

Northern Gateway Toll Road



Operating report for the six months
ending 31 December 2010



NZ TRANSPORT AGENCY
WAKA KOTAHI

New Zealand Government

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1.0 Summary

The Northern Gateway Toll Road (NGTR) provides a more direct and safer route for travel between Auckland and Northland. Using tolling to help cover the cost of borrowing for construction meant that the NZTA was able to build the road well before it could have been built with traditional funding alone. In the six months to 31 December 2010, a total of \$2.99 million was collected to repay the debt to build the road. When the debt is paid off the toll will be removed.

The NGTR marked two years of operations on 25 January 2011. This report covers the six-month period from 1 July to 31 December 2010. In this period almost 2.5 million trips were made on the road, approximately 2% ahead of the NZ Transport Agency's forecast traffic volumes. This brings the total number of trips since the road opened to 9.4 million.

During the reporting period, the NZTA processed 123,000 customer enquiries through its contact centre, and more than 52,000 customer accounts have now been established for the toll road. Half of all trips on the road are now taken by account holders. Of the road's casual customers, 57% choose to make payment for their trips using roadside kiosks, 28% pay via the web and the remaining 15% use the 0800 telephone payment service.

The average cost per transaction to operate the tolling system for the six-month period was \$0.74. Customers are currently offered several options for paying tolls, and there is a wide range in the costs incurred to administer different types of payment – from \$0.13 per transaction for web payments to \$3.85 per transaction for telephone payments. We are looking at options for encouraging customers who currently pay by phone to use less expensive payment channels, including the introduction of a scale of different administration charges which better reflect the level of service and the actual costs of the different channels. New payment methods are also being examined.

The overall level of compliance (the percentage of trips that are paid) has remained constant at around 96% since the road was opened. If no arrangement is made to pay for a toll trip within five days of using the road, a toll payment notice is issued for any outstanding tolls, and this notice incurs an administration charge. If after 28 days the toll payment notice remains unpaid, a \$40 infringement notice is issued for each unpaid toll trip. A reminder notice is sent if this remains unpaid after 28-days.

While 76% of toll payment notices issued are paid, as at 31 December 2010 over 50,000 toll payment notices were outstanding, with a total value of \$513,000 – approximately 2.3% of total tolling revenue. The NZTA is continuing to pursue payment of all outstanding tolls and will be taking additional steps to target the minority of toll road users who do not pay for their trips. The NZTA is working with the Ministry of Justice to improve payment rates by automating the infringement process, including automated referral of outstanding infringement notices to the Ministry for collection. The NZTA intends to commence court proceedings against outstanding toll debtors later this year.

2.0 Summary of operations

2.1 Traffic volumes

In the period 1 July 2010 to 31 December 2010, just over 2.47 million journeys were made on the NGTR, bringing the total number of journeys since the road opened to 9.4 million. The proportion of total network traffic using the toll road rather than the free alternate route is 70.8%, slightly higher than the targeted usage of 70%, but lower than the proportion of network travel reported in June 2010 (75.7%). This reduction is primarily due to a different method being used to yield the road traffic figures for the free alternative route, SH17.

2.2 Toll tariffs

Tolls were not increased during the reporting period and remain at \$2.00 for light vehicles and \$4.00 for heavy vehicles.

2.3 Tolling revenue

The toll tariff consists of three parts: toll revenue, toll operating charge, and goods and services tax (GST). Toll revenue is the portion of the tariff used to repay the debt incurred for construction of the road, while the toll operating charge is used to fund the NZTA's operating costs. The \$2.00 toll for light vehicles is made up of \$1.13 in revenue, \$0.65 operating charge, and \$0.22 GST. The NZTA can retain \$0.65 from each toll to cover its operational costs. The average actual cost per transaction for the six months to 31 December was \$0.74.

2.4 Compliance

The overall level of compliance on the toll road (the percentage of trips that have been paid) has increased slightly from the previous reporting period, to 96%.

For the six months to 31 December 2010, 86.3% of all trips taken were paid within the five-day period allowed for after using the road. The NZTA issued toll payment notices for the remaining 13.7%, which attract an administration charge, and referred outstanding toll/s and administration charges for debt collection. In this period, the NZTA issued over 259,000 toll payment notices and received payment for more than 185,000 notices.

The value of unpaid tolls (including administration charges) for the period 1 July 2010 to 31 December 2010 totalled \$324,000, about 5% of total toll revenue for the reporting period. This has remained constant over the last 12 months.

2.5 Payment channels

The NZTA encourages customers to adopt payment methods that maximise the time savings offered by the toll road, such as opening pre-paid accounts or paying online. Moving customers to these channels will maximise the overall benefits for everyone who uses the road.

