



**NZ TRANSPORT AGENCY  
STATEMENT OF PERFORMANCE  
EXPECTATIONS  
2016/17**

This *Statement of performance expectations* sets out what we will achieve in 2016/17 to deliver the commitments in our *Statement of intent 2015-19*, and how we will measure performance for the services we deliver and the investments we make through the National Land Transport Programme.

# CREATING TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND



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## **NZ Transport Agency**

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NZ Transport Agency



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# FOREWORD

**Through the NZ Transport Agency's activities, the people of New Zealand can expect the New Zealand government to deliver a land transport system that is increasingly safe, efficient and fit-for-purpose into the future.**

The government's objective is state services that have New Zealanders' current and future needs and wellbeing at the heart of their operations, and that are working together to meet them.

This means putting our resources into what will have the biggest and best impact for all New Zealanders.

We invest in and deliver solutions and infrastructure that matter most for all: public transport users, cyclists, pedestrians, motorcyclists, auto drivers and freight carriers moving on road and rail.

In 2016/17 we will invest \$2 billion from the National Land Transport Fund (NLTF) in maintaining and improving New Zealand's state highway network. In addition, \$1.1 billion from the NLTF will go towards the local roads and transport services delivered by our local government partners.

We will forge ahead with delivering the Roads of National Significance and, with additional Crown funding, continue to advance the accelerated Auckland and regional transport programmes and the Urban Cycleways Programme.

We will work closely with our partners to address Auckland's transport issues, including how transport can support government's housing plans for the region. More widely, we will promote regional economic growth by delivering transport initiatives that enable the outcomes and opportunities sought by Regional Economic Development Action Plans.

Safety remains a key focus. This year, \$36 million is budgeted from the NLTF for investment in road safety promotion. Under the Safer Journeys Action Plan 2016-20, we will lead the development of programmes to make high-risk urban and rural roads safer, and we will work with others to enable smart and safe choices, make motorcycling safer and to encourage safer vehicles. We will also increase our efforts to better implement rail safety regulation, improve safety for people who bike, and develop a plan to reduce deaths and serious injuries on public level crossings.

Supporting Better Public Services, we will continue to make it easier for our customers to do business with us, leveraging technology wherever possible. We will improve our digital services and the online customer experience, work towards reducing the costs of doing business with us for small-medium enterprises and make legislative changes to improve the driver licensing experience.

We will also look at new ways to lift the performance of the land transport system. We will consider new technologies, including working with other agencies to increase the uptake of electric vehicles in New Zealand, and we will continue working to improve the productivity of New Zealand's freight network.

In everything we do, we strive to deliver value for money. This means making smart investments to ensure every dollar helps New Zealand thrive. We will continue to monitor the outcomes of National Land Transport Programme investments to ensure they deliver the results sought by the Government Policy Statement on Land Transport.

We know there are few people whose lives are not touched in some way by the land transport system. Above all, whether we are investing in or delivering transport solutions, we will remain firmly focused on and driven by the needs of our customers, the people of New Zealand.



**Chris Moller**  
Chair



**Fergus Gammie**  
Chief Executive

# KEY DELIVERABLES FOR 2016/17

Deliver the transport initiatives in Regional Economic Development Action Plans



Deliver the Roads of National Significance, accelerated Auckland and regional transport programmes and the Urban Cycleways Programme

Create better public services and make it easy for our customers to do business with us

Deliver Safer Journeys, making high-risk urban and rural roads safer



Improve the implementation of rail safety regulation

Collaborate to address Auckland's transport and housing issues

Improve freight network productivity

Invest \$2 billion in New Zealand's state highways and \$1.1 billion towards local roads and transport services

Support the uptake of electric vehicles



# STATEMENT OF RESPONSIBILITY

The information contained in the *Statement of performance expectations* for the NZ Transport Agency has been prepared in accordance with the Crown Entities Act 2004.

In signing this statement, we acknowledge our responsibility for the information contained in this *Statement of performance expectations*, and confirm the appropriateness of the assumptions underlying the prospective operations and financial statements of the NZ Transport Agency.

## Signed on behalf of the Board



**Chris Moller**

Chair

8 JUNE 2016



**Gill Cox**

Audit, Risk and Assurance Committee Chair

8 JUNE 2016

## Countersigned by



**Fergus Gammie**

Chief Executive

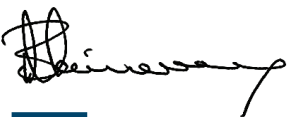
8 JUNE 2016



**Paul Laplanche**

Chief Financial Officer

8 JUNE 2016



**Brandon Mainwaring**

National Manager  
Accountability and Performance

8 JUNE 2016

# OUR STRATEGY

This section summarises our strategy, which is made up of:

- our purpose
- our long-term goals and our Growing agility plan
- our medium and near-term objectives, priorities and results.

The section on *Delivering our strategy* (p14) sets out the milestones we will achieve this year to deliver our priorities and results and step towards our longer-term objectives and goals.

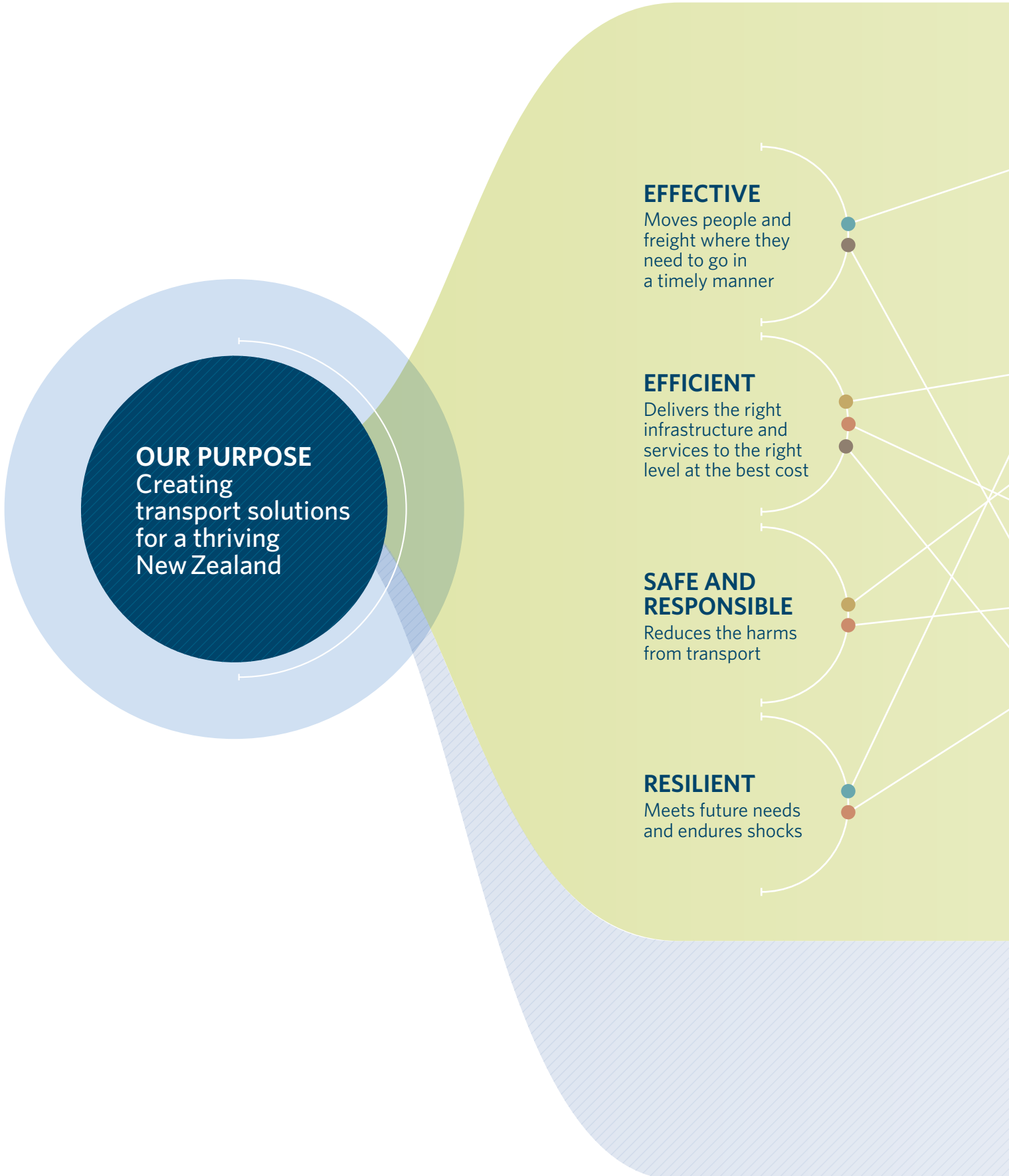
More detail about each element of our strategy and how we measure our progress is available in our *Statement of intent 2015-19*.



# OUR STRATEGY

## Desired outcomes

For the New Zealand transport sector.





## Long-term goals

To deliver by 2032

## Medium-term objectives

To deliver by 2022

### Integrate one effective and resilient network for customers

- 1 Integrate land uses and transport networks to shape demand at national, regional and local levels.
- 2 Integrate national and local transport networks to support strategic connections and travel choices.
- 3 Improve freight supply chain efficiency.

### Shape smart, efficient, safe and responsible transport choices

- 4 Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability.
- 5 Incentivise and shape safe and efficient travel choices using a customer-focused approach.
- 6 Reduce costs for transport users through better regulation and willing compliance.

### Deliver efficient, safe and responsible, and resilient highway solutions for customers

- 7 Greater resilience of the state highway network.
- 8 Deliver consistent levels of customer service that meet current expectations and anticipate future demand.
- 9 Provide significant transport infrastructure.

### Maximise effective, efficient and strategic returns for New Zealand

- 10 Align investment to agreed national, regional and local outcomes and improve value for money in all we invest in and deliver.
- 11 Ensure effective and efficient co-investment with our partners.
- 12 Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments.

### Growing agility as a high-performing organisation

- 1 Harness knowledge to make informed and timely decisions.
- 2 Create value with others.
- 3 Encourage continuous improvement and innovation.

## Near-term priorities and results

To achieve by 2019

- 1 Make it easy for customers to do business with us
- 2 Predictable journeys for urban customers
- 3 Integrate road and rail to improve freight network productivity
- 4 Deliver Safer Journeys
- 5 Driving value through smart road maintenance
- 6 Make urban cycling a safer and more attractive transport choice

## Functions

What we do\*

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK

MANAGING THE STATE HIGHWAY NETWORK

60 RESULTS BY 2019

115 MILESTONES FOR 2016/17

\* For how our functions contribute to our long-term goals see appendix 5.

# ABOUT OUR STRATEGY

The Transport Agency's strategy is designed to respond to its operating context and deliver specific outcomes for its many customers on behalf of government.

A thriving New Zealand needs land transport to work seamlessly as part of a wider transport system (maritime, aviation and land transport), and we need to work with others to help deliver on the government's wider transport sector outcomes. We are heading towards a transport system for our customers that is:

- **EFFECTIVE** in moving people and freight where they need to go in a timely manner
- **EFFICIENT** in delivering the right infrastructure and services at the right level at the best costs
- **SAFE AND RESPONSIBLE**, reducing the harms from transport to people and the environment
- **RESILIENT**, with the ability to meet future needs and endure shocks.

Our strategy has three components:

**The WHY:** This is our purpose. It's why we come to work, our mission and what we want to be known for.

**The HOW:** These are our long-term goals. They shape and focus how we deliver on our enduring purpose.

**The WHAT:** These are our medium and near-term objectives, results, priorities and milestones.

Each **goal** has a small number of medium-term objectives with a 10-year outlook.

Each **objective** has a small number of near-term results with a three-to four-year outlook.

**Results** have **annual milestones** attached to them. Annual milestones are further divided into quarterly milestones.

**Priorities** are a special category of cross-cutting results. They have a three-to four-year outlook, and they contribute to multiple objectives and goals.

**Growing agility** is our plan to make sure that we have the right people, systems and processes to deliver on our purpose.



# STRATEGIC RISK ASSESSMENT

This section presents the risks that could affect how we deliver our functions this year. We have assessed these risks based on assumptions about the main factors that influence our business. It includes:

- our risk assessment of revenue assumptions (p11)
- our risk assessment of procurement assumptions (p12)
- the impact of risks on our functions (p13)

Our operating assumptions are presented in full in appendix 1 (p91).



# STRATEGIC RISK ASSESSMENT OF KEY OPERATING ASSUMPTIONS

We have assessed the strategic risks we could face if key assumptions about our operating environment, and the forecasts that underpin them, prove to be overly optimistic. By understanding the risks that could impact on our activities this year, we can identify how and why our performance may be affected and respond accordingly.

Assumptions and risks fall into two categories – those that affect revenue and those that affect procurement. They focus on the factors that drive demand for the transport solutions we provide to New Zealanders and those that shape the supply of products, services and funding that we and our partners invest in the transport system.

We have assessed each risk using a process based on the international standard *ISO 31000* – Risk management, including an assessment of the likelihood of the risk occurring, the consequences if it does, and the subsequent level of risk (critical, high, medium or low).

The level of risk and its potential impact on delivering our functions is summarised on page 13. Our operating assumptions are detailed in appendix 1.

## RISK ASSESSMENT OF REVENUE ASSUMPTIONS

For the key operating assumptions that affect revenue, the risks relate to lower than expected revenues, constraints on service delivery and delays in generating benefits from the investments we make.

### FINANCIAL RISKS

We expect that revenue flowing into the National Land Transport Fund will continue to increase (refer figure 1, appendix 1). However, if travel demand decreases, due to lower than expected economic growth and/or higher crude oil prices, it is possible revenues will be lower than we anticipate. The financial consequence would be minor, at worst leading to total revenue coming in 5 percent lower than forecast, but this could still have a material impact, presenting a medium risk to our planning and investing and state highway functions.

We assume that vehicle licence transaction volumes will continue to grow (refer chart 5, appendix 1), but it is possible that the number of transactions we process will be lower than anticipated. Because we charge licensing fees to recover our costs, the financial consequences of lower than anticipated volumes would be insignificant, with the resulting impact on our functions noticeable but not material, presenting a low risk.

### SERVICE DELIVERY RISKS

We expect the financial health of local government to decline slightly over the next four years from recent levels (refer figure 6, appendix 1). Although unlikely, our investment partners' financial standing could deteriorate further than anticipated, to a point where they may not be able to meet their co-funding commitments towards local roads and public transport. The consequence would be minor, at worst, leading to a temporary disruption to core services at a regional level. The impact on public transport provision is likely to be more immediate than on local roads. This presents a low risk that could affect our planning and investment and state highway functions.

We expect revenue from public transport fares to increase in line with expected patronage increases and price adjustments to fares (refer chart 8, appendix 1). Although unlikely, if revenue did not increase as expected, it could have minor consequences for service delivery, presenting a low risk that could affect our planning an investment function.

### BENEFIT REALISATION RISKS

We expect patronage on public transport will continue to increase (refer figure 9, appendix 1). While unlikely, should patronage not increase as expected, the consequence would be minor, delaying the benefits that come from increasing road space for passenger vehicles in our major centres and improving accessibility in our smaller regions. This presents a low risk that could impact on our planning and investing function.

# RISK ASSESSMENT OF PROCUREMENT ASSUMPTIONS

For the key operating assumptions that affect procurement, the risks relate to higher than expected input costs and constraints on service delivery.

## **FINANCIAL RISKS**

We expect labour input costs, together with higher bitumen and material costs, to support increases above inflation in unit maintenance, improvements and renewal costs (refer figures 12 and 14, appendix 1). It is possible that these costs will rise faster than anticipated, which could have a minor impact, adding 5-10 percent of additional cost on budget. This presents a medium risk that could impact on our state highway function.

## **SERVICE DELIVERY RISKS**

We expect the condition of local roads and the state highway network to improve slightly (refer figure 15, appendix 1). However, it is possible that the overall condition some of these roads could deteriorate as a result of applying the One Network Road Classification system (under which we tailor our investment to meet different customer levels of service on different parts of the network). Further deterioration could also occur if we fail to adopt good procurement management practices. The consequence of deterioration is likely to be insignificant, at worst, resulting in infrequent and inconsequential disruption to infrastructure. This presents a low risk that could impact on our state highway function.

# IMPACT OF RISKS ON OUR FUNCTIONS

The following table presents the degree of risk associated with our primary operating assumptions – a function of the likelihood of the risk occurring and the consequences if it does – along with the functions that could be adversely affected should the associated operating assumption prove to be overly optimistic. All 15 operating assumptions are included in appendix 1.

OPERATING ASSUMPTION*	LEVEL OF RISK IF ASSUMPTIONS PROVE OVERLY OPTIMISTIC	FUNCTIONS THAT COULD BE ADVERSELY IMPACTED		
		Planning and investing in the land transport network	Providing access to and use of the land transport system	Managing the state highway network
<b>RISK ASSESSMENT OF REVENUE ASSUMPTIONS</b>				
<b>Financial risks</b>				
National Land Transport Fund to increase across all revenue streams <sup>1</sup>	MEDIUM	●		●
Motor vehicle licence transaction volumes to grow <sup>5</sup>	LOW	●	●	●
<b>Service delivery risks</b>				
Financial health of local government to worsen slightly <sup>6</sup>	LOW	●		●
Fare revenue contributions to the National Land Transport Programme to increase <sup>8</sup>	LOW	●		
<b>Benefit realisation risks</b>				
Patronage on public transport patronage to increase <sup>9</sup>	LOW	●		
<b>RISK ASSESSMENT OF PROCUREMENT ASSUMPTIONS</b>				
<b>Financial risks</b>				
Bitumen prices to recover and labour costs to rise <sup>12</sup>	MEDIUM	●		●
Civil construction prices to increase <sup>13</sup>	MEDIUM	●		●
Unit maintenance, operation and renewal costs to rise above inflation <sup>14</sup>	MEDIUM	●		●
<b>Service delivery risks</b>				
Condition of local roads and the state highway network to improve slightly <sup>15</sup>	LOW	●		●

\* Refer to appendix 1 (pages 91-94) for operating assumptions.

# DELIVERING OUR STRATEGY

This section outlines the milestones we will achieve in 2016/17 to step towards our results for:

- Our goals (p15)
- Our priorities (p29)
- Growing agility (p36)

More detail about each element of our strategy and how we measure our progress is available in our *Statement of intent 2015-19*.





# OUR GOALS



## INTEGRATE ONE EFFECTIVE AND RESILIENT NETWORK FOR CUSTOMERS

Delivering a joined-up and seamless multi-modal transport network of infrastructure and services for the people and businesses that rely on it every day.

### OBJECTIVES

To deliver by 2022

- 1 Integrate land uses and transport networks to shape demand at national, regional and local levels.
- 2 Integrate national and local transport networks to support strategic connections and travel choice.
- 3 Improve freight supply chain efficiency.

### RESULTS

To achieve by 2019

Set out on pages 16-17.

### MILESTONES

For 2016/17

Planning and investing in the land transport network

### FUNCTION

What we do

- Investment management
- Public transport
- Walking and cycling
- Road safety promotion
- Local road improvements
- Regional improvements

### OUTPUT CLASSES

Activities we deliver and invest in

## OBJECTIVE 1

### Integrate land uses and transport networks

	Results by 2019	Milestones for 2016/17
OB 1.1	<p>Land use and transport plans for the top five growth areas demonstrate improved coordination of land use development with transport infrastructure investment.</p> <p><i>This is a shared result with local government, which takes the lead on land use planning.</i></p>	<p>We have collaboratively developed long-term transport plans for the four greenfield growth areas in Auckland and the growth area in Queenstown, and these are well aligned with the plans of the Auckland and Queenstown council groups.</p>
OB 1.2	<p>Transport plans for government's four regional development plan areas are developed and integrated with land use plans.</p> <p><i>This is a shared result with local government.</i></p>	<p>For the four Regional Economic Growth Action Plans (as at April 2016), transport investments are integrated with other dependent initiatives, and we have delivered the 2016/17 transport initiatives.</p>

Supported by:

**PRIORITY 2**  
Predictable urban journeys

**PRIORITY 6**  
Urban cycling

## OBJECTIVE 2

### Integrate national and local transport networks to support strategic connections and travel choices

	Results by 2019	Milestones for 2016/17
OB 2.1	<p>The benefits and outcomes from key journeys in major centres are being delivered.</p> <p><i>This is a shared result with local authorities.</i></p> <p><i>This is also a result for objectives 8 (p22) and 10 (p27).</i></p>	<p>For the priority key journeys in Wellington, Christchurch and Auckland, we have delivered the activities outlined in the 2015-18 National Land Transport Programme.</p> <p>We have agreed a common national intelligent transport systems architecture with key partners, particularly Auckland Transport.</p>
OB 2.2	<p>We expect public transport boardings to increase by 10-16 percent (from a 2013/14 baseline) in the main urban centres of Auckland, Wellington and Christchurch.</p> <p><i>This is a shared result with local authorities.</i></p>	<p>Through our advice, support, and National Land Transport Programme investment we have rolled out the Public Transport Operating Model in Auckland and Wellington and begun implementation of a national ticketing programme. The delivery of this will contribute to the effectiveness of regional public transport including improved patronage.</p>
OB 2.3	<p>The strategy set out in Auckland's Integrated Transport Programme is given effect in the 2015-18 National Land Transport Programme.</p> <p><i>This is a shared result with Auckland Transport.</i></p>	<p>We have processed all qualifying funding applications that give effect to the Integrated Transport Programme within 20 working days.</p>

Supported by:

**PRIORITY 2**  
Predictable urban journeys

**PRIORITY 3**  
Integrate road and rail freight

**PRIORITY 6**  
Urban cycling

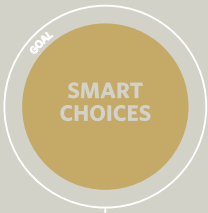
## OBJECTIVE 3

### Improve freight supply chain efficiency

	Results by 2019	Milestones for 2016/17
OB 3.1	<p>More freight is moved on fewer truck trips, lifting productivity and safety.</p> <p><i>This is a shared result with the Ministry of Transport.</i></p>	<p>We have initiated the Weigh/Right investment programme.</p> <p>We have delivered the second tranche of additional high productivity freight routes.</p> <p>We have delivered an expanded and simplified 50MAX-1Network permit system.</p>

Supported by:

**PRIORITY 3**  
**Integrate road and rail freight**



# SHAPE SMART, EFFICIENT, SAFE AND RESPONSIBLE TRANSPORT CHOICES

Influencing, shaping and incentivising smart, efficient and safe travel choices and safe travel behaviour.

