



NZ Transport Agency

Statement of intent

2009-2012

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



NZ TRANSPORT AGENCY
WAKA KOTAHI

New Zealand Government



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WAKA KOTAHI

Statement of intent 2009-2012

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Preface

This Statement of intent sets out the NZ Transport Agency (NZTA) medium-term strategic plan for delivering the government's goals and objectives for the land transport sector and for the economy as a whole.

The government has provided clear expectations for service delivery for the financial year 2009/2010 and out-years. This clarity has enabled the organisation to focus on what matters most, and to develop five business priorities to ensure organisational resources, behaviours and decisions give effect to the government's intent. Over the coming three financial years there will be a particular focus on improving road safety, improving the effectiveness of public transport, improving the efficiency of freight movements, planning for and delivering roads of national significance, and improving customer service and reducing compliance costs.

The NZTA is working hard to manage its costs effectively. The Agency has reduced its expenditure budget for 2009/10 compared with 2008/09 as a result of reduced National Land Transport Programme (NLTP) allocations, and will during 2009/10, identify and realise internal efficiencies and seek to reduce external compliance costs.

Due to a variety of factors, the Board will not be finalising the NLTP until the end of July 2009. As a consequence, the operating budget has been developed on an assumption of previous allocations. Forecast operating revenue from the NLTP and perhaps consequently the expenditure budget may need to be revised following Board decisions on the NLTP after the *Statement of intent* has been finalised. In addition, the NZTA's output classes contained in the *Statement of intent* have been prepared in advance of final NLTP decisions and therefore will be subject to change following the Board agreeing the NLTP for 2009/12.

There are many challenges facing the New Zealand land transport sector. We are not alone in this - developed countries around the world face competing needs to provide high levels of transport service with constrained resources, while minimising the significant impacts that transport can have on society and the environment. We have to get the balance right between access and mobility, and reliability and efficiency. Many external factors influence this mix including changing technologies, urban form, government policy and the decisions of numerous individuals.

What is required is adaptive leadership, a flexible and intelligent approach to prioritising resources, and competent staff fully committed to implementing the organisation's *Statement of intent*. The NZTA has these qualities. The organisation also has a commitment to improve as it matures as an organisation over the next three years. This *Statement of intent* sets out the NZTA's operating environment, what it expects to achieve, and makes transparent how it will be accountable for its actions.

Brian Roche
Chair
NZ Transport Agency

Garry Moore
Deputy Chair
NZ Transport Agency



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Part 1: Strategy and priorities

Nature and scope of functions

Who we are

The NZ Transport Agency's statutory objective is to:

'Undertake its functions in a way that contributes to an affordable, integrated, safe, responsive, and sustainable land transport system.'¹

In doing so we must also exhibit a sense of social and environmental responsibility, use revenue in a way that seeks value for money, and ensure that revenue and expenditure are accounted for in a transparent manner.²

¹ Section 94. Land Transport Management Act 2003.

² Section 94. Land Transport Management Act 2003.

OUR PURPOSE

To build a better transport system for New Zealanders

OUR VALUES

<i>Achievement</i>	We achieve excellent results
<i>Service</i>	We provide outstanding service
<i>Integrity</i>	We are honest, ethical and trustworthy
<i>Respect</i>	We show consideration for others
<i>Professionalism</i>	We produce high quality work

WHAT WE DO

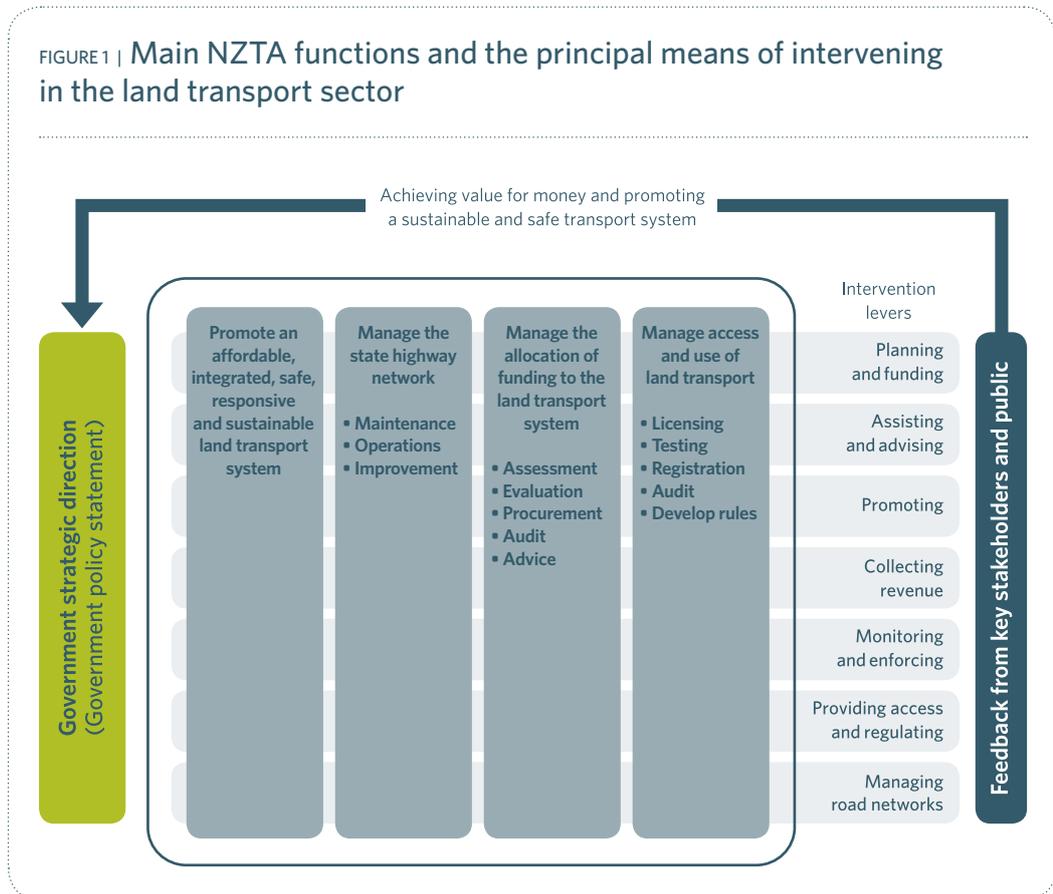
- Help New Zealanders to travel reliably and safely
- Invest in moving people and freight to grow New Zealand's economy
- Meet our customers' needs by being people-focused

Our interaction with the transport sector

In figure 1 we have identified our most critical primary functions and the main ways we interact with the land transport sector. We have called these our intervention levers, as we can influence behaviours and outcomes through selective emphasis on one or more of these levers.

Our overarching primary function is to promote an affordable, integrated, safe, responsive and sustainable land transport system. The other three primary functions shown in figure 1 coincide with the three operational groups within the organisation structure (see page 79).

FIGURE 1 | Main NZTA functions and the principal means of intervening in the land transport sector



INVESTING IN PERFORMANCE

One of the key statutory roles of the NZTA Board is responsibility for allocating funds from the National Land Transport Fund to land transport activities. The *Government policy statement on land transport funding* (GPS) sets the overall strategic direction for investment in the land transport sector (including identification of roads of national significance) and provides funding ranges for individual activity classes, but the NZTA Board has the statutorily independent function of deciding which specific activities and combinations of activities to invest in.

We have a major role as a co-funder, in collaboration with local and regional government investment in local roads and public transport infrastructure and services. The funding role is accompanied by an assist and advise function, which includes NZTA membership on regional transport committees in order to provide assistance in the successful development and implementation of regional land transport programmes.

REGULATING ACCESS AND USE

We have a substantial land transport regulatory and service delivery role. We work closely with our transport service delivery agents to provide transport users with safe access to the land transport system by providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other road revenue.

Over 600,000 driver licences and over five million vehicle licences are issued each year. Delivery of transport services is undertaken by a wide network of contracted agents, ranging from large one-stop shops delivering a broad range of services, to small independent garages providing warrant of fitness certificates.

The NZTA is contracted by the Ministry of Transport to provide rules development services for the government. Rules are tertiary legislation that, in conjunction with associated regulations, enable the aims of primary legislation and many of the functions of the NZTA to be achieved. The development of rules is subject to an extensive process of consultation with other government sector entities, the transport industry, and the wider public. Land transport rules include provisions on driver licensing, road use, vehicle equipment and standards. In the future, rules may be produced for rail.

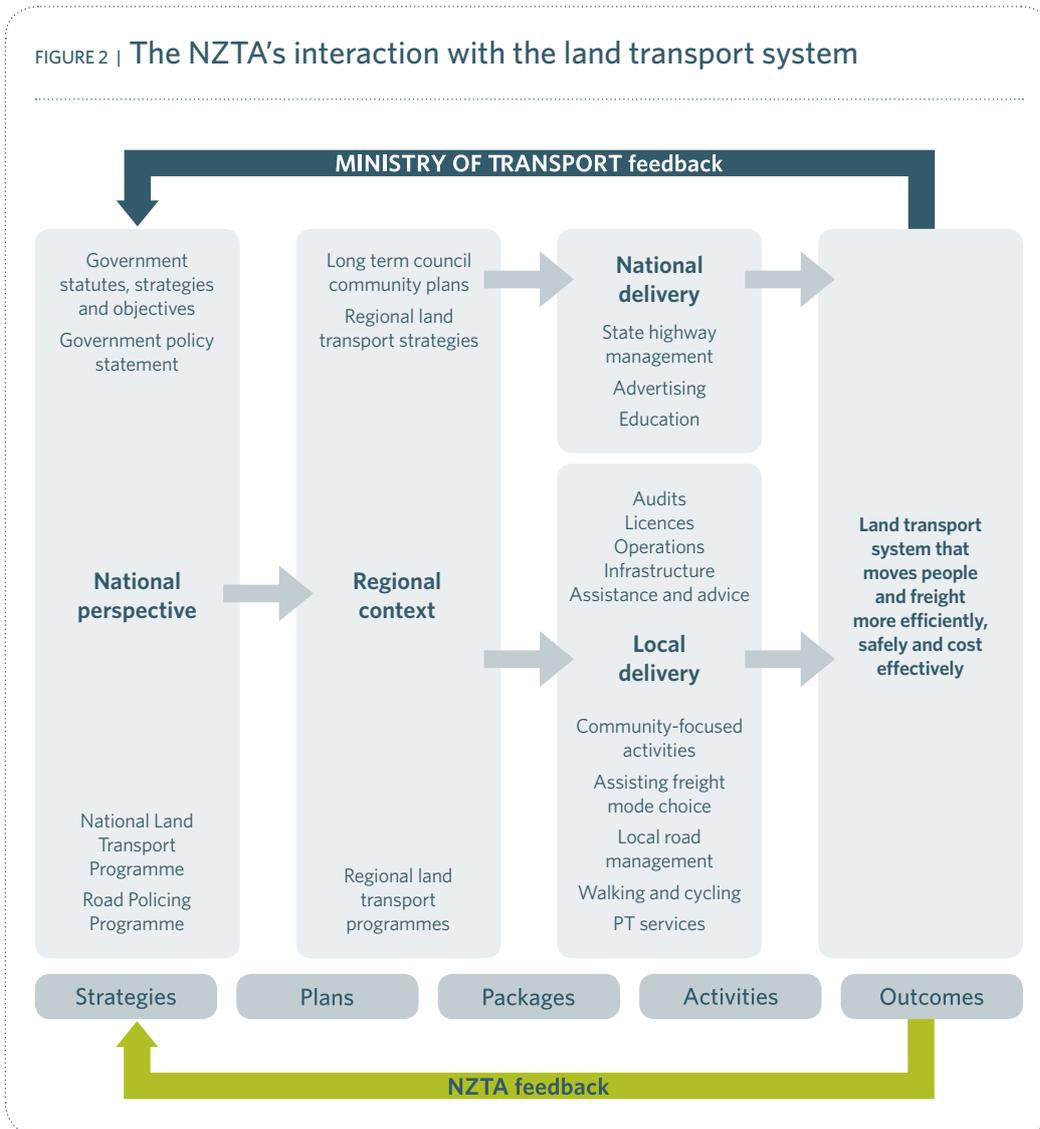
PROVIDING ACTIVITIES NATIONALLY

We undertake and deliver a range of national activities. These include the operation and improvement of the state highway network, providing national advertising and education programmes, and the administering of a contestable land transport research fund.

Influencing the performance of the transport system

Through our people, our decisions and our behaviours, and shared resources, we interact with and influence the performance of the transport system (see figure 2).

FIGURE 2 | The NZTA's interaction with the land transport system



Improving the transport system

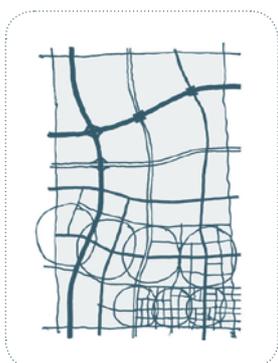
As a result of our influencing transport decision-making and delivering services we expect to see improvements over time to the transport system, to meeting expectations, and management practices.

A good transport system is resilient - it can adapt to the way in which people live, work and play in the future. This can include responding to changes in consumer demand for better quality and lower impact travel choices, and improved access to transport networks by people who walk, cycle or take public transport.

A good transport system also enables the efficient movement of people and freight. More active and innovative emphasis is required to manage the future freight task, and to support liveable and thriving urban and rural communities. Affordability, geographical, social and environmental constraints mean we can't always match growing demand with an additional supply of infrastructure assets, but we can improve efficiencies. We can do this by ensuring the most effective use of existing infrastructure assets and services. We also need to be vigilant to preserve route security and pavement integrity.

Transport investments should contribute to achieving desired growth management, economic development, and land use patterns as well as desired travel behaviours and freight movements.

Targeted investment in additional transport infrastructure is vital to increasing economic growth and productivity. Such investments can contribute towards a number of objectives such as improving access to employment and markets, freight hubs, and (sea and air) ports. Smart investments also reduce travel times, improve safety outcomes, and provide an economic stimulus.



COLLABORATIVE SPATIAL APPROACH TO MANAGING TRANSPORT NETWORKS

Transport professionals working together, sharing good practices, using smart procurement, and implementing technology enabled and other traffic management practices, can:

- provide efficient connections between key areas of economic activity
- achieve desired land-use patterns and travel behaviours, ensure interconnected networks
- minimise transport costs
- maximise and balance the use of existing road infrastructure assets for desired road functions and priority road users (getting the right mode for the right type of journey).

We can improve value for money through an outcomes-focused and evidence-based approach to managing networks, and by balancing transport demands with affordability in a way that encourages the coordination and sharing of good practices.

Overall, we expect the transport system to:

- encourage efficient land use patterns
- enable the efficient movement of people and freight
- be efficient and reliable through maintaining and maximising the use of existing road infrastructure assets
- be responsive to changes in consumer demands
- support liveable and thriving urban and rural communities
- be safe and have low energy and environmental impacts
- be adaptable to changes in energy sources.

Context within which we work

The government's strategic direction

The government's overall goal is to grow the New Zealand economy so it can deliver greater prosperity, security and opportunities for all New Zealanders. We contribute to this goal through our influence and involvement with our local authority partners to plan, manage and improve local transport networks and services, management of safe transport access and use, and our operation and improvement of the state highway network.

Our efforts are influenced by a variety of factors, including the views and actions of our customers, technical considerations, community needs and economic conditions. These factors and perspectives all come together to ensure that local level activity is informed by regional and national perspectives.

Although the government is focused on the economic strength of the country, road safety also remains a key priority. We will maintain the emphasis on safety from a strategic perspective, and be especially vigilant that the current economic downturn does not unduly impact on transport safety, as local authority work programmes face significant financial pressures, less is spent to maintain or upgrade vehicles, and people move to less safe but more economical modes of transport.

The economic conditions also impact on land transport revenues, as rationalisation occurs in the commercial transport sector, people drive less, and the number of licensing and registration transactions decline.

In terms of the operation and maintenance of transport networks, we are looking to ensure that the country's transport assets provide high quality and reliable levels of service, but at an affordable cost from a whole of life perspective. Targeted investment in the improvement of transport infrastructure will encourage economic growth and productivity, and increased investment in roads of national significance will achieve both short-term economic stimulation and long-term economic benefits.

The *Government policy statement on land transport funding (GPS)* is a key government document for influencing the planning and funding of land transport. The purpose of the GPS is to detail the government's desired outcomes and funding priorities for the land transport sector. This is achieved through setting the level of funding available to particular activity classes over a 10-year period.³

The 2009/2010–2018/2019 GPS as amended in May 2009 reflects the government's commitment to increase the overall investment in land transport by over \$1 billion over the next three years. The document contains the following impacts on which the government will focus.

IMPACTS THAT CONTRIBUTE TO ECONOMIC GROWTH AND PRODUCTIVITY

- Improvements in the provision of infrastructure and services that enhance transport efficiency and lower the cost of transportation through:
 - improvements in journey time reliability
 - easing of severe congestion
 - more efficient freight supply chains
 - better use of existing transport capacity.
- Better access to markets, employment and areas that contribute to economic growth.
- A secure and resilient transport network.

OTHER IMPACTS

- Reductions in deaths and serious injuries as a result of road accidents.
- More transport choices, particularly for those with limited access to a car where appropriate.
- Reductions in adverse environmental effects from land transport.
- Contributions to positive health outcomes.

³ Activity classes describe types of transport activity, such as maintenance of local roads and state highways, construction of local roads and state highways, passenger transport services and infrastructure, and road policing.

In giving effect to the GPS, the NZTA is required to take account of the following factors:

- The government's priority to support national economic growth and productivity, which includes the national roading priorities set out in the list of roads of national significance.
- Considering networks from a national perspective.
- Achieving value for money.
- Encouraging integrated planning.
- Making best use of existing networks and infrastructure.
- Implementing and fostering a coordinated approach.
- Considering the impact of volatile fuel prices.

The Ministry of Transport's transport monitoring indicator framework will include indicators to measure progress against each of the GPS impacts over the next three years. The relationship between activity classes and impacts is not linear – all activity classes will contribute to more than one impact, and all impacts will be achieved through a variety of activity classes. The same would apply to the relationship between indicators and activity classes. These relationships are complex and require careful analysis to ensure that the appropriate indicators are used to inform decisions about how to improve the contribution of available resources to deliver improved results.

Land transport revenue and investment

Revenue for investment in maintaining and improving the land transport system comes primarily from road users through fuel excise duty (petrol tax), charges on diesel and heavy vehicles (road user charges) and vehicle licensing and registration fees. Fuel excise and road user charges revenue is now fully hypothecated – or dedicated – to the National Land Transport Fund for allocation to land transport activities. Figure 3 identifies the relationships between NZTA activities and its major revenue sources.

