

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 2019



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SECTION A

OVERVIEW OF 2018/19



CHAIR AND EXECUTIVE OVERVIEW

This is the first year of delivering the 2018–21 National Land Transport Programme (NLTP): a three-year, \$16.9 billion investment by the Transport Agency, local government and the Crown in response to the Government Policy Statement on land transport 2018/19–2027/28 (GPS).

In the GPS, the government makes it clear it wants a safer transport system that's free of death and injury; accessible and affordable transport; with reduced emissions; and value for money. The government has emphasised the impact that land-transport planning can have on society, the environment and the economy. The 2018–21 NLTP reflects the government's expectations that transport infrastructure will lead growth; respond to social deprivation; and shape towns and cities that people are proud to live in, work in and visit.

To ensure that new land-transport investments focus on the government's priorities, we have revised the assessment criteria for deciding which transport projects will be funded by the National Land Transport Programme. We've also included performance measures that align with the GPS in the Transport Agency *Statement of intent*. These measures tell us how the land-transport system is performing in relation to the results the government expects to see for New Zealanders in the short, medium and long-term. Where we already have data for some measures, such as access to social and economic opportunities, we've included it in this report.

Over the last year, we've put a lot of work into initiatives that respond to a significant change in direction.

We've invested 28 percent of NLTP (\$1,343 million) in improving safety; 59 percent (\$2,871 million) in improving access; and 13 percent (\$647 million) in reducing harm to the environment.¹⁷

We've prepared a national plan that will encourage people to make greater use of public transport and to walk and cycle more, by making those modes of transport more attractive and affordable. We've also worked with our regional partners on their plans to shift people to these modes of transport. Our new sustainability action plan is the first step in a long-term commitment to significantly reduce the adverse impacts that land transport has on people, the environment and the climate. We've been working closely with the Ministry of Transport on a road safety strategy to replace Safer Journeys, and, with NZ Police, we've developed a new framework to monitor how the Road Safety Partnership Programme is performing.

This year the Transport Agency has continued making good progress with existing projects in the regions and major centres. Some of this year's highlights include improving State Highway 20A to and from Auckland Airport; installing the Maungatapu underpass in Bay of Plenty; a roundabout at the intersection of State Highway 2, State Highway 2B and Watchman Road near Hawke's Bay Airport; and a pair of one-way cycle lanes in Dunedin. Our local government partners have continued delivering important transport projects in the regions, and we've included details of these in the regional highlights section of this report. For the first time, this year the 2018–21 NLTP has invested in rapid transit and transitional rail infrastructure, which are modes of transport that can move large numbers of people and reduce people's reliance on private vehicles.

Our new sustainability action plan is the first step in a long-term commitment to significantly reduce the adverse impacts that land transport has on people, the environment and the climate.

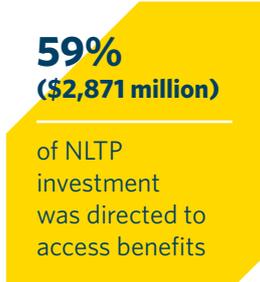
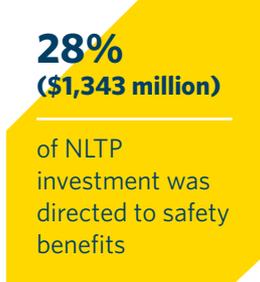


The National Land Transport Fund has spent 95 percent of its budget this year. Some of the larger activities, such as improving state highways, spent less than we planned. However, our forecasts show that expenditure will increase significantly over the remaining two years of the 2018–21 NLTP.

When we’re prioritising how to use land transport funding, we must stay mindful of the long-term funding constraints that we and our regional partners face. Pressure on the National Land Transport Fund means it will be hard to meet all the government’s expectations for transport with the money that’s available. At the same time, however, the Transport Agency and its co-investment partners need to work harder to keep their major projects on track, so that they make the best use of funding that’s been allocated to them.

Achieving the government’s priorities relies on the Transport Agency working closely with our co-investors and partners to deliver the 2018–21 NLTP – collaborating on planning and delivering projects is critical to us achieving an integrated transport system. We need to be more open and transparent in our relationships with others and work together to get the best value from the funding we have. We’ve asked our co-investors what they think of us and have undertaken to use the results of this survey to shape our work in future. Te Ara Kotahi | Our Māori Strategy outlines how we work with Māori and respond to their aspirations while we deliver transport solutions.

The Transport Agency is looking ahead and getting prepared to deliver the next GPS. It is revising its investment decision-making framework; gathering baseline information, so we can measure the benefits of our land-transport investments against a range of social, economic and environmental performance indicators; and planning for the long term. Our 10-year plan, Arataki, outlines the big changes we need to make to achieve the government’s vision for land transport in New Zealand. All this means safer, more accessible transport, better regional and local roads and rail, and better value from investments.



SIR BRIAN ROCHE
Chair

MARK RATCLIFFE
Interim Chief Executive

¹⁷ This includes funding from the National Land Transport Fund, local share and the Crown (it excludes investment from the Provincial Growth Fund).

TE PŪTEA Ā-MOTU O TE ARA HAERE Ā-WHENUA PŪRONGO Ā-TAU TIROHANGA A TE TIAMANA ME TE TUMU WHAKARAE

Ko ia tēnei te tau tuatahi o te whakarato i te Hōtaka ā-Motu o te Ara Haere ā-Whenua o 2018-21 e Waka Kotahi, e ngā kaunihera ā-rohe, me te Karauna hei whakautu i te Kaupapa-Here o te Kāwanatanga mō te ara haere ā-whenua 2018/19 - 2027/28.

Ki taua Kaupapahere, e mārama ana te hiahia a te kāwanatanga kia kaha ake te pūnaha ara haere kore aituā, kore haranga hoki; he wātea, he utu māmā; he iti iho nō te pihautanga; he mārama nō te uara ā-pūtea. Nāna i miramira te pānga o te rautaki o te ara haere ā-whenua ki te papori, te taiao, me te ōhanga. Kei taua Hōtaka ā-Motu o te Ara Haere ā-Whenua o 2018-21 rā anō ngā manako a te kāwanatanga mā te hangahanga o te ara haere e ārahi te tupu me te tupe o te papori; te waihanga o te taone me te taonenui e whai whakahīhi ai te nōhanga, te mahinga, me te toronga e te tangata.

Kia whakatūturutia te hāngai pū o ngā tāpaenga hou o te ara haere ā-whenua ki ngā whakamātuatanga a te kāwanatanga, kua whakahouhia e mātou te paearu arotakenga o te tuku pūtea ki ngā kaupapa ara haere. Kei reirā rā anō ngā paearu mahi e herea ana ki te Kaupapahere Kāwanatanga o te takune a Waka Kotahi. Kei ēnei paearu te inetanga o te pūnaha ara haere ā-whenua e pā ana ki ngā hua e manakohia ana e te kāwanatanga mō ngā Iwi o Aotearoa ki te wā poto, wā roa hoki. Ko ngā raraunga kua riro kē i a mātou pērā me te wātea ki ngā angitū ā-papori, ā-ōhanga hoki kei roto o tēnei pūrongo.

Nō roto o te tau kua hori nei he whakapaunga o ō mātou kaha ki ngā kaupapa o te whai ahunga rere kē atu anō. Ko tā mātou inenga ka 28 ōrau pea (\$1,343 miriona) o te tāpaenga ki ngā hua haumarū, ka 59 ōrau (\$2,871 miriona) ki ngā hua o te whai wātea, ā, ka 13 ōrau (\$647 miriona) ki ngā hua ā-taiao.

Kua whakatikahia e mātou tētahi rautaki ā-motu hei akiaki i te iwi kia kaha ake te whakamahi i te ara haere ā-tūmatanui, te hīkoi me te pahikara, mai i te whakareia me te utu māmā ake o ēnei tūmomo ara haere. Kua mahitahitia hoki me ō mātou hoa ā-rohe ki ā rātou rautakinga ki te whakanuku i te iwi ki ēnei tūmomo ara haere. Ko tā mātou rautaki whakauka te ūpane tuatahi ki te herenga mauroa ki te kaha kē ake o te whakaiti i ngā pānga kōtonga o te ara haere ā-whenua ki runga ki ngā iwi, ki te taiao me te ahurangi. He mahi ngātahi tā mātou me Te Manatū Waka ki tētahi rautaki rori-haumari hei whakakapinga mō Haerenga Haumarū; ā, he whakawhanaketanga ngātahi me Ngā Pirihimana o Aotearoa i te anga mātāi i te mahi a te Hōtaka Haumarū Mahi Ngātahi.

I tēnei tau ka ahu whakamua a Waka Kotahi ki ā mātou kaupapa mō ngā rohe me ngā pokapū matua. Ko ētahi o ngā hirahira ko te whakapaitanga ake o Rori Matua 20A e pātata ana ki te Paparererangi o Tāmaki -makaurau; me te tāuta o te anaroa o Maungatapu ki Tauranga; te hurihanga ki te pūtahitanga o Rori Matua 2, Rori Matua 2B me Watchman Road e pātata ana ki te Paparererangi o Te Matau O Te Ika; me tētahi tokorua o te ara pahikara ahunga-ara kotahi ki Otepoti. E haere tonu ana te whakarato a ō mātou hoamahi o ngā kāwanatanga ā-rohe i ngā kaupapa ara haere nui ki ngā rohe, ā, ko ngā whakamārama kei te wāhanga o ngā hirahira ki ngā rohe ki tēnei pūrongo. Kātahi anō ka tīmata te tāpae a te Hōtaka ā-Motu o te Ara Haere ā-Whenua 2018-21 i te hanganga o te whakawhitinga tere, rerewē hoki, arā, i ngā momo ara haere whakanuku i te tokomaha, me te whakaiti ake i te here a te iwi ki te motukā paraiwete.

Ko tā mātou rautaki whakauka te ūpane tuatahi ki te herenga mauroa ki te kaha kē ake o te whakaiti i ngā pānga kōtonga o te ara haere ā-whenua ki runga ki ngā iwi, ki te taiao me te ahurangi.



Kua pau te 95 ōrau o te Pūtea ā-Motu o te Ara Haere ā-Whenua mō tēnei tau. Ko ētahi o ngā kaupapa nui ake, pērā me te whakapai ake i ngā rori matua, he iti ake te whakapau i tā mātou i whakaaro ai. Heoi anō kei ō mātou matapae ka nui ake te whakapaunga pūtea ki ngā tau e rua e toe ana ki te 2018-21 NLTP.

I a mātou e whakamātua ana i te whakapaunga o te pūtea ara haere ā-whenua, me whai whakaaro tonu mātou ki ngā here o te rautakinga wā-roa kei mua i a mātou me ō mātou hoa mahi ā rohe. Nō te pēpēhi ki runga o te Pūtea ā-Motu o te Ara Haere ā-Whenua me te kore haere ōna he uaua te tūtaki i ngā manako a te kāwanatanga mō te ara haere. Heoi anō me kaha kē ake te mahi a Waka Kotahi me ōna hoa tāpaenga ki te whakatutuki i nga kaupapa matua, kia kitea ai te tika o te whakamahi i te pūtea e wātea ana ki a rātou.

Mā te mahi ngātahi a Waka Kotahi me ō mātou hoa mahi, hoa tāpaenga hoki ki te whakarato i te 2018-19 NLTP – he mea nui whakaharahara te mahi ngātahi ki te rautaki me te whakarato kaupapa ki te whakatutukinga o te punaha ara haere pāhekoheko. Me kaha kē ake te mārama, te pono hoki ki ō mātou whanaungatanga me te mahi ngātahi ki te matua whai uara mai i te pūtea e wātea ana ki a mātou. Kua uiuia ō mātou hoa tāpaenga ki ā rātou whakaaro mō mātou, mai i reirā te waihanga i ā mātou mahi haere ake nei. Kei Te Ara Kotahi tā mātou rautaki ki te mahi tahi me Ngāi Māori, me te whakautu i ā rātou hiahia ki te whakarātonga o ngā whakataunga o te ara haere.

Kei te titiro whakamua a Waka Kotahi kei te whakatika i te Kaupapahere Kāwanatanga o muri tata tonu mai. Kei te whakahoutia tā mātou anga whakaritenga tāpaenga; kei te kohia ngā mōhiohio matua e taea ai te ine i ngā hua o ā mātou tāpaenga ara haere ā-whenua ki ngā momo paearu mahi ā-papori, ā-ōhanga, ā-taiao mō te wā roa. Kei tā mātou rautaki 10-tau, Arataki, ngā whakarerekētanga nui hei whai mā mātou kia tutuki pai ai te whakakitenga o te kāwanatanga mō te ara haere ā-whenua o Aotearoa. Tōna mutunga iho, he kaha ake o te wātea ki te ara haere, he pai ake o ngā rori me te rerewē ā-rohe, ā-takiwā, he uara anō mai i ngā tāpaenga.

28%
(\$1,343 miriona)

o te tāpaenga o
NLTP ki ngā hua
haumarū

59%
(\$2,871 miriona)

o te tāpaenga o
NLTP ki ngā hua
whakawātea

13%
(\$647 miriona)

o te tāpaenga o
NLTP ki ngā hua
ā-taiao



SIR BRIAN ROCHE

Tiamana



MARK RATCLIFFE

Tumu Whakarae o te Wā

ABOUT THIS REPORT

The Transport Agency is responsible under the Land Transport Management Act 2003 (section 11) 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 activities funded under the National Land Transport Programme contribute 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 and delivered in partnership between the Transport Agency, local and regional authorities, New Zealand Police and other transport sector partners. Where the Transport Agency is funded to deliver activities in the National Land Transport Programme, performance is also reported in the Transport Agency's annual report.

This is the first annual report against the Government Policy Statement on land transport for 2018/19 to 2027/28.

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.

Activity class	Page
State highways improvements	218
State highway maintenance	219
Local road improvements	220
Local road maintenance	221
Road safety promotion and demand management	222
Road policing	223
Regional improvements	227
Public transport	228
Walking and cycling improvements	229
Rapid transit	230
Transitional rail	231
Investment management	232

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

ABOUT THE LAND TRANSPORT INVESTMENT SYSTEM

GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT

The government's priorities for the land transport system are outlined in the Government Policy Statement for land transport for 2018/19 to 2027/28. The Government Policy Statement focuses on creating a safe, resilient, well-connected and multimodal transport system that enables new housing opportunities, liveable cities and sustainable economic development in regional New Zealand.

The Government Policy Statement guides decision-making on where investment and resources will be focused over the next 10 years. It provides guidance on how the Transport Agency will invest each year from the National Land Transport Fund, signals how much money local government will invest each year, and details further Crown investment per year.

The Government Policy Statement's four strategic priorities for the land transport system are:

- safety
- access
- environment
- value for money.

To achieve the government's strategic priorities for the land transport system, the Transport Agency is guided by the three themes in the Government Policy Statement that set out how the government intends the priorities to be delivered. The Transport Agency is working with others to:

- apply a **mode-neutral** approach to transport system investment
- use **technology and innovation** to improve performance
- **integrate land use and transport planning and delivery** activities.

THE 2018-21 NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme is a three-year programme of all the land transport activities in the areas of public transport, road maintenance and improvements, walking and cycling, rapid transit, and transitional rail activities. The National Land Transport Programme forecasts 10-year funding and expenditure to give effect to the Government Policy Statement on land transport.

A total of \$16.9 billion is expected to be invested through the 2018-21 National Land Transport Programme, including \$13 billion from the National Land Transport Fund, \$3.4 billion from local authorities, and \$547 million in additional Crown funding to deliver specific programmes (see figure 1).

The National Land Transport Programme represents a snapshot of:

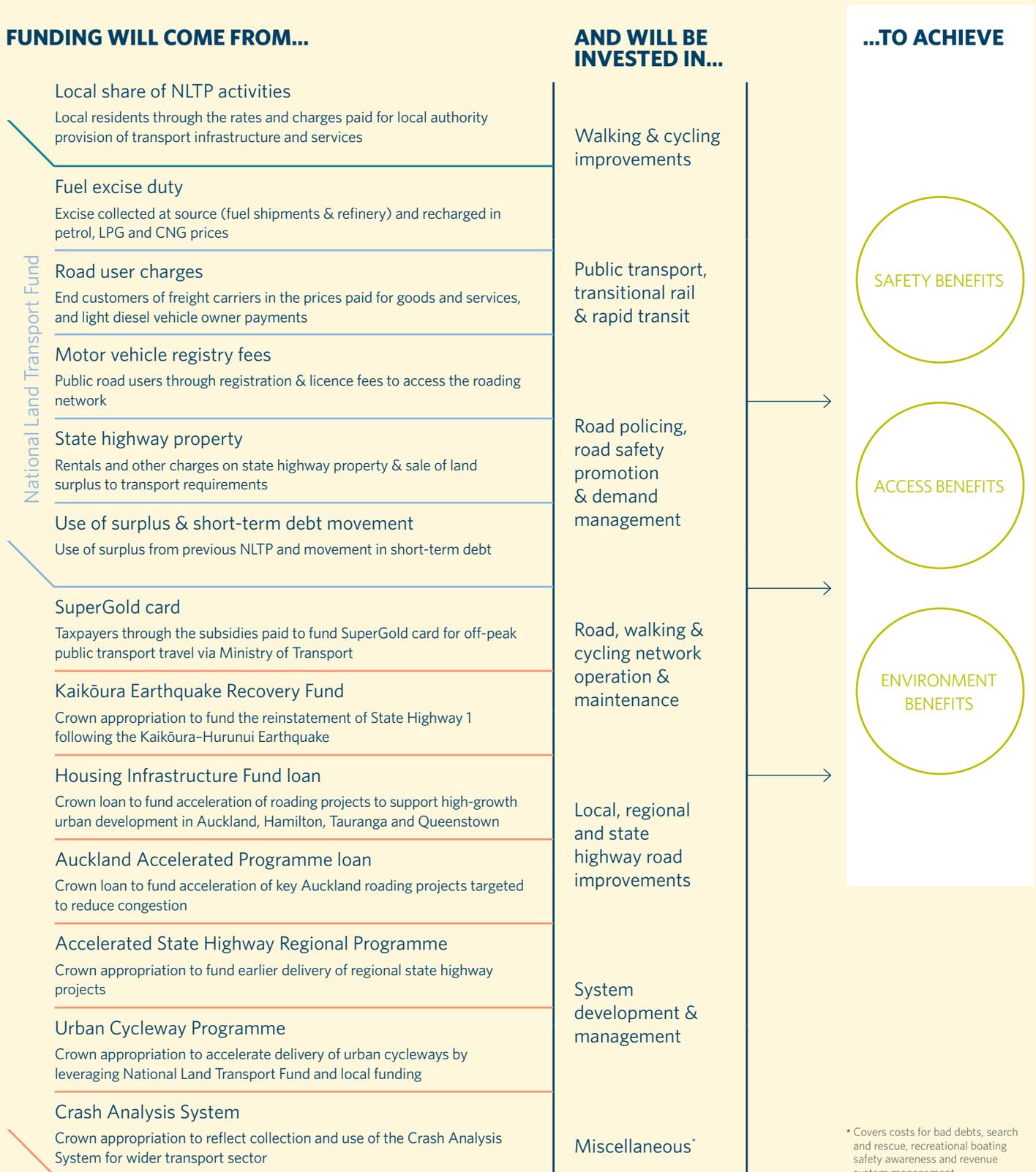
- committed funding from previous National Land Transport Programmes for transport improvements that are generally large scale
- continuous programmes the Transport Agency delivers every day, such as public transport and road maintenance
- upcoming activities the Transport Agency will consider funding,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

NATIONAL LAND TRANSPORT FUND

The National Land Transport Fund is a dedicated fund for maintaining and developing local and national transport services. It is a partnership between the Transport Agency, which uses the National Land Transport Fund to invest on behalf of the Crown, and approved organisations¹⁸ that invest local funding on behalf of ratepayers.