**OBJECTIVES**  
To deliver by 2022

**RESULTS**  
To achieve by 2019

**MILESTONES**  
For 2016/17

**FUNCTION**  
What we do

**OUTPUT CLASSES**  
Activities we deliver and invest in

- 4 Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability.
- 5 Incentivise and shape safe and efficient travel choices using a customer-focused approach.
- 6 Reduce costs for transport users through better regulation and willing compliance.

Set out on pages 19–20.

Providing access to and use of the land transport system

Planning and investing in the land transport network

- Licensing and regulatory compliance
- Road tolling
- Motor vehicle registry
- Road user charges collection, investigation and enforcement
- Refund of fuel excise duty
- Investment management
- Public transport
- Administration of SuperGold cardholder scheme and Enhanced public transport concessions for SuperGold cardholders
- Walking and cycling
- Road safety promotion
- Road Policing Programme (National Land Transport Fund investment, but NZ Police output)

## OBJECTIVE 4

### Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability

	Results by 2019	Milestones for 2016/17
OB 4.1	<p>The successful elements of the safety signature programme are replicated elsewhere in New Zealand, where appropriate.</p> <p><i>This is a shared result with the Accident Compensation Corporation.</i></p>	<p>We have delivered the Visiting Drivers, High Risk Young Drivers and Future Streets projects to plan, and we have widely shared the lessons learned through the annual evaluation of the signature programme across the sector.</p>
OB 4.2	<p>All relevant Transport Agency staff, community and business leaders and transport practitioners understand and apply the Safe System approach, and decision-making frameworks and partnerships support the successful implementation of a safe road system in New Zealand.</p> <p><i>This is a shared result with the National Road Safety Committee and local government.</i></p>	<p>We have successfully implemented the continuous improvement actions from the 2015/16 benchmarking review of the Safe System approach.</p>
OB 4.3	<p>Transport Agency monitoring and interventions are supporting and incentivising a strong safety culture in rail operator organisations.</p>	<p>We have enhanced our licensing and assessment processes to better target our interventions based on non-compliance and a risk assessment of the rail operators.</p>
OB 4.4	<p>Transport Agency staff, community leaders and stakeholders are joined up and making demonstrably good progress on reducing deaths, serious injuries and near misses for road users and pedestrians interacting with the rail corridor.</p> <p><i>This is a shared result with rail operators and local government.</i></p>	<p>We have developed a business case for the level crossing programme and an implementation plan has been endorsed by all relevant funding partners. The plan identifies the biggest risks to be addressed in the short-term and sets out the 10-year milestones to reduce deaths, serious injuries, near misses and other negative effects for road users and pedestrians interacting with the rail corridor.</p>

Supported by:

**PRIORITY 4***Deliver Safer Journeys***PRIORITY 6***Urban cycling*

## OBJECTIVE 5

### Incentivise and shape safe and efficient travel choices using a customer-focused approach

Results by 2019		Milestones for 2016/17
OB 5.1	Increased levels of compliance with safe vehicle, safe operator and safe road user requirements are contributing to reduced safety risk and to reduced disruption on the land transport network. <i>This is a shared result with NZ Police and WorkSafe NZ.</i>	We have enhanced our operational planning with other compliance-focused agencies (NZ Police and Work Safe NZ) to coordinate our compliance activity, resulting in fewer drivers and operators displaying risky behaviour.
OB 5.2	Information to inform travel mode and travel time choice is readily available to customers using high-demand networks and corridors, and this is measurably improving journey predictability.	This result is enabled through priority 2, Predictable journeys for urban customers (p30).
OB 5.3	The Transport Agency has supported private sector provision of public electric vehicle charging infrastructure. <i>This is a shared result with the Ministry of Transport and the Energy Efficiency and Conservation Authority.</i>	We have supported the development of public electric vehicle charging infrastructure by clarifying the regulatory framework and providing national information and guidance.

Supported by:

**PRIORITY 1**  
*Easy for customers*

**PRIORITY 2**  
*Predictable urban journeys*

**PRIORITY 4**  
*Deliver Safer Journeys*

**PRIORITY 6**  
*Urban cycling*

## OBJECTIVE 6

### Reduce costs for transport users through better regulation and willing compliance

Results by 2019		Milestones for 2016/17
OB 6.1	Reviews of the Vehicle Dimensions and Mass (VDAM) and Driver Licensing rules have reduced compliance costs for customers and make it easier for customers to meet their transport requirements. <i>This is a shared result with the Ministry of Transport.</i>	We have provided the Minister of Transport with advice and given effect to government decisions on how to progress the changes to the Driver Licensing Rule, the Land Transport Act and the Vehicle Dimensions and Mass Rule to reduce compliance costs for customers and make it easier for them to meet their transport requirements.
OB 6.2	The opportunities in the annual regulatory programme to improve incentives for customers to operate efficiently and safely on the network are being identified and progressed without increasing costs. <i>This is a shared result with the Ministry of Transport.</i>	As part of the VDAM reform, we have provided the Minister of Transport with advice and given effect to government decisions on changes to enhance incentives to comply with VDAM requirements.  As part of the Small Passenger Services Review programme, we have provided the Ministry of Transport with advice and given effect to government decisions on incentivising compliance by ensuring new requirements do not impose unnecessary constraints and burden upon small passenger services.

Supported by:

**PRIORITY 1**  
*Easy for customers*



# DELIVER EFFICIENT, SAFE AND RESPONSIBLE, AND RESILIENT HIGHWAY SOLUTIONS FOR CUSTOMERS

Ensuring our state highways play their part in the wider transport system through helping the whole system adapt to adverse events, supporting customers to make smart and informed choices, responding to demand and delivering value for money.

## OBJECTIVES

To deliver by 2022

- 7 Greater resilience of the state highway network.
- 8 Deliver consistent levels of customer service that meet current expectations and anticipate future demand.
- 9 Provide significant transport infrastructure.

## RESULTS

To achieve by 2019

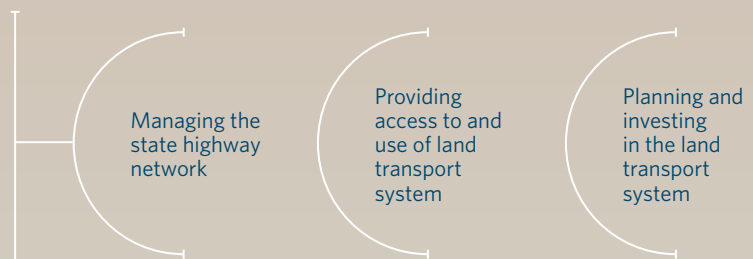
Set out on pages 22-25.

## MILESTONES

For 2016/17

## FUNCTION

What we do



## OUTPUT CLASSES

Activities we deliver and invest in

- State highway improvements
- State highway maintenance
- Road tolling
- Investment management
- Public transport
- Road safety promotion
- Road Policing Programme (National Land Transport Fund investment, but NZ Police output)
- Regional improvements

## OBJECTIVE 7

### Greater resilience of the state highway network

	Results by 2019	Milestones for 2016/17
OB 7.1	A framework is in place that allows us to invest in resilience work where required on the network. <i>This is a shared result with other national network operators and local authorities.</i>	The natural hazards assessment framework is available to project teams and provides national consistency and structure to meet investment assessment framework requirements.
OB 7.2	We have collaborated with local authority partners to agree alternative routes on the local road network, and can demonstrate a joined-up approach to resilience in all areas. <i>This is a shared result with other national network operators and local authorities.</i>	Together with our local authority partners – through the Roding Efficiency Group, Road Controlling Authorities Forum and Lifelines – we have a plan to agree alternative routes and to align One Network Road Classification resilience Customer Levels of Service on the network, and we have shared tools and guidance for resilience analysis.
OB 7.3	We have identified the road corridors that require physical improvements, and these are included in the State Highway Activity Management Programme and the 2018–21 National Land Transport Programme.	We have incorporated a programme of resilience-related improvements into the draft State Highway Activity Management Plan 2018–21.

Supported by:

PRIORITY 2

Predictable urban journeys

PRIORITY 4

Deliver Safer Journeys

PRIORITY 5

Smart road maintenance

## OBJECTIVE 8

### Deliver consistent levels of customer service that meet current expectations and anticipate future demand

	Results by 2019	Milestones for 2016/17
OB 8.1	The State Highway Activity Management Plan clearly demonstrates value for money through: <ul style="list-style-type: none"> <li>the benefits and outcomes of our operations</li> <li>the condition of the network and the levels of risk we are currently taking in maintenance and renewals</li> <li>our future investment needs for improvements and their return on investment.</li> </ul>	The State Highway Activity Management Plan is consistent with the One Network Road Classification framework.
OB 8.2	Based on data from our current contracts: <ul style="list-style-type: none"> <li>levels of service are consistent with the One Network Road Classification framework</li> <li>we have confirmed our future operating model for asset management</li> <li>we have reviewed the lessons learned and formalised principles for the next round of maintenance and operations procurement, including healthy market analysis.</li> </ul>	Outcomes from the Activity Management Improvement Programme have influenced the development of the draft State Highway Activity Management Programme 2018–21.

Supported by:

PRIORITY 1

Easy for customers

PRIORITY 2

Predictable urban journeys

PRIORITY 4

Deliver Safer Journeys

PRIORITY 5

Smart road maintenance



## OBJECTIVE 9

### Provide significant transport infrastructure

	Road of National Significance	Milestones for 2016/17	Milestones for 2017/18	Milestones for 2018/19
OB 9.1	<b>Pūhoi to Wellsford</b>	Auckland to Whāngārei programme business case completed to confirm long-term management response and programme for SH1 between Pūhoi and Whāngārei  Pūhoi to Warkworth preferred bidder announced and contract awarded for public private partnership  Warkworth to Wellsford detailed business case completed and consultants procured for route protection	Pūhoi to Warkworth construction underway  Warkworth to Wellsford route protection	Pūhoi to Warkworth construction under way  Warkworth to Wellsford detail design started
	<b>Western Ring Route</b>	Waterview Connection and SH16 Causeway Widening open to traffic	Lincoln to Westgate construction started	Construction under way
	<b>Waikato Expressway</b>	Longswamp section contract awarded and construction started  Hamilton sections construction started  Rangiriri section open to traffic	Huntly, Hamilton and Longswamp sections construction under way	Longswamp section open to traffic
	<b>Wellington Northern Corridor</b>	Ōtaki to Levin consents lodged  Ngauranga to Airport business case under development  Peka Peka to Ōtaki construction started  Transmission Gully construction under way  Mackays to Peka Peka construction complete	Ōtaki to Levin under design  Ngauranga to Airport business case developed  Transmission Gully and Peka Peka to Ōtaki construction under way	Ōtaki to Levin construction started  Ngauranga to Airport consents lodged  Transmission Gully and Peka Peka to Ōtaki construction under way  Ōtaki
	<b>Christchurch Motorways</b>	Northern Arterial with QE2 construction started  Groynes to Sawyers and Memorial Ave Interchange open to traffic  Christchurch Southern Motorway Stage 2 construction contract awarded and construction under way	Western Belfast Bypass open to traffic  Christchurch Southern Motorway Stage 2 construction under way	Christchurch Southern Motorway Stage 2 open to traffic

The Accelerated Auckland Transport Programme is a programme of critical projects targeted for acceleration, with funding from the National Land Transport Fund supported by borrowing from the Crown that will be repaid from the National Land Transport Fund.

	<b>Accelerated Auckland Transport Programme</b>	<b>Milestones for 2016/17</b>	<b>Milestones for 2017/18</b>	<b>Milestones for 2018/19</b>
OB 9.2	<b>Northern Corridor Improvements</b>	Consents lodged	Detail design and construction started	Construction under way
	<b>Southern Corridor Improvements</b>	Southbound lane open to public	Construction under way	Construction complete and road open to traffic
	<b>State Highway 20A to Airport</b>	Construction complete and road open to traffic		
	<b>Auckland Manukau Eastern Transport Initiative</b>	Our investment processes and collaborative whole-of-network planning facilitate the progress of Auckland Transport's implementation plan for its Auckland Manukau Eastern Transport Initiative, which is: Stage 2a resource consents obtained (Panmure to Pakuranga) Stage 2b consents lodged (including Pakuranga Town Centre works) Sylvia Park Bus improvements, resource consents obtained and construction commenced	Sylvia Park bus improvements physical works completed Stage 2a physical works procurement documents and NZ Transport Agency construction funding application completed Construction started for Stage 2a Stage 2b resource consents obtained	Stage 2b detailed design, draft physical works procurement documents and NZ Transport Agency construction funding application completed Panmure North scheme assessment completed Construction started for Stage 2b (dependent on funding availability)
	<b>East West Connections</b>	Stage 1 construction completed; assessment of environmental effects lodged with the Environmental Protection Agency	Full link consents granted; procurement under way	Full link construction under way

The Accelerated Regional Transport Programme is a Crown-funded programme of regional state highway projects targeted for acceleration.

	<b>Accelerated Regional Transport Programme</b>	<b>Milestones for 2016/17</b>	<b>Milestones for 2017/18</b>	<b>Milestones for 2018/19</b>
OB 9.3	<b>Kawarau Falls Bridge (Otago)</b>	Construction under way	Construction complete and road open to traffic	
	<b>Mingha Bluff to Rough Creek Realignment (Canterbury)</b>	Construction complete and road open to traffic		
	<b>Akerama Curves Realignment and Passing Lane (Northland)</b>	Construction complete and road open to traffic		
	<b>Normanby Overbridge Realignment (Taranaki)</b>	Construction complete and road open to traffic		
	<b>Whirokino Trestle Bridge Replacement (Manawatu - Wanganui)</b>	Design and construction contract awarded	Construction under way	Construction complete and road open to traffic
	<b>Motu Bridge Replacement (Gisborne)</b>	Construction started	Construction complete and open to traffic	
	<b>Opawa Bridge Replacement (Marlborough)</b>	Design started	Construction start	Construction complete and road open to traffic
	<b>Taramakau Road / Rail Bridge (West Coast)</b>	Construction started	Construction under way	Construction complete and road open to traffic
	<b>Loop Road North to Smeatons Hill Safety Improvements (Northland)</b>	Design started	Construction started	Construction under way
	<b>Mt Messenger and Awakino Gorge Corridor (Taranaki)</b>	Consents lodged	Construction started	Construction under way
	<b>Awakino Tunnel Bypass (Taranaki)</b>	Design started	Consents granted	Construction started
	<b>Mt Messenger Bypass (Taranaki)</b>	Design completed	Consents lodged	Construction started
	<b>Napier port access package (Hawkes Bay)</b>	This project is under investigation and next steps are to be reviewed.		
	<b>Nelson Southern Link</b>	This project is under investigation and next steps are to be reviewed.		



# MAXIMISE EFFECTIVE, EFFICIENT AND STRATEGIC RETURNS FOR NEW ZEALAND

Getting the best value from our investment of public money by being smart about what we invest in, when we invest in it and for what outcomes.

**OBJECTIVES**  
To deliver by 2022

**RESULTS**  
To achieve by 2019

**MILESTONES**  
For 2016/17

**FUNCTION**  
What we do

**OUTPUT CLASSES**  
Activities we deliver and invest in

- 10** Align investment to agreed national, regional and local outcomes, and improve value for money in all we invest in and deliver.
- 11** Ensure effective and efficient co-investment with our partners.
- 12** Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments.

Set out on pages 27-28.

Planning and investing in the land transport network

Managing the state highway network

Providing access to the land transport system

- Investment management
- Public transport
- Administration of SuperGold cardholder scheme *and* Enhanced public transport concessions for SuperGold cardholders
- Road safety promotion
- Walking and cycling
- Road Policing Programme (National Land Transport Fund investment, but NZ Police output)
- Local road improvements
- Local road maintenance
- Regional improvements
- State highway improvements
- State highway maintenance
- Road tolling
- Road user charges, collection, investigation and enforcement
- Refund of fuel excise duty

## OBJECTIVE 10

### Align investment to agreed national, regional and local outcomes and improve value for money in all we invest in and deliver

	Results by 2019	Milestones for 2016/17
OB 10.1	Identify and describe a comprehensive planning and investment decision-making process for the Transport Agency (including the use of its Investment Assessment Framework) that provides stakeholders with confidence that its investments are prioritised transparently and optimally (as measured through the stakeholder survey).	We have improved our Investment Assessment Framework, in preparation for the 2018–21 National Land Transport Programme (NLTP), so that the framework clearly aligns with wider government economic development objectives and increases clarity and transparency of the NLTP investment decision-making system.
OB 10.2	The recovery of Canterbury's transport networks is substantially complete and the NLTP contributions to Canterbury's recovery achieve best value for money delivery according to programme. <i>This is a shared result with other central government agencies, local authorities and contractors.</i>	Through our work with Canterbury local government, the Canterbury transport network recovery programme is on track, with 87 percent of on-ground kilometres complete within planned timeframes.
OB 10.3	Urban network capacity investments in the next NLTP are consistent with the One Network Road Classification. <i>This is also a result for objective 2 (p16).</i>	For the 2018–21 NLTP we have clarified the operational policy for how the One Network Road Classification will inform investment in urban network capacity.
OB 10.4	We have clearly identified national and interregional issues that drive our medium and long-term opportunities.	Within the 30-year outlook, we have identified the medium and longer-term issues and opportunities for priority interregional routes to inform our shorter-term investment in the 2018–21 NLTP.

Supported by:

**PRIORITY 2**  
*Predictable urban journeys*

**PRIORITY 4**  
*Deliver Safer Journeys*

**PRIORITY 5**  
*Smart road maintenance*

**PRIORITY 6**  
*Urban cycling*

## OBJECTIVE 11

### Ensure effective and efficient co-investment with our partners

	Results by 2019	Milestones for 2016/17
OB 11.1	The network monitoring framework to measure customer benefits is in place for selected key routes/journeys.	We have put the network monitoring framework in place to measure customer benefits for two key journeys/routes.
OB 11.2	We have increased the satisfaction level of our investment partners by 10 percent through our tools, systems, policies and procedures. <i>The milestone under result OB 10.1 (p27) also contributes to this result.</i>	Through our targeted process improvements and capability building, regional transport committees report increased confidence and satisfaction in using the business case approach to prepare regional land transport plans, and approved organisations report the same for using both the business case approach and the Transport Investment Online tool.
OB 11.3	Network performance measures have been implemented and are being used by investment partners. <i>This is a shared result with local authorities.</i>	We have communicated and received feedback from our investment partners about our expectations on the use of network performance measures within our investment decision-making processes.

Supported by:

PRIORITY 2

Predictable urban journeys

PRIORITY 4

Deliver Safer Journeys

PRIORITY 5

Smart road maintenance

PRIORITY 6

Urban cycling

## OBJECTIVE 12

### Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments

	Results by 2019	Milestones for 2016/17
OB 12.1	A Transport Agency revenue and financing framework has been developed.	We have implemented the internal revenue and financing framework and we have agreed the principles of the external framework with our key central government partners.

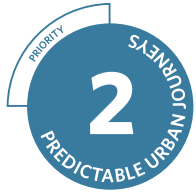
# OUR PRIORITIES



## MAKE IT EASY FOR CUSTOMERS TO DO BUSINESS WITH US

Enhancing how we meet customer needs at the best cost.