The transport system faces significant funding challenges. The demand for transport infrastructure is greater than available revenue, and there are significant and fundamental pressures on the traditional revenue sources through fuel and vehicle taxes and fees. In the future, land transport revenue may be more closely targeted to transport choices and costs. Also, major infrastructure projects may require funding from several sources. The government's stimulus package and the GPS have provided additional funding for land transport as part of its economic plan to ensure that transport contributes effectively to increased economic growth and productivity.

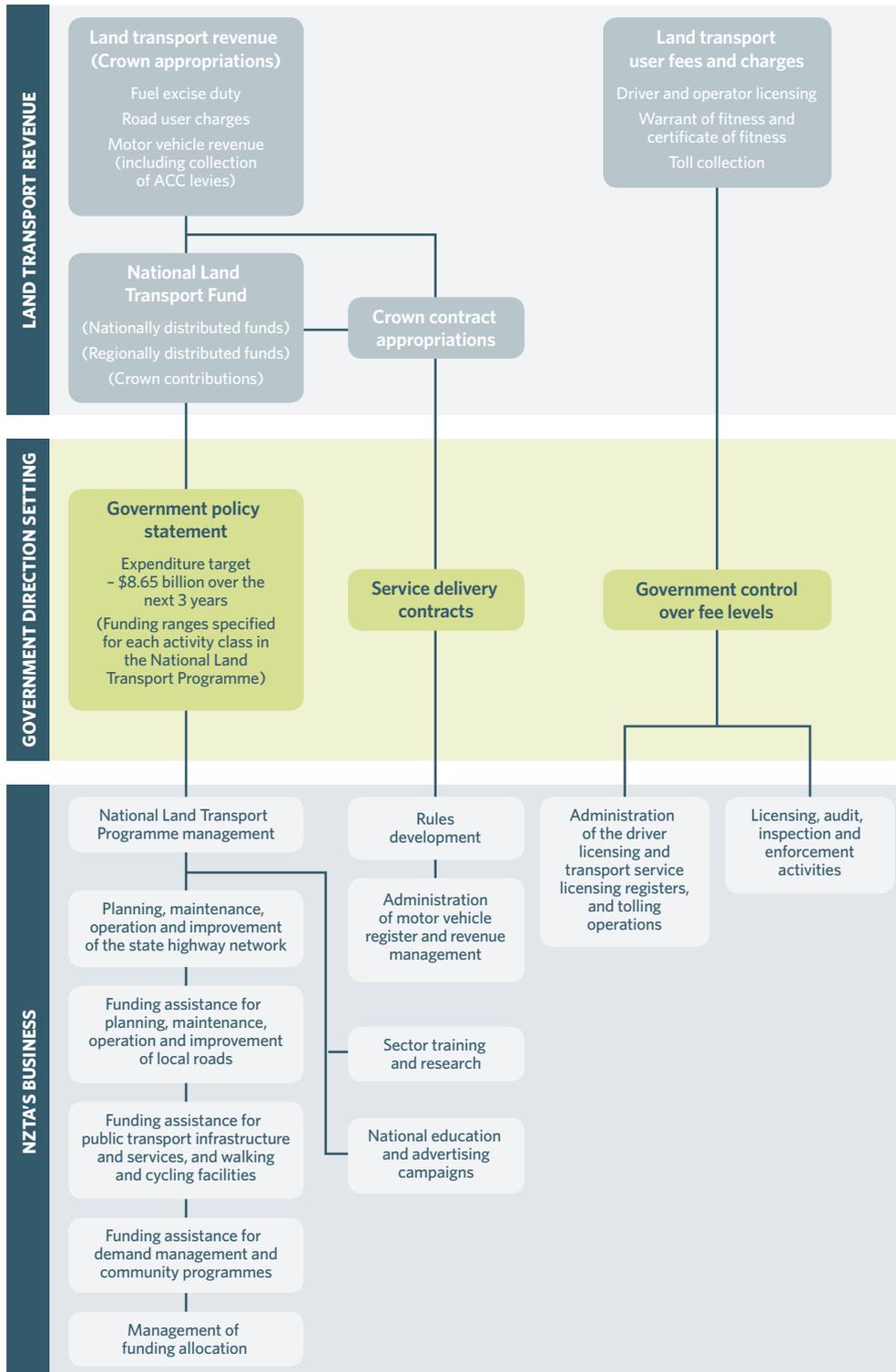
The NZTA will prepare the National Land Transport Programme (NLTP) on the basis of expected land transport revenue. In addition, we will investigate borrowing where this can be supported by revenue from tolling.

We will work with local authority partners to identify transport activities eligible for financial assistance. There are sometimes differences between the allocation of funds to local authority activities and the uptake of those allocations by local authorities. Such results can occur due to timing, financial and other constraints. The GPS sets minimum amounts in activity classes so we need a close alignment between our programming of activities and the programming activities of local authorities.

The government has announced the establishment of a national infrastructure unit within The Treasury, which will be responsible for developing a national infrastructure plan. This will create frameworks that will guide infrastructure investment and anticipated projects over the next 20 years. The NZTA will be working closely with the national infrastructure unit to ensure our investment plans through the NLTP are aligned with the national infrastructure plan.

The NZTA will emphasise value for money from transport planning and investment decisions. Smart investment decisions must weigh up all the benefits (economic, social, and environmental) and then consider the investment that will provide the best balance of benefits to society as a whole at the lowest long-run cost.

FIGURE 3 | NZTA's business in the context of the land transport funding system



Strategic direction and priorities

We seek to be strategy-led and results-focused. To this end, we have moved quickly to develop a strategy framework and to develop a multi-year operating expenditure budget that would deliver our strategic outcomes and priorities over the medium term.

The strategy system, when fully developed, will underpin and sustain high performance and will ensure a systematic approach to planning and decision-making, and to the culture and values we wish to build internally. The strategy system will also provide ongoing direction for staff, build organisational capability and resilience, encourage internal alignment and integration, and ensure an efficient use of resources to achieve results. The components of the strategy system include (1) an organisational strategy, (2) supporting resources, systems and processes, and (3) a supporting performance framework.

Over the next three years, we will deliver our first three-year NLTP. This is how we will give effect to the GPS. In addition, our five strategic priorities (identified on page 13) were developed to focus our resources on giving effect to the government's priorities generally and the GPS in particular. The NLTP will deliver record levels of investment across a range of land transport activities, such as improving, maintaining and operating the state highway network and supporting public transport services. In the medium term, we will ensure that the land transport network is efficiently managed and used in an optimal way, and over time, we expect our investment in the sector to leave a legacy of infrastructure and services with the resilience and capacity to meet the needs of the nation into the future.

Over the next three years, we will also increase our focus on road safety and work collaboratively with the Ministry of Transport to develop and deliver the Road Safety to 2020 Strategy.

Value for money

The NZTA is determined to provide value for money in all that it does. The NZTA is required to take account of value for money when giving effect to the GPS. This requirement is something that underpins our behaviours, decision making, and use of resources in all that we do (beyond the minimum scope set out in legislation), and is a driver of the improvements we will make to the systems and processes that we manage. We will work with the Ministry of Transport during the year to identify how to better demonstrate success and drive improved performance. We will also consider the value being achieved from the expenditure in each activity class in the GPS.

The NZTA is working hard to manage its costs effectively. The agency has reduced its expenditure budget for 2009/10 compared with 2008/09 as a result of reduced NLTP allocations (particularly management of the funding allocation system and demand management), and has established a strategic priority to identify and realise internal efficiencies and reduce external compliance costs. In addition the NZTA has absorbed the impact of externally imposed merger-related costs.

Connecting outcomes and priorities to day-to-day activities

OUTCOMES AND INTERMEDIATE OUTCOMES

Our outcomes translate broad, multi-sector government priorities into simple, high-level statements about what we want to achieve. They connect staff with the organisation and enable us to set intermediate outcomes for what we want to achieve in the medium term.

KEY PERFORMANCE INDICATORS

Underpinning the NZTA strategy are key performance indicators. These enable us to drive and sustain high performance to influence the intermediate outcomes, enable us to demonstrate success, and inform our decision-making processes. By supporting the transport monitoring indicator framework, led by the Ministry of Transport and its associated database, over time we will be able to ascertain the degree to which we are influencing the achievement of intermediate outcomes and longer term outcomes. In particular, we will be accountable for being a major influencing factor in the achievement of the intermediate outcomes outlined in our strategy map.

STRATEGIC PRIORITIES

Our five strategic priorities provide a focus for business planning and activities over the next three years. These are the key points of leverage for giving effect to government priorities, our role and strategy.

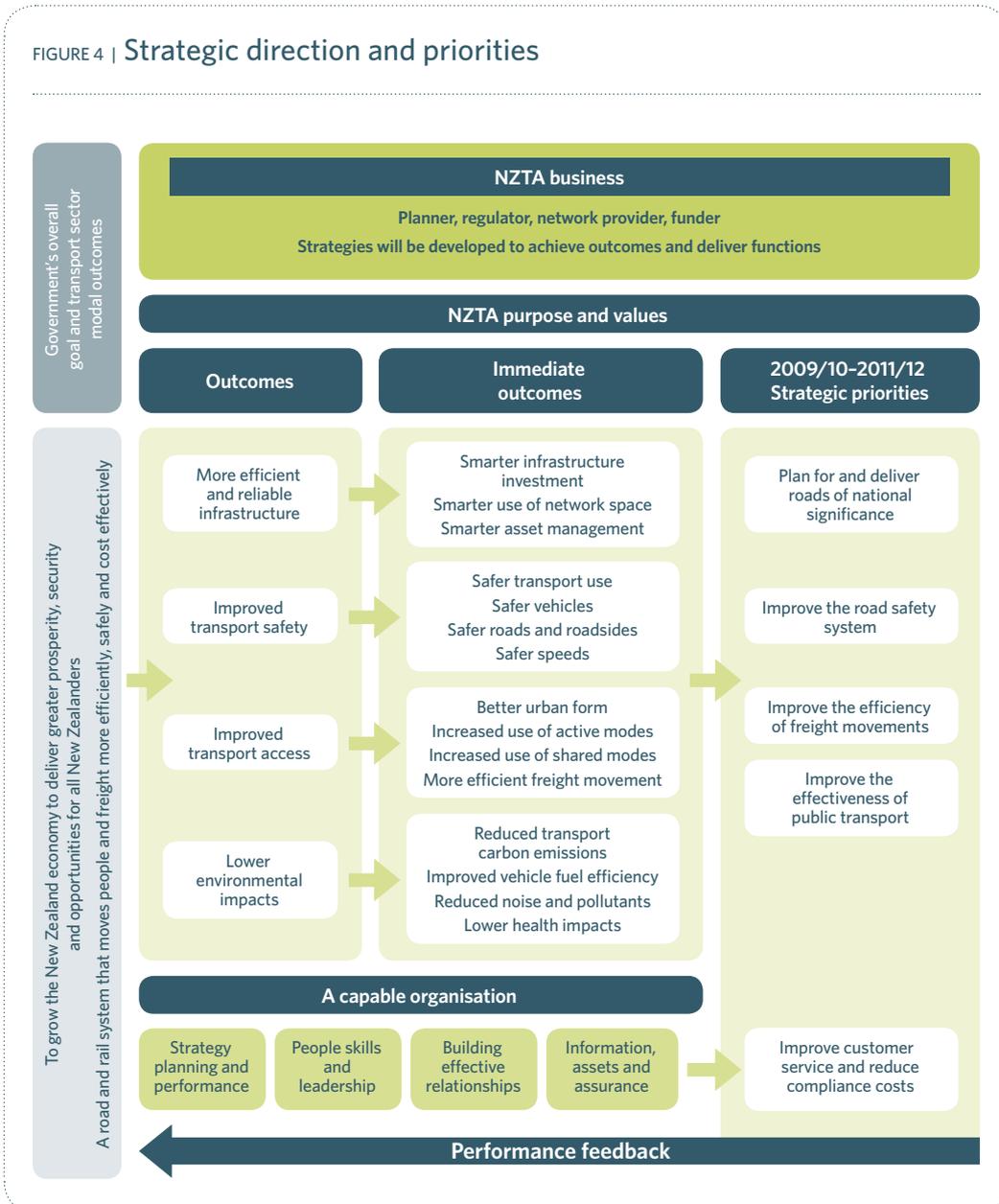
Business planning, budgeting, and performance reporting will ensure organisational resources, behaviours and decisions give effect to our strategic priorities, deliver targeted efficiency gains and ensure a customer focus.

A portfolio management approach has been implemented to work across the business, to ensure there is alignment between priorities and resources. Portfolios will foster cooperation, collaboration and integration in delivering transport solutions. These solutions will focus on transport challenges at a time of constrained resources.

During 2009/2010 we will refine the flow between objectives, priorities, and action, and identify targets where appropriate to guide staff about what we want to achieve. This will help lift and sustain our performance.

The one-page strategy map shown in figure 4 identifies connections between government priorities, NZTA outcomes and intermediate outcomes, priorities, and organisational development.

FIGURE 4 | Strategic direction and priorities



OUTCOME More efficient and reliable infrastructure

An efficient and reliable transport system encourages economic growth and productivity. Prioritised investment on critical routes and at modal transfer points is designed to contribute to this outcome through improved journey time reliability and time savings. We will be looking to maximise the use of current infrastructure based on agreed road functions and road users and encourage smarter interactions with transport users. In terms of maintaining our transport system assets, we will be seeking to achieve a balance between affordability and levels of service.

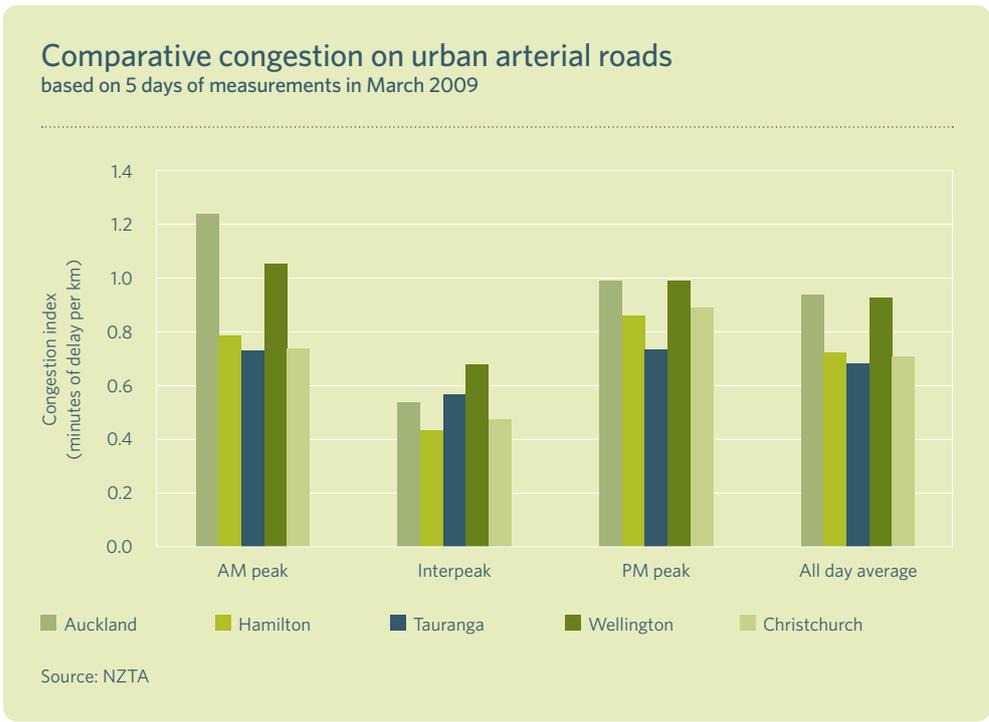
In the future, we will endeavour to:

- build in the resilience and adaptability that will allow transport networks to adapt to changes in travel patterns and changes in energy sources
- deliver our state highway maintenance and improvement programmes efficiently to ensure we gain maximum value for the money invested in the network
- ensure that transport planning is more closely integrated with land-use planning to maximise the contribution of transport to economic development.

HOW WE WILL MEASURE OUR SUCCESS IN CONTRIBUTING TO THIS OUTCOME

Intermediate outcomes	Key performance indicators	Desired direction
<ul style="list-style-type: none">▪ Smarter infrastructure investment▪ Smarter use of network space▪ Smarter asset management	▪ Journey time reliability	Improving
	▪ Maintenance costs per network km relative to agreed levels of service	Stable or improving over time
	▪ Road surface conditions	Stable or improving over time

PRIMARY INDICATOR



WHAT WE DO TO DEVELOP MORE EFFICIENT AND RELIABLE INFRASTRUCTURE

During 2009/2010, the NZTA will allocate around \$2.8 billion to land transport infrastructure and services through the NLTP. Over the 10-year period to 2018/2019, the annual amount available to allocate should grow to around \$3.8 billion.

Additional funding will be used to improve the state highway network, with particular focus on roads of national significance. This is to ensure the land transport system is efficient and reliable, and maximises its contribution to economic development.

In addition, a significant component of our overall investment is focused on the operation and maintenance of the state highway and local road networks and we work actively with local and regional government to provide walking and cycling facilities, encourage road safety action planning, and provide financial and other support for the provision of public transport services.

NZTA staff provide best practice standards and guidelines, and assistance and advice on a wide range of transport-related matters. They create and distribute information to support decisions, and provide other assistance and advice to transport partners and stakeholders to help them implement cost effective ways of improving the performance of local transport networks and the land transport system generally.

NZTA OUTPUTS THAT CONTRIBUTE DIRECTLY TO THIS OUTCOME

Output class	Outputs	Strategic focus
New and improved infrastructure for state highways	Planning, design and construction of new and improved infrastructure	<p>Economic growth and productivity through:</p> <ul style="list-style-type: none"> planning and investing in roads of national significance to improve access through and in and out of major urban centres planning and investing in key freight and tourism routes to lift productivity and improve access to markets
Crown contribution to accelerated state highway construction	(Injection of additional Crown capital to ensure delivery of proposed programme)	
Renewal of state highways	Planning and delivery of state highway road renewal activities	
Maintenance and operation of state highways	Planning and delivery of state highway maintenance activities	
New and improved infrastructure for local roads	Planning, design and construction of new and improved infrastructure	
Renewal of local roads	Renewal activities (resurfacing, drainage, pavement rehabilitation)	
Maintenance of local roads	Patching, verge clearance, lighting replacement	
Transport planning	Undertaking and/or allocating funding to regional strategies and plans, development of project specific studies, strategies and plans	
Walking and cycling facilities	Cycle paths and lanes, footpaths, shelters and cycle parking	Improving the effectiveness of the investment by targeting investment at communities that have long-term commitment to significantly increase walking and cycling
Public transport infrastructure	Road and ferry infrastructure to support public transport services	Improve the effectiveness of the investment
Management of the funding allocation system	Evaluation of projects and allocation of funds	Improve customer service and reduce compliance costs

OUTCOME Improved transport safety

People and goods should be able to travel safely. We can support this by promoting safe behaviour, ensuring networks and vehicles are safe, and supporting safety focused activities. Given our significant role in maintaining, operating and improving the state highway network, we also continue to place emphasis on safety on work sites.