¹⁸ An 'approved organisation' is a regional council, a territorial authority or an approved public organisation such as the Department of Conservation.

Figure 1 – Revenue sources and activity classes for the 2018–21 National Land Transport Programme



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

TRANSPORT AGENCY'S INVESTMENT ROLE

The Transport Agency's primary objective under the Land Transport Management Act 2003 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 co-investment partners and stakeholders (local communities and national policy makers) to determine the transport solutions that will work best for New Zealand.

The national land transport funding and assessment system is illustrated in figure 2, page 199.

Investment principles

When considering the best mix of activities to receive investment funding, the Transport Agency follows 10 principles.

- A **partnership** approach, founded on trust, clarity and accountability, aligns regional and local investments with the Transport Agency's national priorities to optimise their 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, supports 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.
- A **risk-based** approach ensures risks are considered and managed through the planning to delivery process, including financing, for all transport activities funded from the National Land Transport Fund.
- The **Safe System** approach to planning, improving, maintaining, renewing and operating components of the land transport system 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 mitigate 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).
- The **scrutiny principle** is applied when making decisions in respect of land transport and planning and funding and ensures the Transport Agency gives the same level of scrutiny to its own proposed activities and combinations of activities as it would give to activities proposed by approved organisations.¹⁹

¹⁹ The scrutiny principle is set out in the Land Transport Management Act 2003 (section 96) and relates to Transport Agency decisions in respect of land transport and planning and funding under subpart 1 of part 2 of the Act. A report on the implementation of systems and procedures to give effect to the scrutiny principle is included in the Transport Agency annual report (page 144).

Assessing investment proposals

The Investment Decision Making Framework is used by the Transport Agency to assess and prioritise investment in land transport. The Transport Agency uses this framework to identify, assess and prioritise National Land Transport Programme investment proposals. The framework aligns with the Government Policy Statement, making sure investments in land transport infrastructure and services deliver the outcomes and priorities that the Government has set out in the government Policy Statement.

The Investment Assessment Framework forms part of the Investment Decision Making Framework (see the value for money section on page 213). Approved organisations, such as local and regional councils use the Investment Assessment Framework to assess their business case approach when developing proposed land transport activities for inclusion in Regional Land Transport Plans to ensure these proposals align with the priorities of the Government Policy Statement.

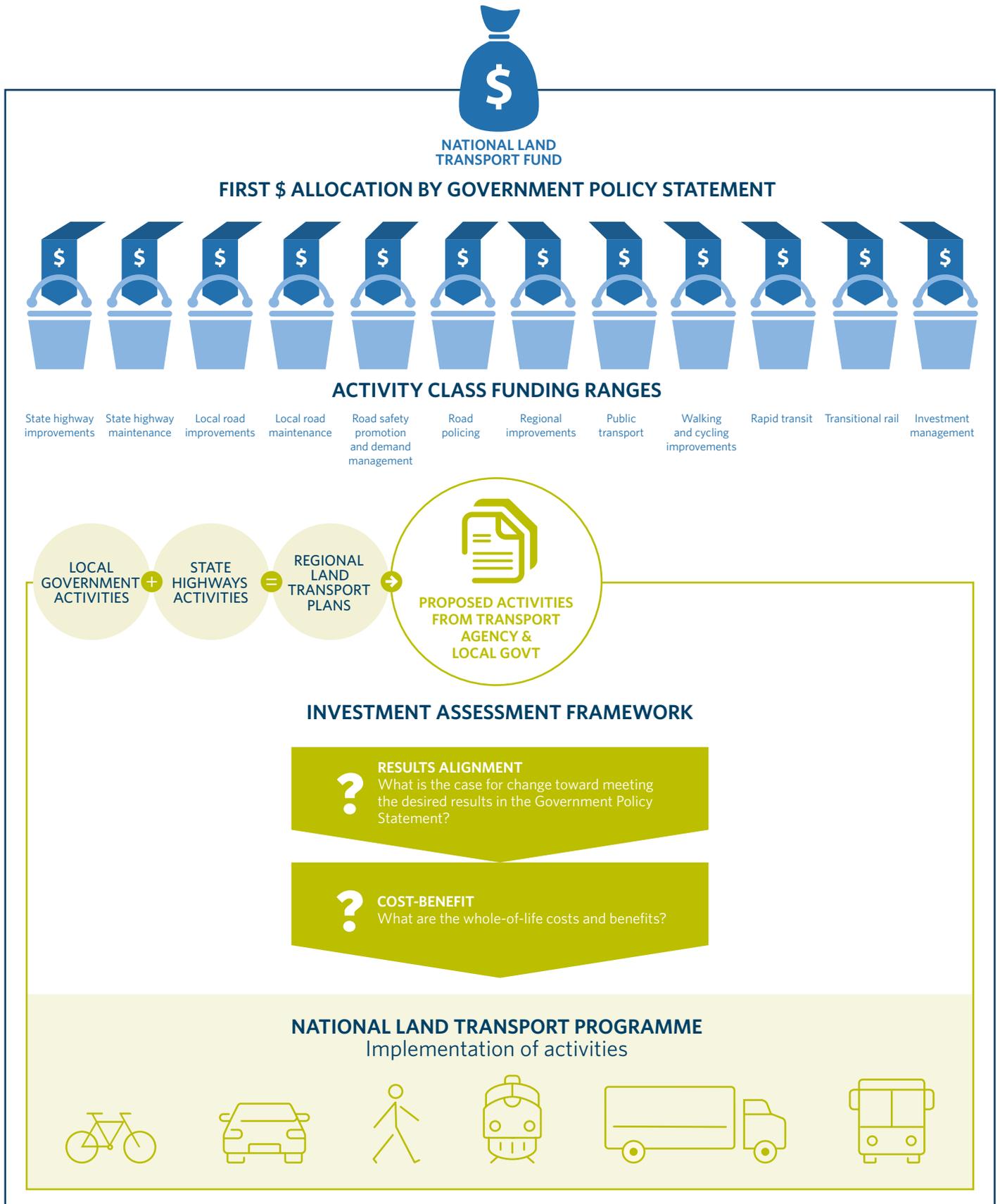
At each decision point during the development of a proposal, the Transport Agency uses the Investment Assessment Framework to check the proposals meet investment criteria and to determine what proposals in the regional plans will be prioritised for inclusion in the National Land Transport Programme and what proposals should be funded.

Two criteria in the Investment Assessment Framework are used to prioritise proposed activities.

- The **results alignment assessment** rates the proposal's degree of alignment with the results specified in the Government Policy Statement. This criteria focuses on customer service levels as an outcome and an integrated approach that targets the right results in the right places.
- The **cost-benefit appraisal** considers how well the proposed solution maximises the value of what is produced from the resources used and the timelines of intervention. The default assessment of improvement activities is the benefit to cost ratio, although other assessments may be used in certain circumstances; for example, cost-effectiveness and performance comparisons are used for road maintenance and public transport programmes.

The benefits management and the Investment Assessment Framework are linked through the assessment of the business case, which seeks evidence of critical thinking applied to the investment proposal. The business case approach means investment proposals are documented and includes robust consideration of issues, potential solutions and the benefits of those solutions. Use of the Investment Assessment Framework means investment proposals are assessed clearly and transparently.

Figure 2 – National land transport funding and assessment system



SECTION B

INVESTMENT SUMMARY



DELIVERING ON THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT 2018/19–2027/28

This section summarises the investment made towards achieving the strategic priorities in the Government Policy Statement on land transport 2018/19–2027/28.

Investments made through the National Land Transport Programme by the Transport Agency and its co-investment partners aligned with Government Policy Statement strategic priorities through the Transport Agency's Investment Assessment Framework (explained on pages 198–9).

The impact of National Land Transport Programme investment is assessed through measures for the Transport Agency's position statements and output classes that directly align with Government Policy Statement measures. These measures are quantitative indicators of progress against the Government Policy Statement's strategic priorities and long-term and short-term results. More detail on each measure is in the annual report for the Transport Agency (section B, pages 27–80).

The Transport Agency also conducts benefits realisation reviews to assess how well a project (or package) has delivered its expected benefits and has developed a set of benefits measures to systematically assess the impact of investments over time.¹⁸

INVESTMENT TO GOVERNMENT POLICY STATEMENT STRATEGIC PRIORITIES

When developing the 2018–21 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) across three of the four strategic priorities that support the direction in the Government Policy Statement: safety, access and environment. Value for money, the fourth priority, is delivered by carrying out robust economic appraisals of our investments rather than being a benefit itself.

At the end 2018/19, the overall spend (\$5.3 billion) from the National Land Transport Programme was 6 percent below the planned amount when the National Land Transport Programme was adopted in August 2018.¹⁹

Of this investment and estimate 28 percent was directed towards safety benefits, 59 percent towards access benefits and 13 percent towards environment benefits. Value for money, the fourth priority, is delivered by carrying out robust economic appraisals of our investments rather than being a benefit itself.

2018/19 planned investment in strategic priorities

STRATEGIC PRIORITY	2018/19 PLANNED INVESTMENT (%)
Safety	28
Access	59
Environment	13

Planned investment benefits mapped to Government Policy Statement strategic priorities

	SAFETY	ACCESS	ENVIRONMENT
Benefits identified in Transport Investment Online	Safety	Throughput	Pollution
	Physical health	Reliability	Health noise
		Travel time	Pollution and greenhouse gases
		Access	Environmental noise
		Resilience	Resource consumption
		Comfort and customer experience	Biodiversity
		Financial cost	Community cohesion
		Pricing	Amenity value

More detail on the investments that have contributed to these priorities is provided on pages 203–212 and in the regional highlights (see page 234).

¹⁸ These reviews are published on our website at <https://nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/monitoring-and-reporting-on-investments/benefit-realisation-reviews/>

¹⁹ The figures presented on pages 203, 206 and 210 for investment in safety, access and environment exclude some National Land Transport Programme activities.

SAFETY

NATIONAL LAND TRANSPORT OBJECTIVE

A land transport system that is a safe system, free of death and serious injury.

LONG-TERM RESULT

Significant reductions in deaths and serious injuries.

SHORT-TERM RESULTS

- Renewed strategic focus to have the greatest impact on reducing death and serious injury (including developing a new road safety strategy and action plan in the next 12-18 months)
- State highways and local roads are safer for everyone
- Cycling and walking are safer
- Effective enforcement activity to promote safe behaviour by road users
- Safer road use through appropriate education and promotion activities and regulatory changes

HIGHLIGHTS OF INVESTMENT IN SAFETY

- The Transport Agency began **implementing the Speed Management Guide** on the highest risk routes and intersections. Speed limit changes were implemented on 69km of the highest-risk parts of the state highway out of network 4200km identified for reassessment under the 2018-21 National Land Transport Programme.
- The Transport Agency also began delivering the **Safe Network Programme** to fast track delivery of safety improvements to New Zealand’s highest risk state highways and local roads to save 160 deaths and serious injuries each year. On state highways, 16km of median barriers, 98km of side barriers and 194km of rumble strips were installed. A further 33km of median barriers are under construction.
- The completion of **improvements to State Highway 20A** will increase safety for all road users by separating motorway traffic from local traffic at the Kirkbride Road intersection, reducing the high number of crashes as well as providing a much safer journey for pedestrians and cyclists crossing Kirkbride Road.
- A \$13 million roundabout on the Hawke’s Bay Expressway along with a new access road to Hawke’s Bay airport opened in September 2018. The **roundabout at Watchman Road** replaced the fifth highest risk intersection in New Zealand.
- The Transport Agency worked closely with the Ministry of Transport to **develop the new road safety strategy**, Road to Zero. The strategy focuses on five areas infrastructure and speed, vehicles, workplace, road user choices and system management.
- Investment has continued in **new and improved walking and cycling infrastructure**, including:
 - **Dunedin One-Way Pair Cycle Lanes** that will significantly improve cycle safety on the one-way system through north and central Dunedin
 - **Northcote Safe Cycle Route** project to provide a safer environment for people walking and biking, including children travelling to school.
- The Transport Agency launched a new **advertising campaign to encourage the safe use of e-scooters**. The campaign urges riders to use e-scooters safely, with a focus on safe speeds, giving way to other footpath users and wearing helmets.
- With NZ Police, the Transport Agency developed an initial performance framework for the **2019-21 Road Safety Partnership Programme** aligned with Road to Zero outcomes.

\$1.343 BILLION

invested in safety through the National Land Transport Programme in 2018/19 including:²⁰

\$25m 1.9% in state highway improvements

\$168m 12.5% in state highway maintenance

\$105m 7.8% in local road improvements

\$257m 19.1% in local road maintenance

\$43m 3.2% in road safety promotion and demand management

\$339m 25.2% in road policing

\$69m 5.1% in regional improvements

\$56m 4.2% in public transport

\$50m 3.7% in walking and cycling improvements

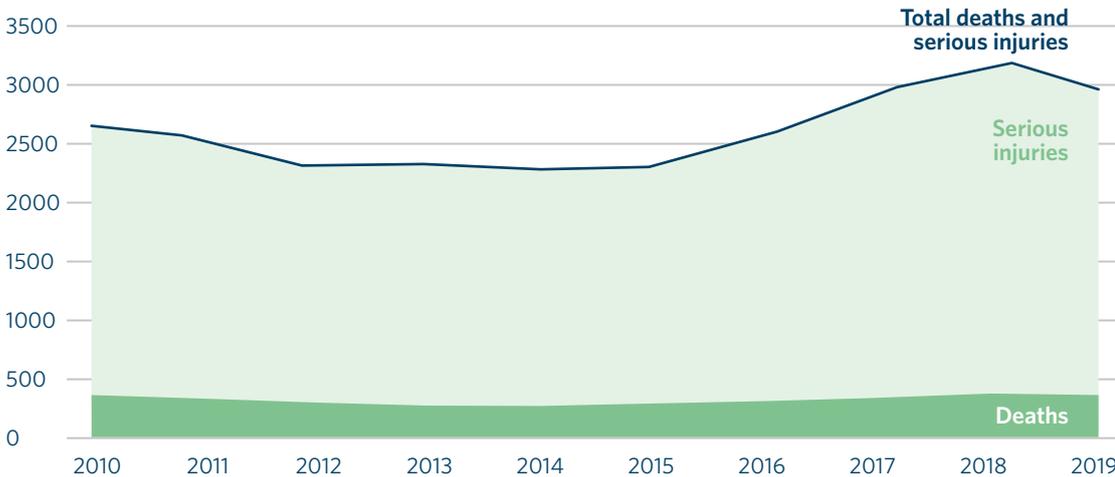
\$1m 0.1% in rapid transit

\$1m 0.1% in transitional rail

²⁰ This includes funding from the National Land Transport Fund, local share and the Crown (it excludes investment from the Provincial Growth Fund).

PERFORMANCE AGAINST SAFETY OBJECTIVES AND RESULTS DURING 2018/19

Deaths and reported serious injuries 2010–2019 (annualised totals)



Deaths and serious injuries were lower than last year, but still 8 percent higher than at the start of the 10-year Safer Journeys strategy. The Transport Agency’s response is a renewed emphasis on the main contributors of crashes: unsafe speeds, unforgiving road design, unsafe vehicles and driver impairment.

See pages 31–32 of the Transport Agency annual report for more detail.

Other safety-related results

69km (0.6%)

of state highway network modified to align with a safe and appropriate speed

6238 cycling trips

observed in Wellington, Auckland and Christchurch central business districts (up from 5605 last year)

89%

of the Transport Agency’s road safety advertising campaigns met or exceeded their agreed success criteria

104.8 network kilometres

of walking and cycling facilities delivered

8 out of 14 (57%)

of the available Road Safety Partnership Programme results met desired trend

CASE STUDY

Te Rapa section of the Waikato Expressway

The Te Rapa section of the Waikato Expressway was the first of seven expressway sections to be constructed. The route was officially renamed Mangaharakeke Drive after opening. It is a four-lane, median-divided expressway that redirects State Highway 1.

The Te Rapa section is delivering its expected benefits, including improved safety. Since the expressway opened, crashes have significantly reduced. Crashes before construction between 2002 and August 2010 numbered 456 and actual crashes after construction between 2013 and 2018 numbered 255 (even lower than the expected 314 crashes).

Minor, non-injury crashes are common, especially on the expressway's more congested southern end. In the six years 2013–18, 108 crashes were recorded on the expressway, with 82 percent of these crashes having no injuries.



ACCESS

NATIONAL LAND TRANSPORT OBJECTIVE

- A land transport system that provides increased access to economic and social opportunities
- A land transport system that enables transport choice and access
- A land transport system that is resilient

LONG-TERM RESULTS

- Metropolitan and high-growth urban areas are better connected and accessible
- Better access to markets and business areas and supports tourism
- Sustainable economic development of regional New Zealand is supported by safer and better transport connections
- Increased mode shift from private vehicle trips to walking, cycling and public transport
- More transport choice (including for people with less or limited access to transport)
- Improved network resilience for the most critical connections

For short-term results, see page 27 of the Government Policy Statement on land transport.²¹

HIGHLIGHTS OF INVESTMENT IN ACCESS

- In high-growth areas, the Transport Agency and partners established **planning processes that align strategic direction for growth to also support multimodal transport choices** (the Hamilton–Auckland Corridor Partnership, the Urban Form and Transport Initiative for the Western Bay of Plenty, and the Queenstown Spatial Plan).
- The Transport Agency worked with its partners to develop a **shared understanding with the regions** of the most important transport accessibility needs for freight and tourism.
- The **Taramakau Road Bridge (West Coast)** was completed in July 2018 replacing a single-lane, 132-year-old road-rail bridge. It provides a safer and more efficient transport link for West Coast locals and tourists.
- The \$18 million **Northland State Highway 10 Taipā Bridge** project replaces a busy, single-lane bridge and narrow footpath with a two-lane bridge and 3m-wide shared path, provides safer, more reliable travel options, including improved walking and cycling facilities, and removes delays during the peak visitor season.
- Through a **mode shift strategy**, the Transport Agency identified and prioritised what it can do to increase the attractiveness of public transport and walking, cycling and other active modes. It worked with Auckland Transport Alignment Project partners to develop a mode shift plan for Auckland, and regional plans for Hamilton, Tauranga, Wellington, Christchurch and Queenstown are being developed.
- The Transport Agency worked with the Ministry of Transport to **investigate a Green Card** that would subsidise the cost of public transport for low-income earners and their dependants and with the Office for Disability Issues to include in the **Disabled Action Plan 2019–2022** actions the Transport Agency can contribute to that will improve accessibility for disabled people.
- Investment has continued in **new and improved walking and cycling infrastructure** including:
 - **He Ara Kotahi**, a 7.1km pathway that connects Palmerston North city to Massey University, the Science Centres and the Linton Military Camp
 - the **Waterview Shared Path (Auckland)**, which connects the Waterview, Owairaka and New Windsor communities
 - a **variety of projects in Wellington**, including the Wainui Hill shared path; a cycling network in the eastern suburbs, including a section along Oriental Parade; and the Petone to Melling shared path.

