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## NZ Transport Agency annual report

and the

## National Land Transport Fund annual report

Provided to the Minister of Transport and presented to the House of Representatives pursuant to section 150 of the Crown Entities Act 2004

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Provided to the Minister of Transport and presented to the House of Representatives pursuant to section 11 of the Land Transport Management Act 2003 and section 150 of the Crown Entities Act 2004

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for the year ended 30 June 2011



NZTA

NLTF

## OUR PURPOSE

# CREATING TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND



For the NZTA  
annual report  
go to page

1



For the NLTF  
annual report  
go to page

179



NZ TRANSPORT AGENCY  
WAKA KOTAHI



### **NZ Transport Agency (NZTA)**

Published October 2011

ISSN 1173-2105 (print)

ISSN 1173-2113 (online)

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If you have further queries, call our contact  
centre on 0800 699 000 or write to us:

NZ Transport Agency

Private Bag 6995

Wellington 6141.

This publication is also available on  
NZ Transport Agency's website at  
[www.nzta.govt.nz](http://www.nzta.govt.nz)

# **NZ Transport Agency annual report**

**for the year ended 30 June 2011**

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pursuant to section 150 of the Crown Entities  
Act 2004

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The NZTA logo consists of the letters "NZTA" in a bold, dark blue, sans-serif font, centered within a light blue circular background. This circle is set against a larger background of fine, light blue diagonal lines.

**NZTA**



## CONTENTS

## SECTION

**A**2010/11  
AT A GLANCE**4**Our  
strategy**6**Our operating  
environment**8**Our  
activities**9**Our  
finances**10**Our  
successes

## SECTION

**B**GOVERNANCE  
REPORT**15**Report from  
the Chair**20**Board member  
profiles

## SECTION

**C**MANAGEMENT  
REPORT**23**Report  
from the  
Chief Executive**30**Leadership  
team profiles**32**Organisational  
structure

## SECTION

**D**PROGRESS ON  
THE STATEMENT  
OF STRATEGIC  
INTENT**35**Progress on  
long-term  
sector impacts**39**Progress on  
our strategic  
direction  
- by function**47**Progress on  
our strategic  
direction  
- by priority**55**Organisational  
capability and  
health

## SECTION

**E**PROGRESS ON  
THE STATEMENT  
OF SERVICE  
PERFORMANCE**60**Achievement  
of performance  
measures**62**Output class  
case studies**69**Output classes  
the NZTA  
delivers**94**Output classes  
the NZTA  
partly delivers  
along with local  
authorities**100**Output classes  
the NZTA  
invests in but  
does not deliver  
services**116**Appendix  
1 and 2

## SECTION

**F**PROGRESS ON  
THE STATEMENT  
OF FINANCIAL  
PERFORMANCE**125**Statement of  
responsibility**126**Highlights  
from our  
financial  
statements**129**Financial  
statements**133**Notes to the  
financial  
statements**157**Supplementary  
information**167**Output class  
income and  
expenditure  
tables**175**Audit NZ  
report**177**Putting the  
scrutiny  
principle into  
practice

**SECTION A:  
2010/11  
AT A GLANCE**



## OUR STRATEGY

The NZTA contributes to government's overarching goal of growing the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders.

### The government's long-term outcomes for the transport sector:

- An efficient transport system that supports government's high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations.
- A sustainable funding basis for transport infrastructure investments and use.
- A high-quality transport system for Auckland, the nation's economic hub.
- An accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare.

### Immediate priorities:

Investment in infrastructure, better regulation, better public services, road safety.

NZTA

5

We work to help deliver the government's long-term outcomes and immediate priorities through our strategy - the NZTA 5.

1

**WHY WE ARE HERE****1 PURPOSE**

Creating transport solutions for a thriving New Zealand

We help New Zealand thrive when we contribute to achieving eight long-term impacts:

- Better use of existing transport capacity.
- More efficient freight supply chains.
- A resilient and secure transport network.
- Easing of severe urban congestion.
- More efficient vehicle fleets.
- Reduction in deaths and serious injuries from road crashes.
- More transport mode choices.
- Reduction in adverse environmental effects from land transport.

2

**WHO WE SERVE****2 CUSTOMER GROUPS****1. Individuals**

We help ordinary people make the best use of New Zealand's transport system – whether they are drivers, passengers, people getting their WoF, licence or registering their vehicle, or businesses that need permits or commercial operator licences.

**2. New Zealand communities**

We help plan cities that are easier to get around; build new highways; invest in roads, public transport, walking and cycling in regions and towns; and make the roads safer. We do this by working with our stakeholders.

We want our customers and stakeholders to be satisfied that:

- we deliver services and solutions that are convenient, effective, efficient and that represent good value for money
- we help them make more efficient, effective and safe transport choices
- we listen to them and consider their views even when, in the end, we might not provide the answer or investment decision they had hoped for.

3

**HOW WE WORK****3 BEHAVIOURS**

To help build the effectiveness of our organisation, we have developed three behaviours:

**1. Sign up** – We commit to where we are going and we put our heart into what we do. We get engaged every day.

**2. Team up** – We enjoy the people we work with and appreciate their talents. We find solutions for our customers with joined up thinking.

**3. Front up** – We are courageous. We tackle the difficult issues. We know our value and bring it to our work with confidence and good judgement.

Our Organisational Development Strategy focuses on building a high-performing culture, by:

- developing our people, because what distinguishes a great organisation is the calibre of its people
- working with others really well, because we engage with a wide range of stakeholders and customers every day
- achieving together, because we need to offer customers and stakeholders an NZTA that is 'joined up'.

4

**WHAT WE DO****4 FUNCTIONS**

Our core business over the longer term is:

**1. Planning the land transport networks**

Integrating land use and transport planning, through our Integrated Planning Strategy, so that there are many ways to get around our towns and cities easily and safely – walking, cycling, using public transport or motor vehicles.

**2. Investing in land transport**

Making smart investments in the national, regional and local land transport system because we need to ensure that every dollar we spend helps New Zealand thrive. With our Investment Revenue Strategy we allocate funds from the National Land Transport Fund to give effect to the *Government policy statement on land transport funding*.

**3. Managing the state highway network**

Ensuring that each road in the state highway network is playing its part in making New Zealand a more prosperous and safe place. Over time our State Highway Network Strategy (currently in draft) will improve the experiences that drivers have on our highways, and recognise the different needs of freight, commuters, tourists, business and leisure travellers.

**4. Providing access to and use of the land transport system**

Using our Network Access and Use Strategy (currently in draft) we will help shape the transport choices that people make, by providing good information and encouraging them to travel safely and efficiently. We want to work cooperatively with other network operators to make existing networks safer and more efficient.

5

**OUR IMMEDIATE FOCUS  
5 STRATEGIC PRIORITIES****1. Plan for and deliver roads of national significance**

Plan for and substantially deliver by 2020, seven new roads on some of the most important parts of the state highway network.

**2. Improve the road safety system**

Help deliver Safer Journeys by implementing a Safe System approach to reduce serious injuries and deaths on our roads.

**3. Improve the efficiency of freight movements**

Contribute to a significant improvement in safe and efficient access of freight to markets.

**4. Improve the effectiveness of public transport**

Lift the effectiveness of public transport services to better use existing transport capacity and ease congestion in our big cities.

**5. Improve customer service and reduce compliance costs**

Focus our efforts on providing high levels of customer service while being smart about reducing costs.

## OUR OPERATING ENVIRONMENT



# 1.4%

growth in economic activity reflects strong external demand for New Zealand products and, more recently, improvements in domestic consumption.

# 2

major earthquakes and a series of aftershocks in Christchurch have less of an impact on the national economy than previously expected. Economic activity migrates from one place to another, while quake recovery activities support the Christchurch economy.

# \$116m

increase in revenues generated from fuel taxes, charges on the use of diesel powered vehicles, vehicle licensing and registration expand the level of funding available for investment in the transport system.

# 16

is the minimum age at which young drivers are now able to take the test for their learner driver licence. Safety concerns also pushed up the age at which restricted and full driver licence tests can be taken.



# 9.2%

reduction in the number of fatalities on New Zealand's roads. The 12-month total to March 2011 (345 deaths) is the lowest since 1956.

# 8 into 1

created a single council for the Auckland region. The NZTA continues to partner with the council to deliver transport solutions for the region.

# 6.5%

unemployment in June 2011 reflects the improvement in domestic economic conditions. A recovering labour market points to a tightening of available skills in the future.



# 2.8%

growth in construction activity is largely due to increased local and central government investment in heavy engineering and civil works.

# 2.9%

increase in heavy and civil engineering costs driven by rising labour and raw material costs, eg, bitumen, aggregate, cement and steel.

## OUR ACTIVITIES

**19,959**  
MILLION  
VEHICLE  
KILOMETRES

19,959 million vehicle kilometres were travelled (all vehicles) on the state highway network in 2010/11 – a 1.2% increase over that recorded in the previous year. This performance is largely due to a resumption of positive economic growth, which more than offset the impact of 14.5% and 23.6% increases in the respective retail prices of petrol and diesel.

**1.937**  
MILLION  
VEHICLE  
KILOMETRES

1.937 million vehicle kilometres were travelled by heavy vehicles on the state highway network in 2010/11. A strong export performance and resumption of growth in domestic demand contributed to the 5.0% increase in heavy vehicle travel.

**\$2,728**  
MILLION  
INVESTED  
BY NLTF

The National Land Transport Fund invested \$2,728 million during the year ended 30 June 2011. The total investment from the National Land Transport Fund continues to increase and the number of individual activities funded continues to grow.

**109,319**  
ROAD USER  
CHARGES  
LICENCES  
PURCHASED  
ONLINE

109,319 road user charges licences were purchased online – an increase of 42% during the year ended 30 June 2011. It is anticipated that the volume of online transactions will continue to grow.

**687,061**  
MOTOR VEHICLE  
REGISTRATION  
TRANSACTIONS

687,061 motor vehicle registration transactions were completed online – an increase of 47% during the year ended 30 June 2011. It is anticipated that the volume of online transactions will continue to grow.

**66**  
MILLION  
PUBLIC  
TRANSPORT  
BOARDINGS IN  
AUCKLAND

66 million public transport boardings in Auckland (bus, train and ferry). The NZTA provides up to 50% funding assistance for public transport trips, and in the last year spent almost \$195 million nationally with the same amount coming from local government.

**2,664**  
LANE-KILOMETRES  
OF STATE  
HIGHWAY  
RESURFACED

2,664 lane-kilometres of state highway were resurfaced, in order to maintain acceptable ride quality, and maintain the overall value of the state highway asset. The number of lane-kilometres of state highway resurfaced continues to increase.

**76%**  
ROAD USER SAFETY  
INVESTMENTS  
TARGETED TO  
AT-RISK  
COMMUNITIES

76% of our road user safety investments targeted to at-risk communities and higher strategic fit. Under the Safer Journeys programme, investment in safety initiatives is being targeted to provide the best value for affected communities.

## OUR FINANCES

**WE HAVE ENDED THE FINANCIAL YEAR TO 30 JUNE 2011 WITH A NET DEFICIT OF \$34.69 MILLION, COMPARED TO A PRIOR YEAR SURPLUS OF \$13.63 MILLION.**

Further information and analysis of our results is provided at highlights from our financial statements on pages 126–128.

### **\$1.92 BILLION TOTAL INCOME**

Our operating income was \$75.4 million lower than in 2009/10 as we used a larger share of the funds available to accelerate our investment in the state highway capital improvement programme.

### **\$1.95 BILLION TOTAL EXPENDITURE**

Our operating expenditure was \$27 million lower than in 2009/10 due to less expenditure on maintaining and operating the state highway network and a lower write-off of state highway assets due to the level of capital renewal works undertaken.

### **\$25.76 BILLION TOTAL ASSETS**

The total value of our assets is \$434.6 million higher than in 2009/10 because of an increase in our investment in the state highway network and other assets, such as the integrated ticketing system.

### **\$1.39 BILLION CAPITAL EXPENDITURE**

Our capital expenditure was \$84.1 million higher than in 2009/10 because of the continued acceleration of our investment in state highways.

## OUR SUCCESSES

Many of the NZTA's staff, stakeholders and partners have received recognition for the excellent work they have produced in the year to 30 June 2011. The following section summarises the key highlights of our successes.

### PUBLIC RELATIONS AWARD FOR AUCKLAND MOTORWAY INFORMATION

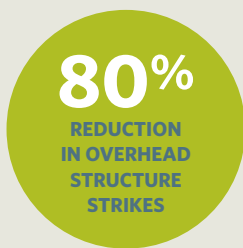
NZTA Auckland Motorways (Auckland Motorway Alliance/AMA) received a Public Relations Institute of New Zealand (PRINZ) Highly Commended Award in the category of Government / Quasi Government PR Programme for its Bridge Strike Reduction campaign.

The campaign has reduced strikes to overhead structures on the Auckland motorway network by almost 80% in the first 18 months, far exceeding the original campaign goal of a 50% reduction over two years.

A 'height checker' was developed as part of the campaign material, and this provides truck drivers with a simple device to check their load is within the 4.25m maximum height limit. The height checker has been very well received by the industry.

The AMA is a formal Alliance led by the NZTA with Fulton Hogan, Opus, Beca, Resolve Group and Armitage Systems Ltd.

≡ CHECK YOUR HEIGHT CAMPAIGN MATERIAL.



### INTERNATIONAL AWARD IN GEOGRAPHICAL INFORMATION SYSTEMS



≡ JACK DANGEMONT PRESENTING THE AWARDS.

The AMA also received an international award for its achievements in geographical information systems (GIS) projects. The award recognised the speed of implementation and realisation of benefits.

The award was presented at the ESRI International User Conference in San Diego and was attended by some 14,000 delegates. The company's president, Jack Dangemont, stated that 1 in 10,000 of their customers receives such an award.

### BEACHCROFT FOOTBRIDGE - URBAN DESIGN AWARD

The Beachcroft footbridge was designed and built as part of the SH20 Manukau Harbour Crossing (MHX) project by the MHX Alliance (comprising the NZTA, Fletcher Construction, Beca Infrastructure and Higgins Contractors). The original 'industrial grey' concept was given the cold shoulder during consultation with the community liaison group, and the project team revised the design to create a landmark structure. It won the New Zealand Architecture Award in 2010 under the Urban Design category. The panel commented:

*This bridge is an elegant and quietly dramatic structure over a busy motorway. By inclining the principle pylon, the architects have given the structure clarity and a satisfying tension. A change in colour is cleverly used to separate the supporting elements.*



≡ MANUKAU HARBOUR CROSSING PROJECT TEAM.

≡ THE AWARD WINNING BEACHCROFT FOOTBRIDGE.

### MANGERE BRIDGE'S MHX ALLIANCE A TEAM OF EXCELLENCE

The MHX Alliance's Mangere Bridge duplication and associated roadworks are a key part of Auckland's Western Ring Route (a road of national significance). The project won the Alliancing Association of Australasia's award for Team of Excellence in a Project Alliance. Through team and aspirational targets, the MHX Alliance completed the project ahead of time and under budget, and delivered value to the wider Auckland community. Project benefits have been released to stakeholders earlier than anticipated through a culture of collaboration, pride and innovation that has matured over the life of the project.



### INNOVATION AWARD FOR THE NZTA'S ROAD WEATHER INFORMATION SYSTEM

The NZTA's Road Weather Information System received the IPENZ 3M Traffic Safety Innovation Award 2011 - MetService. The information system supports the national winter maintenance programme. Working alongside MetService this system is designed to help road managers predict icy road conditions and apply the appropriate treatment just in time and in the right place to improve safety for road users.



⌘ NZTA'S ROAD WEATHER  
INFORMATION SYSTEM.

### TAURANGA HARBOUR LINK WINS ROADING EXCELLENCE AWARDS

Tauranga Harbour Link Stage 2 project won its category (the Greenstone Energy Excellence Award for a Major Road Project) – and then went on to take the supreme award at the recent Roding New Zealand Awards.

Judges said Harbour Link, a partnership involving the NZTA, Beca and Fletcher Construction, was executed excellently, coming in under budget and three months ahead of schedule. They noted it stood out due to the attention to detail in its planning, the way risks were identified and managed and the precision of the operation.



⌘ TAURANGA HARBOUR LINK.

### ENVIRONMENTAL SUCCESS FOR CAPE REINGA PROJECT

The NZTA and its partners were awarded a premier environmental award for the project to seal and improve the very last 19 kilometres of SH1, from Waitiki Landing to Cape Reinga in Northland.

The project was selected ahead of 10 other finalists to win the Arthur Mead Environment and Sustainability Award presented by the Institution of Professional Engineers New Zealand (IPENZ).

*The judges say they were impressed by the project's commitment to involve the Far North community in all phases of the project, adding that the improvements made to the highway demonstrated a clear understanding of the need to enhance and protect the environment.*



⌘ STATE HIGHWAY 1 –  
WAITIKI LANDING TO  
CAPE REINGA PROJECT.



### PRIDE IN PRINT GOLD MEDAL IN THE 'BOOK' CATEGORY

The 2010 edition of *The official New Zealand road code for heavy vehicle drivers* incorporates the *Truck loading code* for the first time. Many technical drawings were incorporated and the code increased to 324 pages. To win the award was a huge combined achievement as the judges look for perfect imagery (printer) and no errors (NZTA publications team). This is an additional achievement, as the judges noted, this award tends to favour smaller publications.

### INNOVATIVE USE OF CONCRETE TO MOVE THE ROB ROY HOTEL

The successful move of the 125-year-old Rob Roy Hotel in Auckland won a top industry award for the NZTA and its Alliance partners (Fletcher Construction, Beca, Higgins and Parsons Brinkerhoff) on the Victoria Park Tunnel project. The Excellence in Concrete for the Community award, presented by the Cement & Concrete Association of New Zealand (CCANZ), recognised the innovative way concrete was used to strengthen the heritage building before it was moved 44.3 metres on top of concrete beams to a temporary site out of the path of the Victoria Park Tunnel. Eight months later, it was moved back. It now sits on top of the tunnel, but in its original 1885-6 location.

This project demonstrated the use of concrete for the benefit of the community and for future generations by helping the NZTA successfully protect a building that is an important part of Auckland's history.



⌘ MOVING THE ROB ROY HOTEL AS PART OF THE VICTORIA PARK TUNNEL PROJECT.



### NZTA WEBSITE WINS PLAIN ENGLISH AWARD

The NZTA was recognised at the Plain English Awards on 3 September 2010 where our website won the award for the Best Plain English Website. All entrants into this category were nominated by a member of the public.

This Plain English Award recognises how the NZTA is continuing to improve customer service across the organisation. The member of the public who nominated the NZTA said, 'I went online to sort out something for my car and found the website easy to use. It had the right amount of information without dumbing down.'

## OTHER AWARDS ACHIEVED IN 2010/11

### **Newmarket Viaduct Replacement Project**

New Zealand Contractors' Federation Award (Auckland Region) - \$10m plus award for Health and Safety and Environment. Highly Commended placing in the Environment category.

### **SH20 Manukau Harbour Crossing**

Association of Consulting Engineers (ACENZ) silver award.

### **Auckland Harbour Bridge box girder strengthening**

Association of Consulting Engineers (ACENZ) gold award.

### **Victoria Park Tunnel**

New Zealand Contractors' Federation safety and environmental excellence award.

### **Victoria Park Tunnel**

New Zealand Contractors' Federation AB Equipment Award for Safety.

### **Victoria Park Tunnel**

New Zealand Workplace Health & Safety Awards - Best initiative to encourage engagement in health and safety.

### **SH20 Mt Roskill**

Ingenium Excellence Award - Projects over \$2m.

### **SH20 Mt Roskill**

NZ Architecture Award - Urban Design - Hillcrest Bridge.

### **Busby's project in the Gisborne region**

Roading Excellence Awards - Excellence for a Minor Road Project in association with geosystems, jointly awarded to the NZTA, Fulton Hogan and Opus International.

### **Tauranga Harbour Link Project**

2010 PRINZ Supreme Award.

### **Maintenance contract West Waikato**

Asset Management Council (A Technical Society of Engineers Australia) Gold Award for Asset Management 2011 - Transfield Services Ltd jointly with the NZTA.

### **SH2 Dowse to Petone project**

Association of Consulting Engineers (ACENZ) Award of Merit.

### **Ruby Bay Bypass presentation**

Ingenium 'paper of the year'.

### **KiwiRAP Star Ratings model**

Trafinz Road Safety Leadership Award at 2011 Trafinz Conference.

### **Onewa Interchange**

Horizon International Ltd Landscapes of Distinction Awards 2010 - silver.

### **Tauranga Harbour Link**

New Zealand Contractors' Federation Category Award 4, Projects with a value exceeding \$50m - joint winner.

**SECTION B:  
GOVERNANCE  
REPORT**





## REPORT FROM THE CHAIR

### INTRODUCTION

The 2010/11 annual report for the NZ Transport Agency (NZTA) reflects on a strong performance for the year and shows that the NZTA is in a good position to achieve the milestones established against our strategic priorities and the government's objectives for the land transport system. This includes delivering the roads of national significance, which is one of New Zealand's biggest ever infrastructure investments and a key part of the government's National Infrastructure Plan. We're also continually focused on embedding a customer first approach into our culture.

In addition, we're creating a more secure and resilient network that will play a pivotal role in reducing death and serious injury on our roads. Making improvements to transport infrastructure and services and enabling better access to markets,

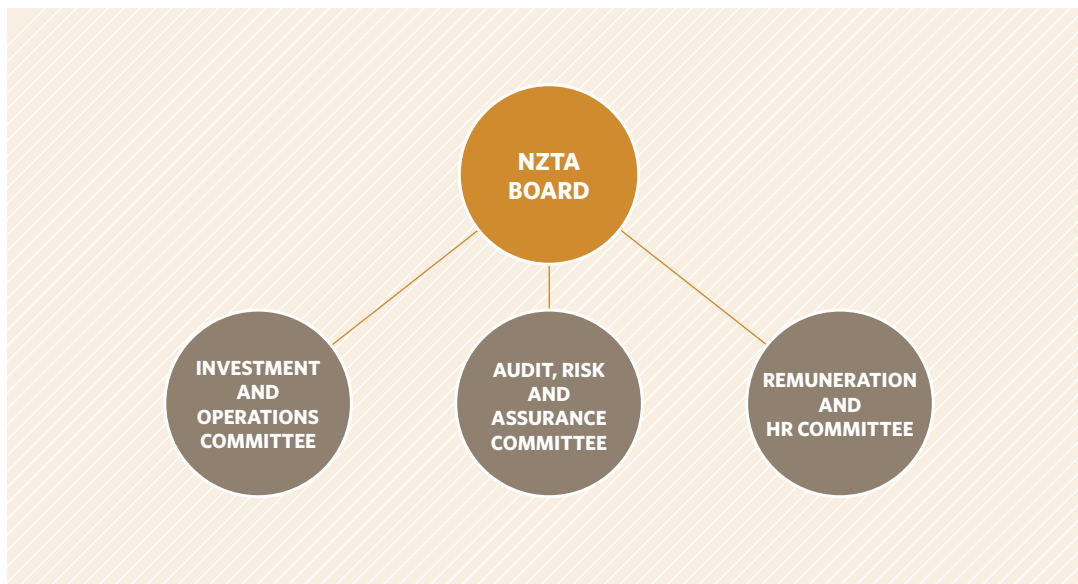
employment and economic growth areas is also an important objective. Finally, our strategic direction is leading us to increase people's transport choices and create more positive health outcomes by reducing adverse environmental effects.

The government has identified transport solutions as being essential to delivering greater prosperity, security and opportunity for all New Zealanders. We've contributed to the government's objectives outlined in the *Government policy statement on land transport funding* and the National Infrastructure Plan and have continued to strive for value for money from all our activities.

While I am pleased with what we have achieved and feel we are well positioned for the coming year, we will continue to focus on the delivery of our priorities while working to achieve value for money and improved customer service.

### BOARD MEMBERSHIP AND COMPOSITION

The Minister of Transport appoints up to eight independent non-executive members to the Board of the NZTA. The Board selects the membership of its three committees.



## BOARD FUNCTIONS

The Board performs six functions that direct the operations of the NZTA. These are:

1. influencing and contributing to the land transport sector
2. setting the direction of the NZTA
3. setting plans and targets for services and financial performance
4. reviewing the NZTA's performance against plans and targets
5. providing quality assurance of key operational policies, systems and processes
6. making significant planning, investment and funding decisions.

The planning, investment and funding decisions reserved for the Board are set out in its significance policy, and include:

- approving annual budgets
- making significant funding decisions and contract awards
- authorising changes to the organisational structure
- authorising significant changes to processes or procedures for the allocation of the National Land Transport Fund
- reviewing the performance and remuneration of the Chief Executive.

The Board sets clear policies that define the individual and collective responsibilities of the Board committee management, operating structure and lines of responsibility and what each has authority for. Operational responsibility is delegated to the Chief Executive by way of a formal delegated authority framework. Day-to-day operations are managed by senior managers led by the Chief Executive.

While the Board committees have no delegated authority, they assist the Board to:

- provide assurance that policies and controls are complied with
- monitor and advise on delegated investment, operational procedures and projects
- annually review the performance of the Chief Executive.

In summary, the Board is responsible for the success of the NZTA. The Minister's formal line of accountability with the NZTA is through the Board's chair.

## BOARD MEMBER REMUNERATION

The rates of remuneration for Board members are set by the Minister of Transport, in accordance with government rates for directors' fees.

## DISCLOSURE OF INTERESTS

Board members are required to complete a declaration of interests each year. The process is independently audited on an annual basis. An updated schedule of Board members' interests is tabled and reviewed at the opening of every Board meeting.

## CODE OF CONDUCT

The Board formulated and adopted a code of conduct for its members in 2010.

## BOARD ACTIVITY IN 2010/11

The Board held 11 scheduled and two special meetings in 2010/11. The scheduled meetings were held in Wellington (8), Dunedin (1), Auckland (1) and Napier (1). The Board also held strategy and governance workshops over two days in February 2011. The strategy workshop was held jointly with the NZTA Leadership Team.

## BOARD ACTIVITY IN 2010/11

BOARD FUNCTION	HIGHLIGHTS
Influencing and contributing to the land transport sector	Submissions on and input to the 2012 Government Policy Statement, Auckland spatial plan, Safer Journeys action plan, transport regulatory reform, public transport operating model development, Auckland CBD rail link and National Infrastructure Plan.
Setting the direction of the NZTA	Key operational policy considered: state highway classification system, draft State Highway Network Strategy, draft Network Access and Use Strategy, Auckland state highway network development, road policing investment framework, and transport planning investment direction.
Setting plans and targets for services and financial performance	Key areas of focus: 2011/14 <i>Statement of intent</i> and annual budget (9 items), road safety and freight action plans, and the information services strategic plan (ISSP).
Reviewing the NZTA's performance against plans and targets	Areas of focus: Quarterly and annual progress reports, rolling progress reviews on each NZTA strategic priority action plan, monthly finance reports, Performance Improvement Framework (PIF) result review and action plan progress reports, Benchmarking of Better Administrative Services (BASS) results, and the 2009-12 National Land Transport Programme mid-point review.
Providing quality assurance of key operational policies, systems and processes	Assessments against best practice were conducted for these key delivery and corporate processes and systems: procurement, asset management, risk management, recruitment, licensing, property management, relationship management, media management, Māori engagement, operator rating system, employee engagement and the scrutiny principle.
Making significant planning, investment and funding decisions	Key items: Integrated ticketing, tolling operations, major funding decisions, major contract awards, driver licensing and vehicle registration modernisation business case, NZTA consultation procedures, Canterbury earthquake recovery assistance, funding assistance rates (FAR) reviews, metro rail upgrades, state highways procurement strategy, Waitemata Harbour Crossing, Christchurch and Wellington roads of national significance route alignment and levels of service.
Other general governance matters	Includes: monthly reports from the Chief Executive, reports from the Board committees, the regular general business and issues updates reports, and changes to Board delegations and code of conduct.