The number of pre-pay accounts continues to grow, with over 5,000 accounts opened during the six month reporting period, bringing the total number of pre-paid accounts to more than 52,000 opened as at 31 December 2010. Trips paid for by account holders made up 53.5% of trips taken during the six-monthly reporting period.

Of the trips purchased by casual customers, the proportion being paid for at the kiosks remains high at around 57%, with 28% paid via the web and 15% paid via the contact centre.

While the NZTA continues to provide a range of payment options for customers, some are significantly more expensive to maintain than others, due to the different levels of service provided. The table below lists actual costs for administering toll payments by different channels.

Payment method (channel)	Actual cost per payment (GST incl)
Pre-pay Account	\$0.30
Web	\$0.13
Telephone	\$3.85
Kiosk	\$0.54

The telephone service continues to be the most expensive payment method, primarily due to the costs of processing payments through the call centre, currently used by 15% of customers. These costs are not sustainable going forward, and the the NZTA is looking at options for encouraging greater use of less expensive payment channels, including the introduction of a new scale of administration charges which better reflect the level of service and actual costs of the different payment channels.

2.6 Casual customer behaviour

Casual users accounted for 46.5% of trips made on the toll road during the six month reporting period, with the majority of these trips paid for via the kiosks. The NZTA will continue to encourage the use of payment channels that are faster for customers to use and less costly for the NZTA to administer.

In the six month reporting period, 118,000 phone calls and 4,300 emails were received and answered through the toll road contact centre. Both of these figures are lower than forecast, which may be a result of more customers using accounts and increasing familiarity with tolling and the range of payment methods that are available.

2.7 Infringements

If a toll remains unpaid after five days of using the road, a toll payment notice is generated which currently incurs an administration charge of \$2.20. If after 28 days, the toll payment notice remains unpaid, an infringement notice is issued for each outstanding toll. The value of the infringement notice is \$40.00. The outstanding toll still remains payable and is not part of the infringement process.

A reminder notice is sent if the infringement notice is not paid within 28 days. If after a further 28 days the notice remains unpaid, the outstanding infringement may be referred to the Ministry of Justice for collection.

The NZTA began issuing infringement notices for unpaid tolls in June 2010.

During the six-monthly reporting period the NZTA issued 22,255 infringement notices, and 8,283 notices were paid. While initial infringement notices must be issued by enforcement officers, who check to ensure they are correct, the NZTA is working with the Ministry of Justice to improve payment rates by automating the infringement process, including automated referral of outstanding infringement notices to the MoJ. The NZTA is also working to commence court proceedings against outstanding toll debtors this year.

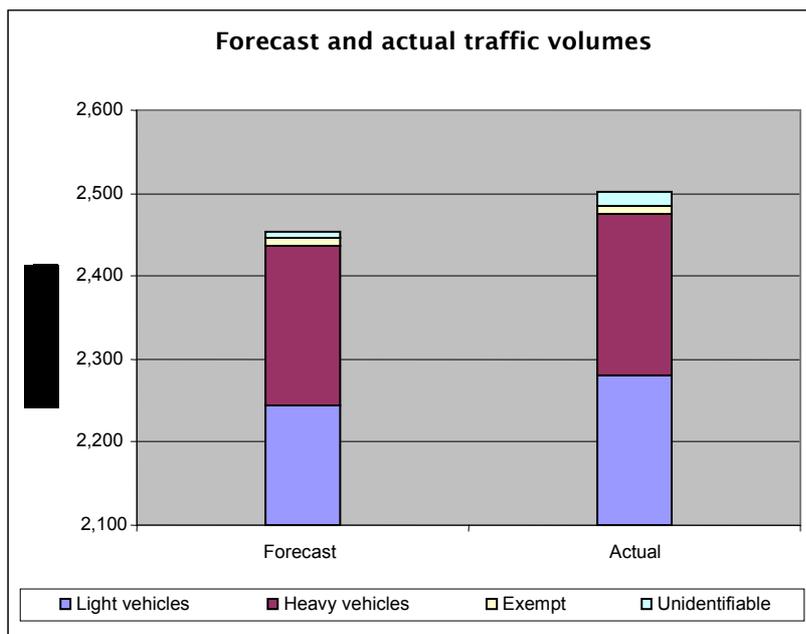
3.0 Operations update: Revenue

3.1 Traffic volumes and tariff revenue

	Vehicle volumes (000)		Base rate (GST included)	Tariff revenue (\$000)	
	Forecast	Actual		Forecast	Actual
Light vehicles	2,245	2,281	\$2	\$4,489	\$4,563
Heavy vehicles	191	194	\$4	\$764	\$775
Exempt	10	10			
Unidentifiable	7	15			
TOTAL	2,453	2,500		\$5,253	\$5,338

Note: Tariff revenue is the total revenue collected by trip while toll revenue is the portion of that revenue collected for debt repayment.