Results by 2019		Milestones for 2016/17	Contributes to:
PR 1.1	The reduced cost of doing business with us helps our small-medium enterprise commercial customers increase their productivity.	<p>We have developed a prioritised improvement programme to increase efficiency for small-medium enterprises based on the priority 'pain points' (real or perceived problems) identified in customer research.</p> <hr/> <p>We have improved our third-party and supplier contract processes in line with the findings of the Transaction Services Delivery Strategic Review.</p>	<p>GOAL <i>Smart choices</i> OBJECTIVES 5 6</p> <p>GOAL <i>Highway solutions</i> OBJECTIVE 8</p>
PR 1.2	The end-to-end driver licensing experience improves safety and makes it easier for everyone to be a safe driver.	<p>We have provided the Minister of Transport with advice and given effect to government decisions on how to progress the changes to the Driver Licensing Rule and the Land Transport Act to improve safety and make it easier for everyone to be a safe driver.</p> <p><i>This is a shared milestone with the Ministry of Transport.</i></p> <hr/> <p>We have improved the experience of sitting the driver licence test by ensuring that 85 percent of people who have booked their test sit it within the 18-day waiting period, an increase of 10 percent on 2015/16.</p> <hr/> <p>A prioritised cross-agency work programme has been developed to improve social and employment outcomes for New Zealanders by strengthening customer access to and progression through the driver licensing system.</p> <p><i>This is a shared milestone with the Accident Compensation Corporation, Ministry of Social Development, Ministry of Business, Innovation and Employment and Ministry of Justice.</i></p>	
PR 1.3	Our customers find it easy to interact with us digitally; they find the right information when they need it, in the form they need it and they can transact with us effortlessly.	<p>We have extended the use of digital services (DecisionHub and Common Payment Service) to improve the efficiency of processing complex transactions, and we have made it easier for customers to track the progress of applications online.</p> <hr/> <p>We have improved the online experience for our customers by increasing the number of services accessible online and simplifying our web presence.</p>	
PR 1.4	Customer insight is driving prioritisation and helping shape design of continuous improvement initiatives.	<p>We have a joined-up process in place for capturing and sharing customer insight and using it to drive service design across the Transport Agency.</p>	



## PREDICTABLE JOURNEYS FOR URBAN CUSTOMERS

Making travel times for urban customers more predictable to avoid lost time and productivity.

### Results by 2019

- PR 2.1 Key urban transport routes are planned and actively managed within and across modes to improve journey time predictability for customers.
- PR 2.2 Our network operations are better integrated with key partners to manage multi-modal urban networks as a single system.

### Milestones for 2016/17

- We have the information and the analysis capability to ensure that journey time predictability informs operational objectives and decision making in Auckland, Wellington and Christchurch.
- We have developed a framework for more consistent real-time journey monitoring and management in Auckland, Wellington and Christchurch.
- We have identified network optimisation requirements on key urban journeys and we have the capability to address these.
- We have recommended common data standards and a technology architecture to facilitate data sharing with local authorities and emergency services.
- We have agreed the scope and selected a supplier for a national multi-modal system for incident and event management on highways and key arterial roads.
- Improved forward works and traffic management planning tools and processes have been implemented to more effectively manage planned events.
- We have effective forums with local authorities and emergency services targeting measurable improvements in incident response times.

Contributes to:

- GOAL *One network*  
OBJECTIVES 1 2
- GOAL *Smart choices*  
OBJECTIVE 5
- GOAL *Highway solutions*  
OBJECTIVES 7 8
- GOAL *Maximise returns*  
OBJECTIVES 10 11





## INTEGRATE ROAD AND RAIL TO IMPROVE FREIGHT NETWORK PRODUCTIVITY

Improving the efficiency of the wider freight network by focusing on connections between road, rail and intermodal freight hubs.

### Results by 2019

- PR 3.1 The road and rail networks are planned and managed in a more complementary way that optimises overall freight network productivity.  
*This is a shared result with KiwiRail.*

### Milestones for 2016/17

We have delivered a draft long-term network framework to facilitate road/rail integration and freight productivity.

We have investigated a programme of intermodal initiatives to enable greater road/rail integration and freight productivity.

We have developed a business case and a 10-year implementation plan, which is endorsed by our partners, to reduce deaths and serious injuries and other negative effects on public level crossings.

Contributes to:

GOAL *One network*  
OBJECTIVES 2 3



## DELIVER SAFER JOURNEYS

Teaming up to reduce deaths and serious injuries on our roads.

### Results by 2019

PR 4.1 We have implemented the Transport Agency-led actions from the *Safer Journeys Action Plan 2016-20* and worked in partnership with other agencies to deliver on enabler actions for Smart and Safe Choices, Safer Motorcycling, and Safer Vehicles.

PR 4.2 Reduced deaths and serious injuries by 10 percent on the highest risk urban arterials.

PR 4.3 The public conversation about how individual behaviour and choices affect road safety outcomes is strong (as measured by attitude surveys) and is contributing to a positive road culture and a demonstrated improvement in community understanding of speed risk and attitudes to speed management.

*This is a shared result with the National Road Safety Committee and local government.*

PR 4.4 All road controlling authorities are working to one network speed management plans, applying the tools and methodologies in the *Speed management guide*, including routes identified in the state highway speed business case.

### Milestones for 2016/17

As part of the *Safer Journeys Action Plan 2016-20*, working with local road controlling authorities, we have developed and agreed a national programme of lower cost safety improvements on high-risk local rural roads.

*This is a shared milestone with local authorities.*

A national prioritised list of state highway safety improvements has been defined and endorsed, and priority projects have been delivered.

We have contributed to developing cross-sector programmes of actions that enable smart and safe choices, make motorcycling safer, and encourage safer vehicles.

As part of the *Safer Journeys Action Plan 2016-20*, working with local road controlling authorities, we have developed and agreed a national programme for safety improvements on specified highest risk local urban arterial roads (focusing on all modes and vulnerable users).

*This is a shared milestone with local authorities.*

We have established baseline measures of the public acceptance that different roads need different speeds depending on their level of safety, and have demonstrated that this understanding has improved using the Waikato demonstration project.

We have finalised the national speed management guide and rule and successfully introduced them to all road controlling authorities.

Contributes to:

GOAL *Smart choices*

OBJECTIVES 4 5

GOAL *Highway solutions*

OBJECTIVES 7 8

GOAL *Maximise returns*

OBJECTIVES 10 11



## DRIVING VALUE THROUGH SMART ROAD MAINTENANCE

Giving our customers the best value and service from our significant investment in road maintenance.

### Results by 2019

### Milestones for 2016/17

PR 5.1 Road controlling authorities have improved capability to make maintenance decisions that deliver efficiencies through use of improved data and collaborative working arrangements.

Through clarifying our policy on applying the One Network Road Classification in our investment decision making, and our joint work with local government on road asset data, road controlling authorities report increased confidence in making maintenance decisions. This confidence will be assessed through formal surveys and the ongoing interactions we have with the authorities.

PR 5.2 Customer understanding and experience of levels of service and costs shapes our delivery of consistent customer levels of service.

We have developed a mechanism for linking state highway customer feedback to the levels of service and operational performance.

For maintenance programmes in the 2018-21 National Land Transport Programme (NLTP), we have conveyed to each road controlling authority our investment signals to support the One Network Road Classification levels of service and our indicative NLTP levels of investment.

PR 5.3 Road controlling authorities increasingly demonstrate advanced activity management planning and procurement capability through collaborative working arrangements to deliver maintenance efficiencies.

We have facilitated collaborative working arrangements across road controlling authorities, and procurement strategies presented for our endorsement consider the value of collaborative service delivery.

Contributes to:

GOAL *Highway solutions*  
OBJECTIVES 7 8

GOAL *Maximise returns*  
OBJECTIVES 10 11



## MAKE URBAN CYCLING A SAFER AND MORE ATTRACTIVE TRANSPORT CHOICE

Supporting and encouraging cycling as a viable transport choice in main urban areas.

Results by 2019		Milestones for 2016/17
PR 6.1	Degree of development of the planned urban cycleway networks across Auckland, Wellington and Christchurch.	This result is delivered through the Urban Cycleways Programme milestones (page 35 and appendix 2). <i>This is a shared milestone with local authorities.</i>
PR 6.2	Lower rate of fatal and injury crashes involving cyclists on the road network.	We have implemented the key recommendations from the Cycling Safety Panel.
PR 6.3	Cycling is given appropriate priority in the planning and management of urban transport networks and urban systems.	We will ensure that our planning and investment signals to substantially complete urban cycling networks by 2029 using the integrated approach have been embedded into draft regional land transport plans by Auckland Transport and Wellington and Christchurch city councils. <i>This is a shared milestone with local authorities.</i>  We are measuring and reporting on the benefits of the cycling programme, through our reporting and measurement framework.
PR 6.4	Complete Urban Cycleways Programme. <i>This is a shared result with local authorities.</i>	Construction has commenced on 75 percent of Urban Cycleways Programme projects (refer page 35 and appendix 2 for programme milestones).

Contributes to:

GOAL *One network*  
OBJECTIVES 1 2

GOAL *Smart choices*  
OBJECTIVES 4 5

GOAL *Maximise returns*  
OBJECTIVES 10 11

The Urban Cycleways Programme is a package of urban cycleway projects that the government is seeking to accelerate by providing Crown funding in addition to the contributions from the National Land Transport Fund and local authorities.

The following milestones are for the 10 projects in the Urban Cycleways Programme requiring the largest investment. Milestones for the remaining projects are listed in appendix 2.

	<b>Urban Cycleways Programme</b>	<b>Milestones for 2016/17</b>	<b>Milestones for 2017/18</b>	<b>Milestones for 2018/19</b>
Ref PR 6.1	Auckland: City Centre Network	City Centre Quay Street completed Ian McKinnon Drive Cycleway construction started K Road Cycleway construction started	Ian McKinnon Drive Cycleway completed K Road Cycleway completed Parnell Road to Tamaki Drive Cycleway construction started and completed Tamaki Drive (Plumer-Ngapipi) Cycleway construction started and completed Victoria Street (East West route) construction started and completed	
	Auckland: Eastern Connections to City Centre	Construction under way	Construction under way	Construction completed
	Auckland: Western Connections to City Centre	Construction started	Construction completed	
	Auckland: links to public transport	Construction under way	Construction completed	
	Melling to Petone	Construction started	Construction completed	
	Wellington CBD route package		Construction started and completed	
	Rapanui-Shagrock Cycleway (Christchurch)	Construction started		Construction completed
	Heathcote Expressway (Christchurch)		Construction started	Construction completed
	Papanui Parallel (Christchurch)	Construction under way	Construction completed	
	Nelson Coastal Route		Construction started and completed	

# GROWING AGILITY



## GROWING AGILITY AS A HIGH-PERFORMANCE ORGANISATION

Getting the people, skills, systems, processes and culture in place to help us succeed in delivering on our purpose.

### HARNESS KNOWLEDGE

Results by 2019		Milestones for 2016/17
GA 1.1	Our people value information as a shared asset.	We have developed leadership expectations and have a programme in place to help our people be confident in their ability to harness knowledge.
GA 1.2	Our information tools and processes make it easy to find integrated information, and we continually strive to simplify and rationalise these tools and processes.	<p>We have made it easier for our people to find and use information and to make smart evidence-based decisions, by embedding our new collaboration and information tools and aligning our agency-wide business intelligence programme.</p> <p>We have improved the quality of and access to the Transport Agency's evidence base (high-value information).</p>
GA 1.3	We effectively balance an open information culture with robust processes to ensure appropriate information security and privacy.	<p>We have agreed and achieved our safety, security and privacy maturity targets, aligned with the Protective Security Requirements, using an integrated approach to enhance the security of our personnel, information and physical assets.</p> <p>We have implemented the four top New Zealand National Cyber Security Centre security strategies and have a plan in place to achieve the remaining 16 strategies.</p> <p>We have achieved our target of level 3 in the Privacy Self-Assessment through a programme of business improvements that are aligned with the Government Chief Privacy Officer's core expectations.</p>
GA 1.4	We have a robust and fit-for-purpose business continuity planning framework.	<p>We have foundation disaster recovery in place for 27 core applications (as identified in 2014-16 business continuity plan work).</p> <p>We have approved and tested business continuity plans for all offices and critical functions.</p> <p>We have a business continuity plan in place to transfer and establish critical National Office leadership functions to the Auckland Regional Office in an emergency, and this is tested.</p>

## CREATE VALUE WITH OTHERS

Results by 2019		Milestones for 2016/17
GA 2.1	We have matured our leadership practices to consistently operate in a collaborative way, across the state sector, to strengthen overall public sector integrity and inclusiveness.	We have strengthened our understanding and capability to operate as part of the wider public sector, and we are working with public sector partners in a way that contributes to our collective impact.
GA 2.2	The Transport Agency is a great place to work that anticipates and responds well to change, is recognised as high performing and has outstanding, agile people.	We have embedded our people plan, which focuses on driving high performance, building engagement, consistent leadership, and being recognised internally and externally as a great place to work.
GA 2.3	We have created an environment where our people are highly engaged, recognising the correlation between high engagement and high performance in organisations.	We have embedded good engagement principles into our people practices.
GA 2.4	The principle underlying the Transport Agency's Zero Harm Strategy is that by 2020 or sooner all our people, regardless of employer will go home safe and healthy, every day, no exceptions.	We have continued to implement the Zero Harm Strategy 2014-20 and helped improve transport industry collaboration and standards to ensure our people go home safe every day, no exceptions.  We have increased our people's awareness of and commitment to the principles of zero harm.
GA 2.5	Our workplace allows our people to work where, when and how they need to by integrating technology, space and people capabilities to deliver greater performance.	We have improved the capability and confidence of our people in using collaborative tools and spaces, as seen through higher adoption and utilisation.

## ENCOURAGE CONTINUOUS IMPROVEMENT AND INNOVATION

Results by 2019		Milestones for 2016/17
GA 3.1	We have a reputation as an innovator, where innovative thinking and behaviours underpin agile systems and processes, creating solutions that deliver outcomes for customers and stakeholders.	We have established a baseline and system for measuring our innovation maturity across the key enablers of an innovative culture, and we have used the findings to identify how we can improve our organisational approach to innovation.  We have supported the delivery of at least three intelligent transport systems trials.

# NZ TRANSPORT AGENCY PERFORMANCE EXPECTATIONS

This section sets out the activities we deliver and invest in (referred to as output classes) and how we assess our performance. Our activities are grouped under three functions:

- providing access to and use of the land transport system (p39)
- planning and investing in the land transport network (p43)
- managing the state highway network (p52).

Supporting information is included in:

- Output class revenue and expenditure (p77)
- Appendix 3: Output class scope statements (p97)
- Appendix 4: Supplementary information for non-financial measures (p99)
- Appendix 5: How our functions contribute to our long-term goals (p104)





# PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

## LICENSING AND REGULATORY COMPLIANCE

### WHAT WE DO

Under this output class, the Transport Agency:

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

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Licensing and regulatory compliance primarily contributes to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries through regulation of drivers, vehicles and commercial operators and the associated influence on drivers and driver behaviour. A secondary contribution is also derived from regulatory activities through the support of efficiency of freight supply chains, vehicle fleet efficiency and reducing adverse environmental effects.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
Unit transaction costs <sup>1</sup>	\$10.75	≤\$11	≤\$11	≤\$11
% of transactions completed online <sup>2</sup>	30%	≥30%	≥50%	≥65%
% accuracy of registers <sup>3</sup>	93%	≥93%	≥93%	≥93%
% of operational assurance activities completed <sup>4</sup>	100%	100%	100%	100%
% of activities that are delivered to agreed standards and timeframes <sup>5</sup>	90%	≥90%	≥90%	≥90%
Number of products/services delivered or processed <sup>6</sup>	6m	≥6.0m	≥6.0m	≥6.0m

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	92,258	94,423	93,299	93,200
Net surplus (deficit)	3,108	(3,385)	(3,936)	(3,837)

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

## ROAD TOLLING

### WHAT WE DO

Under this output class, the Transport Agency:

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Road tolling supports the long-term goal of shaping smart transport choices. This is achieved by supporting the impacts provided from new infrastructure investment through the collection of fees for infrastructure investment repayments.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
Unit transaction costs <sup>7</sup>	\$0.70	≤\$0.75	≤\$0.75	≤\$0.75
% revenue compliance	97%	≥98%	≥98%	≥98%
Number of products/services delivered or processed	≥10.5m	≥10.5m	≥10.5m	≥10.5m

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	9,551	11,938	11,602	11,802
Net surplus (deficit)	902	(274)	531	994

<sup>o</sup> Refer to appendix 4 (pages 100–103) for measurement details.

\* Full output class financials are set out on pages 77–83.

## MOTOR VEHICLE REGISTRY

### WHAT WE DO

Under this output class, the Transport Agency:

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Motor vehicle registry services contribute to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries from road crashes, providing more transport mode choices and reducing adverse environmental effects, through first registration of vehicles into the New Zealand fleet. At first registration, vehicle safety and environmental standards have to be met before the vehicle can be licensed for access to the road network.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
Unit transaction costs	\$5.80	≤\$6.00	≤\$6.00	≤\$6.00
% of transactions completed online <sup>8</sup>	37%	≥40%	≥45%	≥45%
% accuracy of registers <sup>9</sup>	95%	≥95%	≥95%	≥95%
% revenue compliance	99%	≥98%	≥98%	≥98%
Number of products/services delivered or processed	10m	≥9.5m	≥9.5m	≥9.5m
% customer satisfaction <sup>10</sup>	90%	≥88%	≥89%	≥90%

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	59,051	61,566	60,459	60,133
Net surplus (deficit)	(1,175)	(6,168)	(5,566)	(4,626)

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

## ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

### WHAT WE DO

Under this output class, the Transport Agency:

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

RUC collection, investigation and enforcement contributes to the long-term goal of shaping smart transport choices through revenue collection for the NLTF and, therefore, supports Transport Agency investment in the land transport system.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
Unit transaction costs	\$5.25	≤\$5.50	≤\$5.50	≤\$5.50
% of transactions completed online <sup>11</sup>	55%	≥60%	≥65%	≥65%
Number of products/services delivered or processed <sup>12</sup>	3m	≥3m	≥3m	≥3m

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	16,714	17,038	15,275	15,405
Net surplus (deficit)	(700)	(2,164)	(1,306)	(1,122)

<sup>o</sup> Refer to appendix 4 (pages 100–103) for measurement details.

\* Full output class financials are set out on pages 77–83.

## REFUND OF FUEL EXCISE DUTY

### WHAT WE DO

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

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

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
Average number of days taken to deliver <sup>13</sup>	8	10	10	10
Number of products/services delivered or processed <sup>14</sup>	≥70k	≥70k	≥70k	≥70k

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	650	918	818	794
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100–103) for measurement details.

\* Full output class financials are set out on pages 77–83.

# PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK

## INVESTMENT MANAGEMENT

### WHAT WE DO

Under this output class, the Transport Agency invests in and/or influences:

- the development and management of regional land transport plans
- the development and update of transport models.
- the preparation and improvement of land transport activity management plans, regional public transport plans, road safety action plans and procurement strategies
- the preparation of programme business cases for land transport investments of approved organisations or for the state highway network
- land transport research.

The Transport Agency contributes to operating costs to:

- efficiently develop and manage the National Land Transport Programme
- develop a shared view of planning and investing with our investment partners
- provide policy advice to government on policy frameworks

- encourage closer integration of stakeholders' land use and transport planning
- monitor and audit land transport activities and the performance of organisations that we invest with
- provide investment and procurement advice on land transport activities including public transport
- monitor and report on the national Road Policing Programme.

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Investment management helps deliver on our long-term goal of integrating one network for customers by:

- providing greater certainty for regional land transport plans, infrastructure development and activity management, and investment in the New Zealand transport system
- managing the National Land Transport Fund investments to maximise the overall benefit for New Zealand's transport system.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
Total cost of managing the funding allocation system as a % of the National Land Transport Programme expenditure <sup>15</sup>	1%	≤1%	≤1%	≤1%
% of activities completed to agreed standards and timeframes (management of funding allocation system) <sup>16</sup>	100%	100%	100%	100%
% of operational assurance activities completed <sup>17</sup>	100%	100%	100%	100%
% of activities that are delivered to agreed standards and timeframes (transport planning) <sup>18</sup>	90%	≥90%	≥90%	≥90%
% of activities that are delivered to agreed standards and timeframes (sector research) <sup>19</sup>	100%	≥90%	≥90%	≥90%
Average number of days taken to deliver <sup>20</sup>	20	20	20	20
% customer satisfaction (approved organisations/stakeholders) <sup>21</sup>	70%	≥75%	≥80%	≥80%

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	60,775	59,775	58,775	57,683
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

## PUBLIC TRANSPORT

### WHAT WE DO

Under this output class, the Transport Agency and approved organisations (in conjunction with third parties and operators, where appropriate), invest in bus, ferry and rail public transport services, technology, facilities and infrastructure to achieve increased patronage with reduced reliance on subsidies. This includes investment in subsidised door-to-door transport for people with mobility impairments.

Rail infrastructure is generally excluded from this activity class because the intention is to fund this outside the National Land Transport Fund (NLTF).

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Public transport primarily contributes to the long-term goal of maximising return for New Zealand through providing more mode choices, easing urban congestion and the reduction in adverse environmental effects. Public transport has secondary contributions to better use of existing transport system capacity, resilience and security. It can also contribute to reducing deaths and serious injuries from road crashes. These contributions are supported by administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.

### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management on page 101, for service delivery performance measures.

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	310,000	332,000	337,000	349,342
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100–103) for measurement details.

\* Full output class financials are set out on pages 77–83.

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

### WHAT WE DO

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

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

The SuperGold cardholders concessionary fares scheme contributes to the long-term goal of maximising return for New Zealand by providing more transport mode choices for the elderly and improving the use of public transport capacity during off-peak hours.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
Average number of days to deliver	≤20	≤20	≤20	≤20
% of activities that are delivered to agreed standards and timeframes <sup>22</sup>	100%	100%	100%	100%

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	28,824	28,224	28,224	28,224
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

## WALKING AND CYCLING

### WHAT WE DO

Under this output class, the Transport Agency invests in new and improved walking and cycling infrastructure for transport purposes and model community education and promotion activities. This includes the delivery of the 2015-18 Urban Cycleways Programme. Walking and cycling facilities include cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and cycle parking facilities.