HOW WE WILL MEASURE OUR SUCCESS IN CONTRIBUTING TO THIS OUTCOME

Intermediate outcomes	Key performance indicators	Desired direction
<ul style="list-style-type: none"> ▪ Safer transport use ▪ Safer vehicles ▪ Safer roads and roadsides ▪ Safer speeds 	▪ Crash data	Trending down
	▪ Number of deaths by mode	Trending down
	▪ Number of serious injuries by mode	Trending down
	▪ Speed compliance	Stable or improving over time
	▪ Alcohol compliance	Stable or improving over time
	▪ Safety belt compliance	Stable or improving over time
	▪ Vehicle compliance	Stable or improving over time

PRIMARY INDICATOR



WHAT WE DO TO IMPROVE TRANSPORT SAFETY

Transport safety is embedded throughout our entire range of activities.

We work closely with our transport service delivery agents to provide transport users with safe access to the land transport system. We do this by providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other road revenue.

The goal of safer roads and roadsides is incorporated into transport planning activities, and road engineering policies and design and construction standards. We apply these policies and standards on the state highway network, and provide safety engineering advice and assistance to our local and regional partners.

The NZTA is contracted by the Ministry of Transport to provide rules development services for the government. Rules are tertiary legislation that, in conjunction with associated regulations, enable the aims of primary legislation and many of the functions of the NZTA to be achieved. The development of rules is subject to an extensive process of consultation with other government sector entities, the transport industry, and the wider public. Land transport rules include provisions on driver licensing, road use, vehicle equipment and standards. In the future, rules may be produced for rail.

In addition, we:

- work with the New Zealand Police to develop and recommend the Road Policing Programme
- develop and deliver a national safety advertising programme
- publish road safety education material
- regulate rail safety.

NZTA OUTPUTS THAT CONTRIBUTE DIRECTLY TO THIS OUTCOME

Output class	Outputs	Strategic focus
Regulatory implementation and enforcement	Vehicle certification and testing, audit and enforcement, rules development	[To be provided later in the year through the Road Safety to 2020 Strategy - will focus on speed, safer transport use, and safer vehicles]
Licensing activities	Driver and operator licensing, operation of licensing register	
Motor vehicle registry	Operation of motor vehicle register	
Road user charges collection, investigation and enforcement	Collection and refund of road user charges, investigation of evasion	
New and improved infrastructure for state highways	Planning, design and construction of new and improved infrastructure	[To be provided later in the year through the Road Safety to 2020 Strategy - will focus on safer roads and roadsides]
Renewal of state highways	Renewal activities (resurfacing, drainage, pavement rehabilitation)	
Maintenance and operation of state highways	Maintenance and operations activities (patching, verge clearance, lighting replacement, travel and safety information, traffic signal operations)	
New and improved infrastructure for local roads	Planning, design and construction of new and improved infrastructure	
Renewal of local roads	Renewal activities (resurfacing, drainage, pavement rehabilitation)	
Maintenance of local roads	Patching, verge clearance, lighting replacement	
Transport planning	Undertaking and/or allocating funding to regional strategies and plans, development of project specific studies, strategies and plans	
Demand management and community programmes	Advertising and education programmes, funding support for community programmes	[To be provided later in the year through the Road Safety to 2020 Strategy - will focus on safer transport use]
Management of the funding allocation system	Evaluation of projects and allocation of funds	Improve customer service and reduce compliance costs

OUTCOME Improved transport access

The transport system enables people to participate in society. This includes moving freight to markets efficiently and moving people to jobs and other opportunities affordably. Good accessibility is achieved through good integration between different networks and between modes of transport, good access to transport services, and services that are accessible for everyone in society, including young people, older people and people with impairments.

HOW WE WILL MEASURE OUR SUCCESS IN CONTRIBUTING TO THIS OUTCOME

Intermediate outcomes	Key performance indicators	Desired direction
<ul style="list-style-type: none"> Better urban form Increased use of active modes Increased use of shared modes⁴ More efficient freight movement 	<ul style="list-style-type: none"> Average length (km) of commuter trip (all modes) 	Stable or getting shorter
	<ul style="list-style-type: none"> Total public transport boardings 	Increasing
	<ul style="list-style-type: none"> Road vehicle kilometres travelled (VKT) - (by mode, vehicle type, per capita, main centres) 	
	<ul style="list-style-type: none"> Mode share for journey to work and school 	Increasing use of active and shared modes
	<ul style="list-style-type: none"> Accessibility to public transport (households within 500m of regular PT service) 	Improving
	<ul style="list-style-type: none"> Road freight tonne/km 	refer note

Note: Data is not yet available but we will endeavour to develop an understanding of the total national freight task over time.

⁴ The term 'shared modes' covers public transport, taxis, and private vehicles carrying more than one person.

PRIMARY INDICATORS



Note: Ideally a primary indicator for freight would be road freight tonnes/km. This information is not yet available at an aggregate level.

WHAT WE DO TO IMPROVE ACCESS TO TRANSPORT NETWORKS

A high level of personal mobility is an important feature of modern societies and very much taken for granted. We assist personal mobility by investing in new and improved transport networks. However, we are also concerned about transport accessibility, the ability or ease with which, either social or economic opportunities, can be reached or utilised.

We remain actively engaged in addressing accessibility through a 'whole of journey' approach and through considering the needs of everyone in society. This includes those people considered to be 'transport disadvantaged', such as the young, older people and people with impairments.

For example, in 2009/2010, the NZTA will allocate around \$200 million to public transport services, up to \$50 million to demand management and community programmes that address accessibility and safety issues, and up to \$20 million on walking and cycling facilities. In addition, we will have actively worked to improve the integration between transport and development planning.

We also continue to advocate for better integration between transport planning and land-use planning. Our goal is to ensure that the development patterns of towns and cities minimises the need to travel and allow for greater mode choice.

Optimisation between urban form and transport requirements also has a significant impact on the freight task. Sprawling, low density urban centres generate significantly greater freight movements than compact urban environments. Compact, well designed towns and cities, and good links between them would provide the optimal conditions needed to stimulate economic development.

Operational policy for the efficient movement of freight needs to focus on delivering economic as well as safety and other outcomes.

NZTA OUTPUTS THAT CONTRIBUTE DIRECTLY TO THIS OUTCOME

Output class	Outputs	Strategic focus
New and improved infrastructure for state highways	Planning, design and construction of new and improved infrastructure	Economic growth and productivity through: <ul style="list-style-type: none"> improvements in journey time reliability on key routes easing severe congestion
New and improved infrastructure for local roads	Planning, design and construction of new and improved infrastructure	
Public transport services	Funding support for road, rail and ferry public transport services	Improve the effectiveness of the investment through: <ul style="list-style-type: none"> extracting the maximum value from past and current investments optimal fare box recovery rates
Public transport infrastructure	Funding support for road and ferry public transport infrastructure	
Demand management and community programmes	Advertising and education programmes, funding support for community programmes	
Walking and cycling facilities	Allocation of funding to cycle and walking facilities	
Transport planning	Undertaking and/or allocating funding to regional strategies and plans, development of project specific studies, strategies and plans	
Management of the funding allocation system	Evaluation of projects and allocation of funds	

OUTCOME Lower environmental impacts

A transport system should have minimal adverse impact on the environment. This includes low impact construction and operations, good stormwater management on networks and good design to minimise visual and noise impacts. In the future, new energy technologies will mitigate the environmental impacts of transport fuel use and provide people with low energy and low impact transport mode choices.

We also actively engage with communities to encourage low impact behaviours and to improve road aesthetics and amenity to assist with community wellbeing.

HOW WE WILL MEASURE OUR SUCCESS IN CONTRIBUTING TO THIS OUTCOME

Intermediate outcomes	Key performance indicators	Desired direction
<ul style="list-style-type: none"> Reduced transport carbon emissions Improved vehicle fuel efficiency Reduced noise and pollutants Lower health impacts 	<ul style="list-style-type: none"> Total vehicle emissions per annum Air quality (nitrogen dioxide) <p>Work is underway during 2009/10 to develop a residential population road traffic noise, further air quality, and a surface water quality indicator for the state highway network</p>	<p>Decreasing</p> <p>Number of occasions exceeded World Health Organisation thresholds</p>

PRIMARY INDICATOR

Greenhouse gas emissions



Source: Ministry of Economic Development and Ministry for the Environment.

Note: Transport sector CO₂ emissions were 42.4% of total CO₂ equivalent emissions by sector in 2005. Road based CO₂ emissions account for around 95% of transport sector emissions.

WHAT WE DO TO LOWER ENVIRONMENTAL IMPACTS

The NZTA is committed to reducing the negative impacts of transport on the environment. State highway and local road project proposals must meet Resource Management Act requirements to avoid, remedy or mitigate environmental effects. In addition, the Land Transport Management Act 2003 requires us to demonstrate social and environmental responsibility.

To achieve this, we have developed an environmental plan and policy that addresses:

- how we operate in relation to environmental matters
- the impacts of our business on public health, noise, surrounding land use, cultural and historic heritage, amenity of road users and neighbours, and ecological values
- the actions needed to manage these impacts.

Strong growth in travel demand over recent years has resulted in some undesirable environmental and social effects, including traffic congestion, air pollution, carbon emissions and noise. Increased travel demand in the future has the potential to worsen these trends, so lowering the environmental impacts of transport must continue to be one of the NZTA's key outcomes.

NZTA OUTPUTS THAT CONTRIBUTE DIRECTLY TO THIS OUTCOME

Output class	Outputs	Strategic focus
New and improved infrastructure for state highways	Planning, design and construction of new and improved infrastructure	Minimise the impacts of transport on the environmental through:
New and improved infrastructure for local roads	Planning, design and construction of new and improved infrastructure	<ul style="list-style-type: none"> ▪ good practice construction processes ▪ good practice storm water management
Transport planning	Undertaking and/or allocating funding to regional strategies and plans, development of project specific studies, strategies and plans	<ul style="list-style-type: none"> ▪ measures to reduce noise impacts ▪ promotion of cleaner vehicles and driver behaviour
Management of the funding allocation system	Evaluation of projects and allocation of funds	Improve customer service and reduce compliance costs

Strategic priorities for 2009–2012

Strategic priorities are areas of activity that we consider are key points of leverage over the next three years for achieving the outcomes outlined in the previous section.

PRIORITY Improve customer service and reduce compliance costs

WHY IS THIS A PRIORITY?

As an organisation, we deliver most outputs through a wide network of agents, stakeholders and contractors. We also deal with every New Zealander who uses the land transport system. To be successful we require a high degree of customer focus, and building on this will require improvements in relationships, business processes and systems, policies, behaviours and decision-making.

This priority seeks to reduce unnecessary compliance costs and lift our customer focus in all our public-facing activities for those who access and use transport networks. We need to take a fresh look at how our services are seen from our customers' point of view, to ensure we are efficient and customer friendly, and return any savings to them.

The first phase of this priority is to continue the work already underway on streamlining and simplifying the funding system and to get good alignment between local and central government transport planning. The government is looking for a dividend from a better integrated NZTA and for faster and simpler processes for approved organisations.

WHAT WE WILL FOCUS ON

To give effect to this strategic priority, we will:

- embed the customer service ethos into the NZTA
- develop the NZTA customer service model
- streamline the funding allocation process
- introduce new tolling products to provide customers with a wider range of payment options
- establish a national control centre to coordinate incident response and manage integrated travel on the state highway network
- establish a traffic management centre in Christchurch to provide full coverage of operations on the state highway network
- complete a proof of concept for the delivery of driver licence theory tests by computer, so we can provide a practise environment similar to the test environment and capture test result data
- introduce monthly customer surveys.

PRIORITY Plan for and deliver roads of national significance

WHY IS THIS A PRIORITY?

The updated GPS identifies seven roads of 'national significance':

- Puhoi to Wellsford (SH1).
- Completion of the Auckland western ring route (SH20/16/18).
- Auckland Victoria Park bottleneck (SH1).
- Waikato expressway (SH1).
- Tauranga eastern corridor (SH2).
- Wellington northern corridor - Levin to Wellington (SH1).
- Christchurch motorway projects.

To make substantial progress to deliver improvements to these routes over the next decade, will require a concerted effort to assess how they can best be planned and consented, funded, and constructed.

WHAT WE WILL FOCUS ON

To give effect to this strategic priority at a programme level we will:

- Focus on ensuring the seven roads of national significance are planned and delivered in accordance with a clear and compelling strategic context and direction. We will work with key national and regional partners to develop the direction of and to align each route of national significance
- Work with stakeholders to establish partnerships and structures to deliver network solutions for each route of national significance
- Work with the Ministry for the Environment and the new Environmental Protection Agency to establish processes to improve the efficiency of Resource Management Act approvals for roads of national significance.

To give effect to this strategic priority at a project level we will:

- **Puhoi to Wellsford:** within 2009/2010 commence investigation of a preferred route between Puhoi and Wellsford. Within two years lodge Notice of Requirement and consents for the Puhoi to Wellsford section of the route including a Warkworth bypass. Within three years, complete the detailed design on the Puhoi to Warkworth section.
- **Western ring route:** during 2009/2010 lodge the Notice of Requirement and consents for the preferred route for the Waterview Connection and the widening of the corridor between St Lukes and Westgate on SH16. Within three years make a construction start on the Lincoln Road Interchange and on the first stage of the Waterview Connection.
- **Victoria Park bottleneck:** within one year commence construction on the project and by December 2009 make a start on the St Marys Bay element.
- **Waikato expressway:** within one year commence construction on the Te Rapa bypass. Within three years, commence construction on the Rangiriri, Cambridge and Ngaruawahia sections of the Waikato expressway.
- **Tauranga Eastern Motorway:** during 2009/2010 consult and conclude discussions on a funding plan to advance the project. Within three years, make a construction start (assuming an acceptable funding plan is agreed).
- **Levin to Wellington:** within six months agree on the corridor strategy plan for the entire route. Within three years lodge a Notice of Requirement and consents for the overall corridor. Within three years make a construction start on the next priority projects.
- **Christchurch Ring Route:** by the end of 2009/2010, commence construction on the Christchurch Southern Motorway and prepare for the lodgement of the Notice of Requirement for priority sections of the route. Within three years, make a construction start on the Memorial Avenue to Yaldhurst Road, Yaldhurst Road to Waterloo Road and Sawyers Arms to Memorial Ave sections of the route.

PRIORITY Improve the effectiveness of public transport

WHY IS THIS A PRIORITY?

The increasing congestion in our major urban centres and the opportunity to improve the economic efficiency of our transport system point to the need for us to continue developing and improving urban public transport networks.

The range of opportunities for improving the effectiveness of public transport include: further investment in the Auckland and Wellington urban passenger rail infrastructure and services; improving bus services; investigating choices for those with limited transport opportunities; and making smarter use of our strategic and local road networks to improve public transport (such as busways and bus priority measures).

WHAT WE WILL FOCUS ON

We will identify activities to increase the effectiveness of public transport services in easing severe congestion and in improving the reliability of urban networks, including:

- developing integrated strategies, packages and funding plans for improved public transport services
- making progress on a national approach to integrated ticketing
- implementing the public transport components of the procurement review and work with approved organisations to develop their procurement strategies
- working with the Ministry of Transport on the public transport productivity project, accessibility planning, and the Public Transport Management Amendment Bill
- reviewing the effectiveness and operation of the SuperGold card free public transport scheme
- developing revenue models that share costs and risks equitably between passengers, local authorities and the NZTA.

PRIORITY Improve the efficiency of freight movement

WHY IS THIS A PRIORITY?

New Zealand needs a transport system that supports and assists long-term economic growth and the more productive use of resources. Businesses need to be able to transport goods and services to domestic and international markets efficiently, and as the economy grows, so does the freight task. Transport congestion has a significant effect on supply chain efficiency, especially where the reliability of journey times diminishes.

WHAT WE WILL FOCUS ON

The freight efficiency challenge for land transport in New Zealand has short, medium and long-term dimensions:

- Short-term (and ongoing) efficiency gains could be made through better utilisation use of transport infrastructure, including through traffic management, vehicle management and the rules relating to loading factors.
- In the short and medium term, there are opportunities for targeted investments in infrastructure that would increase labour and capital productivity and improve access to markets (to be effective, such investment needs to be prioritised around the requirements of the freight industry).

To give effect to this strategic priority, we will, in collaboration with the Ministry of Transport:

- engage with the freight industry (both freight generators and logistics firms) and tourism operators to identify and prioritise key freight and tourism routes, including identifying regions and areas of economic growth potential and origin and destination data
- undertake an assessment of the current regulatory framework to identify opportunities to improve freight efficiency (eg standardised dimension rules for all modes)
- improve our understanding of the dynamics of the freight industry, including the current freight task and network, freight flows, inter-modal connections, future challenges and responses
- develop an investment programme to upgrade (where necessary) and to maintain the key identified freight and tourism routes
- investigate the extension of traffic management systems on highly-frequented routes (eg introduce freight lanes on key network congestion points and consider integration with public transport networks to optimise investment)
- undertake changes to the Vehicle Dimensions and Mass Rule to introduce a controlled permit system linked to the investment programme.

PRIORITY Improve the road safety system

WHY IS THIS A PRIORITY?

Transport-related incidents remain one of the main causes of accidental loss of life in New Zealand and are a leading cause of death for children and young adults. The majority of transport-related deaths and serious injuries occur on roads. Consequently, road safety must remain a priority outcome for the NZTA over the next three years.

Our activities continue to implement the Road Safety to 2010 Strategy, which had a goal of reducing road casualties to below 300 deaths per year and hospitalisations to below 4500 by 2010.

We are helping the Ministry of Transport to develop a Road Safety to 2020 Strategy and implementing a system to make land transport safe as well as efficient and reliable.