Forecast vs actual traffic volumes for six months to 31 December 2010



Total traffic volumes for the six months to the end of December 2010 were 1.9% ahead of forecasts. The proportion of network travel using the Northern Gateway Toll Road is 70.8%.

The increase in 'unidentifiable' trips on the toll road during this six-monthly period was the result of a fault affecting communications between the northbound roadside equipment and the tolling system for a period of 20 hours in November 2010, resulting in approximately 7,800 unidentifiable toll trips..

3.2 Statement of toll revenue collection

Statement of toll revenue for six months to 30 December 2010

	Notes	YEAR TO DATE				Annual budget \$ (000)
		Budget \$ (000)	Actual \$ (000)	Variance \$ (000)	Variance %	
Paid toll revenue:						
light		2,439	2,424	(16)	(1%)	5,000
heavy		557	548	(10)	(2%)	1,117
Total paid toll revenue	1	2,997	2,972	(25)	(1%)	6,117
Interest on toll revenue	2	16	18	3	16%	32
Total funds available to be paid to MoT for debt repayment:			2,990			
Funds paid to MoT in current financial year			1,406			
Funds held by NZTA subject to payover to MoT	3		1,584			
Unpaid toll revenue:						
light		80	103	23	28%	214
heavy		6	8	2	37%	16
Total unpaid toll revenue	4	86	111	25	29%	230
Total outstanding debtor balance consists of:	5		607			
Toll revenue to be collected for MoT			223			
Operating charge to be collected			117			
Administration charges to be collected			197			
GST to be collected			70			

The toll tariff consists of three parts: toll revenue, toll operating charge and GST. Each is separately identified in this statement. Toll revenue is the portion of the tariff that will be used to repay the debt to build the road. The toll operating charge is the portion of the tariff that is used to fund the operating costs of running tolling. For a \$2.00 tariff, the breakdown is currently: toll revenue \$1.09, toll operating charge \$0.65 and GST \$0.26. For a \$4.00 tariff, the breakdown is \$2.83, \$0.65, and \$0.52 respectively.

The statement of toll revenue collection reports on the toll revenue portion of the toll tariff only. The toll operating charge is reported in the statement of profit and loss.

Notes to the statement of toll revenue

1. **Paid toll revenue** – Paid toll revenue is the portion of all paid tolls that is designated to be used to repay the debt to build the road. Total paid toll revenue is 1% (\$25,000) below year to date budget.
2. **Interest on toll revenue** – Interest is earned daily on balances held for payover to the MoT, and credited to the toll revenue account on a monthly basis. This interest is included in the debt repayment to the MoT memorandum account.
3. **Funds available to be paid to the MoT for debt repayment** – Total toll revenue collected in the six months to 31 December is \$2.990m, of which \$1.406m was paid over to the MoT for the first quarter. The balance of the collected toll revenue year to date (\$1.584m) was paid to the MoT on 11 January 2011.
4. **Unpaid toll revenue** – Unpaid toll revenue is the portion of all unpaid tolls that is designated to be used to repay the debt to construct the road. Year to date this revenue is 29% (\$25,000) above budget. Unpaid revenue includes trips taken within the previous five days which are still able to be paid prior to a toll payment notice being issued.
5. **Total outstanding casual debtor balance** – This balance consists of all toll trips and any associated administration charges that are uncollected as at 31 December 2010.

3.3 Toll balance sheet

Balance sheet as at 31 December 2010

	Notes	\$000	\$000	\$000
CURRENT ASSETS				
Cash and cash equivalents	1			
Toll trust account		1,025		
Toll operating account		2,247		
Toll payments account		591		
Payover/deposits in transit		21		
Balances held in kiosks		16		
			3,900	
Debtors	2			
Toll casual debtors		604		
Provision for doubtful debts		(473)		
Toll infringement debtors		558		
Toll prepay account debtors		3		
Toll post-pay account debtors		75		
			767	
TOTAL CURRENT ASSETS				4,667
NON CURRENT ASSETS	3			
Roadside hardware/software		5,426		
Accumulated depreciation		(1,196)		
			4,230	
TOTAL NON CURRENT ASSETS				4,230
TOTAL ASSETS				8,897
CURRENT LIABILITIES				
Prepayments	4			
Unmatched payments		4		
Trip pass prepayments		564		
Prepay account balances		993		
			1,561	
Tolling funds held in trust for the Crown	5			
GST		225		
Payable to MoT		4,011		
Accrued payable to MoT		(29)		
Paid to MoT*		(2,856)		
Infringements payable to Crown		889		
			2,241	
TOTAL CURRENT LIABILITIES				3,801
EQUITY	6			
Opening equity		5,426		
Current period surplus		0		
Equity adjustments		(330)		
			5,096	
TOTAL LIABILITIES AND EQUITY				8,897

* Includes \$1.450m paid to the MoT for the fourth quarter of the 2009/10 financial year.