\$2.871 BILLION

invested in access through the National Land Transport Programme in 2018/19 including:²²

\$688m 24%
in state highway improvements

\$509m 17.7%
in state highway maintenance

\$240m 8.4%
in local road improvements

\$694m 24.2%
in local road maintenance

\$12m 0.4%
in road safety promotion and demand management

\$68m 2.4%
in regional improvements

\$590m 20.6%
in public transport

\$46m 1.6%
in walking and cycling improvements

\$8m 0.3%
in rapid transit

\$18m 0.6%
in transitional rail

²² This includes funding from the National Land Transport Fund, local share and the Crown and excludes investment from the Provincial Growth Fund.

²¹ Available from <https://www.transport.govt.nz/multi-modal/keystrategiesandplans/gpsonlandtransportfunding>

- The North Canterbury Transport Infrastructure Recovery delivered \$218 million of **recovery and resilience works for State Highway 1 and the Main North Line** to reduce the number of closures on the road and rail network. This has provided direct access and safety benefits for tourism, freight and the travelling public.

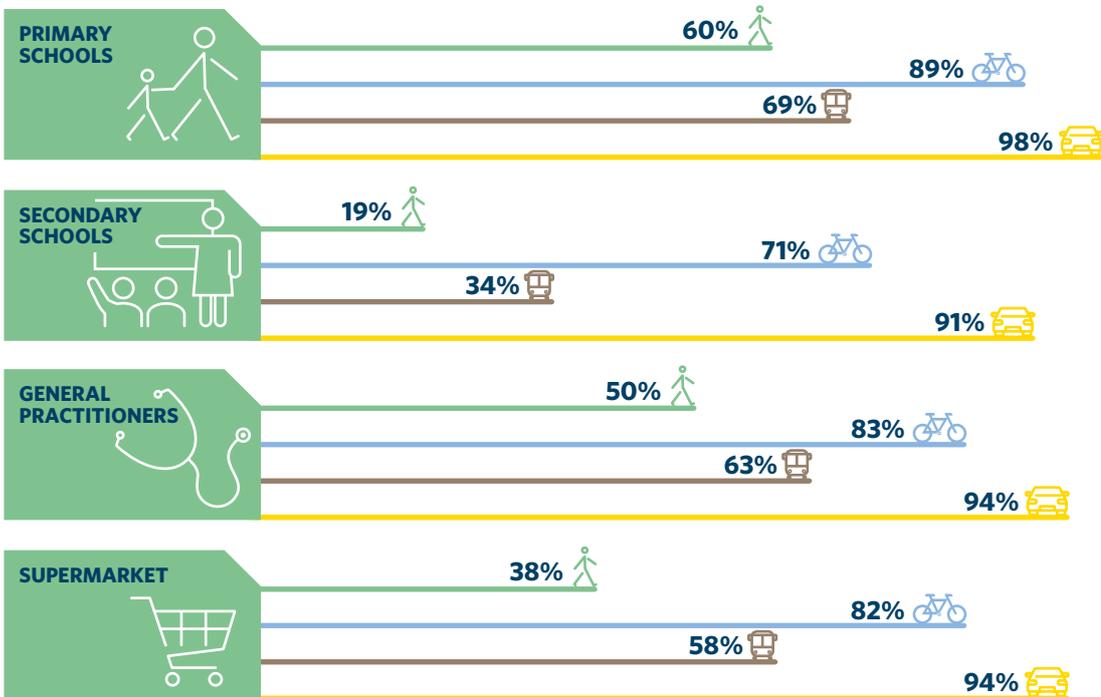
PERFORMANCE AGAINST ACCESS OBJECTIVES AND RESULTS DURING 2018/19

Access to social and economic opportunities

Measuring access to a key destination, rather than efficiency of transport (such as travel times on key corridors), is relatively new to the New Zealand transport sector and is foundational for considering how to improve accessibility, in particular through better integration of urban development and transport.

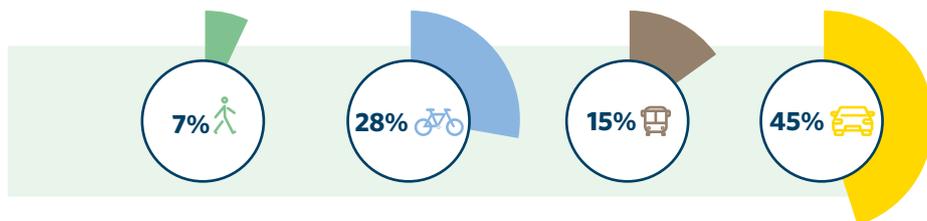
See page 42 of the Transport Agency annual report for more detail.

Proportion of population within 15 minutes of destination by mode

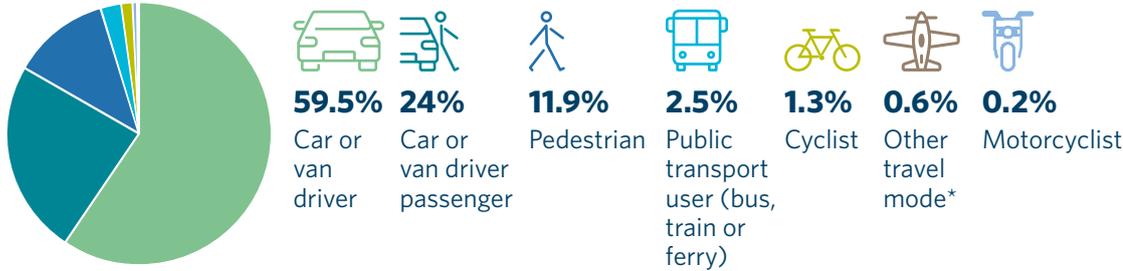


Proportion of jobs within 45 minutes by mode

This measure shows the proportion of jobs across New Zealand that can be reached in a reasonable time.



This measure shows the proportion of New Zealanders that can reach important destinations in a reasonable time.



Mode share (percentage of trips by mode)

The mode share results from the Household Travel Survey provide a valuable view on people’s transport choices. Most trips are undertaken by car or van, with pedestrian trips being the next most common.

Over time, we expect to see a larger proportion of trips by public transport and active modes such as walking and cycling as mode shift and travel demand management embed.

* ‘Other travel modes’ includes aircraft, boats (excluding ferry trips), mobility scooters and other modes like horse riding. Skateboarders and children in pushchairs are included with pedestrians.

Other access-related results

<p>168 million passengers</p> <p>used urban public transport services (6% growth)</p>	<p>29%</p> <p>of people in Auckland, Wellington and Christchurch have access to frequent public transport services</p>	<p>6238</p> <p>Cycling trips observed in Wellington, Auckland and Christchurch central business districts</p>
<p>15.7 million trips</p> <p>funded through the SuperGold cardholders’ scheme (up nearly 12%)</p>	<p>85%</p> <p>of unplanned road closures resolved within standard timeframes*</p> <p><small>* less than 2 hours for urban roads and less than 12 hours for rural roads.</small></p>	<p>151.7 lane kms</p> <p>of regional state highways improved (13 projects)</p>
<p>8225km</p> <p>of state highway available to high productivity motor vehicles on key regional routes</p>	<p>19%</p> <p>of trips in high-growth urban areas are on public transport or walking and cycling</p>	<p>73%</p> <p>of Transport Agency customers report increased ease of access to transport data and journey choices</p>

CASE STUDY

Auckland Manukau Eastern Transport Initiative

The Auckland Manukau Eastern Transport Initiative (AMETI) will be progressed to deliver new dedicated busways and cycleways to improve access and safety in the area, unlocking housing development opportunities. Over the next three years, work will focus on the Eastern Busway from Panmure to Pakuranga, including the Reeves Road flyover. Construction on this stage of the project started in May 2019.

The AMETI Eastern Busway will significantly improve transport choices, reliability and journey times in southeast Auckland and to other parts of the region.

Once the busway is completed, you'll be able to travel by bus and train between Botany and Britomart in less than 40 minutes.

The busway will be supported by three new stations at Panmure, Pakuranga and Botany, new cycling and walking connections, urban design enhancements, and improvements for general traffic such as advanced signalling at important intersections.

A new flyover connecting Pakuranga Road with Pakuranga Highway is also planned to provide better travel options and reduce congestion.

Major transport improvements have already been made with the opening of the new Panmure Station (now the fifth busiest station in Auckland) and the development of Te Horeta Road.

The next stage will be construction of a busway with buses travelling on their own congestion-free lanes between Panmure and Pakuranga town centres.

The final stage between Panmure and Botany is due for completion in 2026.



ENVIRONMENT

NATIONAL LAND TRANSPORT OBJECTIVE

A land transport system that reduces greenhouse gas emissions and adverse effects on the local environment and public health

LONG-TERM RESULTS

- Reduce greenhouse gas emissions from transport
- Reduce transport's negative effects on the local environment and public health

For short-term results, see page 29 of the Government Policy Statement on land transport.²³

HIGHLIGHTS OF INVESTMENT IN ENVIRONMENT

- The Transport Agency developed a draft **Sustainability Action Plan and Monitoring Framework** focused on reducing land transport greenhouse gas emissions, addressing air and noise pollution, supporting increased physical activity as part of daily travel, reducing environmental harm to biodiversity and water quality from land transport construction and operation, and improving resource efficiency.
- An emissions reduction focus is embedded in the Transport Agency's **mode shift strategy**, which identifies and prioritises what the Transport Agency can do to increase the attractiveness of public transport and walking, cycling and other active modes.
- **Continued investment in walking, cycling and public transport** across the country is helping to provide alternative transport choices, while contributing to improved environmental outcomes.
- As part of delivering the new **Watchman Road roundabout** in Hawke's Bay, new cycling and walking paths were developed through the adjacent Ahuriri Estuary and Westshore Wildlife Reserve. The Transport Agency worked closely with a wildlife expert to protect and enhance the Westshore Wildlife Reserve wetland and the biodiversity that lives there.
- As part of the **Akerama Improvements Project** on State Highway 1 near Hukerenui, environmental effects were mitigated by constructing a new wetland to protect New Zealand's mud fish. Erosion and sediment controls were in place, and the Transport Agency worked in partnership with an ecologist and the Northland Regional Council to ensure best practice during construction.
- Improvements to **State Highway 20A**, the primary route to and from Auckland Airport, include improved storm-water drainage and treatment to protect the wider environment. Where possible, storm-water is treated with planted swales and storm-water wetlands to protect local waterways.

\$647 MILLION

invested in environment through the National Land Transport Programme in 2018/19, including:²⁴

\$13m 2.0%
in state highway improvements

\$112m 17.3%
in state highway maintenance

\$15m 2.3%
in local road improvements

\$224m 34.6%
in local road maintenance

\$0.3m 0.1%
in road safety promotion and demand management

\$0.5m 0.1%
in regional improvements

\$274m 42.3%
in public transport

\$6m 0.9%
in walking and cycling improvements

\$1m 0.2%
in rapid transit

\$0.5m 0.1%
in transitional rail

²⁴ This includes funding from the National Land Transport Fund, local share and the Crown and excludes investment from the Provincial Growth Fund.

PERFORMANCE AGAINST ENVIRONMENT OBJECTIVES AND RESULTS DURING 2018/19

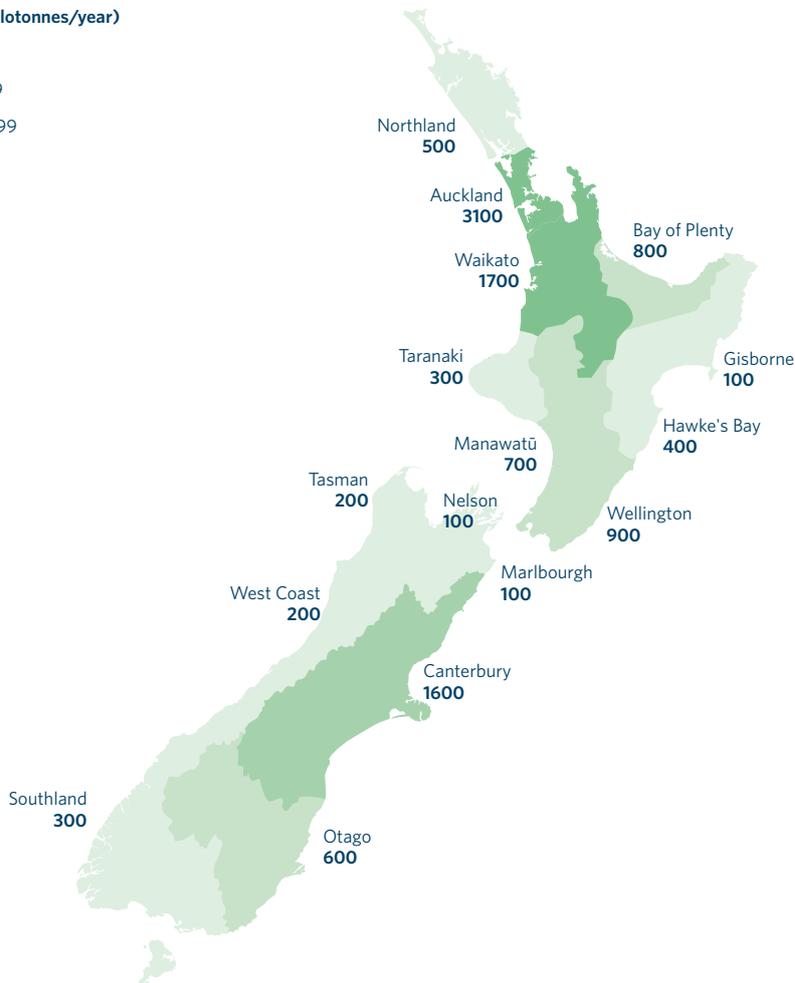
Greenhouse gas emissions from the land transport system

Emissions from the road network in 2018 totalled 11,500 kilotonnes, mainly from light vehicles and almost evenly split between petrol and diesel vehicles. The largest proportion of emissions came from Auckland, Waikato and Canterbury regions. From 2016 to 2018, overall land transport emissions increased around 6.5 percent (from 10,800 kilotonnes in 2016 and 2017) and most of the increase was due to an increase in the light vehicle fleet. The Transport Agency’s Sustainability Action Plan has a strong focus on reducing emissions from the land transport network.

See pages 62–63 of the Transport Agency annual report.

2018 CO₂ (Kilotonnes/year)

- 0–499
- 500–999
- 1000–1499
- >1499



CASE STUDY

Mt Messenger Bypass on State Highway 3

The Mt Messenger Bypass on State Highway 3 is planned to deliver better road safety, resilience and a better journey experience. The project to build the bypass has many facets, including designing to respect the landscape and cultural values, improving the natural environment, and boosting the regional economy.

The bypass is 5.2km (with additional work at the southern end creating about 6km of improvements) and runs east of the existing highway. It includes a bridge of 110m and a 230m tunnel under the ridgeline southeast of Mt Messenger. The consents process is under way, and construction is expected during 2019–2022.

Over the summer of 2018/19, the Transport Agency's ecology team searched for long-tailed bats, a critically endangered species, in the Mt Messenger area. With the help of bat experts, they located 14 maternity roosts (places where mother bats and their young stay). Long-tailed bats are being monitored to confirm the project's 3,650ha pest management area and suitability for the habitat of long-tailed bats. The pest management area is part of a broader ecological restoration package to mitigate and offset environmental impacts of the bypass project.

An ecology programme has been established to reduce harm to native wildlife and plants during and after bypass construction. Restoration planting will help offset native vegetation removed to build the bypass.

A landscape and environmental framework guides design and construction work with respect to the surrounding landscape.

Integrating cultural expression and project design recognises the importance of the spiritual and physical environment for Māori. Ngāti Tama has an important kaitiakitanga (guardianship) role over its rohe (area), and a Kaitiaki Forum Group will be established.



VALUE FOR MONEY

NATIONAL LAND TRANSPORT OBJECTIVE

A land transport system that delivers the right infrastructure and services to the right level at the best cost

LONG-TERM RESULTS

- Better informed investment decision making
- Improved returns

For short-term results, see page 29 of the Government Policy Statement on land transport.²⁵

The Transport Agency is progressing several projects to assess the value for money of projects and programmes delivered with National Land Transport Fund investment.

INVESTMENT DECISION-MAKING FRAMEWORK REVIEW

The Transport Agency and Ministry of Transport are jointly reviewing the Investment Decision-Making Framework that guides investment in New Zealand's land transport system.

The review was prompted by changes in the Government Policy Statement on land transport to increase the emphasis on social, economic, cultural and environmental outcomes in transport planning. The Transport Agency also wants to make sure the framework is easy to use and understand and supports delivery of a better transport system.

The framework is being reviewed to ensure investment in the land transport system will deliver on the government's social, economic and environmental priorities. This means a fundamental change for land transport, including putting people and place, rather than vehicles and networks, at the centre of decision making, and connecting people to family and friends, employment and education opportunities.

To reflect this change in focus, the Transport Agency is reviewing the framework and criteria it uses to decide which transport projects will be funded by the National Land Transport Fund. The programme is in the design phase, using the information from the earlier investigation phase and working with councils and other stakeholders to co-design changes to business cases development, activity assessment and prioritisation, and capability building.

The design phase will be completed by the end of 2019 and the changes implemented by June 2020.

MEASURING THE BENEFITS OF NATIONAL LAND TRANSPORT PROGRAMME INVESTMENTS

Benefit measures

To improve the way the Transport Agency measures the benefits delivered from National Land Transport Programme investments, it put in place an enduring set of benefit measures across all land transport modes and a wide range of benefits (for example, safety, access and resilience). The measures have been tested to check they can reflect past and present government priorities as expressed through successive Government Policy Statements. The measures have also been tested for their alignment with the Ministry of Transport's Transport Outcomes Framework.

The Transport Agency established a project to capture baseline data for the measures, so it can compare the scale of problems before it invests with the scale of problems after the investment has been delivered. Data sources and methodologies for each measure are being confirmed, and the Transport Agency has built a function to store benefits measurement data in Transport Investment Online, which is the system that records, processes and monitors funding applications.

For investments with selected measures in Transport Investment Online in 2018/19, reporting against benefits is expected to begin in next year's National Land Transport Fund annual report.

²⁵ Available from <https://www.transport.govt.nz/multi-modal/keystrategiesandplans/gpsonlandtransportfunding>

BENEFITS REALISATION REVIEWS

Each year, the Transport Agency conducts benefits realisation reviews on a sample of completed projects or packages that received National Land Transport Fund investment. These reviews provide insight into the outcomes these investments are achieving by comparing planned benefits with the actual benefits delivered from the investment.

Performance against value-for-money objectives and results during 2018/19

1.0%

of National Land Transport Programme expenditure was the total cost of managing the funding allocation system (within target)

\$3455

is the cost of local road maintenance per lane km delivered (above target)

\$22,997

is the cost of state highway maintenance per lane kilometre delivered (within target)

CASE STUDY

Northland Transportation Alliance

The Transport Agency worked with the four Northland councils to improve asset management practices by combining their three asset management plans into one for the Northland network.