WHAT WE WILL FOCUS ON

To give effect to this strategic priority, we will:

- continue targeting safety on the state highway network – safety retrofit and rumble strip programmes, seal widening, reactivation of the black spot programme, measures to address crossing line crashes, including centreline barriers, identification and targeting of ‘out of context’ curves
- develop an updated risk-targeted safety investment programme by using the KiwiRAP star-rating programme to identify high risk locations
- work with the NZ Police and local authorities to renew the focus on multi-agency management of safety on our roads by reviewing regional safety planning processes and promotion of enforcement campaigns focusing on alcohol, speed, intersections, restraints and vehicle safety
- continue implementing the Road Safety to 2010 Strategy through a programme of rules resulting in safety improvements to vehicle tyres and wheel standards, steering systems, driver licensing systems, road markings and signage
- make greater use of standards, guidelines and rules to improve road and rail safety performance and community wellbeing
- commence the phase-in of the Operator Rating System, and promotion campaigns (eg electronic stability control and curtain air bags) to influence purchaser behaviour.

A capable organisation

Developing a capable organisation of experienced, diverse and capable individuals and leaders who understand transport issues will be an enduring theme of our strategy over the years to come. We will offer an attractive place where people want to work and seek to reflect the diversity of the New Zealand public within our workforce.

We know we must do this on a tight budget, and maintain a strong focus on increasing productivity and on delivering value for money.

The merging of Land Transport NZ (land transport funding provider and regulator) with Transit NZ (state highway manager) has provided us with a unique opportunity to significantly enhance land transport planning and investment processes beyond what might otherwise have been achieved.

There are high expectations of the NZTA to deliver more for less and in different ways than its predecessors. To achieve this, we need to harness the combined expertise of all our employees in order to achieve a fully integrated and well connected organisation. The end result should be a high performing organisation delivering value for money and using resources in an efficient and responsive way.

Priority	Description	Measure
Managing staffing level	To actively manage full-time equivalent staff numbers within the cap set by government	Progress against the agreed cap of 1328 staff
Reducing accumulated leave	To actively reduce the proportion of staff with outstanding accumulated leave balances in excess of 30 days	6% of staff will have leave balances above 30 days by 30 June 2010 vs current status of 12%
Managing workplace safety accreditation	To improve workplace safety accreditation to raise safety awareness and reduce ACC compliance costs	Achievement of workplace safety management secondary level accreditation by 30 June 2010

Organisational development strategy

Achieving the outcomes and strategic priorities outlined in this *Statement of intent* drives our organisational development strategy. The strategy will guide our investment in longer-term capability. We will undertake to build our internal skills, systems and processes. This will focus on our corporate strategy, our planning and performance system, our relationship management capability, our people skills and our financial and resource management.

The focus in our first year was to bring the people structures of two organisations together. We have used the best ideas from staff and management to develop an organisation design which is robust, with sufficient flexibility to fit the business for its future challenges.

Focusing on priorities and performance

WE WILL FOCUS ON WHAT MATTERS MOST

To be effective we need to focus on what matters most, and ensure all parts of the organisation work together to achieve a common purpose. We will develop and maintain an outcome-focused, functional, and effectiveness approach, and use an account management approach to provide specialist support services to business groups.

WE WILL MEASURE OUR PROGRESS AND PERFORMANCE

We will ensure that effort, resources, behaviours and choices give effect to our decision to be a capable organisation, as well as implement business priorities. This requires organisational systems, processes and resources to underpin our achievement of results over time, as well as ensuring a performance framework has clear accountabilities, sets measurable expectations, monitors performance, and informs decisions.

Building more effective relationships

WE AIM TO LEAD IN PARTNERSHIP WITH THE KEY TRANSPORT PLAYERS

Building stronger stakeholder relationships is central to our achievement of outcomes and strategic priorities. We have responsibility to understand our customers' needs and to work to meet them as effectively as we can. We will continue to work alongside local government through our membership of regional transport committees, and deepen our capability to influence and assist other agencies to align their work with broader transport objectives.

Working in partnership with others requires us to be good listeners, responsive to the needs of customers, local communities, and local government. We must be able to build and maintain effective working relationships where both parties value and understand the significance of the connections.

Our understanding of the strategic transport issues underpinning our investment decisions and operations will be discussed with a range of stakeholders. We will continue to test our understanding of transport systems and issues. We intend to take a stronger leadership role in relation to improving the effectiveness of public transport and the efficiency of freight movements. This will require our managers and staff to be articulate and influential with others, both internally and in the wider community. Training and support will assist their effectiveness.

ESTABLISHING AN ENVIRONMENT OF OPEN COMMUNICATION

As an operational agency seeking to deliver innovative solutions, we also need to communicate well internally. An environment of open communication will ensure the organisation acts in a coordinated, efficient way, and that the best ideas are shared and implemented. We are implementing a 'portfolio' approach that will draw together different skills from across the organisation to support the strategic priorities. This will require good communication flows across the Agency.

Investing in people, skills and leadership

This year we will develop an NZTA people and capability strategy. This will set our direction for the next five years and clearly describe our ambitions to make the NZTA a leading public sector agency.

We will also foster the development of Maori capacity to contribute to our decision-making processes, as required by the Land Transport Management Act 2003. The NZTA has established a Maori relationships section that will lead the development and implementation of the Engagement with Maori Strategy to 2014.

INVESTING IN LEADERSHIP DEVELOPMENT

We will emphasise good leadership and good management, as we recognise that these attributes are crucial to the performance of the NZTA. We will strive to become an employer of choice to attract people with talent and to provide opportunities for development.

We will develop a new leadership framework for the organisation to provide a source of talented people for the public sector and the transport sector in New Zealand. We want to develop both people leaders and technical leaders. We will provide opportunities for people to be part of cross-functional teams, to be part of regional leadership teams and to develop leadership skills through leading projects.

RECOGNISING HIGH PERFORMANCE

We will focus our remuneration policy to reward high performing staff. We will develop one performance management system for the organisation and work with managers and staff to create an environment where every staff member can perform at their best. We will focus on integrity and ethics as we roll out our code of conduct. We want all staff to focus on doing what is right and working smartly to achieve our goals.

Working within our budgets will be particularly important this year. We will be contributing to the success of the NZTA by ensuring we have the right staff with the right skills focused on the right areas of the business to deliver our ambitious work programme.

OPTIMISING SUPPORT SYSTEMS

During 2009/10, we will continue bringing together two cultures, and consolidating two technology environments. We are moving from a technology focus to a service culture. Our approach to bring the service culture and technology together is to merge, transform and optimise.

In 2010/11 and 2011/12, we will maintain and continually improve service delivery making our infrastructure more efficient, effective and fit for purpose. We will provide the ability for the organisation to effectively collaborate, exchange, and access information. We will establish governance frameworks for assessing and prioritising services in terms of business value.

Financial and resource management

We will review how we use asset management information in our state highway decision-making processes. We currently have comprehensive asset information at component level. This is being consistently improved to include data like condition assessment and risk profile. We will focus on how this information is used in business processes and infrastructure decision-making.

Developing a prudent financial strategy

The NZTA faces net projected deficits in a number of areas of the business for the 2009/2010 financial year and out-years. This is due to forecast NLTP revenue falling short of projected allocations to activities, merger costs, shortfalls in fee funded revenue, and funding shortfall in the motor vehicle registration (MVR) business.

The main issue in the statement of service performance deficit relates to the lack of funding to cover state highway depreciation, which is around \$330 million per annum. The state highway capital expenditure programme is funded through capital contributions – ranging from \$800 million to \$1 billion. These are recorded as equity investments in the financials accounts. The effect is that the NZTA receives investments to fund a capital expenditure programme. This investment is significantly greater than, but does not fund, the depreciation generated from the state highway network. This matter is expected to be resolved during 2009/10.

Cash flow deficits are forecast to accrue from 2010/11 requiring borrowings of approximately \$30 million, rising to \$300 million in 2011/12. The NLTP expenditure for 2011/2012 and out-years has been programmed on the assumption of increased revenue flowing into the NLTF, in line with the government's announced increases to the levels of fuel excise duty and road user charges. However, the forecasts in the *Estimates of appropriations for 2011/2012* and out-years cannot reflect revenue increases until the increases have been incorporated into law and implemented. At the time of the preparation of these accounts, this has not yet been done. As a result, revenue available to fund the NLTP is currently exceeded by the programmed commitments, causing a net deficit to show in the accounts. If the increased revenues do not eventuate and the NZTA does not want to incur debt then NLTP funded activities will be adjusted downwards accordingly. This is within the NZTA's control.

The other drivers of our financial outlook include the need to absorb restructuring costs (funded by accumulated reserves), and third party transaction costs that are higher than revenues. Accumulated deficits for third party services are held in memorandum accounts pending review of fee structures, and funding shortfall of the MVR business. (Memorandum accounts provide for over or under recovery of fee income to be ring-fenced and adjusted over time.)

The NZTA is working to get the balance right between investing in services and technology to improve results, customer focus, realising efficiencies and affordability. Achieving targeted efficiency improvements is part of the answer, along with the need to recover costs. We are working collaboratively with Ministry officials to undertake a thorough review of fee-funded activity with a view to optimising the levels at which fees should be set relative to levels of service.

Quality management information

The provision of people information for management decision-making will be another key focus for us. We have aligned our pay systems and this year we intend to invest in developing our human resource management information system to give us better information about our people.

Over the life of this *Statement of intent* we need to identify the most appropriate indicators to demonstrate how we are improving the efficiency and reliability of transport networks and achieving value for money. Such indicators will ensure our actions, resources and behaviours give effect to these priorities.

Risk management

The NZTA will further develop and evolve risk management best practice across its business practices. The application will be consistent with *AS/NZS 4360: Risk management standard*.

Risk management enhances risk consciousness and in turn improves decision-making within and across the NZTA and its suppliers. This is achieved through the reinforcement of the right behaviours and the adoption of processes such as risk workshops, risk registers, treatment plans, and monitoring and communication systems. The overall aim is, through identifying and understanding threats and opportunities, to provide greater confidence that the NZTA will achieve its outcomes and objectives.

A single risk management policy and framework will be developed and implemented across the NZTA. Where appropriate this will be linked to and support existing proven risk management processes and systems. Areas for further development will be identified and prioritised for implementation. The risk management processes will form an essential part of the NZTA's governance and management processes with regular review and reporting to the Chief Executive, Senior Leadership Team and Board Audit, Risk and Assurance Committee.

Part 2: Forecast financial information

This section includes:

- statement of accounting policies
- prospective statement of financial performance
- prospective statement of changes in equity
- prospective statement of financial position
- prospective statement of cash flows
- notes to the prospective financial statements.

Statement of accounting policies

General information

The NZTA was formed on 1 August 2008 through the amalgamation of Land Transport NZ and Transit NZ. The NZTA's primary objective is to provide services to the public, as opposed to making a financial return. It has designated itself a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

These financial statements have been approved for issue by the Board of the NZTA on 29 May 2009.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. [These policies have been consistently applied to all the years presented, unless otherwise stated].

1 BASIS OF PREPARATION

The financial statements of the NZTA have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). Accordingly, the financial statements have been prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) as they apply to public benefit entities.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the state highway network and Bailey bridging stock and the measurement of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant will be disclosed by way of separate notes to the financial statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the NZTA is New Zealand dollars.

Standards, amendments and interpretations to existing standards adopted by the NZTA

The NZTA has adopted all standards, amendments and interpretations to existing standards that have been published and are mandatory for its accounting periods beginning on or after 1 July 2008.

2 REVENUE

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the NZTA's business. Revenue is shown net of GST.

Revenue is recognised when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the NZTA's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity giving rise to the revenue have been resolved.

Revenue from the Crown

The NZTA is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the NZTA meeting its objectives as specified in the *Statement of intent*.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Other grants

Non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Rental income

Lease receipts are recognised as revenue on a straight-line basis over the lease term.

Sale of publications

Sales of publications are recognised when the product is sold to the customer.

Provision of services

Revenue derived through the provision of services to third parties is recognised when earned and is reported in the financial period to which it relates.

Vested assets

Where a physical asset is gifted to or acquired by the NZTA for nil or nominal cost, the fair value of the asset received is recognised as income. Such assets are recognised as income when control over the asset is obtained.

3 CAPITAL CHARGE

The capital charge is recognised as an expense in the period to which the charge relates. The capital charge for 2009/10 has been calculated by applying the capital charge rate to the balance of general funds.

4 GRANT EXPENDITURE

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the NZTA has no obligation to award on receipt of the grant application and are recognised as expenditure when approved and the approval has been communicated to the applicant.

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Valuation of state highways

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value.

Bailey bridging is valued at optimised depreciated replacement cost based on the optimum size of asset holding by the unit cost for each category of asset.

In 2008/09, all 14 state highway regions will be subject to a full revaluation and then on to a cyclical basis so that each region is revalued at an interval not exceeding 3.5 years.

Those regions that are not subject to full revaluation in a particular year are subject to a valuation update through the use of price indices.

Increases in the carrying amount arising on revaluation of the State highway are credited to the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases are charged to the statement of financial performance. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of financial performance and depreciation based on the asset's original cost is transferred from the asset revaluation reserve to retained earnings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the NZTA and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in the assets revaluation reserve in respect of those assets are transferred to general funds.

Land, formation and the sub-base component of pavement (base) are not depreciated as the service potential of these components is considered not to reduce over time.

5.2 Valuation of non-state highway assets

It is the policy of NZTA that all fixed assets are to be valued on a historical cost basis; revalued where appropriate to reflect net current value.

5.3 The useful lives and the associated depreciation rates of major classes of assets

The useful lives and associated depreciation rates of major classes have been estimated as follows:

Assets	Useful life (years)	Depreciation rate (%)
State highways - pavement (base)	50	2.0
State highways - pavement (surface)	7	14.3
State highways - drainage	60	1.7
State highways - traffic facilities	15	6.7
State highways - bridges	90-100	1.0-1.1
State highways - culverts and subways	50-75	1.3-2.0
State highways - other structures	100	1.0
Bailey bridging - panels	70	1.42
Bailey bridging - transoms	103	0.57
Bailey bridging - stringers	100	0.67
Bailey bridging - chord reinforcing	69	1.45
Bailey bridging - other miscellaneous	76	1.0
Buildings	50	2.0
Motor vehicles	4	25.0
Computer equipment	3	33.3
Plant	5-10	10.0-20.0
Equipment	5-8	12.5-20.0
Furniture and fittings	5-10	10.0-20.0
Office equipment	4-5	20.0-25.0
Leasehold improvements	Life of lease	Range

6 INTANGIBLE ASSETS

6.1 Computer software

NZTA's policy requires an intangible asset to be recognised if, and only if:

- a. it is probable that the future economic benefits that are attributable to the asset will flow to the entity, and
- b. the cost of the asset can be measured reliably.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the NZTA and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

6.2 Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Assets	Useful life (years)	Depreciation rate (%)
Computer software	3-5	20-33.3

7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life such as land, are not subject to amortisation and are tested on a cyclical basis so that each region is reviewed at an interval not exceeding three and a half years for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the NZTA would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a re-valued amount the reversal of an impairment loss is recognised in the statement of financial performance.

8 FINANCIAL ASSETS

Financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables or cash and cash equivalents in the balance sheet.

9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

10 TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the NZTA will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of financial performance.

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less are shown within current assets on the balance sheet.

12 TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

13 INCOME TAX

The NZTA is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

14 EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee entitlements that the NZTA expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The NZTA recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the NZTA anticipates it will be used by staff to cover those future absences.

The NZTA recognises a liability and an expense for 'at-risk payments' where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar as possible to those of the relevant liabilities government stock doesn't have maturities that go this far out. The inflation factor is based on the expected long-term increase in remuneration for employees.

15 SUPERANNUATION DEFINED CONTRIBUTION SCHEMES

Obligations for contributions to Kiwisaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

16 PROVISIONS

Provisions for future expenditure are recognised when:

- the NZTA has a present legal or constructive obligation as a result of past events
- it is more likely than not that an outflow of resources will be required to settle the obligation
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

17 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the NZTA under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

18 JOINTLY CONTROLLED OPERATIONS

The NZTA has interests in jointly controlled operations. It recognises in its financial statements:

- the assets that it controls and the liabilities that it incurs
- the expenses that it incurs from the operations of the jointly controlled operation.

19 GOOD AND SERVICE TAX (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

20 BUDGET FIGURES

The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the NZTA for the preparation of the financial statements.

21 COST ALLOCATION

The NZTA has determined the cost of outputs using the cost allocation system outlined below.

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

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information.

22 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the NZTA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual value

When necessary the NZTA reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the NZTA to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the NZTA, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The NZTA minimises the risk of this estimation uncertainty by:

- physical inspection and condition monitoring of assets
- asset management planning
- asset replacement programs.

The NZTA has not made significant changes to past assumptions concerning useful lives and residual values.

23 CRITICAL JUDGEMENTS IN APPLYING NZTA'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the NZTA's accounting policies for the period ended 30 June 2010.

Non-government grants

The NZTA must exercise judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

State highway network

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the State highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value.

Bailey bridging is valued at optimised depreciated replacement cost based on the optimum size of asset holding by the unit cost for each category of asset.

Critical judgements relate to:

- estimating the replacement cost of existing assets, including the impact of cost allocation and whether a cost should be capitalised or expensed. The NZTA incurs expenditure on maintaining state highways and on new and improved infrastructure for state highways. Professional judgement and engineering assessments are used to determine whether costs incurred on state highways should be capitalised or expensed
- the age, condition and remaining economic life of existing assets, including the impact of maintenance there on
- determining the optimum level of Bailey bridging stock.

Statement of responsibility

In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of the *NZ Transport Agency's 2009-2012 Statement of intent*, including the financial statements and statements of forecast service performance, and the judgements made in them.

The Board of the NZ Transport Agency has the responsibility for establishing, and has established a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements in the *2009-12 Statement of intent*.

In the Board's opinion these financial statements and statements of forecast service performance fairly reflect the forecast financial position and operations of the NZ Transport Agency for the period 2009-2012.

