An aerial photograph of a town, likely in New Zealand, showing a mix of residential houses on a hillside and commercial buildings at the base. In the foreground, a train station is visible with a blue and yellow train on the tracks. A large parking lot filled with cars is situated next to the station. A green circular graphic is overlaid on the left side of the image, containing the section title.

**SECTION E:
PROGRESS ON
THE STATEMENT
OF SERVICE
PERFORMANCE**

STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of the NZTA's financial statements and statement of service performance, and for the judgements made in them.

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

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the NZTA for the year ended 30 June 2012.

Signed on behalf of the Board:



Chris Moller

Chair
NZ Transport Agency

24 OCTOBER 2012



Jerry Rickman

Chair of Audit, Risk and
Assurance Board Committee
NZ Transport Agency

24 OCTOBER 2012

Countersigned by:



Geoff Dangerfield

Chief Executive Officer
NZ Transport Agency

24 OCTOBER 2012



Paul Helm

Chief Financial Officer
NZ Transport Agency

24 OCTOBER 2012

ACHIEVEMENT OF PERFORMANCE MEASURES

The statement of service performance on the following pages describes the services the NZTA delivered and invested in during 2011/12. This statement reports how we performed, and the revenue earned and expenses incurred for each output class, as compared with the forecast standards included in our *Statement of intent 2011-14*.

In total, the NZTA achieved 35 of 45 (78%) service delivery targets, while the NLTF achieved 15 of 22 (68%) investment forecast results. This reflects strong performance across the three core functions of planning and investing in land transport networks, managing the state highway network, and providing access to and use of the land transport system. The following table sets out our performance by output class on key performance targets for the year.

FUNDING SOURCE	OUTPUT CLASS	NZTA PERFORMANCE MEASURES ACHIEVED	NLTF PERFORMANCE
OUTPUT CLASSES THE NZTA DELIVERS			
Funded from fees, charges and Crown contracts	Regulatory implementation and enforcement	5 of 6	
	Licensing activities	5 of 5	
	Motor vehicle registry	5 of 6	
	Road user charges collection, investigation and enforcement	3 of 4	
	Refund of fuel excise duty	1 of 1	
Funded from the NLTF	Management of the funding allocation system	3 of 5	
	New and improved infrastructure for state highways and Crown contribution to accelerated state highways	1 of 2	
	Renewal of state highways	4 of 4	1 of 2
	Maintenance and operation of state highways	5 of 5	2 of 3
	Sector training and research	0 of 1	
OUTPUT CLASSES THE NZTA PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES			
Funded from the NLTF	Public transport infrastructure	0 of 1	
	Transport planning	0 of 1	
	Road user safety	2 of 3	
Funded from the Crown	Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders	1 of 1	
OUTPUT CLASSES THE NZTA INVESTS IN, BUT DOES NOT DELIVER SERVICES FOR			
Funded from the NLTF	New and improved infrastructure for local roads		1 of 2
	Renewal of local roads		5 of 7
	Maintenance and operation of local roads		3 of 4
	Public transport services		3 of 3
	Walking and cycling		0 of 1
	Rail and coastal freight		

OUTPUT CLASS CASE STUDIES

1**ROADS OF NATIONAL SIGNIFICANCE - PROJECT COMPLETED AHEAD OF SCHEDULE**

OUTPUT CLASS: New and improved infrastructure for state highways and Crown contribution to accelerated state highway construction

2**TUNNEL IMPROVEMENTS TO KEEP YOU SAFE**

OUTPUT CLASS: New and improved infrastructure for state highways and Crown contribution to accelerated state highway construction

3**EASING CONGESTION AND GROWING AUCKLAND**

OUTPUT CLASS: New and improved infrastructure for local roads

4**REBUILDING CHRISTCHURCH**

OUTPUT CLASS: Multiple state highway and local road output classes

5**SMOOTH TRANSITION TO GIVE WAY CHANGES**

OUTPUT CLASS: Regulatory implementation and enforcement and Road user safety

6**THE NZTA'S GHOST CHIPS CAPTURES AUDIENCE AND AWARDS**

OUTPUT CLASS: Road user safety

1

CASE STUDY

ROADS OF NATIONAL SIGNIFICANCE PROJECT COMPLETED AHEAD OF SCHEDULE VICTORIA PARK TUNNEL

Auckland's \$340 million Victoria Park Tunnel was officially opened on 29 October 2011, three months ahead of schedule.

The Victoria Park Tunnel is one of seven state highway projects identified by the government as a road of national significance and as essential to New Zealand's economic prosperity, and is the first of these projects to be completed.

The new tunnel has successfully removed the last major bottleneck on Auckland's central motorway network. It has involved the construction of a 450 metre cut-and-cover tunnel for three lanes of northbound traffic, reconfiguration of the Victoria Park flyover for four southbound lanes, and widening of the motorway through St Marys Bay by one more lane in each direction. The project has also left behind better local places and spaces as a result of urban design initiatives, and has protected and restored three important heritage structures – the Rob Roy Hotel, the Campbell Free Kindergarten and the Jacobs Ladder Staircase.

The Victoria Park Tunnel project increases the vehicle carrying capacity over the 2.2km of State Highway 1 between the Wellington Street Overbridge and the Auckland Harbour Bridge. This is one of the busiest sections of road in New Zealand for both personal and business trips.

Previous southbound capacity of the Victoria Park viaduct was 4250 vehicles per hour, but demand in the morning peak is much greater. The result was significant congestion, resulting in drivers sitting in stop-start traffic. This in turn resulted in frustration for drivers, costs to businesses whose goods and workers were delayed, increased air pollution from vehicles constantly accelerating and decelerating, and greater chances of nose-to-tail collisions. Since the north and southbound routes were fully opened on 26 March 2012, trip reliability throughout the day has increased, and time savings of 8 minutes southbound and 7 minutes northbound have been achieved.

FEATURES

The Victoria Park Tunnel project includes:

- a 450 metre cut-and-cover tunnel through Victoria Park to carry three lanes of northbound traffic
- refurbishment of the Victoria Park viaduct to provide four lanes for southbound traffic
- motorway widening to five lanes in each direction through St Marys Bay
- a citybound bus lane through St Marys Bay
- improved cycling and walking access from St Marys Bay to the central business district
- preservation of the historic Rob Roy Hotel in the new public square
- restoration of the historic Campbell Free Kindergarten in Victoria Park
- art incorporated on retaining walls and barriers, landscaping and planting
- noise walls adjacent to Freemans Bay and through St Marys Bay
- Victoria Park, including a new skatepark, reinstated on top of the tunnel.

THIS CASE STUDY RELATES TO THE OUTPUT CLASS
NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS
GO TO PAGE 70 FOR MORE INFORMATION.



PROJECT OVERVIEW.



PREPARING THE ROB ROY HOTEL FOR ITS HISTORIC MOVE.

2

CASE STUDY

TUNNEL IMPROVEMENTS TO KEEP YOU SAFE

THE TERRACE TUNNEL UPGRADE

Opened in 1978, the Terrace Tunnel is a key part of Wellington's transport infrastructure, carrying more than 40,000 vehicles into and out of the city every day.

At 462 metres long, 12.3 metres wide and 7.9 metres high, the Terrace Tunnel is one of New Zealand's largest road tunnels. A \$50 million upgrade, completed in March 2012, has created a tunnel that will serve Wellington for decades to come.

Much of the work has been focused on improving the tunnel to make it safer in an emergency, including installing new equipment that can suppress fires much more effectively, assist motorists to evacuate the tunnel and provide support to firefighters.

The 770 orange wall panels are one of the most obvious features of the upgraded tunnel. The panels are made of fire-resistant material that helps prevent the spread of fire and protect the tunnel services that lie behind them. Removing the ceiling has created a large space where smoke can collect, and the new fans can be individually controlled to blow smoke in the right direction. This is vital because smoke control is one of the most important factors in dealing with tunnel emergencies.

The lights, wiring and sprinkler systems have been completely replaced. The new lighting is far more sophisticated and flexible. The lights are controlled by sensors at each entrance and measure light levels as a driver would see them. This is a safety measure that helps match the tunnel light to outside conditions, so that drivers' eyes easily adjust without a moment of dazzle or blindness.

Part of the monitoring equipment includes 13 new cameras in and around the tunnel. They send live pictures directly to the NZTA's traffic operations centre, which keeps an eye on Wellington's state highways. Some are programmed to detect unusual activity, such as smoke or vehicles travelling erratically, and some can rotate and zoom so controllers can get a close look at any problems and direct emergency services straight to them.

About 30km of electrical and data cabling has been used to wire up the tunnel. While we can respond to emergencies anywhere within the tunnel, any fires are most likely to be contained in a small area, due to a car crash or car fire. So the tunnel is divided into 18 deluge zones, each of which can be individually controlled to ensure water is directed where it's needed.

**THIS CASE STUDY RELATES TO THE OUTPUT CLASS
NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS
GO TO PAGE 70 FOR MORE INFORMATION.**



THE DELUGE SYSTEM - DESIGNED TO SUPPRESS A FIRE IN THE TUNNEL UNTIL THE FIRE SERVICE ARRIVES. WOULD DELIVER WELL OVER 3000 LITRES OF WATER A MINUTE IN THE EVENT OF A FIRE - THE EQUIVALENT OF 390mm PER HOUR.



THE 'THUNDERBIRD 7' - MUCH OF THE WORK ON THE TUNNEL TOOK PLACE AT NIGHT, AND THE THUNDERBIRD 7 PROVIDED A SAFE AND STABLE PLATFORM FOR WORKERS DURING THE DEMOLITION OF THE OLD CEILING. BECAUSE THE PLATFORM COULD REMAIN IN THE TUNNEL THROUGHOUT THE UPGRADE, LONGER SHIFTS COULD BE WORKED EACH NIGHT AND STILL HAVE THE TUNNEL READY TO OPEN EACH MORNING.



THE FANS - EIGHT NEW 90kw FANS, SIMILAR IN POWER TO A SMALL CAR, HAVE BEEN INSTALLED IN THE ROOF SPACE. ON A DAILY BASIS, THE FANS HELP MAINTAIN AIR QUALITY, AND IN THE EVENT OF A FIRE CAN BE USED TO CONTROL SMOKE BY BLOWING IT AWAY FROM THE SOURCE, ENABLING FIRE CREWS A BETTER VIEW OF THE FIRE, AND PROVIDING A CLEAR PATH FOR PEOPLE TO ESCAPE THE TUNNEL.

3

CASE STUDY

EASING CONGESTION AND GROWING AUCKLAND THE AUCKLAND MANUKAU EASTERN TRANSPORT INITIATIVE

A major construction project to ease traffic congestion, provide much improved passenger transport links and contribute to economic growth and activity is underway in southeast Auckland.

The project is the number two transport priority in the Auckland Plan, Auckland Council's strategy to make Auckland the world's most liveable city.

AMETI - the Auckland Manukau Eastern Transport Initiative - is jointly funded by the NZTA and Auckland Council. It is one of Auckland's largest transport construction projects.

The \$180 million Panmure phase one construction programme currently being undertaken is part of a 30-year, \$1.5 billion project aimed at dealing with current traffic congestion, poor transport options and projected growth in a vital retail, commercial and residential area.

The area has some of the highest traffic flows, proportion of freight traffic and congestion levels in the country. The new road is expected to carry 20,000 vehicles a day and reduce the journey time between Mt Wellington and Glen Innes by up to 10 minutes in peak traffic.

