:			
(Increase)/decrease in receivables	(40)	(2)	16
Increase/(decrease) in payables	564	509	328
Net movements in working capital items	524	507	344
NET CASH FROM OPERATING ACTIVITIES	(60)	51	313

NOTES TO THE FINANCIAL STATEMENTS

1 / ENTITY INFORMATION

REPORTING ENTITY

The Land Transport Management Act 2003 includes a requirement for the Transport Agency to prepare at the end of the financial year an annual report on the National Land Transport Fund.

All revenue from fuel excise duty, road user charges, motor vehicle registration and licensing fees, revenues from Crown appropriations, management of Crown land interest, and tolling are accounted for in the National Land Transport Fund. The National Land Transport Fund is used to manage:

- the funding of the New Zealand Police Road Policing Programme
- the funding of the National Land Transport Programme for:
 - activities delivered by an approved organisation
 - state highway activities
 - research
 - other Transport Agency activities, such as transport planning.

National Land Transport Fund cash funds are held as part of the total Crown funds. The Ministry of Transport is responsible for authorising any payments from the National Land Transport Fund and administration of appropriations.

The National Land Transport Fund, being a notional account, does not hold any physical assets.

The National Land Transport Fund has no employees.

The financial statements for the National Land Transport Fund are for the year ended 30 June 2018, and were approved by the board on 28 September 2018.

BASIS OF PREPARATION

The financial statements of the National Land Transport Fund have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Financial Reporting Act 2014 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The National Land Transport Fund is a public benefit entity (PBE) for financial reporting purposes. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The accompanying notes form part of these financial statements. Where an accounting policy is specific to a note, the policy is described in the note to which it relates.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars (\$m).

Budget figures

The budget figures are derived from the *Statement of performance expectations* as approved by the Board on 9 June 2017. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are materially consistent with those adopted by the Board in preparing these financial statements. The budget figures are not audited.

Explanations of major variances against budget are provided in the notes.

Taxes

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis.

The Transport Agency is a public authority, so is exempt from the payment of income tax.

Standards issued and not yet effective

All standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on 1 July 2017 have been applied within the National Land Transport Fund financial statements.

Financial instruments

In January 2017, the External Reporting Board issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The National Land Transport Fund financial statements will adopt PBE IFRS 9 in 2018/19. This is consistent with the Treasury's decision to adopt PBE IFRS 9 for the financial statements of the government of New Zealand in 2018/19. No material measurement changes are expected from adopting the standard.

2 / STATEMENT OF INFLOWS, OUTFLOWS AND CAPITAL EXPENDITURE INCLUDING THE PREVIOUS TWO FINANCIAL YEARS

	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M	ACTUAL 2015/16 \$M
REVENUE INFLOWS			
Land transport revenue	3,658	3,584	3,458
Management of Crown land	53	72	63
Tolling revenue	10	9	7
Interest revenue	12	9	5
Total revenue inflows	3,733	3,674	3,533
OUTFLOWS			
National Land Transport Programme	3,435	3,082	2,909
Road Policing Programme	333	321	315
Fuel excise duty/road user charges administration	5	5	5
Forecasting and strategy	1	1	1
Total outflows	3,774	3,409	3,230
SURPLUS/(DEFICIT) FROM CURRENT NATIONAL LAND TRANSPORT FUND BALANCE	(41)	265	303
Fair value gain on long-term payables	20	17	11
National Land Transport Fund expenditure to be funded long term	(557)	(310)	(369)
Finance charges	(6)	(3)	0
Deficit to be funded from future National Land Transport Fund revenue	(543)	(296)	(358)
SURPLUS/(DEFICIT)	(584)	(31)	(55)

This statement of inflows, outflows and capital expenditure for the previous two financial years is provided under the requirements of the Land Transport Management Act 2003.

Separate disclosure of the management of Crown land and interest is required under the Land Transport Management Act 2003.

Revenue inflows

The land transport revenue and tolling has been classified and treated as non-exchange revenue and accounted for in accordance with PBE IPSAS 23. The nature of these revenue streams is that of taxes and duties. The payment of taxes and duties does not entitle the payer to an equivalent value of services or benefits, because there is no direct exchange relationship between paying taxes and duties and receiving services or benefits from the National Land Transport Fund. Revenue is recognised when specific criteria have been met for each of the National Land Transport Fund activities and the revenue can be reliably measured.

The interest earned on the nominal cash balance and the management of Crown land has been classified and treated as exchange revenue and accounted for in accordance with PBE IPSAS 9.

Outflows

The National Land Transport Fund accounts for the flow of funds to the:

- Transport Agency - for the funding of the National Land Transport Programme and fuel excise duty/road user charges administration
- New Zealand Police - which provides the Road Policing Programme
- Ministry of Transport - for forecasting and strategy.