## **INVESTMENT AND OPERATIONS BOARD COMMITTEE**

The purpose of the Investment and Operations Committee is to exercise stewardship over the NZTA's transport network investment decisions. It oversees the performance of the NZTA's business operations, including its legislative and regulatory responsibilities, and the state highway business. The committee provides advice to the Board by making recommendations on funding applications and investment decisions, and procurement proposals across all modes, within delegations reserved to the Board.

The committee is made up of four serving NZTA Board members and has the authority to seek independent advice to discharge its functions. The wide range of matters that the committee provides business stewardship and guidance for include:

- delivery of the National Land Transport Programme by approved organisations, and adjustments to programmes to achieve longer-term goals
- recommendations on procurement, tendering and commencement of state highway projects or other projects approved for funding
- property management and tendering processes, leases and contracts
- development of tolling operations, integrated ticketing systems, registry operations and the delivery of legislative compliance and regulated safety regimes
- establishment of appropriate regulatory governance and monitoring arrangements
- development and implementation of asset management strategies, risk assessment, environmental audit and performance monitoring of state highways.

The committee met nine times in Wellington in 2010/11.

## **AUDIT, RISK AND ASSURANCE BOARD COMMITTEE**

The Audit, Risk and Assurance Committee comprises up to four Board members. The committee is served by the Chief of Assurance and Risk and meetings are attended by the Chief Executive, Group Manager Organisational Support and Chief Financial Officer. The Chief Executive - Ministry of Transport is a member of the committee with specific reference to monitoring responsibilities under s101 of the Land Transport Management Act 2003.

The responsibilities of the committee include:

- achieving and maintaining confidence that the NZTA has suitable risk management practices
- monitoring and reviewing significant financial, reporting and other risks
- reviewing and approving the internal audit programme
- achieving and maintaining confidence that the internal audit process is independent, objective and effective
- monitoring and reviewing significant findings arising from internal audits
- reviewing the programme and monitoring the effectiveness of the external auditor
- receiving reports from the external auditor
- reporting an overview of the committee's activities to the Board.

The Committee met three times in Wellington in 2010/11. Meetings were timed to occur with the quarterly governance reporting process.

## **REMUNERATION AND HUMAN RESOURCES BOARD COMMITTEE**

The purpose of this committee is to provide strategic governance in conjunction with the Chief Executive over human resources capability, remuneration, employment relations and key human resources strategies. The committee also helps the Board fulfil its responsibilities relating to the remuneration of the Chief Executive and senior management.

In discharging its strategic governance responsibilities, the committee:

- maintains awareness of human resources trends, benchmarks, issues and risks, including employee turnover and their engagement, internal capability and succession requirements
- provides advice and guidance where required in the development of human resource strategies, frameworks and policies, workforce and succession planning, performance management, remuneration, retention and engagement, employment relations, code of conduct and behavioural expectations and in the development of human resources delegations
- recommends staff remuneration strategies and overall market position to the Board
- oversees organisational compliance with statutory obligations under the governing legislation on behalf of the Board.

In discharging its responsibility for the Chief Executive's employment relationship and remuneration, the committee:

- establishes the annual key performance objectives for the Chief Executive and reviews the Chief Executive's annual performance against those objectives
- maintains an overview of trends and best practice in executive employment conditions and remuneration
- makes recommendations to the Board regarding the Chief Executive's performance assessment and remuneration and consults with the State Services Commission regarding any proposed changes
- if circumstances require, establishes and manages the process for Chief Executive recruitment and appointment.

The committee met four times in Wellington in 2010/11.

I want to acknowledge the hard work of the management team and staff within the NZTA and in particular the way in which they all collectively responded to the challenges presented during the year with the Christchurch earthquakes.

I would also like to thank my board colleagues who have worked with management to achieve successes and help create transport solutions for a thriving New Zealand.



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**Chris Moller**

Chair  
NZ Transport Agency

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## BOARD MEMBER PROFILES

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**Chris Moller**  
Chair (Wellington)



Chris is a non-executive director who chairs the Meridian Energy Ltd and New Zealand Cricket Inc boards. He is also a director of SKYCITY Entertainment Group Ltd, NZX Ltd, Westpac New Zealand Ltd, International Cricket Council and Rugby New Zealand 2011 Ltd. Chris is a trustee of the Victoria University Foundation and the Westpac Regional Stadium Trust. He was chief executive of the New Zealand Rugby Union, deputy chief executive of Fonterra Co-operative Group Ltd, and a director of a range of joint venture and subsidiary organisations within the New Zealand dairy industry both domestically and internationally.

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**Patsy Reddy,**  
Deputy Chair from 1 July  
2011 (Wellington)



Patsy is a professional director and consultant and is a qualified lawyer. She is Chair of the New Zealand Film Commission, a director of Payments NZ Ltd and Active Equities Ltd and a member of the New Zealand Markets Disciplinary Tribunal. She is a chief Crown Negotiator for Treaty of Waitangi settlements and is a trustee of the NZ International Arts Festival. Her previous directorships include Telecom Corporation of NZ Ltd, SKYCITY Entertainment Group, New Zealand Post and Air New Zealand Ltd.

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**Christine Caughey**  
(Auckland)



Christine is a qualified planner with a professional background in Auckland local and regional government. She is a director of the Auckland Waterfront Development Agency and was an Auckland city councillor from 2004 to 2007. She is an experienced and certified planning commissioner under the Resource Management Act 1991.

Christine completed her term on the Board on 30 June 2011.

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**Bryan Jackson**  
(Waikanae)



Bryan is a non-executive director. He is Chairman of Vehicle Testing New Zealand and a former board member of Kiwirail. He was Chair of Transit NZ prior to the formation of the NZTA. Bryan is a director of ING NZ Pty Ltd, IEF Ltd, Nees Hardware and Building Supplies Ltd and several other private companies.

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**Tony Lanigan**  
(Auckland)



Tony is a professional civil engineer (FIPENZ), project management consultant and former general manager with Fletcher Construction. Tony was Chancellor of Auckland University of Technology and a director of Infrastructure Auckland. He is currently vice chair of Habitat for Humanity in NZ and chair of NZ Housing Foundation. He is a director of Watercare Services Limited.

**Garry Moore,**  
Deputy Chair 2008-2011  
(Christchurch)



Garry is an accountant and was a member of the boards of Land Transport New Zealand and Transit New Zealand from April 2007 to August 2008. Garry served two terms as a councillor on the Christchurch City Council and was Mayor of Christchurch from 1998 to 2007. He led the restructuring of the council at both elected and administrative levels. Garry completed his term on the Board on 30 June 2011.

**Jerry Rickman**  
(Hamilton)



Jerry is a chartered accountant, a professional director and a consultant to the firm PricewaterhouseCoopers. Jerry currently chairs Alandale Life Care Ltd, EziBuy Holdings Ltd, HG Leach Ltd and Tidd Ross Todd Ltd. He is a member of Telecom's Independent Oversight Group. He has chaired the Waikato Regional Airport Ltd, Waikato District Health Board and Innovation Waikato Ltd.

**Alick Shaw**  
(Wellington)



Alick works as an independent commissioner for hearings convened under the Resource Management Act and as a member of boards of Crown entities, council organisations, privately held companies and the cultural sector. He is a member of the NZ Parole Board and a former Deputy Mayor of Wellington City.

## NEW BOARD APPOINTMENTS

**Adrienne  
Young-Cooper**  
(Auckland) from  
1 August 2011



Adrienne is a businesswoman and professional director. She has a 30-year career in resource management and town planning specialising in spatial planning, metropolitan growth management including infrastructure planning and large projects. Adrienne was the Deputy Chair of Auckland Regional Transport Authority (replaced by Auckland Transport) and was a board member of Maritime New Zealand until earlier this year. Her experience and contribution in transport governance is extensive. She also is a director of Solid Energy New Zealand Ltd, Deputy Chair of Auckland Waterfront Development Agency Limited (Waterfront Auckland) and Deputy Chair of Housing New Zealand Corporation.

**Gill Cox**  
(Christchurch) from  
1 September 2011



Gill is a chartered accountant, currently serving on a number of boards of privately held companies, as well as chairing both MainPower (NZ) Ltd and Transwaste Canterbury Ltd. He also chairs the Advisory Body of Development West Coast and is on the CERA Community Forum in Christchurch and the executive committee of the Canterbury Business Leaders Group. Gill was formerly a partner of Deloitte for 25 years and President of the NZ Institute of Chartered Accountants.



**SECTION C:**  
**MANAGEMENT**  
**REPORT**



## REPORT FROM THE CHIEF EXECUTIVE

### INTRODUCTION

I am proud of what the NZTA has achieved over the past year, and immensely proud of the NZTA people who have made it happen.

We have strengthened our work on planning land transport networks across the country, working with local authorities, Kiwirail, ports and users, to integrate land use and transport planning and taking a long-term view of what is required in terms of transport services and supporting infrastructure. We have actively built a collaborative approach to planning in both the public transport and freight sectors through bringing the key players together to establish the requirements for transport services and inter-modal connections for the future.

We have continued to make well targeted investments in the national, regional and local land transport systems, and to ensure that every dollar we spend helps New Zealand to thrive. We have ensured we get the best possible value for money from investments with local authorities on local road and cycling infrastructure and public transport services, and on our state highway activities. We have ensured that all investments from the National Land Transport Fund (NLTF) give effect to the objectives of the *Government policy statement on land transport funding* (GPS). There has been a higher level of investment in land transport than ever before.

We have continued to develop and manage the state highway network, the key national network for freight and vehicle traffic. We have made faster than expected progress on several key state highway improvement projects that are focused on improving journeys and safety on the busiest parts of the network. We have worked closely with contractors and suppliers to further enhance our procurement methods to ensure we achieve best value for money.

We have worked to help people make effective transport choices in terms of how they access transport networks as drivers and users, and as owners of vehicles. We seek to provide them with good information about their safety obligations – to themselves and to other users. Our commitment to the Safer Journeys road safety strategy's goal of a transport system increasingly free of death and serious injury has seen us take a more collaborative approach in working with the other agencies responsible for road safety activities in order to achieve our shared objectives in this area.

Outlined below are some of our key achievements for the year.

### OUR SUPPORT FOR CANTERBURY

The Canterbury earthquakes caused significant damage to the local roading network in Christchurch. Overall, state highways in the region exhibited remarkable resilience and the quick response from NZTA staff and contractors ensured the network remained open and functional apart from a few delays for repairs. Our staff also assisted the Canterbury councils with the inspection, planning and operation of the local transport system. The NZTA continues to play a key role in the reconstruction of transport infrastructure in the city. The full cost to the NLTF of repairing damage to transport infrastructure is still being determined, but it is estimated to be several hundreds of millions over five or more years. We are assisting both the Christchurch City Council and the Canterbury Earthquake Recovery Authority with the establishment of an alliance delivery model for the rebuild of Christchurch's roads, water and sewerage infrastructure.

Our ongoing priority since the September 2010 earthquake has been supporting our 80 staff in Christchurch and their families by ensuring their physical safety and wellbeing. Our staff in Christchurch have worked tirelessly to ensure that there has been limited disruption to our service delivery even though most of them have been unable to return to our office space and, as a result, have had to work from temporary and makeshift premises. I sincerely thank every one of them.

### TRANSPORT SERVICES AND INFRASTRUCTURE

#### Programme approach

We have continued with a balanced approach to the investment programme through the 2009 to 2012 National Land Transport Programme (NLTP) across all land transport modes. We have accelerated expenditure in the state highway improvement activity class to take advantage of the competitive market, and projects being delivered quicker than originally planned. Revenue to date has tracked as forecast at the time the NLTP was prepared and we have continued to use the accumulated surplus from the National Land Transport Fund, as planned, to deliver the full land transport programme.

A short-term borrowing facility, as provided for in the GPS, was established and used towards the end of the financial year to manage the seasonal impacts of the construction cycle and the variation between revenue and expenditure, as well as to address the demands placed on the NLTF from unexpected events such as the Canterbury earthquakes.

Key external factors in the operating environment that have shaped the NZTA's activities over the past year include a gradual economic recovery – rising input costs for major items such as bitumen, labour, cement, aggregate and steel. After a period of relative stability between June 2009 and December 2010, our inflation indexes show a significant step change in the most recently available quarter to March 2011. It is too early to conclude if this trend will continue, but the second half of the financial year regularly sees prices rise more steeply. Approved organisations are working within a three-year programme so the relative stability in the first 18 months of that period has been advantageous and good tender prices have been received.

### Public transport

We are focused on improving public transport in our largest urban areas as well as providing more transport choices in cities and towns across the country. The past year has seen substantial increases in public transport patronage in Auckland in particular, and steady numbers in many other areas. The NZTA meets around 50% of the subsidy costs for these services, and in the last year spent almost \$195 million with the same amount coming from local government. Considerable work has been undertaken on developing further procurement methods for public transport services to ensure effective value for money, and we have developed our approach to farebox recovery to ensure that the costs are shared equitably by public transport passengers, other road users and their communities.

We have supported the work of Auckland Transport, Auckland Council and the Ministry of Transport on the purchase of new electric multiple train units for Auckland public transport, and reached a funding arrangement with Auckland Transport that will see half the cost of the purchase of those train units met from the NLTF over the coming years (the initial purchase is funded from a loan and grant from the Crown).

Our investment in public transport infrastructure for 2010/11 has been aimed at the passenger facing facilities (such as bus shelters, train stations, signs and information systems). Much of the focus has been in the city centres of Auckland and Wellington and the functioning of bus and rail systems.

Nationally the NZTA invested 31.5 million, with 62% in the Auckland region and 21% in Wellington, with the remainder in other regions. Key investments in this activity class include:

- Auckland integrated fare system construction and implementation
- Manukau Transport Interchange and city rail link
- real-time system extension (Auckland passenger rail)
- real-time system construction/implementation (Wellington bus network).

### Local road maintenance and infrastructure

We invested close to \$304 million in local road maintenance and operations, matched by a similar level of investment from local government. This output class includes funding for emergency reinstatement activities, and the extensive damage caused by the Canterbury earthquakes resulted in an over-expenditure of \$69 million or 29% for the year. The NZTA's actual expenditure on the Canterbury reinstatement work in Christchurch City, and the Waimakariri and Selwyn districts totalled \$52.7 million for the 2010/11 year alone.

During the year, close to \$205 million was invested in local road renewals (again matched by local government), which is \$32 million under budget due primarily to a lack of resources in the Canterbury area. In addition some local councils have deferred work as they tightened their budgets due to the current economic conditions.

### Improving the state highway network

We have made significant progress against our state highway improvements programme this year – lifting the level of service we provide to our customers and delivering against the key priorities of the government in terms of the roads of national significance (RoNS). Our investments have led to improved journey time reliability and increased levels of safety across the national network for both freight and personal travel.

The RoNS programme continues to perform well and we achieved better than expected progress on the construction of Tauranga Eastern Link and Victoria Park Tunnel. We have completed the national consenting process for the Waterview Connection project and ended the year close to completing the tender process for construction (subsequently awarded). The other RoNS projects are continuing through the development of preferred options and consultation with the public.

We also worked hard to continue our programme of property acquisition to assist the overall state highway goal of greater progress with the RoNS construction programme. Property acquisition settlements including fees to 30 June 2011 totalled \$155.62 million for 400+ property settlements against an original budget of \$160 million. Sales of surplus property from the managed property portfolio totalled \$29 million, a strong result. Funds from disposal proceeds are returned to the NLTF for reuse.

### ACTIVITY CLASS REVIEWS

During the last financial year we completed reviews of the transport planning and the sector training activity classes. The aim was to ensure that the investment frameworks for these activities achieved value for money.

The revised transport planning investment framework addresses a number of deficiencies, in particular, revised investment criteria were designed to prioritise and achieve the following:

- Planning for the critical long-term (30-year plus) pressures on the transport system.
- Integrated land use and transport planning activities.
- Clarity of purpose for strategies, studies and plans, particularly focusing on areas with significant land use change and/or high population growth.
- Avoiding over-reliance on complex, expensive transport planning models.
- Making planning assumptions (and evidence base) explicit.

The revised assessment criteria mean that some activities we have previously funded will no longer qualify or will need to be re-cast. We will be looking for more joined-up studies, and making greater use of collaborative processes between our staff and our key stakeholders. Accordingly we were able to refine our level of investment in this activity class.

In 2011/12 we will continue to work with local government, contractors and consultants to find further innovative ways of approaching transport planning, project development and professional services procurement to deliver best value for money.

The sector training review concluded that because there are existing significant external drivers and providers of sector training, there is no clear case for routine NZTA sector training investment. However, there is a case for NZTA intervention where there are critical gaps in the provision of training in areas where poor performance has been identified, and where the NZTA needs to implement new policies, or inform or educate the sector.

### OUR POLICY ENVIRONMENT

#### *Government policy statement on land transport funding (GPS)*

The 2009 GPS required a prioritisation of 2009–2011 NLTP investment across all activity classes towards those land transport activities that contribute to economic growth and productivity improvements. The amendment to the GPS in November 2010 directed NLTP investment into priority road safety initiatives to initiate the implementation of the government's Safer Journeys road safety strategy.

#### *Road user safety*

The government passed the Land Transport (Road Safety and Other Matters) Amendment Act 2011 in May 2011. The Act contained Safer Journeys first actions measures relating to novice drivers. These included raising the age to enter the driver licensing system from 15 to 16 years, and reducing the youth blood alcohol level to zero. Both of these actions are expected to have significant road safety benefits for all road users.

We assisted the Ministry of Transport to develop an amendment to the Driver Licensing Rule (signed in August 2011) that will allow the implementation of further first actions, such as making the restricted driver licence test more difficult, encouraging 120 hours of supervised driving practice and introducing a strengthened motorcycle licensing and testing system which is more aligned to the needs of motorcyclists.

#### *Road User Charges Bill*

NZTA staff have provided technical support to the Ministry of Transport on the Bill, including involvement in the Select Committee process. We assisted with the preliminary work towards the drafting of the supporting regulations (where all the detailed provisions around vehicle grades and other matters will be documented).

#### *Implemented MVR changes (changes to the registration and licensing of motor vehicles)*

The Land Transport Amendment Act 2009 (LTAA) reformed the law relating to the registration and licensing of motor vehicles. In particular it put greater restrictions on access to personal information held on the motor vehicle register and these changes have been implemented this year. The LTAA also represented a comprehensive rewrite of the existing legislation relating to the registration and licensing of motor vehicles, and enhanced and modernised existing provisions.

Some of the enhancements that came into effect this year are:

- the introduction of a new category of registration plate referred to as supplementary plates, which may be affixed to a vehicle when the permanent plate is temporarily obscured
- greater flexibility with respect to eligibility for trade plates
- powers to decline to issue temporary exemptions from licensing if a previous exemption has been revoked by the Registrar.

This year we began upgrading both the driver licence and motor vehicle registers. Currently the registers are mainframe based and run on proprietary software which will be unsupported from 2015.

The NZTA has worked with Unisys, which hosts the registers, to find a solution to upgrade the registers' software and move from a mainframe to a windows-based environment. A contract was signed with Unisys at the end of March 2011 and work has now commenced on the upgrade project, which is due for completion in September 2012. The driver licence register will be upgraded first, followed by the motor vehicle register.

### Regulatory services revenue

Fees (and therefore revenue) are set primarily to cover the cost of providing transactions and the supporting systems that enable them. Significant changes in legislation incur costs that are seldom funded externally. As well, internal and external costs increase over time, although usually incrementally (such as increased postal charges). Volumes, and therefore income, vary over time, and are generally reduced in harder economic times (where a car might be taken off the road rather than kept in service, for example). The final contributor is that fee reviews tend to lag behind cost pressures, requiring us to take an approach that not only addresses the current situation but also looks to anticipate future pressures.

## WORKING WITH OTHERS

### Our customers and stakeholders

We seek to be a customer driven organisation. We want our customers and stakeholders to be satisfied that we deliver services and solutions that are convenient, effective and efficient, and represent good value for money. We seek to help customers make effective and safe transport choices. And we listen to our customers and consider their views, even when in the end we might not be able to provide the answer or investment decision they had hoped for.

Feedback from our customers and stakeholders this year has helped us improve the services we provide and the way we work with our partners.

Throughout the year we surveyed 1400 customers through our contact centre and the average percentage of customer satisfaction was 97.2%. Customers were also asked if they have any suggestions on how to improve services. Predominantly the feedback has been very positive.

Our Planning & Investment group has completed face-to-face stakeholder interviews with a small sample of councils across the country. These interviews indicated that while our relationship with councils has improved, we need to get better at providing clear, consistent and timely investment signals and be more transparent around our decision making, particularly our investment in state highways.

The Highways & Network Operations group conducted a series of customer focus groups and targeted surveys to gain a fuller understanding of our customers' expectations of road performance, priorities for investment and the outcomes they expect. These interviews indicated that customers generally understand the complexities associated with the transport problems of today, but want to understand our longer-term plans, and ensure that safety and journey times are important priorities. The findings from this research will be used to inform the future business planning and investment decisions for the state highway network.

### Engaging with communities

A very important part of the NZTA's work throughout the lifetime of a state highway project, which ranges from planning and designing all the way to construction, is working closely with the community and all other interested parties. It's key to ensuring they are informed on the progress being made while at the same time are given the opportunity to tell us what they think.

Community engagement on the seven roads of national significance (RoNS) programmes around the country has been a particular focus. We have been engaging with communities, neighbours and partners to gain their input in many ways, including formal and informal feedback at open days, conversations, face-to-face meetings, knocking on their doors and general information sent to homes.

In the Wellington region, we have been engaging extensively with local residents and their wider communities from Levin to the Kāpiti Coast and through the Wellington central business district on the eight sections of the Wellington Northern Corridor RoNS. For example, we teamed up with the Kāpiti Coast District Council to host public exhibitions, giving people an opportunity to see and give feedback on how the current SH1 might be modified once the proposed MacKays to Peka Peka

Expressway takes over the state highway role. The public engagement phase of the Peka Peka to Ōtaki section closed in March, and we will engage with the community again in early 2012 about the concept design for the road, environmental impacts and possible mitigations.

Downtown in the Wellington central business district and eastern suburbs, we've been asking for public feedback and input into the proposals for transport improvements from Cobham Drive to Buckle Street. This is a unique part of the Wellington Northern Corridor, as it runs through an urban environment with a large number of interested stakeholders.

Community engagement is not just about getting feedback – it's also about explaining how community feedback helped shape our decisions. For example, on the Transmission Gully project, we held open days to talk to local communities about the aesthetic considerations we are taking on board to make sure that bridges are visually appealing.

In Auckland, the Victoria Park Tunnel has posed some interesting challenges for the project team because of its proximity to people's homes, the Auckland central business district and key motorway links. It's also one of the busiest sections of highway in the country, and it's being built beneath a very well-used park and public open space. We have been engaging with neighbours and partners, the various local communities and Auckland Council throughout the project. As a result, the community's interest in the project is intense. In the 12 months since tunnel construction began the team has produced nearly 170 community updates to tell residents what's coming up and how they might be affected, hosted 120 visits to the site and held numerous meetings with local residents and businesses.

### Working with Auckland

Good progress continues to be made on the objectives relating to the new institutional and planning arrangements in Auckland. We are pleased with the open and joined-up way of working that has been established between all levels of Auckland Transport and the NZTA. I am a non-voting member of the Board of Auckland Transport, which is a key opportunity to share thinking and plans to improve Auckland transport services and to align our respective plans and operations.

We have worked with Auckland Transport to develop a joint approach to managing traffic operations across the whole of Auckland, and have established a Joint Traffic Operations Centre to undertake this task. A partnership charter is being implemented and joint workstreams are progressing well. Endorsement has also been received from Auckland Council and Auckland Transport of the principles of a planning alliance. Effort to date has been focused on the Auckland Plan.

### Public transport leadership forum and freight forum

A key focus of our work on the freight and public transport strategic priorities has been the development of the Public Transport Leadership Forum and the Freight Operators' Forum. These forums have been invaluable in bringing together the key players in the public transport and freight sectors. The forums provide a sounding board for testing and developing shared thinking and drawing on a wide range of expertise and knowledge in this sector. The forums are also valuable for obtaining buy-in from the key players in each sector. This buy-in is critical where collective action is required to take the sector forward. A focus for the public transport leadership forum has been the development of a three-year action programme for public transport. We are also working with the freight forum members to develop a North Island Freight Plan which will form the basis of a sector work programme for freight.

### Agents that deliver regulatory services

The NZTA delivers regulatory services through a network of 131 licensing agents providing 1327 outlets, 385 self-service agents and 3063 vehicle certification agents. Effective relationships and good customer service are achieved with our larger agents by way of quarterly performance reviews and regular communication to ensure both the agents and the NZTA are aware of the issues and the plans of each party are well known and proactively managed. Key examples this year have been the agents' continued meeting of service expectations, agents achieving a 97% customer satisfaction rating and the successful implementation of the Land Transport Amendment Act 2009.

## DOING THINGS DIFFERENTLY TO IMPROVE VALUE FOR MONEY

### Streamlining how we work with our partners

The streamlining of planning and investment for outcomes has transformed from a programme management/project approach to an operating group business-as-usual approach. This involves our staff engaging early with approved organisations and our other partners to provide clear investment signals about the NZTA's expectations and to identify the best packages and programmes to invest in to achieve the desired transport outcomes.

We also launched a new and improved version of the web-based system transport investment online (TIO) as used by local authorities and the NZTA to create, submit and manage land transport programmes. The system is now more user friendly, less cumbersome and has more targeted information requirements. We have incorporated the changes that our customers asked for, and that has helped improve forecasting and reporting capabilities and support better planning and management of investment programmes and cash flow.

Although still in its infancy, the Operator Rating System is now operational, with the first provisional ratings issued to operators in early 2011. Ratings remain provisional at this stage and will not be published until mid-2012 when two years of data is available, but initial provisional ratings indicate a generally high standard of compliance with safety legislation. Rating information is beginning to be used by NZTA staff to create risk profiles and inform enforcement activity for those operators with poor safety compliance. We are also investigating ways that ratings can be used by the NZTA and its partner agencies to further enhance efficiency and reduce compliance costs for the highest performing operators.

### Increasing online transactions

The number of transactions being completed online continues to increase across the range of services offered, and the targets set in the *Statement of intent* for tolling and test booking have been exceeded. Similar trends are occurring in other activities where current regulation allows online transactions (such as motor vehicle and road user charges licence purchases).

A review of tolling business activities has been initiated to identify alternative delivery methods. We have announced our intention to apply charges from 1 August 2011 for trip purchases made through the traditionally more expensive channels, eg freephone numbers and cash kiosks. The aim is to provide a service that will encourage customers to progressively migrate to lower-cost channel options.

### Online motor vehicle related transactions

The share of transactions completed via the internet has continued to increase throughout the year. This movement is consistent across all transactions currently offered online for motor vehicle licensing, RUC, driver licence test bookings and toll payments, with increases over the previous year of 43.4%, 34.3%, 23.8% and 13.3% respectively. Other transactions, some of which do not have any fee associated with them, have also experienced significant increases in the proportions completed online compared with 2009/10: motor vehicle licence exemptions are up 20.9%; notices of acquisition, 42.9%; notices of disposal, 28.9%; and changes of address, 36.3%.

### Regulatory reform

The review of driver licensing and driver training has produced two reports (one internal, one external) that summarise the current business model and propose changes, both incremental (immediate cost savings) and transformational (moving to a new way of delivering the services).

A review of motor vehicle registry cost structures by an external consultant has been completed, and recommends changes to the way the administrative fee is set and charged.

For RUC, the focus is on the complete system changes that will be required to implement the new RUC levies.

### Developing our people and our organisation

We have continued with an emphasis on improving the skills of our leaders. Our leadership development programmes continue to bring about positive cultural change across the NZTA and build leadership capability in our senior leaders.

We have entered the second year of our employee engagement programme; it has been pleasing to see that engagement has risen overall and across all groups in the NZTA. Key highlights include a much greater appreciation of the NZTA's strategic direction and positive feedback about the supportive work environment that we offer to staff at all levels of the organisation.