The work currently being undertaken in Panmure (phase one) next to the train station and Ellerslie-Panmure Highway will involve up to 300 people at its peak, and 44,000m³ of earthworks.

The project is due for completion in 2012 and features:

- a major upgrade of Panmure Station to create an interchange that allows easy transfers between trains, a future busway and local buses - this includes a new bridge next to Ellerslie-Panmure Highway for buses and busway stops
- a 1.5km new road linking Morrin Road to Mt Wellington Highway to cut up to 10 minutes off journeys between Glen Innes and Mt Wellington
- a 220m tunnel for the new road built next to the rail line at the station
- replacement of the existing Ellerslie-Panmure Highway bridge, making it higher and longer to allow for rail electrification, the new road and a possible future third rail line
- a new higher, longer Mountain Road bridge with wide footpaths and more space for cyclists
- improvements to Van Damm's Lagoon and its reserve area
- a wider, longer footbridge with ramps over the rail line between William Harvey Place and Ireland Road
- cycle lanes on Ellerslie-Panmure Highway (Mt Wellington Highway to Queens Road) and new AMETI road.

THIS CASE STUDY RELATES TO THE OUTPUT CLASS
NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS
GO TO PAGE 79 FOR MORE INFORMATION.



PAKURANGA ROAD BUSWAY - PART OF THE PROPOSED BUSWAY FROM PANMURE TO PAKURANGA. BUS STOPS ARE AT INTERSECTIONS TO IMPROVE SAFETY FOR PEDESTRIANS.



AMETI CURRENTLY HAS TWO ACTIVE PHASES: PHASE ONE (IN GREEN ON THE MAP) - PANMURE STATION AREA AND THE NEW ROAD WHICH IS IN CONSTRUCTION UNTIL 2014, AND PHASE TWO (IN ORANGE ON THE MAP) - THE PANMURE TO PAKURANGA PHASE IS CURRENTLY IN DETAILED DESIGN AND WE ARE ENGAGING WITH THE COMMUNITY.

4

CASE STUDY

REBUILDING CHRISTCHURCH

Greater Christchurch has experienced ongoing aftershocks decreasing in magnitude and frequency since the February 2011 earthquake.

Emergency work management has been a key feature for the NZTA over the past year, with \$87.2 million (\$51.13 million from the NLTF and \$36.11 million from the Canterbury Earthquake Recovery Fund) spent assisting Christchurch City Council, \$430,000 to Waimakariri District Council and \$140,000 to Selwyn District Council. The focus for the rebuild in Christchurch is on repairing underground services prior to roading reinstatement so that all infrastructure is repaired just once.

The NZTA has been working with Christchurch City Council and the Stronger Christchurch Infrastructure Recovery Team (SCIRT) to develop processes that will identify the correct technical solutions and ensure best value for money.

NZTA staff are working to manage and influence the recovery and development of Canterbury's transport networks via a number of recovery and urban development groups involving councils, the Canterbury Earthquake Recovery Authority (CERA) and Ngai Tahu.

We have been able to influence early thinking around earthquake recovery planning and continue to work on the land use and transport planning strategies that will take Christchurch beyond the rebuilding phase. A key role for us going forward will be to work through the strategy formation phases of recovery planning and provide advice on how best to align this with the NZTA's investment priorities.

Long-term urban planning for networks and land use development continue to run alongside earthquake recovery work. The Urban Development Strategy work programme is focused on developing the strategic direction to provide for re-housing and land use growth.

Our Christchurch RoNS projects are a core component of our contribution to Canterbury's recovery, and great progress is being made on these. Two sections of the Western Corridor are now under construction and stage 1 of the Southern Motorway is progressing well and on target for completion in 2013.

The NZTA is also actively involved in developing the Christchurch Transport Plan, the Regional Public Transport Plan and the Greater Christchurch Transport Statement. These documents will establish the future direction of investment in the Greater Christchurch area and increase consistency in the forward planning of the networks.

Business-as-usual activity is also important and considerable work has been undertaken with Christchurch City Council over its activities in the land transport programme. We have sought to apply innovation and flexibility to the Regional Land Transport Programme that will enable opportunities for investment in the recovery.

**THIS CASE STUDY RELATES TO
MULTIPLE STATE HIGHWAY AND LOCAL ROAD OUTPUT CLASSES
GO TO PAGES 70, 71, 72, 79, 80, 82 FOR MORE INFORMATION.**



LATERAL SPREADING FROM THE SEPTEMBER 2010 EARTHQUAKE - LOCKSLEY AVENUE, DALLINGTON, CHRISTCHURCH.



DAMAGE FROM THE FEBRUARY 2011 EARTHQUAKE - COLLAPSED CRIB WALL IN GALILEE LANE, SUMNER, CHRISTCHURCH.



DAMAGE FROM THE FEBRUARY 2011 EARTHQUAKE - ROTATED GABION BASKET RETAINING WALL, GLENSTRAE ROAD, REDCLIFFS, CHRISTCHURCH.

5

CASE STUDY

SMOOTH TRANSITION TO GIVE WAY CHANGES

On Sunday 25 March, two of our give way rules changed in order to make our roads safer.

The first change requires all traffic turning right to give way to a vehicle coming from the opposite direction and turning left. This applies at crossroads, T-intersections and driveways where both vehicles are facing each other with no signs or signals, or the same signs or signals. The second change occurs at uncontrolled T-intersections, where all traffic from a terminating road (bottom of the T) should now give way to all traffic on a continuing road (top of the T).

The NZTA was tasked with leading the implementation of the rule change. It was anticipated that changing the two give way rules would help reduce confusion on our roads by removing some of the demands the previous rules placed on drivers' decision-making at intersections, and could reduce relevant intersection crashes by 7%.

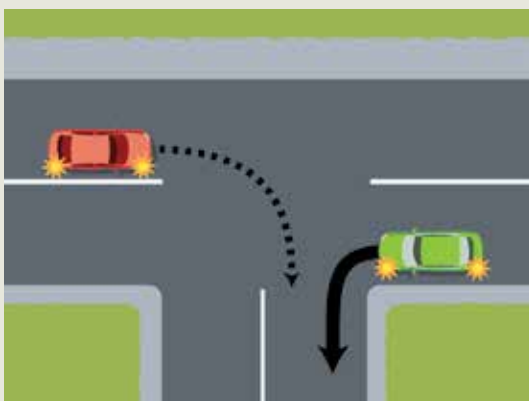
Accounts after the change indicate it went smoothly, with New Zealand Police reporting few problems. In a survey of road users post-March, approximately 90% of respondents were aware of the two new rules. Media coverage was mostly positive or balanced and praised good driver behaviour. Survey responses from key stakeholders were also mostly positive. Most respondents felt that the NZTA's coordination and partnership with their organisations had been successful.

A contributing factor to the smooth changeover was a focus on keeping the public information simple and timely, with national advertising running from 15 March to 1 April. The aim of the NZTA's public awareness campaign was to minimise confusion and maximise compliance. New Zealanders needed to understand the changes and where they could get more information.

For that reason, the campaign simply focused on the date of change, what the two new rules were and where to get more information. Extensive advertising included two television ads (one for each rule change), and ads on high traffic websites, on the radio, in print and via a leaflet door drop to over 1.7 million homes. Television activity reached 89% of all people aged 15+, with this percentage of the population being exposed to the messages over 16 times each during the campaign period. The short and sharp campaign timing was based on learnings from a similar rule change in Victoria, Australia, and was chosen to ensure people did not start to use the new rules too early.

Finally, there was a huge sense of social responsibility shown by the public in general and from organisations with usually little interest in road safety, exemplified by social media accounts where people were quick to criticise factually incorrect posts. This meant that many people helped the NZTA deliver our key messages through their own channels and communities, and helped to make the changeover a success. Concerns the changes would result in confusion were largely unfounded, with everyone working together to make it a smooth transition.

THIS CASE STUDY RELATES TO TWO OUTPUT CLASSES
REGULATORY IMPLEMENTATION AND ENFORCEMENT
AND ROAD USER SAFETY
GO TO PAGES 62 AND 77 FOR MORE INFORMATION.



RULE CHANGE 1



RULE CHANGE 2

6

CASE STUDY

THE NZTA'S GHOST CHIPS CAPTURES AUDIENCE AND AWARDS

By using humour, the NZTA's *Legend* television advertisement ('ghost chips') adopted a fresh approach to get the 'dangers of drink-driving' message across to at-risk young drivers. The 'viral' success of the ad surprised everyone. It gained national and international recognition, including the Yellow Pencil award at the International Advertising D&AD Awards for Integrated and Earned Media, and New Zealand's TVC of the Year award at StopPress/ThinkTV's Advertising Awards.

Drink-driving statistics for youth make sobering reading, with over 40% of all alcohol-related crashes involving drivers under the age of 24 years. In all crashes causing death or serious injury in 2008–10, 82% of the drinking drivers were male. One in five (19%) of the drinking drivers were aged 15–19, and another 24% were aged 20.

Research showed that these young men don't set out to drive drunk – they just don't plan ahead. They make mistakes. In addition, it's hard to tell a mate not to drive; no one wants to lose face, to be seen as the 'downer' of the party or to be accused of being 'soft'. The advertising needed to be as realistic as possible for these

young men – we needed to sell a very serious message without being seen as too 'serious'. So the NZTA's *Legend* campaign relied on humour to break through this potential awkwardness, and in doing so gave these young men some verbal tools that they could use in the future, such as 'I've been internalising a really complicated situation in my head'.

The advertisement went viral on release and received 1.5 million YouTube hits in the first two weeks, making it the number one educational video of all time in New Zealand. 175 Facebook pages were spontaneously created – one with 70,000 likes. The key to this sort of unanticipated success has everything to do with the relevance of the ad to the target audience. Thorough preparation and testing played a big part in achieving this success. The ad continues to test well with the target audience.

THIS CASE STUDY RELATES TO THE OUTPUT CLASS
ROAD USER SAFETY
GO TO PAGE 77 FOR MORE INFORMATION.



LEGEND: ON 23 OCTOBER 2011, A NEW DRINK-DRIVING CAMPAIGN WAS LAUNCHED. YOUTH DRINK-DRIVING IS ONE OF THE LARGEST CAUSES OF DEATH AND INJURIES ON NEW ZEALAND ROADS. EACH YEAR, YOUNG DRIVERS CAUSE NEARLY HALF OF ALL ALCOHOL-RELATED ROAD CRASHES.

STATEMENT OF SERVICE PERFORMANCE

This statement of service performance sets out the outputs (goods and services) the NZTA is funded to provide and the standards to which we assess our service delivery performance. It is divided into three categories:

OUTPUT CLASSES THE NZTA DELIVERS

- › Regulatory implementation and enforcement
- › Licensing activities
- › Motor vehicle registry
- › Road user charges collection, investigation and enforcement
- › Refund of fuel excise duty
- › Management of the funding allocation system
- › Sector training and research
- › New and improved infrastructure for state highways *and* Crown contribution to accelerated state highway construction
- › Renewal of state highways
- › Maintenance and operation of state highways

OUTPUT CLASSES THE NZTA PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES

- › Public transport infrastructure
- › Transport planning
- › Road user safety
- › Administration of the SuperGold cardholders scheme *and* Enhanced public transport concessions for SuperGold cardholders

OUTPUT CLASSES THE NZTA INVESTS IN, BUT DOES NOT DELIVER SERVICES FOR

- › New and improved infrastructure for local roads
- › Renewal of local roads
- › Maintenance and operation of local roads
- › Public transport services
- › Walking and cycling
- › Rail and coastal freight

OUTPUT CLASSES THE NZTA DELIVERS

REGULATORY IMPLEMENTATION AND ENFORCEMENT

What does the NZTA do?