Notes to the balance sheet

1. **Cash and cash equivalents** – Three bank accounts are maintained by the tolling operation to facilitate cash management and payovers. The toll trust account (\$1.025m) holds the funds prepaid by account holders. The toll operating account (\$2.247m) holds the funds to be paid over to the MoT and also receives all casual toll payments. The toll payments account (\$591,000) receives the operating fee and operational expenditure is paid from this account. Payover/deposits in transit are payments that have been recognised through completed financial transactions, but due to the timing of deposits for cash received at the kiosks and credit card payovers, the cash has not yet been deposited in the bank account. The balances held in kiosks is the total cash held in the kiosks at midnight 31 December 2010.
2. **Debtors** – Toll debtor balances consist of multiple groups. The first is toll casual debtors, that is the total of all outstanding toll payment notices and unpaid toll trips that are yet to receive a toll payment notice. The provision for doubtful debts is an acknowledgement of the debts we know are unlikely to be recovered. This provision is negative as in December all toll payment notices issued more than nine months prior and still unpaid were written off. This initial debt write off included the outstanding balances of 106,266 toll payment notices with a total sum of \$510,278. These toll payment notices are still payable and all recoveries will be reported on in future months. Toll infringement debtors is the sum of all infringement notices issued and still unpaid, these fees are collected on behalf of the Crown and are offset by a corresponding liability.
3. **Non-current assets** - The non-current assets reflect the tolling system and roadside assets held by the NZTA and the associated accumulated depreciation of these assets.
4. **Prepayments** – The toll prepayments are unmatched payments into tolling bank accounts, prepaid casual purchases and account prepayments.
5. **Other liabilities** – The net of payable to MoT and paid to MoT represents the funds held by the toll operator (NZTA) to be paid over to the MoT each financial quarter for repayment of the debt for construction of the Northern Gateway Toll Road.
6. **Equity** – This includes the YTD net surplus/(deficit) amount from the statement of toll operations profit and loss.

3.4 Charges received in connection with section 51(4) of the Land Transport Management Act

No charges are received in connection with the administration of the toll collecting method available to be imposed under section 51(4) of the Land Transport Management Act.

3.5 Customer behaviour - levels of prepaid tolls

The number of toll road accounts continues to grow with more than 5000 new accounts opened in the six months to December, and to date 52,209 accounts are current.

Accounts open	
Prepaid accounts	51,716
Post-paid accounts	482
Exempt accounts	11
TOTAL	52,209

Post-pay accounts are offered to commercial customers whom have a proven credit history. Invoices are generated for these customers at the end of the month with payment due by the 20th of each month.

The following categorises trips by customer use of the toll system.

	Jul	Aug	Sep	Oct	Nov	Dec	Total
Prepay accounts (000's)	187	181	183	207	202	223	1,183
Post-pay accounts (000's)	23	24	24	24	26	25	147
Compliant casual (000's)	126	112	114	150	129	175	806
Non-compliant casual (000's)	53	44	48	65	53	75	339
Chargeable trips (000's)	388	361	370	447	410	498	2,475
Exempt accounts (000's)	2	2	2	2	2	2	10
Unidentified (000's)	1	1	1	1	9	2	16
Total trips (000's)	391	364	373	450	421	502	2,500

Customer behaviour has remained reasonably consistent over the last six months. However we have seen a positive shift of compliant casual trips to prepay accounts. The increase in trips in recent months is expected due to the seasonality of road use during holiday periods. In winter months road use is lower than summer months and the predominant change in this usage is casual users.

3.6 Level of unpaid tolls

Level of outstanding tolls (GST inclusive)

	Trips (000)	Revenue \$(000)
Total chargeable toll trips	2,475	5,338
Total administration charges		537
Total tolling revenue		5,875
Paid toll trips	2,368	5,139
Paid administration charges		411
Paid tolling revenue		5,550
Unpaid toll trips	107	199
Unpaid administration charges		125
Unpaid tolling revenue		324
Toll trip compliance	95.7%	
Administration charge payment compliance		76.6%
Toll payment compliance		96.3%

Total unpaid toll trips accounted for 4.3% (107,000) of total trips in the six months to 31 December. The outstanding tolling revenue is 3.7% (\$199,000) of total tolling revenue, and outstanding administration charges associated with sending toll payment notices, is 23.4% (\$125,000) of total administration charges. Toll payment compliance is the same as the previous 12 months, while the administration charge compliance rate has increased by 3% since June 2010. Infringement notices, with a \$40 fee, are issued for each unpaid toll trips since June 2010, as well as civil debt collection processes continuing.