Exciting work has commenced to introduce a new purpose and behaviours to encourage a greater commitment to teamwork, all staff engaging in honest conversations and a greater level of understanding and commitment to our strategic direction.

### Organisational reviews

We have participated in a number of reviews to improve services and reduce our and others' costs during the year under review. Examples are a review of several investment activity classes to ensure they are focused on investing in the right things at the right time, regulatory service delivery business models, including driver licensing and driver testing, and streamlining the planning and investment function.

We also started to scope several value for money reviews of core business processes to be undertaken in the next financial year, including transport planning, professional services, project development, and maintenance and operations.

We have participated in two large external reviews of public sector organisations. We were the first Crown entity to participate in the Performance Improvement Framework (PIF) review. This is a State Services Commission sponsored assessment that takes an independent view of our capability and performance in meeting the services required of us by the government, as part of a programme to improve overall performance across the state sector. The assessment considered alignment of priorities and core services with government objectives and organisational management dimensions (leadership, external relationships, people development, financial and resource management). The external reviewers rated the NZTA as 'strong' and 'well placed' across many dimensions of our core business and priorities, and in relation to our organisational management and capability. Nevertheless there remains work to be done on a number of areas that 'need development', and we have continued to work on those over the last year. The NZTA has now been established for three years and we are pleased with the progress made.

We continued our previous commitment to participate in the government's Better Administrative and Support Services (BASS) review, to benchmark the efficiency of five key administrative and support areas (human resources, corporate and executive services, information systems, finance, and procurement). We are pleased that our services rate well against the public sector benchmarks, but we continue to strive for improved performance measurement.

### Improving our financial management

We continue to implement our financial management information systems strategy, which was developed in 2010. Key to achieving efficiency and transparency across our business is the consolidation of our legacy financial systems into an integrated suite of tools suited to the needs of the NZTA. We will be evaluating options for replacement of our multiple systems and plan to implement the core platform ready for the 2012/13 financial year. We are working with the Ministry of Transport and The Treasury to enhance the cash management aspects of the National Land Transport Programme.

### Managing risk

The NZTA has an ambitious programme of work in place to achieve the expectations of government and the organisation's strategic intent. With such a programme there are inevitably large risks to identify, consider and manage. The NZTA has a risk management framework in place to support critical decision making, improve chances of success and provide for senior management, governance awareness and monitoring of risks.

### My thanks to all our staff

Our success comes from not only what we do, but how we do it. I am grateful to all NZTA staff for their energy and commitment to creating transport solutions for a thriving New Zealand.



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### Geoff Dangerfield

Chief Executive Officer

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## LEADERSHIP TEAM PROFILES

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### **Geoff Dangerfield,** Chief Executive

BSc, MSc  
(Resource Management)



Geoff became the first Chief Executive for the NZTA in August 2008 and oversees the development of the new organisation and its approach to integrated transport development. He was previously Chief Executive of the Ministry of Economic Development and Deputy Secretary to the Treasury, and began his public sector career with the Ministry of Works and Development.

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### **Dave Brash,** Group Manager Planning & Investment

BSc (Hons) (Geography)



Dave joined the NZTA in December 2008 and was previously General Manager of the Emissions Trading Group with the Treasury. His role at the Treasury was a secondment from the Ministry for the Environment, where he was General Manager responsible for central government policy. Dave has more than 23 years experience working with central and local government agencies on complex policy reforms and managing change.

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### **Jenny Chetwynd,** Regional Director Central

Bachelor of Regional  
Planning (BRP Hons), MBA



Jenny joined the NZTA in October 2008. Jenny has 20 years of experience in working with local government and businesses in both the policy development and project delivery fields focusing on environmental planning and public engagement.

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### **Colin Crampton,** Group Manager Highways & Network Operations

BE (Hons), Dip BA, FIPENZ



Colin has worked in the NZTA since its inception in 2008 and, prior to that, for the legacy agency Transit New Zealand. Colin has over 15 years of experience in the transport sector.

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### **Allan Frost,** Group Manager Organisational Support

Chartered Accountant



Allan joined the NZTA in October 2008. Allan has had extensive experience in Chief Financial Officer and Chief Information Officer roles and has worked for 15 years in executive and senior management roles.

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### **Ian Gordon,** Group Manager Access & Use (2008-2011)

MA (Hons), MCIT



Ian has worked for the NZTA since its inception in 2008, and prior to that for the legacy agency Land Transport New Zealand. Ian has extensive experience in senior management roles in the public sector, with a focus on transport regulation and service delivery.



**Jim Harland,**  
Regional Director  
Southern

BA Dip TP MTP(Hons)  
Mnzpi MinstD FNZIM



Before taking on this position in January 2011, Jim was the Dunedin City Council's Chief Executive for 11 years. He has held a variety of senior roles in local government and the private sector, specialising in strategic thinking and change management. Jim also worked as a tourism consultant for several years and initiated a tourism planning course at Auckland University.

**Liz Huckerby,**  
Group Manager  
People & Capability

BA Hons, Post Graduate  
Certificate in Education,  
Post Graduate Diploma  
in Personnel Management,  
Post Graduate Diploma  
in Human Resources,  
Masters in Business Studies



Liz joined the NZTA in October 2008. Liz has 15 years of experience in leading corporate service and people services in the private and public sector, in the UK, USA and New Zealand.

**Stephen Town,**  
Regional Director  
Auckland/Northland

Master of Business  
Administration (MBA)



Stephen joined the NZTA in October 2010 to support the newly established Auckland Council and Auckland Transport. Stephen was previously Chief Executive of Tauranga City Council for eight years and Chief Executive of Franklin District Council for four years. Before that he was in the education sector, having served four years as Chief Executive of the Wanganui Polytechnic before entering local government.

**Harry Wilson,**  
Regional Director  
Waikato/Bay of Plenty



Harry has had 30 years of professional leadership experience in central and local government. Harry was the Chief Executive of Environment Waikato before taking up this position with the NZTA in November 2008.

**Ernst Zöllner,**  
Group Manager Strategy  
& Performance

Masters in City &  
Regional Planning,  
BCom (Hons) in Economics



Ernst has worked for 19 years in consulting, academia, as well as local and central government. Before joining the NZTA in October 2008, Ernst was the Director of Urban Development and Transport at Wellington City Council.

**NEW LEADERSHIP TEAM APPOINTMENT**

**Celia Patrick**  
Group Manager  
Access & Use



Celia joins the NZTA as the new Group Manager Access and Use on 10 October 2011. Celia is currently Director of Operations for Auckland in the NZ Housing Corporation. She has 25 years of experience in the banking and insurance sectors.

# ORGANISATIONAL STRUCTURE

## OUR GROUP STRUCTURE

The NZTA is built around three functional business groups and three support groups.

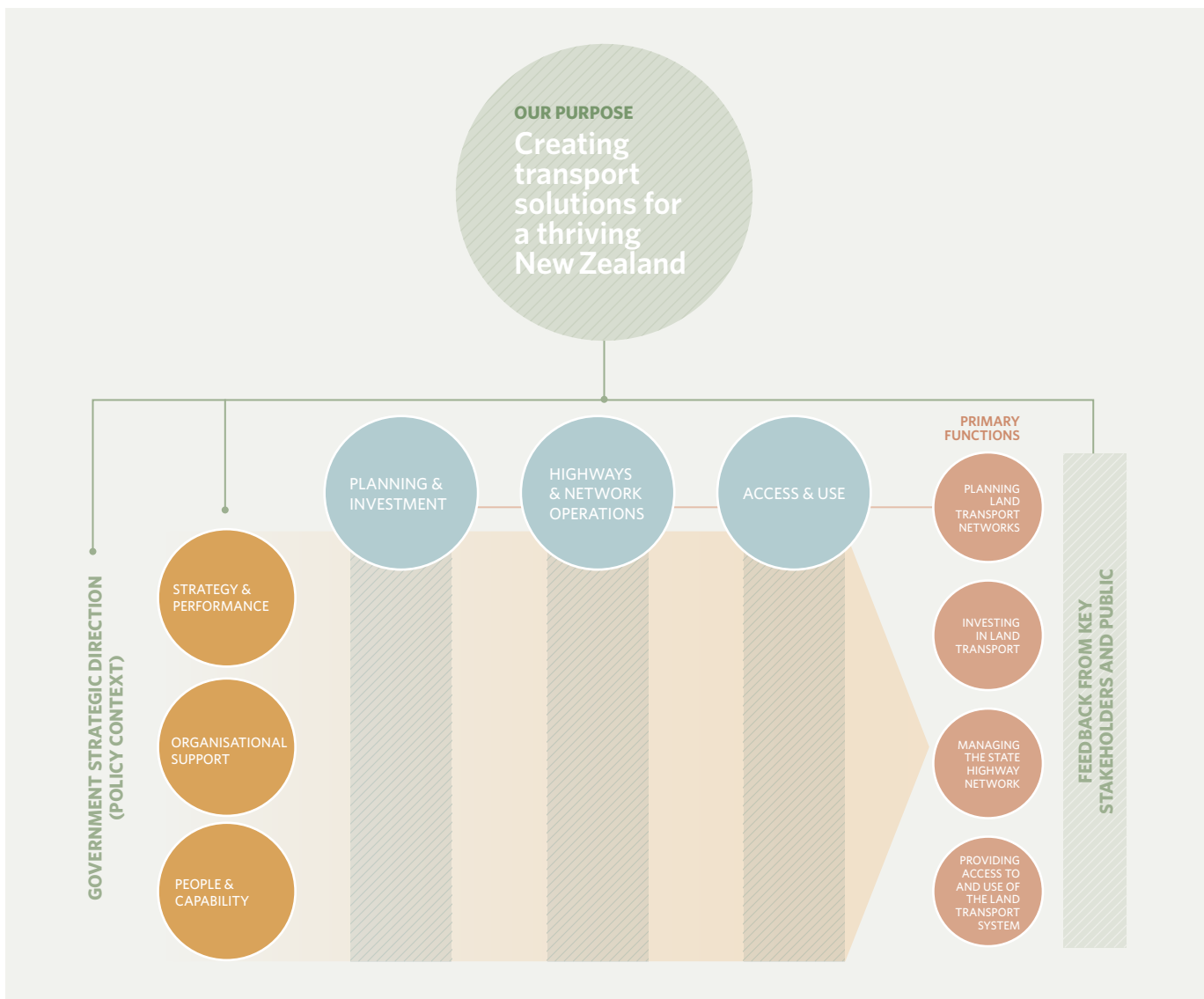
### Functional business groups

- The Access & Use group provides users with access to the transport system (such as driver licences and motor vehicle registration) and regulates transport operators.
- The Planning & Investment group interfaces with local government to work in partnership on regional planning and programming processes.
- The Highways & Network Operations group is responsible for building, maintaining and operating the state highway network.

### Support groups

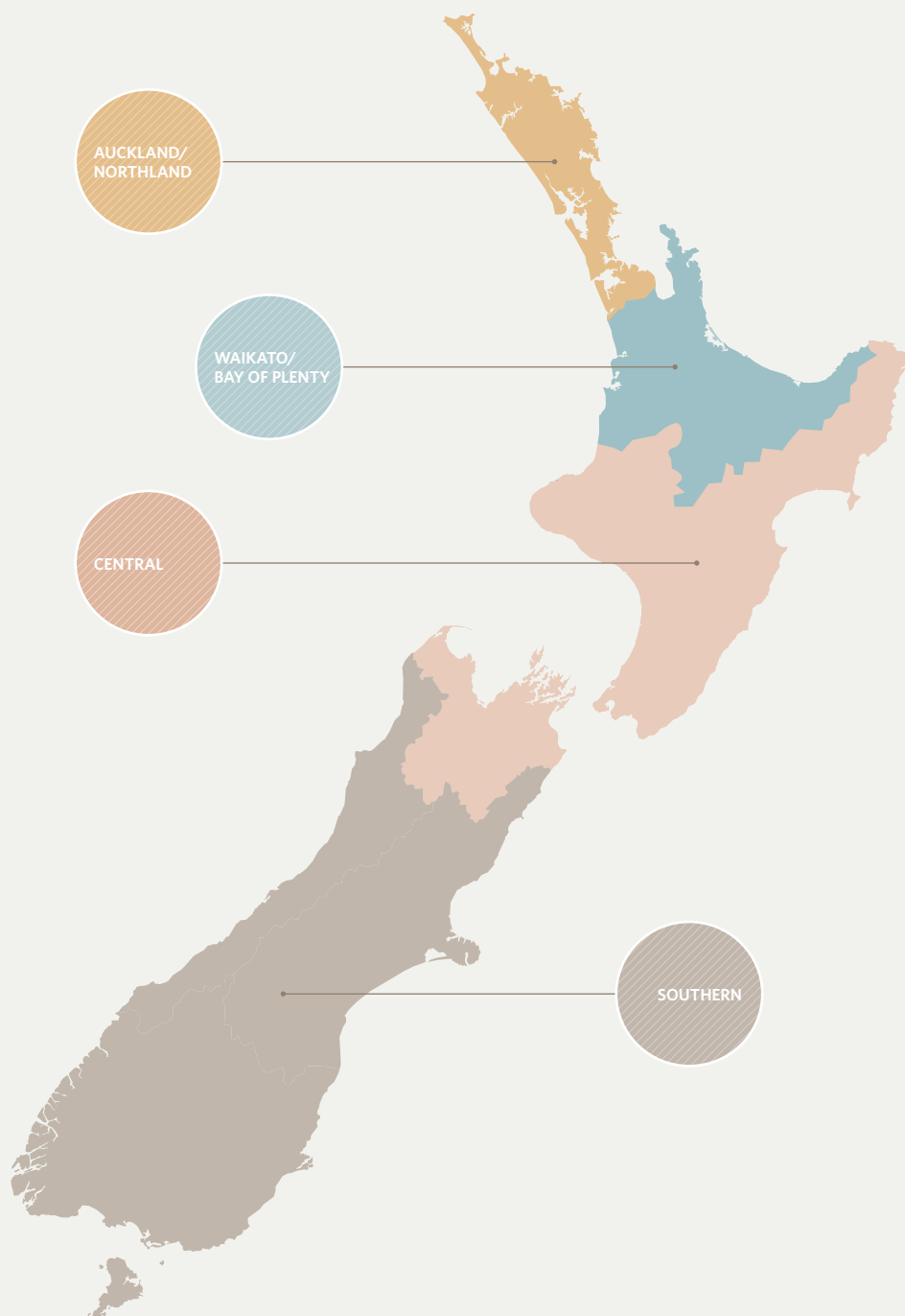
- The Strategy & Performance group is the primary interface with the Ministry of Transport, government themes, objectives and strategies, and is responsible for advising the Board in relation to approval of the National Land Transport Programme.
- The Organisational Support group ensures that the NZTA has corporate strategies and policies to support strategy and organisational performance.
- The People & Capability group ensures that the NZTA can deliver on its outcomes through its people capability.

## HOW WE WORK TOGETHER



## NZTA REGIONS

We have four regional areas that support a regionally focused planning environment


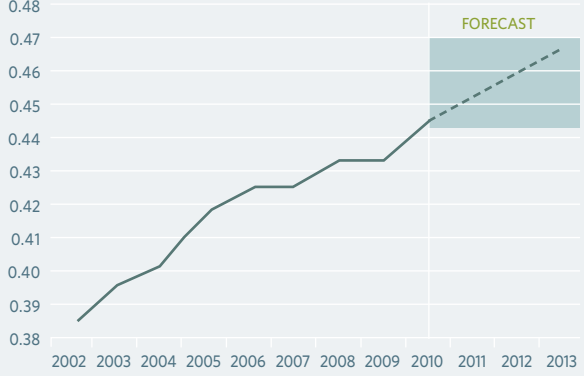

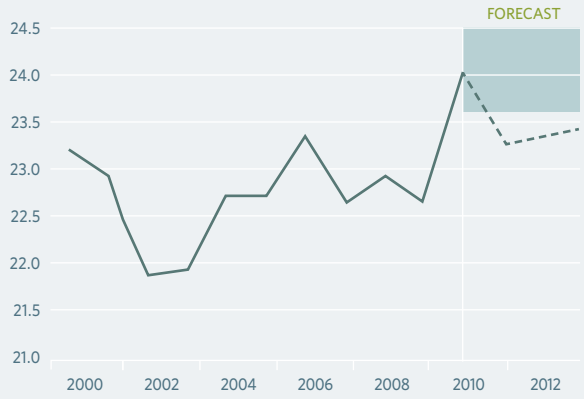




**SECTION D:  
PROGRESS ON  
THE STATEMENT  
OF STRATEGIC  
INTENT**

## PROGRESS ON LONG TERM SECTOR IMPACTS

The NZTA's contribution to the realisation of the government's long-term outcomes and priorities is determined by our role and functions, and by our service and financial performance. We link our functions and services to the government's two key long-term outcomes through eight impact statements, which taken together describe the desired long-term outcome of our work programme on the transport sector. For details on how our outputs contribute to our impacts see appendix 1 on page 116.


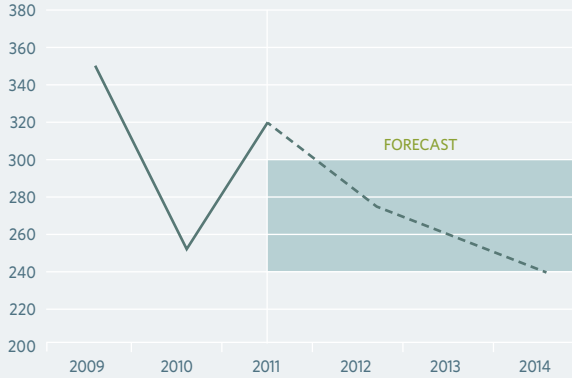
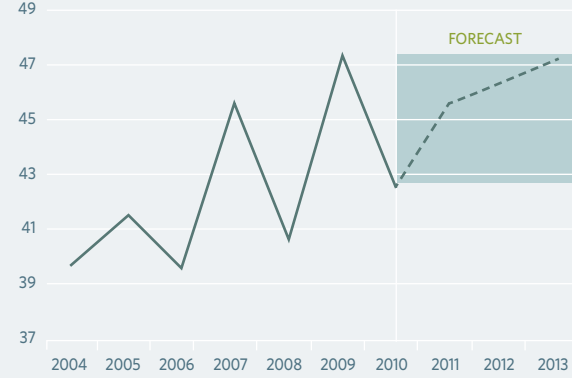

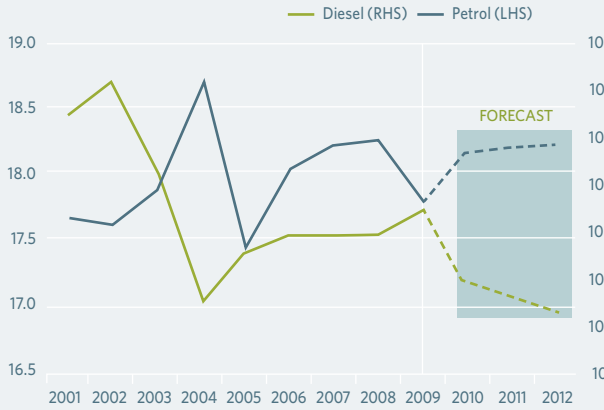
NZTA'S DESIRED LONG-TERM IMPACT INDICATORS	DESIRED TREND	2010/11 RESULTS IN THE CONTEXT OF PREVIOUS RESULTS
<p><b>Better use of transport capacity</b></p>	<p><b>Increase</b></p> 	<p>Vehicle kilometres travelled (million) per network kilometre</p> 
<p><b>More efficient freight supply chains</b></p>	<p><b>Increase</b></p> 	<p>Average daily measured weight of freight vehicles (tonnes)</p> 

**2.3% increase**

in vehicle kilometres travelled per network kilometre suggests better use of existing transport capacity.

**4.2% increase**

in the average daily measured weight of freight vehicles at our 5 weigh-in-motion stations points to greater efficiencies in freight supply chains.

NZTA'S DESIRED LONG-TERM IMPACT INDICATORS	DESIRED TREND	2010/11 RESULTS IN THE CONTEXT OF PREVIOUS RESULTS																																							
<p><b>A resilient &amp; secure network</b></p>	<p><b>Decrease</b></p> 	<p>Number of road closures with a duration of 12 hours or longer</p>  <table border="1"> <caption>Number of road closures with a duration of 12 hours or longer</caption> <thead> <tr> <th>Year</th> <th>Number of closures</th> </tr> </thead> <tbody> <tr><td>2009</td><td>350</td></tr> <tr><td>2010</td><td>250</td></tr> <tr><td>2011</td><td>320</td></tr> <tr><td>2012</td><td>280</td></tr> <tr><td>2013</td><td>260</td></tr> <tr><td>2014</td><td>240</td></tr> </tbody> </table>	Year	Number of closures	2009	350	2010	250	2011	320	2012	280	2013	260	2014	240																									
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<p><b>Easing of severe congestion</b></p>	<p><b>Decrease</b></p> 	<p>Seconds delay per km during AM peak - Auckland</p>  <table border="1"> <caption>Seconds delay per km during AM peak - Auckland</caption> <thead> <tr> <th>Year</th> <th>Seconds delay per km</th> </tr> </thead> <tbody> <tr><td>2004</td><td>39.5</td></tr> <tr><td>2005</td><td>41.5</td></tr> <tr><td>2006</td><td>39.5</td></tr> <tr><td>2007</td><td>45.5</td></tr> <tr><td>2008</td><td>40.5</td></tr> <tr><td>2009</td><td>47.5</td></tr> <tr><td>2010</td><td>43.5</td></tr> <tr><td>2011</td><td>45.5</td></tr> <tr><td>2012</td><td>46.5</td></tr> <tr><td>2013</td><td>47.5</td></tr> </tbody> </table>	Year	Seconds delay per km	2004	39.5	2005	41.5	2006	39.5	2007	45.5	2008	40.5	2009	47.5	2010	43.5	2011	45.5	2012	46.5	2013	47.5																	
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<p><b>More efficient vehicle fleets</b></p>	<p><b>Decrease</b></p> 	<p>Average diesel and petrol consumption (litres) per 100 vehicle kilometres travelled</p>  <table border="1"> <caption>Average diesel and petrol consumption (litres) per 100 vehicle kilometres travelled</caption> <thead> <tr> <th>Year</th> <th>Petrol (LHS)</th> <th>Diesel (RHS)</th> </tr> </thead> <tbody> <tr><td>2001</td><td>17.7</td><td>10.6</td></tr> <tr><td>2002</td><td>17.6</td><td>10.7</td></tr> <tr><td>2003</td><td>17.8</td><td>10.5</td></tr> <tr><td>2004</td><td>18.7</td><td>10.3</td></tr> <tr><td>2005</td><td>17.4</td><td>10.4</td></tr> <tr><td>2006</td><td>18.0</td><td>10.4</td></tr> <tr><td>2007</td><td>18.2</td><td>10.4</td></tr> <tr><td>2008</td><td>18.2</td><td>10.4</td></tr> <tr><td>2009</td><td>17.8</td><td>10.5</td></tr> <tr><td>2010</td><td>18.2</td><td>10.3</td></tr> <tr><td>2011</td><td>18.2</td><td>10.25</td></tr> <tr><td>2012</td><td>18.2</td><td>10.2</td></tr> </tbody> </table>	Year	Petrol (LHS)	Diesel (RHS)	2001	17.7	10.6	2002	17.6	10.7	2003	17.8	10.5	2004	18.7	10.3	2005	17.4	10.4	2006	18.0	10.4	2007	18.2	10.4	2008	18.2	10.4	2009	17.8	10.5	2010	18.2	10.3	2011	18.2	10.25	2012	18.2	10.2
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**25% increase**

in the number of resolved road closures as a result of inclement weather and environmental hazards interrupts a long-term improvement in the resilience and security of the network.

**10.1% decrease**


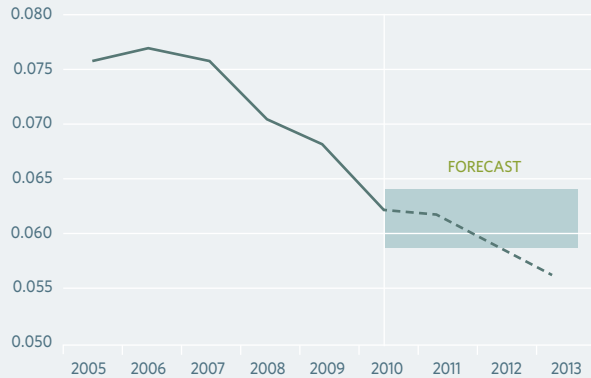

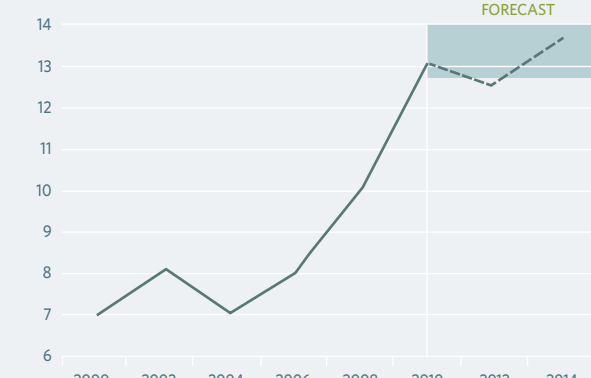

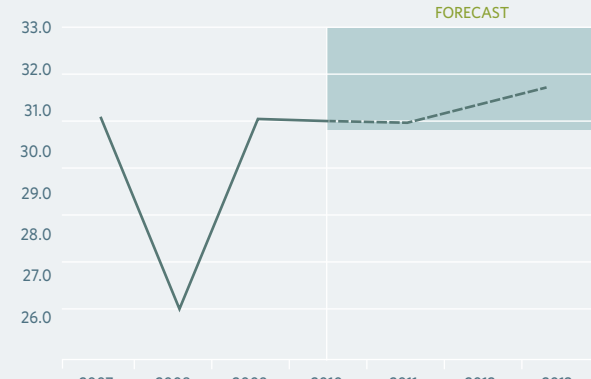
in the time delay per kilometre travelled during the AM peak reduces severe congestion in Auckland.

**1% increase**

in average diesel consumption per 100 vehicle kilometres reflects the impact of a weak, albeit improving, economy.

**1.2% decrease**

in average petrol consumption per 100 vehicle kilometres reflects a change in transport user behaviour in response to a tightening of household budgets.

NZTA'S DESIRED LONG-TERM IMPACT INDICATORS	DESIRED TREND	2010/11 RESULTS IN THE CONTEXT OF PREVIOUS RESULTS																				
<p><b>Reduction in deaths and serious injury</b></p>	<p><b>Decrease</b></p> 	<p>Road deaths and serious injuries per million vehicle kilometres travelled</p>  <table border="1"> <caption>Road deaths and serious injuries per million vehicle kilometres travelled</caption> <thead> <tr> <th>Year</th> <th>Rate</th> </tr> </thead> <tbody> <tr><td>2005</td><td>0.076</td></tr> <tr><td>2006</td><td>0.078</td></tr> <tr><td>2007</td><td>0.076</td></tr> <tr><td>2008</td><td>0.070</td></tr> <tr><td>2009</td><td>0.068</td></tr> <tr><td>2010</td><td>0.062</td></tr> <tr><td>2011</td><td>0.061</td></tr> <tr><td>2012</td><td>0.058</td></tr> <tr><td>2013</td><td>0.056</td></tr> </tbody> </table>	Year	Rate	2005	0.076	2006	0.078	2007	0.076	2008	0.070	2009	0.068	2010	0.062	2011	0.061	2012	0.058	2013	0.056
Year	Rate																					
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<p><b>More transport mode choices</b></p>	<p><b>Increase</b></p> 	<p>% of respondents to perceptions survey – Auckland</p>  <table border="1"> <caption>% of respondents to perceptions survey – Auckland</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>2000</td><td>7.0</td></tr> <tr><td>2002</td><td>8.0</td></tr> <tr><td>2004</td><td>7.0</td></tr> <tr><td>2006</td><td>8.0</td></tr> <tr><td>2008</td><td>10.0</td></tr> <tr><td>2010</td><td>13.0</td></tr> <tr><td>2012</td><td>12.5</td></tr> <tr><td>2014</td><td>13.5</td></tr> </tbody> </table>	Year	Percentage	2000	7.0	2002	8.0	2004	7.0	2006	8.0	2008	10.0	2010	13.0	2012	12.5	2014	13.5		
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<p><b>Reduction in adverse environmental effects</b></p>	<p><b>Decrease</b></p> 	<p>Average micrograms per cubic metre</p>  <table border="1"> <caption>Average micrograms per cubic metre</caption> <thead> <tr> <th>Year</th> <th>Micrograms per cubic metre</th> </tr> </thead> <tbody> <tr><td>2007</td><td>30.8</td></tr> <tr><td>2008</td><td>26.2</td></tr> <tr><td>2009</td><td>30.8</td></tr> <tr><td>2010</td><td>30.8</td></tr> <tr><td>2011</td><td>30.8</td></tr> <tr><td>2012</td><td>31.2</td></tr> <tr><td>2013</td><td>31.6</td></tr> </tbody> </table>	Year	Micrograms per cubic metre	2007	30.8	2008	26.2	2009	30.8	2010	30.8	2011	30.8	2012	31.2	2013	31.6				
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2013	31.6																					

**8.7% decrease**

in road deaths and serious injuries per 100 million vehicle kilometres travelled confirms that safety on the road network has improved.