Under this output class, the NZTA:

- › 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/ requirements for vehicles, drivers, operators and transport system providers
- › manages tolling revenue
- › provides ministerial services.

How does this output contribute to desired transport impacts?

Regulatory implementation and enforcement directly contributes to a reduction in deaths and serious injuries from road crashes through regulation of drivers, vehicles and commercial operators. This output has a secondary contribution to more efficient vehicle fleets, a reduction in adverse environmental effects from land transport and more efficient freight supply chains. For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for regulatory implementation and enforcement were as follows:

- › We implemented three land transport rules: the Road User Amendment Rule that changed two give way rules at intersections; the Driver Licensing Amendment Rule that made changes to improve the safety of young drivers, motorcyclists and moped riders, to improve the integrity of the driver licensing system and to make business processes more efficient; and the Omnibus Amendment Rule 2011 that made amendments to a series of rules to improve clarity¹,
- › We completed a cross-agency development of the Land Transport Regulatory Review Programme that included the development of principles and guidelines to help develop better, less regulated and reformed annual vehicle licensing, WoF/CoF inspections, and transport services licensing regimes, with decisions expected in 2013.

- › We introduced differential channel pricing for tolling with associated education to promote the use of online channels, which helped achieve a significant shift of casual customers to the cheaper online channel and was a major factor in online transactions exceeding the target by 12.7%.
- › We made the first successful prosecution for recidivist non-payment of tolls. The introduction of prosecutions for recidivist non-payment of tolls should help reduce tolling non-compliance.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of revenue compliance (tolling)	96.8%	>96%	+0.8%	96.7%
Value of bad debt written off (10)	\$376,571	<\$400,000	+\$23,429	\$416,000
Unit transaction cost (11)	\$0.65	\$0.65	-	\$0.78
% of NZTA audit programme completed (12)	100%	100%	-	100%
% of activities that are delivered to agreed standards and timeframes (13)	86.5%	100%	-13.5%	100%
% of transactions completed online (14)	52.7%	>40%	+12.7%	34%

¹ The Driver Licensing 1999 (Rule 91001), External Projections 2001 (Rule 32008/1), Glazing, Windscreen Wipe and Wash, and Mirrors 1999 (Rule 32012/1), Operator Licensing, 2007 (Rule 81001), Road User 2004 (Rule 61001), Traffic Control Devices 2004 (Rule 54002), Vehicle Dimensions and Mass 2002 (Rule 41001), Vehicle Equipment 2004 (Rule 32017), Vehicle Lighting 2004 (Rule 32005), and the Work Time and Logbooks 2007 (Rule 62001)

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	33,546	29,418	4,128	32,231
Expenditure	33,861	31,443	(2,418)	32,019
Net surplus/(deficit)	(315)	(2,025)	1,710	212

How do we interpret our performance results?

NZTA service delivery

Regulatory implementation and enforcement achieved/exceeded 5 of 6 performance targets this year. Specifically,

- › tolling revenue compliance exceeded the target partly due to successful use of incentives such as new and easier to use payment options and fee increases for late payment
- › the value of tolling bad debt written off achieved the target, with fee increases for unpaid tolls and the introduction of prosecution of recidivist non-payers as likely contributing factors
- › unit transaction cost for tolling met the target and was significantly lower than 2010/11 due to a shift to online channels and the introduction of increased administration fees
- › internal operational assurance identified that some activities were not delivered to required standards because outdated and modified forms were being used. Changes have been implemented to ensure correct forms are used and all activities are delivered to standard
- › online toll transactions exceeded the target by 12.7% driven by the introduction of administration fees to non-online channels, which has encouraged customers to use the cheaper online channel.

Financial results

The net deficit was \$1.7m less than budgeted due to:

- › higher revenue attributable to higher volumes of border inspections prior to the import rule change
- › higher transaction volumes in vehicle licensing due to a trend towards shorter-duration vehicle licenses, likely in response to harder economic times.

Expenditure was \$2.4m over budget due to higher volumes in most activities, and an unbudgeted \$1.9m depreciation of the Operator Rating System.

SCOPE OF OUTPUT CLASS: Purchase of land transport regulatory implementation services and specialist land transport enforcement services.

LICENSING ACTIVITIES

What does the NZTA do?

Under this output class, the NZTA:

- › 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 (funded by the Ministry of Health)
- › provides licensing information and advice.

The NZTA delivers these services funded from fees and charges, and the Crown, including Crown contracts for specific activities.

How does this output contribute to desired transport impacts?

Licensing activities contribute to more efficient freight supply chains and vehicle fleets. However, this output's most significant area of impact is reductions in deaths and serious injuries from road crashes, through the influence on drivers and driver behaviour. For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for licensing activities were as follows:

- › We implemented a new graduated driver licensing test to improve the safety of young drivers.
- › We transitioned the driver licence register to its new IT platform, which allows more online self-servicing options to be introduced to customers and reduces the cost of future changes to the register.

- › We progressed a review of the transport service licensing regime jointly with the Ministry of Transport as part of the Vehicle and Operator Licensing Reform project. Reform decisions are due in 2013.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of accuracy of registers (15)	96.3%	>93%	+3.3%	95.8%
Value of bad debt written off (16)	\$11,000	\$400,000	+\$389,000	\$0
Unit transaction costs	\$39.39	<\$42.45	+\$3.06	\$41.89
Number of products/services delivered to agreed standards and timeframes (17)	493,822	402,000-444,000	+49,822	413,340
% of transactions completed online (18)	12.2%	>12%	+0.2%	10.2%

How was the money spent?*

	ACTUAL 2011/12 \$'000	BUDGET 2011/12 \$'000	VARIANCE 2011/12 \$'000	ACTUAL 2010/11 \$'000
Income	47,242	41,575	5,667	47,231
Expenditure	45,570	45,475	(95)	49,794
Net surplus/(deficit)	1,672	(3,900)	5,572	(2,563)

How do we interpret our performance results?

NZTA service delivery

Licensing activities achieved/exceeded all of its service delivery performance targets this year. Highlights include:

- › unit transaction costs were below target due to higher transaction volumes, channel shift towards online transactions, and a continued focus on cost reduction and process improvement
- › the number of products/services delivered exceeded the target due to greater than expected numbers of young drivers applying for graduated driver licences before the August 2011 age change, an increase in drivers booking restricted tests before the test change in February 2012, and an increase in re-sits after the test changed and became more challenging

- › the percentage of transactions completed online met the target due to improvements in the booking system that make it a more attractive option for customers.

Financial results

- › A \$3.9m deficit was budgeted; however we ended the year with a \$1.7m surplus.
- › Revenue was \$5.7m higher than expected due to the higher driver licensing and testing volumes at the start of the financial year and a lower drop-off than expected from the driving age changes.

SCOPE OF OUTPUT CLASS: Purchase of land transport licensing services, including driver licensing.

MOTOR VEHICLE REGISTRY

What does the NZTA do?

Under this output class, the NZTA:

- › 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 does this output contribute to desired transport impacts?

Motor vehicle registry services, by helping manage the motor vehicle fleet, contribute to the following impacts: reduction in deaths and serious injuries from road crashes, reduction in adverse environmental effects from land transport and more efficient vehicle fleets.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for the motor vehicle registry were as follows:

- › We transitioned the motor vehicle register to a modern IT platform to allow more online self-servicing options for customers, and reduce the cost of future changes to the register.
- › Increased number of customers completing vehicle re-licensing online was achieved by promoting the online payment option in reminder letters and will be further supported by changes made to administration fees, including a reduction in the fee when re-licensing vehicles online (from \$6.40 to \$3.57) which will be implemented by 1 October 2012.
- › We progressed a review of the annual vehicle licensing regime jointly with the Ministry of Transport as part of the Vehicle and Operator Licensing Reform project with reform decisions due by 2013.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of accuracy of registers (19)	95.1%	>95%	+0.1	94.8%
% of revenue compliance	98.6%	98%	+0.6%	98.9%
Value of bad debt written off (20)	\$4.1m	<\$4m	-\$0.1m	\$4.4m
Unit transaction costs	\$5.60	<\$5.93	+\$0.33	\$5.85
Number of products/services delivered or processed	9.0m	8.0-8.8m	+0.2m	8.7m
% of transactions completed online (21)	16.4%	>15%	+1.4%	12.3%

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	53,616	53,476	140	54,951
Expenditure	56,926	54,381	(2,545)	53,797
Net surplus/(deficit)	(3,310)	(905)	(2,405)	1,154

How do we interpret our performance results?

NZTA service delivery

Motor vehicle registry achieved/exceeded 5 of 6 performance targets this year. Key highlights include:

- › the reduction in unit cost for the motor vehicle register, reflecting operational efficiencies; this was particularly pleasing given the increase in shorter-duration vehicle licences (4% against budget). The majority of the efficiency was achieved by shifting customers to lower-cost online channels
- › bad debt written-off was \$4.1m against a target of \$4m. The small variance is a minor setback against significant improvement in reducing bad debt over the last 3 years. This result is lower by 9% and 41% compared with 2010/11 and 2009/10 levels respectively.

Financial results

- › The deficit was greater than expected due to \$2.9m IT business continuity costs associated with re-platforming the motor vehicle register earlier than budgeted. When this item is excluded, the net deficit is \$0.5m better than budgeted due to lower expenditure attributable to a gain in operational efficiency.

SCOPE OF OUTPUT CLASS: 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.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

What does the NZTA do?

Under this output class, the NZTA:

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

How does this output contribute to desired transport impacts?

Road user charges collection, investigation and enforcement, by helping manage the motor vehicle fleet, contributes to the following impacts: reduction in deaths and serious injuries from road crashes, reduction in adverse environmental effects from land transport and more efficient vehicle fleets.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for road user charges collection, investigation and enforcement were as follows:

- › We successfully implemented the outcomes of the Road User Act review. Changes to the Road User Act are the most significant reform of the RUC system since it was introduced in 1978.

- › Administration fees for road user charges will be reduced in August 2012. The greatest savings to customers will be a reduction in the cost of online transactions from \$8.50 to \$4.17.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
Value of bad debt written off (22)	\$2.1m	<\$1m	-\$1.1m	\$1.4m
Unit transaction costs	\$5.80	<\$6.81	+\$1.01	\$5.91
Number of products/services delivered or processed (23)	2.6m	2.4-2.7m	-	2.5m
% of transactions completed online (24)	43.9%	>28%	+15.9%	34.5%

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	16,485	17,855	(1,370)	17,349
Expenditure	16,897	18,829	1,932	14,887
Net surplus/(deficit)	(412)	(974)	562	2,462

How do we interpret our performance results?

NZTA service delivery

RUC collection, investigation and enforcement achieved/exceeded 3 of 4 performance targets this year. Specifically:

- › Bad debt did not meet its target due to problems associated with transitioning to new debt collection companies², and an allocation of resources to bad debt applications that resulted in a higher-than-forecast bad debt write-off for 2011/12. The total appropriation for bad debts is \$6m per year. However, this was raised to \$7m in 2011/12 by the Ministry of Transport, in response to an increase in bad debt applications. The Ministry of Transport's raising of the appropriation indicates this target was set too low.
- › Unit transaction costs were below the target maximum and the 2010/11 level. This positive trend is due to higher volumes, and channel shifts to online transactions.
- › The number of products/services delivered or processed met its target as expected. This has been increasing by 6% per year

since 2008/09, which can be attributed to a growing number of kilometres travelled and diesel vehicles on the road.