The Northland Transportation Alliance (NTA) is a collaboration between local government and the Transport Agency to deliver joined-up services for roading and transportation in Northland. With the implementation of this new structure, there has been a step change towards a one-network approach. The NTA will coordinate staff and resources to deliver more consistent services and economies of scale by sharing specialist skills and purchasing power.

The Transport Agency's Road Efficiency Group has identified several areas where value for money, maintenance practices, forward programming and risk management can be improved.

The four Northland councils in the alliance have delivered new maintenance contracts that are in the second year of implementation. These new contracts are beginning to deliver better value for money and improve:

- planning and delivery of the maintenance programme with a significant reduction (approximately 20 percent) in public complaints
- contractor performance
- use of internal resources
- maintenance practices
- customer responsiveness
- co-funder confidence.



USE OF THE NATIONAL LAND TRANSPORT FUND

SUMMARY OF NATIONAL LAND TRANSPORT FUND EXPENDITURE IN 2018/19

Revenue for the National Land Transport Fund during 2018/19 was \$1.5 million higher than forecast in the published National Land Transport Programme.

At the end of the first year of the 2018–21 National Land Transport Programme (2018/19), the overall investment of \$4 billion from the National Land Transport Fund was 7 percent below the planned amount (or budget) when the programme was adopted in June 2018. While some slower progress has been made in some activity class programmes, this has been offset by higher expenditure and delivery levels in other programmes, particularly local road improvements.

State highway improvements expenditure was 11 percent below budget, largely due to lower spending in major state highway infrastructure projects.

State highway maintenance expenditure was 6 percent above budget. This was mostly due to emergency works on Manawatū Gorge, Takaka Hill and Waiho Bridge.

Local road improvements expenditure was 17 percent above budget. Performance is being driven, in part, by targeted enhanced funding assistance rates as well as completion of work that was approved in the 2015–18 National Land Transport Programme.

Road safety promotion and demand management expenditure was 13 percent below budget due to the slow start to a number of Transport Agency and locally delivered activities, in particular the alcohol interlock programme.

Regional improvements expenditure was 24 percent above budget due to many projects progressing ahead of plan.

Public transport expenditure was 7 percent below budget as a result of lower than planned activity across various public transport infrastructure projects.

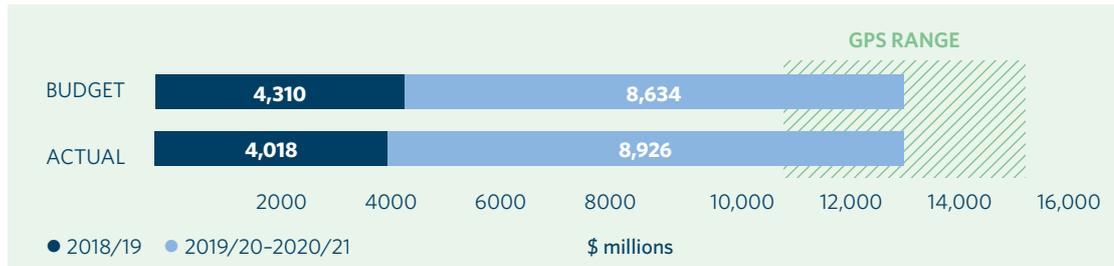
Walking and cycling expenditure was 28 percent below budget due to delays with the National Land Transport Fund expenditure component of Urban Cycleways Programme projects and later than planned start up for several large projects.

Rapid transit and **transitional rail** were new activity classes for the 2018–21 National Land Transport Programme. Expenditure on rapid transit was \$10 million, considerably lower than the \$130 million budget that was set before a review of project costs and cash flows. Expenditure on transitional rail was 46 percent below budget. This is because funding approvals for key Wellington projects were budgeted in 2018/19 and are now expected in 2019/20, which will boost expenditure during the remainder of the National Land Transport Programme.

The actual investments from the 2018–21 National Land Transport Fund for the planned level of funds allocated in the 2018–21 National Land Transport Programme are illustrated in the figures in the next sections. The figures do not account for National Land Transport Programme funds contributed by local authorities or other sources, including Crown grants and loans.

OVERALL USE OF THE NATIONAL LAND TRANSPORT FUND

The abbreviation GPS in the figures in this section stands for 'Government Policy Statement on land transport'.

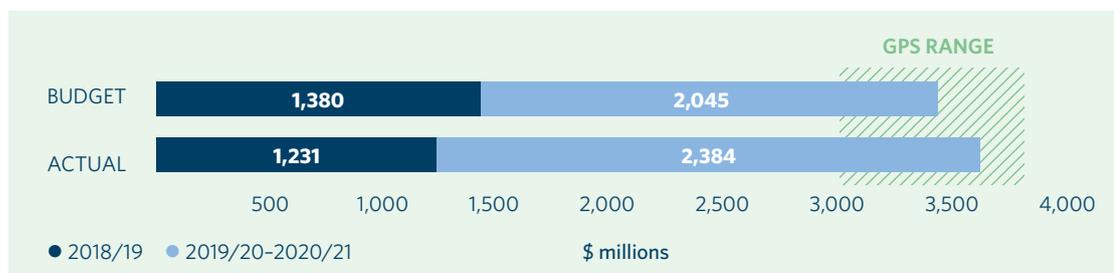


At the end of year one of a three-year programme, overall National Land Transport Fund spend across all activity classes is 7 percent below budget. This is within the range of expected expenditure outcomes at this stage of National Land Transport Programme delivery.

While some slower progress has been made in some activity class programmes, this has been offset by higher expenditure and delivery levels in other programmes, particularly local road improvements. Expenditure at the end of 2020/21 is forecast to fully utilise all funds available.

STATE HIGHWAY IMPROVEMENTS

State highway improvements expenditure



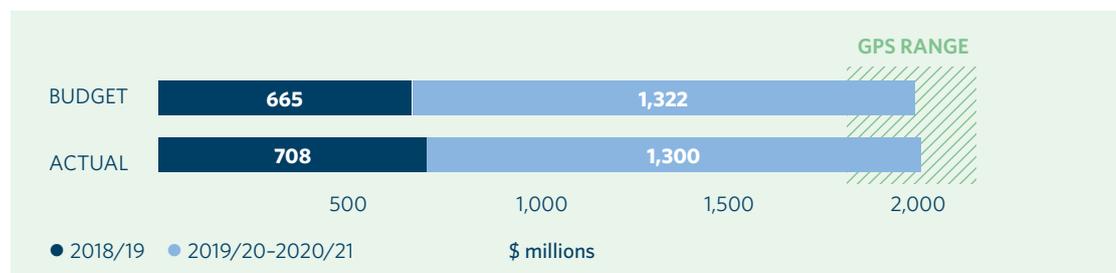
State highway improvements expenditure was \$149 million (11 percent) below budget at the end of 2018/19 primarily as a result of overly optimistic forecasting for the first year of the 2018–21 National Land Transport Programme. Projects contributing to the underspend include: Auckland’s Northern Corridor Improvements (\$56 million), Wellington’s Northern Corridor (\$31 million), Mackays to Peka Peka (\$17 million), Christchurch Northern Arterial (\$16 million) and Peka Peka to Ōtaki (\$14 million). Expenditure is forecast to increase significantly in the remainder of the 2018–21 National Land Transport Programme period as major construction projects continue or are completed.

State highway improvements performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
SHI1	% of activities delivered to agreed standards and timeframes	Not achieved	88%	≥90%	2%	86%
	<p>The delivery of activities to agreed standards and timeframes was below target, although an improvement on last year’s result. This measure is 50 percent financial performance against budget and 50 percent delivery performance against milestones. The financial underspend was largely caused by overly optimistic forecasting across the state highway improvements programme in the first year of the 2018–21 National Land Transport Programme and a few large projects experienced delays caused by issues such as:</p> <ul style="list-style-type: none"> • delays receiving materials (Mackays to Peka Peka and Christchurch Northern Arterial) • unforeseen ground conditions delaying construction of a retaining wall (Western Ring Route) • consenting delays and property acquisition challenges (Mt Messenger Bypass) • final asphalt surfacing deferred to give chip seal more time to bed down and to ensure conditions are optimal (Waikato Expressway’s Rangiriri and Ngaruawahia sections, respectively). 					
SHI2	% of state highway network modified to align with safe and appropriate speed	Baseline set	0.6% (68.5km)	Baseline to be set	-	New measure
	<p>We completed a review of speeds across the state highway network and have identified the top 10 percent that will result in the greatest reduction in death and serious injury when modified. A total of 68.5km of the state highway network had speed reductions this year. This includes 25.6km on State Highway 1 north and south of Kaikōura and 9km on State Highway 60 in Richmond. Both lengths of road are part of the top 10 percent of the network identified to have the greatest impact on reducing death and serious injuries when modified.</p>					
SHI3	% of state highways available to high productivity motor vehicles	Achieved	71%	≥62%	9%	62%

STATE HIGHWAY MAINTENANCE

State highway maintenance expenditure



State highway maintenance expenditure was \$43 million (6 percent) above budget at the end of 2018/19. Emergency works were \$24 million above budget, largely from work on Manawatū Gorge, Takaka Hill and Waiho Bridge. Other variances were from higher spend on Route 70 (Kaikōura Inland Route) and Auckland Motorway Alliance mobilisation and the effect of traffic growth.

State highway maintenance performance measures

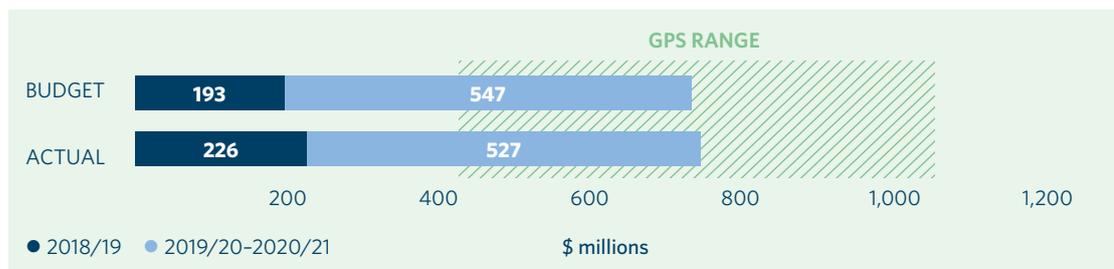
REFERENCE MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
SHM1 % of activities delivered to agreed standards and timeframes	Achieved	94%	≥90%	4%	90%
SHM2 Safe stopping: % of network meeting surface texture standards	Achieved	99%	≥98%	1%	99%
SHM3 Network resilience: % of rutting ≥20mm over state highway network	Achieved	1%	≤3% ^a	2%	1%
SHM4 Safe stopping: % of network above skid threshold	Not achieved	97%	≥98%	1%	95%
While the target was not achieved, the proportion of the road network above the skid threshold improved on last year following increased funding to treat network deficiencies. Additional funding is available for the remaining two years of the 2018–21 National Land Transport Programme to continue working towards this target.					
SHM5 Smooth ride: % of travel on network classed as smooth	Achieved	99%	≥97%	2%	99%
SHM6 Availability of state highway network: % of unplanned road closures resolved within standard timeframes	Achieved	85%	≥75% ^b	10%	82%
SHM7 State highway maintenance cost per lane kilometre delivered	Achieved	\$22,997	\$21,500–\$24,000	0%	\$24,705

^a This was published incorrectly as 3% in our *Amended statement of performance expectations 2018/19*.

^b The target was reduced for 2018/19 to take account of extreme weather events, which impact performance against this measure. The target has been revised back to ≥84% for 2019/20 to reflect a more consistent baseline of historic performance.

LOCAL ROAD IMPROVEMENTS

Local road improvements expenditure



Local road improvements expenditure was \$33 million (17 percent) above budget at the end of 2018/19. Performance is being driven, in part, by targeted enhanced funding assistance rates as well as completion of work that was approved in the 2015-18 National Land Transport Programme.

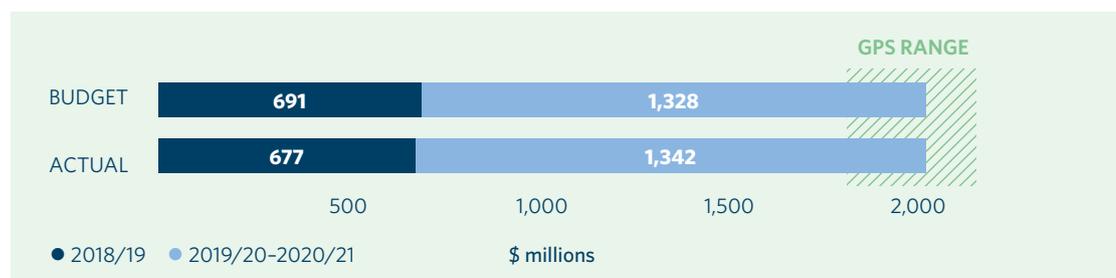
Local road improvements performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
LR11	% of approved organisations signed up to the 50MAX network	Achieved	95%	≥95%	0	95%
LR12	% of local road network modified to align with safe and appropriate speed	-	Not available	Set baseline	-	New measure

The Transport Agency has not reported on this measure because sufficiently robust data is not available. In future, data will be sourced from the National Speed Limit Register, which is being developed and is expected to be ready for local road reporting after December 2020.

LOCAL ROAD MAINTENANCE

Local road maintenance expenditure



Local road maintenance expenditure was \$14 million (2 percent) below budget due to lower than forecast emergency works claims. Funding approvals for emergency works are well above budget but several funding claims are yet to be finalised. The delivery of the base programme is close to budget.

Local road maintenance performance measures

REFERENCE MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
LRM1 Pavement integrity index of the sealed network ^a	Achieved	94	94 ^b	0	94
LRM2 Surface condition index of the sealed network ^c	Achieved	98	98 ^b	0	98
LRM3 Smooth ride: % of travel on smooth roads	Achieved	87%	≥86%	1%	87%
LRM4 Local road maintenance cost per local road lane km delivered	Not achieved	\$3455	≤\$3000	\$455	\$3095

This measure is calculated by dividing the amount spent on the maintenance and renewal of local roads by the total number of lane kilometres in the network. Cost per local road lane kilometre was above target this year because more sealed pavement maintenance and routine drainage maintenance work were delivered than budgeted for. Network asset management activities were also higher than expected. Not all these activities contribute to an increase in lane kilometres.

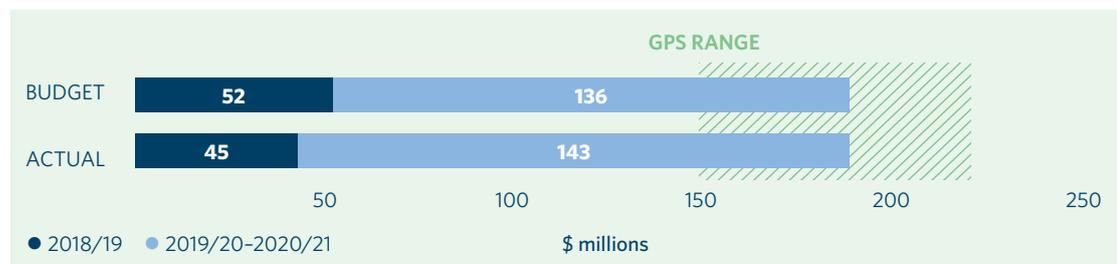
a This was published incorrectly in our *Amended statement of performance expectations 2018/19* as 'of the sealed local road network that meets pavement integrity targets' and has been corrected to reflect what is being measured. This is consistent with previous methodology and results.

b This was published incorrectly in our *Amended statement of performance expectations 2018/19* as a percentage.

c This was published incorrectly in our *Amended statement of performance expectations 2018/19* as 'of the sealed local road network that meets surface condition targets' and has been corrected to reflect what is being measured. This is consistent with previous methodology and results.

ROAD SAFETY PROMOTION AND DEMAND MANAGEMENT

Road safety promotion and demand management expenditure



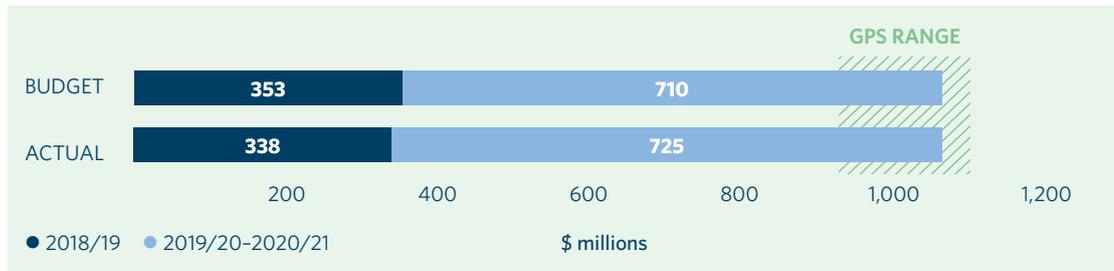
Expenditure was \$7 million (13 percent) below budget at the end of 2018/19. This is due to the slow start to a number of Transport Agency and locally delivered activities, in particular the alcohol interlock programme.

Road safety promotion and demand management performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
RSP1	% of activities delivered to agreed standards and timeframes	Not achieved	76.5%	100%	23.5%	100%
	The Transport Agency did not meet its target because of delays completing two of the three programmes planned for the third quarter (both were completed in quarter four) and two programmes planned for the fourth quarter. The Transport Agency did not complete the evaluation report of the Young Driver programme (delivered in July 2019) and the education component of the Safe Networks Programme, which was delayed to align with the speed management component of the programme.					
RSP2	% of road safety advertising campaigns that meet or exceed their agreed success criteria	Achieved	89%	≥80%	9%	87%

ROAD POLICING²⁶

Road policing expenditure



Road policing expenditure was \$15 million (4 percent) below budget due to slower than planned progress on approved special projects due to reallocation of resources into higher priority projects. A cash flow adjustment was approved in late 2018 and included in the calculation of work programme for 2019/20 and 2020/21, which was considered by the Transport Agency Board in August 2019 and approved for recommendation to the Minister of Transport.

Road Safety Partnership Programme

In consultation with New Zealand Police, the Transport Agency prepares the Road Safety Partnership Programme of New Zealand Police activities to be funded through the National Land Transport Fund and recommend it to the Minister of Transport for approval. The Transport Agency also monitor and report on delivery of the programme. The programme is funded through Vote Police, but the investment source is the National Land Transport Fund.

Road policing contributes to a safer land transport system by delivering prevention and enforcement activities that are targeted to risk, to make New Zealand’s roads safer and to support network management and compliance.

Monitoring the programme

An initial performance framework has been developed for the 2019-21 Road Safety Partnership Programme and this aligns with the emerging Road to Zero outcomes framework. The desired outcome is that the programme’s proposed activity levels and measures link directly to the Road to Zero intervention, system performance, and outcome indicators. This framework will be further refined as the Road to Zero outcomes are agreed and will include reporting on the contribution of the dedicated road policing officers and their planned operations targeting restraints, impairment distractions and speed.