**30% increase**

in the number of respondents to a perception survey that indicated that they view public transport as a viable option for work and study purposes suggests an improvement in modal choice.

**0% change**

in the level of nitrous dioxide emission readings on the state highway network in Auckland suggests there have been no additional adverse environmental impacts from transport despite an increase in vehicle kilometres travelled.

A number of changes have been made to our desired long-term impact indicators from those published in the 2010/11 *Statement of intent*. These changes were made to improve the measurement of the impact our activities have on the transport system. The changes are set out in the following table:

DESIRED LONG-TERM IMPACT	SOI 2009/10 INDICATOR WAS	IMPROVED INDICATOR IS NOW
More efficient freight supply chains	Variability of journey times on the national strategic freight routes	Average daily measured weight of freight vehicles (tonnes )
A resilient and secure transport network	Percentage variability of travel time by road	Number of road closures with a duration of 12 hours or longer
Easing of severe congestion	Levels of severe road network congestion in main urban areas	Seconds delay per kilometre during AM peak - Auckland
More efficient vehicle fleets	Energy use per vehicle kilometres travelled	Average diesel consumption (litres) per 100 vehicle kilometres travelled
Reductions in deaths and serious injuries from crash	Report road fatal and injury crashes per vehicle kilometres travelled	Road deaths and serious injuries per 100 million vehicle kilometres travelled
Reductions in adverse environmental effects from land transport	Modelled results of stormwater runoff quality	Proxy adopted due to delays in stormwater modelling. New indicator is nitrous dioxide emission readings on the state highway network - Auckland



## PROGRESS ON OUR STRATEGIC DIRECTION - BY FUNCTION

### PLANNING THE LAND TRANSPORT NETWORKS

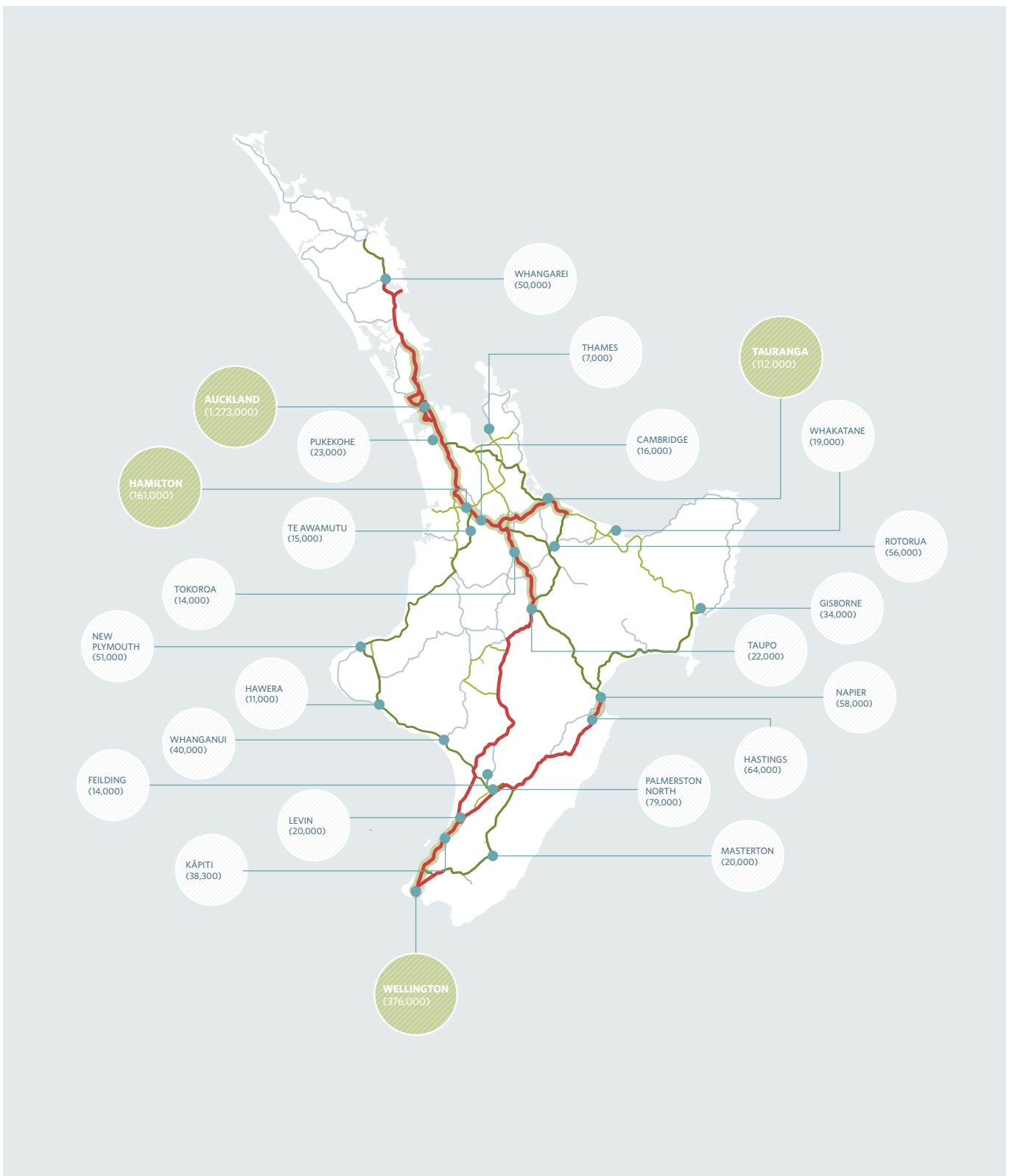
#### Our key results

- Successfully worked with Auckland Transport and Auckland Council in the transition to the new Supercity and have assisted in the development of the Auckland Plan.
- Reviewed the transport planning and sector training activity classes, and implemented the findings.
- We have helped with the preparation for the 2011 Rugby World Cup.
- Worked closely with local government on the preparation of transport strategies and action plans.






STRATEGIC DELIVERABLES FOR 2010/11	OUR RESULTS	WHAT WE DID
Develop a classification system for all state highways, which will then be linked to customer levels of service.	<b>Completed</b>	The state highway classification system was finalised by the NZTA and announced by the Minister of Transport on 22 June 2011. The classification is being used in the development of draft customer levels of service for each category of the state highway network. External engagement on these draft service levels is scheduled to take place early in the 2012 calendar year, within the context of the emerging State Highway Network Strategy.
Undertake longer-term planning for the development of the national road network.	<b>Underway</b>	Scoping for a national road classification framework is underway. This classification is a project coordinated with the road controlling authorities and Local Government New Zealand, and will draw on the state highway classification system.
Develop network plans for roads of national significance (RoNS) and several resource consent applications.	<b>Very good progress</b>	We have made very good progress. Network plans have now been completed for the Puhoi to Wellsford, Western Ring Route (Waterview), Waikato Expressway, Tauranga Eastern Link, Wellington-Ngauranga to the airport, and Christchurch Motorways RoNS. The network plan for the Wellington Northern Corridor is being progressed in a staged approach (aligning with development of each section of the RoNS). The implications of the Auckland Spatial Plan and development of the Christchurch earthquake recovery plans are still significant issues for the ongoing development of the Auckland and Christchurch Motorways network plans. Notice of Requirement has been lodged for Transmission Gully (Wellington Northern Corridor) and approved for the Western Ring Route (Waterview). Significant progress has been made on the Waikato Expressway, with designations and resource consents approved for the Rangiriri and Ngaruawahia sections, with the Cambridge section currently awaiting decision.
Support reviews and development of regional transport strategies, regional policy statements, regional strategic growth plans and the Auckland Plan.	<b>Good levels of engagement</b>	We have been working closely with all councils on their regional planning, with a particular emphasis on high growth areas or where there have been significant changes. A particular emphasis has been making a contribution to the development of the Auckland Plan. Other planning around the country includes the Hutt Corridor Plan (Wellington region), Wellington Public Transport Spine Study, Upper North Island Freight Plan, and Regional Public Transport Plans (which are due for completion by 1 January 2012).

STRATEGIC DELIVERABLES FOR 2010/11	OUR RESULTS	WHAT WE DID
Supporting statutory reviews: Resource Management, Land Transport Management, Public Transport Management and Local Government Acts.	<b>Strong support provided</b>	<p>Throughout the year we have been closely involved in the review of various pieces of legislation or policy development with implications for the transport sector including:</p> <p>Land Transport Management Act (LTMA) – reviewing the planning processes and tolling issues with a view to making them simpler to use</p> <p>Public Transport Management Act (PTMA) – reformulating the operating model, ie the relationship between regional councils and transport operators – to reflect a desire from the Ministry of Transport for the PTMA to better support a commercial approach to public transport provision</p> <p>Resource Management Act (RMA) – phase II of the RMA reforms, begun in 2009, is intended to focus on particular sectoral issues and interactions with other statutes such as the LTMA.</p>
Implementing Integrated Planning Strategy initiatives in each region, including measures to increase travel time reliability, congestion relief and promoting good urban design.	<b>Underway</b>	<p>Using the priorities set out in NZTA's Integrated Planning Strategy, we have aligned planning resources to deliver the greatest value for money and outcomes.</p> <p>Further reviews of transport planning are to be undertaken in 2011/12.</p>

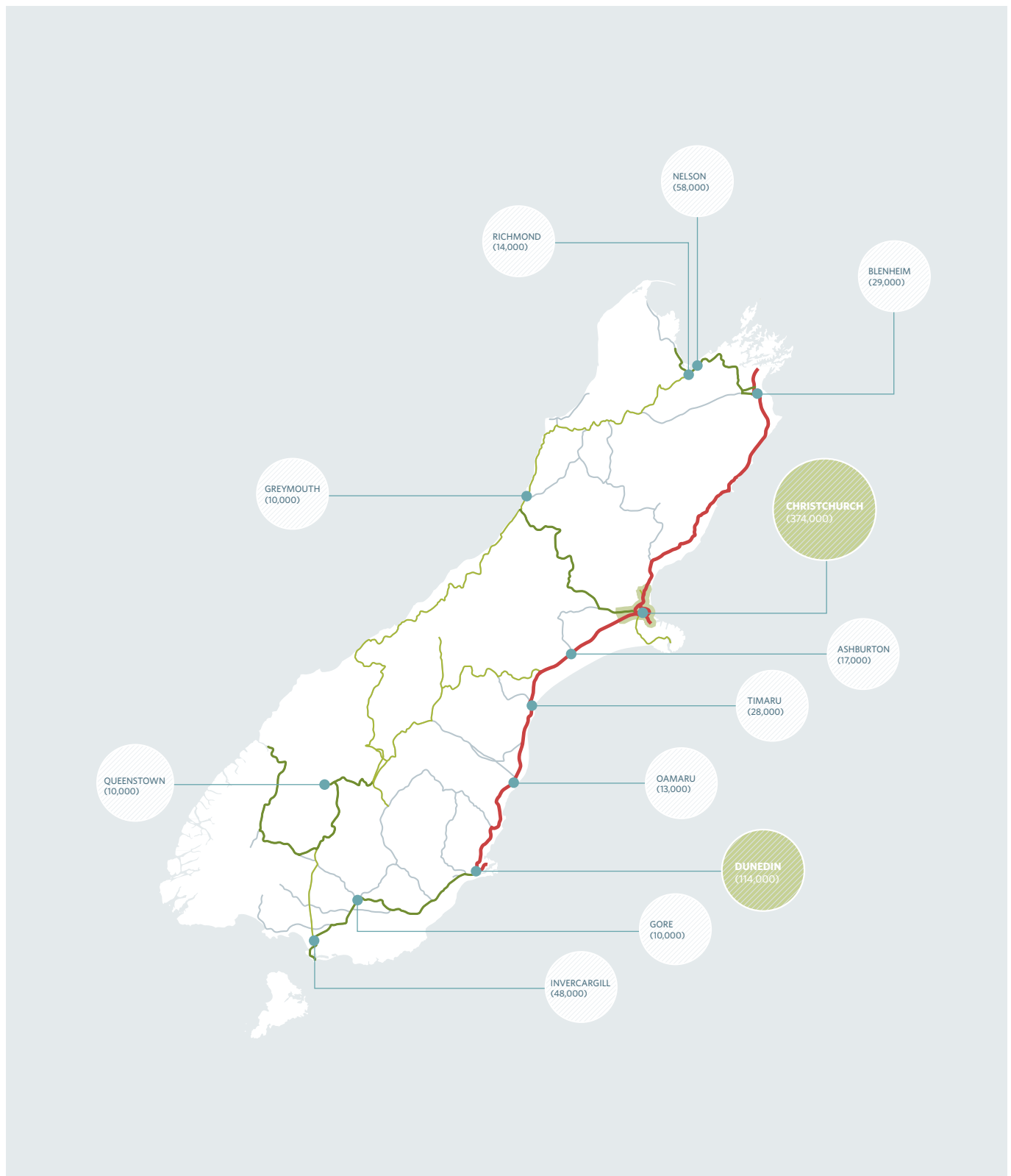
### STATE HIGHWAY CLASSIFICATION SYSTEM - NORTH ISLAND








#### FINAL STATE HIGHWAY CLASSIFICATION

- |   |                    |   |                      |  |             |
|---|--------------------|---|----------------------|--|-------------|
|  | NATIONAL STRATEGIC |  | REGIONAL CONNECTOR   |  | HIGH VOLUME |
|  | REGIONAL STRATEGIC |  | REGIONAL DISTRIBUTOR |  |             |

### STATE HIGHWAY CLASSIFICATION SYSTEM - SOUTH ISLAND



**FINAL STATE HIGHWAY CLASSIFICATION**

	NATIONAL STRATEGIC		REGIONAL CONNECTOR		HIGH VOLUME
	REGIONAL STRATEGIC		REGIONAL DISTRIBUTOR		

## INVESTING IN LAND TRANSPORT NETWORKS

### Our key results

- Utilised the full allocation of NLTF funding available for the second year of the 2009-12 NLTP.
- Invested \$52.7 million in local roads, as an initial response to the Canterbury earthquakes.
- Launched our knowledge base online for utilisation by the transport sector.
- The Auckland integrated fare system was constructed and implemented.
- Prepared the 2011/12 Road Policing Programme.
- Developed a more streamlined and user friendly version of our on line investment tool.

STRATEGIC DELIVERABLES FOR 2010/11	OUR RESULTS	WHAT WE DID
Introduce simplified and streamlined investment planning and decision-making processes.	<b>Good progress</b>	Work remains in progress on two initiatives: Transport investment online (TIO) – some components have been delivered. This application allows input of programmes for the 2012-15 NLTP. Planning and investment knowledge base – web-based replacement of the programming and funding manual to make it significantly more user friendly.
Investment planning for an Auckland transport network that supports the city's growth and economic success.	<b>Strong support provided</b>	Along with Auckland Council and Auckland Transport, we have cofunded and provided staff time to support the city's growth and economic success. Particular examples include staff contributions to the Auckland Plan process, and funding and staff time for the additional Waitemata Harbour Crossing, Auckland central city master planning, South Western Airport Multi-modal Corridor Project and public transport planning.
Implement the investment strategy reviews for transport planning, road user safety, training and research.	<b>Completed</b>	The investment frameworks relating to the transport planning, road user safety, and sector training and research activity classes of the 2009-12 NLTP were reviewed to ensure their alignment with the NZTA's strategic direction and the GPS. Implementation plans have been developed and completed for all investment strategy reviews.
Complete the investment and delivery review of the Road Policing Programme.	<b>Completed</b>	A key component of the review has been the implementation of an outcome investment model to develop the Road Policing Programme. This model was successfully piloted for the 2011/12 programme. We will continue to use the outcome investment model to develop future programmes. We expect future programmes to deliver improved efficiencies as police better target their resources to road safety risk.
Determine appropriate customer levels of service for land transport activities across regions and for different elements of networks.	<b>Partially completed</b>	We incorporated the requirement for all activities to address an agreed level of service into the effectiveness component of the NZTA's Investment and Revenue Strategy.
Completing the review of wider economic benefits in benefit-cost calculation and implementing the findings of this and other improvements.	<b>Completed</b>	The findings of the study have been applied to the Auckland CBD rail link and to the additional Waitemata Harbour Crossing.

## MANAGING THE STATE HIGHWAY NETWORK

### Our key results

- Made significant progress across all seven roads of national significance (RoNS) projects.
- Completed construction of a number of high-priority large-scale state highway projects.
- Completed 38 construction phases against a planned 27 on our small and medium-sized state highway projects.
- Established a new Traffic Operations Centre in Wellington.
- Completed an additional 49km of pavement renewals over our baseline target of 1,375km.
- Kept the state highway network available for use for 99.5% of the year.

STRATEGIC DELIVERABLES FOR 2010/11	OUR RESULTS	WHAT WE DID
Increasing value for money in the procurement of state highways network infrastructure and services.	<b>Very good results</b>	The civil construction market in NZ remains tight for both consultants and contractors, despite the good progress getting a number of large RoNs packages to market in 2010/11. Consequently, good levels of competition continue to be seen, with many tenders being received well below estimated cost. This should translate into excellent value for money for the NZTA in those projects currently being progressed. Long term, the focus on RoNs will force significant change in market dynamic, with the focus on large projects in predominantly urban centres.
Determine appropriate technical levels of service for land transport activities across regions and for different elements of networks.	<b>Partially completed</b>	We incorporated service level requirements into the effectiveness criteria for the NZTA Investment and Revenue Strategy. The draft new State Highway Asset Management Plan determines technical levels of service for different categories and conditions of the state highway network (refer below).
Review and update the annual State Highway Plan, which sets out the rolling 10-year programme of improvement and renewals.	<b>Completed</b>	Each year we update our State Highway Plan to communicate our annual work programme to stakeholders, and to provide internal guidance on how the state highway network can be best managed to achieve the government's objectives and meet the needs of our customers – while balancing competing demands on available funding.
Review the State Highway Asset Management Plan to reflect the levels of service development.	<b>Completed</b>	We developed the 2012/15 State Highway Asset Management Plan. In addition to our annual State Highway Plan, we began enhancements to the asset management plan to make it the basis for the state highway operations, maintenance and improvement programme's proposed implementation over the 2012/15 NLTP period. This plan describes how we manage the \$25 billion state highway asset to contribute to the economic development of New Zealand and how we are responding to customer led priorities for efficient and safe journeys across the state highway networks and services.
Incorporating the above deliverables in a review and finalisation of the State Highway Networks Strategy.	<b>Partially completed</b>	We have completed a draft State Highway Network Strategy that builds on the finalised classification for state highways. The strategy provides strategic direction and context for asset management and state highway plans. External engagement on the draft State Highway Network Strategy is scheduled to take place early in the 2012 calendar year.

## ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

### Our key results

- Implemented changes to the Vehicle Dimension and Mass Rule.
- Completed development of the Operator Rating System.
- Centralised the processing of transport services licences and a range of driver licence endorsements.
- Introduced computerised theory driver testing.
- Completed the land transport rule development programme and implemented six rules designed to improve safety on our roads.
- Delivered 880,000 licences and tests.
- Completed 8.7 million motor vehicle registry transactions.
- Undertook 7.6 million warrant of fitness and 485,000 certificate of fitness certifications.
- Processed 2.5 million road user charges transactions.
- Answered more than 1.9 million customer phone calls.
- Conducted 93 audits of rail operators.
- Processed 5.1 million trips on New Zealand's first electronic toll road.

STRATEGIC DELIVERABLES FOR 2010/11	OUR RESULTS	WHAT WE DID
Incorporating the above deliverables in a review and finalisation of the Network Access and Use Strategy (NeXUS).	<b>Partially completed</b>	We have made significant progress in developing NeXUS. NeXUS describes our intentions for managing access to and use of the land transport network over the next decade. It aims to create an environment that supports a shift in how people and businesses use the network in order to support greater economic growth, productivity and safety for New Zealand. NeXUS is about shaping choices and unlocking network potential. In order to actively shape the choices that businesses and people make about how they use the network and to address the challenges facing our networks, NeXUS proposes three strategic responses. NeXUS has informed the restructure of the Access and Use group. As it is finalised and implemented, it will inform how we work with our partners, support a greater focus on integrated network planning and extend our behaviour change expertise to the new area of influencing how people and businesses use the network.
Increase value for money in the delivery of regulatory, compliance and revenue collection services.	<b>Underway</b>	We undertook reviews of motor vehicle registration costs and are implementing a package of improvements.
Undertake a comprehensive review of all land transport regulatory requirements.	<b>Completed</b>	Completed a series of first actions reviews, including the reform of the rules development process that aims to create a common process across the three modes – air, land and sea. A scan of current regulations, looking for items that should be revised or removed, was also provided to MoT. A series of more strategic conversations, aimed at creating best practice approaches in developing future regulations has commenced.
Support the Ministry of Transport with the road user charges (RUC) review and implementing the result.	<b>Completed</b>	The RUC Bill proposes a simplification of the existing system to improve compliance and establish a framework for the electronic management of RUC. We managed or contributed to all three major project components: <ul style="list-style-type: none"> <li>(a) Legislation: supported Bill development and Select Committee process; technical advice for the development of the supporting regulations.</li> <li>(b) Information systems: provided scope for IS project to build new functionality; commenced checking existing data for match to new requirements.</li> <li>(c) Business model: create outline of new processes created by the Bill (such as assessment and review).</li> </ul>

STRATEGIC DELIVERABLES FOR 2010/11	OUR RESULTS	WHAT WE DID
Undertake an options analysis of the vehicle registry to identify a modernisation pathway and future state design.	<b>Completed</b>	The option chosen was to migrate the existing functionality and data to a new platform on a like-for-like basis. New contract for this work agreed with principal contractor (UNISYS). Commenced first release for this project as part of the Business Continuity Programme. This will in turn enable the NZTA to move to a more flexible presentation of vehicle data in the future.
Complete the implementation of the Operator Rating System and reviewing its results for road users.	<b>Completed</b>	The first provisional operator safety ratings were issued to operators in early 2011, to familiarise them with the process and identify areas for improvement prior to ratings becoming public. Rating information is beginning to be used by NZTA staff to create risk profiles and inform enforcement activity for those who were not compliant. Ratings will not be published until two years' worth of data has been collected (in mid-2012), to ensure there is an adequate amount of data on which to base each public rating.
Supporting the implementation of Safer Journeys, including developing new road user rules and revising national advertising and education programmes.	<b>Completed</b>	<p>Contributed to amendments of the Land Transport Act and Land Transport Rule: Driver Licensing 1999, and supported these changes through advertising programmes. Launched parents of teen drivers campaign.</p> <p>During 2010/11, we continued our work to improve taxi compliance and safety levels including auditing taxi organisations. We also actively managed the introduction of mandatory security cameras and worked with Approved Taxi Organisations to ensure compliance with updated 24/7 communications requirements.</p> <p>The implementation of computerised theory testing, which has replaced the 'scratch' test paper has now been fully realised. The use of randomly presented questions from <i>The official New Zealand road code</i> prevents rote learning by candidates and rewards careful study. During this year, pass rates went down to 48% at one point, but returned to just over 60% for the final quarter (as candidates adapted to the new requirement). Significant development work has also been undertaken to facilitate the introduction of the extended restricted phase practical test early in 2012.</p> <p>The Land Transport Rules Programme was restricted to those amendments necessary to achieve the government's strategic aims for transport, demonstrate a safety or economic need, meet international obligations, or which were required to maintain the integrity of the current stock of transport regulations.</p> <p>Minor or technical amendments to six rules (via the Omnibus Amendment Rule 2010) were completed and came into force, together with an amendment to the Traffic Control Devices Rule, following signing by the Minister of Transport.</p> <p>We also consulted on draft amendments to the Driver Licensing Rule (a range of measures giving effect to stage one of Safer Journeys), and the Road User Rule (changes to the give way rules). The proposed rules were refined following analysis of the submissions and they are scheduled to be signed in September 2011 and come into force in October 2011 (with a later introduction date for some provisions such as the give way changes).</p>
Work with the Ministry of Transport to review the fees and charges for regulatory activities, and to streamline regulation and rules.	<b>Underway</b>	Reviews undertaken within motor vehicle (information access and administration fees) and driver licensing/driver testing.
Implement changes to the Vehicle Dimensions and Mass Rule.	<b>Completed</b>	Since 1 May 2010 we have been implementing changes to the Vehicle Dimensions and Mass Rule (VDM) that allows for trucks to operate at higher mass and/or length by way of permit. In the 2010/11 year, 175 over-mass and 416 over-length high productivity motor vehicles (HPMV) permits have been approved by the NZTA.



## PROGRESS ON OUR STRATEGIC DIRECTION - BY PRIORITY

### PLAN FOR AND DELIVER ROADS OF NATIONAL SIGNIFICANCE (RoNS)

The government has linked New Zealand's economic prosperity with seven key state highway routes or roads of national significance (RoNS). The NZTA is charged with substantially delivering these state highway projects by 2020 – during 2010/11 strong progress was made to deliver against this challenging timeframe. The RoNS are based around New Zealand's five largest population centres, and their focus is on moving people and freight between and within these centres more safely and efficiently.