- › Transactions completed online exceeded the target by 15.9%. This was attributed to customers preferring online channels as a convenient payment channel and the expansion of the scope of online transactions.

Financial results

- › The Ministry of Transport and the NZTA agreed to pay the 2010/11 surplus back to the Ministry of Transport in 2011/12, rather than in the year it applied (because this output class is funded by appropriation, surpluses are normally paid back to the Ministry of Transport in the year made). Paying back this surplus and higher-than-expected RUC project costs, led to a small deficit being recorded this year.

SCOPE OF OUTPUT CLASS: Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

² Debts outstanding at Baycorp at the time the debt collection contract changed in March 2011 were either on-referred to new contractors, or applied for bad debt write off in June 2011. After six months with the new collection agencies, and exhausting all avenues of collection, the debts were then applied for write off in the 2011/12 financial year.

REFUND OF FUEL EXCISE DUTY

What does the NZTA do?

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

How does this output contribute to desired transport impacts?

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

What were our key achievements?

- › The average time taken to refund fuel excise duty was significantly less than the target and 2010/11 levels.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
Average number of days taken to deliver (25)	9.7	20	+10.3	13.8

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	441	429	12	431
Expenditure	501	429	(72)	496
Net surplus/(deficit)	(60)	0	(60)	(65)

How do we interpret our performance results?

NZTA service delivery

- › Employing temporary staff enabled faster average processing of refunds and clearing of backlogs, resulting in greater responsiveness to customers.

Financial results

- › The deficit was marginally higher than budgeted. Expenditure was higher than budget due to employing temporary staff to address expected temporary increases in volumes as outlined above.

SCOPE OF OUTPUT CLASS: Receipt and processing of applications for, and the refunding of, fuel excise duty.

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM

What does the NZTA do?

This output class covers the NZTA's internal operating costs to:

- › develop and manage the National Land Transport Programme
- › develop NZTA planning and investing strategies and plans
- › provide policy advice to government on policy framework
- › monitor and audit the performance of organisations that receive funding from us
- › provide investment policy advice on public transport services
- › monitor and report on work undertaken in the national Road Policing Programme³.

How does this output contribute to desired transport impacts?

Management of the funding allocation system contributes to seven of our eight desired impact areas (excluding more efficient vehicle fleets) through the management of the National Land Transport Fund investments. The NZTA seeks to invest in outputs that maximise the overall benefit for the New Zealand transport system. For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for the management of the funding allocation system (MOFAS) were as follows:

- › We maximised benefit delivery of the 2009–2012 NLTP to transport users by using the borrowing facility to manage the cash flow.
- › We developed the 2012–15 NLTP that shapes investment in the land transport system.
- › We actively contributed to the Land Transport Management Act (LTMA) and Resource Management Act (RMA) reviews.

- › We completed development of the State Highway Network Strategy and Network Access and Use Strategy.
- › We worked with investment partners to influence the integration of land use and transport planning.
- › We delivered audit and monitoring programmes to expectations.
- › We completed quarterly monitoring and reporting on the delivery of the Road Policing Programme.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
Total cost of managing the funding allocation system as a % of NLTP expenditure (26)	1.03%	<1%	-0.03%	<1%
% of audit programme completed (27)	100%	100%	-	-
% of activities that are delivered to agreed standards and timeframes (28)	81%	90%	-9%	-
% of NLTP expenditure claims and approved contract or payments paid by the due date (29)	100%	100%	-	-
Average number of days taken to deliver (30)	24	27	+3	-

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	29,371	29,000	371	30,709
Expenditure	29,891	29,000	(891)	31,233
Net surplus/(deficit)	(520)	0	(520)	(524)

³ For detailed information about the Road Policing Programme refer to page 181.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher-than-usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

How do we interpret our performance results?

NZTA service delivery

MOFAS achieved 3 out of the 5 service delivery performance targets this year. Key variances against targets include the following:

- › The cost of managing the funding allocation system was slightly more than the 1% target for 2011/12, following a planned reduction in funding and intensified activity in certain areas for new projects and priorities, in addition to planned and budgeted activities. This was further complicated by a moratorium placed on new works as a result of unexpected cash flow difficulties.
- › Process improvements are being embedded, ensuring that effective information is captured and non-compliance issues are reduced, properly mitigated and managed. This is evidenced by the significant reduction in the average number of days to process and approve new activities in the National Land Transport Programme.

Financial results

MOFAS expenditure was \$891,000 over budget due to:

- › unrecoverable costs from the Rugby World Cup 2011 and additional priority projects such as the transport planning review and Road Maintenance Taskforce
- › specialist consultancy support on the implementation of the Public Transport Operating Model and wider policy work on public transport effectiveness and support to the planning and investing outcomes model
- › additional depreciation related to adjusting the life of the Transport Information Online asset in preparation for interfacing with the SAP Enable project

Offsetting the above over-spend, efficiency gains were achieved with a streamlined resource allocation on taxi enforcement activity.

SCOPE OF OUTPUT CLASS: Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS AND CROWN CONTRIBUTION TO ACCELERATED STATE HIGHWAY CONSTRUCTION

What does the NZTA do?

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

How does this output contribute to desired transport impacts?

Improvements to state highway infrastructure have an impact on the resilience and security of the whole road network, improved efficiency of freight supply chains and the easing of severe congestion. Improved road engineering is also a significant factor in reducing the risk of road crashes.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for new and improved infrastructure for state highways and Crown contribution to accelerate state highway construction were as follows:

- › We commenced the construction of the Waterview Connection, meeting targets for the first year, including the procurement of a tunnel boring machine.
- › We actively progressed the RoNS programme, with notable achievements including the consenting of Transmission Gully in Wellington, and agreeing a preferred option for other RoNS in earlier stages of development.

- › We maintained progress on large non-RoNS projects, including the replacement of Newmarket Viaduct and the commencement of the Atiamuri Bridge replacement.
- › We completed 12 of 13 large projects to operational level, including the Victoria Park Tunnel, Hobsonville Deviation and Kopu Bridge Replacement, with another large project currently on hold due to the Christchurch earthquakes.
- › We completed 25 of the 29 planned small projects, with the remainder well into construction and close to completion.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of NZTA audit programme completed (33)	94%	100%	-6%	New measure
% of activities that are delivered to agreed standards and timeframes (34)	90%	>90%	-	New measure

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	806,950	909,700	(102,750)	1,154,261
Expenditure	888,295	924,000	35,705	1,137,789
Net surplus/(deficit)	(81,345)	(14,300)	(67,045)	16,472

How do we interpret our performance results?

NZTA service delivery

New and improved infrastructure for state highways and Crown contribution to accelerated state highway construction achieved most of its performance targets.

- › With revenue constraints, expenditure was kept to a minimum while managing to achieve the majority of planned construction completions, therefore releasing almost the full amount of planned benefits onto the network.
- › This success was accomplished through investment in priority activities, with around 65% of investments focused on the development and delivery of the RoNS programme.

Financial result

- › Expenditure on new and improved infrastructure of state highways was \$35.7m under budget.
- › Financial targets were adjusted during the year to manage cash-flow pressures across the NLTP. The actual out-turn aligns well with the revised agreed expenditure target.

SCOPE OF OUTPUT CLASS: Capital works for new infrastructure for state highways, as authorised by section 9 (3) and (4) of the Land Transport Management Act 2003.

Contributing towards the purchase of state highway improvements as outlined in the 2006/07 State Highway Forecast.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the Agency before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher than usual degree of uncertainty around the level of the claims from Approved Organisations as 2011/12 was the last year of the first 3 year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

RENEWAL OF STATE HIGHWAYS

What does the NZTA do?

Under this output class, the NZTA manages and invests in renewal of existing state highway network infrastructure to maintain standards of skid resistance and rutting, and to intervene at the optimal time to reduce exposure to future maintenance costs arising from wear and tear on our roads.

How does this output contribute to desired transport impacts?

Renewal of state highway infrastructure helps ensure that the impacts that existing infrastructure has on the transport system are sustained. That infrastructure contributes to the resilience and security of the whole road network, the efficiency of freight supply chains, the easing of congestion and reduction in the risk of road crashes.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for renewal of state highways were as follows:

- › We completed 1344km of pavement renewals including chip sealing and pavement rehabilitation.
- › We completed 147km of pavement rehabilitation renewal (a complete renewal of the full depth of the highway pavement).

This was achieved despite the programme being reduced to remain within the funding constraints and despite an increased unit rate to apply more sophisticated treatments, and an increasing proportion of the work on heavy traffic routes.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of NZTA audit programme completed (35)	100%	100%	-	New measure
% of activities that are delivered to agreed standards and timeframes (36)	93%	>90%	+3%	New measure
Safe stopping: % of travel on network above skid threshold (37)	97.6%	98%	-0.4%	96.9%
Smooth ride: % of rutting >20mm over state highway network (38)	0.8%	<1%	+0.2%	<1%

How do we assess our investment performance?

	ACTUAL 2011/12	FORECAST	VARIANCE 2011/12	ACTUAL 2010/11
Cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometre travelled) (39)	0.99 c/vkt	0.95-1.05 c/vkt	-	0.97 c/vkt
Cost of renewals (excluding emergency reinstatement) per network lane km	\$8,552	\$8,330	-\$222	\$8,356

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	199,731	205,000	(5,269)	205,112
Expenditure	199,731	205,000	5,269	205,112
Net surplus/(deficit)	0	0	0	0

How do we interpret our performance results?

NZTA service delivery and investment

Renewal of state highways achieved all performance targets for the year while working within the reduced funding constraints. This was achieved by:

- › targeting high-priority deteriorating sections of the state highway, and particularly by prioritising high-quality surfaces and replacing road pavements that were in poor condition or misshapen

- › focusing on targeted treatments for local conditions in order to deliver the most appropriate level of service for our customer, directed at our higher traffic volume highways.

Financial results

- › Renewal of state highways ended the year on budget.

SCOPE OF OUTPUT CLASS: Renewal work on the state highway network, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher-than-usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

MAINTENANCE AND OPERATION OF STATE HIGHWAYS

What does the NZTA do?

Under this output class the NZTA:

- › maintains the road and the roadside to ensure it is in the safest possible condition for users
- › maintains the state highway network to ensure it continues to provide a reliable journey
- › operates the state highway network to ensure that customers are aware of conditions before they travel and that it is safe and reliable when they do travel.

How does this output contribute to desired transport impacts?