Brian Roche
Chair
30 June 2009



Garry Moore
Deputy Chair
30 June 2009



Financial statements

Prospective statement of financial performance for the year ended 30 June 2010

	Note	Projected 2009 \$000	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income					
Revenue from the Crown	1	66,079	77,014	81,014	62,014
Revenue from the Crown for contracted services	2	19,093	18,706	18,706	18,706
Revenue from the National Land Transport Fund	3	1,773,912	1,357,000	1,390,000	1,430,000
Revenue from third parties	4	83,197	87,814	86,324	84,965
Total income		1,942,281	1,540,534	1,576,044	1,595,685
Expenditure					
Personnel costs	5	93,468	94,701	94,700	94,700
Operating expenses		167,276	132,544	129,722	127,649
National Land Transport Programme		1,495,731	1,232,881	1,272,881	1,313,881
Specific projects funded by the Crown		23,500	37,752	41,752	22,752
Depreciation and amortisation expense ¹		343,226	342,006	342,006	342,006
Capital charge		2,631	2,192	2,192	2,192
State highway asset write-off		15,325	15,000	15,000	15,000
Expenses	6	2,141,157	1,857,076	1,898,253	1,918,180
Expenses relating to the merger	7	5,000	5,308	1,677	70
Total expenditure		2,146,157	1,862,384	1,899,930	1,918,250
Net surplus/(deficit)¹	8	(203,876)	(321,850)	(323,886)	(322,565)
Other comprehensive income					
State highways revaluations - net gain ²		1,500,000	450,000	450,000	450,000
Total other comprehensive income		1,500,000	450,000	450,000	450,000
Total comprehensive income for the year		1,296,124	128,150	126,114	127,435

¹ These budgeted deficits are mainly due to unfunded depreciation of \$330m on the state highway asset (see note 6).

² The 2009 valuation is based on latest estimates provided by independent valuers.

**Prospective statement of changes in equity
for the year ended 30 June 2010**

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Equity - opening balances				
General funds	18,795	25,785	25,785	25,785
Retained funds	160,589	314,416	346,175	377,226
Memorandum account - Third party fees and charges	(4,901)	(16,146)	(24,755)	(34,692)
State highways	20,976,019	22,916,574	24,030,638	25,035,848
Total equity - opening balance	21,150,502	23,240,629	24,377,843	25,404,167
Changes in equity				
Comprehensive income				
Retained funds	153,827	31,759	31,051	33,658
Memorandum account - Third party fees and charges	(11,245)	(8,609)	(9,937)	(11,223)
State highways	(346,458)	(345,000)	(345,000)	(345,000)
State highways - Net gain in revaluations	1,500,000	450,000	450,000	450,000
	1,296,124	128,150	126,114	127,435
Capital contribution				
General funds ¹	6,990	0	0	0
State highways	787,013	1,009,064	900,210	890,252
	794,003	1,009,064	900,210	890,252
Total changes in equity	2,090,127	1,137,214	1,026,324	1,017,687
Equity - closing balances				
General funds	25,785	25,785	25,785	25,785
Retained funds	314,416	346,175	377,226	410,884
Memorandum account - Third party fees and charges	(16,146)	(24,755)	(34,692)	(45,915)
State highways	22,916,574	24,030,638	25,035,848	26,031,100
Total equity - closing balance	23,240,629	24,377,843	25,404,167	26,421,854

¹ Capital contribution is for the transfer of the LANDATA asset.

Prospective statement of financial position
as at 30 June 2010

		Projected 2009	Budget 2010	Budget 2011	Budget 2012
	Note	\$000	\$000	\$000	\$000
Assets					
Current assets					
Cash and cash equivalents		68,677	1,000	1,000	1,000
Cash and cash equivalents for tolling accounts		813	850	927	954
Crown receivable	9	319,823	300,000	1,000	1,000
Debtors and other receivables		20,000	20,000	20,000	20,000
Prepayments		220	250	250	250
Inventories		180	200	200	200
Investments		39,830	0	0	0
Total current assets		449,543	322,300	23,377	23,404
Non-current assets					
Property, plant and equipment		13,645	14,809	13,985	13,044
State highway network	10	23,102,070	24,357,070	25,710,070	27,015,070
Bailey bridging		5,836	5,900	5,900	5,900
Intangible assets		31,219	31,945	31,200	31,200
Total non-current assets		23,152,770	24,409,724	25,761,155	27,065,214
Total assets		23,602,313	24,732,024	25,784,532	27,088,618
Liabilities					
Current liabilities					
Creditors and other payables		352,616	345,131	336,000	336,000
Tolling funds held in trust for the Crown	11	813	850	927	954
Employee entitlements		5,630	5,600	5,600	5,600
Borrowings	12	0	0	35,238	321,610
Total current liabilities		359,059	351,581	377,765	664,164
Non-current liabilities					
Employee entitlements		2,625	2,600	2,600	2,600
Total non-current liabilities		2,625	2,600	2,600	2,600
Total liabilities		361,684	354,181	380,365	666,764
Net assets		23,240,629	24,377,843	25,404,167	26,421,854
Equity					
General funds		25,785	25,785	25,785	25,785
Retained funds ¹		314,416	346,175	377,226	410,884
Memorandum account – Third party fees and charges		(16,146)	(24,755)	(34,692)	(45,915)
State highways ²		22,916,574	24,030,638	25,035,848	26,031,100
Total equity	13	23,240,629	24,377,843	25,404,167	26,421,854

¹ Retained funds for NZTA operations and the National Land Transport Fund.

² State highways investment and revaluation reserve.

**Prospective statement of cash flows
for the year ended 30 June 2010**

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Receipts from Crown revenue	85,172	95,720	99,720	80,720
Receipts from Crown land transport fund revenue	1,874,291	1,376,823	1,689,000	1,430,000
Receipts from third party revenue	118,535	69,314	68,324	67,465
Interest received	10,262	1,500	1,500	1,500
Payments to suppliers	(1,755,880)	(1,415,983)	(1,455,086)	(1,464,325)
Payments to employees	(95,122)	(94,756)	(94,700)	(94,700)
Payments for capital charge	(2,631)	(2,192)	(2,192)	(2,192)
Net cash from operating activities	234,627	30,426	306,566	18,468
Cash flows from investing activities				
Receipts from sale of investments	23,430	39,830	0	0
Receipts from sale of state highway property	11,000	17,000	16,500	16,000
Purchase of property, plant and equipment	(8,687)	(13,170)	(11,182)	(11,065)
Purchase of intangible assets	(18,034)	(726)	745	0
Acquisition of investments	(39,830)	0	0	0
State highway network	(1,001,180)	(1,150,064)	(1,248,000)	(1,200,000)
Net cash from investing activities	(1,033,301)	(1,107,130)	(1,241,937)	(1,195,065)
Cash flows from financing activities				
Capital contribution	794,003	1,009,064	900,210	890,252
Borrowings	0	0	35,238	286,372
Repayment of surplus to the Crown	(2,965)	0	0	0
Net cash from financing activities	791,038	1,009,064	935,448	1,176,624
Net (decrease)/increase in cash and cash equivalents	(7,636)	(67,640)	77	27
Cash and cash equivalents at the beginning of the year	77,126	69,490	1,850	1,927
Cash and cash equivalents at the end of the year	69,490	1,850	1,927	1,954

Notes to the prospective financial statements

1 Revenue from the Crown				
	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Operations				
Regulatory implementation and enforcement	548	548	548	548
Licensing activities ¹	2,095	2,475	2,475	2,475
Motor vehicle register	39,936	35,991	35,991	35,991
Administration of the SuperGold cardholders scheme	0	248	248	248
	42,579	39,262	39,262	39,262
Specific projects funded by the Crown				
Canterbury transport project	0	10,000	14,000	5,000
Regional development transport funding	9,000	10,000	10,000	0
Enhanced public transport concessions for SuperGold cardholders	14,500	17,300	17,300	17,300
Administration of the SuperGold cardholders scheme	0	452	452	452
	23,500	37,752	41,752	22,752
Total revenue from the Crown	66,079	77,014	81,014	62,014

¹ Licensing activities revenue includes drug and alcohol assessments and driver test subsidy (details in the Licensing activities output class statement).

2 Revenue from the Crown for contracted services				
	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Operations				
Regulatory implementation and enforcement	1,013	933	933	933
Road user charges collection, investigation and enforcement	17,688	17,344	17,344	17,344
Refund of fuel excise duty	392	429	429	429
Total revenue from the Crown for contracted services	19,093	18,706	18,706	18,706

3 Revenue from the National Land Transport Fund

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Operations				
Regulatory implementation and enforcement	5,821	0	0	0
Research and performance monitoring	11,776	0	0	0
Promotion, information and education	30,545	0	0	0
Management of the funding allocation system	74,156	0	0	0
Maintenance and operation of state highways PLA ¹	0	10,894	10,894	10,894
Demand management and community programmes PLA	0	23,082	23,082	23,082
Sector training and research PLA	0	6,000	6,000	6,000
Transport planning PLA	0	5,143	5,143	5,143
Management of the funding allocation system PLA	0	36,000	34,000	32,000
	122,298	81,119	79,119	77,119
National Land Transport Programme				
Rail and sea freight	2,500	0	0	0
Transport demand management, and walking and cycling	33,748	0	0	0
Passenger transport services	295,700	0	0	0
New and improved infrastructure for state highways	148,325	0	0	0
Maintenance of state highways	298,524	0	0	0
New and improved infrastructure for local roads	299,219	0	0	0
Maintenance of local roads	234,533	0	0	0
Regional land transport	303,065	0	0	0
Maintenance and operation of state highways PLA	0	276,106	285,106	294,106
New and improved infrastructure for local roads PLA	0	196,000	164,000	189,000
Renewal of local roads PLA	0	222,000	229,000	236,000
Maintenance and operation of local roads PLA	0	245,000	252,000	259,000
Public transport services PLA	0	201,000	211,000	222,000
Public transport infrastructure PLA	0	27,000	62,000	45,000
Demand management and community programmes PLA	0	23,918	24,918	25,918
Walking and cycling facilities PLA	0	16,000	17,000	18,000
Rail and coastal freight PLA	0	2,000	1,000	1,000
Transport planning PLA	0	31,857	29,857	27,857
New infrastructure for and renewal of state highways ²	36,000	35,000	35,000	35,000
	1,651,614	1,275,881	1,310,881	1,352,881
Total revenue from the National Land Transport Fund³	1,773,912	1,357,000	1,390,000	1,430,000

¹ Permanent legislative authorities (PLA) are appropriations granted in Acts other than the Appropriation Act.

² New infrastructure for and renewal of state highways – Land Transport Management Act 2003 (section 10).

³ Total revenue reduces between 2009 and 2010 years because of increased funding through capital contributions, reduced funding for public transport services, local roads, and regional land transport activities.

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Rental income	17,000	17,500	18,000	18,500
Property sales	11,000	17,000	16,500	16,000
Interest income	8,000	500	500	500
	36,000	35,000	35,000	35,000

4 Revenue from third parties

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Operations				
Border inspection fees ¹	1,242	711	711	711
Certification review fees ²	7,189	6,980	6,980	6,980
Driver licensing fees ³	25,793	31,787	30,459	29,173
Driver testing fees ³	14,925	14,079	14,079	14,079
Over dimension and over weight permits ⁴	200	200	200	200
Rail licensing fees ⁵	869	869	869	869
Standards development fee and certification levies ⁶	5,559	5,772	5,772	5,772
Tolling fees ⁷	2,719	3,523	3,361	3,288
Transport licensing fees ⁸	8,981	9,421	9,421	9,421
Fees and charges	67,477	73,342	71,852	70,493
Administration fee from Accident Compensation Corporation	12,222	12,102	12,102	12,102
Crash analysis system	160	250	250	250
Road Safety Trust	193	280	280	280
Sale of road safety materials	883	840	840	840
Interest income	2,262	1,000	1,000	1,000
Other revenue	15,720	14,472	14,472	14,472
Total revenue from third parties	83,197	87,814	86,324	84,965

Applicable legislation

- ¹ Land Transport (Certification and Other Fees) Regulations 1999 (Reg 8A)
- ² Land Transport (Certification and Other Fees) Regulations 1999 (Reg 3 to 3C)
- ³ Land Transport (Driver Licensing and Testing Fees) Regulations 1999
- ⁴ Heavy Motor Vehicle Regulations 1979 (Reg 7)
- ⁵ Railways Regulations 2008 (Reg 4)
- ⁶ Land Transport (Certification and Other Fees) Regulations 1999 (Reg 5 & 6)
- ⁷ Land Transport Management Act 2003 (Section 52)
- ⁸ Transport Services Licensing Regulations 1989 (Reg 6 & 7)

5 Personnel costs

NZTA has a total cap of 1,328 staff. This cap includes staff who are employed to manage state highway projects, which is more cost effective than employing contractors. These project management staff are charged directly to the projects.

	Staff numbers	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Gross personnel costs	1,328	99,701	99,700	99,700
Less project staff	(80)	(5,000)	(5,000)	(5,000)
Total personnel costs	1,248	94,701	94,700	94,700

6 Expenses

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Operations				
Regulatory implementation and enforcement	26,764	32,863	32,701	32,628
Licensing activities	54,053	53,108	53,108	53,108
Motor vehicle register	50,702	55,887	55,887	55,887
Road user charges collection, investigation and enforcement	18,412	17,075	17,075	17,075
Refund of fuel excise duty	510	482	482	482
Administration of the SuperGold cardholders scheme	0	248	248	248
Operating activities	150,441	159,663	159,501	159,428
Regulatory implementation and enforcement	7,261	0	0	0
Research and performance monitoring	8,155	0	0	0
Promotion, information and education	35,455	0	0	0
Management of the funding allocation system	74,156	0	0	0
Maintenance and operation of state highways PLA	0	10,894	10,894	10,894
Demand management and community programmes PLA	0	23,082	23,082	23,082
Sector training and research PLA	0	6,000	6,000	6,000
Transport planning PLA	0	5,143	5,143	5,143
Management of the funding allocation system PLA	0	36,661	34,000	32,000
Operating activities (NZTA internal)	125,027	81,780	79,119	77,119
	275,468	241,443	238,620	236,547
National Land Transport Programme				
Rail and sea freight	2,500	0	0	0
Transport demand management, and walking and cycling	41,500	0	0	0
Passenger transport services	273,249	0	0	0
Maintenance of state highways	325,024	0	0	0
New and improved infrastructure for local roads	293,552	0	0	0
Maintenance of local roads	232,000	0	0	0
Regional land transport	327,906	0	0	0
Maintenance and operation of state highways PLA	0	276,106	285,106	294,106
New and improved infrastructure for local roads PLA	0	180,000	185,000	190,000
Renewal of local roads PLA	0	222,000	229,000	235,000
Maintenance and operation of local roads PLA	0	237,000	245,000	255,000
Public transport services PLA	0	201,000	211,000	222,000
Public transport infrastructure PLA	0	44,000	45,000	46,000
Demand management and community programmes PLA	0	23,918	24,918	24,918
Walking and cycling facilities PLA	0	16,000	17,000	18,000
Rail and coastal freight PLA	0	2,000	1,000	1,000
Transport planning PLA	0	30,857	29,857	27,857
	1,495,731	1,232,881	1,272,881	1,313,881

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
6 Expenses continued				
Specific projects funded by the Crown				
Canterbury transport project	0	10,000	14,000	5,000
Regional development transport funding	9,000	10,000	10,000	0
Enhanced public transport concessions for SuperGold cardholders	14,500	17,300	17,300	17,300
Administration of the SuperGold cardholders scheme	0	452	452	452
	23,500	37,752	41,752	22,752
State highway investment				
State highway depreciation	331,133	330,000	330,000	330,000
State highway asset write-off	15,325	15,000	15,000	15,000
	346,458	345,000	345,000	345,000
Total expenses	2,141,157	1,857,076	1,898,253	1,918,180

Reconciliation of total expenses to the sum output class expenditure in the statements of forecast service performance.

	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Total expenses	1,857,076	1,898,253	1,918,180
Add accelerated state highway construction capital expenditure	73,700	33,700	0
Add new infrastructure for and renewal of state highway capital expenditure	1,076,300	1,214,300	1,200,000
Less state highway depreciation	(330,000)	(330,000)	(330,000)
Less state highway asset write-off	(15,000)	(15,000)	(15,000)
Total output class expenditure	2,662,076	2,801,253	2,773,180

7 Expenses relating to the merger				
	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Expenses	5,000	5,308	1,677	70
Operating expenditure	5,000	5,308	1,677	70
Property, plant and equipment	1,400	2,509	1,685	744
Intangible assets	90	745	0	0
Capital expenditure	1,490	3,254	1,685	744
Total expenses relation to the merger (including capital)	6,490	8,562	3,362	814

8 Explanation of net surplus/(deficit)

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Operations				
Revenue from the Crown	42,579	39,262	39,262	39,262
Revenue from the Crown for contracted services	19,093	18,706	18,706	18,706
Revenue from the National Land Transport Fund	122,298	81,119	79,119	77,119
Revenue from third parties	83,197	87,814	86,324	84,965
Total income	267,167	226,901	223,411	220,052
Expenses	275,468	241,443	238,620	236,547
Expenses relating to the merger	5,000	5,308	1,677	70
Total expenditure	280,468	246,751	240,297	236,617
Net surplus/(deficit)	(13,301)	(19,850)	(16,886)	(16,565)
National Land Transport Programme				
Revenue from the National Land Transport Fund	1,651,614	1,275,881	1,310,881	1,352,881
Total income	1,651,614	1,275,881	1,310,881	1,352,881
Expenses	1,495,731	1,232,881	1,272,881	1,313,881
	155,883	43,000	38,000	39,000
Specific projects funded by the Crown				
Revenue from the Crown	23,500	37,752	41,752	22,752
Expenses	23,500	37,752	41,752	22,752
	0	0	0	0
State highway investment				
Expenses	346,458	345,000	345,000	345,000
	(346,458)	(345,000)	(345,000)	(345,000)
Net surplus/(deficit)	(203,876)	(321,850)	(323,886)	(322,565)
Income				
Retained funds - NZTA operations ¹	75,947	70,798	70,798	70,798
Retained funds - National Land Transport Fund	122,298	81,119	79,119	77,119
Memorandum account - Third party (driver test subsidy)	1,445	1,642	1,642	1,642
Memorandum account - Third party fees and charges	67,477	73,342	71,852	70,493
	267,167	226,901	223,411	220,052
Expenditure				
Retained funds - NZTA operations ¹	75,274	81,378	77,747	76,140
Retained funds - National Land Transport Fund	125,027	81,780	79,119	77,119
Memorandum account - Third party fees and charges	80,167	83,593	83,431	83,358
	280,468	246,751	240,297	236,617
Net surplus/(deficit)				
Retained funds - NZTA operations ¹	673	(10,580)	(6,949)	(5,342)
Retained funds - National Land Transport Fund	(2,729)	(661)	0	0
Memorandum account - Third party fees and charges	(11,245)	(8,609)	(9,937)	(11,223)
	(13,301)	(19,850)	(16,886)	(16,565)

¹ NZTA operations refers to Crown funded (excluding the driver test subsidy), contracted services, and third party non fees and charges activities.