### Long-term sector impacts that link to this strategic priority

- Better use of existing transport capacity
- More efficient freight supply chains
- A resilient and secure transport network
- Easing of severe urban congestion
- Reductions in death and serious injuries from road crashes
- More transport mode choices
- Reduction in adverse environmental effects from land transport

### THE RoNS DELIVERY PROGRAMME FOR 2010/11

MILESTONES FOR 2010/11	OUR RESULTS	WHAT WE DID
<b>Puhoi to Wellsford</b> Draft scheme assessment report completed.	<b>Achieved</b>	<ul style="list-style-type: none"> <li>› Finalised the scoping, strategic context and network plan plus the geotech report.</li> <li>› Continued preparation for next round of tendering of services (engineering and planning).</li> <li>› Public consultation was undertaken on the preferred alignment option.</li> </ul>
<b>Western Ring Route</b> Board of Enquiry for Notice of Requirement and resource consents held. Notices of Requirement for widening of SH16 from Lincoln Road to Westgate approved. Construction of Lincoln Road interchange commences.	<b>Achieved</b>	<ul style="list-style-type: none"> <li>› Minister for the Environment decided to refer the Waterview Connection element to the Board of Enquiry. This was subsequently approved by the Board of Enquiry.</li> <li>› Conducted community expos followed by formal public notification for the Waterview Connection to ensure we gave the community ample opportunity to be involved.</li> <li>› Lincoln Road to Westgate designation and consent conditions were confirmed enabling the early contractor involvement to be awarded.</li> <li>› Tenders were received and following Board approval the successful alliance advised for the construction of the two State Highway 20 tunnels.</li> <li>› The sod turning for the Maioro Interchange and Lincoln Road element of the project was undertaken.</li> </ul>

MILESTONES FOR 2010/11	OUR RESULTS	WHAT WE DID
<p><b>Victoria Park bottleneck</b> Construction at advanced stage and to the predicted timescales.</p>	<p><b>Achieved</b></p>	<ul style="list-style-type: none"> <li>› The Wellington Street motorway onramp was closed for three months to enable works to proceed.</li> <li>› Following strengthening, The Rob Roy Hotel (Birdcage Tavern) was moved to enable works to be undertaken and subsequently returned to its former site.</li> <li>› The task of excavating 160,000 cubic metres of earth and rock was undertaken to create the tunnel trench.</li> <li>› Restoration of the historic Campbell Free Kindergarten was undertaken and completed.</li> <li>› First steps in the commissioning of the Victoria Park Tunnel were completed.</li> <li>› Reinstatement of Victoria Park prior to handing back to council is well underway, as is construction of the new skate park on Beaumont Street by the Auckland Council's contractors.</li> <li>› The project won the Contractors' Federation (Auckland) 2011 awards for health and safety and environmental management for projects worth more than \$10 million. It also won the overall safety award.</li> </ul>
<p><b>Waikato Expressway</b> Enabling construction contracts for Rangiriri and Ngaruawahia sections let. Construction of Te Rapa and Rangiriri sections commences. Design works for Longswamp, Tamahere and Cambridge sections commence.</p>	<p><b>Achieved</b></p>	<ul style="list-style-type: none"> <li>› Decision has been reached to have both the Huntly and Hamilton sections commenced by 2015 and all other sections in construction or completed by 2015.</li> <li>› Ngaruawahia enabling works tender was developed issued and awarded during the period.</li> <li>› The Te Rapa section of the project was commenced after the awarding of a build project and shows good progress including the construction of four bridges.</li> <li>› The Huntly investigation and design has been tendered and awarded plus an open day held for the community.</li> <li>› Consents for the Rangiriri section were obtained during the period and the Hamilton section tender was awarded.</li> <li>› The Taupiri link and the archeological work around the Rangiriri section were also completed along with the Longswamp early contractor involvement being awarded.</li> <li>› An information day was held for the community around the Cambridge section and the consent submission was lodged for this section.</li> </ul>
<p><b>Tauranga Eastern Motorway</b> Construction commences.</p>	<p><b>Achieved</b></p>	<ul style="list-style-type: none"> <li>› Main contract was tendered and awarded during the period with the official sod turning and good progress has been made on the enabling works.</li> <li>› A visitor information centre was opened to ensure the communication channels remained positive with the community during the construction phase.</li> <li>› A parallel earthworks protocol has been signed by the tangata whenua and an enabling works blessing has been held.</li> <li>› The Kaituna River Bridge ground improvements have also been completed.</li> </ul>

MILESTONES FOR 2010/11	OUR RESULTS	WHAT WE DID
<p><b>Levin to Wellington</b> Investigation of Mackays to Peka Peka section substantially complete. Investigation of Peka Peka to Ōtaki section substantially complete.</p>	<p><b>Achieved</b></p>	<ul style="list-style-type: none"> <li>› The appointment was made of the Wellington Tunnels Alliance to investigate the duplication of Mt Victoria Tunnel and four-laning of Ruahine Street and Wellington Road.</li> <li>› Construction commenced on Waterfall Road (Mackays to Peka Peka) following successful receipt of designation, and consents.</li> <li>› We engaged with the community on the Peka Peka to Ōtaki and Mackays to Peka Peka expressways.</li> <li>› The preferred alignment on the Mackays to Peka Peka section was announced.</li> <li>› Public engagement opened on the inner city section of this project with submissions closing in August 2011.</li> <li>› On the Aotea Quay to Ngauranga section we adopted a change in procurement approach in our early contractor involvement contract which has the potential to complete construction two years ahead of schedule.</li> <li>› An environmental assessment of the Transmission Gully section was undertaken and applications were lodged with the Environmental Protection Authority.</li> </ul>
<p><b>Christchurch Motorways</b> Construction on western corridor section commences.</p>	<p><b>Partially achieved</b></p>	<p>We achieved most of what we expected for the year albeit our efforts were diverted for a while as a result of the Canterbury earthquake. We completed the following milestones for this project:</p> <ul style="list-style-type: none"> <li>› The preferred alignment for the Christchurch Southern Motorway stage 2 was agreed and published.</li> <li>› Further consultation has been undertaken with the affected community on the Northern Arterial route.</li> <li>› Construction has continued on the Canterbury Southern Motorway and State Highway 1 North of Ryans Road.</li> <li>› Construction also commenced on the western corridor section of this project.</li> <li>› Access options to the Christchurch International Airport are still under discussion.</li> <li>› Land requirements for the Memorial Avenue/Russley Road interchange were confirmed.</li> </ul>

## IMPROVE THE ROAD SAFETY SYSTEM

Significantly improving road safety to address the rate of death and serious injury on New Zealand's roads and reduce the social and economic cost of road deaths and injuries remains a top priority for the NZTA.

Along with our road safety partners, we are aligning our focus on road safety through the implementation of the government's road safety strategy, Safer Journeys.

### Long-term sector impacts that link to this strategic priority

- Reductions in deaths and serious injuries from road crashes
- More transport mode choices

MILESTONES FOR 2010/13	OUR RESULTS SO FAR	WHAT WE DID
Implement the package of new road user rules.	<b>Substantial progress</b>	<p>Rules covering the driver age being lifted to 16 and zero blood alcohol levels for under 20 year olds and repeat offenders were developed.</p> <p>We have worked on the Driver Licensing Amendment Rule which is undergoing final revisions and remains on track for sign off in September 2011 with particular focus on motorcycle safety and the Road User Amendment Rule, including the changes to the give way rule, is complete and is being prepared for signing.</p> <p>We implemented a public relations programme for the Practice supervised driving programme and it continues to attract 26–29% of all target learner drivers.</p>
Reprioritise investment in road and roadside safety improvements.	<b>Substantial progress</b>	<p>Investment revenue strategy was revised to prioritise Safer Journeys 2020 initiatives. We have developed a casualty prediction model that predicts the number of road deaths and serious injuries over the next 10 years for a range of scenarios. Predictions depend on the expenditure in each of the NZTA output classes plus other interventions such as rule changes.</p>
New allocation of 2010–12 road user safety funding to approved organisations.	<b>Completed</b>	<p>Safer Journeys priorities were used to allocate funds for 2011/12 road safety promotion. We are working to embed the Safe System approach with our partners by ensuring all investment in the transport system takes cognisance of the safety of the users.</p>
Launch revised national advertising and education programmes.	<b>Substantial progress</b>	<p>Safety advertising and education continued in particular raising awareness of associated crash risks with young drivers. We implemented a new vehicle safety advertising campaign that supported the enhanced police presence to reduce alcohol and speed related crashes over long weekends.</p>
Relaunch of local safety action planning.	<b>Substantial progress</b>	<p>Road safety action plans were revised to include a focus on a Safe System approach. A joint NZTA/NZ Police project is underway to increase the number of speed cameras in order to reduce death and serious injuries and increase resource efficiency. In addition, several road controlling authorities have shown an interest in establishing Safe System speed demonstration areas.</p> <p>We developed the <i>High risk rural roads</i> guide to ensure that road engineering treatments identified for high risk rural roads are applied using a Safe System approach.</p> <p>To improve motorcycle safety we have commenced a Safe System demonstration project on the Coromandel Loop. The route was chosen because of the specific risks identified to motorcyclists and the opportunity to implement practical solutions to increase safety.</p>

MILESTONES FOR 2010/13	OUR RESULTS SO FAR	WHAT WE DID
Implement the Safer Journeys strategy – coordination and leadership	<b>Substantial progress</b>	<p>We have updated the NZTA Road Safety Strategic Plan to ensure all Safer Journeys Action Plan deliverables are programmed. The Ministry of Transport, the NZTA, Accident Compensation Corporation and NZ Police have jointly appointed and funded a new position to work across the sector to champion Safer Journeys and the Safe System approach.</p> <p>We have endorsed the United Nations Decade of Action on Road Safety and implemented an awareness programme throughout our organisation.</p> <p>We have created four new regional positions to improve internal safety coordination and integration to embed the Safe System approach across the NZTA, build safety capability and improve the use of intelligence.</p>

## IMPROVE THE EFFECTIVENESS OF PUBLIC TRANSPORT

We are committed to improving the effectiveness of public transport services, particularly in our main cities. More effective public transport will contribute to the government's goal of greater economic growth and productivity by easing severe urban congestion, making more efficient use of the transport network and delivering value-for-money investment.

### Long-term sector impacts that link to this strategic priority

- Better use of existing transport capacity
- Easing of severe urban congestion
- Reductions in deaths and serious injuries from road crashes
- More transport choices

MILESTONES FOR 2010/13	OUR RESULTS SO FAR	WHAT WE DID
Implementing a new transport operating model.	<b>Some progress</b>	We have been working on the operational aspects required to implement the Public Transport Operating Model (PTOM). We have worked closely with the Ministry of Transport and other sector stakeholders on the design and delivery of the PTOM, a collaborative approach to improving public transport service effectiveness.
Implement early sector initiatives around the themes of improved customer service, network planning, smarter technology and aligned resources.	<b>Good progress</b>	We have worked on plans around the Rugby World Cup and issued updated guidance on the preparation of regional public transport plans. We also completed a review of the requirements for urban buses in NZ with public transport operators, bus suppliers, bus builders, bus users and regional government. This review will recommend a standardised approach to bus design to increase operational flexibility, decrease costs and ensure consistently high standards for bus users.
Develop a national public transport technology approach.	<b>Substantial progress</b>	Initial work on technology standards has been undertaken in developing national integrated ticketing.
Launch the new Auckland integrated fare system.	<b>Substantial progress</b>	The programme is progressing to plan, with elements of the system being rolled out across Auckland. We have made excellent progress on the integrated ticketing project and have sponsored the sector-led training project to improve customer service in time for the Rugby World Cup. Auckland integrated ticketing and national fare collection standards is underway with version 1 of the national interoperability standard being ratified and the NZTA is working closely with ticketing providers and their software developers to support their development effort. The physical works to install train platform devices is well underway and the pilot roll out for the Rugby World Cup is running to schedule.
Support the Public Transport Management Act review.	<b>Underway</b>	We continued to work with the Ministry of Transport in reviewing the Public Transport Management Act.

## IMPROVE THE EFFICIENCY OF FREIGHT MOVEMENTS

We need to improve the efficiency of freight movements in order to lower the cost of transport and improve New Zealand's economic competitiveness. More than 90 percent (by weight) of all freight in New Zealand is moved by road. As an exporting nation distant from world markets, an efficient land transport network is therefore vital to New Zealand's economic competitiveness.

### Long-term sector impacts that link to this strategic priority

- More efficient freight supply chains
- Better use of existing transport capacity
- More efficient vehicle fleets

MILESTONES FOR 2010/13	OUR RESULTS SO FAR	WHAT WE DID
Invest in high productivity motor vehicle (HPMV) routes in response to both demand and network availability.	<b>Good progress</b>	A proposed investment package has been developed during the year. We continued the implementation of the National Oversight Plan for the implementation of HPMV routes during 2010/11 and published national guidance maps on our website that indicate 'full' and 'limited' HPMV routes on the state highway network. The maps give freight operators a much better idea of where possible HPMV routes are available and can apply accordingly.
Support the development of an ongoing national freight demand monitoring and forecasting system for the use of all sector participants.	<b>Underway</b>	Scoping of the monitoring and forecasting system commenced by the Ministry of Transport.
Develop a broader investment programme around key freight routes.	<b>Underway</b>	The upper North Island freight plan was launched with operators and partners. The draft 2012-15 State Highway Plan includes investment in key routes proposals.
Identify and deliver service improvements and adjustments that will improve freight movement efficiency.	<b>Good progress</b>	State highway classification system has been developed to optimise freight movement efficiency. We are actively promoting safe and efficient driver education (SAFED) to transport industry operators. Since it started this programme has produced average fuel savings of 6.76% for those operators in the programme. With the significant rise in the price of diesel, the SAFED programme is one immediate way the industry can mitigate these cost increases and improve safety and reduce vehicle wear and tear costs. We have established the Freight Operators' Forum, which is made up of representatives from some of New Zealand's largest logistics and freight companies. The forum has been holding regular meetings throughout the year and has become a useful sounding board for the government sector to test our thinking with key decision makers.

## IMPROVE CUSTOMER SERVICE AND REDUCE COMPLIANCE COSTS

While maintaining increasing levels of customer service we need to get smarter at reducing costs. Increasingly customers expect more personalised and tailored services, using processes that are simpler and easier, and that improve value for money for customers and the NZTA.

### Long-term sector impacts that link to this strategic priority

- Customer service underpins the achievements of all of our desired long-term impacts

MILESTONES FOR 2010/13	OUR RESULTS SO FAR	WHAT WE DID
Implement the channel strategy to provide the right level of service while migrating customers to lowest cost channels.	<b>Good progress</b>	<p>The objectives of the channel strategy have been incorporated into specific business improvement projects, such as promotion of the online Transact website and the review of the driver licensing and driver testing business model.</p> <p>We completed a review of motor vehicle administration fees and a report is also being prepared recommending a variable fees model linked to different payment channels.</p> <p>We continue to encourage customers to migrate to lower cost channels. This has seen a significant increase in the number of transactions being undertaken online including tolling, motor vehicle licences and road user charges (RUC).</p> <p>We announced our intention to apply additional tolling charges from 1 August 2011 for trip purchases made through the more expensive channels, such as cellphone calls to 0800 phone numbers plus kiosks.</p>
Implement the funding streamlining project that will increase delegations to qualifying approved organisations and reduce compliance and administration costs.	<b>Good progress</b>	Refer to Investing in land transport networks (page 43).
Undertake a comprehensive review of road user rules to reduce the cost of compliance for road users from unnecessary rule requirements.	<b>Completed</b>	Refer to Access to and use of the land transport network (page 45).
New programmes for recognising and rewarding outstanding customer service.	<b>Good progress</b>	We launched an annual GEM (Go the Extra Mile for great customer service) award to recognise and celebrate suppliers that demonstrate excellence in customer care.
Introduce customer surveys for state highways.	<b>Substantial progress</b>	A series of customer focus groups and targeted surveys to gain a fuller understanding of our customers' expectations around our state highways has been undertaken. We used customer feedback from surveys, focus groups and other engagement activities in the development of the State Highway Asset Management Plan. We commenced work on improving the overweight/over-dimension permits process to improve the service for commercial operators.



## ORGANISATIONAL CAPABILITY AND HEALTH

This section outlines the NZTA's commitment to grow our capability and to develop our staff in line with our Organisational Development Strategy.

### OUR PURPOSE AND BEHAVIOURS

In 2011 more than 1,000 staff took part in a review of our purpose statement and Behaviours (values). The organisation adopted as its organisational purpose: **'creating transport solutions for a thriving New Zealand'**. We have three *behaviours* that are helping to achieve our purpose.

**Sign up** - Commit to where we are going and put your heart into what you do. Get engaged every day.

**Team up** - Enjoy the people you work with and appreciate their talents. Find solutions for our customers with joined-up thinking.

**Front up** - Be courageous. Tackle the difficult issues. Know your own value and bring it to work with confidence and good judgement.

### PROGRESS ON THE ORGANISATIONAL DEVELOPMENT STRATEGY (ODS)

The following section summarises the key achievements against each of the three ODS themes:

#### Developing our people

We developed a strategic workforce plan, which outlines a view of what the organisation might be like by 2020. The plan includes the workforce implications of our emerging strategic direction for each of our core functions, the related critical expertise required and possible actions. The plan will be refreshed each year to keep pace with emerging priorities and will inform people strategies and work plans for 2011-14 and the longer term.

We achieved positive results in the second year of our employee engagement programme. Engagement has risen overall and across all groups in the NZTA. Leaders and staff are now engaged in action planning conversations about what they might do locally to continue to leverage off their engagement strengths and focus on a couple of key items to strengthen their engagement levels. In addition, the senior team are in the process of identifying a few key initiatives that may also assist our engagement levels from an organisational perspective.

Our leadership development programmes continue to bring about positive cultural change across the NZTA and build leadership capability in our senior leaders. A shared understanding of the NZTA's new leadership approach (a responsive, flexible and adaptive leadership style which is client centred) is promoting trust and cooperation across the organisation.

We developed succession planning across the organisation, with critical roles and potential successors being identified. The current challenge relates to working with individuals on accelerating their development so that they are positioned well to credibly contest roles as they become vacant.

We implemented a talent management framework for those in more senior roles. This has provided an organisational view of both our individual and collective capability at this level.

The implementation of this framework by group leadership teams is well progressed, moving the NZTA to a talent management practice for the entire workforce.

We developed an NZTA wide wellbeing plan that has been rolled out across the country tailored for local needs. The intention is to continue to support a move to independent operation of health, safety and wellbeing committees in the regions. These enable people to contribute to decisions that will impact on their wellbeing and allow us to more carefully manage the health and safety of our workplace environment to support the wellbeing of our people.

#### Working with others

We identified 15 priority stakeholders critical to helping the NZTA achieve its goals and priorities.

A key relationship owner within the Senior Leadership Team has been assigned to each priority stakeholder. This approach is enabling the NZTA to strengthen these key relationships.

Progress on a proactive approach to engagement with Māori stakeholders has been an important focus during the year. We have identified key Māori stakeholders as well as issues and relationships that could require CE and/or Board involvement.

We launched our internal communications strategy, *Building a culture of communication*, which outlines key tools and channels for further development. This links to the rollout of the NZTA's new purpose and behaviours, which will enable staff to better understand how they contribute to the NZTA's outcomes. This will ultimately enable stakeholders to gain a better understanding of the role and work of the NZTA.

Stakeholders can now access improved media information on the website, with feature stories more regularly updated and aligned with current proactive media activity. We have also expanded the website to include contact details for regional media managers and regional communications advisors. Significant media releases were tweeted using the NZTA Twitter channel, a move which foreshadows more frequent use of social media to engage with stakeholders in the coming year.

#### Achieving together

We enhanced our capacity to monitor and prepare for expected and unexpected changes to our operating environment to 2040 through the establishment of dedicated environmental scanning and scenario planning function. This capacity enables the NZTA to monitor the mega-trends shaping future demand for transport solutions and ensures that our strategic thinking and systems are responsive to developments in our external environment.

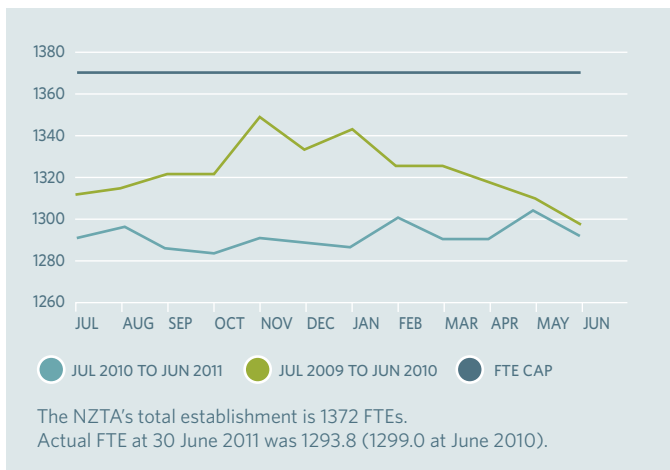
We made significant improvements to the NZTA performance measurement framework and reporting systems. A return to core measurement of our outputs was underpinned by a first principles review of our non-financial performance measurement system. Our improvement actions have resulted in significant changes to our management control environment, an on-going programme to lift our analytic capability and new statements of service performance for both this annual report and the recently released *Statement of intent 2011-14*.

## EQUAL EMPLOYMENT OPPORTUNITIES STATEMENT

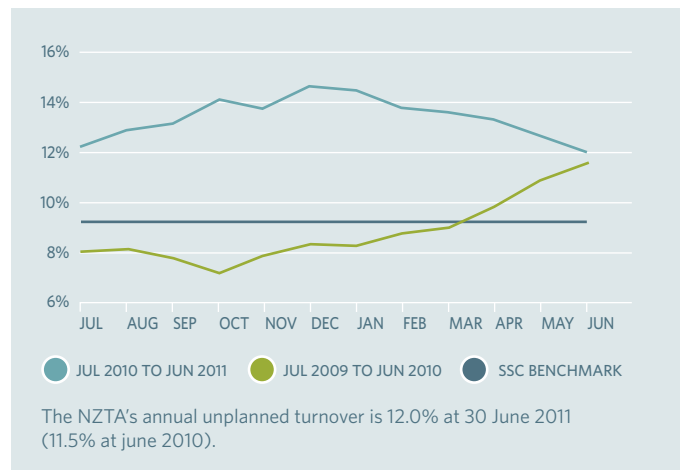
The NZTA promotes equal employment opportunities (EEO) to ensure that its people capability practices are in line with its obligations as a 'good employer'.

## KEY PEOPLE METRICS

### FULL-TIME EQUIVALENT (FTE) EMPLOYEES AGAINST ESTABLISHMENT



### ANNUAL TURNOVER



### AGE PROFILE

**43.6 years**

is the average age of NZTA staff at 30 June 2011. This is consistent with the public sector average.

### GENDER PROFILE

The NZTA has **48% female** and **52% male** staff ratio. A slightly lower percentage of women than the public sector average.

## THE NZTA'S ACTIVITIES AGAINST THE SIX KEY ELEMENTS OF BEING A 'GOOD EMPLOYER':

Leadership, accountability and culture	<ul style="list-style-type: none"> <li>› Leadership networking, through senior leader forums and cooperative learning groups.</li> <li>› Targeted leadership development programmes for experienced, new and future leaders.</li> <li>› Employee engagement programme.</li> <li>› New purpose and behaviour statements have been developed.</li> </ul>
Recruitment, induction and selection	<ul style="list-style-type: none"> <li>› Robust recruitment and selection processes.</li> <li>› Profiles of staff from diverse backgrounds promoted on the NZTA website.</li> <li>› Accredited employer with the New Zealand Immigration Service.</li> <li>› Progression within the NZTA is based on merit rather than service, built around competencies and skills.</li> <li>› National induction to the NZTA for all staff.</li> <li>› NZQA qualifications.</li> </ul>
Employee development, promotion and exit	<ul style="list-style-type: none"> <li>› Talent management and succession planning frameworks in place.</li> <li>› Development calendar offering an array of development programmes to all staff.</li> <li>› External mentoring programme for senior leaders.</li> <li>› Accredited IPENZ professional development partner and offer a comprehensive graduate development programme.</li> </ul>
Flexibility and work design	<ul style="list-style-type: none"> <li>› Organisation-wide flexible working programme; work is underway to encourage a culture that supports this.</li> </ul>
Remuneration, recognition and conditions	<ul style="list-style-type: none"> <li>› Recognition programme to recognise high performers.</li> <li>› Transparent, equitable and gender-neutral job evaluation and remuneration practices.</li> <li>› Annual review of remuneration against market rates.</li> </ul>
Safe and healthy environment	<ul style="list-style-type: none"> <li>› Employee code of conduct and relevant health and safety and harassment policies available at all times.</li> <li>› Strong focus on employee health, safety and wellbeing through provision of support services including:             <ul style="list-style-type: none"> <li>- employee assistance programme (EAP) for all staff</li> <li>- in the event of heightened stress additional services are provided through critical event debrief, onsite EAP presence, change process support and resilience training</li> <li>- ergonomic workstation assessments</li> <li>- health and safety induction for all staff and managers</li> <li>- healthy living encouraged and free flu vaccination and health check to all our people each year</li> <li>- active return to work programme.</li> </ul> </li> <li>› Tertiary status in workplace safety management practices and annual self assessment audit.</li> </ul>

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



## 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 which we assess our service delivery performance. It is divided into three categories:

### OUTPUT CLASSES THE NZTA DELIVERS

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

### OUTPUT CLASSES THE NZTA PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES

- › Transport planning
- › Public transport infrastructure
- › Road user safety

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

- › New and improved infrastructure for local roads
- › Renewal of local roads
- › Maintenance and operation of local roads
- › Walking and cycling
- › Public transport services
- › Enhanced public transport concessions for SuperGold cardholders
- › Rail and coastal freight
- › Canterbury transport project
- › Regional development transport funding

## ACHIEVEMENT OF PERFORMANCE MEASURES

The full statement of service performance in the following pages describes the services the NZTA delivered and invested in during 2010/11, reports back on how we performed, and the actual revenue earned and output expenses incurred in these areas as compared with the forecast standards included in our *Statement of intent* for 2010/13. In total, the NZTA achieved 113 of the 131 output class service delivery and investment performance targets. We achieved 61 of 73 service delivery and 52 of 58 investment targets (which exclude Road Policing Programme targets). This reflects strong performance across our three core functions of planning and investing, management of state highways and managing access to and use of the transport system. The following table sets out our performance by output class against our specific performance targets for the 2010/11 year.

FUNDING SOURCE	OUTPUT CLASS	NZTA PERFORMANCE MEASURES ACHIEVED	NLTF INVESTMENT MEASURES ACHIEVED
<b>OUTPUT CLASSES THE NZTA DELIVERS</b>			
Funded from the NLTF	Management of the funding allocation system	4 of 5	1 of 1
	New infrastructure for state highways and Crown contribution to accelerated state highway construction	5 of 7	5 of 6
	Renewals for state highways	4 of 6	3 of 3
	Maintenance and operation of state highways	4 of 7	4 of 5
	Sector training and research	4 of 4	1 of 1
Funded from the Crown	Administration of the SuperGold cardholders scheme	1 of 1	
	Regulatory implementation and enforcement	6 of 6	
Funded from fees, charges and Crown contracts	Road tolling	6 of 7	
	Licensing activities	4 of 5	
	Motor vehicle registry	5 of 5	
	Road user charges collection, investigation and enforcement	5 of 5	
	Refund of fuel excise duty	1 of 1	
<b>OUTPUT CLASSES THE NZTA PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES</b>			
Funded from the NLTF	Transport planning	3 of 3	2 of 2
	Public transport infrastructure	1 of 1	4 of 4
	Road user safety	3 of 5	3 of 3

FUNDING SOURCE	OUTPUT CLASS	NZTA PERFORMANCE MEASURES ACHIEVED	NLTF INVESTMENT MEASURES ACHIEVED
<b>OUTPUT CLASSES THE NZTA INVESTS IN, BUT DOES NOT DELIVER SERVICES</b>			
Funded from the NLTF	New and improved infrastructure for local roads		7 of 7
	Renewal of local roads		7 of 9
	Maintenance and operation of local roads		4 of 5
	Walking and cycling		2 of 3
	Rail and coastal freight		2 of 2
	Public transport services		7 of 7
Funded from Crown	Enhanced public transport concessions for SuperGold cardholders	3 of 3	
	Canterbury transport project	1 of 1	
	Regional Development Programme	1 of 1	

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## OUTPUT CLASS CASE STUDIES

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**1****NEWMARKET CONNECTION: VIADUCT REPLACEMENT PROJECT**

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

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**2****KEEPING AN EYE - AND HAND - IN KEEPING YOU MOVING**

OUTPUT CLASS: Maintenance and operation of state highways

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**3****TRANSPORT OFFICERS WORKING TO KEEP YOU SAFE**

OUTPUT CLASS: Regulatory implementation and enforcement

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**4****DON'T BAIL OUT JUST YET**

OUTPUT CLASS: Road user safety

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**5****SAFER JOURNEYS AT WORK IN THE DEEP SOUTH**

OUTPUT CLASS: Road user safety

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**6****HAMILTON CITY COUNCIL - RING ROAD PROJECT**

OUTPUT CLASS: New and improved infrastructure for local roads



1

CASE STUDY

## NEWMARKET CONNECTION: VIADUCT REPLACEMENT PROJECT

Replacing and enhancing part of the busiest stretch of motorway in the country without diverting traffic is no mean feat. However, high above Newmarket, this is exactly what's happening thanks to world-first engineering methods, effective communication and a strong focus on safety.

The NZTA's \$215 million Newmarket Connection: Viaduct Replacement Project will also breathe life back into the viaduct's surrounding environment by creating scope for mixed-use development and providing better pedestrian access.