Maintenance of state highway infrastructure 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 have a broad impact on better use of transport capacity, ensuring network resilience and security, freight supply chain efficiency, and reducing urban congestion and the risk of road crashes.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for maintenance and operation of state highways were as follows:

- › We maintained a consistent and safe environment on the state highway network. The state highway network remained open and available throughout the year (99.6% availability). Where there were closures, alternative routes were generally available for travellers. The most high-profile closure was caused by the Manawatu Gorge slip, which contributed to the higher-than-anticipated expenditure on emergency reinstatement.
- › Alongside Auckland Transport, we established joint management of traffic operations across Auckland to provide an increasingly seamless experience for customers across state highways and local roads. We are currently working toward establishing a similar operation in Christchurch to deal with the after-effects of the earthquakes.
- › Together with the Auckland Motorway Alliance, we are in the fourth year of our 10-year maintenance contract, with overall savings of 19% of previous costs while continuing to achieve the required levels of service.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of activities that are delivered to agreed standards and timeframes (41)	100%	100%	-	New measure
% of NZTA audit programme completed (40)	100%	100%	-	New measure
Safe stopping: % of network meeting surface texture standards (42)	99.7%	98%	+1.7%	99.7%
Smooth ride: % of travel on network classed as smooth (43)	99%	97%	+2%	99%
% of availability of state highway network (44)	99.6%	100%	-0.4	99.5%

How do we assess our investment performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
Cost of emergency reinstatement	\$65.3m	\$37m	-\$28.3m	\$52.7m
Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometre travelled) (45)	1.38 c/vkt	1.25-1.45 c/vkt	-	1.25 c/vkt
Cost of maintaining and operating the network excluding emergency reinstatement (\$ per lane km)	\$11,949	\$11,000-\$12,000	-	\$10,802

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	365,325	315,964	49,361	329,572
Expenditure	345,844	315,865	(29,979)	329,001
Net surplus/(deficit)	19,481	99	19,382	571

How do we interpret our performance results?

NZTA service delivery and investment

Maintenance and operation of state highways achieved all of the service delivery performance targets. Notably:

- › Road maintenance and active management of traffic flow incidents and events has ensured state highways were generally available for use by customers. For instance, access to alternative routes adjacent to the Manawatu Gorge was provided while 380,000m² of slip in the gorge was cleared.
- › We replaced damaged bridges to restore the state highway between Palmerston North and Woodville.
- › We actively met network condition targets.

Additionally, we achieved two of the three investment forecasts. The exception was the significant overspend on emergency reinstatement due to natural disasters and adverse weather events.

Financial results

- › Maintenance and operation of state highway expenditure was \$30m over budget as a result of the additional expenditure required on emergency reinstatement work.

SCOPE OF OUTPUT CLASS: Assisting the Canterbury region to implement a land transport package.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher than usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

SECTOR TRAINING AND RESEARCH

What does the NZTA do?

Under this output class, the NZTA purchases research to improve knowledge and investment decisions made in the land transport system. The research programme informs NZTA policies and guidelines and is made available to transport stakeholders and the general public. Sector training addresses gaps in core transport capability training that cannot be addressed by other means.

How does this output contribute to desired transport impacts?

Sector training and research contributes to all eight desired areas of impact – it does so indirectly and enables better delivery of all other outputs. The NZTA seeks to manage this output to maximise the overall benefit derived from all other outputs. For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for sector training and research⁴ were as follows:

- › We published 44 NZTA research programme reports. A further 30 research programme projects were completed and the associated reports were being finalised for publication as at June 2012. In addition, 35 research programme projects were being actively managed, including 21 new contracts which were commissioned and procured during 2011/12.
- › We commissioned research on issues relevant to the Road Maintenance Taskforce review.

- › We approved 27 research programme topics for investment in the upcoming 2012/13 financial year.
- › We published seven NZTA research newsletters to promote the increased number of research reports being published.
- › We transitioned graduate engineering courses at the New Zealand Institute of Highway Technology, University of Auckland and University of Canterbury to a self-sustaining platform.
- › We invested in the development of a Safe System Training Programme which will be delivered during the 2012/13 year.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of activities that are delivered to agreed standards and timeframes (31)	97%	100%	-3%	100%

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	5,002	6,000	(998)	3,408
Expenditure	3,858	6,000	2,142	3,391
Net surplus/(deficit)	1,144	0	1,144	17

How do we interpret our performance results?

NZTA service delivery

Sector training and research achieved a high level of service delivery performance this year.

- › Research activities were measured against three components, namely agreed cost, peer reviews completed and timeliness.
 - Cost and peer reviews achieved 100% and project timing achieved 83% resulting in a 94% rating for research programme activities.
 - 100% of training activities were delivered to contracted standards and timeframes.
- › Overall, 97% of sector training and research activities were delivered to agreed standards and timeframes.
- › This was a great outcome given the considerable research programme activity during the year, as summarised above.

Financial results

Expenditure on sector training and research ended the year \$2.1m below budget for the following reasons:

- › \$1m is due to the requirement for a high degree of strategic fit, which resulted in a lower level of research proposals securing investment.
- › A further \$1m was credited to the programme at the end of the year due to a revision of the accounting treatment applied to research commitments.

SCOPE OF OUTPUT CLASS: Research and transport sector capability development, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

⁴ www.nzta.govt.nz/planning/programming/research.html

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

OUTPUT CLASSES

THE NZTA PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES

PUBLIC TRANSPORT INFRASTRUCTURE

What does the NZTA do?

Under this output class, the NZTA invests, in conjunction with approved organisations, in the renewal and improvement of road and ferry infrastructure to support public transport services, including bus lanes, bus bays, public transport facilities (eg terminals, park-and-ride facilities and public transport technology - including delivering the National Integrated Ticketing Programme). Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund.

How does this output contribute to desired transport impacts?

Public transport infrastructure has its greatest impact through facilitating more transport choices in urban areas. It enables better use of existing transport capacity and easing congestion, aids transport system resilience and security, and provides for one of the safest transport modes. For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for public transport infrastructure were as follows:

- › We continued developing the Auckland Integrated Fares System (AIFS).

- › We invested in upgrading rail stations in and around Auckland.
- › We progressed further development of the Manukau Transport Interchange and city rail link.
- › We implemented a real-time information system for the Wellington bus network.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of activities that are delivered to agreed standards and timeframes (46)	92%	100%	-8%	100%

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	35,019	55,000	(19,981)	44,667
Expenditure	18,070	55,000	36,930	31,519
Net surplus/(deficit)	16,949	0	16,949	13,148

How do we interpret our performance results?

NZTA service delivery

Public transport infrastructure did not achieve the target to deliver the programme of work to agreed timeframes. This is partly due to slower-than-anticipated delivery of key large public infrastructure projects specifically in rail, and public transport technology-related projects such as the National Integrated Ticketing Programme.

Financial results

Public transport infrastructure expenditure ended the year \$36.9m below budget due to:

- › delays in the delivery of key large public infrastructure projects, specifically:
 - deferral in purchasing additional property for the underground bus exchange in Christchurch as a result of the earthquake
 - design complications in the Downtown and Hobsonville ferry wharf upgrade
 - incompatibility and development issues with the Manukau city rail

link and real-time passenger information system with on-street bus facilities, which was offset by delivering the real-time system for Wellington buses (exchanged for 2012-13)

- delay in final delivery of part of the AIFS project due to a compliance issue
- › an underspend on the National Integrated Ticketing Programme resulting from:
 - lower consultant costs due to reduced certification activity as the development of AIFS is slower than originally planned
 - a lengthening to the timetable for development of the public transport data warehouse in order to ensure a more complete and robust solution
- › a moratorium set on new project starts as a mechanism to manage cash-flow pressures.

SCOPE OF OUTPUT CLASS: 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.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

TRANSPORT PLANNING

What does the NZTA do?

Under this output class the NZTA invests in and influences:

- › the development of regional land transport strategies and programmes
- › the development and improvement of service, network and asset management plans by approved organisations and in relation to state highways
- › activities that contribute to the long-term transport planning of approved organisations and the state highway network.

How does this output contribute to desired transport impacts?

Transport planning contributes to seven of our eight desired impact areas, excluding more efficient vehicle fleets, by providing greater certainty for regional land transport strategies and programmes, infrastructure development, and activity management and investment in New Zealand's transport system.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for transport planning were as follows:

- › Regional and unitary councils completed and consulted on 17 regional land transport programmes in preparation for the development of the 2012-15 National Land Transport Programme.
- › We contributed to the development of the Auckland Plan.
- › We contributed to and invested in Wellington planning and Christchurch recovery planning, and sub-regional transport plans for the Auckland Southern Initiative area, Central Auckland and Wellington's passenger transport spine. The value of collaborating with local government to optimise transport's contribution to enabling economic growth and safety is estimated at up to 10% of the improvements spend, ie up to \$100 million per year.

- › We contributed to and invested in regional council passenger transport planning, including bus route reviews of the three main centres – Auckland, Wellington and Christchurch.
- › We were actively involved in the development of upper north island, central and south island freight plans to optimise the supply chain, and provide early investment signals for strategic freight routes, and
- › We completed the National State Highway Activity Management Plan to optimise the maintenance and operation spend on the state highway network.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of activities that are delivered to agreed standards and timeframes (47)	87%	90%	-3%	N/A

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	25,088	26,000	(912)	23,259
Expenditure	22,614	26,000	3,386	23,195
Net surplus/(deficit)	2,474	0	2,474	64

How do we interpret our performance results?

NZTA service delivery

Transport planning was unable to fully achieve the service delivery performance target this year.

- › The sequencing of the programme was changed to better integrate with key regional planning work including the Auckland Plan.
- › These programme adjustments were made to deliver greater value through joined-up planning and to potentially deliver cost efficiencies.

In summary, transport planning has performed strongly, delivering a quality contribution and programme efficiencies to maximise our contribution to integrated network planning. The incomplete portion of the programme of work will be carried forward into the 2012/13 programme.

Financial results

Transport planning expenditure ended the year \$3.4m below budget due to programme adjustments and consequent delays in delivering some activities.

SCOPE OF OUTPUT CLASS: Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher-than-usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

ROAD USER SAFETY

What does the NZTA do?

Under this output class, the NZTA 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 does this output contribute to desired transport impacts?

Road user safety contributes to a reduction in deaths and serious injuries from road crashes, by influencing the behaviour of drivers and other road users.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for road user safety were as follows:

- › We launched the *Legend* ('ghost chips') advertising campaign in October 2011, which received national and international recognition, including:
 - the International Advertising D&AD Awards: Integrated and Earned Media – yellow pencil
 - New Zealand's StopPress/ThinkTV Advertising Awards – TVC of the Year.

- › We placed the fatigue-related Sneak up advertisements on the Interislander and won gold at the CAPLES Direct Marketing New York Awards Show.
- › We launched an intensive public information campaign in March to communicate the changes to the give way rules. The implementation of these changes was extremely successful and the campaign has been shortlisted as a finalist in the Public Sector Award at the TVNZ Marketing Awards which will be held in August 2012.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of activities that are delivered to agreed standards and timeframes (48)	100%	>90%	+10%	N/A
% of unprompted recall of road safety TV advertising by target audience (49)	78%	70% ⁵	+8%	73%
% of road safety target audience that rate advertising as relevant to them (50)	53%	≥60%	-7%	51%

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income ⁵	40,841	43,000	(2,159)	33,001
Expenditure	41,097	43,000	1,903	32,290
Net surplus/(deficit)	(256)	0	(256)	711

How do we interpret our performance results?

NZTA service delivery

Road user safety achieved or exceeded 2 of the 3 service delivery performance targets.

- › The NZTA investment in local authorities continues to address local safety issues and increase alignment to the Safer Journeys priorities.
- › Activities targeting alcohol and drugs, speed and young road users continue to track well, with minor setbacks on target audience perception on the relevance of driver education. To date, drug-driving is not perceived as relevant to a large part of our audience. Road user safety is actively working to improve on that, with drug-driving and young driver campaigns targeted to improve awareness rather than compel behavioural change.

Financial results

- › Road user safety expenditure was \$1.9m under budget, although investment expenditure was higher than the previous financial year with investment partners completing the final year of their three-year programmes. This is in line with expectations, and represents strong delivery against the approved allocations.