Highlights for 2018/19

Operation Five

On 1 July 2018, New Zealand Police introduced a target to reduce road deaths by 5 percent every year. This was supported by a national operation – Operation Five. The first six months of Operation Five (July–December 2018) saw a reduction in road deaths against the same period in 2017 (although a 5 percent reduction was not achieved for the full 2018 calendar year). At this stage, road deaths are tracking towards the 2019 target. Operation Five is an ambitious, long-term challenge for action to reduce road deaths. New Zealand Police has prioritised enforcement for restraint use, impaired driving, distracted driving and speeding and identified high-risk deployment routes in each district.

²⁶ Road policing activities for developing plans for improving the transport network and systems are authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

National Road Safety Dashboard

A second version of the National Road Safety Dashboard is being rolled out in all district command centres. The dashboard is an evolving tool that is continually improved as feedback is received so that it can better assist responsive deployment and ensure NZ Police are highly visible. The dashboard is moving closer to being in real-time with NZ Police-held data now updated every 24 hours.

Mobile Road Safety Bases

New Zealand Police is piloting a new type of mobile road safety base for use in alcohol checkpoints. The new base is fitted out on a smaller vehicle platform, which means it can be used in a wider variety of locations. Compared with the larger bases on truck platforms, the smaller base is more flexible, is easier to deploy, and has a lower whole-of-life cost. These smaller bases are a new tactical option and won't replace the larger bases in areas where they remain required to meet demand.

Special projects

Through the 2018/19 Road Safety Partnership Programme, \$18.5 million was allocated for delivering change initiatives to reduce death and serious injury on the roads and to improve the efficiency of the network.

To improve frontline road policing, New Zealand Police delivered:

- a new fleet of portable scales to Commercial Vehicle Safety Teams nationwide, so they can undertake more roadside weight tests instead of the commercial vehicle having to go to an inspection centre
- further improvements to mobility devices, including developing an addition to the OnDuty Mobility platform, so police can adapt more quickly to new road safety legislation and new road safety initiatives
- an augmented mapping system for the Air Support Unit – two Eagle helicopters were equipped with the system, which will improve public and officer safety and enable more successful resolution of incidents involving the pursuit of fleeing drivers.

Road Safety Partnership Programme

Over the year, the Road Safety Partnership Programme involved initiatives to bring the partnership to life. These initiatives include:

- improvements to the operating model between Transport Agency and NZ Police to ensure both agencies are delivering the correct functions, and these functions and resultant activities complement each other
- developing potential new models for investment in road policing and optimal allocation of funds within NZ Police (to align with the next Government Policy Statement)
- developing proofs of concept for multi-agency intelligence-led decision making and planning
- continuing to develop options for automated compliance and intervention management.

AREA OF CONCERN	RESULTS TO WHICH NEW ZEALAND POLICE SIGNIFICANTLY CONTRIBUTES	DESIRED TREND	ASSESSMENT AGAINST DESIRED TREND	RESULT
Speed, including a speed management programme with a mix of manual and automated enforcement and intervention	Number of 5-15km/h officer-issued infringement offence notices	Increase	Increase	Achieved
	Mobile camera deployment activity (hours)	Increase	Decrease	Not achieved
	Decrease of 2.8% from last year.			
	Number of officer-issued infringement offence notices ^a	Increase	Increase	Achieved
High-risk drivers, including recidivist drink drivers, disqualified drivers, fleeing drivers, and dangerous and reckless drivers	Number of officer-issued infringement offence notices for high-risk driving offences	Increase	Increase	Achieved
	Number of traffic stops (3Ts)	Increase	Increase	Achieved
	Number of Offender Management Plans in place for high-risk drivers	Increase	Not available	
	Offender management plans were not systematically tracked until 2018/19, so a trend cannot be determined. At the end of the year, 298 plans were in place.			
Restraints, including seatbelts, child restraints and helmets	Number of officer-issued infringement offence notices for restraint offences	Increase	Increase	Achieved
	Social media reach, interactions and shares during targeted national campaigns	Increase	Not available	
	Data on social media reach is not systematically collected and available.			
Impairment, including alcohol-, drug- and fatigue-related impairment	Number of officer-issued infringement offence notices for impaired driving offences	Increase	Decrease	Not achieved
	Indicator has remained largely flat, with a decrease of 0.5% in the financial year.			
	Number of breath tests completed	Increase	Decrease	Not achieved
	<p>The decrease of 27 percent in the financial year, is in part, due to the reinstatement of dedicated road policing staff and the roll-out of new impairment testing devices along with mobile road safety bases, which allow for greater agility in impairment enforcement.</p> <p>There is a balance between volume testing (to provide a general deterrence effect) and specific targeting to risk (to achieve a more targeted offence capture rate). Over recent years, while the overall volume of screening tests has dropped, the number of offences has remained static, and the number of deaths and serious injuries where impairment was a factor, have declined.</p> <p>The Transport Agency is working with NZ Police to develop the work programme for 2019/20 and 2020/21 to ensure overall volumes are reinstated to a more appropriate level.</p> <p>Future measures will cover specific and general deterrence and targeted operations while monitoring prosecutions.</p>			
	Number of compulsory impairment tests that result in positive blood tests	Decrease	Decrease	Achieved
	Decrease of 8% in the financial year. Note: This is a count of positive blood tests, not compulsory impairment tests.			

^a Compliance seeks to achieve a road safety outcome through other means than an infringement notice. For breaches of the graduated driver licensing system and other offences (such as vehicle not up to warrant of fitness standard) an infringement could be issued with compliance offered, usually between 28 and 56 days to rectify the issue. On proof of corrective action, the infringement is waived.

AREA OF CONCERN	RESULTS TO WHICH NEW ZEALAND POLICE SIGNIFICANTLY CONTRIBUTES	DESIRED TREND	ASSESSMENT AGAINST DESIRED TREND	RESULT
Vulnerable and active road users, including elderly people, children, pedestrians, cyclists and motorcyclists	Number of driver licensing programmes available	Increase	Not available	
	Data on driver licence programmes is not systematically collected and available.			
	Number of compliance issued for gradual driver license breaches	Increase	Decrease	Not achieved
<p>The decrease of 18 percent in the financial year reflects compliance achieved (total number of infringement notices waived following completion of the compliance offered).</p> <p>The decrease in graduated drive licence (GDL) compliance from last year is in line with the corresponding overall reduction in GDL offence detection.</p> <p>The overall reduction in GDL offences is, in part, due to the increased focus on restraints, impairment, distractions and speed and increasing opportunities for police to refer an offender to a licensing programme, rather than issue an infringement notice.</p>				
Distractions, including mobile phone use, careless use and distracting behaviours	Number of officer-issued infringement offence notices for mobile phone offences	Increase	Increase	Achieved
	Social media reach, interactions and shares during targeted national campaigns	Increase	Not available	
	Data on social media reach is not systematically collected and available.			
Vehicle safety and compliance, including regulatory compliance of commercial vehicles and driving	Number of vehicle dimension and mass offences detected	Increase	Increase	Achieved
Network maintenance and efficiency through effective crash investigation practices	Timeliness of fatal notification submission	Increase	Decrease	Not achieved
	Indicator has remained largely flat, with a decrease of 1% from last year.			

REGIONAL IMPROVEMENTS

Regional improvements expenditure



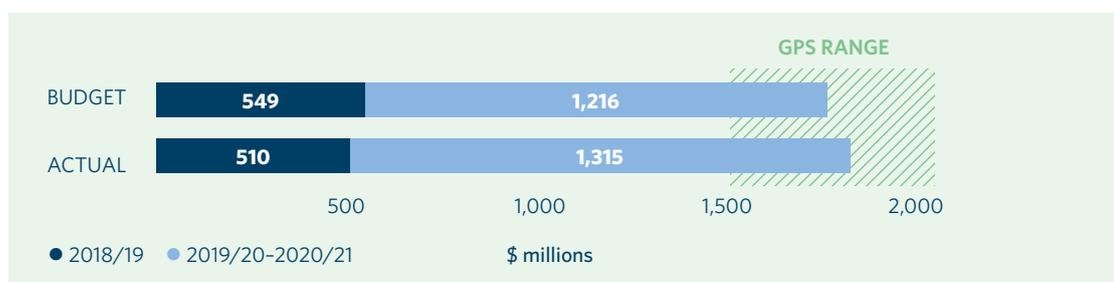
Regional improvements expenditure was \$27 million (24 percent) above budget at the end of 2018/19 due to many projects progressing ahead of plan. The forecast is to be close to budget over the 2018-21 National Land Transport Programme.

Regional improvements performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
RI1	Lane kilometres of improved regional roading	Achieved	151.7 lane km	Increasing	-	9.4km
RI2	Kilometres available to high productivity motor vehicles on key regional routes	Achieved	8225km	Increasing	-	7221km
RI3	% of activities delivered to agreed standards and timeframes	Achieved	98%	90%	8%	87%

PUBLIC TRANSPORT

Public transport expenditure



Public transport expenditure is \$39 million (7 percent) below budget at the end of 2018/19 as a result of lower than planned activity across various public transport infrastructure projects. The 2018-21 National Land Transport Programme overall is forecast to be over budget, driven by strong delivery of local authority infrastructure projects and increased service costs from patronage growth and input cost pressures.

Public transport performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL	
PT1	Number of passengers using urban public transport services (bus, train and ferry)	Achieved	168 million	≥164 million	4 million	158 million	
PT2	% of people with access to frequent public transport services in Auckland, Wellington and Christchurch	Achieved	29%	Increasing	2%	27% ^a	
PT3	Cost per passenger kilometre by bus, train and ferry	Bus	Not achieved	\$0.20/km	≤\$0.19/km	\$0.01/km	\$0.19/km
		Train	Achieved	\$0.16/km	≤\$0.16/km	0	\$0.16/km
		Ferry	Not achieved	\$0.08/km	≤\$0.06/km	\$0.02/km	\$0.06/km

The increase in service cost of carrying passengers by bus was due to the 8 percent increase in service levels in Auckland, Waikato, Bay of Plenty and Otago. Ferry costs increased due to investment in greater capacity vessels and additional ferry services in Auckland. Cost indexation and inflation (about 4.5 percent for bus and ferry) also affected service costs. These costs across the three modes reflect spend against the National Land Transport Fund only. They exclude any local share of revenue, fare revenue, SuperGold cardholder payments and third-party revenue. If these exclusions are considered, total service cost per passenger kilometre is \$0.65/km for bus, \$0.49/km for train and \$0.60/km for ferry.

^a The 2017/18 actual figure, used as this measure's baseline, was recalculated from 30 percent to 27 percent due to an error by the external data supplier.

WALKING AND CYCLING IMPROVEMENTS

Walking and cycling expenditure



Walking and cycling expenditure is \$22 million (28 percent) below budget at the end of 2018/19. This is due to delays with the National Land Transport Fund expenditure component of Urban Cycleways Programme projects and later than planned start up for several large projects such as State Highway 88 Dunedin to Port Chalmers Safety Improvements (\$11 million) and State Highway 2 Baypark to Bayfair Link Upgrade (\$5 million). The expectation is for expenditure to pick up in 2019/20 and 2020/21 as delayed projects are implemented.

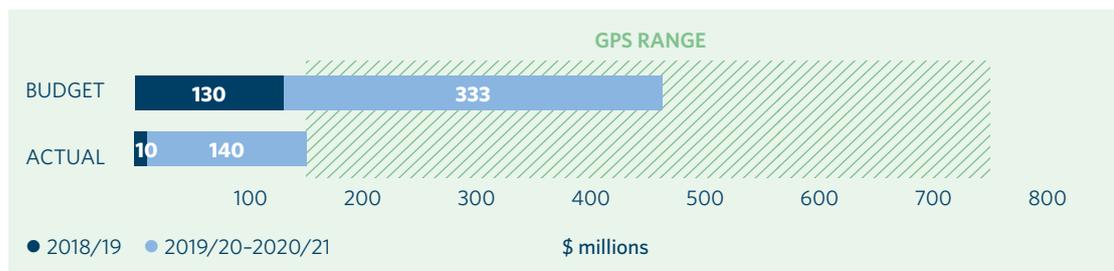
Walking and cycling performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
WC1	Network kilometres of walking and cycling facilities delivered	Achieved	104.8km (including 47.3km UCP projects)	Increasing	-	79.3km (including 61.8km UCP projects)
WC2	Cycling count in Auckland, Wellington and Christchurch	Achieved	6238	Increasing	-	5605

Note: UCP = Urban Cycleways Programme.

RAPID TRANSIT

Rapid transit expenditure



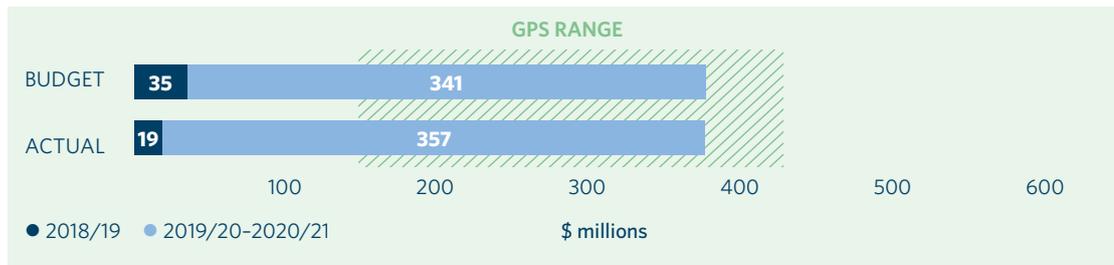
Rapid transit expenditure was \$120 million (92 percent) below budget. Budgeted spend was based on anticipated progress on the original plan for the City Centre to Mangere light rail project. Progress and expenditure has been impacted by the evaluation process underway to assess alternate project approaches by the Transport Agency and NZ Infra. As a result, rapid transit activity will not meet budget over the remainder of the 2018-21 National Land Transport Programme and the balance of unused funding has been reallocated to other output classes

Rapid transit performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
RPT1	% of activities delivered to investment requirements	-	Not available	≥90%	-	New measure
No activities reported against this measure have begun.						

TRANSITIONAL RAIL

Transitional rail expenditure



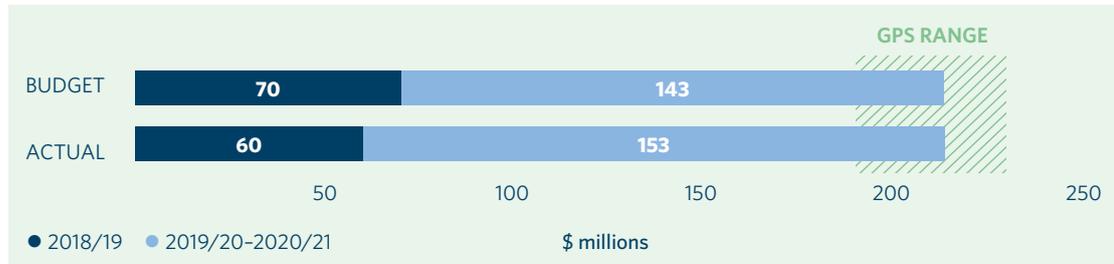
Transitional rail expenditure was \$16 million (46 percent) below budget. This was due to some projects not progressing as quickly as expected. Funding approvals for key Wellington projects were budgeted in 2018/19 and are now expected to occur in 2019/20. Further work on the Hamilton to Auckland connection is expected in 2019/20, which will boost expenditure during the remainder of the National Land Transport Programme.

Transitional rail performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
TR1	% of projects approved for implementation	Baseline set	80%	Increasing	-	New measure
	Four out of five business cases received this year were approved for implementation. The Papakura to Pukekohe Rail Corridor Improvements business case has not been approved because pre-implementation work is yet to be completed. Therefore, the business case has gaps. The Transport Agency provided feedback to Auckland Transport, which is aiming to submit a revised business case for consideration by the Transport Agency Board at the board’s December 2019 meeting.					
TR2	% of activities delivered to investment requirements	Baseline set	100%	Set baseline	-	New measure

INVESTMENT MANAGEMENT

Investment management expenditure



Investment management expenditure was \$10 million (14 percent) below budget. This underspend was primarily due to lower expenditure on the New Zealand Business Numbers Project.

Investment management performance measures

REFERENCE	MEASURE	RESULT	2018/19 ACTUAL	2018/19 TARGET	VARIANCE	2017/18 ACTUAL
IM1	Total cost of managing the funding allocation system as a % of National Land Transport Programme expenditure	Achieved	1.03%	≤1.1%	0.07%	0.91%
IM2	% of investments that meet Transport Agency thresholds	Not achieved	89%	100%	11%	100%
	<p>Although 100 percent of investments met the Transport Agency's investment threshold levels only 77 percent (10 of 13) of reviewed investment decisions met required process standards. This was due to incomplete documentation and inconsistencies in the information provided. The Transport Agency is working on possible improvements to mitigate these issues, including workshops, third-party reviews, and more robust post-approval review feedback and follow-up.</p>					
IM3	% of operational assurance activities completed	Achieved	100%	100%	0	98%
IM4	% of activities delivered to agreed standards and timeframes (transport planning)	Not achieved	58%	≥90%	32%	65%
	<p>Transport planning occurs in the lead up to developing a business case for investment from the National Land Transport Programme. Transport planning activities are behind schedule due to delays in delivering activities under the previous National Land Transport Programme (for example, Let's Get Wellington Moving) and slower than planned delivery of activities in the new National Land Transport Programme, which was published one month later than usual and requires a significant change in direction for the sector. More accurately forecasting such delays is an area for improvement for the sector (both the Transport Agency and approved organisations).</p>					
IM5	% of activities delivered to agreed standards and timeframes (sector research)	Achieved	96%	≥90%	6%	100%
IM6	Average number of days to action new funding approvals	Not achieved	24.9 days	≤20 days	4.9 days	17.2 days
	<p>The Transport Agency did not achieve its target due to an increase in processing times during the second quarter as it undertook a prioritisation exercise to optimise the allocation of constrained funding in several activity classes. This meant it took longer to action requests. Approval times were in line with performance targets for the rest of the year.</p>					
IM7	% stakeholder satisfaction (approved organisations and stakeholders)	Baseline set	45%	New measure	-	New measure

REGIONAL HIGHLIGHTS FOR 2018/19



NORTHLAND

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will focus on maintaining and improving the transport system, increasing safety, developing high productivity motor vehicle routes, enabling tourism, and promoting mode shift to public transport and walking and cycling.

INVESTMENT HIGHLIGHTS FOR 2018/19

Construction commenced in March 2019 of the **State Highway 1 loop road safety improvements**. Safety improvements on State Highway 1 south of Whāngārei include construction of a roundabout at Loop Road (North) and intersection improvements at the State Highway 1 and Portland Road intersection. This project is due for completion during the 2020-21 summer, with funding of \$27 million from the National Land Transport Fund.

State Highway 12 Matakohe bridges opened on 5 July 2019. This \$26 million, 2.5km project improves safety for all road users with two new two-lane bridges, a realignment of the state highway to remove the tight bends approaching the bridges, a new and improved intersection for the Matakohe township and the iconic Kauri Museum, and a shared path that incorporates the two old bridges.