The project is being delivered in stages to allow the motorway to remain open at all times. In May, the project's key transportation benefit was realised with the opening of a fourth lane across the new southbound bridge. By removing the traditional peak-hour bottleneck, where four lanes would become three at the start of the viaduct, the NZTA has reduced local travel times by over five minutes. The improvement is worth an estimated \$1 million a week to Auckland's economy.

With stage three (construction of the new northbound viaduct) already underway, the project is set for completion by the end of 2012. And while the new structure will bring many improvements for motorists and the surrounding community, the legacy of the original structure will be retained. Some 11,000 cubic metres of concrete, 900 tonnes of steel reinforcement, 500 tonnes of steel cable, plus significant quantities of polystyrene, asphalt and railings will all be recycled as part of the project's zero waste to landfill environmental policy.

For more about the Newmarket Connection: Viaduct Replacement Project, visit [www.nzta.govt.nz/newmarketconnection](http://www.nzta.govt.nz/newmarketconnection)

THIS CASE STUDY RELATES TO THE OUTPUT CLASS  
**NEW INFRASTRUCTURE FOR STATE HIGHWAYS AND CROWN CONTRIBUTION TO ACCELERATED STATE HIGHWAY CONSTRUCTION**  
 GO TO PAGE 72 FOR MORE INFORMATION.



CONSTRUCTION OVERVIEW OF THE NEWMARKET VIADUCT REPLACEMENT PROJECT



1  
 EXISTING 3 LANES BOTH DIRECTIONS



2  
 EXISTING 3 SOUTHBOUND LANES - WIDTH REDUCED



3  
 NEW 3 LANES SOUTHBOUND IN USE EXISTING SOUTHBOUND LANES VACATED CONSTRUCTION FOR 4TH LANE TIE-INS AT NORTH AND SOUTH APPROACHES



4  
 NEW 4 LANES SOUTHBOUND IN USE



5  
 CONSTRUCTION OF NEW NORTHBOUND LANES



6  
 DECONSTRUCTION OF EXISTING NORTHBOUND LANES



7  
 COMPLETED NEW NEWMARKET VIADUCT

## 2

## CASE STUDY

## KEEPING AN EYE - AND HAND - IN KEEPING YOU MOVING

We operate three traffic operations centres (TOCs). One in Auckland, one in Wellington and the Lyttelton tunnel centre in Christchurch.

All of them play a vital role in people's day-to-day travel experience by keeping a watchful eye on what's happening over some 10,894 kilometres of state highway, providing road users and NZTA staff with real-time travel information (24/7) through a number of integrated systems and services, including:

- › road sensors and close circuit television cameras
- › police incidents
- › feedback from contractors and the public via our 0800 number.

This information is used to manage traffic flows by coordinating traffic signals and variable message signs to make the best use of our transport infrastructure.

### WELLINGTON TOC

The Wellington TOC covers our state highway network in the lower half of the North Island providing: timely and accurate traveller information using NZTA's network of advanced traffic management systems (ATMS), and intelligent transport systems (ITS) - message signs across the lower North Island.

### AUCKLAND TOC

The Auckland TOC operates in partnership with Auckland Transport - formed to help reduce Auckland's congestion issues on motorways and arterials by: integrating region-wide traffic management with the aid of traffic management and transport systems (ATMS, ITS).

### LYTTELTON TUNNEL TOC

The Lyttelton tunnel operations centre in Christchurch manages and monitors the incident detection, fire and ventilation systems within the tunnel. The electronic message signs across the South Island are managed from our Traffic Management Centre in Greymouth. These signs provide updates, including information about road closures, and warnings about winter driving conditions.

TOC operators are both reactive and proactive in their response to incidents. For instance, crashes on the network require operators to notify emergency and repair services, contact radio stations and update the traffic website, along with putting up signs and implementing detours when required. The result is less disruption and improved safety for road users. It also helps the emergency services to respond quickly.

Concerts and big sporting events involve a lot of planning. For example, the Rugby World Cup 2011 will involve displaying signs, venue information and project liaison to ensure safe and easy movement of spectators to and from venues.

If there's a major incident which severely affects the driving public, a debrief is organised. It allows all parties involved, such as police, emergency services and TOCs to assess what went well and where improvements can be made. Civil defence exercises also take place regularly to ensure all emergency processes are up-to-date.

Traffic signals on major routes are coordinated to improve traffic flow, while allowing for more efficient, safe, reliable journeys and trip times. Road users enjoy significant benefits, particularly freight and tourist traffic needing a reliable transport system.

**For more about our TOC - read our booklet *How the NZ Transport Agency keeps you moving*, obtain traffic information - live traffic webcams, the latest highway conditions and more, visit our website: [www.nzta.govt.nz](http://www.nzta.govt.nz)**

THIS CASE STUDY RELATES TO THE OUTPUT CLASS  
**MAINTENANCE AND OPERATION OF STATE HIGHWAYS**  
GO TO PAGE 77 FOR MORE INFORMATION.



OUR TRAFFIC OPERATIONS CENTRES (TOCs) PROVIDE ROAD USERS AND NZTA STAFF WITH REAL-TIME TRAVEL INFORMATION 24/7.

## 3

## CASE STUDY

## TRANSPORT OFFICERS WORKING TO KEEP YOU SAFE

Transport officers based in every NZTA office in the country play an important role in keeping road users safe. Transport officers work across three main areas – commercial, vehicles and user behaviour.

For those working in the commercial space, their role involves checking that operators such as taxi, bus and freight companies as well as individual operators comply with requirements under the law, and by doing so, operate safe and suitable vehicles.

(This is also important to ensure compliant companies are not disadvantaged by those who cut corners and operate illegally.)

Commercial transport officers' work also includes assisting operators to achieve and maintain necessary vehicle standards, rather than relying on six-monthly certificate of fitness inspections. This can involve implementing maintenance programmes, regular inspections and technical advice on matters such as the correct brake adjustments. Regional transport operators are supported by technical experts based in National Office who provide specialist knowledge on subjects as diverse as modified vehicles to glazing and tinting standards.

In the South Island, commercial transport officers are working proactively with freight operators and their drivers to promote safer driving practices. This includes various initiatives to encourage drivers to slow down at speed advisory corners on the Kaikoura coast state highway, as there has been 70 truck roll-over crashes on corners in the past seven years. Their efforts around the theme of 'Keep it 10 below' appears to be making an impact with a steady decline in the number of these types of crashes.

Another part of their role is to carry out unannounced checks on commercial vehicle safety and operating record compliance. Past year operations include the conviction of a cab company in Auckland following an investigation into the way the company was meeting its legal obligations as a licensed Approved Taxi Organisation. The company had failed to provide a 24 hour, seven day per week service and appeared to have taken no steps to ensure their drivers followed their rostered hours of work.

Taxi compliance checks in Tauranga and Hamilton saw seven taxis ordered off the road immediately and a further 32 cabs found with safety problems that needed repair.

THIS CASE STUDY RELATES TO THE OUTPUT CLASS  
REGULATORY IMPLEMENTATION AND ENFORCEMENT  
GO TO PAGE 83 FOR MORE INFORMATION.



THE 'KEEP IT 10 BELOW' INITIATIVE APPEARS TO BE MAKING AN IMPACT WITH A STEADY DECLINE IN TRUCK ROLL-OVER CRASHES ON THE KAIKOURA COAST HIGHWAY.

## 4

## CASE STUDY

## DON'T BAIL OUT JUST YET

Road crashes are the single biggest killer of 15-19 year old New Zealanders.

Data shows that New Zealand's teen drivers are more at risk of having a serious crash in the first six to 12 months of driving solo on a restricted licence than at any other time in their lives.

In June 2011, the NZTA launched a new campaign to improve the poor road safety record of teenage drivers in New Zealand. Raising awareness of young driver crash risk was one of the first actions outlined in the Safer Journeys strategy.

The campaign is targeted at parents of teen drivers. It helps to raise parents' awareness of the specific risks that teens face during the restricted phase. Many parents look forward to their teen getting their restricted licence because they think that their job as a driving teacher (and taxi driver) is over, but they still have a vital role to play in keeping their teens safe on the road.

The NZTA supports parents by providing practical advice and free tools via a dedicated new website - [www.safeteedriver.co.nz](http://www.safeteedriver.co.nz). The website is promoted to parents of teens on a restricted licence through advertising on TV, online, print, radio and cinema.

The ads are a funny take on how teaching a teen to drive can be difficult and challenging but with a clear safety message - 'Don't bail out just yet', and stay involved with your teen when they're on a restricted licence. A PR campaign and information pack for school principals is also helping to raise awareness of teen crash risk and encourage use of the website.

Throughout the development of the campaign, the resources were tested with parents and teen drivers to ensure they provided the support they needed. The NZTA also consulted with ACC, NZ Police and the Ministry of Transport on the campaign development.

**For more about our young driver campaign visit the website:**

[www.safeteedriver.co.nz](http://www.safeteedriver.co.nz)

THIS CASE STUDY RELATES TO THE OUTPUT CLASS

ROAD USER SAFETY

GO TO PAGE 98 FOR MORE INFORMATION.



THE CAMPAIGN ENCOURAGES PARENTS AND CAREGIVERS OF TEEN DRIVERS TO STAY INVOLVED IN THEIR TEEN'S DRIVING THROUGHOUT THE RESTRICTED PHASE OF THEIR LICENCE.

## 5

## CASE STUDY

## SAFER JOURNEYS AT WORK IN THE DEEP SOUTH

Improving safety for motorcyclists is one of many focus areas of *Safer Journeys: New Zealand's road safety strategy 2010–2020*. Motorcycling enthusiasts range from serious 'kings of the open road' to people who use mopeds as a cheap commuting option in urban areas.

While their use and reasons for using a motorcycle may differ, they all want to feel safe while riding. They have reason to be concerned about safety as the statistics are scary. From 2005 to 2009, motorcyclists represented 12% of all New Zealand road fatalities and 20% of all serious injury crashes. Motorcycling accounts for only 0.75% of all travel, and the crash risk for motorcyclists has been estimated to be up to 20 times higher than for car drivers.

To address this alarming trend, the government's Safer Journeys Action Plan 2011–2012 sets out a number of actions for increasing the safety of motorcycling.

Southland offers a good example of how motorcyclist safety is being addressed proactively. The NZTA is working in partnership with local councils and ACC to fund skills based training courses for all types and ages of riders.

This focus on motorcycling safety is very relevant in Dunedin where many students use small mopeds and scooters. Added to this is the reality that Central Otago has a growing number of motorcycle tourists.

Most of the local councils in Otago are being faced with statistics that show that around 18% of their crashes involve motorcycles. This is fairly consistent with the national average. The figures for both Southland and Queenstown are 20% and 19% respectively with Central and Gore on the national average.

Unfortunately, six of the seven local councils in Otago and Southland (the exception is Central Otago) have shown a significant upward trend in motorcycle casualties over the last decade.

In analysing these trends, it became clear that two groups in our region needed special attention: the young, inexperienced scooter or moped rider and the 'born again' rider.

To make the most of our investment in these skills based training courses, we coordinated funding through our council colleagues, who in turn attracted ACC and Road Safety Southland funding.

Others in the team were the Road Safety Coordinator in Central Otago/Queenstown along with representatives of various motorcycle clubs and retail outlets.

Together we presented an integrated plan, which covered the development of the skills based courses for riders, and the advertising campaign. The campaign included a series of four billboard and newspaper advertisements highlighting the need for motorcyclists to analyse situations and make safe decisions. Another theme was aimed at drivers.'

But as Jane Ballantyne, motorcyclist of 20 years and the Road Safety Coordinator for Southland District Council found out, the basics course was anything but basic.

'We had 15 riders turn up, aged between 30 and 50 years old. The morning session discussing things like riding gear. Part of this session involved comparing our normal riding gear with the gear of a racing motorcyclist. The difference was chalk and cheese – the racing gear was much more sophisticated.

'Then we discussed cornering techniques, where to place yourself on entry, at the apex and for the exit, riding in formation, steering and braking techniques, and fatigue. There was a session on braking – sampling a bike with ABS (anti-lock braking systems), stopping on a mark and stopping on dry and wet surfaces as well as loose and packed down gravel.

'Then we practiced what we'd discussed in the sessions – handlebar leaning for cornering at road speeds, riding in a figure of eight and riding through a slalom.

'Even though I am a very experienced rider, I think the course was very useful. I've learnt more about ABS, looking at the safety of my own riding gear and practicing sudden stops on different surfaces, to name a few.'

This is one example of how the NZTA works in partnership with others to improve the road safety system. More courses are planned for the 2011/12 summer months.

**THIS CASE STUDY RELATES TO THE OUTPUT CLASS  
ROAD USER SAFETY  
GO TO PAGE 98 FOR MORE INFORMATION.**



ROAD SAFETY SOUTHLAND AND ACC MOTORCYCLE SAFETY TRAINING DAY HELD IN SOUTHLAND MARCH 2011.



A BILLBOARD ADVERTISEMENT USED AROUND THE BURT MUNRO MOTORCYCLE RALLY HELD IN SOUTHLAND EACH YEAR. IT IS ATTENDED BY AROUND 3000 RIDERS AND IS GROWING EACH YEAR.

## 6

## CASE STUDY

## HAMILTON CITY COUNCIL - RING ROAD PROJECT

Hamilton City Council (HCC) identified two significant roading infrastructure projects in Hamilton.

The works are part of the next step towards the completion of the Hamilton Ring Road project. It was important that HCC implemented their planned roading improvements identified in the Access Hamilton Transport Strategy to manage increasing traffic demand. The city has experienced significant growth in the northern suburbs.

The two projects include the four-laning of Wairere Drive between Pukete Road and Discovery Drive, and included a bridge across the Waikato River, major intersection changes and improved provision for walking and cycling. The second project involves the construction of a new urban arterial along the eastern side of the city linking into Wairere Drive in the north, and Cambridge Road at the south. Works include major intersection changes where the project links into the existing road network and new bridge to be constructed over the East Coast Main Trunk railway line.

In responding to the government's drive for economic development by investing in large infrastructure projects, the NZTA in partnership with HCC agreed to package these two projects together and fast track the commencement of the works. HCC had design work to complete, tender documents and contract methodology to prepare and planning processes to sign off before work could start on site.

The HCC city development team developed a comprehensive work programme. It identified the critical tasks to enable the speedy commencement of the construction works.

This work was carried out in collaboration with NZTA planning and investment staff from the Waikato/BoP regional office. Recognising the need for specialist skills to assist with the delivery of what is not a normal construction contract for HCC, a number of workshops were held to agree on the best methodology for tendering the works and form of contract. For example, would a design and build contract deliver the most effective outcomes?

Led by HCC, these workshops included specialist technical advice from local consultancy Bloxam Burnett and Oliver, and local and NZTA national office procurement staff. The outcome was that a fast track process was agreed between HCC and NZTA. HCC also relied on its supplier panel to attract innovation from the local consultancy industry. HCC were able to go out to the contracting industry for the construction works within months from initial agreement by the NZTA Board that this project was to be fast tracked.

Andrew Parsons, City Development Manager said that by working in partnership with local and national office NZTA staff, innovation was able to be introduced into the process. It also meant that HCC had certainty that the project methodology was best practice and also compliant with the procurement rules. The great support from the local consultancy firms also enabled council to deliver on an aspiration programme.

With innovation introduced including the use of the NZTA supplier prequalification process, HCC was able to award the \$70 million dollar construction contract to Downer Construction.

**THIS CASE STUDY RELATES TO THE OUTPUT CLASS  
NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS  
GO TO PAGE 100 FOR MORE INFORMATION.**



## OUTPUT CLASSES

### THE NZTA DELIVERS

#### MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM

##### What does the NZTA do?

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

- › develop and manage the National Land Transport Programme
- › develop procurement procedures, policies and guidelines for approved organisations
- › monitor and audit the performance of organisations that receive funding from us
- › assist and advise approved organisations and regional transport committees
- › provide investment policy advice on public transport services
- › monitor and report on work undertaken from the national Road Policing Programme.

##### How does this output contribute to desired transport impacts?

Management of the funding allocation system has an indirect impact on all eight desired impact areas, through the management of the NLTF. The NZTA seeks to invest in outputs to maximise the overall benefit derived from the transport system.

For further details see appendix 1 page 116.

##### What were our key achievements?

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

- › ongoing development and management of the National Land Transport Fund, including
  - embedding streamlining planning and investment initiatives into our core business
  - commencing development of the 2012/15 National Land Transport Programme (NLTP), including developing a simplified electronic version of planning and investing policies and procedures (the knowledge base)
  - continuing development of the new online application (transport investment online) for submitting investment proposals for the NLTP. Data entry fields were reduced by 73% which will help reduce compliance costs for approved organisations when developing the next NLTP
  - contributing to the development of the Government policy statement on land transport funding (GPS) and significantly advanced the revision of the Investment and Revenue Strategy (IRS) to align with the new GPS. The IRS helps national and regional investment managers to develop the NLTP
- › provided guidance to approved organisations on procurement procedures and policies and endorsed approved organisations procurement strategies
- › continued development and implementation of an investment and monitoring framework to support planning and investment for outcomes and provided a robust process for making the right investment decisions
- › largely completed the audit programme (94%), with a reduction in the sample size for post implementations reviews (PIRs) due to constrained resources
- › worked with our investment partners to influence the integration of land use and transport planning and provided investment signals to get robust investment proposals that align to our Statement of intent impacts and deliver the transport benefits
- › provided investment policy advice on public transport services in key areas, such as rail (Auckland and Wellington), and the development of the Public Transport Operating Model
- › developed the 2011/12 Road Policing Programme to reflect the new strategic direction for road policing based on improving value for money and targeting police resources to road safety risk.

## How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of submissions received, processed and approved within 40 working days (1)	98%	>80%	Within range	New measure
Total cost of the management of the funding allocation system as a % of the NLTP (2)	<1%	<1%	Within range	New measure
% of investments that meet the NZTA's investment criteria benchmark level (3)	98.5%	95%	3.5%	New measure
% of NZTA investment decisions which meet required process standards (4)	56%	90%	-34%	New measure
% of completed projects that achieve intended results (5)	91%	90%	1%	New measure
PERFORMANCE MEASURE (NZTA INVESTMENT)				
% of stakeholders satisfied with the NZTA's management of the funding allocation system (3, 5, 7)	N/A	>70%	N/A	New measure
% of investment funds committed	102%	98-102%	Within range	102%

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	30,709	30,960	(251)	35,740
Expenditure	31,233*	30,960*	(273)	35,706*
Net surplus/(deficit)	(524)	0		34

\* including taxi enforcement.



## How do we interpret our performance results?

### **NZTA service delivery/investment**

Management of the funding allocation system (MOFAS) performed well within the less than 1% cap for management of the NLTP. Performance highlights were:

- › two payment runs are made monthly for approved works to ensure we are paying in a timely way for work delivered
- › total cost of the management of the funding allocation system represented 1% of the value of the total NLTP (plus the Road Policing Programme). After excluding \$2.077 million for taxi enforcement, this proportion falls to 0.95%
- › the findings of the process reviews have highlighted areas for improvement in recording supporting information and detailed assessment of each funding application. The findings have been reported to all staff with delegations, who are taking action to address the identified gaps and introduce process measures to ensure increased compliance
- › monitored investment in the Road Policing Programme ensuring achievement of set targets. This included developing a cooperative partnership with NZ Police to align measurement and effectiveness with Safer Journeys. Cooperative activities and alignment are reflected in the lower road toll for 2010/11
- › developed and managed investments in sector research in order to achieve cost-effective innovation, the results of which are readily applicable to interventions that can be cost effectively applied in New Zealand in the short-to-medium term, for longer-term impacts. All 42 confirmed projects were delivered in accordance with their research briefs, including the two without published reports, and promoted by the NZTA for sector use
- › we did not undertake a stakeholder survey during the 2010/11 year. Instead we undertook a more personalised face-to-face series of interviews with 12 councils across the country to better understand their perceptions of our management of the funding allocation system. A project to undertake a stakeholder survey has started and will be completed through the streamlining process, with the focus on business benefits
- › the interviews showed that councils:
  - understand the investment signals, but do not necessarily agree with them
  - are not clear as to how these investment signals relate to their regions, and have asked for more certainty around investment signals so they can better manage expectations
  - see the NZTA processes as less flexible than what they desire.

We interpreted this to mean we need to:

- get better at providing clear, consistent and timely investment signals and being more transparent around decision making particularly with state highway investment
- look at our monitoring so that we are getting the transport benefits we expect and are not duplicating councils existing management systems.

The findings of the process reviews have highlighted areas for improvement in recording supporting information and detailed assessment of each funding application. The findings have been reported to all staff with delegations, who are taking actions to address the identified gaps and introduce process measures to ensure increased compliance. This includes applying discipline around gathering and retaining evidence related to decisions made and sharing our insights in open discussion.

### **Financial results**

From an investment perspective, the funding allocation scheme performed well. Performance highlights were:

- › The small under-spend of \$392,000 has been achieved through a reduction in policy development activity and a renewed focus on investment evaluation in preparation for the next NLTP. In addition, evaluation and monitoring activities have been more closely aligned toward the next NLTP and emphasise a streamlined 'investing for outcomes' approach to help reduce waste in terms of time spent preparing proposals that do not deliver the transport benefits we are seeking.

**OFFICIAL SCOPE: Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds pursuant to section 9 of the Land Transport Management Act 2003.**

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

### What does the NZTA do?

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

- › manage and invest in reducing the number and severity of crashes on the state highway network
- › maintain and improve the time and reliability to travel between destinations connected by the state highway network. We do this in a socially and environmentally responsible way.

As part of the government's stimulus package, extra funding will be made available for state highway improvement and pavement renewal projects (under the Crown contribution to accelerated state highway construction output).

### How does this output contribute to desired transport impacts?

Improvements to state highway infrastructure 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 116.

### What were our key achievements?

The key achievements for Improved Infrastructure for state highways were:

- › the highest achievement of construction spend ever was reached in 2010/11 due to the continuous over-performance of delivery of the annual programme
- › 55% of large project expenditure in 2010/11 was on the roads of national significance projects which will deliver improved timeliness and reliability of travel in our major centres
- › four out of the five large projects funded through the stimulus funding injection have now exhausted their specific stimulus funding. The final project continues to progress and will exhaust its specific funding early 2011/12
- › all of our projects provide some safety benefits, but 12 specific projects were commissioned and completed in 2010/11 targeting high-risk sections of the state highway aimed at reducing the number and severity of crashes
- › urban design frameworks were developed, planned or implemented on all major capital works projects.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of construction projects delivered to time as described pre-construction (1)	72%	>85%	-13%	New measure
% of construction projects delivered to cost as described pre-construction (1)	84%	>85%	-1%	New measure
% of construction projects delivered to quality as described pre-construction (1)	93%	>85%	8%	New measure
Efficiency gains across total programme without compromise to quality (2)	12%	2%	10%	New measure
% ahead of baseline programme for RoNS development (3)	113%	>90%	23%	91%
Community satisfaction with engagement on projects with a capital value of greater than \$4 million (4)	61%	>60%	1%	New measure
% of state highway programme completed (construction phases)	110%	>90%	20%	103%

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
All Crown contribution to accelerated state highway construction funds allocated to programmed activities (5)	100%	100%	0%	New measure
% of investments that meet the NZTA's investment criteria benchmark level (6)	100%	95%	+5%	New measure
All funds allocated to programmed activities	100%	100%	0%	Not measured
% of NZTA investment decisions which meet required process standards (8)	100%	90%	+10%	New measure
% of completed projects that achieve intended results (7)	86%	90%	-4%	60% (from a sample of 3)
% of activities that reach an investment profile for strategic fit, effectiveness, and efficiency of at least MML (medium, medium, low) as described in the <i>NZTA Planning, programming and funding manual</i> (Estimates for Vote Transport) (6)	100%	95%	+5%	New measure

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS *	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	1,174,815	968,302	206,513	863,711
Expenditure	1,171,489	991,019	(180,470)	1,101,787
Net surplus/(deficit)	3,326	(22,717)		(238,076)

\* The figures here include new and improved infrastructure for state highways and Crown contribution to accelerated state highway construction.

## How do we interpret our performance results?

### **NZTA service delivery**

New infrastructure for state highways performed very well throughout the year. Performance highlights were:

- › 72% of completed construction projects were completed on time. Late projects were from the block programme and made up just 45% of the total construction cost of the combined projects
- › 84% of projects were delivered within +/-15% of the original estimates, with 69% of those delivered below original estimate. Overall, all projects constructed in the period were delivered within 1% of the original combined project estimates
- › 93% of projects were delivered to quality as described pre-construction which is within acceptable tolerances
- › completed 42 projects against a plan of 38. This reflects the focus on completing committed works
  - the block programme completed 38 construction phases against a planned 27
  - 10 of the 11 planned large projects this year were completed, with the remaining project being affected by the Canterbury earthquake (Christchurch bus priority measures - state highway component). This is now due to be completed in 2011/12.

### **NZTA investment**

From an investment perspective, new infrastructure for state highways nationally, the RoNS programme performed exceptionally well, achieving more than planned. A performance highlight was:

- › six of seven state highway projects were reviewed and delivered the expected results. The project which failed was delivered under budget and achieved the expected time savings, but was impacted by lower than expected traffic volumes. These lower traffic volumes were experienced across New Zealand and not just in relation to this particular project.

### **Financial results**

The improvements programme has exceeded budget due to better than expected progress made throughout the year, especially on the RoNS and other large projects which will result in an early release of benefits.

- › The improvements programme has exceeded budget due to better than expected progress made throughout the year, especially in the large projects programme.
- › This overspend will balance out over the three-year programme because funding will be reduced to ensure we remain within the three-year total allocation.

**OFFICIAL SCOPE:** For the output class **New and improved infrastructure for and renewal of state highways: Capital works for new infrastructure and renewal of state highways pursuant to section 9 of the Land Transport Management Act 2003.**

**OFFICIAL SCOPE:** For the output class **Crown contribution to accelerated state highway construction: State highway improvements and pavement renewal projects agreed between the NZTA and the Minister of Transport.**

## RENEWALS FOR STATE HIGHWAYS

### What does the NZTA do?

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

- › undertake renewals of the existing state highway network 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 vital infrastructure helps ensure that the above impacts are sustained. The activity funded through the Crown contribution to accelerated state highway construction output will have a similar impact to other similar state highway infrastructure investment.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for renewal of state highways were:

- › the renewals programme performed very well, delivering more kilometres for less cost. (2009/10 \$8356 compared with 2010/2011 \$8414). Through the year, the programme delivered a saving of \$8.0 million against budget while delivering additional kilometres. This saving is a result of continued low tender prices and a deferral of some pavement rehabilitation works into 2011/12

- › slight improvement in skid resistance of the network compared to the old standard. We are in the process of adopting a new standard which better reflects the risk to motorists from poor skid resistance on the network
- › field audits of the proposed works programme identified opportunities to better target renewals expenditure and these lessons are being built into the future works programme.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Condition of the network - safe stopping: % of travel on network above skid threshold (wording from Estimates for Vote Transport) (3)	96.9%	98%	-1.1 %	97.7%
Surface condition of the sealed network (100-CI) (average of index for the whole of the network) (from the Estimates for Vote Transport)	97.7%	>97%	>0.7%	97.4%
% of rutting >20mm over state highway network (6) (amended performance standard for 2010/11 from the Estimates for Vote Transport)	<1%	<1%	0%	<1%
% of works completed by 1 April	90%	100%	-10%	New measure
% of reduction in average construction times for projects	Not measured	5%	N/A	New measure
Degree of road user satisfaction in travelling through construction sites	71%	>60%	>11%	New measure
% of state highway renewals programme completed (actual km vs target km)	104%	>90%	>14%	103%

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Cost of renewals (excluding emergency reinstatement) per network lane-km (1)	\$8,356	\$8,330	26	\$8,414
Cost of renewal of the network (excluding emergency reinstatement) (cents per vehicle kilometre travelled) (5)	0.97 c/vkt	0.95 -1.05c/vkt	Within range	0.97 c/vkt
% of NZTA investment decisions which meet required process standards (2)	100%	90%	10%	New measure
% of investments that meet the NZTA's investment criteria benchmark level (6)	100%	95%	+5%	New measure

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	205,112	203,100	2,012	231,699
Expenditure	205,112	203,100	(2,012)	231,699
Net surplus/(deficit)	0	0		0

## How do we interpret our performance results?

### NZTA service delivery

Renewals for state highways performed very well throughout the year achieving 4 of 6 performance targets. Performance highlights were:

- › the network was maintained in good condition with good skid exposure meaning that it contributes to safer journeys. It has become more challenging to meet the Statement of intent target due to the implementation of a new standard (enhanced) in October 2010. Skid resistance (to ensure safe stopping) on the state highway network is measured regularly. Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to improve skid resistance
- › the road surface condition continues to exceed target. However, this is against a reduced target compared to 2009/10. Overall the network continues to provide a safe driving environment at the current level of performance
- › rutting in the road surface (long shallow channels generally found in wheel-paths) met our performance target. This result shows that the state highway's underlying pavement is in an acceptable condition. Ruts often also hold water and thus lower skid resistance
- › we failed to meet our target of 100% of works being completed by 1 April. This was a stretch target. However, we did, achieve 90% of all renewal works by the end of March, which was a good result. It shows that the majority of the programme was completed during the most optimal time of the year

- › we failed to undertake measurement of average construction time. The intent of this aspirational measure was to reduce the time that speed restrictions were active on renewal worksites as it was perceived to be an issue with our customers. This proved too difficult to measure and we tested the issue with customers who didn't find it an issue
- › 71% of our customers told us they were satisfied with their experience travelling through construction sites. We place great importance in managing the balance between ease of travel and ensuring safety at construction sites and have further improvements planned
- › we exceeded the annual renewal lane-km target by >4% taking advantage of favourable market conditions for procurement of renewal services. This resulted in improved value for money.