9 Crown receivable

The Crown receivable reflects the level of cash held by the Crown at year-end that will be drawn by the NZTA. This cash will pay invoices that relate to the financial year ending 30 June 2010.

10 State highway network

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Balance at 1 July	20,946,772	23,102,070	24,357,070	25,710,070
<i>Increase/(decrease) in asset</i>				
Additions - Capital expenditure	1,001,756	1,150,000	1,248,000	1,200,000
Revaluation increase	1,500,000	450,000	450,000	450,000
Less depreciation	(331,133)	(330,000)	(330,000)	(330,000)
Less asset write-off	(15,325)	(15,000)	(15,000)	(15,000)
	2,155,298	1,250,000	1,353,000	1,305,000
Total state highway network	23,102,070	24,357,070	25,710,070	27,015,070

11 Tolling funds held in trust for the Crown

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Prepaid cash inflow	2,500	4,900	5,341	5,501
	2,500	4,900	5,341	5,501
Less operating fee	500	1,200	1,308	1,347
Less quarterly repayments of loan	1,000	2,400	2,616	2,694
Less GST	187	450	490	506
	1,687	4,050	4,414	4,547
Total tolling funds held in trust for the Crown	813	850	927	954

12 Borrowings

The revenue from the National Land Transport Fund (NLTF) comes to the NZTA both as revenue and capital contributions to fund the National Land Transport Programme (NLTP). The NLTP expenditure for 2011 and out-years have been programmed based on assumptions that there will be revenue increases flowing into the NLTF. The appropriations for 2011 and out-years cannot reflect revenue increases until the increases have been approved and implemented. As a result, revenue available to fund the NLTP is exceeded by the expenditure programmed causing deficits in the 2011 and out-years.

13 Total equity

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
General funds				
Balance at 1 July	18,795	25,785	25,785	25,785
Capital contribution	6,990	0	0	0
	25,785	25,785	25,785	25,785
Retained funds - NZTA operations				
Balance at 1 July	24,673	25,346	14,766	7,817
Net surplus/(deficit) from operations	673	(10,580)	(6,949)	(5,342)
	25,346	14,766	7,817	2,475
Retained funds - National Land Transport Fund				
Balance at 1 July	135,916	289,070	331,409	369,409
Net surplus/(deficit) from Operations	(2,729)	(661)	0	0
Net surplus/(deficit) from National Land Transport Programme	155,883	43,000	38,000	39,000
	289,070	331,409	369,409	408,409
Memorandum account - Third party fees and charges				
Balance at 1 July	(4,901)	(16,146)	(24,755)	(34,692)
Net surplus/(deficit) from operations	(11,245)	(8,609)	(9,937)	(11,223)
	(16,146)	(24,755)	(34,692)	(45,915)
State highway investment				
Balance at 1 July	14,494,294	14,934,849	15,598,913	16,154,123
Capital contribution	787,013	1,009,064	900,210	890,252
Net surplus/(deficit)	(346,458)	(345,000)	(345,000)	(345,000)
	14,934,849	15,598,913	16,154,123	16,699,375
State highway revaluation reserve				
Balance at 1 July	6,481,725	7,981,725	8,431,725	8,881,725
Revaluation gains/(losses)	1,500,000	450,000	450,000	450,000
	7,981,725	8,431,725	8,881,725	9,331,725
Total equity	23,240,629	24,377,843	25,404,167	26,421,854
Border inspections				
Balance at 1 July	249	165	(72)	(309)
Revenue	1,242	711	711	711
Expenditure	1,326	948	948	948
Net surplus/(deficit)	(84)	(237)	(237)	(237)
Balance at 30 June	165	(72)	(309)	(546)
Certification reviews				
Balance at 1 July	257	(1,850)	(4,407)	(6,964)
Revenue	7,189	6,980	6,980	6,980
Expenditure	9,296	9,537	9,537	9,537
Net surplus/(deficit)	(2,107)	(2,557)	(2,557)	(2,557)
Balance at 30 June	(1,850)	(4,407)	(6,964)	(9,521)

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
13 Total equity continued	\$000	\$000	\$000	\$000
Driver licensing				
Balance at 1 July	(4,765)	(13,239)	(15,476)	(19,041)
Revenue	25,793	31,787	30,459	29,173
Expenditure	34,267	34,024	34,024	34,024
Net surplus/(deficit)	(8,474)	(2,237)	(3,565)	(4,851)
Balance at 30 June	(13,239)	(15,476)	(19,041)	(23,892)
Driver testing				
Balance at 1 July	(1,408)	(1,710)	(4,087)	(6,464)
Revenue	16,370	15,721	15,721	15,721
Expenditure	16,672	18,098	18,098	18,098
Net surplus/(deficit)	(302)	(2,377)	(2,377)	(2,377)
Balance at 30 June	(1,710)	(4,087)	(6,464)	(8,841)
Overdimension and overweight permits				
Balance at 1 July	29	8	(49)	(106)
Revenue	200	200	200	200
Expenditure	221	257	257	257
Net surplus/(deficit)	(21)	(57)	(57)	(57)
Balance at 30 June	8	(49)	(106)	(163)
Rail licensing				
Balance at 1 July	(1,004)	(1,538)	(2,051)	(2,564)
Revenue	869	869	869	869
Expenditure	1,403	1,382	1,382	1,382
Net surplus/(deficit)	(534)	(513)	(513)	(513)
Balance at 30 June	(1,538)	(2,051)	(2,564)	(3,077)
Standards development and certification				
Balance at 1 July	2,950	5,884	8,197	10,510
Revenue	5,559	5,772	5,772	5,772
Expenditure	2,625	3,459	3,459	3,459
Net surplus/(deficit)	2,934	2,313	2,313	2,313
Balance at 30 June	5,884	8,197	10,510	12,823
Tolling				
Balance at 1 July	0	(471)	(471)	(471)
Revenue	2,719	3,523	3,361	3,288
Expenditure	3,190	3,523	3,361	3,288
Net surplus/(deficit)	(471)	0	0	0
Balance at 30 June	(471)	(471)	(471)	(471)
Transport licensing				
Balance at 1 July	(1,209)	(3,395)	(6,339)	(9,283)
Revenue	8,981	9,421	9,421	9,421
Expenditure	11,167	12,365	12,365	12,365
Net surplus/(deficit)	(2,186)	(2,944)	(2,944)	(2,944)
Balance at 30 June	(3,395)	(6,339)	(9,283)	(12,227)
Total memorandum account - third party fees and charges	(16,146)	(24,755)	(34,692)	(45,915)

The NZTA has put in place a governance structure for all activities funded through licensing fees and charges to ensure the efficient and effective delivery of such services, the recovery of all appropriate costs through licensing fees and the timely review of such fees to better match revenue to costs.

Supplementary information

Government policy statement activities for the year ended 30 June 2010

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Income				
ALPURT B2 project	24,948	0	0	0
Accelerated state highway construction	35,000	73,700	33,700	0
Capital contribution (Crown)	727,065	5,065	5,065	5,065
New infrastructure for and renewal of state highways (NZTA internal)	0	36,521	36,521	36,521
New infrastructure for and renewal of state highways (NZTA contracts)	0	893,778	824,924	848,666
Capital appropriation	787,013	1,009,064	900,210	890,252
Revenue from the National Land Transport Fund	1,773,912	1,357,000	1,390,000	1,430,000
Total income	2,560,925	2,366,064	2,290,210	2,320,252
Expenditure				
Accelerated state highway construction	35,000	73,700	33,700	0
New infrastructure for and renewal of state highways (NZTA internal)	0	36,521	36,521	36,521
New infrastructure for and renewal of state highways (NZTA contracts)	966,756	1,039,779	1,177,779	1,163,479
Capitalised expenditure	1,001,756	1,150,000	1,248,000	1,200,000
Operating activities (NZTA internal)	125,027	81,780	79,119	77,119
National land transport programme (NZTA contracts)	1,495,731	1,232,881	1,272,881	1,313,881
	1,620,758	1,314,661	1,352,000	1,391,000
Total expenditure	2,622,514	2,464,661	2,600,000	2,591,000
Net surplus/(deficit)	(61,589)	(98,597)	(309,790)	(270,748)

This statement shows revenue received from the National Land Transport Fund and the capital appropriations, which will fund the NLTP (including the state highway capital programme) and NZTA internal operating activities. These deficits are due to capital contributions from Crown being lower than programmed spending on state highways.

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Capital appropriation	787,013	1,009,064	900,210	890,252
Capitalised expenditure	1,001,756	1,150,000	1,248,000	1,200,000
Net deficits from capitalised funding	(214,743)	(140,936)	(347,790)	(309,748)
Net surplus/(deficit) from operations (see note 13)	(2,729)	(661)	0	0
Net surplus/(deficit) from NLTP (see note 13)	155,883	43,000	38,000	39,000
Net surplus from operating NLTF funding	153,154	42,339	38,000	39,000
	(61,589)	(98,597)	(309,790)	(270,748)

**Third party fees and charges funded activities
for the year ended 30 June 2010**

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
Note	\$000	\$000	\$000	\$000
Regulatory implementation and enforcement output class				
Revenue from fees and charges				
Border inspections	1,242	711	711	711
Certification reviews	7,189	6,980	6,980	6,980
Driver licensing	774	954	914	875
Driver testing	896	845	845	845
Rail licensing	565	565	565	565
Standards development and certification	5,559	5,772	5,772	5,772
Tolling	2,719	3,523	3,361	3,288
Transport licensing	7,275	7,631	7,631	7,631
	26,218	26,980	26,778	26,667
Expenditure on fees and charges funded activities				
Border inspections	1,326	948	948	948
Certification reviews	9,296	9,537	9,537	9,537
Driver licensing	641	628	628	628
Driver testing	151	1,039	1,039	1,039
Rail licensing	1,013	921	921	921
Standards development fee and certification	2,625	3,459	3,459	3,459
Tolling	3,190	3,523	3,361	3,288
Transport licensing	8,522	11,263	11,263	11,263
	26,764	31,318	31,156	31,083
Net surplus/(deficit)	(546)	(4,338)	(4,378)	(4,416)
Licensing activities output class				
Revenue from the Crown (driver test subsidy)				
Driver testing	1,445	1,642	1,642	1,642
Revenue from fees and charges				
Driver licensing	25,019	30,833	29,545	28,298
Driver testing	14,030	13,234	13,234	13,234
Over dimension and over weight permits	200	200	200	200
Rail licensing	304	304	304	304
Transport licensing	1,706	1,790	1,790	1,790
	41,259	46,362	45,074	43,826
Expenditure on fees and charges funded activities				
Driver licensing	33,626	33,396	33,396	33,396
Driver testing	16,521	17,059	17,059	17,059
Overdimension and overweight permits	221	257	257	257
Rail licensing	390	461	461	461
Transport licensing	2,645	1,102	1,102	1,102
	53,403	52,275	52,275	52,275
Net surplus/(deficit)	(10,699)	(4,271)	(5,559)	(6,807)
Total revenue from the Crown (driver test subsidy)	1,445	1,642	1,642	1,642
Total revenue from fees and charges	67,477	73,342	71,852	70,493
Total expenditure on fees and charges funded activities	80,167	83,593	83,431	83,358
Net surplus/(deficit)	8	(11,245)	(9,937)	(11,223)

National Land Transport Fund for the year ended 30 June 2010

	Projected 2009	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000	\$000
Balance at 1 July	55,800	356,365	212,169	165,427
Plus revenue				
Fuel excise duty	1,419,400	1,416,800	1,424,000	1,440,800
Road user charges	914,580	916,880	986,980	1,069,580
Motor vehicle - fees	176,990	170,590	172,190	174,890
Motor vehicle - admin ¹	3,400			
RUC - admin ¹	1,000			
ACC collection fee ¹	1,000			
	2,516,370	2,504,270	2,583,170	2,685,270
Bad debt write-off	(3,000)	(4,987)	(4,987)	(4,987)
	2,513,370	2,499,283	2,578,183	2,680,283
Plus government contribution				
Contribution in lieu of interest	12,000	12,000	12,000	12,000
Accelerated state highway construction	35,000	73,700	33,700	0
State highway construction guarantee	77,900	0	0	0
State highway - Crown contribution	727,100	5,065	5,065	5,065
	852,000	90,765	50,765	17,065
Plus inflows to the fund				
Property sales/rental income	28,000	34,500	34,500	34,500
Interest on funds held	8,000	500	500	500
	36,000	35,000	35,000	35,000
	3,401,370	2,625,048	2,663,948	2,732,348
Less refunds				
Fuel excise duty	68,400	79,500	87,200	95,700
Road user charges	32,500	32,100	32,700	33,200
Motor vehicle	580	580	580	580
	101,480	112,180	120,480	129,480
Less distributions				
National Land Transport Programme	2,560,925	2,366,064	2,290,210	2,320,252
Ministry of Transport (MVR & RM) ¹	5,200	0	0	0
Rail	160,000	0	0	0
Police	273,200	291,000	300,000	309,000
	2,999,325	2,657,064	2,590,210	2,629,252
	3,100,805	2,769,244	2,710,690	2,758,732
Balance at 30 June	356,365	212,169	165,427	139,043

Work is being carried out to incorporate full disclosure of the National Land Transport Fund in the annual reports of the NZTA, as per the requirements of section 11 of the Land Transport Management Act 2003. These disclosures will also be incorporated into the NZTA's Statement of intent from 2010/11.

¹ The NZTA did not come into effect until 1 August 2008. These amounts show the transitional arrangements put in place for July until the NZTA was formally established.

Part 3: Forecast service performance

Statement of forecast service performance (2009/2010)

The statement of forecast service performance is formatted according to the output class structure contained in the 2009/2010 Estimates of Appropriations. As an agency, we work more directly with activity classes as outlined in the GPS, but as alignment between the two is quite close, this does not represent a major problem.

Regulatory and revenue management

Output class | Regulatory implementation and enforcement

Description

Under this output class, the NZ Transport Agency will:

- develop standards and procedures, and monitor and audit:
 - vehicle certification and testing
 - transport service operators
 - driver licences
 - rail operators
 - road networks
- develop land transport rules under contract to the Ministry of Transport
- maintain and manage an agent network.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Delivery of an agreed rules development programme that meets the quality and timeliness requirements in the agreement for rules development services	Yes	Yes	Yes
Delivery of an agreed audit programme meeting agreed standards and covering: <ul style="list-style-type: none"> ▪ regulatory compliance of rail licence holders and licensed transport operators, eg passenger services (including taxis) and goods services ▪ agent service delivery (including driver testing, licence administration, and vehicle certification services) 	Yes	Yes	Yes
Audits of regulatory compliance and agent service delivery carried out according to agreed standards	Yes	Yes	Yes

Regulatory implementation and enforcement

	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the Crown	548	548	548
Revenue from the Crown for contracted services (rules development)	933	933	933
Revenue from third parties (fees and charges) ¹	26,980	26,778	26,667
Revenue from third parties (other) ²	2,370	2,370	2,370
Total income	30,831	30,629	30,518
Expenditure			
Rules development	933	933	933
Fees and charges funded activities ¹	31,318	31,156	31,083
Other ²	612	612	612
Total expenditure	32,863	32,701	32,628
Net surplus/(deficit)	(2,032)	(2,072)	(2,110)

¹ Refer to the Supplementary information - Third party fees and charges activities.

² This output class now includes the Road Safety Trust and crash analysis system activities which, last year, was under the Promotion, information and education output class.

Output class | Licensing activities

Description

Under this output class, the NZ Transport Agency will:

- fund drug and alcohol assessments
- provide licensing services for:
 - drivers
 - transport service operators
 - rail operators
- maintain regulatory data accuracy
- mitigate the risk of fraudulent activities
- provide accurate, timely and relevant licensing information and advice to the public service and the public
- fund drug and alcohol assessments.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Accuracy of data on the driver licensing register	>95%	>95%	>95%
Contact centre grade of service for driver licensing activities and/or enquiries:			
Calls answered within 30 seconds, and	>80%	>80%	>80%
Quality assurance of customer service representatives' performance	>97%	>97%	>97%

Licensing activities	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Revenue from the Crown (drug and alcohol assessments) ¹	833	833	833
Revenue from the Crown (driver test subsidy) ¹	1,642	1,642	1,642
Revenue from third parties ²	46,362	45,074	43,826
Total income	48,837	47,549	46,301
Expenditure			
Drug and alcohol assessments	833	833	833
Fees and charges funded activities ²	52,275	52,275	52,275
Total expenditure	53,108	53,108	53,108
Net surplus/(deficit)	(4,271)	(5,559)	(6,807)

¹ Refer to note 1 to the prospective financial statements.

² Refer to the Supplementary information - Third party fees and charges activities.

Output class | Motor vehicle registry

Description

Under this output class, the NZ Transport Agency will:

- operate the motor vehicle register
- deliver motor vehicle registration and licensing services
- undertake the collection and refund of motor vehicle registration and licensing revenue
- develop tolling policy and process
- pay fees to storage providers for unclaimed vehicles impounded by the NZ Police.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
MVR licensing compliance (proportion of licensed vehicles with current licence)	>88%	>88%	>88%
MVR revenue compliance (proportion of vehicles re-licensed within 12 months of license expiry)	>98%	>98%	>98%
Accuracy of data on the MVR	>93%	>93%	>93%
Contact centre grade of service for driver licensing activities and/or enquiries:			
Calls answered within 30 seconds; and	>80%	>80%	>80%
Quality assurance of customer service representatives' performance	>97%	>97%	>97%
MVR revenue written-off as bad debt	<\$4M	<\$4M	<\$4M
Costs per MVR transaction	<\$6.29		

Motor vehicle register			
	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Revenue from the Crown	35,991	35,991	35,991
Revenue from third parties	12,102	12,102	12,102
Total income	48,093	48,093	48,093
Expenditure	55,887	55,887	55,887
Net surplus/(deficit)	(7,794)	(7,794)	(7,794)

Output class | Road user charges collection, investigation and enforcement

Description

(Ministry of Transport output class delivered under contract by the NZ Transport Agency.)