Under section 9(1) of the Land Transport Management Act 2003, the National Land Transport Fund also funds search and rescue activities and recreational boating safety and safety awareness.

The various activities are outlined in the statement of service performance.

EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Revenue inflows

Land transport revenue was \$103 million above budget due to higher road user charges revenue.

Outflows

National Land Transport Programme was \$169m above budget. This was due to higher expenditure on local roads, public transport and state highway maintenance.

National Land Transport Fund expenditure to be funded long term reflects the expenditure on the Accelerated Auckland Transport Programme, the public-private partnerships, the reinstatement of earthquake damaged roads in Christchurch and the fair value changes of financial instruments.

The most significant variance to budget related to the fair value movements of financial instruments.

3 / LAND TRANSPORT REVENUE AND RECEIVABLES

	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M
REVENUE		
Fuel excise duty	1,957	1,957
Road user charges	1,594	1,508
Motor vehicle registration and annual licensing fees	228	224
	3,779	3,689
LESS REFUNDS		
Fuel excise duty	71	61
Road user charges	43	39
Motor vehicle registration and annual licensing fees	1	1
	115	101
Less bad debt write-off	6	4
TOTAL LAND TRANSPORT REVENUE	3,658	3,584

As per the Land Transport Management Act 2003, a payment is made for maritime search and rescue activities from fuel excise duty prior to the duty becoming land transport revenue. This payment was \$12 million (2017: \$9 million).

Receivables (included in the statement of financial position)

	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M
Debtors - fuel excise duty	262	234
Debtors - motor vehicle register/road user charges	26	12
Provision for doubtful debt	(16)	(14)
TOTAL RECEIVABLES	272	232

4 / PAYABLES

	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M
Current payable to Transport Agency (for the NLTP) - current NLTF balance	352	331
Current payable to Transport Agency (for the NLTP) - to be funded from future NLTF revenue	23	15
Non-current payable to Transport Agency (for the NLTP) - to be funded from future NLTF revenue	1,524	989
TOTAL PAYABLES	1,899	1,335

Current payables are recorded at their face value. Current payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of current payables approximates their fair value.

Non-current payables are a mixture of interest and non-interest bearing advances which will be settled between 1 to 32 years. Non-interest bearing non-current payables are discounted to present value as at 30 June 2018.

5 / PLANNED OUTFLOWS

The planned aggregate funding outflows for the National Land Transport Fund are as follows:

	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M
Not later than one year	3,941	5,382
Later than one year and not later than five years	5,791	2,771
Later than five years	5,864	6,051
TOTAL PLANNED FUNDING	15,596	14,204

6 / FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The carrying amounts of financial assets and liabilities in each of the categories are as follows:

	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M
LOANS AND RECEIVABLES		
Cash and cash equivalents	515	575
Receivables	272	232
TOTAL LOANS AND RECEIVABLES	787	807
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables	1,899	1,335
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	1,899	1,335

Financial risks

The National Land Transport Fund's activities expose it to a variety of financial instrument risks, including credit risk and liquidity risk. The National Land Transport Fund has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from these risks.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the National Land Transport Fund, causing the National Land Transport Fund to incur a loss.

In the normal course of business, the National Land Transport Fund is exposed to credit risk from debtors and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Credit quality of financial assets

The National Land Transport Fund is a notional account only. The cash and cash equivalents reported in these statements are held by the Crown in the consolidated fund. The largest debtor is the Crown, which has a Standard and Poor's credit rating of AA+.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the National Land Transport Fund will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash.

The National Land Transport Fund manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts below are contractual cash flows that in some instances, will differ from the carrying amount of the relevant liability in the statement of financial position.

	2017/18				2016/17			
	0-1 YEAR \$M	1-2 YEARS \$M	2-5 YEARS \$M	OVER 5 YEARS \$M	0-1 YEAR \$M	1-2 YEARS \$M	2-5 YEARS \$M	OVER 5 YEARS \$M
Payables	380	20	493	1,800	352	44	367	1,095

7 / GENERAL FUNDS AND CAPITAL MANAGEMENT

	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M
General funds - current	435	476
Total general funds - current	435	476
NATIONAL LAND TRANSPORT PROGRAMME EXPENDITURE TO BE FUNDED LONG TERM		
Auckland Transport Package	(357)	(236)
Public-private partnerships	(1,001)	(557)
Reinstatement of earthquake-damaged roads in Christchurch	(24)	(41)
Tauranga Eastern Link	(107)	(107)
Fair value changes in financial instruments	(58)	(63)
Total general funds - non-current	(1,547)	(1,004)
TOTAL GENERAL FUNDS CLOSING BALANCE	(1,112)	(528)

The National Land Transport Fund has a negative general funds balance due to the programmes that were accelerated and current funding was sourced from the Crown. The funding received has been recognised as long-term payables that are not due until 1 to 32 years from balance date.