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Walking and cycling infrastructure contributes to the long-term goal of maximising return for New Zealand through facilitating more transport choices in urban environments where walking or cycling facilities are offered to the community. This contribution indirectly supports better use of transport capacity, reducing adverse environmental effects, congestion relief and the reduction in deaths and injuries from road crashes.

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	52,000	87,230	82,770	38,100
Net surplus (deficit)	0	0	0	0

\* Full output class financials are set out on pages 77-83.



## ROAD SAFETY PROMOTION

### WHAT WE DO

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Road safety promotion's primary contribution to the long-term goals of shaping smart transport choices and maximising return for New Zealand is through the reduction in deaths and serious injuries from road crashes by influencing the behaviour of drivers and other road users.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
% of activities that are delivered to agreed standards and timeframes <sup>23</sup>	100%	100%	100%	100%
% of road safety advertising campaigns that meet or exceed their agreed success criteria <sup>24</sup>	≥75%	≥75%	≥75%	≥75%

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	34,976	37,546	35,056	36,665
Net surplus (deficit)	307	(622)	(132)	(131)

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

## ROAD POLICING PROGRAMME

### WHAT WE DO

The Transport Agency prepares the Road Policing Programme and recommends it to the Minister of Transport for approval. The Transport Agency also monitors and reports on delivery of the programme, as designated by the Chief Executive of the Ministry of Transport.

The Road Policing Programme is funded through Vote Police but the investment source is the National Land Transport Fund.

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

The Road Policing Programme contributes to the long-term goals of shaping smart transport choices and of maximising return for New Zealand through a reduction in deaths and serious injuries from road crashes, by enforcing the law applying to road users. This has a secondary contribution to more efficient freight supply chains and improving the resilience and security of the transport network, through the protection of the roading asset by enforcing the law applying to road users.

### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management on page 101, for service delivery performance measures.

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See Road Policing Programme investment indicators on page 57.

### HOW THE MONEY IS SPENT\*

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	315,200	323,000	321,800	321,800
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100–103) for measurement details.

\* The Road Policing Programme is funded from the National Land Transport Fund, but not part of the Transport Agency's financial statements. For detailed financial information see Vote Police.

## LOCAL ROAD IMPROVEMENTS

### WHAT WE DO

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Local road improvements primarily contributes to the long-term goal of maximising return for New Zealand by improving the efficiency of freight supply chains, increasing the resilience and security of the local road network, easing severe congestion, and consequently reducing deaths and serious injuries from road crashes.

### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management on page 101, for service delivery performance measures.

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED	BUDGET	FORECAST	
	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000
Expenditure	114,000	142,000	150,000	158,000
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

## LOCAL ROAD MAINTENANCE

### WHAT WE DO

Under this output class, the Transport Agency invests, in conjunction with investment from approved organisations, in local road maintenance and operations including the maintenance of pavements, structures, drains and traffic services.

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Maintenance of local road infrastructure contributes to the long-term goal of maximising return for New Zealand. It helps ensure that the impacts the established network has on the transport system are sustained. Sound management of maintenance activities and of the operation of the network has a broad impact including better use of transport capacity, ensuring network resilience and security and freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes, by ensuring that surface condition standards are maintained and traffic flow and incidences are effectively managed.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
% of activities that are delivered to agreed standards and timeframes	100%	100%	100%	100%
<ul style="list-style-type: none"> <li>Reinstatement of earthquake damaged local roads in Canterbury – Crown loan</li> </ul>				

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	627,420	699,000	608,000	615,000
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

## REGIONAL IMPROVEMENTS

### WHAT WE DO

Under this output class, the Transport Agency plans and invests in regionally important state highway and local road projects outside the main metropolitan areas that address regional safety, resilience, and/or economic productivity through the movement of freight and tourists.

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

Regional improvements help us deliver on our long-term goal of maximising return for New Zealand through maintaining the resilience and security of the whole road network, efficient and reliable freight supply chains as well as reducing the risk of road crashes.

### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management on page 101, for service delivery performance measures.

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	12,500	98,000	115,000	85,000
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

# MANAGING THE STATE HIGHWAY NETWORK

## STATE HIGHWAY IMPROVEMENTS

### WHAT WE DO

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

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

State highway improvements helps deliver on our long-term goal of delivering highway solutions for customers through contributing to more efficient freight supply chains, a resilient and secure transport network, easing severe urban congestion, as well as helping to reduce deaths and serious injuries from road crashes. This is achieved through capital investment in the state highway network.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
% of activities that are delivered to agreed standards and timeframes <sup>25</sup>	≥90%	≥90%	≥90%	≥90%

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	1,495,519	1,550,213	1,526,385	1,406,214
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100–103) for measurement details.

\* Full output class financials are set out on pages 77–83.

## STATE HIGHWAY MAINTENANCE

### WHAT WE DO

Under this output class, the Transport Agency manages and invests in the maintenance and operation of the state highway network infrastructure to ensure that it is in as safe a condition as possible and provides a reliable travel journey for customers. The infrastructure is maintained to meet skid resistance and rutting standards, and to ensure interventions occur at the optimal time to reduce exposure to future maintenance costs arising from wear and tear on our roads.

### HOW IT CONTRIBUTES TO OUR LONG-TERM GOALS

State highway maintenance helps deliver on our long-term goal of delivering highway solutions for customers through contributing to maintaining the resilience and security of the whole road network, efficient and reliable freight supply chains as well as easing congestion and reducing the risk of road crashes. This is achieved by ensuring that the established state highway network asset condition is sustained by an ongoing capital investment programme.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	ESTIMATED ACTUAL 2015/16	TARGET		
		2016/17	2017/18	2018/19
% of activities that are delivered to agreed standards and timeframes <sup>26</sup>	≥90%	≥90%	≥90%	≥90%
Safe stopping: % of network meeting surface texture standards <sup>27</sup>	≥98%	≥98%	≥98%	≥98%
Network resilience: % of rutting >20mm over state highway network <sup>28</sup>	2.5%	3%	3%	3%
Safe stopping: % of network above skid threshold <sup>29</sup>	≥97%	≥98%	≥98%	≥98%
Smooth ride: % of travel on network classed as smooth <sup>30</sup>	≥97%	≥97%	≥97%	≥97%
Availability of state highway network: % of unplanned road closures resolved in 12 hours <sup>31</sup>	≥80%	≥90%	≥90%	≥90%
% customer satisfaction <sup>32</sup>	≥45%	≥50%	≥50%	≥50%

### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See National Land Transport Programme investment indicators on page 55.

HOW THE MONEY IS SPENT*	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST	
			2017/18 \$000	2018/19 \$000
Expenditure	458,749	568,212	571,222	584,222
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

\* Full output class financials are set out on pages 77-83.

# NATIONAL LAND TRANSPORT FUND PERFORMANCE EXPECTATIONS

The Transport Agency invests the National Land Transport Fund, through the National Land Transport Programme, in transport activities delivered by the Transport Agency, local authorities, NZ Police and transport sector stakeholders.

This section sets out indicators for the performance of investments made through the National Land Transport Programme, including:

- National Land Transport Programme investment indicators (p55).
- Road Policing Programme investment indicators (p57).

Technical notes are included in appendix 4 (p99).





# NATIONAL LAND TRANSPORT PROGRAMME INVESTMENT INDICATORS

The following progress indicators for the *Government Policy Statement on Land Transport 2015/16 – 2024/25 (GPS)* reflect our views on appropriate outcome indicators and take into consideration the direction of our planning and investing for outcomes approach, the One Network Road Classification and progress made with public transport information. Accordingly, they contain new indicators that are not yet fully in production but that will come on stream during the GPS period. Progress on these indicators will be reported as information becomes available.

## PUBLIC TRANSPORT

ASSESSMENT OF INVESTMENT PERFORMANCE <sup>o</sup>	2015/16 estimate	Desired trend 2015-19
Number of passengers using urban public transport services (bus, train and ferry)	Approx 147m	Increasing
Fare revenue as a % of total expenditure	48%	Maintaining
Change in productivity (costs per passenger kilometre) where available by bus, train and ferry <sup>33</sup>	New measure	Increasing
Change in productivity (costs per passenger kilometre) where available by peak and off-peak <sup>34</sup>	Results not available for 2015/16	Increasing

<sup>o</sup> Refer to appendix 4 (pages 100-103) for measurement details.

## ACTIVE MODES OF TRANSPORT

### WALKING AND CYCLING

ASSESSMENT OF INVESTMENT PERFORMANCE	2015/16 estimate	Desired trend 2015-19
Change in network kilometres of cycle lanes	Baseline 2013/14 12.3km	Increasing
% increase in cycling trip legs per person across Auckland, Wellington and Christchurch <sup>35</sup>	Results not available for 2015/16	Increasing

## ROAD NETWORK - IMPROVEMENTS

### LOCAL ROAD

ASSESSMENT OF INVESTMENT PERFORMANCE	2015/16 estimate	Desired trend 2015-19
Change in travel times on key local roads serving major metropolitan areas	New measure	Increasing
Change in the productivity of the local road network in major metropolitan areas	New measure	Increasing
Change in the proportion of local roads that are made available to high productivity motor vehicles (HPMVs) (Note: alternative measure used - % of approved organisations signed up to the SOMAX network.)	88%	Increasing

### STATE HIGHWAYS

ASSESSMENT OF INVESTMENT PERFORMANCE	2015/16 estimate	Desired trend 2015-19
Change in travel times on key state highways serving major metropolitan areas (Auckland, Wellington and Christchurch)	New measure	Maintaining
Change in productivity of the state highway network in major metropolitan areas (Auckland, Wellington and Christchurch - am peak) <sup>36</sup>	TBC	Maintaining
Change in the proportion of state highways available to HPMVs	New measure Baseline 2014/15 = 41%	Increasing

## ROAD NETWORK – MAINTENANCE

### LOCAL ROAD

ASSESSMENT OF INVESTMENT PERFORMANCE	2015/16 estimate	Desired trend 2015-19
Pavement integrity of the sealed network	94	
Surface condition of the sealed network	98	Maintaining
Smooth ride: % of travel on smooth roads	86%	
Change in local road maintenance cost per lane kilometre expenditure by road classification	Approx \$3,000	Maintaining (in real terms)

### STATE HIGHWAYS

ASSESSMENT OF INVESTMENT PERFORMANCE	2015/16 estimate	Desired trend 2015-19
Surface condition of the sealed network	Results not available for 2015/16	Maintaining
Smooth ride: % of travel on smooth roads	98%	
Change in state highway maintenance cost per lane kilometre expenditure by road classification	\$21,400	Maintaining (in real terms)

## ROAD NETWORK – REGIONAL IMPROVEMENTS

### REGIONAL

ASSESSMENT OF INVESTMENT PERFORMANCE	2015/16 estimate	Desired trend 2015-19
Change in kilometres of improved regional roading	New measure	Increasing

# ROAD POLICING PROGRAMME INVESTMENT INDICATORS

These investment indicators are for the Road Policing Programme, delivered by NZ Police. Road safety measures have been focused around the high priority areas in the Safer Journeys strategy.

AREAS OF CONCERN	RESULTS TO WHICH POLICE SIGNIFICANTLY CONTRIBUTE	DESIRED TREND
<b>Vehicle dimension and mass compliance</b>	Percentage of vehicles inspected by commercial vehicle investigation unit found to be in breach of vehicle dimension and mass rules	Increased
<b>Economic enforcement</b>	Road user charges evasion rates	Reduced
<b>Commercial vehicle operators</b>	Reporting of emerging areas of risk	Improved
	Compliance levels for passenger transport, heavy vehicles and fleet operators	Improved
	Percentage of non-compliant operators	Decreased
<b>Traffic management</b>	Time to reinstate traffic flow after road or carriageway closure or crash	Decreased
	Attendance and reporting of unplanned events	Improved
	Impact of policing activity on congestion	Improved
	Engagement with road controlling authorities	Improved
<b>Speed</b>	Percentage of vehicles complying with speed limits	Increased
	Percentage of vehicles exceeding speed limits by 1-10km per hour	Reduced
	Percentage of heavy vehicles exceeding 90km per hour on open road	Reduced
	Number of repeat speeding offenders	Reduced
	Public attitudes to enforcement and speed limits	Improved
<b>High-risk drivers</b>	Percentage of drivers driving while disqualified	Decreased
	Percentage of drivers detected for third or subsequent drink/drugged driving offences	Decreased
	Percentage of unlicensed or incorrectly licensed drivers	Decreased
<b>Young drivers</b>	Youth expectation of being stopped and checked for alcohol/speed/correct licence class	Decreased
<b>Motorcyclists</b>	Detection of speeding, unsafe lane-changing, alcohol and drug-impaired driving, and helmet wearing offences by motorcyclists	Increased
<b>Alcohol/drug-impaired driving</b>	Compliance with the zero youth and 50/250 adult alcohol limits	Increased
	Percentage driving over 80mg/100ml or 400mg per litre	Decreased
	Public expectation of being stopped and checked	Increased
<b>Restraints</b>	Restraint usage in low-use areas and times	Improved
<b>Walking and cycling</b>	Percentage of vehicles complying with urban speed limits	Increased
	Safe behaviour by motorists, pedestrians and cyclists	Increased
<b>Fatigue and distraction</b>	Cell phone use while driving and distracting roadside furniture	Decrease
<b>Older road users</b>	Risky behaviours by all road users at times and places of greatest risk to older users	Decreased
<b>Roads and roadsides</b>	NZ Police reporting to encourage improved Road Controlling Authority response times	Improved
<b>Motorcycles</b>	Percentage of motorcycles on the road in unsafe condition or without a current warrant of fitness/certificate of fitness	Decreased
<b>Heavy vehicles</b>	Detection of levels 3, 5 and 6 and out-of service order in the Roadside Inspection Database	Increased
<b>Light vehicles</b>	Percentage of vehicles on the road in unsafe condition or without a current warrant of fitness/certificate of fitness	Decreased
<b>Crash attendance and reporting</b>	All crashes attended by NZ Police reported	Not applicable
	All crashes reported on prescribed forms	Not applicable
	NZ Police activities targeted to high-risk rural roads as identified using KiwiRAP and other tools	Increased
	Timeliness and accuracy of traffic crash reports	Increased
	Accurate reporting of road, vehicle and environmental factors	Not applicable

# PROSPECTIVE FINANCIAL STATEMENTS

This section provides forecast financial statements for:

- the NZ Transport Agency (p59)
- the National Land Transport Fund (p84).



# NZ TRANSPORT AGENCY

## FINANCIAL OVERVIEW

We have budgeted revenue of \$10.9 billion for 2016–19 to fund:

- **Land transport** – \$9.9 billion, which includes our investment in the state highway network and funding we provide to approved organisations for the delivery of services. We will be investing \$4.8 billion in new capital across the state highway network as well as maintaining our assets with \$1.2 billion of expenditure.
- **NZ Transport Agency operating activities** – \$1.0 billion, which includes activities that the Transport Agency is accountable for and delivers in-house or contracts out.

## FUNDING SOURCES AND EXPENDITURE 2016-19

FUNDING SOURCES			OPERATING AND CAPITAL EXPENDITURE						
			Land transport funding			Transport Agency operating activities			
			PLANNING & INVESTING IN THE LAND TRANSPORT NETWORK	MANAGING THE STATE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS	PROVIDING ACCESS TO & USE OF THE LAND TRANSPORT SYSTEM	PLANNING & INVESTING IN THE LAND TRANSPORT NETWORK	MANAGING THE STATE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS
Funding from the National Land Transport Fund	Operating	\$6,536.8m	\$3,289.3m	\$1,206.5m	\$4,788.8m	\$16.4m	\$248.7m	\$76.4m	\$111.6m
	Capital	\$3,156.1m							
Revenue from other activities		\$533.6m				\$518.9m	\$50.5m	\$6.7m	
Funding from the Crown	Operating	\$171.7m			\$157.4m	\$14.6m	\$2.3m		\$0.3m
	Capital	\$131.0m			\$131.0m				
	Borrowing	\$340.0m			\$340.0m				
<b>Totals</b>		\$10,869.2m	\$3,289.3m	\$5,995.3m	\$628.4m	\$549.9m	\$301.5m	\$194.7m	\$0.3m
			<b>Total \$9,913.0m</b>			<b>Total \$1,046.4m</b>			

This table includes operating and capital expenditure.

## NZ TRANSPORT AGENCY OPERATING ACTIVITIES

This table shows the Transport Agency's total expenditure from its operating activities.

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
Personnel costs	97,772	103,031	105,472	107,288
Operating expenses	181,565	184,094	180,695	180,233
Depreciation and amortisation expense	13,638	16,198	15,605	14,765
<b>TOTAL EXPENDITURE</b>	<b>292,975</b>	<b>303,323</b>	<b>301,772</b>	<b>302,286</b>
Add Capitalised operating expenses	43,474	36,207	37,630	37,817
Less NZTTL net expenditure	(636)	(3,889)	(5,898)	(9,721)
<b>NZ TRANSPORT AGENCY PARENT EXPENDITURE</b>	<b>335,813</b>	<b>335,641</b>	<b>333,504</b>	<b>330,382</b>

## MANAGING OUR ASSETS

Each year the Transport Agency prepares a capital programme to ensure that it has the infrastructure required to fulfil its functions. The budget set aside for the next three years, not including state highway network activities, is set out below.

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
Computer hardware	2,498	3,475	4,305	2,967
Computer software	5,107	12,990	4,300	2,050
Leasehold improvements	1,832	0	0	0
Furniture and fittings	300	0	0	0
National integrated transport ticketing system	1,387	5,035	5,078	4,252
<b>TOTAL</b>	<b>11,124</b>	<b>21,500</b>	<b>13,683</b>	<b>9,269</b>

The focus of the capital programme is on upgrading our technology and making improvements to business critical systems and applications.

From an infrastructure perspective, the assets purchased primarily relate to the replacement of assets that have reached the end of their useful life or in the case of computer equipment and furniture are part of a planned replacement programme.

## OTHER FEES AND CHARGES FUNDED ACTIVITIES

Memorandum accounts are notional accounts that record the accumulated balance of surpluses and deficits incurred for third-party funded outputs operating on a full cost-recovery basis.

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>BORDER INSPECTIONS</b>				
Net surplus/(deficit)	194	284	269	307
Balance at 30 June	3,515	3,799	4,068	4,375
<b>CERTIFICATION REVIEWS</b>				
Net surplus/(deficit)	1,378	687	670	601
Balance at 30 June	(7,495)	(6,808)	(6,138)	(5,537)
<b>DRIVER LICENSING</b>				
Net surplus/(deficit)	(312)	(2,099)	(2,551)	(2,652)
Balance at 30 June	4,560	2,461	(90)	(2,742)
<b>DRIVER TESTING</b>				
Net surplus/(deficit)	83	(1,124)	(1,843)	(1,716)
Balance at 30 June	6,332	5,208	3,365	1,649
<b>MOTOR VEHICLE LICENSING</b>				
Net surplus/(deficit)	(1,175)	(6,168)	(5,566)	(4,626)
Balance at 30 June	4,964	(1,204)	(6,770)	(11,396)
<b>OVER DIMENSION PERMITS</b>				
Net surplus/(deficit)	365	(353)	391	378
Balance at 30 June	882	529	920	1,298
<b>RAIL LICENSING</b>				
Net surplus/(deficit)	(833)	(1,042)	(1,104)	(1,124)
Balance at 30 June	(4,134)	(5,176)	(6,280)	(7,404)
<b>ROAD USER CHARGES COLLECTIONS</b>				
Net surplus/(deficit)	(498)	(1,895)	(893)	(659)
Road user charges retained funds to memorandum account	1,500	0	0	0
Balance at 30 June	2,896	1,001	108	(551)
<b>STANDARDS DEVELOPMENT AND CERTIFICATION</b>				
Net surplus/(deficit)	888	436	376	351
Balance at 30 June	2,111	2,547	2,923	3,274
<b>TRANSPORT LICENSING</b>				
Net surplus/(deficit)	1,270	426	524	677
Balance at 30 June	709	1,135	1,659	2,336
<b>TOTAL MEMORANDUM ACCOUNT - OTHER FEES/CHARGES</b>	<b>14,340</b>	<b>3,492</b>	<b>(6,235)</b>	<b>(14,698)</b>

All memorandum accounts are reviewed to ensure costs are aligned with fee revenue with the longer term aim of balancing each of these. Until these reviews are fully completed, some memorandum accounts will continue to forecast negative balances.

## LAND TRANSPORT FUNDING

The Transport Agency develops the three-year National Land Transport Programme (NLTP) based on the policy direction in the Land Transport Management Act, the Government policy statement on land transport funding (GPS) and regional priorities. This table below shows the activity classes which are funded from the National Land Transport Programme and associated activities funded from the Crown. The investment in land transport is net of the expenditure on new and renewal of state highways which is capitalised and the Transport Agency operating expenditure which is separately shown in the statement of comprehensive revenue and expense.

The three-year NLTP period covers 2015 to 2018. The budget for each year depends on the portion of the programme that is delivered in the previous years. The investment in local roads and public transport is the NLTP contribution only and does not include the significant contribution from local authorities.

