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Introduction

Welcome to this snapshot of the NZ Transport Agency's (NZTA) work in the 2008/09 financial year. In the following pages, you will find information on our key achievements during the year and an overview of our financial results.

The 2008/09 year has been a busy one for the NZTA. Being the first year of our operation, we have worked hard to ensure we continue to deliver our core work programmes for New Zealanders while at the same time laying the foundations for the organisation.

Our purpose is to build a better transport system for all New Zealanders. A good transport system adapts to the way people live, work and play in the future. This includes responding to changes in customer demands – for better-quality and lower-impact travel choices, and improved access to transport networks for those who walk, cycle and rely on public transport. It also means ensuring that people and goods can move efficiently to jobs and markets.

Whether it's driving on our state highways, getting a new driver licence or investing in land transport activities, providing a positive experience to our customer experience is at the centre of our mind. By understanding our customers' needs, we can work with them to find the right solution. This means working closely with the general public who use the transport system, local government, suppliers, New Zealand Police, the Ministry of Transport and many other agencies and individuals.

We are also committed to ensuring our spending is both efficient and effective, and to delivering value for money in all activities and across all regions. This means we have a strong focus on building a long-term value for money thinking into all our decisions and activities. In this way, we aim to ensure that the land transport system of the future reaps the benefits of today's decisions and activities.

Being a new organisation has given us the opportunity to establish new ways of approaching old problems. For this to reach its potential, we need strong relationships with other parts of the land transport sector.

Our achievements in the first year of our operation wouldn't have been possible without the skills, commitment and support of NZTA staff, partners and customers.

Brian Roche
Chair
NZ Transport Agency



Garry Moore
Deputy Chair
NZ Transport Agency



Our priorities

In the first year of operation, we have focused on the following priorities:

- working to make journeys safer
- making applications for funding easier and success more predictable
- developing our approach for achieving value for money
- building our capacity to deliver with partners
- getting freight and people using a wider range of transport modes.

A full account of what we have achieved in the 2008/09 financial year is contained in our annual report. A full account of our land transport investments for 2008/09 is contained in the National Land Transport Fund annual report. Copies are available online at www.nzta.govt.nz.



About the NZTA

As a new Crown entity, we were established on 1 August 2008 from the merger of Land Transport New Zealand and Transit New Zealand. Under the Land Transport Management Act 2003, our primary function is to promote an affordable, integrated, safe, responsive and sustainable land transport system.

We are governed by a Board, with a current membership of seven, appointed by the Minister of Transport. We have a broad mandate and many functions, with new energy and new ideas to create a better land transport system for New Zealanders.

Our core functions can be summarised as:

- investing in land transport activities
- managing the state highway network
- providing access to and regulation for land transport.

Investing in land transport activities

Our investment decisions are guided by the *Government policy statement on land transport funding* (GPS) and informed by regional views held by our local authority partners.

We give effect to the GPS through the National Land Transport Programme (NLTP), which is a three-year programme outlining investment in land transport activities. Much of the preparation work for the first NLTP, covering 2009-12, was done in the 2008/09 year, with the establishment of an investment strategy.

Being both an investor in land transport and a service provider, we make sure we scrutinise our decisions.

As an investor in land transport activities, we have three separate accountabilities:

- We provide funding and are responsible for the delivery of services (eg transport planning, maintenance of state highways).
- We provide funding and are responsible for the delivery of some activities along with other approved organisations (eg walking and cycling infrastructure).
- We provide funding and other support to the organisations receiving funding to encourage better-quality transport decision making but don't deliver the services (eg maintenance of local roads and public transport services).

Managing the state highway network

By maintaining and operating the 10,900km of state highways around New Zealand, we enable people to get to and from work safely, quickly and efficiently, provide a convenient and robust route for freight, and connect communities.

We work closely with transport partners throughout the country in planning, operating and maintaining the state highway network, considering its impact on the environment and the immediate and long-term needs of the businesses and people who use it.

Providing access to and regulation for land transport

When providing access to and regulation for land transport, we work closely with our agents to provide transport users with various services, such as driver testing, issuing driver and transport licences, undertaking vehicle certification, registration and licensing, and collecting road user charges and other road-related revenue.