3.7 Casual user profile

Payment channel	Actual volumes	YTD actual %	Same period last year
Web	102,852	28.0%	25.3%
Phone	50880	13.9%	17.5%
Kiosk	208205	56.7%	56.0%
Mail	5,255	1.4%	1.2%
TOTAL	367,192	100.0%	100.0%
Payment method	Actual volumes	Actual %	Same period last year
Electronic	196,790	53.6%	52.6%
Manual	170,402	46.4%	47.4%
TOTAL	367,192	100.0%	100.0%

Use of the kiosks has increased slightly from 55.2% in the year to 30 June 2010. This is also reflective of the higher numbers of casual users over the holiday period. Payments via the 0800 contact centre have reduced by 2.7%, with the rest of this movement being due to people shifting to paying via the web. We have also seen a small increase in electronic payment means over cash and cheque.

3.8 Taxation applying to gross tolling revenue

GST is applied to all toll trips undertaken on the Northern Gateway Toll Road. GST is charged on an invoice basis.

Revenue classification	\$ (000)
Toll revenue	3,082
Operating charge	1,607
Administration charge	471
Total tolling revenue	5,160
GST	715
Total tolling revenue (GST inc)	5,875

4.0 Operations update: Expenditure

4.1 Toll operating charge by traffic volume

The toll operating charge is the portion of the toll tariff that is designated to cover the operational expenditure for managing the toll system and delivery. The following is a summary of traffic volumes and the associated toll operating charge. This revenue is above forecast due to the slightly higher than forecasted traffic volumes. The revenue amounts below are for all identified trips undertaken on the toll road, and a portion of these remain unpaid.

The toll operating charge is currently \$0.65 per trip.

	Vehicle volumes (000)		Base rate	Toll operating charge (\$000)	
	Forecast	Actual	(GST included)	Forecast	Actual
Light vehicles	2,245	2,281	\$0.65	\$1,457	\$1,480
Heavy vehicles	191	194	\$0.65	\$124	\$126
Exempt	10	10			
Unidentifiable	7	16			
TOTAL	2,453	2,500		\$1,581	\$1,606

4.2 Operating profit and loss

Statement of operating profit and loss for 6 months ending 31 December 2010

	Notes	YEAR TO DATE			
		Budget (\$)	Actual (\$)	Variance (\$)	Variance (%)
OPERATING REVENUE	1				
Operating charges		1,604,534	1,606,750	2,216	0%
Administration charges		464,493	472,063	7,570	2%
Interest		6,203	6,089	(114)	(2%)
TOTAL OPERATING REVENUE		2,075,230	2,084,902	9,672	0%
TOLL RECOVERIES	2				
Recoveries from project residual for operations		102,759	104,596	1,837	2%
Recoveries from project residual for project exp		78,713	170,576	91,863	117%
Accrued recoveries		0	(116,497)	(116,497)	-
TOTAL RECOVERIES		181,472	158,675	(22,797)	(13%)
TOTAL OPERATING TOLL REVENUE		2,256,702	2,243,577	(13,125)	(1%)
EXPENDITURE					
Transaction costs	3				
External stationery		9,137	8,531	606	7%
Datamail		30,918	30,466	452	1%
Postage		84,814	89,790	(4,976)	(6%)
Credit card fees		74,767	71,097	3,670	5%
POLi fees		774	856	(82)	(11%)
Bank fees		6,028	5,581	447	7%
Kiosk fees		27,000	29,249	(2,249)	(8%)
		233,438	235,570	(2,132)	(1%)
Support and maintenance	4				
Data communication		16,089	22,613	(6,524)	(41%)
System support & maintenance		469,343	472,232	(2,889)	(1%)
Kiosk support & maintenance		59,029	60,252	(1,223)	(2%)
Roadside equipment support & maintenance		33,066	32,140	926	3%
System development		6,450	5,650	800	12%
Phones		53,027	52,925	102	0%
		637,004	645,812	(8,808)	(1%)
Corporate services costs	5				
Personnel		804,781	780,152	24,629	3%
Marketing		0	1	(1)	-
General		11,264	12,333	(1,069)	(9%)
Indirect cost centre costs		17,652	17,653	(1)	(0%)
Depreciation		310,656	310,656	0	0%
Doubtful and bad debts expense		56,458	41,746	14,712	26%
		1,200,811	1,162,541	38,270	3%
TOTAL OPERATING EXPENDITURE		2,071,253	2,043,923	27,330	1%
TOLL PROJECT COSTS		110,540	199,654	(89,114)	(81%)
TOTAL TOLLING EXPENDITURE		2,181,793	2,243,577	(61,784)	(3%)
NET SURPLUS/(DEFICIT)	6	74,909	0	(74,909)	0%