SCOPE OF OUTPUT CLASS: Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

⁵ Low target due to Safer Journeys' focus on youth, which is more difficult to achieve unprompted recall.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

⁵ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher-than-usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

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

What does the NZTA do?

Under the first output class (administration of the SuperGold cardholders scheme), the NZTA and regional councils administer the SuperGold cardholders scheme. Under the second output class (enhanced public transport concessions for SuperGold cardholders) the NZTA 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 NZTA 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 does this output contribute to desired transport impacts?

The SuperGold cardholders concessionary fare scheme has its greatest impact on better use of existing transport facilities – public transport. A lesser impact will be felt through a reduction in the risk of road crashes, as public transport is safer than private vehicle use, and through more transport mode choice for the elderly.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders were as follows:

- › 10.6 million SuperGold card trips were made during the year.
- › We prepared guidance on which services continue to be eligible to receive SuperGold card payments while the government's moratorium on new services remains in place.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of activities that are delivered to agreed standards and timeframes (32)	100%	100%	-	100%

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	21,385	23,000	(1,615)	20,870
Expenditure	21,385	23,000	1,615	20,871
Net surplus/(deficit)	0	0	0	(1)

How do we interpret our performance results?

NZTA service delivery

- › Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders delivered all its activities to agreed standards, processing claims within the agreed timeframe.

Financial results

Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders expenditure was \$1.6m below budget due to:

- › changes to the reimbursement rate
- › removal of the administration grant for approved organisations.

SCOPE OF OUTPUT CLASS: Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

OUTPUT CLASSES THE NZTA INVESTS IN, BUT DOES NOT DELIVER SERVICES FOR

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS

What does the NZTA do?

Under this output class the NZTA 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 does this output contribute to desired transport impacts?

New and improved infrastructure for local roads helps increase the resilience and security of freight supply chains and ease severe congestion. Improved road engineering also significantly helps reduce the risk of road crashes.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for new and improved infrastructure for local roads were continued investment in the following major projects:

- › Lower Hatea Bridge in Whangarei

- › New Lynn transport development in Auckland
- › investigation and design of the AMETI transport improvement package in Mt Wellington
- › Hamilton Eastern Ring Road.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
See 'Management of the funding allocation system' (MOFAS) for service delivery measures.				

How do we assess our investment performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
Length of road construction and new roads completed (lane km)	230	120-200	+30	165
Length of bridge replacements (lane metres)	400	Approx 1,200	-800	1,822

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	137,000	165,000	(28,000)	163,142
Expenditure	110,132	165,000	54,868	163,142
Net surplus/(deficit)	26,868	0	26,868	0

How do we interpret our performance results?

NZTA investment

New and improved infrastructure for local roads exceeded 1 of the 2 investment performance forecasts:

- › 230 lane kilometres of new roads were completed and/or improved against a forecast of 120-200 kilometres.
- › However, length of bridge replacements was significantly less than 2010/11 due to the moratorium on new project approvals as a mechanism to manage the NLTF cash-flow position.

Financial results

Expenditure on new and improved infrastructure for local roads was \$54.9m below budget due to the moratorium placed on new project approvals as one of the mechanisms used to manage the NLTF cash-flow position.

SCOPE OF OUTPUT CLASS: Management and delivery of improvement of local roads, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher-than-usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

RENEWAL OF LOCAL ROADS

What does the NZTA do?

Under this output class the NZTA invests, in conjunction with approved organisations, in the capital expenditure and management of renewal activities required to minimise the long-term cost of retaining serviceable local roading infrastructure, including resurfacing sealed and unsealed roads, renewing drains, rehabilitating road pavements and structures, and preventative maintenance.

How does this output contribute to desired transport impacts?

Renewal of local road infrastructure helps ensure that the impacts the established local road network has on the transport system are sustained. These impacts include maintaining the resilience and security of the whole road network, the efficiency of freight supply chains, the easing of congestion and reducing the risk of road crashes.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievement for the renewal of local roads was that network performance has remained stable. However, delivery of expected outputs through investment in renewals has slipped. The NLTP set investment and forecasted expenditure levels significantly higher than end-of-year out-turn. This result, although not nationally consistent, is due to a number of councils either choosing to reduce investment in their roading network or choosing to move funds into reactive routine activities.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
See 'Management of the funding allocation system' (MOFAS) for service delivery measures.				

How do we assess our investment performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
% of sealed network resurfaced (based on road length in lane km)	6%	>6%	-	5.4%
% of network rehabilitated (based on road length in lane km)	0.7%	1-2%	-0.3%	0.6%
% of unsealed network metalled (based on road length in centreline km)	28.9%	20-35%	-	20%
Pavement integrity of the sealed network (steady trend) (51)	93.7	Maintain	-4	93.7
Surface condition of the sealed network (steady trend) (52)	97.9	Maintain	-	97.7
Cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometre travelled) (53)	0.87 c/vkt	0.94-0.99 c/vkt	+0.07 c/vkt	0.93 c/vkt
Cost of renewals (excluding emergency reinstatement) per network lane km (54)	\$1,240	\$1,200-\$1,400	-	\$1,319

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	185,000	235,000	(50,000)	205,500
Expenditure	188,227	235,000	46,773	205,499
Net surplus/(deficit)	(3,227)	0	(3,227)	1

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher-than-usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

How do we interpret our performance results?

NZTA investment

Renewal of local roads has achieved 5 of the 7 investment performance forecasts for the year.

- › Costs per measured network unit are lower than forecast. This has been consistent over a number of years and demonstrates that network managers are focused on achieving good value for money through targeted asset management interventions. This is evidence of a response to sector messages related to delivery of improved efficiencies through the maintenance spend.
- › Pavement rehabilitation activity is significantly below forecast with only 11 councils completing close to or over 1% pavement renewal on their network. Nationally pavement integrity performance remains stable. With increasing heavy vehicle travel on significant portions of the roading network, close condition monitoring will be required and risks will need to be considered during asset management planning.

Financial results

Renewal of local roads expenditure is \$46.8m under budget in delivering planned programmes of activities due to:

- › Canterbury local authorities deferring planned expenditure in renewals to support funding of local share of emergency reinstatement activities
- › the Northland, Otago/Southland and Waikato/BoP regions producing the most significant variations to programmed activities
- › Auckland Transport agreeing to accept a lower funding assistance rate for its renewals programme due to the NLTF cash-flow position, thereby reducing the NZTA's investment by \$38 million.

SCOPE OF OUTPUT CLASS: Management and delivery of improvement of local roads, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

MAINTENANCE AND OPERATIONS OF LOCAL ROADS

What does the NZTA do?

Under this output class the NZTA invests, in conjunction with approved organisations, in the routine maintenance and operation of local roading infrastructure, including the maintenance of pavements, structures, drains, the environment, traffic services, cycle paths and level crossings, and the emergency reinstatement of roads.

How does this output contribute to desired transport impacts?

Maintenance of local road infrastructure helps ensure that the impacts the established networks have on the transport system are sustained. Sound management of maintenance activities and of the operation of the network have a broad impact including on better use of transport capacity, ensuring network resilience and security, freight supply chain efficiency, and reducing urban congestion and the risk of road crashes.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for the maintenance and operation of local roads were as follows:

- › We met the Canterbury earthquake response cost through a combined NLTF and Crown funding arrangement.
- › We contributed to the reinstatement of the network in various regions following emergency events.
- › We provided flexibility in the funding arrangements for councils to respond to changing demands.
- › We maintained an appropriate level of service on the local roads network.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
See 'Management of the funding allocation system' (MOFAS) for service delivery measures.				

How do we assess our investment performance?

	ACTUAL 2011/12	FORECAST 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
Smooth ride - % of travel on smooth roads	85.7%	>80%	+5.7%	87%
Cost of emergency reinstatement	\$92m	\$57m	\$35m	\$109m
Cost of maintaining and operating the network (excluding emergency reinstatement) per network lane km (55)	\$1,320	\$1,200-\$1,350	-	\$1,052
Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometre travelled) (56)	0.93 c/vkt	0.9-0.95 c/vkt	-	0.75 c/vkt

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	275,000	277,000	(2,000)	274,768
Expenditure	292,639	277,000	(15,639)	304,182
Net surplus/(deficit)	(17,639)	0	(17,639)	(29,414)

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher-than-usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

How do we interpret our performance results?

NZTA investment

Maintenance and operation of local roads achieved 3 of the 4 investment performance targets this year. Notably:

- › Network performance for smooth travel, though slightly lower by 1.3% compared to last year, is still 5.7% higher than target. This is, in part, an ongoing impact on ride quality in Christchurch city due to the earthquake damage.
- › A significant increase in the cost of emergency reinstatement results from both our contribution to the response work in Canterbury and the significant number of storm events experienced during the year.
- › The cost of maintaining the local roads per network lane km and per vehicle kilometres travelled is within the expected range but slightly higher than the previous year. This is influenced by many local authorities driving cost efficiencies through their programme management amidst increasing treatment costs.

Financial results

- › Expenditure on maintenance and operation of local roads was \$15.6m higher than anticipated. This was largely influenced by the increased need for emergency reinstatement funding in the Canterbury region, where we invested \$51.7m from the NLTF to repair earthquake damage.

SCOPE OF OUTPUT CLASS: Management and delivery of improvement of local roads, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

PUBLIC TRANSPORT SERVICES

What does the NZTA do?

Under this output class, the NZTA invests, in conjunction with approved organisations, in public road, rail and ferry (except for commercial services), and Total Mobility transport services.

How does this output contribute to desired transport impacts?

Public transport services have their greatest impact through offering more transport choices and easing congestion in urban areas. They allow for better use of existing transport capacity (especially when a bus replaces multiple single-occupant cars), aid transport system resilience and security, and offer one of the safest transport modes.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for public transport services were as follows:

- › We prioritised investment in public transport services and operations to networks where there will be the maximum investment return, and where public transport contributes to economic growth, particularly through the relief of severe congestion.

- › We invested \$231.3m across the country in public transport services and operations for 2011/12. 89% of this investment was in the major urban centres of Auckland, Wellington and Christchurch.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
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See 'Management of the funding allocation system' (MOFAS) for service delivery measures.

How do we assess our investment performance?

	ACTUAL 2011/12	FORECAST 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
Number of passengers using urban public transport services (bus, train and ferry)	132.4m	125-135m	-	127.7m
% of users that rate public transport services as good or better	89.1	>75%	+14.1%	87.9%
Farebox recovery across networks				
Passenger	46.0%	40-50%	-	48.6%
Regional council	25.3%	25-30%	-	24.3%
NZTA	28.8%	25-30%	-	27.2%

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	233,000	228,000	5,000	194,630
Expenditure	231,328	228,000	(3,328)	194,630
Net surplus/(deficit)	1,672	0	1,672	0

[§] The relative share paid by co-funding parties expressed as a % of total cost of service.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

[°] Not previously reported in the last annual report

[§] Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher than usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

How do we interpret our performance results?

NZTA investment

Public transport services achieved/exceeded all its investment performance forecasts this year.

- › Across the country, the number of passengers using urban public transport services, ie bus, train or ferry, increased by approximately 4.7m. Strong growth was recorded particularly in the Auckland (8%), Bay of Plenty (16%), Hawke's Bay (23%) and Northland (7%) regions, while a significant decline was experienced in Canterbury (14%) due to the ongoing effects of the February 2011 earthquake.
- › National farebox recovery⁶ was within the forecast range but down 2.6% compared to last year. A key driver for this decrease was the additional costs now being incurred in track access charges to KiwiRail.