### NZTA investment

From an investment perspective, renewals for state highways performed exceptionally well. The state highway renewals programme has performed well delivering a saving against budget while delivering additional kilometres of renewals:

- › Pavement resealing kilometres exceeded target by 49km.
- › A number of business units have deferred part of their rehabilitation programme to 2011/12 and this partly explains some of the savings made this year.

### Financial results

The target for cost of renewals on the state highway renewals programme (per network lane-km) was achieved.

**OFFICIAL SCOPE:** Manage, maintain and operate state highway infrastructure pursuant to section 9 of the Land Transport Management Act 2003.

## MAINTENANCE AND OPERATION OF STATE HIGHWAYS

### What does the NZTA do?

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

- › operate the state highway network to ensure customers are aware of conditions before they travel and when they do travel that it is safe and reliable
- › maintain the road and the roadside to ensure it is in as safe a condition as possible to travel on
- › maintain the state highway network to ensure it continues to provide a reliable travel journey.

### 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 including better use of transport capacity, ensuring network resilience and security, and freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes.

For further details see appendix 1 page 116.

### What were our key achievements?

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

- › remarkable resilience was exhibited by the highway network following the Canterbury earthquakes. The performance of our structures allowed the network to be quickly checked and for nearly full access to be rapidly re-established. This is partially attributable to the considerable retrofitting work to reduce the seismic risk
- › to assist with keeping traffic flowing efficiently we combined our Traffic Operations Centre in Auckland with Auckland Transport and opened a new centre in Wellington
- › work continues on the development of the next State Highway Asset Management Plan. We reviewed the composition of forward improvements programme scenarios using an optimisation tool to improve the outcomes from this programme
- › we implemented a variety of services to assist road users to make smarter travel choices. Providing road and traffic information via online sites, and managing traffic via traffic signals and variable message signs.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Condition of the network – smooth ride: % of travel on network classed as smooth	99%	97%	2%	98.8%
Safer travel: % of network with texture <5% mean pavement depth (from Estimates for Vote Transport)	99.7%	98%	1.7%	99.7%
Efficiency gains across total programme without compromise to quality (1)	1.6%	2%	-0.4%	New measure
% of state highway minor safety works funding allocated in national priority order	100%	25%	75%	New measure
% of road users satisfied with the quality of state highway information provided	66%	75%	-9%	New measure
% of heavy commercial vehicle users satisfied with the operation of the state highway network	69%	75%	-6%	New measure
Availability of state highways (2)	99.5%	>98%	1.5%	New measure

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
The technical reviews rate the network's condition good or better	81%	60%	0%	New measure
Cost of maintaining and operating the network excluding emergency reinstatement (\$ per lane-km) (3)	\$10,802	\$11,000-\$12,000	-1.8%	\$10,763
Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometre travelled) (3, 4)	1.25 c/vkt	1.25-1.45c/km	0%	1.24c/vkt
Cost of emergency reinstatement (5)	\$53 million	\$37 million	\$16 million	\$38.6 million
% of investments that meet the NZTA's investment criteria benchmark level	100%	95%	5%	New measure

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	329,572	309,325	20,247	321,851
Expenditure	329,001	309,151	(19,850)	306,574
Net surplus/(deficit)	571	174		15,277



## How do we interpret our performance results?

### **NZTA service delivery**

Maintenance and operation of state highways performed very well throughout the year achieving 4 of 7 performance targets. Performance highlights were:

- › the % of the network classified as smooth was maintained at 99%, while 99.7% of the network continues to have excellent pavements. This was attributed to the NZTA striking the right balance between maintenance and renewal works
- › we delivered 1.6 % efficiency gains across the maintenance and operations programme, against an ambitious target of 2%. This equates to \$5.3 million. This was an excellent savings outcome attributed to smarter procurement and site specific treatment methods and demonstrates an excellent value for money result
- › all activities were prioritised nationally to ensure the greatest impact was delivered by the minor safety programme
- › 66% of road users were satisfied with the quality of state highway information provided, which was 9% below target. There is evidence to suggest that projects to enhance information delivered subsequent to our survey is increasing satisfaction levels
- › 69% of heavy vehicle road users were satisfied with the NZTA's operation of the state highway network. While this was below our target by 6%, we had expected the satisfaction levels here to be slightly lower given the time critical nature of these journeys
- › the state highway network remained open and available 99.5% of the year. Where there were closures, alternative routes were generally available for travellers
- › cost per lane-km of maintenance and operations was \$10,802 which was within the 10% tolerance of our target
- › cost per lane-km excluding emergency works was within target range
- › emergency reinstatement was \$16 million over target and is attributed to an increased demand for emergency works stemming from adverse weather events and earthquakes
- › Investments in state highway maintenance and operations continues to meet our investment criteria.

### **NZTA investment**

From an investment perspective maintenance and operation of state highways performed exceptionally well. Performance highlights were:

- › maintenance activity expenditure performed close to budget. However, overspend in emergency reinstatement was a direct result of the Canterbury earthquakes and some severe weather events across the country
- › cost of maintaining and operating the network excluding emergency reinstatement (\$ per lane-km) declined slightly as the result of good procurement
- › cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometre travelled) was at the lower end of the target range as a result of enhanced management practices
- › internal technical reviews were amalgamated into one review process to standardise the inspection and reporting processes across the country. The review focused on the sites with poor condition rating at the margin warranting renewal works. This review confirmed results from nationwide condition rating which indicated the quantity of roads with poor condition warranting repair and rehabilitation works. The review identified opportunities to defer and advance some works on 19% of the marginal condition sites inspected. This programme change will give better outcomes from the overall programme.

### **Financial results**

For the most part, maintenance activity expenditure performed close to budget. However, the overspend in emergency reinstatement due to the Canterbury earthquakes and other events meant that total expenditure was 6% over budget.

**OFFICIAL SCOPE:** Manage, maintain and operate state highway infrastructure pursuant to section 9 of the Land Transport Management Act 2003.

## SECTOR TRAINING AND RESEARCH

### What does the NZTA do?

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

- › develop the competence and capacity of the sector to develop and implement land transport programmes by providing information, education and support to organisations and their agents. Sector training funds tertiary providers to deliver graduate and postgraduate programmes in transportation.

### How does this output contribute to desired transport impacts?

Sector training and research has an impact in 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 116.

### What were our key achievements?

The key achievements for sector training and research were:

- › the NZTA's investment in innovative and relevant research, the results of which are readily applicable to interventions that can be cost effectively applied in New Zealand in the short to medium term, for longer-term impacts. The issues addressed range from activity management and economic development, to safety, integrated land use and environmental effects
- › the delivery of 42 active research projects and published 40 research reports in 2010/11 which are available, along with a search function, on NZTA's website
- › 71% of users of NZTA research told us that our research was useful for policy and programme standards and guidelines development.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of investments that meet the NZTA's investment criteria benchmark level (1&3)	100%	95%	+5%	100%
% of research peer reviewers satisfied with the quality of the research conducted	100%	75%	25%	New measure
Editing and publishing costs as a percentage of the training and research programmes (2)	2.2%	Benchmark established Decreasing trend	N/A	New measure
% of research recommendations applied by the sector (determined by post-implementation reviews) (3)	71%	Benchmark established	N/A	New measure
% of transport decision-makers that agree the research funded meets their needs (4)	N/A	75%	N/A	New measure
% of research projects managed to time, cost and quality targets (5) (investment measure)	100%	100%	0%	New measure

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	3,408	6,054	(2,646)	6,017
Expenditure	3,391	6,054	2,663	5,371
Net surplus/(deficit)	17	0		646

## How do we interpret our performance results?

### NZTA service delivery

Sector training and research worked very well during the year. Performance highlights were:

- › 42 projects were completed during the 2010/11 year. All projects were delivered in accordance with their research briefs, including the two without published reports and promoted by the NZTA for sector use
- › all 2010/11 40 published research reports were signed-off by at least one peer reviewer, confirming that the research addressed all issues satisfactorily, that the reports were technically sound and that the research delivered the agreed objectives
- › significant progress was made finalising research projects and publishing research reports. As a result, an increased number of reports required editing and publishing during the 2010/11 year, which increased costs. As from 2011/12 we will no longer be making hard copies of reports, which will counter the increase in costs
- › all projects were delivered in line with time, cost and quality targets.

### Financial results:

From an investment perspective, sector training and research performed well. A performance highlight was:

- › investment in research was \$2.6 million under budget for 2010/11. This underspend is attributed to a greater focus on quality and strategic fit criteria, which has reduced the number of research projects in the three-year programme. The three-year NLTP research programme is tracking to invest \$14 million against a budget of \$18 million.

Actual is 43% below target which reflects a more rigorous approach in awarding research contracts and a desire to deliver high quality outputs to the transport sector.

**OFFICIAL SCOPE:** Research and transport sector capability development pursuant to section 9 of the Land Transport Management Act 2003.

## ADMINISTRATION OF SUPERGOLD CARD SCHEME

### What does the NZTA do?

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

- › the NZTA and regional councils administer the SuperGold cardholders scheme.

The output is 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 usage, and through more transport mode choice for the elderly.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievement for the administration of SuperGold card was:

- › in September 2010, as part of the review of the SuperGold card scheme, the Cabinet Economic Growth and Infrastructure Committee agreed to reduce the total SuperGold card administration appropriation to \$135,000 and to increase the SuperGold card concession appropriation by approximately \$4.5 million.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Number of working days taken to process claims received from regional councils (1)	15	15	0%	New

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	135	700	(565)	624
Expenditure	136	832	696	628
Net surplus/(deficit)	(1)	(132)		(4)

### How do we interpret our performance results?

#### NZTA service delivery

From a management perspective, the administration of SuperGold card performed well. The performance highlights were:

- › all claims were processed in 15 working days
- › all financial variances are a result of the reduction of the NZTA's role relating to changes to the scheme made in September 2010.

#### Financial results

From an investment perspective the management of the administration of SuperGold card performed well.

A financial highlight was:

- › all local authorities have now agreed to the changed funding arrangements and have ceased claiming for scheme administration. The NZTA's administration role has reduced and is now limited to processing monthly payment claims and some other minor supporting services. These changes were implemented after the *Statement of intent* budget had been set, hence the favourable variance of \$696,000.

**OFFICIAL SCOPE:** Administration of the SuperGold cardholders scheme - administration costs of the scheme to provide enhanced public transport concessions for SuperGold cardholders.

## REGULATORY IMPLEMENTATION AND ENFORCEMENT

### What does the NZTA do?

This output covers the NZTA's cost to implement government policy by:

- › developing land transport rules (under contract to the Ministry of Transport)
- › developing clear and well understood standards for:
  - vehicle inspection and certification
  - transport service licensing operations
  - rail safety operations
  - driver licensing
- › monitoring and auditing compliance with regulatory standards/requirements for vehicles, drivers, operators and transport systems providers
- › tolling revenue management.

### How does this output contribute to desired transport impacts?

Regulatory implementation and enforcement directly contributes to a reduction in death and serious injuries from road crashes through the 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 116.

### What were our key achievements?

The key achievements for regulatory implementation and enforcement were:

- › supported changes in the Land Transport Act and Driver Licensing Rule to introduce higher entry age and new tests within driver licensing
- › distributed the first (draft) ratings within the Operator Rating System programme to operators in early 2011

- › managed changes introduced in the Vehicle Dimensions and Mass Rule that provided for high productivity vehicles and better management of 'swept path dynamics' (how well large vehicles 'fit' the road network).

Comment on road tolling revenue management has been reported under the tolling activity class. This is in line with the Order in Council which requires specific reporting. See page 85.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of audits of regulatory compliance and agent service delivery carried out according to agreed standards (1)	100%	100%	0%	100%
Delivery of agreed audit programme covering: <ul style="list-style-type: none"> <li>› regulatory compliance of rail licence holders and licensed transport operators (passenger services including taxis and goods services), and</li> <li>› agent service delivery (driver testing, licence administration and vehicle certification) according to agreed standards</li> </ul>	100%	100%	0%	100%
Rules development programme meets quality and timeliness requirements of the Ministry of Transport (2)	100%	100%	0%	100%
% of vehicle certifying agents that improve their performance as a result of NZTA audit programme activities (3)	68%	Establish benchmark	N/A	New measure
% of transport service licence holders that improve their performance as a result of NZTA audit programme activities (3)	94%	Establish benchmark	N/A	New measure
% of NZTA service delivery agents that deliver services to the public in accordance with the required standards (3)	97.2%	Establish benchmark	N/A	New measure

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	32,231	32,234	(3)	32,928
Expenditure	32,019	31,691	(328)	31,668
Net surplus/(deficit)	212	543		1,260

## How do we interpret our performance results?

### NZTA service delivery

Regulatory implementation and enforcement activities continue to achieve service delivery performance targets. A performance highlight was:

- › three planned enhanced measures for audit activities were completed to clearly measure audit effectiveness. Benchmarks are now set for vehicle certifying agents and transport service licence (TSL) holders and will be reviewed for accuracy. The new measures show that our audit programmes are having a positive impact on regulatory compliance. 68% of certifying agents, 94% of transport service licence holders' and 97% of service delivery agents' performance improved as a result of NZTA's audit activities.

### Financial result

From a financial perspective, regulatory implementation and enforcement performed close to, but over budget. Financial highlights were:

- › prevailing economic conditions continue to shape regulatory implementation and enforcement's third party fee funded business activities. Overall, our activities were undertaken with available third party revenue stream. As regulatory implementation and enforcement comprises several related businesses, details include:
  - there was lower than normal revenue for transport licensing activities (-\$913,000), as commercial transport licensing volumes were down (-11%)

- vehicle border inspection (+\$328,000), certifications (+\$583,000), and overdimension permitting (+\$229,000) revenue was up a total of \$1.14 million. Expenditure levels changed proportionally to activity levels and resulted in a favourable financial variance of \$280,000. Expenditure on border inspection activities was noticeably up by \$328,000 due to increased volumes of new and used vehicles entering NZ, as importers took advantage of the higher NZ exchange rates. There was a focus on commercial vehicle safety standards which resulted in a rebalancing of expenditure between TSL and safety standards levy (SSL) funding sources. This rebalancing reduced pressure on the TSL business by \$3.6 million. The effective management of all components of regulatory implementation and enforcement business contributed to the net surplus of \$212,000.

**OFFICIAL SCOPE:** Purchase of land transport regulatory implementation services and specialist land transport enforcement services.

## ROAD TOLLING SCHEME

### What does the NZTA do?

As part of regulatory implementation and enforcement the NZTA delivers:

- › management of tolling collection, administration and revenue
- › management of infrastructure debt
- › the Land Transport (Road Tolling Scheme for ALPUR T B2) Order 2005, provides the legislative context for the NZTA to operate road tolling. This route is now referred to as the Northern Gateway Toll Road.

### How does this output contribute to desired transport impacts?

This output has a secondary contribution of easing congestion, making better use of existing transport capacity, reducing adverse environmental effects from land transport, and more efficient freight supply chains.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for the road tolling scheme were:

- › progressed differential pricing by payment mode scheduled to be introduced in August 2011
- › 70% of all road users now pay their toll using prepaid accounts. This is our lowest cost transaction channel and directly contributes to low cost toll collection.

### Statutory declarations

- › The NZTA is able to confirm that a feasible, untolled alternative route remains available to road users. This route is the coast road via Orewa.
- › All payment methods include cash which does not involve recording personal information of the person paying the toll.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Toll road trips by:				
› account holders	2,719,702	Establish benchmark	N/A	New measure
› compliant casual users	1,663,855			
› non-compliant casual users	689,786			
› uncharged	42,791			
Casual payment methods		Establish benchmark	N/A	New measure
› web	30%			
› phone	14%			
› kiosk	54.6%			
› mail	1.4%			
Tolling revenue compliance	96.7%	Establish benchmark	N/A	New measure
Tolling call volumes (000s)	263,000	Establish benchmark	N/A	New measure
Tolling customer level of service	98.6%	Establish benchmark	N/A	98.2%
Administration cost per tolling transaction*	\$0.78	\$0.71	+\$0.07	New measure
% growth in online tolling payments	13.3%	10%	3.3%	New measure

\*The word 'administration' has been included in the wording of this to clearly define the specific nature of the measure.

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income tolls	4,873	5,325	(452)	5,371
Expenditure NZTA	4,873	5,119	246	5,371
Net surplus/(deficit)	0	206		0

## How do we interpret our service delivery performance results?

### NZTA service delivery

Road tolling achieved 1 of 2 performance targets. Performance highlights were:

- › trips on the Northern Gateway Toll Road totalled 5.1 million, which was within 1% of budget
- › trip volumes taken by account holders continue to increase reaching 2.7 million and overall revenue compliance for the year was 96.7%
- › the tolling transaction cost target of \$0.71 was not achieved. This was attributed to an increase in credit card commissions, higher than budgeted expenditure for debt recovery, additional expenditure on IT system development and the impact of seasonally lower traffic volumes in the winter months
- › a 13% increase in the number of payments made online each month. As a result, the proportion of online payments has risen from 30% to 34% in 2010/11. Over 29,000 payments are made online each month.

### Financial result

From a financial perspective, road tolling performed close to, but under budget. A performance highlight was:

- › Northern Gateway Toll Road (NGTR) traffic volumes were lower than expected (-1 %). Revenue was therefore down \$452,000. Administration of tolling activities was predicated on fixed operational costs being proportioned across three toll roads. With only one toll road in operation, the full cost is worn by the NGTR. Administration expenditure has been tightly managed, down \$246,000, but has been stretched as it services cash, phone and online payment options and bad debt recovery activities. Growing requirements for tolling payment compliance has resulted in higher recovery costs than expected.

**OFFICIAL SCOPE:** Purchase of specialist land transport enforcement services.



## LICENSING ACTIVITIES

### What does the NZTA do?

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

- › provide driver and transport operator (including rail operator) licensing and testing services
- › maintain the driver licence register
- › issue overdimension permits
- › administer drug and alcohol assessments of drivers and operators (funded by the Ministry of Health)
- › provide licensing information and advice.

The NZTA delivers services funded from fees and charges, and from the Crown, including from 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, the most significant area of impact of this output is on the reduction of death and serious injuries from road crashes, through the influence on drivers and driver behaviour.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for licensing activities were:

- › established a new supplier contract for NZ driver licences
- › reviewed the service delivery arrangements for driver licensing and driver testing
- › implemented new reinstatement fee for suspended or revoked licences.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% accuracy of the driver licensing register	95.8%	>/=95%	+0.8%	95.6%
Cost per driver license transaction	\$41.89	<\$39.32	+\$2.57	<\$41.07
% growth in online driving test bookings	23.8%	>6%	+17.8%	8.2%
% satisfaction level of driver licence contact centre callers	96.4%	>95%	+1.4%	96.5%
Number of new and renewed licences issued against forecast	-4.6%	+/-5%	Within target range	New measure

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	47,231	52,245	(5,014)	45,173
Expenditure	49,794	52,230	2,436	51,947
Net surplus/(deficit)	(2,563)	15		(6,774)

## How do we interpret our performance results?

### **NZTA service delivery**

Licensing activities met all annual performance targets.

Performance highlights were:

- › we continued to maintain the registers to a high degree of accuracy, with a minor 0.8% improvement over the year. The transaction cost target of <\$39.32 was missed with unit cost settling at \$41.89 per transaction. This was a disappointing result against an ambitious target and was attributable to a 4.6% fall in transaction volumes
- › licensing transaction volumes were down on forecast, costs decreased more slowly than revenue, leading to higher cost per transaction. Currently 10.2% of tests are booked online – 2% more than 2009/10 which equates to 71,400 per month
- › online driver test booking outpaced our target by 17%. However, the online channel is limited in its scope due to identity and document verification requirements. This limits the ability to reduce the cost per transaction
- › the number of driver licence tests being booked online continues to grow while forecasting of transaction volumes, a new measure, is within set limits.

### **Financial result**

From a financial perspective, licensing activities ended with an increased deficit of 2,563 million. Performance highlights were:

- › licensing revenue was down \$3.8 million on budget, reflecting lower transactional volumes and the impact of the prevailing economic conditions. Major licensing activities, new and renewals, were down and anecdotal evidence suggests that this was in anticipation of the changes to the driving age. This counterintuitive trend suggests that the young driver safety message is reaching parents who have delayed their teens from getting behind the wheel. Lower volumes and system changes associated with Safer Journeys implementation resulted in higher than expected expenditure, \$736,000 on budget. The forecast shortfall of \$1.5 million in licence renewals and reinstatements revenue contributed heavily to the overall \$2.6 million operating deficit. This deficit was expected, given transaction volume changes
- › the variances are mostly attributable to driver licensing. The anticipated reinstatement fee did not eventuate (causing a shortfall of \$1.5 million). Lower volumes of licences issued and the associated effect on driver testing accounted for most of the expenditure variance. Numbers of new drivers, and consequently practical tests conducted, were 9% fewer than budgeted with the ensuing impacts on revenue, commission and card production expenditure.

**OFFICIAL SCOPE:** Purchase of land transport licensing services, including driver licensing.

## MOTOR VEHICLE REGISTRY

### What does the NZTA do?

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

- › operate the motor vehicle register (MVR)
- › deliver motor vehicle registration and licensing services
- › undertake 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, through their contribution to managing the motor vehicle fleet, contribute to the impacts of reduction in death 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 116.

### What were our key achievements?

The key achievements for motor vehicle registry were:

- › online transaction volumes grew by 43%
- › introduced restrictions to protect unauthorised access to personal information
- › contributed to the development of new regulations governing the management of the MVR (introduced 1 May 2011).

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% accuracy of the motor vehicle register	94.8%	>93%	+1.8%	94.1%
Cost per motor vehicle transaction	\$5.85	<\$5.90	\$0.05	\$6.21
% growth in online motor vehicle registration transactions	43.4%	15%	+28%	New measure
% of satisfaction level of contact centre callers	97.6%	>95%	+2.6%	97.4%
% of transactions undertaken against forecast	+3.7%	+/-7.5%	Within target range	New measure

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	54,951	50,541	4,410	52,345
Expenditure	53,797	50,541	(3,256 )	52,981
Net surplus/(deficit)	1,154	0		(636)

## How do we interpret our performance results?

### **NZTA service delivery**

Motor vehicle registry met all its performance objectives. Performance highlights were:

- › we continued to maintain the registers to a high degree of accuracy (+1.8%)
- › there has been an overall increase in online transactions (+43%) as customers become aware of the full range of transactions that can be performed through the NZTA website. This result supported achievement of the transaction cost target and our reduction in cost per transaction target
- › we processed 5.24 million registration transactions which was 4% higher than expected. This increase was attributed to a change in customers' purchasing patterns. The proportion of three-month licences hit an all-time high (30%) and 12-month reached an all-time low (39%), as customers opted to reduce their financial outlay yet remain compliant, with revenue compliance remaining >98%. The change in licence purchase patterns was attributed to the current economic conditions and the consequences of non-compliance (local body parking enforcement).

### **Financial result**

From a financial perspective, the motor vehicle registry performed close to, but under budget. Performance highlights were:

- › revenue was higher than expected due to higher transaction volume from new and use vehicle imports, and additional funding was received to fund system development
- › strong growth in online transaction volumes ensured that there was not an increase in the number of agent commission paid on the higher number of transactions. Our online channel market share and operational economies of scale contributed to a favourable variance of \$1.15 million.

**OFFICIAL SCOPE:** Registration and licensing of motor vehicles, the collection and refund of motor vehicle registration and licensing revenue and the operation of the motor vehicle register.

## ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

### 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 are 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, through its contribution to managing the motor vehicle fleet, contribute to the impacts of reduction in death 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 116.

### What were our key achievements?

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

- › increase in online RUC licences purchased - exceeded growth target by 6.3%
- › the NZTA is undertaking extensive work to change registers and supporting systems for a new RUC system, expected to be introduced in mid-2012
- › evaded revenue recovery rate exceeded target by 34% and totalled \$7.6 million.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% evaded revenue (identified by NZTA investigators) recovered (1)	64.4%	>30%	+34.4%	New measure
Cost per road user charges transaction	\$5.91	<\$6.79	-\$0.88	\$7.36
% growth in RUC licences purchased online (2)	34.3%	28%	+6.3%	New measure
% satisfaction level of contact centre callers	97.6%	>95%	+2.6%	97.4%
Number of road user charges transactions undertaken against forecast	-1.3%	+/-7.5%	Within target range	New measure

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	17,349	17,394	(45)	17,344
Expenditure	14,887	17,391	2,504	17,451
Net surplus/(deficit)	2,462	3		(107)

## How do we interpret our service delivery performance results?

### **NZTA service delivery**

Road user charges met all its performance objectives. Performance highlights were:

- › through a focus on administrative processes, we have reduced the average cost per road user transaction by \$0.88 over the year. This result is \$1.45 lower than in 2009/10 illustrating our significantly improved cost structure
- › the number of licences purchased online increased 34% over the last year and supported the achievement of reduced unit transaction cost.

### **Financial result**

From a financial perspective, road user charges performed under budget. A performance highlight was:

- › a net surplus of \$2.46 million was attributed to both a lower than expected volume of RUC transactions (down 3%), a higher proportion than expected conducted through non-commission channels, such as e-RUC and delayed RUC system changes - \$1 million of which will be carried forward into 2011/12. The remainder of the variance is driven by less personnel effort being attributed to RUC, thus lowering the direct personnel costs and associated overheads.

**OFFICIAL SCOPE:** Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.

## 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 collection of fuel excise duty, and as provided for under the Land Transport Management Act 2003. This output makes no direct contribution to the NZTA's desired impacts.

For further details see appendix 1 page 116.

### What were our key achievements?

A key achievement for refund of fuel excise duty was:

- › 7.1% improvement in performance over target for auditing, processing and paying refund applications.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of refund applications that are audited, processed and paid within 20 working days	92.1%	85%	+7.1%	New measure

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	431	431	0	429
Expenditure	496	417	(79)	595
Net surplus/(deficit)	(65)	14		(166)

### How do we interpret our service delivery performance results?

#### NZTA service delivery

Fuel excise duty (FED) achieved all its performance objectives. Performance highlights were:

- › volumes of FED refunds have increased by around 8% with less than 1% of petrol revenue being refunded, but more than 96% for both CNG and LPG
- › 92% of completed refund applications were refunded within 20 working days
- › in line with the prevailing economic conditions, a larger number of customers are seeking FED refunds, especially for petrol. The growth in refund claims was unexpected and resulted in expenditure exceeding forecast by \$65,000.