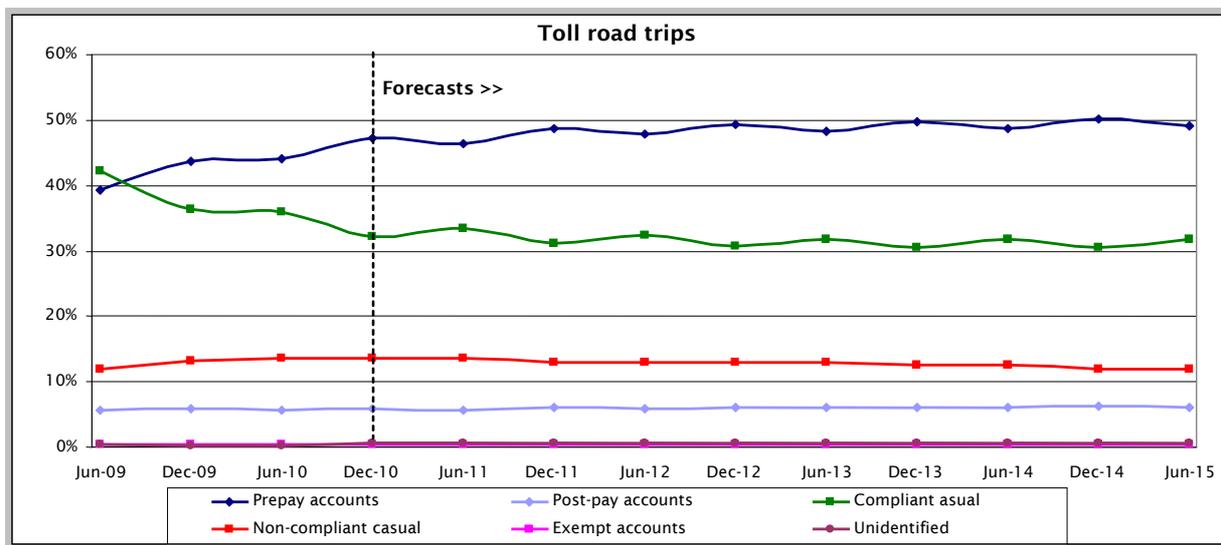
Notes to the statement of operating profit and loss

1. **Operating revenue** – Operating revenue is sourced from the toll operating charge, administration charges from additional fees charged to casual road users, and from residual design and construct project funds. Operating revenue from charges is designed to cover all operating costs, but there has been a requirement in early operations of the toll road to meet additional costs in excess of these. These additional costs are funded from a residual from the design and construct project being completed under budget. From the total \$3.3m residual project funds, \$160,000 has been provided to cover the shortfall in operating revenue in the six months to 31 December. YTD revenue from operating charges is 0% (\$2000) ahead of budget, and administration charges are 2% (\$8000) ahead of budget. Total revenue available for disbursements is the total collected revenue that is available for the repayment of debt and to meet operational costs.
2. **Transaction costs** – Total transaction costs are 1% (\$2000) ahead of the recently phased November budget.
3. **Support and maintenance** – Support and maintenance costs are 1% (\$8000) above budget YTD. This is driven by small overspends in data communication and system support and maintenance. The overspend in data communications is the result of unbudgeted expenditure early in the year.
4. **Corporate services costs** – Corporate services costs are 3% (\$38,000) under budget. The two most significant items driving this variance are personnel costs 3% (\$25,000), and doubtful and bad debts which are 26% (\$15,000) lower than anticipated.
5. **Net surplus/(deficit)** – The net surplus/(deficit) is a non-cash result of reporting all tolling revenue and expenditure. As any shortfall of revenue collected from operating and administration charges to meet expenses incurred is met by available funds from the project residual, the net surplus/(deficit) is \$0.