Financial results

Public transport expenditure was \$3.3m over budget as a result of:

- › increased track access costs in Auckland and Wellington
- › extra bus services introduced in Auckland and, to a lesser extent, smaller regions
- › additional costs associated with the introduction and implementation of the Auckland Integrated Fares System (AIFS)
- › one-off service-related costs associated with the Rugby World Cup (RWC).

SCOPE OF OUTPUT CLASS: Non-commercial public transport services as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

WALKING AND CYCLING

What does the NZTA do?

Under this output class, the NZTA invests in new and improved walking and cycling infrastructure for transport purposes and model community education and promotion activities. 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 a part of investments to improve roading networks rather than through the walking and cycling activity class.

How does this output contribute to desired transport impacts?

Walking and cycling infrastructure has its main impact through facilitating more transport choices in urban environments where walking or cycling is offered to the community. Walking and cycling also helps reduce adverse environmental effects from land transport.

For further details see appendix 1, page 88.

What were our key achievements?

The key achievements for walking and cycling were as follows:

- › We continued model community investment in Hastings and New Plymouth.

- › We invested in the following projects:

- Rotorua CBD to Ngongotaha link
- Hutt City Eastern Bays shared path
- Auckland Dilworth footbridge replacement
- Otago SH88 walking and cycling extension.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
See 'Management of the funding allocation system' (MOFAS) for service delivery measures.				

How do we assess our investment performance?

	ACTUAL 2011/12	FORECAST	VARIANCE 2011/12	ACTUAL 2010/11
Kilometres of new footpaths, cycle lanes and cycle paths	65.3	140-170	-74.7	135

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income [§]	7,000	12,000	(5,000)	12,300
Expenditure	11,708	12,000	292	12,262
Net surplus/(deficit)	(4,708)	0	(4,708)	38

How do we interpret our performance results?

NZTA investment

Walking and cycling did not achieve the performance target this year as a result of the moratorium on new approvals contributing to a reduction in the length of new footpaths and cycle lanes developed and completed this year.

Financial results

- › A late surge in local authority funding claims has ensured that the activity class has invested very close to the approved allocations.
- › The income reflects third quarter expenditure forecasts, rather than approved funding. It is not reflective of over-expenditure within the activity class.

SCOPE OF OUTPUT CLASS: 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.

For notes see appendix 2 on page 90.

* Full output class financials are set out in the appendix.

§ Actual revenue is recognised by the NZTA before final expenditure is known and is therefore based on the latest forecast available at the time. This means that in particular instances a surplus or a deficit may appear in some of the output classes where none was budgeted. This was the case in 2011/12 due to a higher than usual degree of uncertainty around the level of the claims from approved organisations as 2011/12 was the last year of the first three-year NLTP and the possibility to carry-forward unclaimed amounts would be lost.

RAIL AND COASTAL FREIGHT

What does the NZTA do?

Under this output class, the NZTA provides seed funding for the development of new or improved coastal shipping freight services and related infrastructure, and funds initiatives that encourage freight movement by rail and coastal shipping instead of by road. The last of this funding was allocated in the 2009/10 financial year, and all funded projects were completed by the end of the 2011/12 financial year. As set out in the Government Policy Statement, no further funding will be appropriated to this output class.

How does this output contribute to desired transport impacts?

Rail and coastal freight contributes to the efficiency of freight supply chains and a reduction in the environmental effects of land transport. It does this by supporting rail and coastal shipping modes.

What were our key achievements?

› Rail and coastal freight output has been completed.

How do we assess our service delivery performance?

	ACTUAL 2011/12	TARGET 2011/12	VARIANCE 2011/12	ACTUAL 2010/11
See 'Management of the funding allocation system' (MOFAS) for service delivery measures.				

How was the money spent?*

	ACTUAL 2011/12 \$000	BUDGET 2011/12 \$000	VARIANCE 2011/12 \$000	ACTUAL 2010/11 \$000
Income	0	0	0	0
Expenditure	72	0	(72)	(121)
Net surplus/(deficit)	(72)	0	(72)	121

How do we interpret our performance results?

NZTA investment

Rail and coastal freight payments over this financial year completed our commitments to this project.

The payments, based on the benefits to road users for the tonnage of log cartage transferred from road to rail, enabled the establishment of a rail siding for the ongoing commercial operation of this activity providing ongoing road user benefits.

Financial results

Rail and coastal freight performed as expected with the residual expenditure of the final approved activity taking place. There will be no further activity against this output class.

SCOPE OF OUTPUT CLASS: Activities that encourage the economical movement of freight by modes other than road, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

APPENDIX 1: HOW OUR OUTPUTS CONTRIBUTE TO IMPACTS

The NZTA produced 20 outputs, each of which contributes to our desired long-term impacts in different ways. The following table sets out the contribution of our outputs to our desired long-term impacts.

OUTPUT CLASS	OUR DESIRED LONG TERM IMPACTS							
	Better use of existing transport capacity	More efficient freight supply chains	Resilient and secure transport network	Easing of severe urban congestion	More efficient vehicle fleets	Reductions in deaths and serious injuries from road crashes	More transport mode choices	Reduction in adverse environmental effects from road transport
Management of the funding allocation system	●	●	●	●		●	●	●
Transport planning	●	●	●	●		●	●	●
Sector research	●	●	●	●	●	●	●	●
Public transport**	●		●	●		●	●	●
Road safety					●	●		
Road Policing Programme*		●	●			●		
New and improved infrastructure for local roads*		●	●	●		●		
Renewal of local roads*	●	●	●	●				
Maintenance and operation of local roads*	●	●	●	●		●		●
Walking and cycling facilities*	●			●		●	●	●

OUTPUT CLASS	OUR DESIRED LONG TERM IMPACTS							
	Better use of existing transport capacity	More efficient freight supply chains	Resilient and secure transport network	Easing of severe urban congestion	More efficient vehicle fleets	Reductions in deaths and serious injuries from road crashes	More transport mode choices	Reduction in adverse environmental effects from road transport
Licensing and regulatory compliance		●			●	●		●
Road tolling	Revenue collection supports repayment of debt-funded infrastructure investment							
Motor vehicle registry						●	●	●
Road user charges collection, investigation and enforcement	Revenue collection for the NLTP supports NZTA investment in the land transport system							
Refund of fuel excise duty								
New infrastructure for state highways		●	●	●		●		
Renewal of state highways	●	●	●	●				
Maintenance and operation of state highways	●	●	●	●		●		●
<p>* The NZTA does not deliver these goods or services directly. These output classes receive NLTP investment funds. Actual outputs are delivered by approved organisations. Measure of NZTA performance, in relation to investment output classes, can be found in the management of the funding allocation system.</p> <p>** Includes administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.</p>								
KEY	● Minor/secondary contribution		● Major/primary contribution			NB: Where there is no dot, there may still be a small contribution		

APPENDIX 2: TECHNICAL NOTES TO NON-FINANCIAL MEASURES

PROGRESS ON LONG-TERM IMPACTS

1. The number of vehicle kilometres travelled (VKT) per network kilometre (network length) is used to reflect the use of existing transport capacity. It is based on the total number of VKT and network lane kilometres submitted by approved organisations (AOs), ie regional councils, territorial authorities or business units approved to carry out minor or ancillary works, in their annual returns to the NZTA. 15 of 78 local councils' VKT results were estimated based on historic data. This affects year-end results of the following local authorities: Hamilton City, Invercargill City, Hutt City, Tauranga City, Ashburton District, Mackenzie District, Marlborough District, Masterton District, Ruapehu District, Taupo District, Timaru District, Waikato District, Waipa District, Waitaki District, and Whangarei District. The 2010/11 results will be used as a proximate annual achievement for the year. As such, we suggest treating the year-end result with caution. This indicator is currently reported by financial year. Additionally, note that this approach is different from what was presented in the 2011-14 *Statement of intent*, which used an estimated VKT and length of the network rather than actual.
2. The average daily measured weight of freight vehicles (in tonnes) is used to reflect efficiency of road freight. It is based on the traffic freight and vehicle weights measured in Weigh-in-Motion (WiM) sites across the country. Since 2010, the number of WiM sites increased from 4 to 5 with the addition of Eskdale in Hawke's Bay. We continue to maintain WiM sites in Auckland (Drury), Waikato (Tokoroa), Bay of Plenty (Te Puke) and Canterbury (Waipara). This indicator is currently reported by financial year.
3. The number of resolved road closures with a duration of 12 hours or longer is used to reflect a resilient and secure network. It is based on the number of resolved road closures (planned or unplanned) recorded in the Traffic Road Event Information System (TREIS). TREIS contains information on a range of roading events such as planned roadworks, unplanned incidents, area warnings like flooding among others. This indicator is currently reported by financial year.
4. The number of seconds delay per km during AM peak hours in Auckland is used to reflect how well we are doing in easing severe congestion. It is based on the bi-annual Travel Time Survey results. This survey provides average travel speeds and congestion indicators for the NZTA. The survey covers a representative sample of the network covering key centres including Auckland, Christchurch, Hamilton, Tauranga and Wellington. For purposes of monitoring progress in easing severe congestion, Auckland was selected as the primary centre of significant congestion. This indicator is currently reported by financial year.
5. The average diesel and petrol consumption (in litres) per 100 vehicle kilometres travelled is used to reflect our progress on a more efficient vehicle fleet. It is based on the annual oil consumption data provided by the Ministry of Business Innovation and Employment and the New Zealand vehicle fleet by fuel type data provided by the Ministry of Transport. This indicator is currently reported by calendar year.
6. The number of road deaths and serious injuries per million vehicle kilometres travelled is used to monitor how well we are progressing in reducing the number of deaths and serious injuries. It is based on a quarterly report generated from the Crash Analysis System (CAS) and the combined annual vehicle kilometres travelled from local roads and state highways. This indicator is currently reported by financial year.
7. The % of survey respondents that consider public transport as a good option for taking all of their work or study trips in Auckland is used to monitor our progress in providing more transport mode choices. It is based on Auckland Council's 2-yearly Community Perceptions of Personal Transport Choices Survey.
8. The diversity of macro invertebrates, ie insects found in receiving environments (macro invertebrates community index), was previously considered as a measure to reflect our progress in reducing adverse environmental effects of transport. However, NZTA and NIWA research has found no conclusive evidence that transport affects water quality. As a result, this measure has been discontinued.

PROGRESS ON OUR STRATEGIC DIRECTION - BY PRIORITY

9. Public transport boardings per NLTF \$ invested on public transport services help us to better understand our progress in improving the effectiveness of public transport. The current result is based on year to date public transport boardings. This measure was previously reported as cost per passenger boarding.

OUTPUT CLASSES THE NZTA DELIVERS

Regulatory implementation and enforcement

10. The *value of bad debt written off* is a measure of the value of unrecoverable bad debt resulting in write-offs. This includes aged debt exceeding 9 months, and Toll Payment Notices (TPN) that cannot be issued due to insufficient information and statutory declarations for stolen vehicles.
11. The *unit transaction cost* is a measure of direct unit cost of delivering a toll service. Cost excludes write-offs, bad debts and administration fees from toll payment notices.
12. The *% of NZTA audit programme completed* is a measure made up of two specific operational assurance activities covering vehicle certifying agents and transport service licence holders. Aggregation is based on the weighted average of the two.
13. The *% of activities that are delivered to agreed standards and timeframes* is a measure made up of three specific areas – official correspondence activities, transport rules development programme and audits of regulatory compliance and agent service delivery. Its objective is to measure whether activities completed in these areas are within set standards and timeframes. Aggregation is based on weighted volume of activity.
14. The *% of transactions completed online* is a measure of the proportion of casual trip toll payments and transactions completed using the internet to the total number of payments.