Under this output class, the NZ Transport Agency will:

- collect and refund road user charges, including managing the sale of road user licenses and collection of road users charges
- investigate evasion of road user charges and enforce payment.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Identified road user charges evasion	>\$8M	>\$8M	>\$8M
Road user charges revenue written-off as bad debt	<\$1M	<\$1M	<\$1M
Costs per road user charges transaction	<\$7.36		

Road user charges collection, investigation and enforcement			
	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Revenue from the Crown for contracted services	17,344	17,344	17,344
Total income	17,344	17,344	17,344
Expenditure	17,075	17,075	17,075
Net surplus/(deficit)	269	269	269

Output class | Refund of fuel excise duty

Description

(Ministry of Transport output class delivered under contract by the NZ Transport Agency.)
Under this output class, the NZ Transport Agency will manage fuel tax refunds.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Refunds actioned within ten working days	New	100%	100%

Refund of fuel excise duty			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the Crown for contracted services	429	429	429
Total income	429	429	429
Expenditure	482	482	482
Net surplus/(deficit)	(53)	(53)	(53)

Activities funded through the National Land Transport Fund

The NZTA statement of service performance includes all activities funded by the NLTF, including activities funded but not delivered by the NZTA. The NZTA prepares the Road Policing Programme (RPP), in consultation with NZ Police and the Ministry of Transport, and recommends it to the Minister of Transport to approve. The RPP is funded by the NLTF but only the requirement for its preparation by the NZTA is included in this document because the programme itself is delivered by NZ Police in accordance with NLTF funding which is appropriated through Vote Police.

Output class | Crown contribution to accelerated state highway construction

Description

Under this output class, the NZ Transport Agency will invest funds to state highway improvements and pavement renewal projects as part of the government's stimulus package.

Accelerated state highway construction			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Capital contribution	73,700	33,700	0
Total income	73,700	33,700	0
Expenditure			
National Land Transport Programme	73,700	33,700	0
Total expenditure	73,700	33,700	0
Net surplus/(deficit)	0	0	0

Output class | New infrastructure for and renewal of state highways

ACTIVITY CLASS: NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS

Description

Under this activity class, the NZ Transport Agency will:

- invest funding for state highway capital improvements and manage the delivery of a state highway improvement programme.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development and delivery of a state highway improvement programme that is consistent with performance guidelines	100%	100%	100%
All funds invested in best eligible activities	100%	100%	100%
Portfolio delivered to programme (phase completion)	≥90% ≤110%	≥90% ≤110%	≥90% ≤110%
Roads of national significance delivered to programme (milestones hit)	>90%	>90%	>90%
Journey time improvements on roads of national significance	Establish baseline		
Post construction reviews (% of sample size) (realisation of benefits Yes/No)	>90%	>90%	>90%
The satisfaction level of road users on state highways as determined by an independent annual road user survey	>75%	>75%	>75%

ACTIVITY CLASS: RENEWAL OF STATE HIGHWAYS

Description

Under this activity class, the NZ Transport Agency will:

- allocate funding for the renewal of existing state highway infrastructure and manage the development and delivery of a renewal programme for existing state highways.

These activities are capital expenditure items arising from the deterioration of existing roading infrastructure. The activities are required to minimise the long-term cost of retaining serviceable state highway infrastructure.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development and delivery of a state highway renewal programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds invested in best eligible activities	100%	100%	100%
Percentage rutting > 20mm over state highway network	<2%	<2%	<2%
Delivery to programme	≥95% ≤105%	≥95% ≤105%	≥95% ≤105%
The satisfaction level of road users on state highways as determined by an independent annual road user survey	>75%	>75%	>75%

New infrastructure for and renewal of state highways			
	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Capital contribution (Crown)	5,065	5,065	5,065
Capital contribution (NZTA internal)	36,521	36,521	36,521
Capital contribution (NZTA contracts)	893,778	824,924	848,666
Revenue from the National Land Transport Fund (NZTA contracts)	35,000	35,000	35,000
Total income	970,364	901,510	925,252
Expenditure			
Operating activities (NZTA internal)	36,521	36,521	36,521
National Land Transport Programme (NZTA contracts)	1,039,779	1,177,779	1,163,479
Total expenditure	1,076,300	1,214,300	1,200,000
Net surplus/(deficit)	(105,936)	(312,790)	(274,748)

Out-year deficits to be funded by increases fuel excise duties and road user charges.

Output class | Maintenance and operation of state highways

Description

Under this output class, the NZ Transport Agency will:

- invest funding for the maintenance and operation of existing state highway infrastructure and for the management, delivery and procurement of operation and maintenance activities. Operation and maintenance activities include:
 - maintenance of road surfaces in safe condition
 - maintenance of bridges, tunnels and other structures
 - maintenance of roadside lighting, signs, barriers and vegetation
 - management of traffic and response to crashes, snow and ice etc
 - provision of traveller information
 - asset management systems operation.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Travel time reliability in major cities: (Auckland, Hamilton, Tauranga, Wellington, Christchurch)	Improving in all cities	Improving in all cities	Improving in all cities
Development and delivery of a state highway maintenance programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds invested in best eligible activities	100%	100%	100%
Cost of maintenance activities (per network-km) relative to the overall level of service being provided	Steady or improving	Steady or improving	Steady or improving
The satisfaction level of road users on state highways as determined by an independent annual road user survey	>75%	>75%	>75%
Condition of the network:			
▪ Smooth ride - % of network classed as smooth	98	98	98
▪ Safe stopping - % of network with good skid exposure above threshold level	98	98	98
▪ Safer travel - % of network with texture greater than 0.5mm	98	98	98
Reduce the number of bridges that have full load capacity restrictions (currently 12)	11	10	9
Availability of state highway asset (incidents etc)	Improving trend in all cities	Improving trend in all cities	Improving trend in all cities

Maintenance and operation of state highways PLA			
	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Revenue from the National Land Transport Fund (NZTA internal)	10,894	10,894	10,894
Revenue from the National Land Transport Fund (NZTA contracts)	276,106	285,106	294,106
Total income	287,000	296,000	305,000
Expenditure			
Operating activities (NZTA internal)	10,894	10,894	10,894
National Land Transport Programme (NZTA contracts)	276,106	285,106	294,106
Total expenditure	287,000	296,000	305,000
Net surplus/(deficit)	0	0	0

Output class | New and improved infrastructure for local roads

Description

Under this output class, the NZ Transport Agency will:

- invest funding, in addition to funding from approved organisation, for capital improvements to local roads.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development and delivery of a local road improvement programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds invested in best eligible activities	100%	100%	100%

New and improved infrastructure for local roads PLA			
	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Revenue from the National Land Transport Fund (NZTA contracts)	196,000	164,000	189,000
Total income	196,000	164,000	189,000
Expenditure			
National Land Transport Programme (NZTA contracts)	180,000	185,000	190,000
Total expenditure	180,000	185,000	190,000
Net surplus/(deficit)	16,000	(21,000)	(1,000)

Output class | Renewal of local roads

Description

Under this output class, the NZ Transport Agency will:

- invest funding, in addition to funding from approved organisations, for the renewal of local road infrastructure and management of the renewal activities. These activities are capital expenditure items arising from the deterioration of existing road infrastructure. The activities are required to minimise the long term cost of retaining serviceable local road infrastructure.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development and delivery of a local road renewal programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds invested in best eligible activities	100%	100%	100%

Renewal of local roads PLA			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA contracts)	222,000	229,000	236,000
Total income	222,000	229,000	236,000
Expenditure			
National Land Transport Programme (NZTA contracts)	222,000	229,000	235,000
Total expenditure	222,000	229,000	235,000
Net surplus/(deficit)	0	0	1,000

Output class | Maintenance and operation of local roads

Description

Under this output class, the NZ Transport Agency will:

- invest funding, in addition to funding from approved organisations, for the routine maintenance and operation of local road infrastructure. Maintenance and operation activities include:
 - operation of traffic signals
 - maintenance of planted areas
 - providing information on travel times
 - alternative routes or safety information to travellers
 - patching of small road defects.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development and delivery of a local roads maintenance programme that is consistent with performance guidelines ¹	Yes	Yes	Yes
All funds invested in best eligible activities	100%	100%	100%
Cost of maintenance activities (per network-km) relative to the overall level of service being provided	Steady or improving	Steady or improving	Steady or improving

Maintenance and operation of local roads PLA			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA contracts)	245,000	252,000	259,000
Total income	245,000	252,000	259,000
Expenditure			
National Land Transport Programme (NZTA contracts)	237,000	245,000	255,000
Total expenditure	237,000	245,000	255,000
Net surplus/(deficit)	8,000	7,000	4,000

¹ All activities are assessed in accordance with the methodology set out in the *Planning, programming and funding manual* and as set out in section 20 of the Land Transport Management Act 2003.

Output class | Public transport services

Description

Under this output class, the NZ Transport Agency will:

- invest funding, in addition to funding from approved organisations, for public road, rail and ferry and total mobility transport services (except for commercial services).

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development of a public transport infrastructure programme that is consistent with government and regional public transport priorities	Yes	Yes	Yes
All funds invested in best eligible activities	100%	100%	100%
Percentage of users who rate public transport services as 'good or better' as determined by an independent annual survey	>75%	>75%	>75%

Public transport services PLA			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA contracts)	201,000	211,000	222,000
Total income	201,000	211,000	222,000
Expenditure			
National Land Transport Programme (NZTA contracts)	201,000	211,000	222,000
Total expenditure	201,000	211,000	222,000
Net surplus/(deficit)	0	0	0

Output class | Public transport infrastructure

Description

Under this output class, the NZ Transport Agency will:

- invest funding, in addition to funding from approved organisation, for the renewal and improvement of road and ferry infrastructure to support public transport services
- some rail infrastructure funding is included in this output class. Other rail funding will be funded from sources outside the National Land Transport Fund.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development of public transport infrastructure programme that is consistent with government and regional public transport priorities	Yes	Yes	Yes
All funds invested in best eligible activities	100%	100%	100%
Percentage of users who rate public transport services as 'good or better' as determined by an independent annual survey.	>75%	>75%	>75%

Public transport infrastructure PLA

	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA contracts)	27,000	62,000	45,000
Total income	27,000	62,000	45,000
Expenditure			
National Land Transport Programme (NZTA contracts)	44,000	45,000	46,000
Total expenditure	44,000	45,000	46,000
Net surplus/(deficit)	(17,000)	17,000	(1,000)

Output class | Demand management and community programmes

Description

Under this output class, the NZ Transport Agency will:

- manage or purchase activities which promote safe and sustainable use of land transport networks and services including:
 - initiatives to improve the performance of the land transport system by changing transport demand
 - initiatives to encourage a change in travel behaviour
 - national and local advertising on land transport related issues
 - national and local promotion of walking and cycling
 - nationally managed road safety education in schools
 - providing information and education for drivers, operators, road controlling authorities and others.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Percentage of programme delivered consistent with performance guidelines	100%	100%	100%
All funds invested in best eligible activities	Yes	Yes	Yes

Demand management and community programmes PLA			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA internal)	23,082	23,082	23,082
Revenue from the National Land Transport Fund (NZTA contracts)	23,918	24,918	25,918
Total income	47,000	48,000	49,000
Expenditure			
Operating activities (NZTA internal) ¹	23,082	23,082	23,082
National Land Transport Programme (NZTA contracts)	23,918	24,918	24,918
Total expenditure	47,000	48,000	48,000
Net surplus/(deficit)	0	0	1,000

¹ This output class now includes the Bike wise, Community Road Safety Programme, RoadSense, advertising, and education activities which, last year, was under the promotion, information and education output class.

Output class | Walking and cycling facilities

Description

Under this output class, the NZ Transport Agency will:

- invest funding, in addition to funding from approved organisations, to new and improved walking and cycling infrastructure for transport purposes. Walking and cycling facilities include:
 - cycle paths
 - cycle lanes
 - new footpaths
 - facilities for crossing roads
 - shelters and bicycle parking facilities.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Percentage of programme developed consistent with performance guidelines	100%	100%	100%
All funds invested in best eligible activities	Yes	Yes	Yes

Walking and cycling facilities PLA

	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA contracts)	16,000	17,000	18,000
Total income	16,000	17,000	18,000
Expenditure			
National Land Transport Programme (NZTA contracts)	16,000	17,000	18,000
Total expenditure	16,000	17,000	18,000
Net surplus/(deficit)	0	0	0

Output class | Sector training and research

Description

Under this output class, the NZ Transport Agency will:

- develop the competence and capacity of the sector to develop and implement land transport programmes by providing information, education and support to organisations and their agents
- allocate funding for research into land transport issues.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Delivery of a land transport annual achievement report	Yes	Yes	Yes
Delivery of a published research programme	Yes	Yes	Yes

Sector training and research PLA			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA internal)	6,000	6,000	6,000
Total income	6,000	6,000	6,000
Expenditure			
Operating activities (NZTA internal)	6,000	6,000	6,000
Total expenditure	6,000	6,000	6,000
Net surplus/(deficit)	0	0	0

Output class | Rail and coastal freight

ACTIVITY CLASS: DOMESTIC SEA FREIGHT DEVELOPMENT

Description

Under this output class, the NZ Transport Agency will:

- seek proposals, and allocate funding, for the development of new or improved coastal shipping freight services and related infrastructure, and for studies of the feasibility of such services in order to increase the freight volumes carried by this transport mode.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
All funds invested in best eligible activities	Yes	Yes	Yes

ACTIVITY CLASS: RAIL AND SEA FREIGHT

Description

Under this output class, the NZ Transport Agency will:

- allocate funding, in addition to funding from approved organisations, for initiatives in regional land transport plans that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road to reduce the cost of road freight to the community.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development of programme consistent with performance guidelines	Yes	Yes	Yes
All funds allocated to best eligible activities	100%	100%	100%

Rail and coastal freight PLA			
	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the National Land Transport Fund (NZTA contracts)	2,000	1,000	1,000
Total income	2,000	1,000	1,000
Expenditure			
National Land Transport Programme (NZTA contracts)	2,000	1,000	1,000
Total expenditure	2,000	1,000	1,000
Net surplus/(deficit)	0	0	0

Output class | Transport planning

Description

Under this output class, the NZ Transport Agency will:

- allocate funding, in addition to funding from approved organisations, for:
 - development of regional land transport strategies and regional land transport plans, as well as the operation of regional land transport committees
 - development of service, network and asset management plans by approved organisations and in relation to state highways
 - undertaking studies and strategies that contribute to strategic, service, network or asset management plans of approved organisations or for state highway networks.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Stakeholder satisfaction with the NZTA's contribution to regional transport planning as measured by stakeholder survey	≥80%	≥80%	≥80%
Transport strategies, studies and plans are consistent with performance requirements	Yes	Yes	Yes

Transport planning PLA			
	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Revenue from the National Land Transport Fund (NZTA internal)	5,143	5,143	5,143
Revenue from the National Land Transport Fund (NZTA contracts)	31,857	29,857	27,857
Total income	37,000	35,000	33,000
Expenditure			
Operating activities (NZTA internal)	5,143	5,143	5,143
National Land Transport Programme (NZTA contracts)	30,857	29,857	27,857
Total expenditure	36,000	35,000	33,000
Net surplus/(deficit)	1,000	0	0

Output class | Management of the funding allocation system

Description

Under this output class, the NZ Transport Agency will:

- manage the investment and expenditure of funding through the National Land Transport Programme. This includes the development and administration of:
 - the National Land Transport Programme
 - associated procurement procedures, policies, and guidelines
 - performance agreements with approved organisations funded through the National Land Transport Programme
 - provide assistance and advice to approved organisations and regional land transport committees
- Monitor and report on land transport inputs, activities, impacts and consequences, and administer the crash analysis system.

The National Land Transport Fund includes activities described in regional land transport plans, the Agency's own activities (other than state highway activities) and research, education and training activities delivered by external parties.

Performance measures	Target 2009/10	Target 2010/11	Target 2011/12
Quantity/Quality			
Development and delivery of a National Land Transport Programme that meets all its statutory requirements ¹	Yes	Yes	Yes
Preparation of the NZ Police's Road Policing Programme for recommendation to the Minister of Transport	Yes	Yes	Yes
Delivery of a performance monitoring audit programme ²	Yes	Yes	Yes

¹ The statutory requirements are set out in section 20 of the Land Transport Management Act 2003.

² The performance monitoring audit programme is designed to check that allocated funds realise expected outcomes.

Management of the funding allocation system PLA			
	Budget 2010	Budget 2011	Budget 2012
	\$000	\$000	\$000
Income			
Revenue from the National Land Transport Fund (Taxi enforcement)	1,423	0	0
Revenue from the National Land Transport Fund (NZTA internal)	34,577	34,000	32,000
Total income	36,000	34,000	32,000
Expenditure			
Operating activities (taxi enforcement)	2,226	0	0
Operating activities (NZTA internal)	34,435	34,000	32,000
Total expenditure	36,661	34,000	32,000
Net surplus/(deficit)	(661)	0	0

This output class now includes the roading network audit & monitoring and taxi enforcement activities which, last year, was under the regulatory implementation and enforcement output class.

Canterbury transport project

	Budget 2010 \$000	Budget 2011 \$000	Budget 2012 \$000
Income			
Revenue from the Crown	10,000	14,000	5,000
Total income	10,000	14,000	5,000
Expenditure	10,000	14,000	5,000
Net surplus/(deficit)	0	0	0
Regional development transport funding			
Income			
Revenue from the Crown	10,000	10,000	0
Total income	10,000	10,000	0
Expenditure	10,000	10,000	0
Net surplus/(deficit)	0	0	0
Enhanced public transport concessions for SuperGold cardholders			
Income			
Revenue from the Crown	17,300	17,300	17,300
Total income	17,300	17,300	17,300
Expenditure	17,300	17,300	17,300
Net surplus/(deficit)	0	0	0
Administration of the public transport concessions for SuperGold cardholders scheme			
Income			
Revenue from the Crown (operating activities)	248	248	248
Revenue from the Crown	452	452	452
Total income	700	700	700
Expenditure			
Operating activities	248	248	248
Funding to approved organisations	452	452	452
Total expenditure	700	700	700
Net surplus/(deficit)	0	0	0

Part 4: Additional information

NZ Transport Agency Board

- **Brian Roche** (Wellington) Chair. Brian, an accountant and PricewaterhouseCoopers partner is an expert in the governance, management and operation of the public sector. Mr Roche has held a number of key government appointments including being the Establishment Chair of the Auckland Regional Transport Authority.
- **Christine Caughey** (Auckland). Christine is a qualified planner with a professional background in local and regional government in Auckland. She was an Auckland City Councillor from 2004 to 2007. She is an experienced and certified planning commissioner under the Resource Management Act 1991.
- **Paul Fitzharris** (Picton). Paul was the Acting Chair of Land Transport NZ from March 2007, and served on the Board from May 2005. During the latter part of his career with the NZ Police, Mr Fitzharris represented the NZ Police on the National Road Safety Committee. He was a member of the Establishment Board for the NZTA.
- **Grahame Hall** (Rotorua). Grahame is a retired Mayor of Rotorua having served 27 years in local government and is a former Local Government NZ representative. He served as a Board member of Transit NZ, Chair of Rotorua Energy Charitable Trust, former President of Rotorua Federated Farmers.
- **Bryan Jackson** (Waikanae). Bryan was the Acting Chair of Transit NZ from March 2007. He is the Chair of Vehicle Testing New Zealand and is a past President of the Motor Trade Association. Previously he owned and operated a major motor vehicle dealership. He was a member of the Establishment Board for the NZTA.
- **Garry Moore** (Christchurch). Garry is an accountant and was a member of the boards of Land Transport NZ and Transit NZ from April 2007. Mr Moore served two terms as a councillor on the Christchurch City Council and was Mayor of Christchurch from 1998 to October 2007. While on the Christchurch City Council, he led the restructuring of the council at both elected and administrative levels. He was a member of the Establishment Board for the NZTA.
- **Alick Shaw** (Wellington). Alick has governance experience gained from nine years as a Wellington City Councillor and from his directorships on a range of government, community and trust boards. He was a member of the Establishment Board for the NZTA.