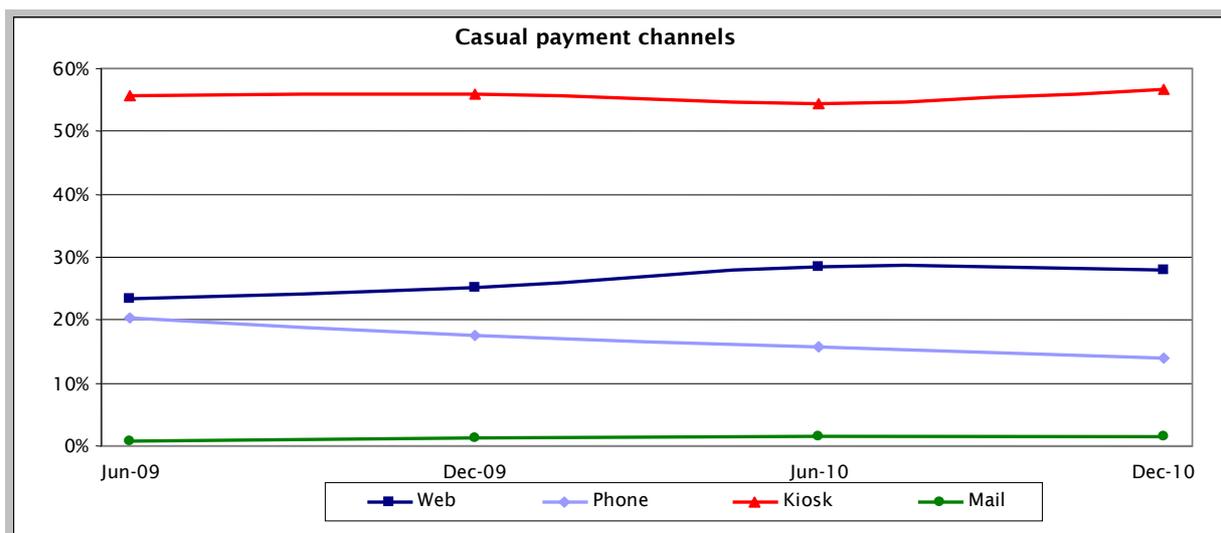
4.3 Trend and forecast information

In the first six months of the toll road's operation it became apparent that the level of casual usage of the toll road was higher than anticipated. As a result of continued promotion of alternate payment methods there has since been a steady increase in prepay account usage and a corresponding decrease in casual usage. This is forecast to continue as the benefits pre-paid accounts and the toll road's electronic payment system are promoted.

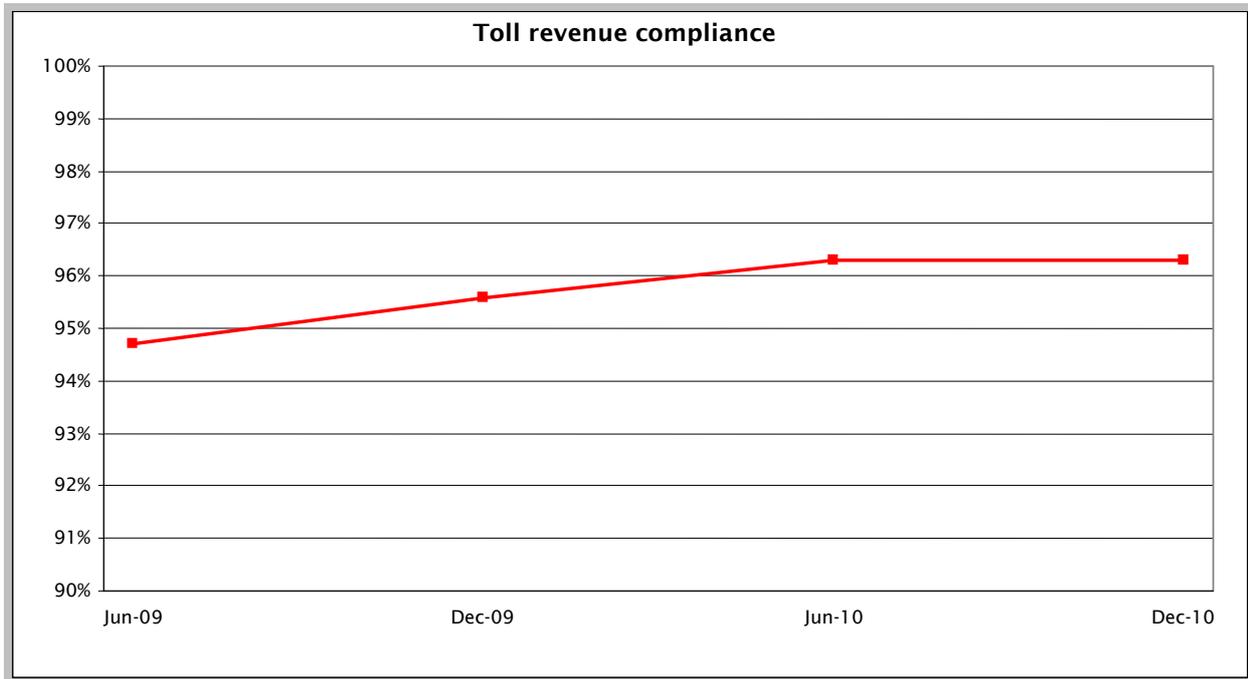
It is anticipated that non-compliant casual trips will continue to gradually reduce as further toll collection measures are introduced.