Our achievements

The following section summarises our key achievements across our business for the year ended 30 June 2009.

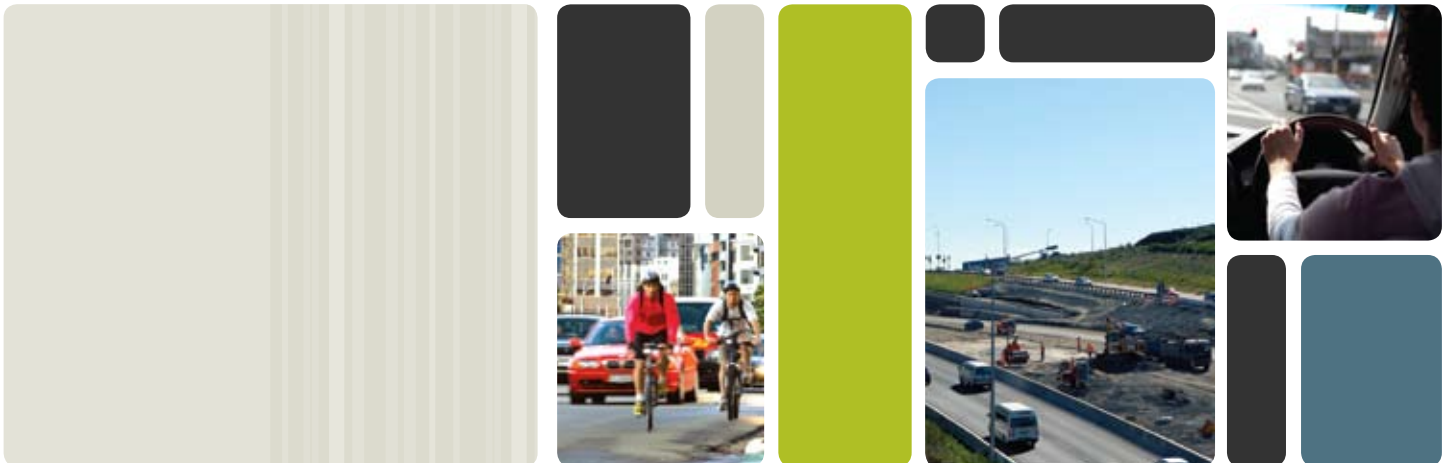
Improved access

WHY IS THIS IMPORTANT?

A good transport system enables people to participate in society and travel to jobs and other opportunities conveniently and affordably, and enables local and regional freight to move efficiently from manufacturer to market.

SOME ACHIEVEMENTS FOR 2008/09

- A large part of our role in managing access to the land transport system revolves around providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges. In 2008/09, we issued over 571,000 driver licences and enabled over 328,000 driver tests.
- We inspected taxis for compliance over a range of activities, including whether their cars are roadworthy, logbooks are accurate and the person behind the wheel is the person who should be operating the taxi. This year, we engaged with members of the taxi industry on 6271 occasions through our combined agency operations, enforcement operations, taxi checks and industry meetings to ensure compliance.
- Our contact centre, based in Palmerston North, is an extremely busy place, handling over 1.6 million phone calls and emails throughout the 2008/09 year. Despite the busy environment, our customer service representatives have maintained customer satisfaction levels of 98 percent on average throughout the year. This achievement was recognised when we won the Gold Award at the national CRM Contact Centre Awards this year.
- We invested in a broad programme of community-focused activities that encouraged walking and cycling, including implementation of specific initiatives such as work and school travel plans, and broad-based programmes such as Feet First and Bike Wise. These programmes support low-energy and low-impact travel choices and improve access to transport networks for those who walk, cycle or use public transport.



More efficient and reliable networks

WHY IS THIS IMPORTANT?

A good transport system achieves more efficient movement of vehicles and freight, particularly on freight and tourism routes, by improving journey time reliability and more effective use of existing infrastructure assets and services through operating state highways and working together with local authorities.