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
Investment management	60,000	59,000	58,000	56,908
Public transport	310,000	332,000	337,000	349,342
Walking and cycling	40,000	36,000	51,000	38,100
Road safety promotion	34,000	36,000	34,000	35,610
Local road improvements	114,000	142,000	145,000	158,000
Local roads maintenance	570,000	585,000	565,000	575,000
Regional improvements	12,500	98,000	115,000	85,000
State highway improvements	1,294,861	1,375,000	1,410,000	1,330,529
State highway maintenance	457,000	566,000	569,000	582,000
Interest on borrowings	7,658	10,213	8,385	6,685
Repayment of borrowing (reinstate Christchurch roads)	0	0	43,000	40,000
<b>TOTAL NLTP EXPENDITURE</b>	<b>2,900,019</b>	<b>3,239,213</b>	<b>3,335,385</b>	<b>3,257,174</b>
<b>ACTIVITIES FUNDED ON BEHALF OF THE CROWN</b>				
SuperGold card administration and public transport concessions	28,529	28,129	28,129	28,129
Urban cycleways	12,000	51,230	31,770	0
Reinstatement of damaged roads in Christchurch	57,420	114,000	0	0
Auckland accelerated package	149,000	110,000	84,000	32,000
Regional state highways	44,000	55,000	29,000	37,000
Subtotal of activities funded on behalf of the Crown	290,949	358,359	172,899	97,129
	3,190,968	3,597,572	3,508,284	3,354,303
Less capital expenditure	(1,663,831)	(1,804,835)	(1,794,062)	(1,653,581)
Less Transport Agency operating activities funded from the NLTP	(96,788)	(108,517)	(109,876)	(106,699)
Less interest on borrowing	(7,658)	(10,213)	(8,385)	(6,685)
Less repayment of borrowing (reinstate Christchurch roads)	0	0	(43,000)	(40,000)
<b>TOTAL LAND TRANSPORT FUNDING</b>	<b>1,422,691</b>	<b>1,674,007</b>	<b>1,552,961</b>	<b>1,547,338</b>



## NZ TRANSPORT TICKETING LIMITED

NZ Transport Ticketing Limited has been established as a Crown entity subsidiary, under the governance of the NZ Transport Agency. Its primary purpose is to assist and advise the National Ticketing Programme. Through NZ Transport Ticketing Limited, an infrastructure will be developed to support:

- the transport ticketing central system processing capability for all customers and related service delivery agreements, including national settlement services
- information management support services, including the information registrar function and security management
- other system services, including gateways and interfaces as required.

This table sets out the key forecast financial information of NZ Transport Ticketing Limited.

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>COMPREHENSIVE REVENUE AND EXPENSE</b>				
Funding from the National Land Transport Fund	3,381	4,965	4,896	3,138
Other revenue	27	6,209	8,740	14,652
Expenditure	5,404	13,889	15,872	17,111
	(1,996)	(2,715)	(2,236)	679
<b>FINANCIAL POSITION</b>				
Working capital	27	50	72	2,775
Non-current assets	13,361	15,658	18,478	20,706
	13,388	15,708	18,550	23,481
<b>EQUITY</b>				
Contributed capital	15,384	20,419	25,497	29,749
Accumulated deficit	(1,996)	(4,711)	(6,947)	(6,268)
	13,388	15,708	18,550	23,481
<b>NET CASH FLOWS</b>				
Cash from operating activities	(792)	(1)	22	2,470
Capital expenditure	(1,387)	(5,035)	(5,078)	(4,252)
Capital contribution	1,387	5,035	5,078	4,252
	(792)	(1)	22	2,470

# PROSPECTIVE FINANCIAL STATEMENTS

The consolidated financial statements include the parent NZ Transport Agency and its subsidiary NZ Transport Ticketing Limited.

## CONSOLIDATED PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>REVENUE</b>				
Funding from the Crown	43,596	76,527	62,267	32,897
Funding from the National Land Transport Fund	1,955,104	2,136,975	2,186,577	2,213,249
Revenue from other activities	207,084	175,432	175,328	182,831
<b>Total revenue</b>	<b>2,205,784</b>	<b>2,388,934</b>	<b>2,424,172</b>	<b>2,428,977</b>
<b>EXPENSE</b>				
Personnel costs	97,772	103,031	105,472	107,288
Operating expenses	181,565	184,094	180,695	180,233
Land transport funding	1,422,691	1,674,007	1,552,961	1,547,338
Interest on borrowing	7,658	10,213	8,385	6,685
Depreciation and amortisation expense	528,638	536,198	540,605	544,765
State highway asset write-off	10,000	10,000	10,000	10,000
<b>Total expense</b>	<b>2,248,324</b>	<b>2,517,543</b>	<b>2,398,118</b>	<b>2,396,309</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(42,540)</b>	<b>(128,609)</b>	<b>26,054</b>	<b>32,668</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
Gain/(loss) state highway network revaluations	560,000	560,000	560,000	560,000
<b>Total other comprehensive revenue and expense</b>	<b>560,000</b>	<b>560,000</b>	<b>560,000</b>	<b>560,000</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>517,460</b>	<b>431,391</b>	<b>586,054</b>	<b>592,668</b>

## CONSOLIDATED PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	50,023	50,022	50,044	52,514
Debtor National Land Transport Fund	383,885	420,286	430,026	435,098
Debtor Crown	58,176	102,120	83,091	43,899
Receivables	81,338	67,174	66,348	67,317
Property assets held for sale	50,000	50,000	50,000	50,000
Prepayments	1,000	1,000	1,000	1,000
Inventories	100	100	100	100
<b>Total current assets</b>	<b>624,522</b>	<b>690,702</b>	<b>680,609</b>	<b>649,928</b>
<b>Non-current assets</b>				
Property, plant and equipment	16,920	15,244	14,192	11,826
State highway network	31,822,127	33,614,428	35,347,503	36,995,877
Service concession asset (Transmission Gully)	273,478	594,587	870,198	1,052,133
Intangible assets	36,612	43,590	42,720	39,590
Loans and advances	1,180	1,180	1,180	1,180
<b>Total non-current assets</b>	<b>32,150,317</b>	<b>34,269,029</b>	<b>36,275,793</b>	<b>38,100,606</b>
<b>TOTAL ASSETS</b>	<b>32,774,839</b>	<b>34,959,731</b>	<b>36,956,402</b>	<b>38,750,534</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	458,451	536,396	531,248	498,134
Tolling funds held in trust	2,000	2,000	2,000	2,000
Employee entitlements	12,538	12,539	12,540	12,556
<b>Total current liabilities</b>	<b>472,989</b>	<b>550,935</b>	<b>545,788</b>	<b>512,690</b>
<b>Non-current liabilities</b>				
Payables	100	100	100	100
Service concession liability (Transmission Gully)	273,478	594,587	870,198	1,052,133
Employee entitlements	4,000	4,000	4,000	4,000
Borrowing <sup>a</sup>	326,468	553,578	594,578	586,578
<b>Total non-current liabilities</b>	<b>604,046</b>	<b>1,152,265</b>	<b>1,468,876</b>	<b>1,642,811</b>
<b>TOTAL LIABILITIES</b>	<b>1,077,035</b>	<b>1,703,200</b>	<b>2,014,664</b>	<b>2,155,501</b>
<b>NET ASSETS</b>	<b>31,697,804</b>	<b>33,256,531</b>	<b>34,941,738</b>	<b>36,595,033</b>
<b>EQUITY</b>				
General funds	5,606	5,606	5,606	5,606
Retained funds <sup>b</sup>	(17,740)	(130,465)	(89,606)	(44,223)
Memorandum account - other fees and charges	14,340	3,492	(6,235)	(14,698)
Equity derived from the state highway network <sup>c</sup>	31,695,598	33,377,898	35,031,973	36,648,348
<b>TOTAL EQUITY</b>	<b>31,697,804</b>	<b>33,256,531</b>	<b>34,941,738</b>	<b>36,595,033</b>

a. Borrowing is for the Tauranga Eastern Link, Auckland transport initiatives, and Christchurch earthquake funding.

b. Retained funds reflect mainly the deficits and surpluses associated with the increase in expenditure to fund the Christchurch recovery and subsequent decrease of that expenditure.

c. The state highway network includes the state highway investment and revaluation reserves.

## CONSOLIDATED PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>EQUITY - OPENING BALANCES</b>				
General funds	5,606	5,606	5,606	5,606
Retained funds	36,564	(17,740)	(130,465)	(89,606)
Memorandum account - other fees and charges	11,480	14,340	3,492	(6,235)
Equity derived from the state highway network	30,201,916	31,695,598	33,377,898	35,031,973
<b>Total equity - opening balance</b>	<b>30,255,566</b>	<b>31,697,804</b>	<b>33,256,531</b>	<b>34,941,738</b>
<b>CHANGES IN EQUITY</b>				
<b>Total comprehensive revenue and expense for the year</b>				
Retained funds	(43,900)	(117,761)	35,781	41,131
Memorandum account - other fees and charges	1,360	(10,848)	(9,727)	(8,463)
Surplus/(deficit)	(42,540)	(128,609)	26,054	32,668
State highway network revaluations	560,000	560,000	560,000	560,000
	517,460	431,391	586,054	592,668
<b>Capital funding (to retained funds)</b>				
Crown	46,000	62,600	31,400	37,000
National Land Transport Programme	878,978	1,064,736	1,067,753	1,023,627
	924,978	1,127,336	1,099,153	1,060,627
Repayment of capital	(200)	0	0	0
<b>Total changes in equity</b>	<b>1,442,238</b>	<b>1,558,727</b>	<b>1,685,207</b>	<b>1,653,295</b>
<b>EQUITY - CLOSING BALANCES</b>				
General funds	5,606	5,606	5,606	5,606
Retained funds	(17,740)	(130,465)	(89,606)	(44,223)
Memorandum account - other fees and charges	14,340	3,492	(6,235)	(14,698)
Equity derived from the state highway network	31,695,598	33,377,898	35,031,973	36,648,348
<b>TOTAL EQUITY - CLOSING BALANCES</b>	<b>31,697,804</b>	<b>33,256,531</b>	<b>34,941,738</b>	<b>36,595,033</b>

## CONSOLIDATED PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from the Crown	38,884	32,583	81,296	72,089
Receipts from the National Land Transport Fund	2,118,886	2,215,609	2,260,914	2,244,430
Receipts from other revenue	216,948	189,245	175,804	181,513
Interest received	354	350	350	350
Payments to suppliers	(1,690,277)	(1,840,156)	(1,798,804)	(1,820,686)
Payments to employees	(99,083)	(103,030)	(105,471)	(107,273)
Goods and services tax (net)	60,000	60,000	60,000	60,000
Net cash from operating activities	645,712	554,601	674,089	630,423
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts from NLTF - sale of state highway held properties	56,150	42,534	85,987	25,206
Purchase of property, plant and equipment	(5,115)	(3,979)	(4,813)	(3,392)
Purchase of intangible assets	(6,009)	(17,521)	(8,870)	(5,877)
Investment in the state highway network	(1,806,681)	(1,914,834)	(1,873,061)	(1,685,580)
Net cash from investing activities	(1,761,655)	(1,893,800)	(1,800,757)	(1,669,643)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Capital contribution from the Crown	46,000	62,600	31,400	37,000
Capital contribution from the National Land Transport Fund	877,591	1,059,701	1,062,675	1,019,375
Receipts from borrowing	331,420	274,000	224,000	202,000
Repayment of borrowing	(125,000)	(50,000)	(183,000)	(210,000)
Interest paid on borrowing	(7,126)	(7,103)	(8,385)	(6,685)
Repayment of capital	(200)	0	0	0
Net cash from financing activities	1,122,685	1,339,198	1,126,690	1,041,690
<b>NET INCREASE CASH AND CASH EQUIVALENTS</b>	<b>6,742</b>	<b>(1)</b>	<b>22</b>	<b>2,470</b>
Cash and cash equivalents at the beginning of the year	43,281	50,023	50,022	50,044
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>50,023</b>	<b>50,022</b>	<b>50,044</b>	<b>52,514</b>

# NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

## PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

### Use of information contained in these prospective financial statements

These prospective financial statements have been prepared in accordance with the Crown Entities Act 2004, for the purpose of providing information on the Transport Agency's future operating intentions and financial position, against which it must report and be formally audited at the end of the financial year.

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

The Transport Agency has complied with financial reporting standard PBE FRS 42 *Prospective Financial Statements* in the preparation of these prospective financial statements.

These prospective financial statements are based on significant financial assumptions as to future events that the Transport Agency reasonably expects to occur at the time this information was prepared. Any changes to these assumptions during the year will not be reflected in these financial statements.

The reader of this report should note that no actual operating results are contained in these prospective financial statements. Actual results achieved for the forecast periods are likely to vary from the information presented, and that some variations may be material.

The Transport Agency does not intend to update the prospective financial statements subsequent to the publication of these statements.

### Statement of significant underlying assumptions

The Transport Agency has made a number of assumptions in preparing the prospective financial statements. The most significant of these are outlined below.

<b>Funding from the National Land Transport Fund</b>	Funding from the National Land Transport Fund (NLTF) is based on the expenditure programme in the National Land Transport Programme (NLTP), assuming sufficient funding is available for the NLTP. Further assumptions on the funding from the NLTF are defined in the NLTF prospective financial statements.
<b>Fees and charges</b>	Forecast revenue (and associated costs) are driven by volume projections with the most significant assumption being a continued increase in tolling trips following the opening of two new toll roads in 2015/16. No fee review impacts have been taken into account.
<b>Personnel costs</b>	The forecast costs assume the current organisational structure will be in place throughout the period. Remuneration increases are expected to be minimal, with any increases being absorbed through operating efficiencies.
<b>Expenditure – regulatory activities</b>	The forecast cost for regulatory activities is driven by volumes. The main assumption regarding volumes is the continued projected increase in tolling trips following the opening of the two new toll roads in 2015/16. The average cost per transaction is assumed to remain constant over the 2016–19 period.
<b>Expenditure – National Land Transport Programme</b>	The Transport Agency has developed a 2015–18 National Land Transport Programme. The expenditure for the forecasted out years is most likely to change depending on the progress of the programme.
<b>Core infrastructure and Business initiatives</b>	Core infrastructure and business initiatives have been forecast into the 2016/17 year with ongoing costs of these initiatives being budgeted into the out years. There have been no additional initiatives forecast in the out years.
<b>Capital</b>	The Transport Agency is undertaking a programme of capital spending aimed at improving and renewing the state highway network. Projected costs and timing of expenditure are based on project plans and quotations current when these forecasts were prepared.
<b>Asset revaluations</b>	The state highway network is revalued annually. These valuations are dependent on changes in the value of the land, properties and asset components of the state highway network.
<b>Opening equity</b>	Estimated opening equity assumes a 2015/16 year surplus of \$517.5 million. This impacts on estimated amounts of cash on hand and net assets.

## KEY ISSUES IMPACTING ON BUDGET

### Estimates of appropriations for the year ending 30 June 2017

This table shows the funding the Transport Agency receives from the government as disclosed in the Estimates of Appropriations, and the movements to the revenue published in the *Statement of performance expectations*.

OUTPUT CLASS	APPROPRIATIONS 2016/17 \$000	FUNDING MOVEMENTS \$000	SPE 2016/17 \$000
Investment management	59,200	(5,320)	53,880
Public transport	342,500	(10,500)	332,000
Walking and cycling	35,000	(8,969)	26,031
Road safety promotion	34,200	900	35,100
Local road improvements	167,000	(25,000)	142,000
Local road maintenance	573,000	12,000	585,000
State highway improvements	520,000	20,213	540,213
State highway maintenance	405,000	2,669	407,669
National Land Transport Programme (PLA)	2,135,900	(14,007)	2,121,893
State highway improvements	701,316	101,150	802,466
State highway maintenance	147,000	(3,754)	143,246
Regional improvements	95,000	3,000	98,000
Investment management	0	5,120	5,120
Walking and cycling	0	9,969	9,969
Road safety promotion	0	900	900
NLTP - State highway renewals and improvements (PLA)	943,316	116,385	1,059,701
Licensing and regulatory compliance	3,098	0	3,098
Road user charges collection, investigation and enforcement	4,229	0	4,229
Refund of fuel excise duty	918	0	918
Investment management (crash analysis system)	775	0	775
SuperGold card administration and public transport concessions	28,224	0	28,224
Urban cycleways	51,230	0	51,230
Reinstatement of earthquake damaged roads in Christchurch	114,000	0	114,000
Auckland accelerated package	110,000	0	110,000
Regional state highways	14,000	0	14,000
Crown funded	326,474	0	326,474
Regional state highways	41,000	0	41,000
<b>TOTAL</b>	<b>3,446,690</b>	<b>102,378</b>	<b>3,549,068</b>

(PLA - permanent legislative authority)

## STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

The Transport Agency is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing the Transport Agency's operations includes the Crown Entities Act 2004 and the Land Transport Management Act 2003. The Transport Agency's ultimate parent is the New Zealand Crown.

The Transport Agency's primary objective is to provide services to the New Zealand public. Its purpose is to deliver effective, efficient, safe, responsible and resilient transport solutions that support a thriving New Zealand. The Transport Agency does not operate to make a financial return.

The Transport Agency is designated a public benefit entity (PBE) for financial reporting purposes.

### Consolidation of controlled entity

The consolidated financial statements include the controlling entity NZ Transport Agency and its controlled entity NZ Transport Ticketing Limited, which is a Crown entity. The purpose of NZ Transport Ticketing Limited is to assist and advise the National Ticketing Programme.

In preparing the consolidated financial statements, NZ Transport Agency's financial statements are combined with NZ Transport Ticketing Limited line by line, by adding together like items of assets, liabilities, equity, revenues and expenses. All inter-entity transactions are eliminated on consolidation.

Consistent accounting policies are applied to the controlled entity's financial statements and are prepared for the same reporting period as the controlling entity.

### Basis of preparation

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

#### *Statement of compliance*

The financial statements of the Transport Agency have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Financial Reporting Act 2013. They comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

#### *Presentation currency and rounding*

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

#### *Standards issued and not yet effective and not early adopted*

The Transport Agency 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 2016.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue

Revenue is measured at the fair value of the consideration received or receivable.

#### *Funding from the Crown and the National Land Transport Fund*

The Transport Agency is primarily funded through revenue received from the Crown and the National Land Transport Fund, which is restricted in its use for the purpose of the Transport Agency meeting its objectives as specified in the *Statement of performance expectations*.

Funding from the Crown and the National Land Transport Fund is recognised as revenue when earned and is reported in the financial period to which it relates.

#### *Interest*

Interest revenue is recognised in the surplus or deficit using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

#### *Rental income*

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

### Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.



### Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### Debtors and receivables

Short-term debtors and receivables are recognised initially at fair value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Transport Agency will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of amounts expected to be collected.

### Property assets held for sale

Property assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of property assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Property assets held for sale (including those that are part of a disposal group) are not depreciated while they are classified as held for sale.

### Property, plant and equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, furniture and fittings, plant and office equipment, and motor vehicles.

Property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses.

#### *Additions and subsequent costs*

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Transport Agency and the cost of the item can be measured reliably.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Transport Agency and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

#### *Disposals*

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

## State highway network

### *Valuation*

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. Borrowing costs have not been capitalised.

A cyclical basis is now being used 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 will be subject to a valuation update through the use of price indices.

A revaluation surplus arising on revaluation of state highway is recorded in other comprehensive revenue and expense and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same class of asset previously recognised in surplus or deficit, the increase is recognised in surplus or deficit. A revaluation deficit is recognised in the surplus or deficit, except to the extent that it offsets an existing surplus on the same asset class recognised in the asset revaluation reserve.

An allowance is made in the valuation for brownfield costs. Brownfield cost is a generic term for the additional costs of constructing in a particular location because of the increased intensity of surrounding land use compared to the cost of constructing in a vacant greenfield situation. A major component of brownfield costs are one-off costs necessary to make the land freely available to build the state highway, and are not part of the physical construction cost. They include capital works relating to relocation and refurbishment of assets owned by other parties, work to protect the privacy and environment of adjoining properties, and compensation to landowners.

Other components of brownfield cost result from the increased constraints or requirements imposed when constructing in an already developed location. Examples include increased traffic management and security, limitations on available contractor areas for storage, parking, buildings and general operations, noise and dust limitations, restricted hours of work etc.

### *Additions and subsequent costs*

The cost of constructing the state highway network is recognised as an asset. 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 Transport Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive revenue and expense during the financial period in which they are incurred.

### *Disposals*

Gains and losses on disposals are determined being the difference between the net proceeds and the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserve in respect of those assets are transferred to equity.

## Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment and state highway network assets other than land, held properties, formation and the sub-base component of pavement (base), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The state highway network assets are depreciated based on revalued carrying amount of the asset.

Depreciation expense is recognised in the surplus or deficit.

The useful lives and associated depreciation rates of major classes of assets 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	69 – 103	0.97 – 1.4
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	7.7 – 33.0

Land, held properties, 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.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### Intangible assets

#### *Software acquisition and development*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of directly attributable overheads.

Costs associated with development and maintenance of the Transport Agency's website are recognised as an expense when incurred.

#### *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 surplus or deficit.

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 – 10	10 – 33.3

### Impairment of property, plant and equipment and intangible assets

The Transport Agency does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

#### *Non-cash generating 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.

Property, plant and equipment and intangible assets held at cost that have a finite useful life, are reviewed for impairment whenever events or changes in circumstances indicate that there may be a reduction in the future service potential that can be expected to be derived from the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. An impairment loss is recognised in surplus or deficit, except to the extent that it offsets an existing surplus on the same asset class recognised in the asset revaluation reserve.