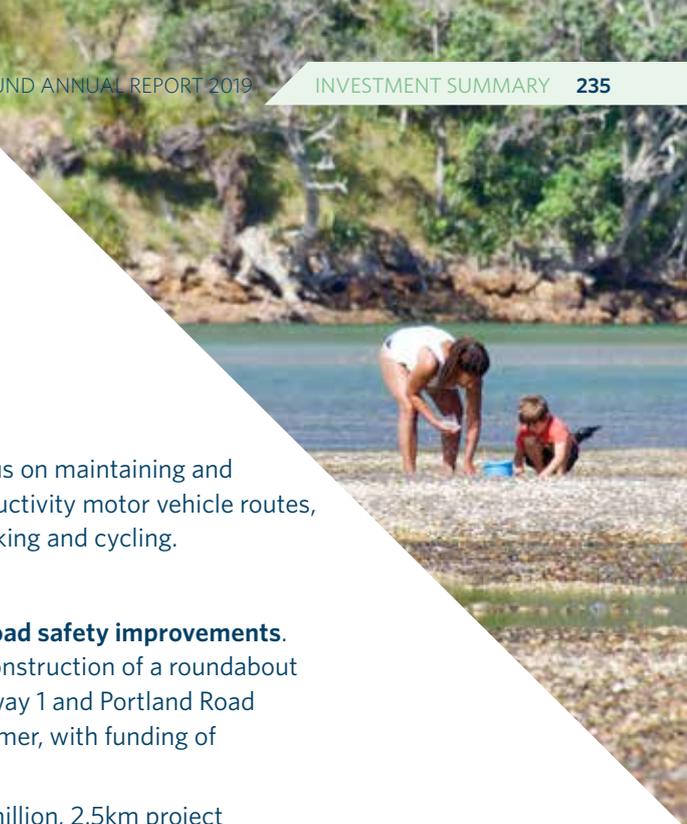
The \$18 million **State Highway 10 Taipā Bridge** project replaces a busy, single-lane bridge and narrow footpath with a two-lane bridge and 3m-wide shared path, provides safer, more reliable travel options, including improved walking and cycling facilities, and removes delays during the peak visitor season. State Highway 10 plays an important role as an alternative route when State Highway 1 is closed. This project is due for completion in October 2019.

The \$17 million **State Highway 1 Tarewa Road Intersection Safety Improvements** project is due for completion early 2020 and is the last of six projects in the Whāngārei Improvements package to ease bottlenecks and congestion and improving traffic flow and safety. The project will improve safety for those walking and cycling to and from Whāngārei Hospital, Northland Polytechnic and the central business district with a shared path under the new bridge complete with signalised pedestrian crossings.

Worked with Northland councils to complete the business case for the **Northland Integrated Cycling Implementation Plan**. It recommends a programme for building off-road walking and cycling tracks to be delivered in stages. It seeks the early development of approximately 140km of trails that would be added to the existing Twin Coast Cycle Trail to create a total of over 200km or 30 percent of Northland's Twin Coast Discovery Route.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Northland total	151,774
State highway improvements	55,198
State highway maintenance	36,023
Local road improvements	3,010
Local road maintenance	39,145
Regional improvements	11,648
Public transport	1,366
Road safety promotion and demand management, investment management, and walking and cycling	5,384
Rapid transit and transitional rail	-



AUCKLAND

WHERE 2018–21 INVESTMENT IS FOCUSED

Investment in the 2018–21 National Land Transport Programme will focus on improved choice for access to employment, education and services by improving connections for public transport, rapid transit, walking and cycling and by shaping more liveable communities with safe travel options.

INVESTMENT HIGHLIGHTS FOR 2018/19

The **Quay Street cycleway extension** opened in September 2018 and gives cyclists a safer ride into the city centre from east Auckland. The project extends the original two-way Quay Street cycleway from Plumer Street, past Spark Arena, to near The Strand intersection.

The **Ian McKinnon Drive walking and cycling shared path** opened at the end of 2018 and provides a dedicated cycleway from the end of the northwestern cycleway through Suffolk Reserve and along Ian McKinnon Drive to Upper Queen Street.

Construction, under way since 2015, continues on the \$268 million **State Highway 1 Southern Corridor improvements**, removing existing bottlenecks on the Southern Motorway between Manukau and Papakura and creating a brand new shared walking and cycling path between Takanini and Papakura to connect communities and provide more travel options. This project will be complete at the end of 2019.

Construction is well under way on the \$700 million Northern Corridor improvements and involves transport improvements on the Northern Motorway, including a new **State Highway 1 – State Highway 18** motorway connection to improve access and reduce congestion on surrounding local roads. The Northern Busway will be extended to Albany, and a new busway station will be constructed at Rosedale to provide more transport options in and around this busy industrial area.

Construction started in May 2019 on the **Auckland Manukau Eastern Transport Initiative (AMETI) Eastern Busway improvements**, with total investment expected to be \$240 million. This project aims for faster bus and train travel during peak times and safer travel, including new walking and cycling connections.

The more than \$110 million **State Highway 16 Lincoln to Westgate** project will be completed in late 2019, improving the Northwestern Motorway between Lincoln Road and Westgate to support growth in the western suburbs and increased traffic using the Western Ring Route.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Auckland total	917,529
State highway improvements	372,480
State highway maintenance	141,639
Local road improvements	78,581
Local road maintenance	128,554
Regional improvements	-
Public transport	166,004
Road safety promotion and demand management, investment management, and walking and cycling	18,517
Rapid transit and transitional rail	11,754

WAIKATO

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will focus on congestion and safety across the region, with Waikato being prioritised for greater investment in the Safe Network Programme. Spatial planning in the land transport system will have a bigger role and be integrated with land use planning to support improved housing affordability and make our cities more liveable and multimodal. In Hamilton, this focus is seen in the Transport Agency's partnership with Hamilton City Council on its future-proof strategy and in the Auckland to Hamilton Start-up Rail project.

INVESTMENT HIGHLIGHTS FOR 2018/19

A new intersection at **Thomas and Gordonton Roads** in Hamilton city was completed with a \$2.4 million investment from the Transport Agency. As well as traffic lights, other safety measures have been implemented at the intersection such as raised safety platforms.

The \$637 million **Hamilton Section of the Waikato Expressway** is a 21.8km bypass taking State Highway 1 to the east of Hamilton city. This roading project, the region's biggest, involves 17 bridges and 5 interchanges. It includes \$7 million for the key Resolution Drive connection. The Hamilton section is scheduled for completion in mid-2021. The Transport Agency completed the 57 vertical metre cut through the Taupiri Pass on the Huntly Section, which involved shifting 1.3 million cubic metres of earth.

The \$409 million, 6km **Huntly Section of the Waikato Expressway** was progressed. It will take State Highway 1 over the Taupiri Range to the east of Huntly and is on schedule to open in early 2020.

The \$96 million, 5.9km **Longswamp Section of the Waikato Expressway** is progressing and is on schedule to be completed at the end 2019. This project involves widening this stretch of State Highway 1 to four lanes at 'expressway standard', while managing more than 20,000 vehicles a day through the site.

Hamilton City Council is developing the **Peacocke area** to the south of the city. To assist, council received a \$180.3 million, 10-year interest-free loan from the government's Housing Infrastructure Fund and \$110.1 million of Transport Agency subsidies for infrastructure, including a new bridge over the Waikato River.

The Transport Agency and KiwiRail are working together to deliver a \$26 million programme of level-crossing safety upgrades on or near the state highway network to prevent deaths and serious injuries at level crossings. In Waikato, upgrades are taking place at State Highway 29 Hinuera, State Highway 1 Huntly Bypass, and Tregoweth Lane.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Waikato total	518,017
State highway improvements	303,724
State highway maintenance	97,936
Local road improvements	21,043
Local road maintenance	69,117
Regional improvements	8,696
Public transport	13,209
Road safety promotion and demand management, investment management, and walking and cycling	2,616
Rapid transit and transitional rail	1,675

BAY OF PLENTY

WHERE 2018–21 INVESTMENT IS FOCUSED

Investment in the 2018–21 National Land Transport Programme will focus on supporting a strong and growing region by providing a transport system that is safer and more resilient and by increasing opportunities for alternative transport choices, such as public transport, walking and cycling.

INVESTMENT HIGHLIGHTS FOR 2018/19

The new **Western Bay of Plenty Public Transport Blueprint** network was launched in December 2018, providing higher frequency services based around key routes, more direct services from key origins and destinations, and extended operating hours.

The **State Highway 29 Whakapaewaka shared overbridge** opened in August 2018 over State Highway 29 Takitimu Drive, connecting Bethlehem and Gate Pā and creating a safe crossing for pedestrians and cyclists. It was partly funded by the Transport Agency's Urban Cycleways Fund.

Through the National Land Transport Fund, the Transport Agency funded 51 percent of the \$0.7 million **Kopurererua cycle path upgrade**, which opened in July 2019. A 5km rough gravel path through the Kopurererua Valley was upgraded and sealed to create a safer and easier route so more people can cycle between The Lakes and the central city.

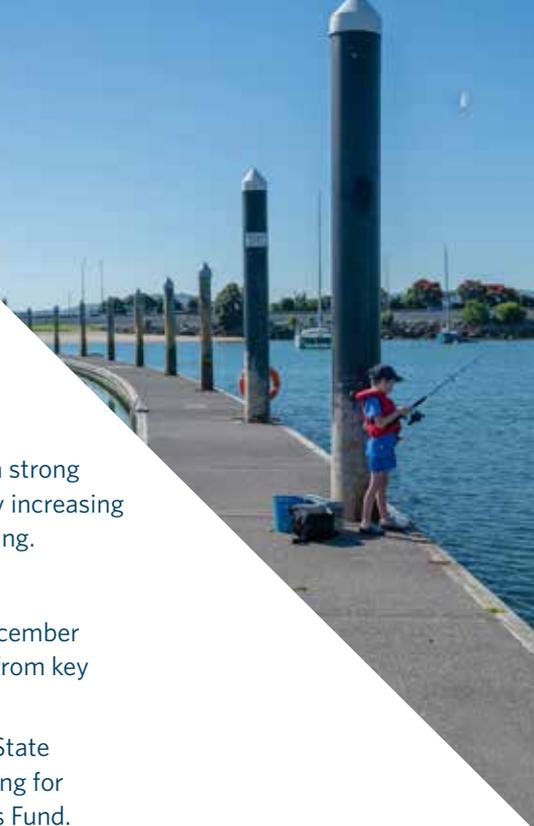
Progress continues on the \$120 million **upgrade to the Baypark to Bayfair Link**. It will improve the State Highway 2 – State Highway 29A Te Maunga intersection and the State Highway 2 Maunganui Road – Girven Road intersection and will complete the Eastern Corridor for the Bay of Plenty. The upgrade's features are two flyovers and improvements to the State Highway 29A Baypark and Truman Lane roundabout and the State Highway 2 Bayfair roundabout. Completion is expected mid-2021.

The Transport Agency funded 51 percent of the \$4.1 million **State Highway 36 overbridge**, which will make it safer for people to walk and cycle between The Lakes and Tauranga Crossing. The overbridge opened in July 2019.

Significant investment in safety along **State Highway 2 between Waihi and Ōmokoroa** is part of the Transport Agency's Safe Network Programme. The five-year \$107 million programme of work began in early 2019. This work focuses on preventing head-on and run-off crashes and providing safer connections for the local community.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Bay of Plenty total	167,792
State highway improvements	54,779
State highway maintenance	55,728
Local road improvements	11,843
Local road maintenance	36,828
Regional improvements	1,770
Public transport	814
Road safety promotion and demand management, investment management, and walking and cycling	6,029
Rapid transit and transitional rail	-



GISBORNE TAIRĀWHITI

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will focus on providing a resilient and efficient transport network, due to the region's relative isolation and reliance on the state highway network and local roads to connect its communities, to get goods from farms and forests to market, and to support growth in tourism.

INVESTMENT HIGHLIGHTS FOR 2018/19

Awapuni Road on State Highway 35, was upgraded in April 2019. This road runs through a residential area and was rebuilt to be a stronger and more resilient road that will last longer and reduce noise from heavy freight traffic. The \$2.5 million project was fully funded by the National Land Transport Programme.

The **Wainui Stage II shared path** was completed in December 2018. This 1.6km stretch of shared path extended the popular Muriel Jones shared path from Sponge Bay to Kaiti. This \$1.7 million project was fully funded by the National Land Transport Fund.

The **Gladstone Road Bridge shared path** opened in April 2019. The \$2 million project was funded by the Urban Cycleways Programme and the National Land Transport Fund. The historic bridge was widened, and the balustrades were replaced with modern see-through railings to open up great views of the harbour.

The **Safety Boost programme** is well under way and includes \$6.3 million of funding from the Safe Network Programme for improvements on State Highway 2 between Wairoa and Gisborne and between Gisborne and Mātāwai and on State Highway 35 between Gisborne and Tolaga Bay. The improvements include shoulder widening, rumble strips and new roadside safety barriers in locations with a higher risk of run-off road crashes and where such a crash would most likely result in death or serious injury.

In 2019, a **central business district upgrade** package was completed for a selection of the city centre's roads and intersections that were particularly damaged and had not been upgraded for many years. The chip seal roads were replaced with asphalt for longer-lasting, stronger, smoother and quieter roads. This work was enabled by \$0.6 million from the Provincial Growth Fund.

Gisborne District Council is **repairing the road network** following a flood in June 2018. The repair bill is \$26.4 million, with 8 percent coming from the Provincial Growth Fund and 92 percent from the Transport Agency. Significant damage is also still being repaired from the 2017 storms Debbie and Cook.

In January 2019, work to widen the shoulders on a 7km stretch of the **Motu Trail/Rere Heartland Ride** was completed. This was enabled by \$0.8 million from Crown regional economic development funds.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Gisborne total	68,984
State highway improvements	8,980
State highway maintenance	27,193
Local road improvements	406
Local road maintenance	29,265
Regional improvements	2,367
Public transport	434
Road safety promotion and demand management, investment management, and walking and cycling	338
Rapid transit and transitional rail	-

HAWKE'S BAY

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will recognise the importance of a regional land transport system that is safe and reliable with resilient access to remote communities where farming, forestry and tourism are essential economic drivers. Critical links between Napier Port and Palmerston North will be funded through the National Land Transport Fund, while resilience and safety through State Highway 2 from Napier to Tairāwhiti will be targeted through the Provincial Growth Fund.

INVESTMENT HIGHLIGHTS FOR 2018/19

A \$13 million roundabout on the **Hawke's Bay Expressway** along with a new access road to Hawke's Bay airport opened in September 2018. The roundabout at Watchman Road replaced the fifth highest risk intersection in New Zealand.

The \$10 million **Links Road/Pakowhai Road intersection roundabout** was completed on the Hawke's Bay Expressway in November 2018. The new roundabout will improve safety and efficiency at a key intersection on the main arterial route through the region.

Construction started on the \$3.5 million **Bay View to Hawke's Bay Airport passing lanes and safety improvements** in November 2018 and the \$10.5 million **Hawke's Bay Expressway safety improvements** in February 2019. Combined, these projects include 21km of median barrier construction.

The \$10 million **State Highway 2 Wairoa to Bay View** project and the first phase of the \$17.5 million of the **State Highway 2 Paki Paki to Waipukurau** were progressed and are nearly complete - this work includes shoulder-widening side barriers, rumble strips and new line markings, as well as a section of median barrier between Waipukurau and Waipawa.

The Transport Agency co-funded the \$20 million **Whakatu arterial route in Hastings**, enabling access to a large industrial area and allowing for expansion of industry in the region. This road provides access to the Hawke's Bay Expressway and is linked to the \$5 million State Highway 2 Napier Road roundabout, which was completed in early 2018.

The \$1.9 million **Raupunga Bluff Enhanced Resilience** project is key to the long-term connectivity of Wairoa to Napier on State Highway 2. The Transport Agency is working closely with local iwi and KiwiRail to deliver a solution that protects this key corridor north of Napier. Construction will be in 2019-2020.

A \$2.5 million investment in a Hastings District Council project has **strengthened bridges** on the local network to carry high productivity motor vehicles and 50MAX vehicles that transport goods to market.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Hawke's Bay total	96,264
State highway improvements	6,666
State highway maintenance	16,840
Local road improvements	5,481
Local road maintenance	37,819
Regional improvements	28,398
Public transport	213
Road safety promotion and demand management, investment management, and walking and cycling	846
Rapid transit and transitional rail	-



TARANAKI

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will recognise the critical importance of the region's land transport system being well connected and resilient and enabling the safe passage of the heavy vehicles that travel more than 75 million kilometres on Taranaki roads each year.

INVESTMENT HIGHLIGHTS FOR 2018/19

The first stage of safety and resilience improvements covering 58km from **Awakino Gorge to Mt Messenger** was completed in September 2018. Improvements included new roadside safety barriers in high-risk areas, rumble strips, electronic warning signs, new formalised pull-over areas, and a new slow vehicle bay at Awakau Road for a total investment of \$7.5 million. Construction of more extensive improvements, including a new passing lane at Ladies Mile, began in early 2019 and are expected to be completed in mid-2020.

A preliminary stage of the \$29 million safety improvements to **State Highway 3 between Waitara and Bell Block** was completed with the removal of the northbound passing lane between Mahoetahi Road and Raleigh Street.

More than \$17 million was invested into the **Taranaki Network Outcomes Contract** to complete upgrades and safety improvements, including structural asphalt projects on State Highway 3 at New Plymouth Boys' High Hill and State Highway 44 near St Aubyn Street and works on State Highway 45 near Powderham Street.

Close to \$0.9 million of significant repairs were made to a rain-damaged culvert under **State Highway 3 near Lake Mangamahoe**. The Transport Agency also repaired a slip on State Highway 43 at Hospital Hill in Taumarunui that was threatening access to Taumarunui Hospital.

A major asphalt resurfacing upgrade was completed in the urban area of **State Highway 3 between Vickers Road and Smart Road** at a cost of \$1.2 million.

Work is under way to complete the remaining stages of **State Highway 3 Safety and Resilience improvements from Awakino Gorge to Mt Messenger**. This work includes construction of a passing lane at Ladies Mile, for which work began in early 2019, and is expected to be completed in mid-2020, at a total investment of \$14.5 million.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Taranaki total	52,752
State highway improvements	3,519
State highway maintenance	23,525
Local road improvements	4,091
Local road maintenance	18,103
Regional improvements	822
Public transport	1,909
Road safety promotion and demand management, investment management, and walking and cycling	783
Rapid transit and transitional rail	-



MANAWATŪ- WHANGANUI

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will focus on critical road and rail corridors for economic prosperity in this important freight and transport hub for the North Island. Keeping the land transport system well maintained and safe is also a large part of the investment from the National Land Transport Programme in Manawatū-Whanganui. A key project for this region is a safe, resilient and efficient replacement route for the closed State Highway 3 through the Manawatū Gorge, and management of the detour routes currently in use.

INVESTMENT HIGHLIGHTS FOR 2018/19

Road widening between **Ashhurst and the Saddle Road bridge and Woodlands Road improvements** at State Highway 3 and Oxford Road were completed for investments of \$0.9 million and \$2 million, respectively.

A package of mitigation measures is being implemented to address noise and safety concerns raised by **Ashhurst** residents, which have arisen from Manawatū Gorge detour traffic travelling across Saddle Road. The total package is \$7 million with \$2.5 million already spent.