SOME ACHIEVEMENTS FOR 2008/09

- 2008/09 saw another record year of investment in state highways, with \$1.5 billion spent on operating, maintaining and improving the state highway network. Investing in state highways can contribute to a number of objectives, such as improving access to employment and markets, freight hubs and ports. It can also reduce travel times, improve safety and provide an economic stimulus. Some of the projects that have made substantive progress or have been completed in 2008/09 include the following:
 - A substantive start was made on the construction of Taupo District Council's \$100 million East Taupo arterial, which will provide a bypass around the Taupo township.
 - Stage 2 of the Northern Busway, New Zealand's first purpose-built road dedicated to bus passenger transport, was completed before schedule and on budget. The Northern Busway provides a world-class public transport solution for Auckland's North Shore, allowing passengers to enjoy higher levels of service.
 - The Northern Gateway Toll Road opened on 24 January 2009. It provides a more direct and safer route between Auckland and Northland, and delivers a range of benefits for the Rodney district and for the wider region. Since its opening, we have processed over 1.9 million toll transactions, answered over 203,000 customer enquiries, and established over 33,000 pre-paid accounts.
- We worked with local government to address public transport capacity in key urban areas and approved investment in the following public transport projects:
 - Environment Canterbury's integrated ticketing upgrade, which will modernise and extend the existing system to accommodate new features and allow for the expansion of bus services within the region
 - Greater Wellington Regional Council's real-time public transport information system, which will provide real-time information through existing information channels and new displays at major bus stops and railways stations
 - the Auckland Regional Transport Authority's route planning and service scheduling systems, which will establish digital mapping of public transport services and a central services database that will enable improved service planning and delivery.

Improved environmental and social wellbeing

WHY IS THIS IMPORTANT?

A good transport system contributes to better travel choices, reduced transport carbon emissions, lower ecological impacts and improved community health and wellbeing.

SOME ACHIEVEMENTS FOR 2008/09

- We mitigated the adverse effects of the state highways and the vehicles that use them through employing good urban design practices, using landscaping to improve the aesthetics and noise barriers to control the level of noise pollution, decreasing our carbon footprint and ensuring compliance with resource consent conditions.
- We implemented the next stage of the Emissions Rule that requires all vehicles entering the fleet to meet a higher standard for certain exhaust gas emissions.

Integrated transport and land use

WHY IS THIS IMPORTANT?

A good transport system is supported by an integrated approach to transport and land use planning, which in turn contributes to more business productivity, increased interregional and urban transport efficiency, and better transport contributions to efficient and desired land use patterns and quality of life objectives. More responsive transport planning will support low-energy and low-impact travel choices, and adapt to the way people live, work and play – now and in the future.

SOME ACHIEVEMENTS FOR 2008/09

We began the process of streamlining our funding approval process by ensuring funding evaluations are undertaken once at the time transport proposals are developed.

Integrated planning in action includes the Gisborne Integrated Planning Pilot trial, an accessibility framework and geographic information systems mapping. We supported local authorities and other approved organisations by providing guidance on transport solutions for communities with limited or no public transport, providing guidelines for strategic studies, travel plans, and a framework for transport management plans for the Rugby World Cup in 2011.

Over the year, we have been working with local government to identify the best choice of transport systems for their communities, regionally and nationally. With our transport partners, we have completed or progressed over 70 studies, ranging from small tightly focused studies addressing safety issues on a route or area, through to studies that look at some long-term transport issues.

Improved transport safety

WHY IS THIS IMPORTANT?

A good transport system has a strong focus on safety, which varies from planning, funding and building safe roads and roadsides, to influencing New Zealanders to drive, walk, cycle and travel more safely whether at work, at home or in-between.