### 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 debtors and other receivables or cash and cash equivalents in the Statement of financial position.

### Service concession arrangements

Public private partnerships for the construction of state highways are treated as service concession arrangements and accounted for in accordance with PBE IPSAS 32 *Service Concession Arrangements: Grantor*.

During construction the cumulative cost, including financing, is recognised as an asset, with a matching liability representing the Agency's obligations under the arrangement should conditions exist such that the arrangement will not continue through to the service commencement date. Prior to the service commencement date, there are no scheduled payments under the agreement.

On completion the asset and liability will be re-measured to fair value.

On the service commencement date, the following payments will occur:

- a design and construction payment from the Transport Agency to the contractor; and
- a rental prepayment from the contractor to the Transport Agency.

In practice, these two payments will be set off against each other and there is no cash transaction.

At the time the service concession assets become operational, the Transport Agency will pay the contractor a quarterly unitary payment subject to satisfactory performance against the agreed service levels.

The unitary payments are accounted for according to their substance as a reduction in the liability, a finance charge, and operating costs for the period.

This treatment is consistent with the Treasury Public Private Partnership Accounting Guidelines.

Once operational, the service concession assets are accounted for in accordance with the policies adopted by the Transport Agency in respect of the rest of the state highway.

### Payables

Short-term creditors and other payables are recorded at their face value.

### Borrowing

Borrowing is initially recognised at their fair value plus transaction costs. After initial recognition, all borrowing is measured at amortised cost using the effective interest method.

## Employee entitlements

### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, 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 entitlement information; and
- the present value of the estimated future cash flows.

### *Presentation of employee entitlements*

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

## Superannuation schemes

### *Defined contribution schemes*

Obligations for contributions to the Government Superannuation Fund, Kiwisaver, National Superannuation Scheme, and Post Office Pension Fund are accounted for as defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

## Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure 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 an interest expense.

## Jointly controlled operations

The Transport Agency has interests in jointly controlled operations. These include the Auckland Motorway Alliance and Marlborough Roads. It recognises in its financial statements:

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

## Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- general funds
- retained funds
- memorandum account – other fees and charges
- equity derived from the state highway network.

## Goods and services tax

All items in the financial statements are presented exclusive of goods and services tax (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 is included as part of receivables or payables in the Statement of financial position.

The net GST paid to, or received from the Inland Revenue, 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.

### Income tax

The Transport Agency is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

### Critical accounting estimates and assumptions

In preparing these financial statements the Transport Agency 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*

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Transport Agency, 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 surplus or deficit, and carrying amount of the asset in the Statement of financial position. The Transport Agency minimises the risk of this estimation uncertainty by:

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

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

#### *Retirement and long service leave*

The valuation of employee entitlements involves making future projections for each employee. The probability of an employee leaving has been determined with reference to current public service leaving statistics. To minimise the risk of misstatements involving the assumptions used, additional economic assumptions are taken from Treasury guidance.

### Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies.

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 Transport Agency incurs expenditure on maintaining state highways and state highway infrastructure improvements. 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 thereon
- determining the optimum level of Bailey bridging stock.

The brownfield construction costs represent a significant proportion of the capitalised cost of the state highway. Brownfield costs are not recorded in the state highway asset management system, but are accounted for generically with the value derived from costs in the financial records.

# OUTPUT CLASS REVENUE AND EXPENDITURE

## PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

### Licensing and regulatory compliance

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Crown (ministerial advice and official correspondence)	548	548	548	548
Crown (rules development)	899	800	800	800
Crown (drug and alcohol assessments)	1,030	1,030	1,030	1,030
Crown (driver licensing stop orders)	75	75	75	75
Crown (driver test subsidy)	1,445	1,445	1,445	1,445
Fees and charges	91,015	86,789	85,114	85,114
Other	354	351	351	351
<b>Total inflows</b>	<b>95,366</b>	<b>91,038</b>	<b>89,363</b>	<b>89,363</b>
<b>OUTFLOWS</b>				
Ministerial advice and official correspondence	831	908	950	965
Rules development	763	1,055	1,083	1,057
Drug and alcohol assessments	1,237	1,407	1,412	1,414
Fees and charges funded activities	89,427	91,019	89,827	89,737
Other (including driver licensing stop orders)	0	34	27	27
<b>Total outflows</b>	<b>92,258</b>	<b>94,423</b>	<b>93,299</b>	<b>93,200</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>3,108</b>	<b>(3,385)</b>	<b>(3,936)</b>	<b>(3,837)</b>

### Road tolling

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Fees and charges	10,453	11,664	12,133	12,796
<b>Total inflows</b>	<b>10,453</b>	<b>11,664</b>	<b>12,133</b>	<b>12,796</b>
<b>OUTFLOWS</b>				
Transport Agency operating activities	9,551	11,938	11,602	11,802
<b>Total outflows</b>	<b>9,551</b>	<b>11,938</b>	<b>11,602</b>	<b>11,802</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>902</b>	<b>(274)</b>	<b>531</b>	<b>994</b>

## Motor vehicle registry

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Fees and charges	57,876	55,398	54,893	55,507
Total inflows	57,876	55,398	54,893	55,507
<b>OUTFLOWS</b>				
Transport Agency operating activities	59,051	61,566	60,459	60,133
Total outflows	59,051	61,566	60,459	60,133
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1,175)</b>	<b>(6,168)</b>	<b>(5,566)</b>	<b>(4,626)</b>

## Road user charges collection, investigation and enforcement

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
NLTF (road user charges investigation and enforcement)	3,779	3,779	3,779	3,779
NLTF (road user charges refund)	450	450	450	450
Fees and charges	11,785	10,645	9,740	10,054
Total inflows	16,014	14,874	13,969	14,283
<b>OUTFLOWS</b>				
Transport Agency (road user charges investigation and enforcement)	3,734	3,876	4,016	4,060
Transport Agency (road user charges refund)	697	622	626	632
Transport Agency (road user charges collection)	12,283	12,540	10,633	10,713
Total outflows	16,714	17,038	15,275	15,405
<b>NET SURPLUS/(DEFICIT)</b>	<b>(700)</b>	<b>(2,164)</b>	<b>(1,306)</b>	<b>(1,122)</b>

## Refund of fuel excise duty

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
National Land Transport Fund	545	803	703	679
Other	105	115	115	115
Total inflows	650	918	818	794
<b>OUTFLOWS</b>				
Transport Agency operating activities	650	918	818	794
Total outflows	650	918	818	794
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK

### Investment management

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Crown (crash analysis system)	775	775	775	775
National Land Transport Fund	54,869	53,880	53,880	52,706
National Land Transport Fund capital contribution	4,900	5,120	4,120	4,202
Other (contributions)	231	0	0	0
Total inflows	60,775	59,775	58,775	57,683
<b>OUTFLOWS</b>				
Transport Agency (crash analysis system)	1,418	2,893	2,983	2,697
Transport Agency operating activities	46,668	45,683	47,267	46,869
Funding to approved organisations	7,789	6,079	4,405	3,915
Transport Agency investment in the state highway network	4,900	5,120	4,120	4,202
Total outflows	60,775	59,775	58,775	57,683
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Public transport

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
National Land Transport Fund	309,897	332,000	337,000	349,342
Other (contributions)	103	0	0	0
Total inflows	310,000	332,000	337,000	349,342
<b>OUTFLOWS</b>				
Transport Agency (NZ Transport Ticketing Limited)	6,791	10,000	9,974	7,390
Transport Agency operating activities	420	767	854	480
Funding to approved organisations	302,789	321,233	326,172	341,472
Total outflows	310,000	332,000	337,000	349,342
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### SuperGold card administration and public transport concessions

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Crown	28,824	28,224	28,224	28,224
Total inflows	28,824	28,224	28,224	28,224
<b>OUTFLOWS</b>				
Transport Agency operating activities	295	95	95	95
Funding to approved organisations	28,529	28,129	28,129	28,129
Total outflows	28,824	28,224	28,224	28,224
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Walking and cycling

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Crown (Urban cycleways)	10,000	43,630	29,370	0
Crown capital contribution (Urban cycleways)	2,000	7,600	2,400	0
National Land Transport Fund	20,000	26,031	41,034	21,136
National Land Transport Fund capital contribution	19,787	9,969	9,966	16,964
Other (contributions)	213	0	0	0
Total inflows	52,000	87,230	82,770	38,100
<b>OUTFLOWS</b>				
Crown funding to approved organisations (Urban cycleways)	10,000	43,630	29,370	0
Crown investment in the state highway network (Urban cycleways)	2,000	7,600	2,400	0
Transport Agency operating activities	757	1,131	1,134	1,136
Funding to approved organisations	19,243	24,900	39,900	20,000
Transport Agency investment in the state highway network	20,000	9,969	9,966	16,964
Total outflows	52,000	87,230	82,770	38,100
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Road safety promotion

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
National Land Transport Fund	32,737	35,100	33,200	34,794
National Land Transport Fund capital contribution	1,200	900	800	816
Community road safety programme	1,283	924	924	924
Other (contributions)	63	0	0	0
Total inflows	35,283	36,924	34,924	36,534
<b>OUTFLOWS</b>				
Transport Agency (community road safety programme)	976	1,545	1,055	1,055
Transport Agency (vehicle impoundment)	204	204	212	220
Transport Agency operating activities	21,506	24,001	22,278	22,234
Funding to approved organisations	11,090	10,896	10,711	12,340
Transport Agency investment in the state highway network	1,200	900	800	816
Total outflows	34,976	37,546	35,056	36,665
<b>NET SURPLUS/(DEFICIT)</b>	<b>307</b>	<b>(622)</b>	<b>(132)</b>	<b>(131)</b>

## Local road improvements

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Borrowing from the Crown (Auckland Accelerated Package)	0	0	5,000	0
National Land Transport Fund	114,000	142,000	145,000	158,000
Total inflows	114,000	142,000	150,000	158,000
<b>OUTFLOWS</b>				
Crown funding to approved organisations (Auckland Accelerated Package)	0	0	5,000	0
Funding to approved organisations	114,000	142,000	145,000	158,000
Total outflows	114,000	142,000	150,000	158,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Local roads maintenance

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Borrowing from the Crown (reinstate Christchurch roads)	57,420	114,000	0	0
National Land Transport Fund (reinstate Christchurch roads)	0	0	43,000	40,000
National Land Transport Fund	570,000	585,000	565,000	575,000
Total inflows	627,420	699,000	608,000	615,000
<b>OUTFLOWS</b>				
Crown funding to approved organisations (reinstate Christchurch roads)	57,420	114,000	0	0
Repayment of borrowing (reinstate Christchurch roads)	0	0	43,000	40,000
Transport Agency operating activities	133	200	200	200
Funding to approved organisations	569,867	584,800	564,800	574,800
Total outflows	627,420	699,000	608,000	615,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Regional improvements

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
National Land Transport Fund capital contribution	12,500	98,000	115,000	85,000
Total inflows	12,500	98,000	115,000	85,000
<b>OUTFLOWS</b>				
Transport Agency investment in the state highway network	12,500	98,000	115,000	85,000
Total outflows	12,500	98,000	115,000	85,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## MANAGING THE STATE HIGHWAY NETWORK

### State highway improvements

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
Borrowing from the Crown (Auckland Accelerated Package)	149,000	110,000	79,000	32,000
Crown capital contribution (Regional state highways)	44,000	55,000	29,000	37,000
National Land Transport Fund	532,658	540,213	543,385	546,685
National Land Transport Fund capital contribution	703,834	802,466	789,013	765,323
Other (contributions)	9,877	0	0	0
National Land Transport Fund (state highway disposals)	56,150	42,534	85,987	25,206
Total inflows	1,495,519	1,550,213	1,526,385	1,406,214
<b>OUTFLOWS</b>				
Crown investment (Auckland Accelerated Package)	149,000	110,000	79,000	32,000
Crown investment (Regional state highways)	44,000	55,000	29,000	37,000
Transport Agency operating activities	35,469	34,925	36,227	36,363
Transport Agency investment in the state highway network	1,259,392	1,340,075	1,373,773	1,294,166
Interest on borrowing	7,658	10,213	8,385	6,685
Total outflows	1,495,519	1,550,213	1,526,385	1,406,214
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### State highway maintenance

	PROJECTED 2015/16 \$000	BUDGET 2016/17 \$000	FORECAST 2017/18 \$000	FORECAST 2018/19 \$000
<b>INFLOWS</b>				
National Land Transport Fund capital contribution	135,370	143,246	143,776	147,070
National Land Transport Fund	302,146	407,669	410,474	420,430
National Land Transport Fund (rental and interest revenue)	15,410	15,085	14,750	14,500
Other (contributions)	5,823	2,212	2,222	2,222
Total inflows	458,749	568,212	571,222	584,222
<b>OUTFLOWS</b>				
Transport Agency operating activities	29,420	27,908	29,375	29,924
Transport Agency investment in the state highway network (capital)	127,365	141,964	142,373	145,616
Transport Agency investment in the state highway network	301,964	398,340	399,474	408,682
Total outflows	458,749	568,212	571,222	584,222
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

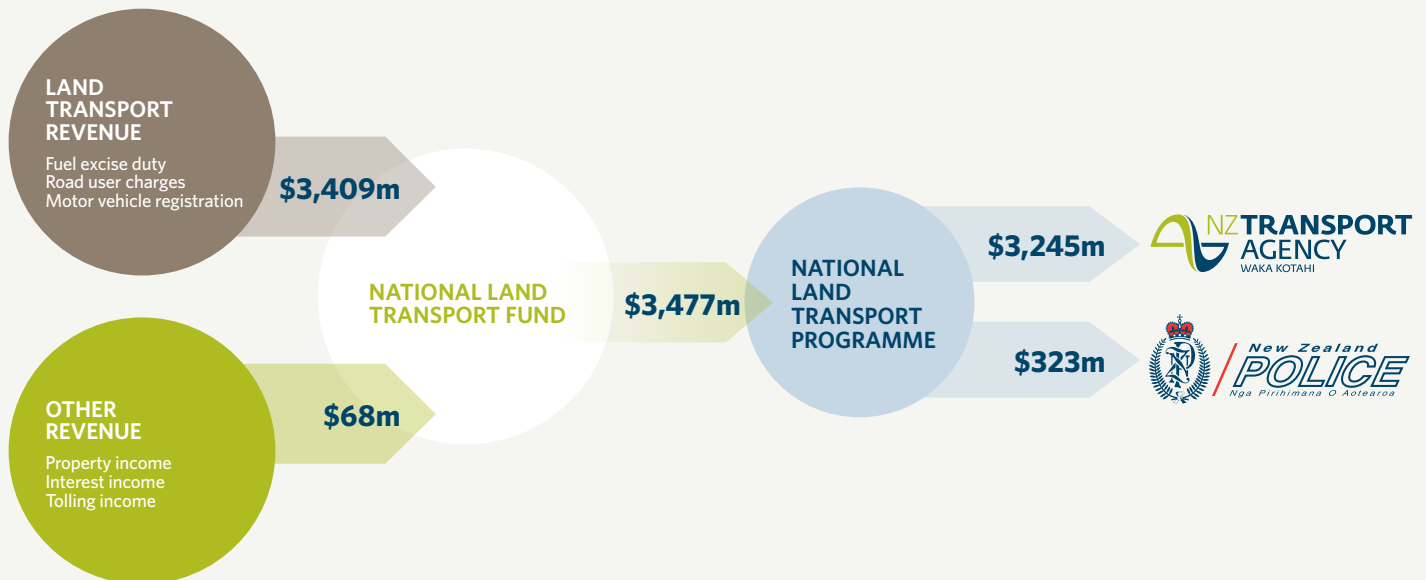
# NATIONAL LAND TRANSPORT FUND

## FINANCIAL OVERVIEW

The National Land Transport Fund is a key tool to facilitate the government's investment on behalf of transport users. All revenue from fuel excise duty, road user charges, motor vehicle registration and licensing fees, revenues from Crown appropriations and management of Crown land, and interest are accounted for in the National Land Transport Fund. The National Land Transport Fund is used to manage:

- the funding of the NZ Police road policing programme
- the funding of the National Land Transport Programme for:
  - activities delivered by an approved organisation
  - state highway activities
  - research
  - other Transport Agency activities, such as transport planning.

## FUNDING INFLOWS AND OUTFLOWS 2016/17



# PROSPECTIVE FINANCIAL STATEMENTS

## NLTF PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2015/16 \$m	BUDGET 2016/17 \$m	FORECAST 2017/18 \$m	FORECAST 2018/19 \$m
<b>REVENUE INFLOWS<sup>a</sup></b>				
Land transport revenue	3,363	3,409	3,474	3,546
Management of Crown land and interest	75	61	104	43
Tolling	6	7	7	7
Total revenue inflows	3,444	3,477	3,585	3,596
<b>OUTFLOWS</b>				
National Land Transport Programme	2,901	3,239	3,335	3,257
Roading Policing Programme	315	323	322	322
Fuel excise duty/road user charges administration	5	5	5	5
Forecasting and strategy	1	1	1	1
Total outflows	3,222	3,568	3,663	3,585
<b>SURPLUS/(DEFICIT)</b>	<b>222</b>	<b>(91)</b>	<b>(78)</b>	<b>11</b>

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

## NLTF PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	PROJECTED 2015/16 \$m	BUDGET 2016/17 \$m	FORECAST 2017/18 \$m	FORECAST 2018/19 \$m
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	235	177	108	122
Receivables	280	283	284	286
Total assets	515	460	392	408
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	384	420	430	435
Total liabilities	384	420	430	435
<b>NET ASSETS</b>	<b>131</b>	<b>40</b>	<b>(38)</b>	<b>(27)</b>
General funds	131	40	(38)	(27)
<b>GENERAL FUNDS CLOSING BALANCE<sup>a</sup></b>	<b>131</b>	<b>40</b>	<b>(38)</b>	<b>(27)</b>

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

### NLTF PROSPECTIVE STATEMENT OF CHANGES IN GENERAL FUNDS BALANCE FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2015/16 \$m	BUDGET 2016/17 \$m	FORECAST 2017/18 \$m	FORECAST 2018/19 \$m
<b>GENERAL FUNDS OPENING BALANCE</b>				
General funds	(91)	131	40	(38)
Total general funds opening balance	(91)	131	40	(38)
<b>CHANGES IN GENERAL FUNDS BALANCE</b>				
Surplus/(deficit)	222	(91)	(78)	11
Total changes in general funds balance	222	(91)	(78)	11
<b>GENERAL FUNDS CLOSING BALANCE</b>				
General funds	131	40	(38)	(27)
<b>TOTAL GENERAL FUNDS CLOSING BALANCE<sup>a</sup></b>	<b>131</b>	<b>40</b>	<b>(38)</b>	<b>(27)</b>

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

### NLTF PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2015/16 \$m	BUDGET 2016/17 \$m	FORECAST 2017/18 \$m	FORECAST 2018/19 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from land transport revenue	3,430	3,475	3,583	3,594
Payments to suppliers	(3,234)	(3,533)	(3,652)	(3,580)
Net cash from operating activities	196	(58)	(69)	14
<b>NET INCREASE/(DECREASE) IN AMOUNTS HELD BY THE CROWN</b>	<b>196</b>	<b>(58)</b>	<b>(69)</b>	<b>14</b>
Amounts held by the Crown at the beginning of the year	39	235	177	108
<b>AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR<sup>a</sup></b>	<b>235</b>	<b>177</b>	<b>108</b>	<b>122</b>

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



# NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

## PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

### Use of information contained in these prospective financial statements

These prospective financial statements have been prepared in accordance with the Crown Entities Act 2004, for the purpose of providing information on the National Land Transport Fund's future operating intentions and financial position, against which it must report and be formally audited at the end of the financial year.

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

The Transport Agency has complied with financial reporting standard PBE FRS 42 *Prospective Financial Statements* in the preparation of these National Land Transport Fund prospective financial statements.

These prospective financial statements are based on significant financial assumptions as to future events that the Transport Agency reasonably expects to occur at the time this information was prepared. Any changes to these assumptions during the year will not be reflected in these financial statements.

The reader of this report should note that no actual operating results are contained in these prospective financial statements. Actual results achieved for the forecast periods are likely to vary from the information presented, and that some variations may be material.

The Transport Agency does not intend to update the prospective financial statements subsequent to the publication of these statements.

### Statement of significant underlying assumptions

The Transport Agency has made a number of assumptions in preparing the National Land Transport Fund prospective financial statements. The most significant of these are outlined below.

<b>Land transport revenue</b>	The revenue forecast for the National Land Transport Fund includes estimates of fuel excise duty, road user charges and motor vehicle registration inflows into the fund. The forecasts for each are determined by the revenue forecasting model managed by the Ministry of Transport with input from the NZ Transport Agency, from the Treasury and New Zealand Customs Service. Forecasts are based on the current historical trends and the economic outlook as presented by the Treasury, including economic growth, growth in the vehicle kilometres travelled and current price assumptions.
<b>Management of Crown land and interest</b>	Forecast revenues are influenced by the management of rental properties and interest revenue on cash holdings. Assumptions are based on historical performance and trends.
<b>National Land Transport Programme</b>	The Transport Agency has developed a 2015-18 National Land Transport Programme. The expenditure for the forecasted out years are most likely to change depending on the progress of the programme. The Transport Agency is undertaking a programme of capital spending aimed at improving and renewing the state highway network. Projected costs and timing of expenditure are based on project plans and quotations current when these forecasts were prepared.
<b>Opening equity</b>	Estimated opening equity assumes a 2015/16 year surplus of \$222 million. This impacts on estimated amounts of cash on hand and net assets.

## STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

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

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

- the funding of the NZ Police road policing programme
- the funding of the National Land Transport Programme for:
  - activities delivered by an approved organisation
  - state highway activities
  - research
  - other Transport Agency activities, such as transport planning.

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

The National Land Transport Fund is a public benefit entity (PBE) for financial reporting purposes.

### **Basis of preparation**

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

### *Statement of compliance*

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

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

### *Presentation currency and rounding*

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

### *Standards, amendments and interpretations issued that are not yet effective and have not been early adopted*

The National Land Transport Fund 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 2016.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Revenue inflows**

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the National Land Transport Fund's business. Revenue is shown net of goods and services tax.

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 National Land Transport Fund 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.

### *Interest*

Interest revenue is recognised using the effective interest method and presented in surplus or deficit.

### **Outflows**

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

- The Transport Agency – for the funding of the National Land Transport Programme, and fuel excise duty/road user charges administration
- The Police – who provide the Rooding Policing Programme
- The Ministry of Transport – for forecasting and strategy.

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

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

### **Assets**

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

### **Employee entitlements**

The National Land Transport Fund has no employees.

### **Goods and services tax**

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

### **Income tax**

The National Land Transport Fund is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

**STATEMENT OF SERVICE PERFORMANCE - FINANCIALS****Output class funding to the NZ Transport Agency**

	<b>PROJECTED 2015/16 \$m</b>	<b>BUDGET 2016/17 \$m</b>	<b>FORECAST 2017/18 \$m</b>	<b>FORECAST 2018/19 \$m</b>
State highway improvements	1,302	1,385	1,418	1,337
State highway maintenance	458	566	569	582
Local road improvements	114	142	145	158
Local roads maintenance	570	585	565	575
Public transport	310	332	337	349
Walking and cycling	40	36	51	38
Regional improvements	13	98	115	85
Road safety promotion	34	36	34	36
Investment management	60	59	58	57
Reinstatement of earthquake damaged roads in Christchurch	0	0	43	40
<b>TOTAL OUTPUT CLASS FUNDING TO THE TRANSPORT AGENCY</b>	<b>2,901</b>	<b>3,239</b>	<b>3,335</b>	<b>3,257</b>

# APPENDICES



# APPENDIX 1: KEY OPERATING ASSUMPTIONS

## KEY

REVENUES	PROCUREMENT
NATIONAL	NATIONAL
REGIONAL	DETAIL

## 2 LIGHT VEHICLE TRAVEL ON THE STATE HIGHWAY NETWORK TO INCREASE

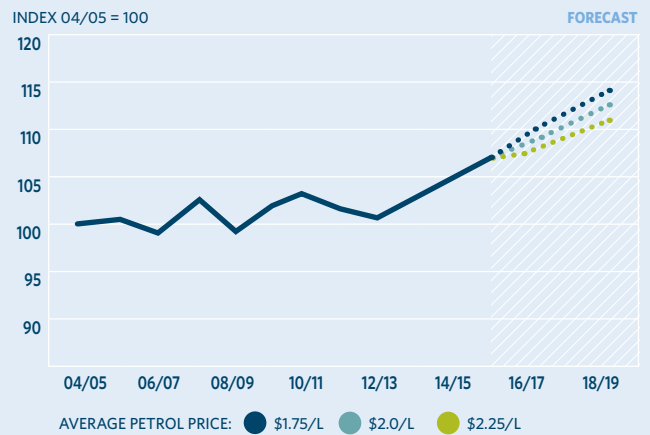
Our mid-point scenario says light vehicle travel will grow by an average 1.7% per year

2014/15 BASELINE: 18.3bn VKT

2019/20 FORECAST:  
Lower - 19.4bn VKT  
Mid - 19.7bn VKT  
Upper - 20.0bn VKT

VKT = Vehicle kilometres travelled

### LIGHT VEHICLE TRAVEL ON STATE HIGHWAYS



## ASSUMPTIONS THAT AFFECT REVENUE

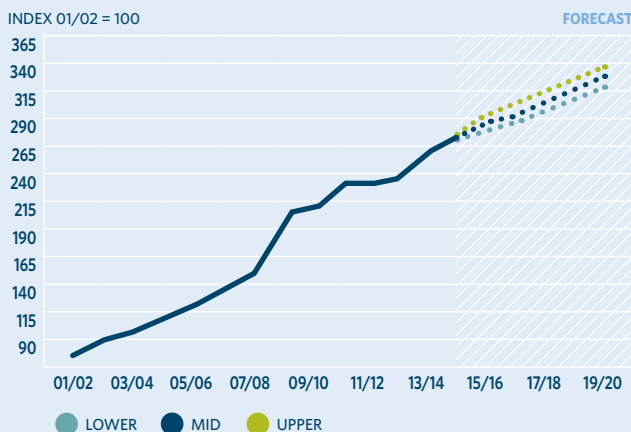
## 1 NATIONAL LAND TRANSPORT FUND TO INCREASE ACROSS ALL REVENUE STREAMS

NLTF revenues to grow by an average 3.7% per year

2014/15 BASELINE: \$3.2bn

2019/20 FORECAST:  
Lower - \$3.7bn  
Mid - \$3.8bn  
Upper - \$3.9bn

### REVENUES FLOWING INTO THE NATIONAL LAND TRANSPORT FUND



## 3 HEAVY VEHICLE TRAVEL ON THE STATE HIGHWAY TO CONTINUE TO GROW

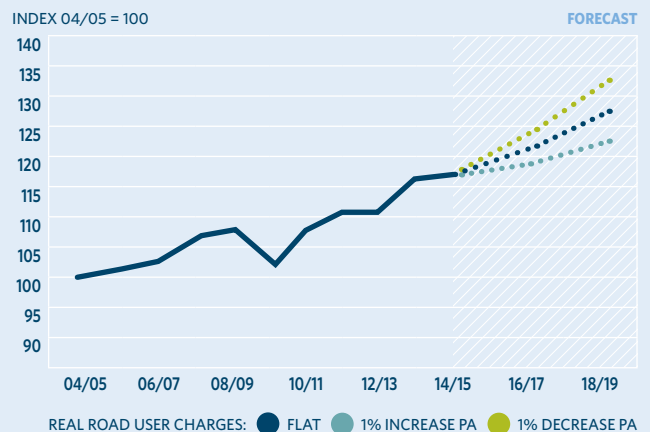
Our mid-point scenario says heavy vehicle travel will grow by an average 2.4% per year

2014/15 BASELINE: 2.1bn VKT

2019/20 FORECAST:  
Lower - 2.22bn VKT  
Mid - 2.37bn VKT  
Upper - 2.47bn VKT

VKT = Vehicle kilometres travelled

### HEAVY TRAVEL ON STATE HIGHWAYS



### 4 TOTAL VEHICLE TRAVEL IN LARGER CENTRES TO INCREASE MORE THAN SMALLER CENTRES

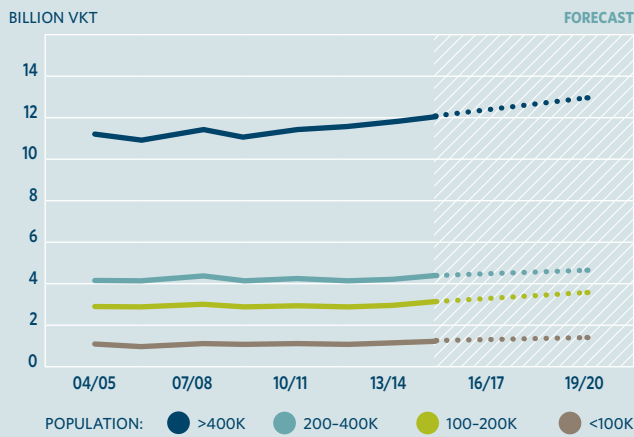
Vehicle travel in our major centres to grow by 1.0bn km

2014/15 BASELINE:  
Major: 11.8bn VKT

2019/20 FORECAST:  
Major: 12.8bn VKT

VKT = Vehicle kilometres travelled

#### VEHICLE TRAVEL BY REGIONAL BREAKDOWN



### 5 MOTOR VEHICLE LICENCE TRANSACTION VOLUMES TO INCREASE

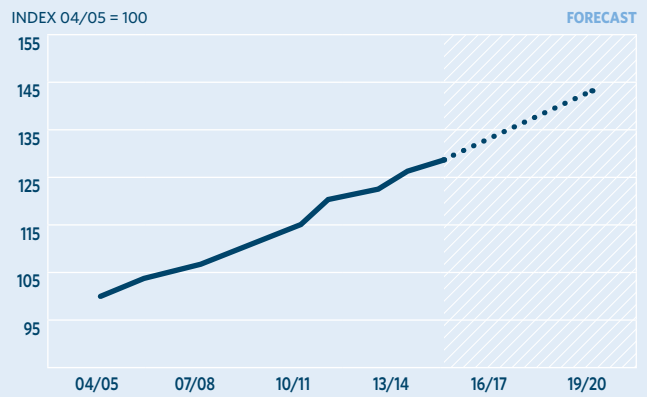
Transaction volumes to grow by an average 1.6% per year

2014/15 BASELINE:  
9.1m\*

2019/20 FORECAST:  
9.9m\*

\* Excludes driver licensing and road user charges transactions

#### VEHICLE LICENCE TRANSACTION VOLUMES



### 6 FINANCIAL HEALTH OF LOCAL GOVERNMENT TO WORSEN SLIGHTLY

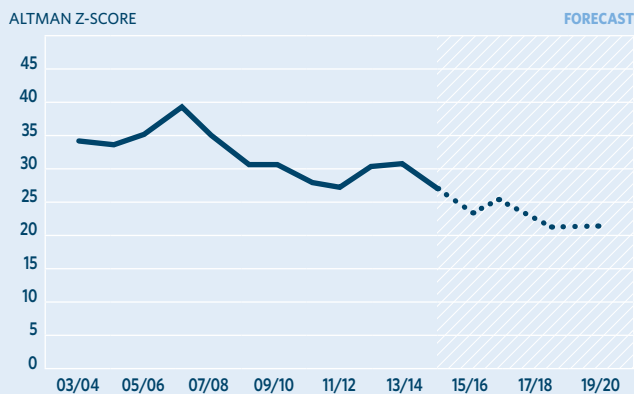
Financial health of local councils to worsen but remain relatively stable over the forecast period

2014/15 BASELINE:  
Altman Z-Score: 23.0\*

2019/20 FORECAST:  
Altman Z-Score: 22.5\*

\* Composite measure of financial health based on published local government financial data

#### FINANCIAL HEALTH OF COUNCILS



### 7 FINANCIAL HEALTH OF LOCAL GOVERNMENT TO DIFFER BY REGION

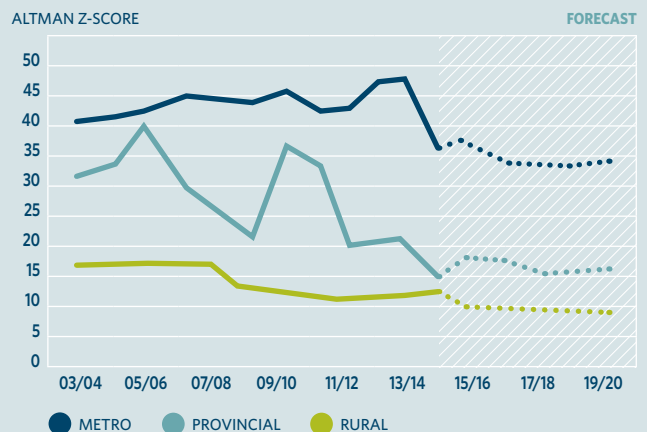
The financial health of rural local councils to decline by an average 1.3% per year

2014/15 BASELINE:  
Rural: Altman Z-Score: 37.7\*

2019/20 FORECAST:  
Rural: Altman Z-Score: 33.4\*

\* Composite measure of financial health based on published local government financial data

#### FINANCIAL HEALTH OF COUNCILS BY REGION



**8 FARE REVENUE CONTRIBUTIONS TO THE NLTP TO INCREASE**

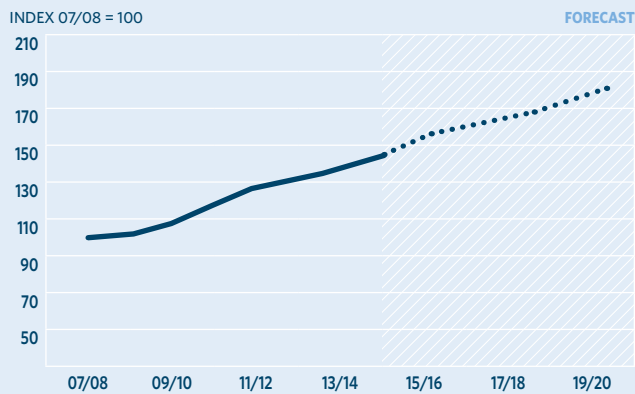
Revenue from public transport fares to rise by an average 4.8% per year

2014/15 BASELINE:  
Fares revenue: \$351m\*

2019/20 FORECAST:  
Fares revenue: \$500m\*

\* Includes SuperGold card fare substitutes

**FARE REVENUE CONTRIBUTIONS TO THE NATIONAL LAND TRANSPORT PROGRAMME**



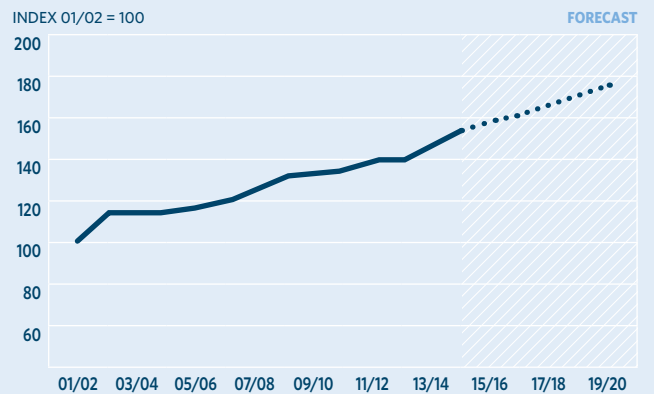
**9 PATRONAGE ON PUBLIC TRANSPORT TO INCREASE**

Public transport patronage to grow by an average 2.9% per year

2014/15 BASELINE:  
143.9m boardings

2019/20 FORECAST:  
165.7m boardings

**PUBLIC TRANSPORT PATRONAGE**



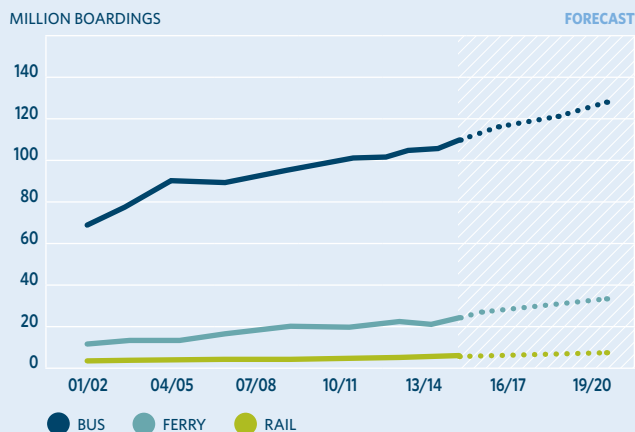
**10 ALL PUBLIC TRANSPORT MODES TO EXPERIENCE HIGHER PATRONAGE**

Bus use to grow by an average 2.5% per year

2014/15 BASELINE:  
Bus: 112.0m  
Rail: 26.0m  
Ferry: 5.9m

2019/20 FORECAST:  
Bus: 126.5m  
Rail: 32.5m  
Ferry: 6.7m

**PUBLIC TRANSPORT BY MODE**



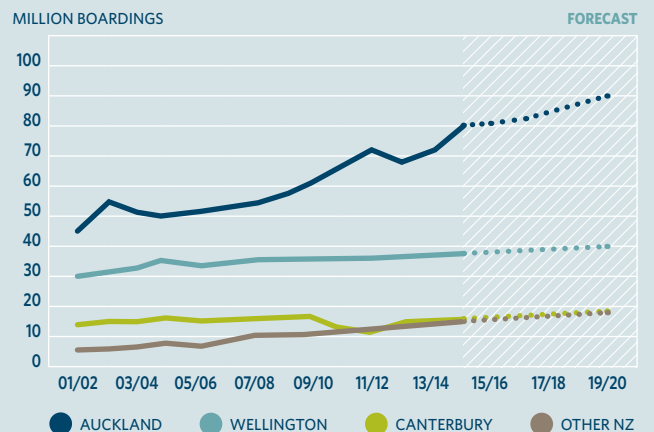
**11 ALL REGIONS TO SEE PATRONAGE GROWTH**

Patronage in Auckland to grow by an average 2.8% per year

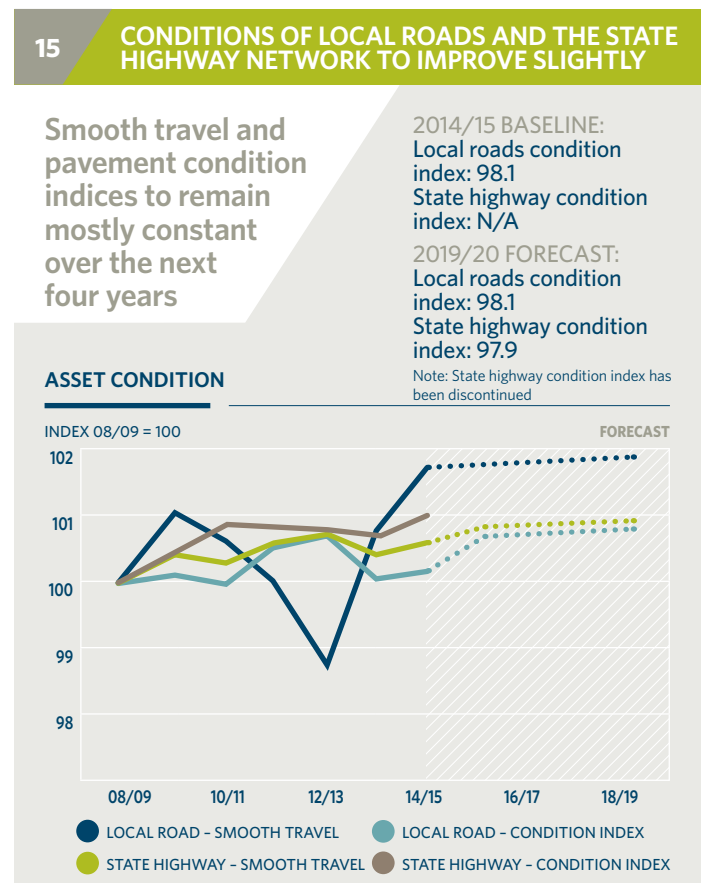
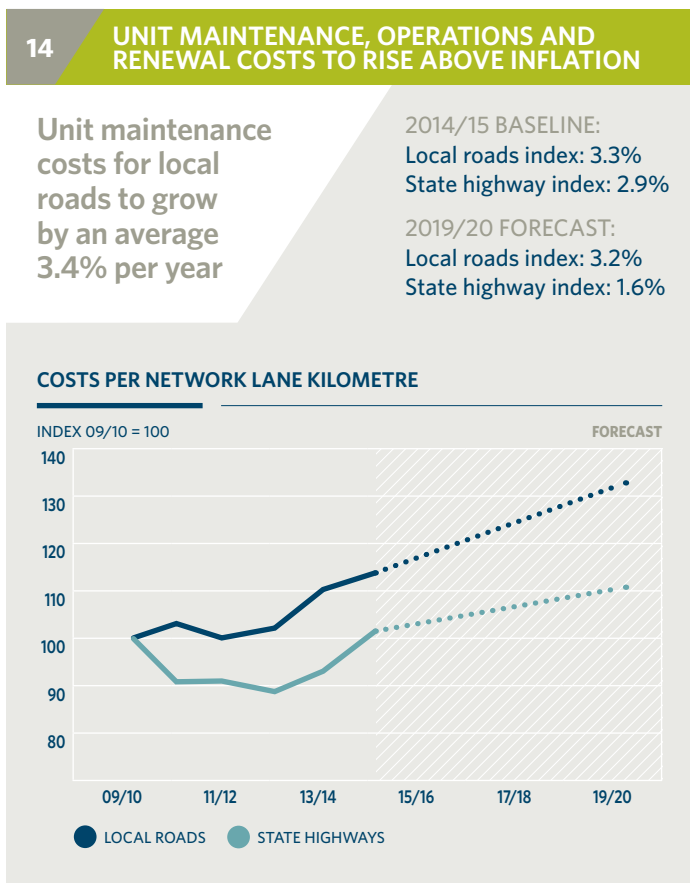
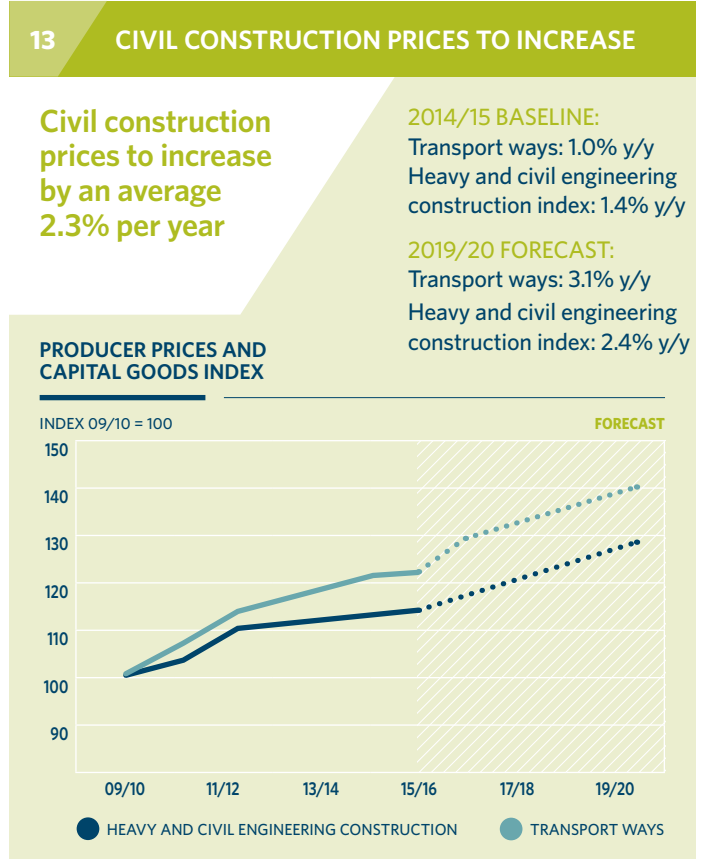
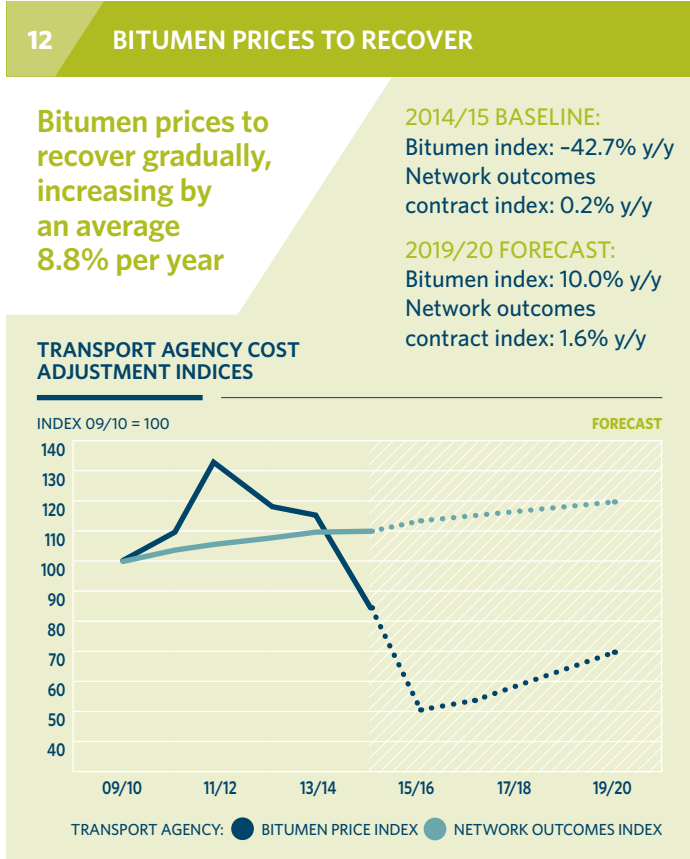
2014/15 BASELINE:  
Auckland: 79.2m  
Wellington: 36.9m  
Christchurch: 15.0m