Since the first operating report for the toll road was published in 2009, the NZTA has seen a steady increase in the use of the website to purchase trips and open accounts. This has been coupled with a significant reduction in trips being purchased through the contact centre as a result of better knowledge of the website and cross selling of toll road accounts by staff.



Revenue compliance has continued to grow since the first reporting period and although it remained constant over this last reporting period it is still tracking up.



4.4 Operational cost per transaction

The operating cost per transaction is calculated by dividing the total operating expenses for the six months to 31 December 2010 by the total number of chargeable toll trips. Due to expenses being erratically incurred through the ledgers, particularly those related to further system development and refinements, the monthly trend of operational cost per transaction is distorted, and a YTD trend is a more meaningful measure.

Operational expenditure	
Net operational expenditure	2,201,831
Less costs covered by administration charges	(362,259)
	1,839,572
Total toll trips	2,475,002
Operational cost per transaction	\$ 0.74

The cost per transaction for the six months to 31 December 2010 is \$0.74. The method of calculating this cost has been changed from previous reports. The figure now nets out paid administration charges, whereas previous cost per transaction figures have been reported net of all administration charges, regardless of whether the money had been received or not.

Previous calculations also excluded some system development costs. These costs are now included and will be in future reports in recognition of the ongoing need for system development work.

4.5 Toll evasion

Value of unpaid toll payment notices	\$513,122
Number of vehicles with outstanding toll payment notices	50,978
Average value of evasion (toll payment notices)	\$10.07
Highest outstanding amount	\$1045.40

Schedule of toll payment notice debtors			
	#	Value	% of total
> \$300	17	\$ 8,142.88	1.6%
\$200 < debt < \$300	35	\$ 8,153.50	1.6%
\$100 < debt < \$200	162	\$ 21,359.08	4.2%
\$50 < debt < \$100	700	\$ 47,504.15	9.3%
\$20 ≤ debt < \$50	3,227	\$ 94,142.95	18.3%
\$10 ≤ debt < \$20	7,706	\$ 104,638.80	20.4%
\$5 ≤ debt < \$10	21,148	\$ 152,236.96	29.7%
<\$5	18,466	\$ 76,943.90	15.0%
TOTAL	51,461	\$ 513,122.22	100.0%

The total value of unpaid toll payment notices is \$513,122, approximately 2.3% of total tolling revenue. A civil debt collection process was initiated at the start of the last financial year, targeting higher value debts, where a recovery and collection effort is most cost effective. The NZTA intends to commence court proceedings on outstanding toll debtors later this year.

The following summary shows the total number and dollar value of toll payment notices (TPNs) issued within the last six months, and the status of those TPNs as at 31 December 2010.

Toll payment notices	Volume	%	Amount	%
TPNs issued	246,737		\$1,218,495	
TPNs paid	157,604	64%	\$780,369	64%
TPNs paid by association to account	8,266	3%	\$41,915	3%
TPNs unpaid	78,595	32%	\$385,281	32%
TPNs written off	31	0%	\$142	0%
TPNs reissued	2,241	1%	\$10,788	1%

TPNs written off consists of statutory declarations completed where the vehicle has been stolen or the stated driver resides at an international address. TPNs reissued consist of statutory declarations completed where the stated driver resides at a New Zealand address and the new TPN issued to them remains unpaid.

The infringement process was initiated in June 2010 and in the six months to 31 December over \$331,000 in infringement fees were collected.

Infringement notices	Volume	Amount	%
Infringements issued	22,255	890,200	
Infringements paid	8,283	331,320	37%
Infringements unpaid	13,972	558,880	63%

4.6 Uncollected tolling revenue resulting from faults in the toll collection system

As a result of a communication fault between the northbound roadside equipment and the tolling central system approximately 7800 toll trips on November 12 and 13 were unable to be identified and therefore written off.

4.7 Tolling revenue written off

Tolling revenue written off consists of two broad categories – the first being where payment for a toll payment notice cannot be collected and these write offs in the six months to 31 December have a total value of \$26,856. This consists of statutory declarations completed where the stated driver resides at an international address (3332 TPNs), or the vehicle has been stolen (37 TPNs), or where a toll payment notice was unable to be generated due to insufficient plate information for the registered owner or vehicle being available from the motor vehicle register (6553 trips).

The second category is related to toll payment notices written off due to the length of time the tolls have been outstanding and the difficulty of collection. In December 2010 a total of 106,266 toll payment notices issued more than nine months previous and still unpaid were manually written off, with a total value of \$510,278. These toll payment notices are still payable, and the NZTA will continue to pursue collection. These recoveries will be reported on in future months.

4.8 Consequential damages

No events relating to the operation of the Northern Gateway Toll Road occurred in the six months to 31 December 2010 that resulted in any consequential damages being incurred by the NZTA.