SOME ACHIEVEMENTS FOR 2008/09

- While transport safety has been embedded throughout our entire range of activities, we continued targeting safety on state highways by investing in a number of initiatives, including: a \$7 million retrofit to make roadsides more forgiving; \$8 million to improve signage, markings and surfaces; and \$5 million to install audio road markings along the highest collective risk corridors. Another \$19 million was invested in roadside barrier installations and improvements, rumble strips, seal widening and blackspot area improvements.
- We developed the 2009-12 Road Policing Programme, which targets enforcement on the state highways and local roads in relation to speed, alcohol and drug affected driving, restraint use and dangerous driving.
- We worked with New Zealand Police to renew the focus on safety on our roads, which will help decrease the road toll and improve the experience for all road users. Initiatives were based around the refinement of interagency road safety action planning, which synchronises the delivery of engineering, education and enforcement activities to deliver joint safety results for the land transport sector.
- We launched a number of advertising campaigns aimed at influencing the attitudes and behaviour of road users to save lives and prevent injuries. Two key campaigns included:
 - an advertising campaign targeting experienced male drivers who habitually speed – reinforcing the risk of cornering at speed, and encouraging the target audience to reconsider their behaviour and consider the trauma that speed-related accidents have
 - a new drink-driving advertising campaign targeting young males and focusing on the instant and chilling consequences of drink-driving.
- We continued our focus on improving the skills and awareness of drivers through our education programmes, including:
 - re-launching the Practice young driver programme (a practical driving aid that assists learner drivers to pass the restricted test)
 - developing a framework for the continuous improvement of the Safe2go programme (aimed at increasing correct restraint use)
 - developing guidelines for Neighbourhood Accessibility Plans for distribution to local authorities (to improve road safety planning at a community level).

Financial summary

This summary provides an overview of the NZTA's financial results for the year ended 30 June 2009.

Summary statement of financial performance

This statement shows the income we received and how the money was spent over the period 1 July 2008 to 30 June 2009.

	Actual \$000	Budget \$000
Our source of income is:		
Income from the Crown	79,068	96,000
Income from the National Land Transport Fund (NLTF)	1,792,000	2,003,601
Income from third parties	112,966	104,927
Total income	1,984,034	2,204,528
This income contributes to:		
Activities the NZTA delivers ¹	275,691	284,931
Funding the National Land Transport Programme (NLTP) and depreciation on state highway assets ²	1,602,752	1,702,170
Funding Crown specific activities ³	20,431	33,000
Total expenditure	1,898,874	2,020,101
Net surplus for the year	85,160	184,427

Notes

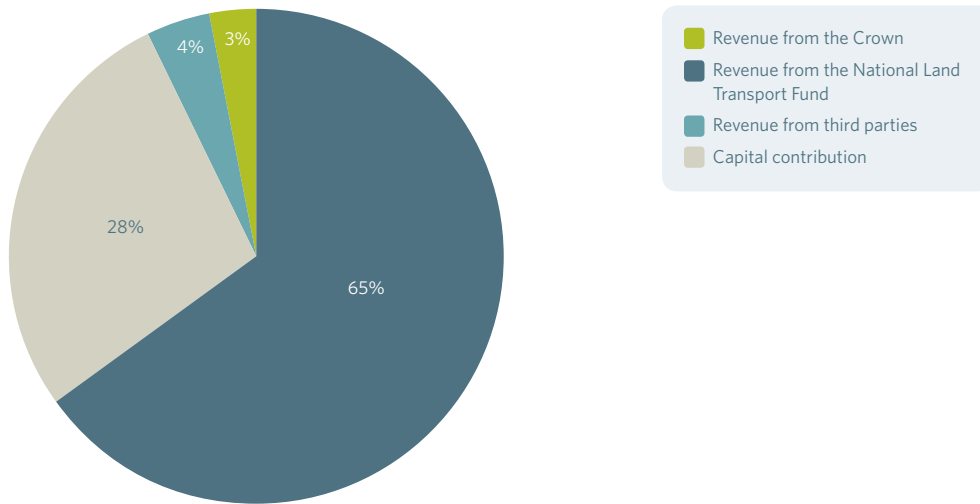
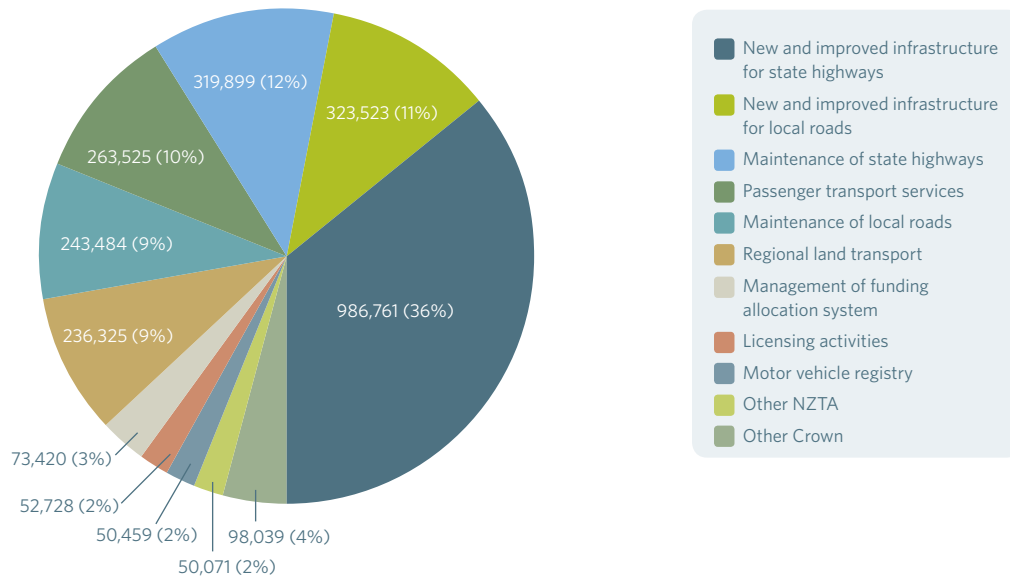
- 1 Activities the NZTA is accountable for and either delivers in-house or contracts out the service.
- 2 Funding the NZTA provides to approved organisations for the delivery of services, and funding the NZTA receives for the improvement and maintenance of the state highway network.
- 3 Funding provided by the Crown for specific activities, which are either delivered by the NZTA or the NZTA allocates funding for the activity.