Work was completed on the 18km stretch of **State Highway 57, from State Highway 1 to Shannon**. The \$8.6 million project delivered 13.8km of side barriers and 14.3km of road markings and rumble strips.

Safety interventions such as rumble strips, improved signage and barriers at high high-risk locations were completed on four sections of road through the Safety Boost Programme:

- **State Highway 4 Taumarunui to National Park** - at a cost of \$0.4 million.
- **State Highway 2 Ngawapurua to Manawatū-Whanganui boundary** - at a cost of \$0.5m
- **State Highway 4 Tōhunga Junction to Whanganui** - at a cost of \$1.4 million
- **State Highway 3 Whangaehu to Bulls** - at a cost of \$0.4 million.

In December 2018, interim safety works were carried out from **Ōtaki to Levin**, including flexible posts on flush medians for \$0.2 million. Signs warning about high risk were installed from **Levin to Foxton** in early 2019.

Work is under way to install rumble strips, signs and, at high-risk locations, road safety barriers or a widened shoulder on five sections of **Manawatū-Whanganui** highways. This is an \$8.6 million investment as part of the Safety Boost Programme.

Construction is on schedule for completion in December 2019 for the **Whirokino Trestle and Manawatū River Bridge**. The new bridges will carry high productivity motor vehicles and have wider traffic lanes and a new 1.5m wide shoulder for cyclists, to improve safety.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Manawatū-Whanganui total	165,286
State highway improvements	24,725
State highway maintenance	34,935
Local road improvements	7,060
Local road maintenance	51,854
Regional improvements	38,319
Public transport	1,258
Road safety promotion and demand management, investment management, and walking and cycling	7,136
Rapid transit and transitional rail	-

WELLINGTON

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will focus on cycleways in the Wellington region as major State Highway 1 roading projects, Transmission Gully and Peka Peka to Ōtaki, near completion. The next phase of the Let's Get Wellington Moving programme has been approved and detailed investigations will be under way in 2019/20.

INVESTMENT HIGHLIGHTS FOR 2018/19

The \$0.9 million **Oriental Bay cycleway** opened in December 2018. Hutt Road cycling improvements were also completed, apart from improvements to Kaiwharawhara Bridge. Wellington City Council delivered these projects in partnership with the government and Transport Agency.

The final stage of the **Wainuiomata Hill shared path** was opened in May 2019. Hutt City Council delivered this project in partnership with the government and Transport Agency. The whole project, including Pukeatua Bridge (which opened in 2015) cost \$14.8 million, with \$9 million invested by the Transport Agency (from the National Land Transport Fund and Urban Cycleways Fund).

In April 2019, constructions began on the **Evans Bay section of the Tahitai bike path**. This is a \$10 million project Wellington City Council is delivering in partnership with the government and Transport Agency.

Approved for funding in the Greater Wellington region were \$390 million of public transport projects, including work on **rail track upgrades** to the Hutt Valley, Wairarapa and Melling lines. This upgrade work will enable larger and more frequent trains on these lines and includes double-tracking between Trentham and Upper Hutt to increase capacity.

A new layout and metered lights were installed at the **Paremata roundabout** on 1 July 2019. These signals will help stagger northbound traffic through the roundabout, resulting in reduced queues for southbound traffic and making it easier for people in vehicles to exit the Paremata park-and-ride car park. This will help traffic flow through the area until Transmission Gully opens.

Construction progressed of the \$330 million **Peka Peka to Ōtaki Expressway**, which is expected to open in 2021. The bypass of Ōtaki and the provision of a high-standard four-lane expressway will ease local trip congestion and facilitate economic development in the area. Work continued on the \$850 million **Transmission Gully motorway**, with 12 of the project's 25 structures now complete. Construction is 75 percent complete, and the motorway is scheduled to open in 2020.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Wellington total	333,628
State highway improvements	113,048
State highway maintenance	56,393
Local road improvements	18,163
Local road maintenance	46,593
Regional improvements	-
Public transport	85,769
Road safety promotion and demand management, investment management, and walking and cycling	10,877
Rapid transit and transitional rail	2,785

TOP OF THE SOUTH

WHERE 2018–21 INVESTMENT IS FOCUSED

Investment in the 2018–21 National Land Transport Programme will focus on safer and better transport choices in Nelson and Richmond with improvements to cycling and the public transport network.

INVESTMENT HIGHLIGHTS FOR 2018/19

The **Tahunanui shared pathway**, in Nelson will encourage more people to walk and cycle in and around Tahunanui. Stage 1 was completed in July 2019, with the project moving to construction of stage 2 in April 2019.

The \$12 million shared path **Haven Road section of the Maitai to Rocks Road cycle facility** opened in September 2018. It provides cyclists and pedestrians with a safe, shared connection between existing cycling facilities and expands the network of cycling and walking paths.

The **LED streetlight upgrade** for \$0.8 million was completed and will save energy and create less light pollution.

An investment of almost \$0.3 million into **public transport ticketing solutions** will contribute to improving the experience of public transport users.

The **Nelson Future Access** project started in 2019. It is investigating a safe, resilient and accessible transport system for all users in Nelson.

Saltwater Creek bridge replacement, delivered by the Transport Agency in conjunction with Nelson City Council, is the second stage of the Maitai to Rocks Road cycle facility (\$0.5 million). It will provide cyclists and pedestrians with a safe, shared connection between existing cycling facilities and expand the network of cycle and walking paths. This work started in April and is due to be completed in late 2019.

In Marlborough, approved funding for local road improvements in 2018 include the **Tyntesfield No 1 Bridge replacement** (\$0.04 million), conversion of street lighting to LEDs (\$0.04 million), and the **Waihopai high productivity motor vehicles route** (\$0.6 million).

Construction of the new **bridge over the Ōpaoa River** commenced in late 2018. This bridge will make State Highway 1 more resilient and secure as New Zealand's main strategic road freight route connecting the North and South Islands. The existing bridge will become a pedestrian and cycle facility.

The **Kaikōura rebuild**, led by North Canterbury Transport Infrastructure Recovery, continues with \$1.3 billion allocated for this work. Work includes resilience work as well as upgrades such as walking and cycling tracks, improved amenities, and stopping areas such as at Ohau Point.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Top of South total	73,701
State highway improvements	12,895
State highway maintenance	32,590
Local road improvements	1,929
Local road maintenance	21,363
Regional improvements	1,929
Public transport	532
Road safety promotion and demand management, investment management, and walking and cycling	4,343
Rapid transit and transitional rail	-



CANTERBURY

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will focus on safer, more reliable and more resilient routes to cater for growth in freight volumes and in tourist numbers in Canterbury and to help keep communities connected and support economic growth.

INVESTMENT HIGHLIGHTS FOR 2018/19

As part of a \$2.5 million project, safety barriers were installed down the middle and the sides of **Queen Elizabeth II Drive** in June 2019, making it safer for motorists, cyclists and students walking to school. Additional road markings that make it easier to see at night and in wet conditions were also put in place.

The alternative hazardous goods route was completed over **Evans Pass, from Sumner to Lyttelton**, in March 2019, having been closed since the 2011 earthquake. This was a complex and technical project to reinstate the road and protect road users from rock fall.

The \$28.7 million project to install a new fire deluge system in the **Lyttelton Tunnel** was completed in July 2019. The project will improve safety and reduce the risk of lengthy closures through a main transport route.

Construction of the **Christchurch Southern Motorway and the Northern Arterial** progressed. Both motorways are due for completion in 2020. They will provide safer travel to the north and south of the city and better access for freight, supporting economic growth of, not only Canterbury, but the wider South Island.

Work on **State Highway 7 from Waipara to Waikari** was completed in August 2019 for \$3.5 million. The project included installation of roadside safety barriers, rumble strips and upgrades of barriers on three bridges.

Work is under way to improve safety at level crossings at **Kirk Road (State Highway 1) in Christchurch, Rangitata (State Highway 79) in South Canterbury, and west of Christchurch at Kirwee (State Highway 73)**. This is part of \$26 million being spent nationally to make crossings safer for drivers and pedestrians by using low-cost improvements to prevent deaths and serious injuries, targeting crossings on or near state highways.

Service improvements to the public transport network are being progressed, including an on-demand public transport trial in Timaru. The Transport Agency will fund 51 percent of the trial, which will use smaller vans and make more effective use of technology to provide a more convenient service. This will be part of a much wider investigation into how public transport will meet increased demand.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Canterbury total	460,814
State highway improvements	220,379
State highway maintenance	73,775
Local road improvements	22,309
Local road maintenance	108,032
Regional improvements	3,944
Public transport	25,713
Road safety promotion and demand management, investment management, and walking and cycling	6,661
Rapid transit and transitional rail	-

WEST COAST

WHERE 2018–21 INVESTMENT IS FOCUSED

Investment in the 2018–21 National Land Transport Programme will focus on building resilience into the state highway network in West Coast so tourism, the region's main economic driver, can continue to grow and rely on safe, reliable access to the area.

INVESTMENT HIGHLIGHTS FOR 2018/19

The **Waiho River bridge** on State Highway 6 south of Franz Josef was washed away on 26 March 2019. The \$6.6 million Waiho River bridge repairs were completed in April 2019. The bridge is a vital link for tourism, hospitality and accommodation businesses.

Resilience work at **Dolomite Point**, Punakaiki, was completed at a cost of about \$7.8 million. This was an emergency repair project to provide shoreline rock protection following ex-tropical cyclone Fehi with some additional resilience work to ensure long-term protection against future events and sea-level rise.

Repairs from storm damage, also the result of ex-tropical cyclone Fehi, is ongoing at **17 Mile Bluff, Bruce Bay and Gates of Haast**. A significant part of the work at 17 Mile Bluff and Bruce Bay is sea protection work. Work at Gates of Haast is technically challenging. The total estimated cost for all three sites is \$25 million.

The **Taramakau Bridge build** was completed in July 2018 for \$25.08 million. This bridge, between Kumara Junction and Greymouth, replaced a single-lane, 132-year-old road-rail bridge. Eight slow-vehicle passing bays were installed to provide significantly more passing opportunities between Kumara and Otira on **State Highway 73**, and Reefton and the Rahu saddle on **State Highway 7** at a cost of nearly \$3 million. Both routes carry a significant proportion of heavy traffic and tourists.

Construction was completed of the **Marlborough Street – State Highway 6 roundabout** in Greymouth at a cost of \$1 million. This work addressed safety concerns arising from 19 people dying and 90 being seriously injured in crashes on State Highway 6 between Blenheim and Nelson between 2008 and 2017.

A project to replace the **Ahaura Bridge on State Highway 7** has commenced and is being tendered. The current single-lane, partially wooden bridge will be replaced with a two-lane concrete bridge.

NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
West Coast total	71,487
State highway improvements	6,082
State highway maintenance	47,827
Local road improvements	861
Local road maintenance	11,080
Regional improvements	5,360
Public transport	93
Road safety promotion and demand management, investment management, and walking and cycling	183
Rapid transit and transitional rail	-

OTAGO AND SOUTHLAND

WHERE 2018-21 INVESTMENT IS FOCUSED

Investment in the 2018-21 National Land Transport Programme will encourage a shift from the use of private vehicles towards public transport and active options such as walking and cycling. This shift will support health outcomes and contribute towards a cleaner environment. This investment will also provide safe and improved access to schools, employment, and goods and services, as well as contributing to creating a liveable urban community.

INVESTMENT HIGHLIGHTS FOR 2018/19

A new \$6 million **Dunedin central city bus hub** opened in March 2019. The hub provides one central city service point for public transport and enables easier transfers between services. The facility aims to help grow public transport use in the city and includes a real-time bus information system that makes it easy for everyone to move around.

A new \$8 million one-way system of separated **cycle lanes on State Highway 1** through central and north Dunedin opened in March 2019, providing safer and improved access for cyclists on this busy key arterial route.

Work is under way on the Inner Harbour Links section of the **Dunedin City Council's Central City Cycle Network** project. This section includes a cycle bridge over Water of Leith and connects with the State Highway 88 shared path to Port Chalmers. It also provides a route through the harbour industrial area to Portsmouth Drive and via the rail corridor to Anzac Avenue in front of Dunedin's rail station. The \$7.8 million project is jointly funded and scheduled to open in May 2020.

Work on an **LED replacement** project started in July 2019. This two-year \$12.2 million project is replacing Dunedin's street-lighting network with LEDs. The Transport Agency is providing 85 percent of the funding. LED lighting increases safety and significantly reduces energy use and ongoing maintenance costs.

Work continues on Dunedin City Council's \$69.5 million **Portobello Road safety and resilience** project to improve safety and deliver a shared path for cyclists and walkers, raising low-lying sections of the road to protect against rising sea levels. The latest stage completed in May 2019 was the \$12.5 million, 2km section connecting Broad Bay and Portobello.

The Transport Agency invested \$6.4 million to improve safety and access at the busy **State Highway 6 - Tucker Beach Road intersection** in Frankton. Difficult right-hand turns across the highway have been resolved by building a new slip road on to State Highway 6 to Frankton. The new slip road opened on 6 May 2019.

The \$14 million **Boost Safety Programme** targeting low-volume highways in Otago and Southland has been completed. This programme installed safety barriers and rumble strips and upgraded curve-warning signs.

The \$10 million **visiting drivers' road safety programme** on key visitor routes in the Otago and Southland region was completed. Work included installing safety barriers and improved road markings and signage to keep visitors and local drivers safe.

Construction started in July 2018 on the \$13 million **State Highway 1 Edendale realignment** 30km north of Invercargill. The alignment, due for completion in mid-2020, will improve safety by moving highway traffic out of the Edendale township and will help the region to prosper by providing better access to economic and social opportunities.

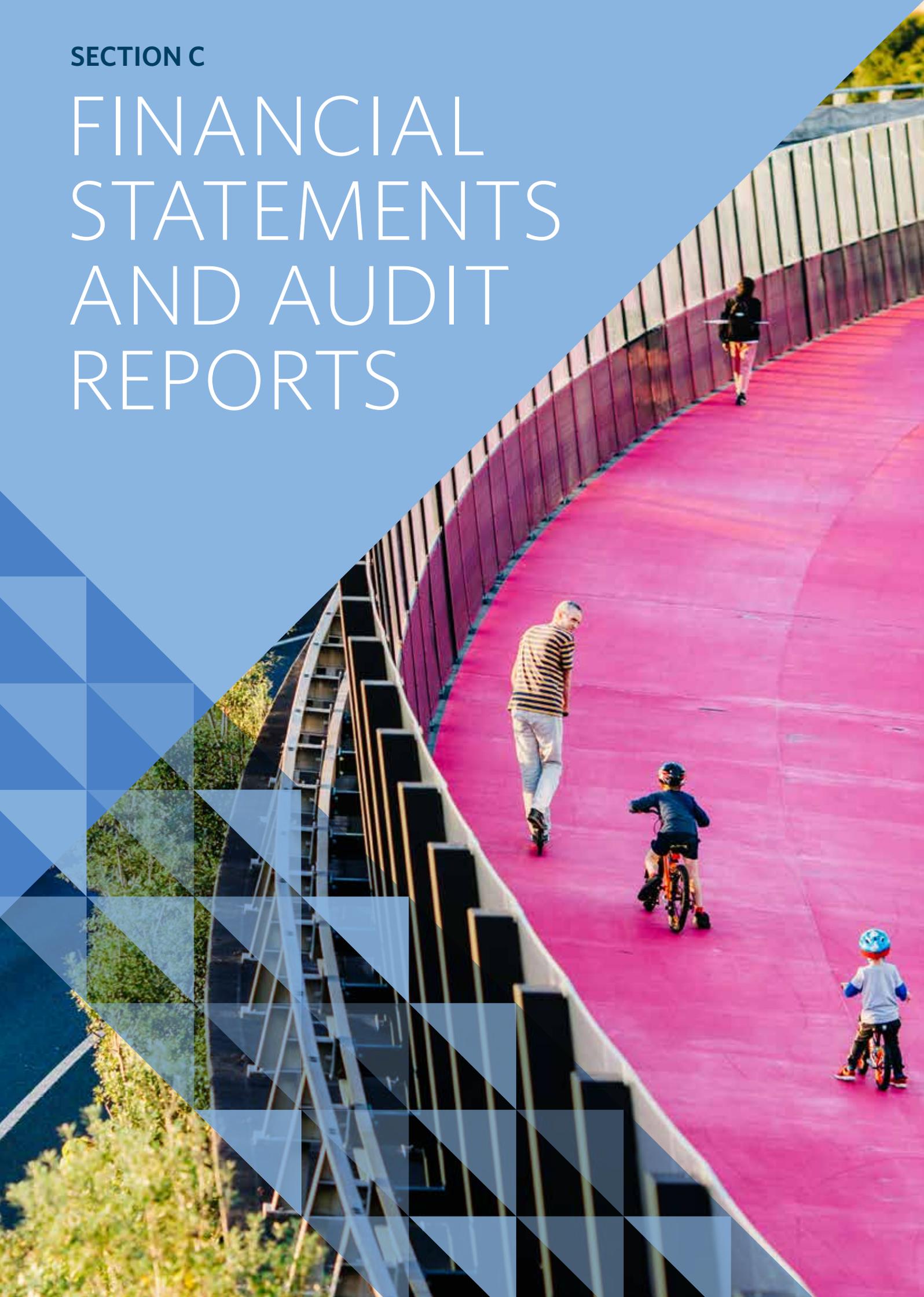


NATIONAL LAND TRANSPORT FUND INVESTMENT

ACTIVITY CLASS	2018/19 ACTUAL \$000
Otago and Southland total	207,160
State highway improvements	24,792
State highway maintenance	69,538
Local road improvements	24,534
Local road maintenance	53,464
Regional improvements	13,342
Public transport	13,727
Road safety promotion and demand management, investment management, and walking and cycling	7,764
Rapid transit and transitional rail	-

SECTION C

FINANCIAL STATEMENTS AND AUDIT REPORTS



STATEMENT OF RESPONSIBILITY

Under the Land Transport Management Act 2003, the Transport Agency Board is responsible for the preparation of the National Land Transport Fund financial statements and statement of performance, and for the judgements made in them.

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

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

In the board's opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the National Land Transport Fund for the year ended 30 June 2019.