2019/20 FORECAST:  
Auckland: 90.9m  
Wellington: 39.2m  
Christchurch: 18.3m

**PUBLIC TRANSPORT BY REGION**



**ASSUMPTIONS THAT AFFECT PROCUREMENT**





# APPENDIX 2: URBAN CYCLEWAYS PROGRAMME MILESTONES

The Urban Cycleways Programme is made up of the following milestones as well as those listed on page 35.

Urban Cycleways Programme	Milestones for 2016/17	Milestones for 2017/18	Milestones for 2018/19
Kamo Route	Construction started	Construction completed	
Western Rail Trail	Construction completed		
Te Awa	Construction completed		
Omokoroa to Tauranga	Construction under way	Construction completed	
Tauranga urban CBD connections	Construction under way	Construction completed	
Wainui to CBD and local connections part 1	Construction started	Construction completed	
Rotorua Cy-Way	Construction under way	Construction completed	
iWay Napier extension	Construction under way	Construction completed	
Coronation Ave - Upjohn St to Coronation Ave	Construction started and completed		
Te Tuaiwi ('The Spine')	Construction started	Construction completed	
City to North Mole Cycleway	Construction under way	Construction completed	
Manawatu River Bridge and shared path	Construction under way	Construction completed	
Mangaone Underpasses	Construction started and completed		
Rail Corridor Route	Construction started	Construction completed	
Seal and Widening Hutt River Trail	Construction started	Construction completed	
Beltway		Construction started and completed	
Eastern Bays shared path	Construction started	Construction completed	
Wainuiomata Hill	Construction completed		
Stride n' Ride Kapiti Coast		Construction completed	
Onepoto - Wi Neera shared path	Construction started and completed		
Eastern Route package	Construction started	Construction completed	
Ngauranga to Bunny St	Construction started	Construction completed	
Spring Creek	Construction completed		
Taylor River Reserve	Construction completed		
Eltham Rd Cycle Link	Construction started	Construction completed	
Northern Line Cycleway	Construction started	Construction completed	
Little River Link City End	Construction completed		
Quarryman's Trail	Construction started	Construction completed	

<b>Urban Cycleways Programme</b>	<b>Milestones for 2016/17</b>	<b>Milestones for 2017/18</b>	<b>Milestones for 2018/19</b>
Uni-Cycle	Construction under way	Construction completed	
Rangiora to Kaiapoi - including Southbrook links	Construction started	Construction completed	
Rangiora to Woodend	Construction started and completed		
Central City Cycle Network	Construction started	Construction completed	
South Dunedin Cycleway Enhancements	Construction completed		

# APPENDIX 3: OUTPUT CLASS SCOPE STATEMENTS

OUTPUT CLASS	SCOPE
Licensing and regulatory compliance	<p>Purchase of land transport regulatory implementation services, specialist land transport enforcement services, and licensing services, including driver licensing.</p> <p>Purpose of vote transport appropriation limited to ministerial servicing by the NZ Transport Agency.</p>
Road tolling	Collection of road tolling charges and enforcement activities to recover road tolling payment evasion.
Motor vehicle registry	Registration and licensing of motor vehicles, the collection and refund of motor vehicle registration and licensing revenue, and the operation of the motor vehicle register.
Road user charges collection, investigation and enforcement	Collection and refund of road user charges and the investigation and enforcement of evasion of road user charges.
Refund of fuel excise duty	Receipt and processing of applications for, and the refunding of, fuel excise duty.
Investment management	Managing, monitoring and advising transport sector stakeholders on the allocation of national land transport funds, developing plans for improving the transport network and systems, and developing transport sector capability and research, as authorised under the section 9(3) and (4) of the Land Transport Management Act 2003.
Public transport	<p>Renewal and improvement of infrastructure to support public transport and non-commercial public transport services are authorised under section 9(3) and (4) of the Land Transport Management Act 2003.</p> <p>Non-commercial public transport services, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.</p>
Administration of the SuperGold cardholders scheme <i>and</i> Enhanced public transport concessions for SuperGold cardholders	Administration of the scheme to provide enhanced public transport concessions for SuperGold cardholders.
Walking and cycling	New and improved walking and cycling infrastructure for transport purposes, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.
Road safety promotion	Promote safe and economic use of land transport networks and services, pursuant to section 9 of the Land Transport Management Act 2003.
Road Policing Programme	Developing plans for improving the transport network and systems, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.
Local road improvements	Management and delivery of improvement of local roads, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.

<b>OUTPUT CLASS</b>	<b>SCOPE</b>
Local road maintenance	<p>Management and delivery of renewals to the existing local road infrastructure, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.</p> <p>The reinstatement of local roads in Canterbury is limited to the reinstatements following the earthquakes, as approved by the Transport Agency under relevant legislation.</p>
Regional improvements	<p>Planning and investing in regionally important state highway and local road projects outside the main metropolitan areas.</p>
State highway improvements	<p>Capital works for new infrastructure for state highways, as authorised by section 9(3) and (4) of the Land Transport Management Act 2003.</p>
State highway maintenance	<p>Activities that manage, maintain and operate state highway infrastructure, as authorised under section 9(3) and (4) of the Land Transport Management Act 2003.</p>

# APPENDIX 4: SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASURES

## TYPES OF MEASURE

The Transport Agency performance expectations contain three types of measurement: value for money, service quality and customer satisfaction. Taken as a set, they provide a holistic picture of our service delivery performance.

FUNCTION	TYPES OF MEASURES		
	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
<b>Providing access to and use of the land transport system</b>	Unit transactional costs: <ul style="list-style-type: none"> <li>driver licensing</li> <li>motor vehicle registration</li> <li>road user charges</li> <li>road tolling</li> </ul> % of transactions completed digitally: <ul style="list-style-type: none"> <li>driver licensing</li> <li>motor vehicle registration</li> <li>road user charges</li> </ul>	% of operational assurance activities completed % accuracy of registers Number of products/services delivered or processed % of activities delivered to agreed standards and timeframes % revenue compliance Average number of days taken to deliver	% customer satisfaction motor vehicle registration
<b>Planning and investing in the land transport network</b>	Total cost of managing the funding allocation system as a % of National Land Transport Programme expenditure % of activities delivered to agreed standards and timeframes: <ul style="list-style-type: none"> <li>local road improvements</li> <li>local road maintenance</li> </ul> Public transport productivity - costs per passenger kilometre Local road maintenance cost per lane kilometre State highway maintenance cost per lane kilometre	% of activities delivered to agreed standards and timeframes: <ul style="list-style-type: none"> <li>investment management</li> <li>transport planning</li> <li>sector research</li> <li>road safety promotion</li> <li>SuperGold Card</li> </ul> % of operational assurance activities completed Average number of days taken to deliver: <ul style="list-style-type: none"> <li>investment management</li> <li>SuperGold card</li> </ul> Public transport - Fare revenue as a % of total expenditure Road Policing Programme (refer to page 57) Strategic cycling networks - kilometres Number of passengers using urban public transport services (bus, train and ferry) Pavement integrity of the sealed network Surface condition of the sealed network % of road safety advertising campaigns that meet or exceed their agreed success criteria Travel times on key local roads and state highways Network productivity of key local roads and state highways % of approved organisations signed up to the 50MAX network. % of state highways available to high productivity motor vehicles Kilometres of improved regional roading	% customer satisfaction approved organisations
<b>Managing the state highway network</b>	% of activities delivered to agreed standards and timeframes: <ul style="list-style-type: none"> <li>state highway improvements</li> <li>state highway maintenance</li> </ul>	Safe stopping: % of travel on network above skid threshold Network resilience: % of rutting >20mm over state highway network Smooth ride: % of travel on network classed as smooth Availability of state highway network: % of unplanned road closures resolved within 12 hours	% customer satisfaction network information customers

## TECHNICAL NOTES

These notes provide explanation and technical details for non-financial performance measures.

### PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

#### Licensing and regulatory compliance

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

#### Road tolling

7. *Unit transaction cost* is the direct unit cost of delivering a toll service. Cost excludes write offs, bad debts and administration fees from toll payment notices. Future target ranges have remained consistent, despite the forecast increase in tolling volumes, as there is ongoing system investment to manage the increased volume and complexity associated with the introduction of additional toll roads (Tauranga Eastern Link and Route K).

#### Motor vehicle registry

8. The *% of transactions completed online* is the proportion of annual motor vehicle licensing (including reversals), new registrations and register maintenance actions including (vehicle licensing exemptions, change of ownership (buyer), change of ownership (seller), change of name/address, registered person name and address) purchased over the internet, direct connect and via an industry agent divided by the total number of motor vehicle registrations.
9. The *% accuracy of register* reflects the accuracy of the information entered into the motor vehicle register (MVR). Data verification activities are focused on confirming vehicle attributes; vehicle ownership and address information in the MVR. It combines the result of regular audit checks by regional staff, unverified owner and address information returns.
10. The *% customer satisfaction* reflects the proportion of MVR customers who state that it requires little effort to relicence their motor vehicle. It is sourced from an independently conducted (Research New Zealand) survey.

#### Road user charges (RUC) collection, investigation and enforcement

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

#### Refund of fuel excise duty (FED)

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

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK

### Investment management

15. The *total cost of the management of the funding allocation system* is the Transport Agency service delivery cost for this output less the cost of crash analysis system (CAS) business activity, which is not part of the management funding allocation system.
16. The *% of activities that are delivered to agreed standards and timeframes (management of the funding allocation system)* is an aggregate of two measures to monitor the quality and efficiency of investment approval and decision activities. All components of the measure have targets of 100 percent. Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
17. The *% of operational assurance activities completed* is an aggregate of two specific dimensions: audits and post-implementation review programmes. Operational assurance activities are assessed according to their effectiveness, benefit and cost appraisal and strategic fit (ie high, medium, low). Aggregation is based on the weighted volume of activity in the given year.
18. The *% of activities that are delivered to agreed standards and timeframes (transport planning)* includes the following transport planning activities: transport model development, activity management planning improvement and programme business case development. These components are individually assessed against targets of more than 90 percent. The percentage of activities that are delivered to agreed standards and timeframes is derived through the aggregation of its three components. Aggregation of these results is based on the unweighted volume of activity for each area. The Transport Agency works collaboratively with its local authority partners as they prepare transport models, programme business cases and activity management to help ensure that when they are formally received they are of high quality, meet the Transport Agency assessment criteria and are therefore suitable for support or endorsement by the Transport Agency. It provides an indication of how well the Transport Agency manages its transport planning activities to time and cost standards.
19. The *% of activities that are delivered to agreed standards and timeframes (sector research)* is a measure that compares planned time, cost and quality of research investment with actual performance. All aspects have targets of 100% and contribute equally to the overall result. It is a measure of the effectiveness of the Transport Agency as a programme manager.

20. The *average number of days taken* to deliver is determined by how long it takes, on average, to process and approve funding of a new National Land Transport Programme activity. Days to funding approval is defined as the number of working days between the date of receipt to the date the approval was recorded in the transport information online system.
21. The *% customer satisfaction (approved organisations/stakeholders)* demonstrates the percentage of approved organisations' stakeholders (regional, local and unitary authorities, the Department of Conservation, Auckland Transport and the Waitangi National Trust) that were satisfied with the relationship between their organisation and the Transport Agency. This is measured through an independently conducted survey.

### Administration of the SuperGold cardholders' scheme

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

### Road safety promotion

23. The *% of activities that are delivered to agreed standards and timeframes* is a measure of timeliness and effectiveness in delivering road safety education, advertising and promotion. Components of this measure look at the percentage of the road safety education and advertising campaigns completed on time and the percentage of education and promotion programmes that meet forecast participation rates. All components have a 100 percent target and contribute equally to the overall result.
24. The *% of road safety advertising campaigns that meet or exceed their agreed success criteria* is a measure based on the success of road safety advertising campaigns. It is a composite measure reflecting the number and breadth of the advertising campaigns used, the varied media in which they are presented (including online) and the different aspects of the campaigns that are measured (including likeability, relevance, message takeout, likelihood to change attitude and prompted recall). These measures are collected from independently conducted surveys, media and website reporting.

## MANAGING THE STATE HIGHWAY NETWORK

### State highways improvements

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

### State highway maintenance

26. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of maintenance and renewal activities (including progress of state highway pavement renewal programme) against the baseline. It is a measure to keep track of the delivery of physical performance targets. The single component aspect of this measure examines the proportion of state highway maintenance and renewal work completed compared with the planned kilometres and budget.

27. *Safe stopping: % of network meeting surface texture standards* reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Maintenance of the state highway focuses on ensuring skid resistance (to ensure safe stopping). Minimum acceptable levels of skid resistant are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to maintain network skid resistance.

28. *Network resilience: % of rutting >20mm over state highway network* is the proportion of rutting above the 20mm threshold over the length of the state highway network. Rutting in the road surface (long shallow channels generally found in wheelpaths) is one of the key indicators of the health of the underlying pavement and the need for pavement renewal. Ruts often also hold water and thus lower skid resistance. This indicator is a condition asset performance measure under the Cabinet Office Circular CO 15(5).

29. *Safe stopping: % of travel on network above skid threshold* reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to improve skid resistance. This indicator is a functionality asset performance measure under the Cabinet Office Circular CO 15(5).

30. *Smooth ride: % of travel on network classed as smooth* is the proportion of travel (proportion of vehicles kilometres travelled on the network surveyed) that occurs on pavements smoother than a nominated surface texture standard over the length of the network surveyed. This indicator is a functionality asset performance measure under the Cabinet Office Circular CO 15(5).

31. *The % availability of state highway network*. It is expressed as the sum of all unscheduled road closure incidences (both urban and rural) that have a significant impact on road users addressed within standard timeframes (ie urban less than 2 hours; rural less than 12 hours) and protocol over the total number of road closure incidences. This indicator is a functionality asset performance measure under the Cabinet Office Circular CO 15(5).

32. The *% customer satisfaction* reflects the proportion of the public who are satisfied with the availability of network information and the overall rating of the state highways in New Zealand. It is sourced from quarterly public surveys. These surveys are conducted online and designed with quotas set for target audiences according to age, race, sex and residential region (prescribed numbers are set for each to ensure balance and fairness). Additional computer aided telephone interviewing elements are used to target hard to reach groups.



## NATIONAL LAND TRANSPORT PROGRAMME INVESTMENT INDICATORS

### Public transport

33. The *productivity (costs per passenger kilometre) where available by bus, train and ferry* indicator reflects a new reporting requirement under the *Government Policy Statement on Land Transport 2015-25 (GPS)* that examines changing costs of public transport provision (bus, train and ferry) by passenger use. This is an aspirational measure that leverages the introduction of integrated ticketing. Information is currently only available for Auckland, Wellington and Christchurch – as the coverage of integrated ticketing improves throughout the period of the current National Land transport Programme (NLTP), the reporting from other regions will be included. The indicator's overall desired trend over the period of the NLTP is for reduced costs per passenger kilometre across the public transport modes of bus, train and ferry.
34. The *productivity (costs per passenger kilometre) where available by peak and off-peak* indicator reflects a new GPS reporting requirement that examines changing costs of public transport provision (bus, train and ferry) by passenger use. This is an aspirational measure that leverages the introduction of integrated ticketing. Information is currently only available for Auckland – as the coverage of integrated ticketing improves throughout the period of the current NLTP, the reporting from other regions will be included. The indicator's overall desired trend over the period of the NLTP is for reduced costs per passenger kilometre across the public transport modes of bus, train and ferry.

### Walking and cycling

35. The *percentage increase in cycling trip legs per person across Auckland, Wellington and Christchurch* reflects the number of annual trips made by bike as measured in the annual Household Travel Survey conducted by the Ministry of Transport.

### State highway improvements

36. The *productivity of the state highway network in major metropolitan areas* indicator measures lane capacity utilisation (network productivity) of the urban network. Productivity is measured in terms of the product of speed and flow compared with road lane optimal vehicle throughput. It demonstrates how effectively the current road network and operational management activities handle peak demand for vehicle movement. This indicator provides information to help deliver on our priority of making the most of urban network capacity. The higher the productivity percentage value the more productive the road network is, due to both speed and flow being maintained near maximum values (ie near free flow speed and capacity respectively). The lower the productivity percentage value the less productive the road network is due to either or both low traffic flow and speed. It is noted that low productivity may also occur in scenarios of low demand and therefore may not be due to poor network performance. This indicator is a utilisation asset performance measure under the Cabinet Office Circular CO 15(5).

# APPENDIX 5: HOW OUR FUNCTIONS CONTRIBUTE TO OUR LONG-TERM GOALS

The following table sets out the contribution of our functions, through our 17 outputs to our long-term goals. More detail on these contributions is included in the NZ Transport Agency performance expectations section (pages 38–53).

FUNCTION	OUTPUT	GOAL			
		One network	Smart choices	Highway solutions	Maximising returns
<b>Providing access to and use of the land transport system</b>	Licensing and regulatory compliance		●		
	Road tolling		●	●	●
	Motor vehicle registry		●		
	Road user charges collection, investigation and enforcement		●		●
	Refund of fuel excise duty		●		●
<b>Planning and investing in the land transport network</b>	Investment management	●	●	●	●
	Public transport	●	●	●	●
	Administration of SuperGold cardholder scheme and Enhanced public transport concessions for SuperGold cardholders		●		●
	Walking and cycling**	●	●		●
	Road safety promotion*	●	●	●	●
	Road Policing Programme (NZ Police output)*		●	●	●
	Local road improvements*	●			●
	Local road maintenance*				●
	Regional improvements	●		●	●
	<b>Managing the state highway network</b>	State highway improvements			●
State highway maintenance				●	●

\*We do not deliver these activities directly. We invest in them through the National Land Transport Programme and the activities are delivered by approved organisations such as local authorities. Information on how we assess our investment performance is included under the output class investment management, on page 43.

\*\*We partly deliver these services along with approved organisations/local authorities.





**NZ TRANSPORT**  
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