The NZTA has recorded a net surplus of \$85.2 million, compared with a budgeted surplus of \$184.4 million. The difference between the actual and budgeted surplus is explained below.

	Above budget \$000	Below budget \$000
Income we receive from the Crown		(16,932)
Income we receive from the NLTF		(211,601)
Income we receive from third parties	8,039	
Spending on activities the NZTA delivers		9,240
Spending on the NLTP and state highway depreciation		99,418
Spending on specific Crown projects		12,569

- Total income received was less than budgeted, mainly due to the deferral of \$250 million of NLTF revenue to 2009/10 as it was deemed surplus to requirements for the current year and therefore left in the NLTF.
- NLTP expenditure was \$99.4 million below budget because more costs were capitalised.

The Crown measures our activities in terms of output classes. This graph shows our spending on the key output classes.



Summary statement of financial position

This statement shows what we own (assets), what we owe (liabilities) and our closing equity as at 30 June 2009.

	Actual \$000	Budget \$000
Current assets	628,660	696,479
Non-current assets	24,102,583	20,781,331
Total assets	24,731,243	21,477,810
Current liabilities	416,130	343,170
Non-current liabilities	2,713	2,625
Total liabilities	418,843	345,795
Total equity/net assets	24,312,400	21,132,015

The major components of our net assets include:

Working capital	212,530
Property plant and equipment	17,762
Intangible assets	18,002
State highway network	24,066,819

- The increase in our assets is mainly due to the \$3.3 billion increase in the value of state highways, following a revaluation of our network and \$1.2 billion spending on state highways.

Summary statement of changes in equity

This statement shows how our equity has increased over the 12 months to 30 June 2009.

	Actual \$000	Budget \$000
Equity as at 1 July 2008	21,150,502	20,188,585
Net surplus for the year	85,160	184,427
Increase in the valuation of the state highways	2,290,020	0
Capital contribution from the Crown	786,718	759,003
Equity as at 30 June 2009	24,312,400	21,132,015

Our closing equity comprises:

General funds	25,785
Retained funds - Operations	23,926
Retained funds - NLTP and Crown	635,004
State highway	23,642,614
Third party funded activities	(14,929)

- Operations retained funds will be used to fund the costs of the merger.
- NLTP and Crown retained funds includes \$183.5 million available for allocation to approved organisations in 2009/10, and \$449.9 million of assets are to be transferred to state highway assets in 2009/10.
- An improved asset valuation process is reflected in the revaluation of state highways.
- The NZTA is working to a plan to manage the third party funded activities that are in deficit.

Summary statement of cash flows

This statement shows how we received and used our cash during the year.