Signed on behalf of the board:



SIR BRIAN ROCHE

Chair
1 October 2019



DAVID SMOL

Member of the
Transport Agency
Board
1 October 2019

Countersigned by:



MARK RATCLIFFE

Interim Chief Executive
1 October 2019



**HOWARD
CATTERMOLE**

Chief Financial Officer
1 October 2019

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	ACTUAL 2018/19 \$M	BUDGET 2018/19 \$M	ACTUAL 2017/18 \$M
REVENUE INFLOWS*				
Land transport revenue	3	3,854.4	3,876.3	3,657.6
Management of Crown land		53.9	57.7	53.5
Tolling revenue		11.3	10.2	10.2
Interest revenue		9.9	12.0	11.7
Total revenue inflows	2	3,929.5	3,956.2	3,733.0
OUTFLOWS				
National Land Transport Programme		3,680.9	3,957.0	3,435.1
Road Policing Programme		337.5	353.0	333.0
Fuel excise duty/road user charges administration		4.9	4.9	5.2
Forecasting and strategy		1.0	1.0	0.9
Total outflows	2	4,024.3	4,315.9	3,774.2
SURPLUS/(DEFICIT) FROM CURRENT NLTF BALANCE		(94.8)	(359.7)	(41.2)
Fair value gain on long-term payables		2.8	25.5	19.6
NLTF expenditure to be funded long term		(670.9)	(477.7)	(557.3)
Finance charges		(7.7)	(7.5)	(5.7)
Deficit to be funded from future NLTF revenue		(675.8)	(459.7)	(543.4)
SURPLUS/(DEFICIT)		(770.6)	(819.4)	(584.6)

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	ACTUAL 2018/19 \$M	BUDGET 2018/19 \$M	ACTUAL 2017/18 \$M
ASSETS				
Cash and cash equivalents	6	419.0	251.1	515.5
Receivables	3, 6	257.2	269.8	271.5
Total assets		676.2	520.9	787.0
LIABILITIES				
Payables	4, 6	2,558.9	2,453.1	1,899.1
Total liabilities		2,558.9	2,453.1	1,899.1
NET ASSETS		(1,882.7)	(1,932.2)	(1,112.1)
GENERAL FUNDS				
General funds		(1,882.7)	(1,932.2)	(1,112.1)
GENERAL FUNDS CLOSING BALANCE*		(1,882.7)	(1,932.2)	(1,112.1)

* This heading 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 2019

	ACTUAL 2018/19 \$M	BUDGET 2018/19 \$M	ACTUAL 2017/18 \$M
GENERAL FUNDS OPENING BALANCE			
General funds - current	435.3	433.7	476.5
General funds - long term	(1,547.4)	(1,546.5)	(1,004.0)
Total general funds opening balance	(1,112.1)	(1,112.8)	(527.5)
CHANGES IN GENERAL FUNDS BALANCE			
Surplus/(deficit) from current NLTF balance	(94.8)	(359.7)	(41.2)
Surplus/(deficit) to be funded from future NLTF revenue	(675.8)	(459.7)	(543.4)
Total changes in general funds balance	(770.6)	(819.4)	(584.6)
GENERAL FUNDS CLOSING BALANCE			
General funds - current	340.5	74.0	435.3
General funds - long term	(2,223.2)	(2,006.2)	(1,547.4)
TOTAL GENERAL FUNDS CLOSING BALANCE*	(1,882.7)	(1,932.2)	(1,112.1)

* 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 2019

	ACTUAL 2018/19 \$M	BUDGET 2018/19 \$M	ACTUAL 2017/18 \$M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from land transport revenue	3,943.8	3,957.4	3,692.5
Payments to suppliers	(4,040.3)	(4,221.8)	(3,752.4)
Net cash from operating activities	(96.5)	(264.4)	(59.9)
Net increase/(decrease) in amounts held by the Crown	(96.5)	(264.4)	(59.9)
Amounts held by the Crown at the beginning of the year	515.5	515.5	575.4
AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR*	419.0	251.1	515.5

* 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 2018/19 \$M	BUDGET 2018/19 \$M	ACTUAL 2017/18 \$M
SURPLUS/(DEFICIT)	(770.6)	(819.4)	(584.6)
ADD/(DEDUCT) MOVEMENTS IN WORKING CAPITAL ITEMS			
(Increase)/decrease in receivables	14.3	2.1	(40.5)
Increase/(decrease) in payables	659.8	552.9	565.2
Net movements in working capital items	674.1	555.0	524.7
NET CASH FROM OPERATING ACTIVITIES	(96.5)	(264.4)	(59.9)

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:

- National Land Transport Programme for:
 - activities delivered by approved organisations
 - state highway activities
 - research
 - other Transport Agency activities, such as transport planning
- New Zealand Police Road Policing Programme

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

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

The National Land Transport Fund does not have any employees.

The financial statements for the National Land Transport Fund are for the year ended 30 June 2019 and were approved by the board on 1 October 2019.

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 2013, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The National Land Transport Fund is designated as 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. Further detail on the use of the going concern assumption is in note 7.

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 in millions (\$M) and rounded to the nearest hundred thousand dollars.

Budget figures

The budget figures are derived from the *2018/19 Amended statement of performance expectations* as approved by the board on 9 November 2018. 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 National Land Transport Fund is a notional entity, so is exempt from the payment of income tax.

Accounting standards issued and not yet effective

The National Land Transport Fund financial statements have adopted all accounting standards, amendments and interpretations to existing standards that have been published and are mandatory from 1 July 2018.

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 has adopted 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.

PBE IFRS 9 impacts the classifications of the following financial assets:

- cash and cash equivalents
- receivables

Until 30 June 2018, the National Land Transport Fund had classified these financial assets in the category 'loans and receivables' under PBE IPSAS 29. From 1 July 2018, these financial assets are classified in the category 'financial assets measured at amortised cost'. There is no change in the measurement of the financial assets as a result of the reclassification.

The standard introduces an expected credit losses (ECLs) model that replaces the existing 'loss incurred' model for impairment under PBE IPSAS 29. This is disclosed in note 3.

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

	ACTUAL 2018/19 \$M	ACTUAL 2017/18 \$M	ACTUAL 2016/17 \$M
REVENUE INFLOWS			
Land transport revenue	3,854.4	3,657.6	3,584.2
Management of Crown land	53.9	53.5	71.6
Tolling revenue	11.3	10.2	9.0
Interest revenue	9.9	11.7	9.3
Total revenue inflows	3,929.5	3,733.0	3,674.1
OUTFLOWS			
National Land Transport Programme	3,680.9	3,435.1	3,082.7
Road Policing Programme	337.5	333.0	321.0
Fuel excise duty/road user charges administration	4.9	5.2	5.0
Forecasting and strategy	1.0	0.9	0.5
Total outflows	4,024.3	3,774.2	3,409.2
SURPLUS/(DEFICIT) FROM CURRENT NLTF BALANCE	(94.8)	(41.2)	264.9
Fair value gain on long-term payables	2.8	19.6	17.5
NLTF expenditure to be funded long-term	(670.9)	(557.3)	(310.2)
Finance charges	(7.7)	(5.7)	(3.1)
Deficit to be funded from future NLTF revenue	(675.8)	(543.4)	(295.8)
SURPLUS/(DEFICIT)	(770.6)	(584.6)	(30.9)

The statement of inflows, outflows and capital expenditure including 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

Land transport revenue and tolling revenue have been classified and treated as non-exchange revenue and accounted for in accordance with PBE IPSAS 23 *Revenue from Non-Exchange Transactions*. 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 no direct exchange relationship exists 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 have been classified and treated as exchange revenue and accounted for in accordance with PBE IPSAS 9 *Revenue from Exchange Transactions*.

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 administration of fuel excise duty and road user charges
- New Zealand Police which provides the Road Policing Programme
- the 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 performance.

EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Land transport revenue was \$21.9 million (1 percent) below budget due to lower fuel excise duty revenue, reflecting lower fuel volume demand than budgeted.

National Land Transport Programme was \$276.1 million (7 percent) below budget. This was due to lower than planned payments to approved organisations and lower than budgeted spend across state highway improvements, public transport and rapid transit as detailed in the statement of performance.

National Land Transport Fund expenditure to be funded long term was \$193.2 million (40 percent) above budget. This balance reflects expenditure on the Auckland Transport Package, public-private partnerships, the Housing Infrastructure Fund, and fair value changes of financial instruments. The most significant variance to budget relates to financial instruments associated with the public-private partnerships of \$259.3 million (56 percent) as a result of the fair value movements.

3 / LAND TRANSPORT REVENUE AND RECEIVABLES

Land transport revenue (included in the statement of comprehensive revenue and expense)

	ACTUAL 2018/19 \$M	ACTUAL 2017/18 \$M
REVENUE		
Fuel excise duty	2,040.2	1,956.6
Road user charges	1,726.9	1,593.8
Motor vehicle registration and annual licensing fees	227.7	228.1
Total revenue	3,994.8	3,778.5
LESS REFUNDS		
Fuel excise duty	71.1	70.9
Road user charges	54.3	43.0
Motor vehicle registration and annual licensing fees	1.0	1.0
Total refunds	126.4	114.9
Less bad debt write-off	14.0	6.0
TOTAL LAND TRANSPORT REVENUE	3,854.4	3,657.6

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 for 2018/19 was \$13.0 million (2017/18: \$12.1 million).

Receivables (included in the statement of financial position)

	ACTUAL 2018/19 \$M	ACTUAL 2017/18 \$M
Debtors - fuel excise duty	238.2	261.7
Debtors - motor vehicle register/road user charges	42.0	25.9
Provision for doubtful debt	(23.0)	(16.1)
TOTAL RECEIVABLES	257.2	271.5

Receivables are recognised at face value less an allowance for doubtful debt calculated using the ECLs model.

Debtors - motor vehicle register/road user charges

Debtors - motor vehicle register/road user charges is net of ECLs of \$23.0 million (2017/18: \$16.1 million). The National Land Transport Fund applies the simplified approach and recognises lifetime ECLs for Debtors - motor vehicle register/road user charges. Lifetime ECLs result from all possible default events over the expected life of the receivable. The ECLs for Debtors - motor vehicle register/road user charges are calculated in two groups, motor vehicle register debtors and road user charges debtors, to reflect the differences in collection and default rate history.

The impact of changes to the estimation technique or assumptions used in calculating the lifetime ECLs during 2018/19, following the adoption of PBE IFRS9, is shown in the table below.

	LIFETIME ECL - DEBTORS - MOTOR VEHICLE REGISTER/ ROAD USER CHARGES 2018/19 \$M
Opening balance as at 1 July 2018	16.1
Impairment expensed	20.9
Amounts written off	(14.0)
CLOSING BALANCE AT 30 JUNE 2019	23.0

Receivables are written off when they are deemed uncollectable. The total receivables written off during the year amounted to \$14.0 million (2017/18: \$6.0 million). Of the receivables written off none were still subject to enforcement activities.

Debtors - fuel excise duty

There was no indication that Debtors - fuel excise duty was impaired as at 30 June 2019.

4 / PAYABLES

	ACTUAL 2018/19 \$M	ACTUAL 2017/18 \$M
Current payable to the Transport Agency - current balance	335.7	351.8
Current payable to the Transport Agency - to be funded from future revenue	15.0	23.0
Non-current payable to the Transport Agency - to be funded from future revenue	2,208.2	1,524.3
TOTAL PAYABLES	2,558.9	1,899.1

Current payable to the Transport Agency - current balance is non-interest bearing and normally settled by the end of the month following the date of supply. Therefore, the carrying value of payables approximates their fair value.

Current payable to the Transport Agency - to be funded from future revenue is a mixture of interest and non-interest-bearing advances that will be settled within one year.

Non-current payable to the Transport Agency - to be funded from future revenue is a mixture of interest and non-interest-bearing advances that will be settled between one year and 31 years.

Non-interest bearing non-current payables are discounted to present value as at 30 June 2019.

5 / PLANNED OUTFLOWS

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

	ACTUAL 2018/19 \$M	ACTUAL 2017/18 \$M
Not later than one year	4,306.0	3,941.0
Later than one year and not later than five years	4,280.0	5,791.0
Later than five years	6,300.0	5,864.0
TOTAL PLANNED OUTFLOWS	14,886.0	15,596.0

6 / FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The carrying amounts of financial assets and liabilities are categorised as follows.

	ACTUAL 2018/19 \$M	ACTUAL 2017/18 \$M
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalents	419.0	515.5
Receivables	257.2	271.5
TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST	676.2	787.0
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables	2,558.9	1,899.1
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	2,558.9	1,899.1

Financial risks

The National Land Transport Fund's activities expose it to a variety of financial instrument risks, including market risk, 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 financial instruments.

Market risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The National Land Transport Fund's exposure to the risk of changes in market rates relates primarily to interest rates on long-term debt held by the Transport Agency. The National Land Transport Fund has the obligation to fund the Transport Agency's long-term debt repayments, so is exposed to the underlying interest rate risk.

Interest rate swaps are held by the Transport Agency to mitigate risks associated with interest rate fluctuations for the underlying debt instruments, details of which are in the financial statements of the Transport Agency.

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.

	2018/19				2017/18			
	LESS THAN 1 YEAR \$M	1-2 YEARS \$M	2-5 YEARS \$M	OVER 5 YEARS \$M	LESS THAN 1 YEAR \$M	1-2 YEARS \$M	2-5 YEARS \$M	OVER 5 YEARS \$M
Payables	356.0	243.0	661.0	2,670.0	380.0	20.0	493.0	1,800.0

7 / GENERAL FUNDS AND CAPITAL MANAGEMENT

	ACTUAL 2018/19 \$M	ACTUAL 2017/18 \$M
General funds – current	340.5	435.3
Total general funds – current	340.5	435.3
NATIONAL LAND TRANSPORT PROGRAMME TO BE FUNDED LONG TERM		
Auckland Transport Package	(370.0)	(357.7)
Housing Infrastructure Fund	(3.0)	0.0
Public-private partnerships*	(1,783.5)	(1,053.4)
Reinstatement of earthquake-damaged roads in Christchurch	0.0	(23.7)
Tauranga Eastern Link	(107.0)	(107.0)
Fair value changes in financial instruments	40.3	(5.6)
Total general funds – non-current	(2,223.2)	(1,547.4)
TOTAL GENERAL FUNDS CLOSING BALANCE	(1,882.7)	(1,112.1)

* Includes related interest rate swaps.

The National Land Transport Fund has a negative general funds balance due to programmes that were accelerated and debt funding sourced from the Crown. The funding received has been recognised as long-term payables that are not due until 1 year to 31 years from balance date.

Although the National Land Transport Fund has a negative general funds balance, the board considers the going concern assumption valid because:

- the Fund's liquidity is actively managed
- the Fund has a positive cash balance of \$419.0 million as at 30 June 2019 (2017/18: \$515.5 million)
- the Fund's long-term forecasts demonstrate its ability to repay its obligations when they fall due
- the Fund's main revenue source is land transport revenue, which is forecast with inputs from other government departments and has been accurately forecast in recent years and is forecast to be sufficient to meet all future outgoings and commitments
- the Fund has the option to slow expenditure on the National Land Transport Programme or utilise the short-term borrowing facility of \$175 million if required to meet seasonal cash-flow cycles
- the Fund has the option to utilise the short-term borrowing facility of \$75 million to cover any revenue or expenditure shocks
- a debt management framework is in place to determine a sustainable and efficient level of future liabilities and 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 borrowing, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Transport Agency actively and prudently manages the National Land Transport Fund general funds as a by-product of prudent management of revenues, expenses, liabilities and general financial management.

The Transport Agency has policies in place to ensure the viability of the long-term position of the National Land Transport Fund as well as ensuring the National Land Transport 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 normal terms and conditions for such transactions.

9 / CONTINGENCIES

The National Land Transport Fund has no contingent liabilities or contingent assets (2017/18: \$nil).

The National Land Transport Fund may have exposure to those contingent liabilities of the Transport Agency arising from the delivery of the National Land Transport Programme.

10 / COMMITMENTS TO REGIONS REPORTING

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

	LTMA COMMITMENT \$M	TOTAL EXPENDITURE TO 30 JUNE 2019 \$M
Wellington land transport (Western Corridor)	625.0	379.2
Bay of Plenty	135.0	133.1
TOTAL	760.0	512.3

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.

Wellington land transport (Western Corridor) relates to Transmission Gully and is forecast to be completed in 2020.

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

11 / EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

STATEMENT OF PERFORMANCE

OUTPUT CLASS FUNDING TO THE TRANSPORT AGENCY

	ACTUAL 2018/19 \$M	BUDGET 2018/19 \$M	ACTUAL 2017/18 \$M
Investment management	60.1	70.3	58.9
Public transport	509.8	549.0	382.4
Walking and cycling	57.3	79.0	50.1
Road safety promotion and demand management	44.7	52.0	35.5
Local road improvements	225.7	192.8	246.2
Local road maintenance	677.0	691.0	627.0
Regional improvements	138.5	112.3	140.1
State highway improvements	1,231.2	1,380.0	1,167.3
State highway maintenance	707.5	665.0	727.6
Rapid transit	9.9	130.4	0.0
Transitional rail	19.2	35.4	0.0
Funding to the Transport Agency - current	3,680.9	3,957.2	3,435.1
Road policing	337.5	353.0	333.0
TOTAL OUTPUT CLASS FUNDING	4,018.4	4,310.2	3,768.1
Auckland Transport Package	12.5	12.5	121.7
Housing Infrastructure Fund	3.0	23.3	0.0
Public-private partnerships	724.3	465.0	433.3
Reinstatement of earthquake-damaged roads in Christchurch	(23.6)	(23.0)	(17.3)
Fair value changes in financial instruments to surplus or deficit	(45.3)	(0.1)	19.6
TOTAL OUTPUT CLASS FUNDING (LONG TERM)	670.9	477.7	557.3

EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

State highway improvements were \$148.8 million (11 percent) below budget. This is due to lower activity than planned across several projects. Amongst these projects are Auckland's Northern Corridor Improvements, Western Ring Route, MacKays to Peka Peka, Pūhoi to Warkworth, Christchurch Northern Arterial, Peka Peka to Ōtaki, Waikato Expressway and Western Belfast Bypass.

State highway maintenance was \$42.5 million (6 percent) above budget. The main contributors were traffic growth claims resulting from heavy traffic increasing by more than 10 percent in Bay of Plenty West, Central Otago, Northland and West Waikato.

Other emergency works also had a significant impact on expenditure and were \$24 million above budget. Severe weather events, including a West Coast rain event resulting in the loss of Waiho Bridge, river erosion on State Highway 6 at Haast, and a detour route following the closure of Manawatū Gorge, were key drivers of this overspend.

Rapid transit expenditure was \$120.5 million (92 percent) below budget. Budgeted spend was based on anticipated progress on the original plan for the City Centre to Mangere light rail project. Progress and expenditure has been impacted by the evaluation process underway to assess alternate project approaches by the Transport Agency and NZ Infra. As a result, rapid transit activity will not meet budget over the remainder of the 2018-21 National Land Transport Programme and the balance of unused funding has been reallocated to other output classes.

Public transport was \$39.2 million (7 percent) below budget primarily as a result of delays in delivery of infrastructure projects such as the Auckland Manukau Eastern Transport Initiative busway phase 1 (property), Auckland's Downtown Ferry Terminal Redevelopment, components of the Hamilton to Auckland rail project, and technology-based solutions related to public transport across several regions.

An acceleration of activity is expected in 2019/20 and forecast to exceed budget over the 2018-21 National Land Transport Programme driven by strong delivery of local authority infrastructure projects and input cost pressures.

Public-private partnerships were \$259.3 million (56 percent) above budget as a result of the fair value movements of related financial instruments.

INDEPENDENT AUDITOR'S REPORT



TO THE READERS OF NATIONAL LAND TRANSPORT FUND'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2019

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 251 to 262, that comprise the statement of financial positions as at 30 June 2019, 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 201 to 233

In our opinion:

- the financial statements of the NLTF on pages 251 to 262:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; 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 201 to 233:
 - presents fairly, in all material respects, the NLTF's performance for the year ended 30 June 2019, 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 1 October 2019. 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 our 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 is responsible for the other information. The other information comprises the information included on pages 190 to 200, 201 to 233 (excluding service delivery and investment performance measures), 234 to 248, and 263 to 264 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