NZ Transport Agency functions

Under the Land Transport Management Act 2003 we have five primary functions:

- To promote an affordable, integrated, safe, responsive and sustainable land transport system.
- To manage the allocation of funding to transport activities.
- To manage the state highway system, including planning, funding, design, supervision, construction, and maintenance and operations.
- To investigate and review accidents and incidents involving transport on land.
- To regulate, and manage access to, the land transport system.

Section 95. Land Transport Management Act 2003

(1) The Agency has the following functions:

- (a) to promote an affordable, integrated, safe, responsive and sustainable land transport system:
- (b) to investigate and review accidents and incidents involving transport on land in its capacity as the responsible safety authority, subject to any limitations set out in the Transport Accident Investigation Commission Act 1990:
- (c) to manage the State highway system, including planning, funding, design, supervision, construction, and maintenance operations, in accordance with this Act and the Government Roadway Powers Act 1989:

- (d) to deliver or manage the delivery of its other activities and combinations of activities, including (but not limited to) those relating to research, education, training, and coastal shipping:
 - (e) to manage funding of the land transport system, including (but not limited to) –
 - (i) administration of land transport revenue and regional fuel taxes; and
 - (ii) auditing the performance of approved organisations in relation to activities approved the Agency and the operation of the land transport disbursement accounts of approved organisations:
 - (f) to manage regulatory requirements for transport on land, including (but not limited to) maintaining and preserving records and documents concerning activities within the land transport system, and maintaining registers:
 - (g) to assist, advise, and co-operate with approved organisations:
 - (h) to co-operate with, or to provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister, but only if the minister and the Agency are satisfied that the performance of the Agency’s functions and duties will not be compromised:
 - (i) to provide the Minister with any advice relating to the Agency’s functions that the Minister may request:
 - (j) to carry out any other functions relating to land transport that the Minister directs in accordance with section 112 of the Crown Entities Act 2004;
 - (k) to carry out those functions conferred on the Agency by other provisions in this act or under any other Act.
- (2) The Authority’s statutorily independent functions are to:
- (a) issue, endorse, alter, replace, renew, suspend, or revoke any land transport document or other authorisation under any enactment; and
 - (b) grant exemptions under any enactment; and
 - (c) enforce the provisions of any enactment conferring functions or duties on the Agency; and
 - (d) determine whether particular activities should be included in a national land transport programme; and
 - (e) approve activities or combinations of activities under section 20; and
 - (f) approve procurement procedures.

NZ Transport Agency organisational structure

The NZTA is built around four functional business groups.

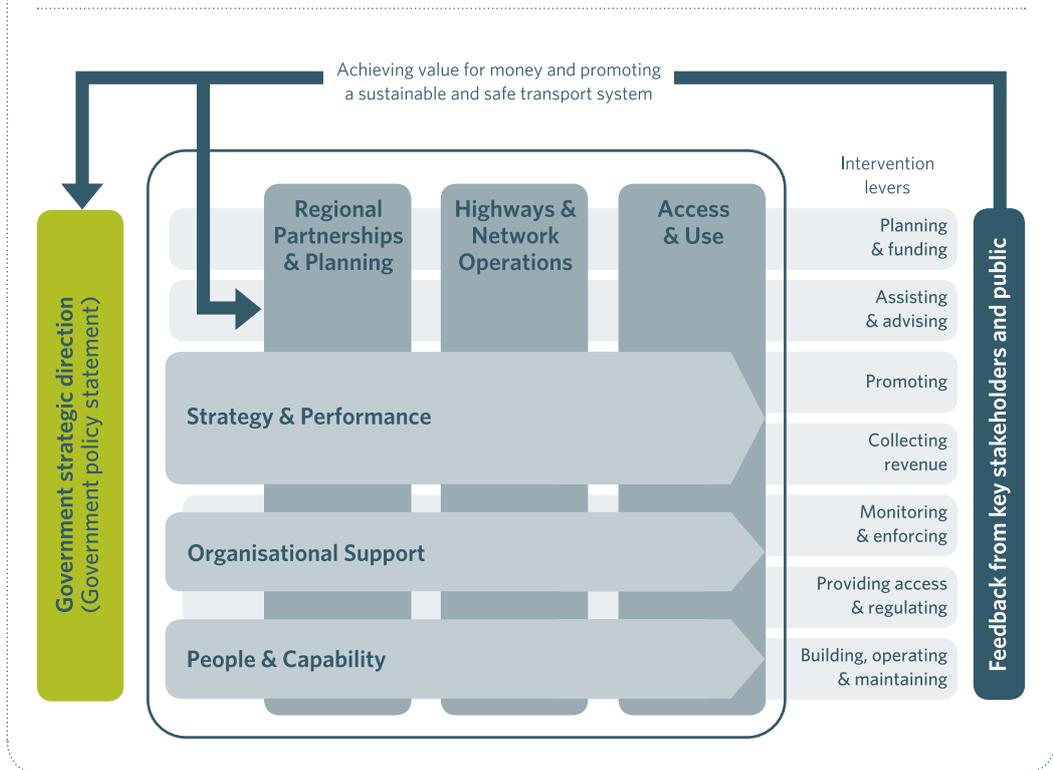
- The Strategy and Performance Group is the primary interface with the Ministry of Transport, government themes, objectives and strategies, and is responsible for servicing the Board in relation to approval of the National Land Transport Programme.
- The Regional Partnerships and Planning Group interfaces with local government to work in partnership on regional planning and programming processes.
- The Highways and Network Operations Group is responsible for building, maintaining and operating the State highway network.
- The Access and Use Group is responsible for services that provide users with access to the transport system (such as driver licences and motor vehicle registration) and that regulate transport operators.

And two support groups:

- The Organisational Support Group ensures the NZTA has corporate strategies and policies to support strategy and organisational performance.
- The People and Capability Group ensures the NZTA can deliver on its outcomes through its people and people capability.

Our business is large and complex and we need to integrate closely with government's strategic transport policy objectives, as well as managing relationships with key stakeholders and the public. To drive integration across the organisation and the linkage to government strategy, the Strategy And Performance Group has the responsibility of ensuring that the organisation is driven by and achieves smooth cross-functional working relationships between operational groups.

FIGURE 5 | High level business model



Planning and funding the land transport system

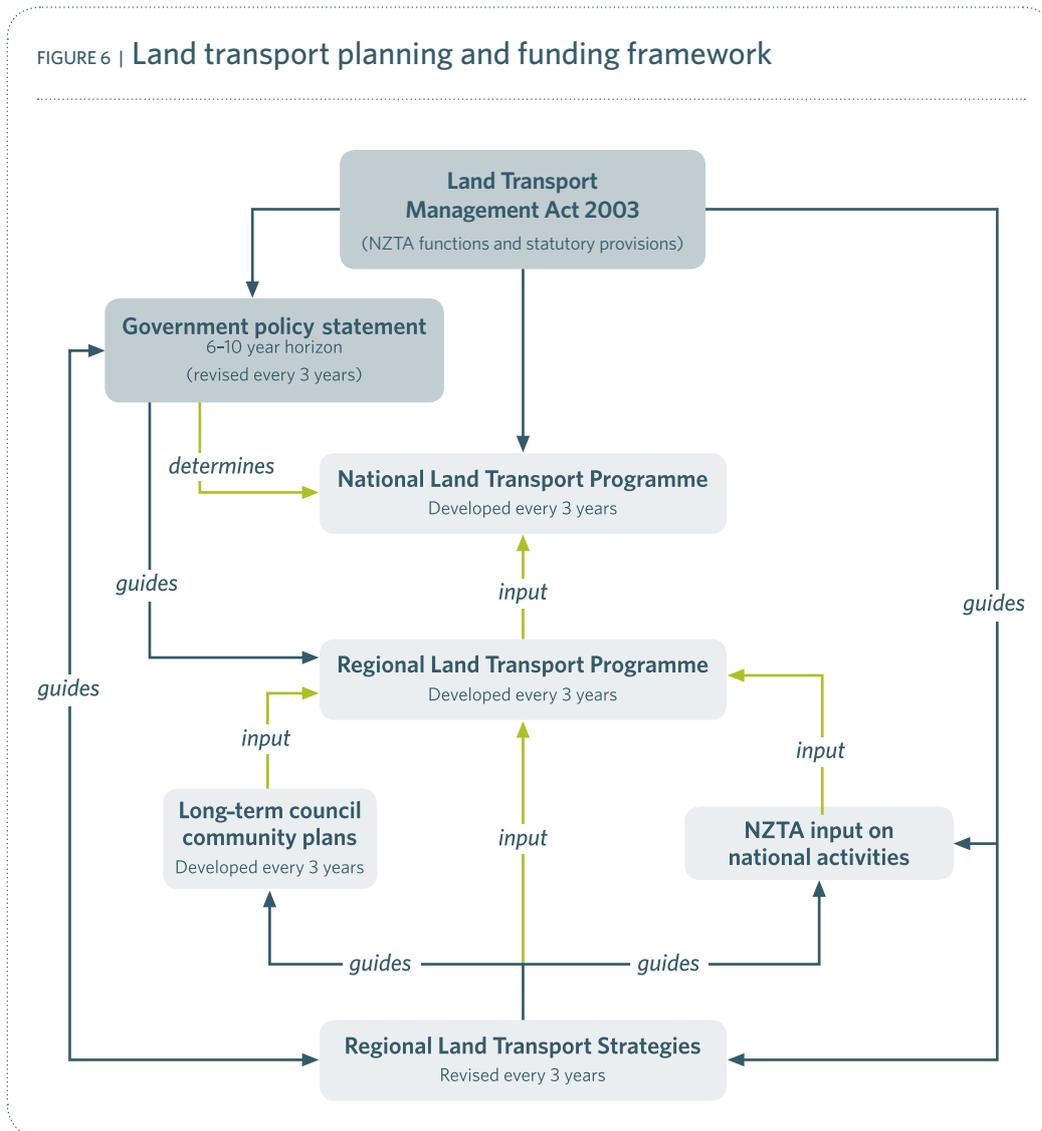
Operating principles

Section 96 of the Land Transport Management Act 2003 contains a set of principles to which the NZ Transport Agency must adhere. NZTA must:

- exhibit a sense of social and environmental responsibility
- use its revenue in a manner that seeks value for money
- ensure its revenue and expenditure are accounted for in a transparent manner
- ensure that it acts in a transparent manner in its decision making and give the same level of scrutiny to its own proposed activities as it would to those proposed by approved organisations.

Planning and funding the land transport system

FIGURE 6 | Land transport planning and funding framework



THE DEVELOPMENT OF THE NATIONAL LAND TRANSPORT PROGRAMME

The process for development of the National Land Transport Programme (NLTP) is as follows:

- Approved organisations, and the NZTA, develop candidate proposals (of individual activities and packages of activities) and submit these to regional transport committees.
- Regions prioritise the proposals and develop draft regional land transport programmes.
- Regional transport committees assess how well all the proposed activities contribute to the aim of achieving an affordable, safe, responsive and sustainable land transport system and to the five objectives in the New Zealand Transport Strategy.
- The NZTA assesses the draft regional land transport programme and provides comment to the region.
- Regions submit a final regional land transport programme.
- The NZTA assesses the regional land transport programme, and compiles and adopts the NLTP.

During the course of the three-year period covered by the NLTP, the programme will be reviewed and revised on the following basis:

- Transfer of funding from one activity class to another based on the quality and readiness of projects
- The amount of funding required to undertake emergency works
- The addition or removal of projects where warranted (through an agreed variation to a regional land transport programme).

PROCUREMENT PROCEDURES

Activities funded through the National Land Transport Programme must be purchased through the use of procurement procedures approved by the NZTA. These are currently set out in the *Competitive pricing procedures manual* volumes 1 (physical works and professional services) and 2 (public passenger transport).

These procedures have been reviewed and amended to reflect changes in the Land Transport Management Act 2003 (LTMA), and a new procurement manual will be published in July 2009. After publication of the new manual, the old manuals will be phased out over a suitable transition period.

Maintaining funding neutrality and transparency

It is a statutory requirement that the NZTA must not favour its own activities over those of key stakeholders (principally local road controlling authorities and regional councils).

The mechanisms contained in the Land Transport Management Act 2003 to address this includes specific provisions to ensure that revenue and expenditure are accounted for in a transparent fashion and that funds are used to achieve overall best value for money.

Specific provisions in the LTMA include:

- an audited annual report on the National Land Transport Fund (s 11)
- the form and content of regional land transport programmes, and procedures for the NZ Transport Agency to propose activities for inclusion in such a programme (s 16 and s 17)
- notification of decisions, with reasons, not to include activities in the National Land Transport Programme or to change the priorities set out in a regional land transport programme (s 19D)
- reasons for making decisions to approve or decline funding for all activities to be made available (s 20D)
- the agency to give effect to the *Government policy statement on land transport funding* when exercising its functions (s 89)
- the operating principles of the NZ Transport Agency (s 96)
- the Secretary for Transport's responsibilities to monitor and review specified land transport activities, including those of the NZ Transport Agency (s 101).

Under section 20 of the Land Transport Management Act 2003 (2008 amendment): 'the Agency may approve an activity or combination of activities as qualifying for payments from the National Land Transport Fund'.

The NZTA will ensure it does not favour its own activities over those of its funding partners by using the same assessment methodology for both, as set out by activity class in the NZTA's *Planning, programming and funding manual*.

After the Board has approved proposed activities or combination of activities to be delivered by the NZTA, the decision will be made publicly available through the Agency's website.

Policy directions

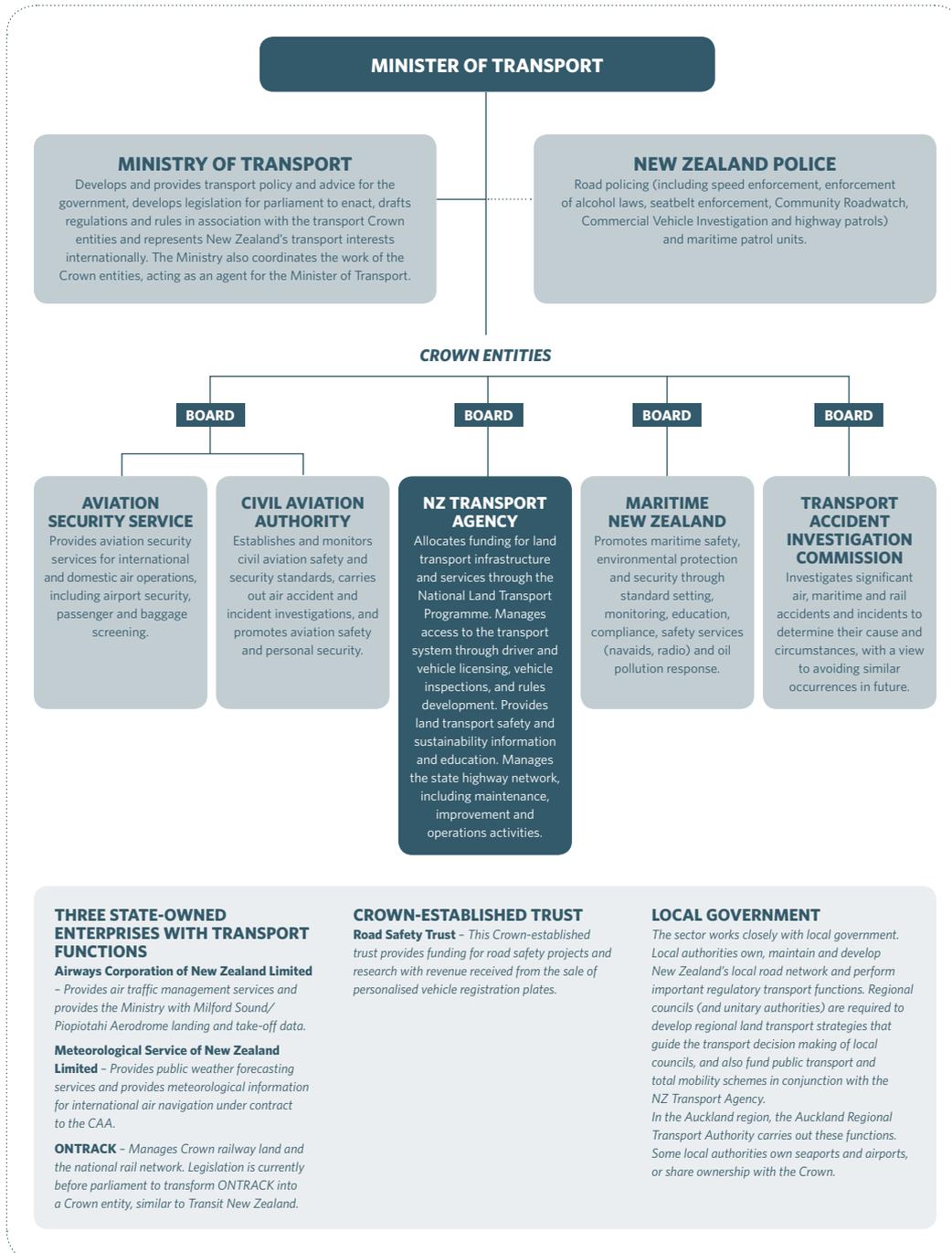
Directive regarding regional development

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

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

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

The New Zealand government transport sector



Our contact details

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