	Actual \$000	Budget \$000
Net cash from operating activities	467,326	239,187
Net cash from investing activities	(1,220,728)	(1,046,070)
Net cash from financing activities	783,753	759,003
Net (decrease)/increase in cash and cash equivalents	30,351	(47,880)

- Our operating activities generate cash inflows and the primary source is from the NLTF (88 percent). Most of the net cash inflows from these operating activities fund the NLTP.
- Our investing activities generate cash outflows and the primary use was in investing \$1.2 billion on state highways.
- Our financial activity cash inflows include capital contributions towards state highways.

Notes to the financial summary

- The disclosures included in the financial summary have been extracted from the NZTA's 2008/09 annual report, which was approved by the Board on 30 October 2009. The annual report was audited by Audit New Zealand, who issued an unqualified opinion on 30 October 2009.
- The financial statements of the NZTA have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements to comply with New Zealand generally accepted accounting practice (GAAP) and comply with New Zealand equivalents to IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The financial statements include a statement of compliance to this effect.
- The financial summary is presented in New Zealand dollars and all values are rounded to the nearest thousand dollars.
- The NZTA is a new entity formed on 1 August 2008. However, the Board has adopted 1 July 2008 as the starting date for reporting purposes under the Land Transport Management Amendment Act 2008.
- No comparative figures are provided, as the 2008/09 annual report is the first report of the NZTA.
- The financial summary cannot be expected to provide as complete an understanding as provided by the annual report. A copy of the annual report is available online at www.nzta.govt.nz.

The financial summary was authorised for issue on 20 November 2009 by Brian Roche, Board Chair, and Garry Moore, Deputy Chair.

Achievement of performance measures

We set targets and performance measures each year for our output classes, which fall into three categories:

- regulatory and revenue management
- activities funded through the NLTF, either as NZTA-delivered activities or those delivered by approved organisations
- specific activities funded by the Crown.

	Output class	All performance measures achieved	Most performance measures achieved
Regulatory and revenue management	Regulatory implementation and enforcement	✓	
	Licensing activities	✓	
	Motor vehicle registry		✓
	Road user charges collection, investigation and enforcement	✓	
	Refund of fuel excise duty	✓	
Activities funded by the NLTF	Research and performance monitoring	✓	
	Promotion, information and education services	✓	
	Management of the funding allocation system	✓	
	Rail and sea freight	✓	
	Transport demand management, and walking and cycling	✓	
	Passenger transport services		✓
	New and improved infrastructure for state highways		✓
	Maintenance of state highways		✓
	New and improved infrastructure for local roads		✓
	Maintenance of local roads		✓
	Regional land transport		✓
Crown contributions to specific activities	Canterbury transport project	Nothing was approved from this funding source for 2008/09	
	Regional development transport funding	✓	
	Enhanced public transport concessions	✓	

Audit report

To the readers of the NZ Transport Agency's summary annual financial statements and statement of service performance for the year ended 30 June 2009

We have audited the summary financial statements and statement of service performance as set out on pages 10 to 14.

UNQUALIFIED OPINION

In our opinion the information reported in the summary financial statements and statement of service performance complies with FRS-43: *Summary Financial Statements*, and is consistent with the full financial statements and statement of service performance from which it is derived and upon which we expressed an unqualified audit opinion in our report dated 30 October 2009.

BASIS OF OPINION

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

Other than in our capacity as auditor, we have carried out assurance assignments in the area of cost allocation, procurement and policy guidance. Other than the audit and these assignments, we have no relationship with or interests in the NZ Transport Agency.

RESPONSIBILITIES OF THE BOARD OF THE NZ TRANSPORT AGENCY AND THE AUDITOR

The Board is responsible for the preparation of the summary financial statements and statement of service performance and we are responsible for expressing an independent opinion on the summary financial statements and statement of service performance.



John O'Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

20 November 2009

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE SUMMARY AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

This audit report relates to the summary financial statements and statement of service performance of the New Zealand Transport Agency (NZ Transport Agency) for the year ended 30 June 2009 included on the NZ Transport Agency's website. NZ Transport Agency's Board is responsible for the maintenance and integrity of the NZ Transport Agency's website. We have not been engaged to report on the integrity of the NZ Transport Agency's website. We accept no responsibility for any changes that may have occurred to the summary financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the summary financial statements, and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements and statement of service performance as well as the related audit report dated 20 November 2009 to confirm the information included in the audited summary financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.