Although the fund has a negative general funds balance, the directors consider the going concern assumption valid due to the following.

- The fund's liquidity is actively managed.
- The fund has a positive cash balance of \$515 million as at 30 June 2018 (2017: \$575 million).
- The fund's long-term forecasts show its ability to repay these obligations when they fall due.
- The main revenue source of the fund is land transport revenue, which is forecast with inputs from other government departments and has been accurately forecast in recent years.
- The fund has the option to slow down expenditure on the National Land Transport Programme or utilise the short-term borrowing facility of \$250 million if required to meet obligations as they fall due in the short term.
- A debt management framework is in place to determine a sustainable and efficient level of future liabilities. The framework is based on the expected level of fund inflows and forward commitments, and comprises measures and target operating ranges to guide decision making.

Capital management

The National Land Transport Fund's capital is its general funds. General funds are represented by net assets.

The National Land Transport Fund is subject to the financial management and accountability provisions of the Public Finance Act 1989, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Transport Agency actively and prudently manages the National Land Transport Fund and has policies in place to ensure the viability of the long-term position of the fund as well as ensuring the fund effectively achieves the requirements set out in the Land Transport Management Act 2003.

8 / RELATED PARTY TRANSACTIONS

The National Land Transport Fund is a wholly owned entity of the Crown

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client relationship under normal terms and conditions for such transactions. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the nominal terms and conditions for such transactions.

9 / CONTINGENCIES

The National Land Transport Fund has no contingent liabilities or contingent assets (2017: Nil).

10 / COMMITMENTS TO REGIONS REPORTING

The Land Transport Management Amendment Act 2008 requires disclosure of expenditure incurred from the 2008/09 financial year to date, in fulfilling the Crown's commitment as per the Act.

	LTMA COMMITMENT \$M	ACTUAL TO DATE \$M
Wellington land transport (western corridor)	660	376
Bay of Plenty	150	132
TOTAL	810	508

All regional commitments were approved for payment from the National Land Transport Fund within the timeframes specified in the Land Transport Management Amendment Act 2008.

Bay of Plenty relates to Rotorua projects and is forecast to be complete by 2023/24.

Wellington land transport (western corridor) relates to Transmission Gully and is forecast to be complete by 2021/22.

11 / EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

STATEMENT OF SERVICE PERFORMANCE – FINANCIALS

OUTPUT CLASS FUNDING TO THE NZ TRANSPORT AGENCY

	ACTUAL 2017/18 \$M	BUDGET 2017/18 \$M	ACTUAL 2016/17 \$M
Investment management	59	62	60
Public transport	382	336	334
Walking and cycling	50	71	42
Road safety promotion	36	35	33
Local road improvements	246	157	141
Local road maintenance	627	595	595
Regional improvements	140	138	69
State highway improvements	1,167	1,278	1,256
State highway maintenance	728	594	552
TOTAL OUTPUT CLASS FUNDING TO THE TRANSPORT AGENCY	3,435	3,266	3,082
Auckland Transport Package	122	70	124
Public-private partnerships	459	463	174
Reinstatement of earthquake-damaged roads in Christchurch	(17)	0	2
Fair value changes in financial instruments charged to surplus or deficit	(7)	(15)	10
TOTAL OUTPUT CLASS FUNDING (LONG TERM)	557	518	310

State highway maintenance was \$134 million above budget due to significant weather events and spend related to the Kaikōura earthquake to ensure a viable alternate route between Picton and Christchurch.

Local road improvements and local road maintenance were \$121 million above budget in total. This was due to increased activity by local councils and other approved organisations as the third and final year of the National Land Transport Programme was concluded.

Public transport was \$46 million above budget. The higher spend was driven by increased expenditure on infrastructure (new electric train units in Auckland) and improvements in public transport services (mostly in Auckland).

State highway improvements were \$111 million below budget. This was primarily driven by programme slippage on the Waikato Expressway, as a result of poor weather, the Wellington Northern Corridor, due to delays in securing a number of consents and re-scoping of the East West Link project.

INDEPENDENT AUDITOR'S REPORT



TO THE READERS OF NATIONAL LAND TRANSPORT FUND'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2018

The Auditor-General is the auditor of National Land Transport Fund (the "NLTF"). The Auditor-General has appointed me, Brent Manning, using the staff and resources of KPMG, to carry out the audit of the financial statements and the performance information, of the NLTF on his behalf.

Opinion

We have audited:

- the financial statements of the NLTF on pages 231 to 239, that comprise the statement of financial positions as at 30 June 2018, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the service delivery and investment performance measures included in the performance information of the NLTF on pages 187 to 208 and 240.