Licensing activities

15. The *% of accuracy of registers* is a measure of the accuracy of the driver licence register (DLR) focused on confirming driver licence details. It is based on monthly audit checks from a random sample of callers and agents' work. The measure reflects the average of these results.
16. The *value of driver licence bad debt* is a measure of the value of unrecoverable debt that gets written off. Write-offs include dishonoured cheques from driver licensing agents and the Driver Check system. The estimated actual and expected result in the 2011-14 *Statement of intent* was incorrect as it reflects a percentage instead of dollar terms. The corrected figure of less than \$400,000 is now reflected in this annual report.
17. The *number of products and delivered or processed* is a measure which covers the number of new and renewed driver licences issued and drug and alcohol driver assessments. It excludes other driver licensing transactions such as issuance of driver and transport operator testing services, certification review, border inspection, and overdimension permits.
18. The *% of transactions completed online* is the proportion of practical test bookings completed through the NZTA website over the total number of test bookings completed. This excludes driving test bookings for licence classes 2 to 5.

Motor vehicle registry

19. The *% of accuracy of register* reflects the motor vehicle registry (MVR) data verification activities which focus on confirming vehicle attributes; vehicle ownership and address information. It combines the result of regular audit checks by regional staff, and unverified owner and address information returns.
20. The *value of bad debt* is the value of unrecoverable bad debt resulting in write-offs. Write-offs refer to uncollected continuous vehicle licensing. This includes transactions below the minimum referral threshold (\$40), dishonoured cheque payments, trader and motocheck dishonours and unpaid monthly invoices.
21. The *% of transactions completed online* is a measure that presents the proportion of motor vehicle registrations purchased online over the total number of motor vehicle registrations.

Road user charges (RUC) collection, investigation and enforcement

22. The *value of bad debt* is the value of unrecoverable bad debt resulting in write-offs. It includes dishonoured direct debits, and cheques, RUC investigations and unpaid gap payments.
23. The *number of products/services delivered or processed* includes light and heavy vehicle RUC licence purchases and off-road RUC rebate claims.
24. The *% of transactions completed online* is the proportion of 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. The 2010/11 actual was retrospectively calculated to reflect the 2011/12 scope. Change in scope was done to include all electronic channels that provide greater ease and convenience to our customers in completing their RUC transactions.

Refund of fuel excise duty (FED)

25. *Average number of days taken to deliver* refers to how long it takes to process and approve FED refunds. Days to deliver refer to the number of working days between the date of application and the date of approval recorded in the FED database system.

Management of the funding allocation system

26. *The total cost of the management of the funding allocation system* refers to the NZTA service delivery cost less the cost of taxi enforcement activity and crash analysis system (CAS) business activities.
27. The *% of NZTA audit programme completed* measures the proportion of post-implementation reviews completed against planned. It is based on a sample of projects completed within the last two years of the review period to determine whether target outputs or outcomes are achieved.

28. The *% of activities that are delivered to agreed standards and timeframes* is an aggregate of two specific measures, namely, the *% of investments that meet the NZTA's investment criteria benchmark level* and the *% of NZTA investment decisions which meet required process standards*. It monitors the quality of investments and investment decisions against process standards. Aggregation of these specific measures is based on weighted volume of activity.
29. The *% of NLTP expenditure claims and approved contract or payments paid by the due date* measures the proportion of submitted claims processed and approved by the due date. The NZTA's service to regional councils is measured by its speed delivering the service.
30. The *average number of days taken to deliver* measures the average number of working days it takes, to process and approve funding of a new NLTP activity from date of receipt to date of approval recorded in the system (eg Transport Information Online).

Sector training and research

31. The *% of activities that are delivered to agreed standards and timeframes* is a measure that compares the percentage of research projects managed to time, cost and quality targets. It is a measure of the effectiveness of the NZTA as a project manager.

Administration of the SuperGold cardholders scheme

32. The *% of activities that are delivered to agreed standards and timeframes* is a measure of the average number of working days to process and administer SuperGold claims. The NZTA's service to regional authorities is measured by our speed in administering, processing and approving SuperGold claims. Claims are received, validated and paid electronically.

New and improved infrastructure for state highways

33. The *% of NZTA audit programme completed* incorporates three audit programme activities covering large, block and property acquisition programmes. It is a quality assurance measure that ensures programme risks are managed based on project phased completion. It is a measure of the effectiveness of the NZTA as a project manager. Aggregation is based on weighted programme expenditure. Within each programme, time, cost and quality are equally weighted.
34. The *% of activities that are delivered to agreed standards and timeframes* is a measure of the delivery of large, block and property acquisition programmes to time, cost and quality standards. It is a measure of the effectiveness of the NZTA as a project manager. Aggregation is based on weighted programme expenditure. Within each programme, time, cost and quality are equally weighted.

Renewals for state highways

35. The *% of NZTA audit programme completed* reflects the financial progress of the state highway renewals programme against the baseline.
36. The *% of activities that are delivered to agreed standards and timeframes* presents the completion of renewal activities and progress of the state highway pavement renewals programme against the baseline.

37. The *safe stopping: % of travel on network above skid threshold* measures progress towards meeting surface texture standards (to ensure safe stopping) as a percentage of vehicle kilometres travelled. Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of surface renewals is driven by the need to improve skid resistance and optimise the life of network assets.
38. The *smooth ride: % of rutting >20mm over state highway network* measures the proportion of rutting above the 20mm threshold over the length of the state highway network. Rutting on 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.
39. The *cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled)* forecast for the year was set at 9.5–10.5c/km in the 2011–2014 *Statement of intent*. This was incorrectly reported and should be 0.95–1.05c/vkt. The corrected figure is reflected in this annual report.

Maintenance and operation of state highways

40. The *% of NZTA audit activities completed* reflects the proportion of physical works claims certified as complete. It is a measure of the effectiveness of the NZTA as a project manager.
41. The *% of activities that are delivered to agreed standards and timeframes* presents the physical achievement of maintenance activities and progress of the state highway maintenance programme against the baseline. It is a measure to keep track of the delivery of physical performance targets. It is a measure of the effectiveness of the NZTA as a project manager.
42. *Safe stopping: % of travel on network meeting surface texture standards* reflects the number of paths (left and right wheel) with readings within the 0.5mm standard expressed as a proportion of total mean profile depth readings. It is a measure of the effectiveness of the NZTA as a project manager.
43. *Smooth ride: % of travel on network classed as smooth* is the proportion of travel (proportion of vehicle kilometres travelled on the network surveyed) that occurs on pavements smoother than a nominated surface texture standard over the length of the network surveyed. It is a measure of the effectiveness of the NZTA as a project manager.
44. The NZTA maintains records of all unscheduled closures of a state highway network which have a significant impact on road users. It is expressed as the sum of road closure incidences (both urban and rural) addressed within standard timeframes (ie urban <2 hours; rural <12 hours) and protocol over the total number of road closure incidences.
45. The *cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled)* forecast for the year was set at 12.5–14.5c/km in the 2011–14 *Statement of intent*. This was incorrectly reported and should be 1.25–1.45c/vkt. The corrected figure is reflected in this annual report.

OUTPUT CLASSES THE NZTA DELIVERS ALONG WITH LOCAL AUTHORITIES

Public transport infrastructure

46. The % of activities that are delivered to agreed standards and timeframes reflects the proportion of the National Integrated Ticketing Project activities achieved against milestones over the three-year NLTP.

Transport planning

47. The % of activities that are delivered to agreed standards and timeframes is a measure of how well we are delivering transport planning activities to cost standards. It includes all NZTA transport planning activities including Studies, Strategies and Models and Activity Management Planning activities. The NZTA works collaboratively with its local authority partners as they prepare strategies, plans and packages to help ensure that, when formally received, these are of high quality, meet the NZTA assessment criteria and are therefore suitable for endorsement by the NZTA.

Road user safety

48. 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.

49. The % of unprompted recall of road safety TV advertising by target audience is a measure based on a computer-aided telephone interviewing (CATI) design survey 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). This was set to understand whether a good representative sample of our target audience recalls road safety advertising. It is currently limited to advertising and television. The scope to include other communication media such as print, web (eg YouTube) and phone (eg Twitter) is currently being investigated to enhance sensitivity of the measure.
50. The % of road safety target audience that are aware advertising is relevant to them is a measure based on a continuous advertising and attitude telephone tracking monitor of relevant target audience according to age, race, sex and residential region. This was set to understand whether a good representative sample of our target audience is aware of road safety messages. It is currently limited to advertising and television. The scope to include other communication media such as print, web (eg YouTube) and phone (eg Twitter) is currently being investigated to enhance sensitivity of the measure.

OUTPUT CLASSES THE NZTA INVESTS IN, BUT DOES NOT DELIVER SERVICES FOR

Renewal of local roads

51. The pavement integrity of the sealed network reflects the structural integrity of the network based on the rutting faults per unit length of the road. This was changed from simply reporting the proportion of rutting faults per unit length of the road.
52. The surface condition of the sealed network reflects the overall surface health of the network based on surface faults per unit length of the road. This was changed from simply reporting the proportion of surface faults per unit length of the network. Surface faults include visual inspection of cracking, ravelling, potholes, pothole patches and flushing across the network.
53. The cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled) is based on the NLTP cost of renewal of local roads expressed in cents per vehicle kilometres travelled. 15 of 78 local councils' vehicle kilometres travelled results were estimated based on historic data. This affects year-end results of the following local authorities: Hamilton City, Invercargill City, Hutt City, Tauranga City, Ashburton District, Mackenzie District, Marlborough District, Masterton District, Ruapehu District, Taupo District, Timaru District, Waikato District, Waipa District, Waitaki District and Whangarei District. Additionally, the forecast for the year set in the 2011-14 *Statement of intent* was 1.5c/vkt. This is incorrect due to a calculation error. The forecast 0.94-0.99c/vkt reflects the corrected range.
54. The cost of renewal of the network excluding emergency reinstatement (cents per network lane km) forecast for the year was at 1490c/vkt. This is incorrect due to a calculation error. The forecast 1200-1400 reflects the corrected range.

Maintenance and operation of local roads

55. The cost of maintaining and operating the network (excluding emergency work) per network lane km forecast for the year was set at \$3,000-\$3,500 in the 2011-14 *Statement of intent*. This is incorrect due to a calculation error. The forecast \$1,200-\$1,350 reflects the corrected range.
56. The cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled) is based on the NLTP cost of maintaining and operating local roads expressed in cents per vehicle kilometres travelled. 15 of 78 local councils' vehicle kilometres travelled results were estimated based on historic data. This affects year-end results of the following local authorities: Hamilton City, Invercargill City, Hutt City, Tauranga City, Ashburton District, Mackenzie District, Marlborough District, Masterton District, Ruapehu District, Taupo District, Timaru District, Waikato District, Waipa District, Waitaki District and Whangarei District. Additionally, the forecast for the year was set at 21-27c/km in the 2011-14 *Statement of intent*. This is incorrect due to a calculation error. The forecast 0.90-0.95c/vkt reflects the corrected range.