In our opinion:

- the financial statements of the NLTF on pages 231 to 239:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards; and
- the service delivery and investment performance measures included in the performance information of the NLTF on pages 187 to 208 and 240:
 - presents fairly, in all material respects, the NLTF's performance for the year ended 30 June 2018, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 28 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the NLTF for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the NLTF for assessing the NLTF's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the NLTF, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989

Responsibilities of the Auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.



For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the NLTF's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NLTF's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the NLTF's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NLTF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NLTF to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board responsible for the other information. The other information comprises the information included on pages 175 to 186, 187 to 208 (excluding service delivery and investment performance measures) and 209 to 230, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

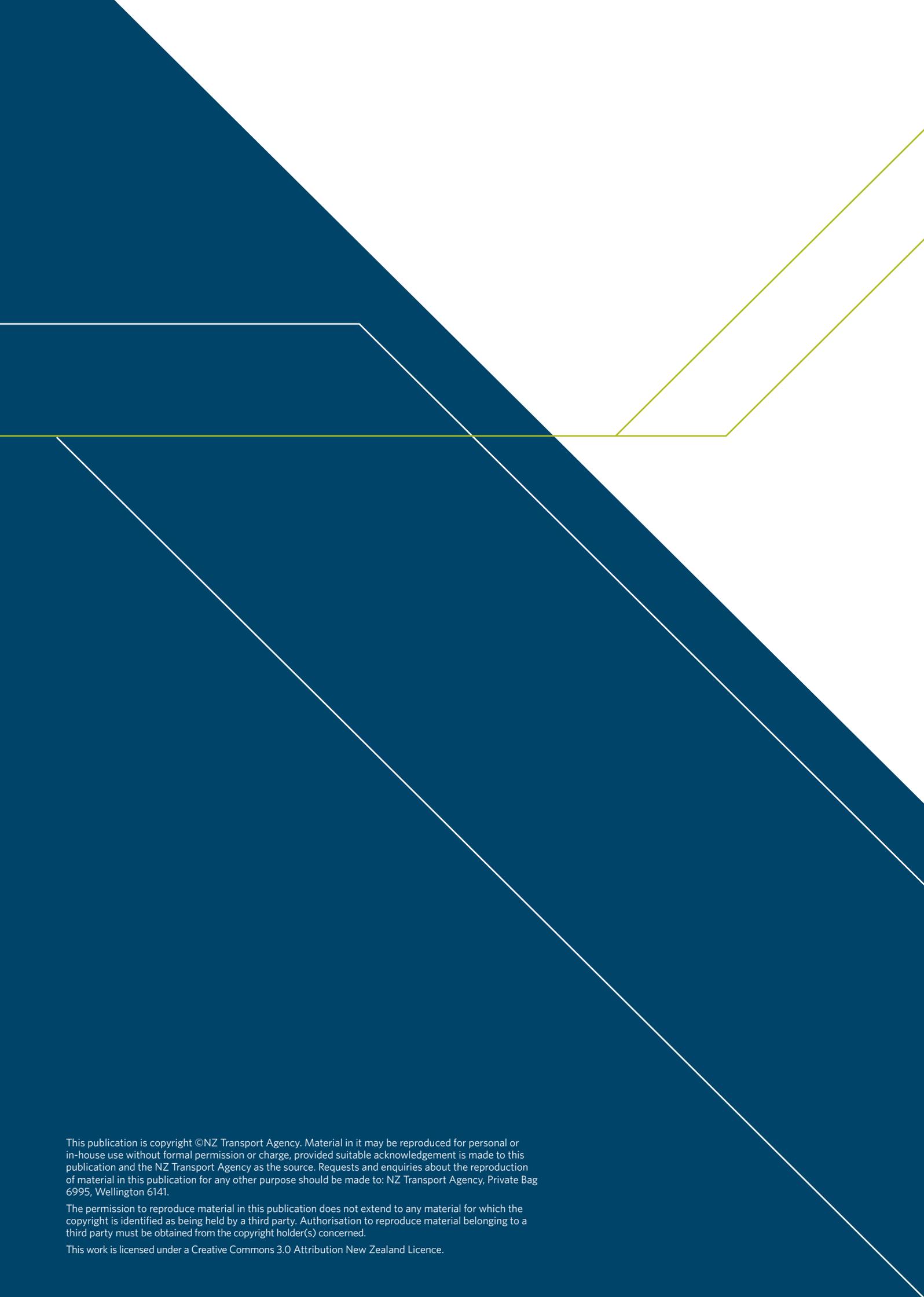
We are independent of the NLTF in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the NLTF.

BRENT MANNING

KPMG

On behalf of the Auditor-General
Wellington, New Zealand



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