#### Financial result

From a financial perspective, refund of fuel excise performed close to, but over budget. A performance highlight was:

- › during the budgeting process \$90,000 was removed from the personnel budget and as the staffing requirements have not changed, this is the cause of the negative variance.

**OFFICIAL SCOPE:** Receipt and processing of applications for, and the refunding of, fuel excise duty.

## OUTPUT CLASSES

### THE NZTA PARTLY DELIVERS ALONG WITH LOCAL AUTHORITIES

#### TRANSPORT PLANNING

##### What does the NZTA do?

Under this output class, the NZTA invested in, and influenced:

- › the development of regional land transport strategies and regional land transport 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 or for the state highway network.

##### How does this output contribute to desired transport impacts?

Transport planning has an indirect impact on all eight desired impact areas, by providing greater certainty for regional land transport strategies and programmes, infrastructure development and management and investment in the New Zealand transport system.

For further details see appendix 1 page 116.

##### What were our key achievements?

The key achievements for transport planning were:

- › development of the state highway classification system
- › development of network plans for the roads of national significance for Auckland's Western Ring Route, Waikato Expressway, Tauranga Eastern Link and Christchurch motorways
- › progressed planning for Transmission Gully
- › engagements on proposals for the additional Waitemata Harbour Crossing
- › contributed to the Auckland Plan
- › contributing to a sub-regional strategy for the Auckland South West Airport Multi-Modal Corridor study
- › activity supported regional council passenger transport planning
- › completed a transport planning activity class review, following the NZTA Board agreeing a new investment framework in July 2010. This gave rise to a tighter set of investment criteria

resulting in an underspend for the year, which has been made available for other NLTP priorities

- › initiated the Upper North Island Freight Plan aimed at identifying opportunities for improved freight-related investment certainty; land-use planning; and modal integration
- › assessed 6 quarter 2 asset management plans for regional councils
- › provided detailed input into the Land Transport Management Act review, National Infrastructure Plan, and Government Policy Statement
- › contributed to the Ministry for the Environment Resource Management phase 2 discussion
- › a transport planning review was undertaken. The aim was to ensure that the investment frameworks for these activities achieved value for money. We looked for more joined-up studies and greater use of collaborative processes between our staff and key stakeholders. This enabled a refinement of our level of investment in this activity class.

##### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of strategies and packages received which are assessed as acceptable by the NZTA and are thus ready to be supported or endorsed (1)	100%	100%	0%	New measure
% of state highway studies and strategies funding allocated in national priority order	100%	100%	0%	New measure
% of state highway corridor studies annual programme completed on time (2)	100%	90-110%	within the range	New measure



PERFORMANCE MEASURE (NZTA INVESTMENT)*	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of funds invested in studies and transport models that directly address a high priority issue or opportunity (3)	100%	Increasing over time	0%	New measure
% of New Zealand transportation network covered by a strategy, package or plan	84%	40%	44%	New measure
% of stakeholders surveyed that are satisfied with the NZTA's contribution to regional transport strategies, studies and plans (4) (from Estimates for Vote Transport – performance standard higher than the NZTA set for itself)	N/A	>75%	N/A	New measure

\*Note that one investment measure has been moved to the management of funding allocation system (MOFAS) output class. As the measure gauges the overall quality of the investments being made by the NZTA in strategies and packages, it was considered more appropriate for it to be relocated to the MOFAS output class. Assessing the quality of investment proposals is a management of the funding allocation system function.

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	23,259	33,071	(9,812)	30,000
Expenditure	23,195	33,071	9,876	20,113
Net surplus/(deficit)	64	0		9,887

## How do we interpret our performance results?

### NZTA service delivery

Transport planning achieved all its service delivery performance targets. Performance highlights were:

- › all state highway studies and strategies allocated have the same high strategic and medium effectiveness status (priority order) targeting transport planning money to where it is needed most
- › \*state highway corridor studies – the target is to complete the studies in the GPS period (2009/10 – 2011/12) which finishes in June 2012. We predict that there will be two outstanding studies at the end of the programme as they have been deferred due to cash flow issues. We expect the other 10 studies to be completed on time
- › we did not undertake a stakeholder survey during the 2010/11 year. Instead we undertook a more personalised face-to-face series of interviews with 12 councils across the country to better understand their perceptions of our management funding allocation and transport planning contribution. A project to undertake a stakeholder survey has started and will be completed for inclusion in the 2011/12 annual report. This survey will focus on our new way of doing business through the streamlining process, with the focus on business benefits.

### NZTA investment

From a financial perspective, transport planning performed close to, but under budget. Performance highlights were:

- › excellent progress has been made, in partnership with councils and other key stakeholders, in the coverage of supported transportation planning strategies and plans that are targeted to implementation and action
- › as outlined in the management of funding allocation output class, the stakeholder interviews have indicated that the NZTA has a good working relationship with approved organisations (AOs) and most of the AOs are bringing their investment for outcomes issues to the table. However, there is still room for improvement by the NZTA through sending more consistent investment signals that include a more regional focus.

### Financial results

The actual for transport planning is lower than budgeted for this financial year. The three-year NLTP budget for the transport planning activity class has been revised to account for both the reduced expenditure resulting from improvements made to targeting investment to priority areas as a result of the transport planning activity class review (NZTA Board agreed new investment framework for prioritisation – July 2010). If adjusted, the budgeted amount would be approximately \$10 million less than shown through the revision work undertaken. Actual expenditure is as expected compared with the revised budget. Actual is 30% below target predominantly as a result of an activity class review which aimed at improving the targeting of investment to priority areas.

**OFFICIAL SCOPE:** Developing plans for improving the transport network and systems pursuant to section 9 of the Land Transport Management Act 2003.

## PUBLIC TRANSPORT INFRASTRUCTURE

### What does the NZTA do?

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

- › investing, in conjunction with investment from 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, helps to ease congestion, aids transport system resilience and security and provides for one of the safest transport modes.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for public transport infrastructure were:

- › investment in public transport infrastructure projects is prioritised and targeted to activities and areas which will maximise our investment return
- › continued investment and support for Auckland transport in the development and implementation of the Auckland integrated fare system
- › development of a national integrated ticketing framework to ensure the investment in the Auckland integrated fare system can be used for the benefit of other regions in NZ
- › development of the first version of the national integrated ticketing interoperability standards
- › development of operational policy, principles and processes required to ensure successful operation of regional automated fare collection and integrated ticketing schemes.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of activities that are delivered to agreed standards and timeframes	100%	100%	0%	100%
PERFORMANCE MEASURE (NZTA INVESTMENT)				
% of completed projects that achieve intended results (1)	100%	90%	+11%	New measure
% of investments that meet the NZTA's investment criteria benchmark level (2)	100%	95%	+5%	New measure
% of NZTA investment decisions which meet required process standards (3)	100%	90%	+10%	New measure
% of activities that reach an investment profile for strategic fit, effectiveness, and efficiency of at least MML (medium, medium, low) as described in the NZTA <i>Planning, programme and funding manual</i> .	100%	95%	+5%	New measure

For notes see appendix 2 page 118

## How much did it cost?

HOW IS THE MONEY SPENT?	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	44,667	57,008	(12,341)	135,641
Expenditure	31,519	49,008	17,489	100,792
Net surplus/(deficit)	13,148	8,000		34,849

## How do we interpret our performance results?

### NZTA service delivery

Public transport infrastructure achieved its service delivery performance target. Performance highlights were:

- › approximately 30% of the development of the integrated ticketing programme for Auckland has been completed  
Note: In 2009/10 integrated ticketing was funded from the management of funding allocation system output class
- › consultancy for technical solutions and tools for integrated ticketing make up around 5.8% of the total public transport infrastructure budget. As expected, the year end result is \$250,000 below budget due to a combination of efficiency savings within and the timing of the consultancy workstreams
- › good progress has been made in this area with the \$242,000 variance from budget resulting mainly from efficiency savings in the consultancy spend.

### NZTA investment

From a financial perspective, public transport infrastructure performed close to, but under budget. Performance highlights were:

- › one post implementation review was scheduled and completed. It found that intended results were delivered
- › in addition, the process reviews undertaken highlighted areas for improvement in recording supporting information and detailed assessment of each funding application. However, we are confident that the right decisions have been made. The findings have been reported to all staff with delegations, who have taken action to address the identified gaps and introduce process measures to ensure increased compliance.

### Financial results

Good progress has been made in NZTA costs with the \$242,000 variance from budget resulting mainly from efficiency savings in the consultancy spend.

Nationally, the NZTA invested \$31.5 million across the country in public transport infrastructure. Of this, 62% was in the Auckland region, 21% was in Wellington, with the remainder in other regions.

End of year expenditure is \$13.1 million less than the public transport infrastructure allocation. At 29%, this is reasonably significant. However, it is more closely aligned to the allocation set than in previous years for this activity class. Key reasons for the variance are projects not progressing at a pace planned in the cash flows assigned – this is especially true for the Christchurch Bus Exchange, which is not now expected to be considered for construction within the current NLTP.

**OFFICIAL SCOPE:** Renewal and improvement of infrastructure to support public transport services pursuant to section 9 of the Land Transport Management Act 2003.

## ROAD USER SAFETY

### What does the NZTA do?

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

- › manage and invest 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 death and serious injuries from road crashes, by influencing the behaviour of drivers and other road users.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for road user safety were:

- › launched a new online vehicle safety campaign in August 2010 targeting car buyers to consider safety features as a priority in the purchase of their next vehicle
- › launched a new speed campaign targeting young male drivers in November. The campaign highlights that being a good driver is knowing when to pull back to account for the conditions they can't control
- › launched the Parents of Teen Driver Campaign on 5 June 2011 to help parents stayed involved. The new website [www.safeteedriver.co.nz](http://www.safeteedriver.co.nz) has useful tools for parents to stay involved
- › launched our senior road user dedicated section on the NZTA website on 31 March. This section includes interactive activities and information for senior road users and course content and resources for organisations to run Staying Safe refresher road safety workshops
- › launched a new competency based system for child restraint technicians with the qualification linked to the New Zealand Qualifications Framework with two unit standards.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA SERVICE DELIVERY)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Total unprompted recall of road safety TV advertisement by the target audience (1)	73%	70%	+3%	New measure
Average cost per target audience member for national advertising activities (1)	\$1.66	\$1.37	+\$0.29	New measure
% of road safety programme aligned with our strategic intent	100%	100%	0%	New measure
% of the target audience who rate the NZTA's road safety TV commercials as relevant to them (1)	51%	>60%	-9%	New measure
% of NZTA's road user safety work programme completed	100%	100%	0%	New measure
PERFORMANCE MEASURE (NZTA INVESTMENT)				
% of investments targeted to a- risk communities and higher strategic fit	76%	Increasing over time Benchmark to be established	Benchmark established	New measure
% of local authorities whose community-based education, promotion and advertising activities deliver their stated outcomes and expected benefits (2)	N/A	90%	N/A	New measure
% of investments that meet the NZTA's investment criteria benchmark level	100%	95%	5%	New measure
% of completed projects that achieve intended results	100%	90%	10%	New measure

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	33,001	40,464	(7,463)	40,876
Expenditure	32,290	40,464	8,174	36,260
Net surplus/(deficit)	711	0		4,616

## How do we interpret our performance results?

### NZTA service delivery

Road user safety achieved all its service delivery performance targets. Performance highlights were:

- › variance in relevance measure due to the alcohol ads pulling overall relevance down. One of these ads is at the end of its life and is due to be replaced; and the second is an older ad which has been brought back to replace a poor performer which was withdrawn mid-year. Unfortunately old ads are never as strong the second time around
- › the alcohol ads target youth specifically – we’re noticing that ads for youth are tending to test well one-on-one before the ad is launched. However, in an on-air environment, where there are plenty of other competitors for their attention, the measures are dropping. This is something we are now very conscious of when developing new material.

### NZTA investment

From a financial perspective, road user safety performed close to, but under budget. Performance highlights were:

- › approved organisations have successfully transitioned to the new assessment framework which utilises the new communities at-risk register and Investment and Revenue Strategy priorities. This percentage should further increase as approved organisations adjust to the new framework
- › approved organisations were given a two-year transition period to move from their established programmes to the new Safer Journeys priorities. As a result some approved activities are below the benchmark level
- › the new measure for community programme delivery against outcomes does not have a suitable methodology to determine success. This is because of the technical difficulty and expense. For 2011/12 we have a business improvement project in place to review the measure and determine an appropriate measure.

### Financial results

The year-end variance is due to delayed media spend for the Rugby World Cup, delayed spending in the intersections budget due to a change to the Give Way Rule not taking place until early 2012 and delays in the production of the speed and alcohol campaigns. These delays are due to the later than expected release of the Safer Journeys strategy in 2009/10 which resulted in pushing development and production in these two areas back by four to six months. Consequently, we will be carrying approximately \$2.6 million across into the new financial year.

The investment in local government programmes has been impacted by significant underspend in the Auckland Transport programme, which represents the largest local authority programme, and almost half of the variance. The underspend has been as a result of delays due to reviewing priorities and process following the transition to the new Auckland Transport. Auckland Transport has made assurances to the NZTA that internal processes are now in place to prevent this happening again. As expected some Canterbury councils experienced underspends in their programmes, further contributing to the variance.

Actual is 18% below target due to alcohol, speed, Rugby World Cup, and the new Give Way Rule campaigns now being planned for 2011/12.

**OFFICIAL SCOPE:** Promote safe and economical use of land transport networks and services, pursuant to section 9 of the Land Transport Management Act 2003.

## OUTPUT CLASSES THE NZTA INVESTS IN BUT DOES NOT DELIVER SERVICES

### NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS

#### What does the NZTA do?

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

- › invest, in conjunction with investment from 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 contributes to increasing the resilience and security of the local road network, improving 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 116.

#### What were our key achievements?

Key achievements for new and improved infrastructure for local roads include funding being approved for:

- › construction and widening of Wairere Drive in Hamilton City
- › construction of the Westchester to Glenside Road link
- › roundabout construction and four-laning of Lake Road in Rotorua District
- › structural replacement of the Atiamuri Bridge
- › construction of a new bridge and two-lane road link across the lower Hatea River.

#### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of completed projects that achieve intended results (1)	100%	90%	0%	New measure
Length of road reconstruction and new roads completed (lane km)	165	120-200km	Within range	236km
Length of bridge replacements (lane metres)	1,822	1,200	622	2,068
% of investments that meet the NZTA's investment criteria benchmark level (2)	99.9%	95%	+4.9%	New measure
% of NZTA investment decisions which meet required process standards (3)	100%	90%	+10%	New measure
% of investments that meet the NZTA's investment criteria benchmark level (4)	100%	95%	5%	100%
% of activities that reach an investment profile for strategic fit, effectiveness and efficiency of at least MML (medium, medium, low) as described in the NZTA Planning, programming and funding manual (5)	99.9%	95%	+4.9%	New measure

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	163,142	154,000	9,142	175,000
Expenditure	163,142	154,000	(9,142)	165,167
Net surplus/(deficit)	0	0		9,833

## How do we interpret our performance results?

### NZTA investment

New and improved infrastructure for local roads continued to achieve its service delivery performance targets. Performance highlights were:

- › scheduled post-implementation reviews were completed and showed that investments in local roads were delivered to expected results
- › 165 lane km of new roads were completed, which is within target range
- › 1822 lane metres of bridge were completed which was 622 more than target, reflecting the particular needs within the programme of work
- › review of the local roads investment criteria and process standards exceeded targets. This means that investments are targeted and decision-making is sound.

### Financial results

From a financial perspective, new and improved infrastructure for local roads performed above budget. Performance highlights were:

- › the findings of the process reviews have highlighted areas for improvement in recording supporting information and detailed assessment of each funding application. The findings have been reported to all staff with delegations, who are taking action to address the identified gaps and introduce process measures to ensure increased compliance
- › 'T' funded projects do not meet the normal criteria
- › this year's expenditure to the end of the fourth quarter is higher than budget due to greater progress being made than expected on some projects
- › programme achievement is lower than the local authorities indicated on original NLTP submissions and achieved in previous years.

This result is due mainly to:

- › lack of local share being made available resulting in some road renewal work being suspended until the local authority can provide their share of the cost. A more risk-aggressive approach can result in later interventions being more expensive
- › slow progress in delivery of the renewal programme by the local authority, which may be recovered in the final year of the programme.

**OFFICIAL SCOPE:** Management and delivery of improvement of local roads pursuant to section 9 of the Land Transport Management Act 2003.

## RENEWAL OF LOCAL ROADS

### What does the NZTA do?

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

- › invest, in conjunction with investment from 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 severe congestion and the reduced risk of road crashes.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievement for renewal of local roads was:

- › for 2010/11, close to \$200 million was invested in local roads renewals.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Cost of renewals (excluding emergency reinstatement) per network lane km (1)	\$1,319	\$1,490	(-171)	\$1,344
Cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometre travelled) (5&1)	0.93 c/vkt	1.0-1.15c/vkt	-7%	0.95
% of technical reviews rate the network's condition good or better (2)	100%	60%	40%*	New measure
% of unsealed network metalled (based on road length in centreline km)	20%	20-35%	Within range	22%
% of sealed network resurfaced (based on road length in lane-km)	5.4%	>6%	-10%	5.47%
% of network rehabilitated (based on road length in lane-km)	0.6%	1-2%	-.4%	0.6%
Surface condition of the sealed network (index) (6&3)	2.3	<5	Within range	2
Pavement integrity of the sealed network (index) (6&4)	6.3	<10	Within range	New measure
% of investments that meet the NZTA's investment criteria benchmark level (7)	100%	95%	5%	100%

For notes see appendix 2 page 118



## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	205,500	237,000	(31,500)	218,000
Expenditure	205,499	237,000	31,501	204,774
Net surplus/(deficit)	1	0		13,226

## How do we interpret our performance results?

### NZTA investment

Renewal of local roads continued to achieve most of its service delivery performance targets. Performance highlights were:

- › cost of renewals per km was 13% below target due to cost efficiencies in programme delivery. This was reflected in a cost of 0.93 per vehicle km travelled
- › the short-term result is that expenditure per network kilometre and per vehicle kilometre travelled has remained stable or even reduced slightly on forecast. However, any variance from asset management programmes is potentially of concern to the NZTA and close monitoring of network performance is now required
- › note that networks were assessed as 'acceptable or better' during technical reviews as the standard is 'acceptable' rather than 'good'.

Interim results indicate little change to local road asset condition, but asset condition as a response to a change in quantum of renewal work will likely take at least two years to become evident (in network statistics).

Metalling of unsealed road met the bottom end of the target range while resealing and rehabilitation targets were also met ensuring the integrity of the local road network was maintained.

### Financial results

From a financial perspective, renewal of local roads performed below budget. A performance highlight was:

- › investment in local road renewals finished the year \$31.5 million under budget. This variance has been generated by some councils completing less renewal work than originally planned and others achieving cost efficiencies in programme delivery. Resurfacing and pavement replacement account for the most significant proportion of the variance. Less work completed has resulted from a lack of local share, lack of resources in the Canterbury region or poor programme management. Christchurch City Council transferred \$6 million of local share from road renewals to support emergency reinstatement activities.

This result is due mainly to;

- › lack of local share being made available resulting in some road renewal work being suspended until the local authority can provide their share of the cost. A more risk-aggressive approach can result in later interventions being more expensive
- › slow progress in delivery of the renewal programme by the local authority, which may be recovered in the final year of the programme.

**OFFICIAL SCOPE:** Management and delivery of renewals to the existing local road infrastructure pursuant to section 9 of the Land Transport Management Act 2003.

## MAINTENANCE AND OPERATIONS OF LOCAL ROADS

### What does the NZTA do?

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

- › invest, in conjunction with investment from 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 network has 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 and freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes. For further details see appendix 1 page 116.

### What were our key achievements?

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

- › for 2010/11 close to \$280 million was invested in local road maintenance and operations
- › efficient response to reinstatement work required in the Canterbury region following the earthquakes.

### How do we assess our service delivery performance results?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Cost of maintaining and operating the network (excluding emergency work) per network lane-km (4&1)	\$1,052	\$3,000-\$3,500	\$1,948	\$1,220
Cost of maintaining and operating the network (excluding emergency reinstatements) (cents per vehicle kilometre travelled) (1)	0.75	0.87/km	\$0.12	\$0.87
Cost of emergency reinstatement (1)	\$109 million	\$57 million	\$52 million	\$39 million
% of technical reviews that rate the network's condition good or better (2)	100%	60%	66%	New measure
Smooth ride: % of travel on smooth roads (5&3)	87%	>80%	Within range	86.7%

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
income	274,768	235,000	39,768	215,000
Expenditure	304,182	235,000	(69,182)	224,332
Net surplus/(deficit)	(29,414)	0		(9,332)

## How do we interpret our performance results?

### NZTA investment

Maintenance and operations of local roads continued to achieve its service delivery performance targets. Performance highlights were:

- › the cost per lane-km was well within allocation and 65% under target because of better procurement practices and the economic environment. The target of 21-27 c/km was stated incorrectly in the *Statement of intent*
- › the cost per vehicle kilometre travelled (vkt) of maintaining and operating the local network remained within 14% of the revised target and 14% less than the actual result for 2009/10
- › the \$52 million blow-out in local roads maintenance and operations emergency reinstatement is attributed to a greater number of weather events and the impact of the Canterbury earthquakes
- › technical reviews and smooth ride on the asset show that the local road network was in good or better condition reflecting wise asset management investment decisions
- › an assessment of investment decision making confirmed that the NZTA is meeting its own investment criteria for local road maintenance and operations.

### Financial results

From a financial perspective, maintenance and operations of local roads expenditure exceeded revenue and budget. A performance highlight was:

- › investment in routine local road maintenance and operations activities finished the year very close to budget (+0.8%). However, the activity class includes funding for emergency reinstatement activities and as predicted last quarter, the final quarter result shows an over-expenditure of \$41.7 million or 17.7% for the year. This variance on budget is due to the excessive damage caused by the February earthquake in Christchurch and the level of initial response necessary to reinstate basic access and to provide for safe travel. Actual expenditure on reinstatement work by Christchurch, Waimakariri and Selwyn councils totals \$69 million year to date.

**OFFICIAL SCOPE:** Management and delivery of improvement of local roads pursuant to section 9 of the Land Transport Management Act 2003.

## WALKING AND CYCLING

### What does the NZTA do?

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

- › invest 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 bicycle 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 model communities and helps to reduce adverse environmental effects from land transport.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for walking and cycling were:

- › improving the contribution that walking and cycling activities make to the reduction of congestion in main urban areas and increasing the safety of pedestrians and cyclists are funding priorities in the 2009-12 NLTP. Investment is targeted at communities that have a long-term commitment to significantly increasing walking and cycling
- › the first two model communities are already demonstrating a positive planning and implementation approach to targeted investment
- › infrastructure investment is beginning to demonstrate returns with increases in walking and cycling numbers – cycling in the Auckland region has increased 27% in the last year
- › construction funding was approved for significant projects in:
  - Nelson City Council (footpath construction)
  - Wellington City Council (Tawa shared path)
  - Auckland City Council (Station Road, Manurewa)
  - Otago highways (SH88 safety Improvements).

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Kilometres of new footpaths, cycle lanes and cycle paths	135	140-170	5	80
% of investments that meet the NZTA's investment criteria benchmark level (1)	N/A	95%	0%	New measure
% of NZTA investment decisions which meet required process standards (2)	100%	90%	+10%	New measure
% of activities that reach an investment profile for strategic fit, effectiveness and efficiency of at least MML (medium, medium, low) as described in the NZTA <i>Planning, programming and funding manual</i>	100%	95%	+5%	New measure

\*no measurement was made for this activity class.

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	12,300	15,000	(2,700)	20,000
Expenditure	12,262	15,000	2,738	17,771
Net surplus/(deficit)	38	0		2,229

## How do we interpret our performance results?

### NZTA investment

Walking and cycling achieved all three performance targets within tolerances. Performance highlights were:

- › the number of kilometres of new footpaths, cycle lanes and cycle paths is slightly less than targeted, but within acceptable tolerances
- › we are confident that the right decisions have been made with respect to NZTA investments, and good progress has been made this year.

In addition:

- › in one year, the first two model communities of Hastings and New Plymouth have demonstrated positive signs of reducing congestion and improving safety. Both locations have also run a number of successful campaigns to encourage their communities to give walking and cycling a go
- › investment in walking and cycling facilities in our major cities is paying off with many having experienced an increase in cycling numbers over the last few years. New cycling infrastructure such as the Kingsland section of the North Western cycleway continues to attract more cyclists (up 19% from the year before). As expected of the major urban centres, Auckland accounts for almost 60% of the total investment in this output class
- › approximately 2km of cycleways/lanes for the Manukau extension project was built within the state highways output class. This is only on the local roads part of the development.

### Financial results

From a financial perspective, walking and cycling performed close to but under budget. Performance highlights were:

- › while the total walking and cycling programme over the 2009-12 NLTP is allocated \$51 million, the current forecast spend is only \$41 million. The reduction in forecast spend is due to a number of projects being only of medium strategic investment fit and therefore not qualifying for funding. Also, some projects originally identified in councils' submitted programmes have either not proceeded or implementation has been delayed
- › overall, the model communities investment framework has provided clear, evidence based signals to our partners regarding where the NZTA wants to maximise its return on investment in walking and cycling. This has led to a more focused investment targeted at the major urban areas and into projects that are part of an agreed walking and cycling strategic network within an integrated transport system and which can demonstrate a positive impact on traffic flows, designed to attract a significant number of new users while reducing congestion.

**OFFICIAL SCOPE:** New and improved walking and cycling infrastructure for transport purposes pursuant to section 9 of the Land Transport Management Act 2003.

## PUBLIC TRANSPORT SERVICES

### What does the NZTA do?

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

- › invest, in conjunction with investment from 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. They allow for better use of existing transport capacity (especially when a bus replaces multiple single occupant cars), help to ease transport congestion, aid transport system resilience and security and offer one of the safest transport modes.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for public transport services were:

- › positive trends for both passenger boardings and farebox recovery
- › cost per passenger remaining constant. When taking account of inflation this is a positive result
- › in March 2011, the funding assistance rate (FAR) for passenger rail decreased from 60% to 50% reallocating funds within the activity class, reflecting increased demand for bus services

- › over the course of the 2009-11 NLTP, the Ministry of Transport, NZ Transport Agency, the Bus and Coach Association and three councils developed and began implementing a new Public Transport Operating Model (PTOM). The introduction of PTOM represents a fundamental shift in the delivery of urban bus and ferry services. The PTOM has sought to improve value for money in public transport services by using a package of planning, funding and procurement tools that encourage increased commerciality of those services and their efficient pricing. Under PTOM, public transport services that form part of the region's urban public transport network are grouped together into units and are provided under contract with the regional council to enable stronger network coordination and a basis for joint investment.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Amount of NZTA funding per passenger (1)	\$1.36	\$1.40-\$1.60	\$0.04	\$1.37
Farebox recovery across networks (2)	48.6%	40-45%	3.9%	46.7%
The procedural audits rate the relevant approved organisations' public transport management practices as good or better	100%	73% good or better	27%	New measure
Public transport as a percentage of all travel in major urban areas	2.1%	Establish benchmark	N/A	2.1%
Number of passengers using urban public transport services (bus, train, and ferry) (3)	127.7 million	125-135 million	Within target range	125.6 million
% of users that rate public transport services as good or better	87.9%	>75%	12.9%	92%
% of investments that meet the NZTA's investment criteria benchmark level	100%	95%	5%	100%

For notes see appendix 2 page 118

## How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	194,630	210,000	(15,370)	200,000
Expenditure	194,630	210,000	15,370	187,306
Net surplus/(deficit)	0	0		12,694

## How do we interpret our performance results?

### NZTA investment

Public transport services achieved all performance targets. Performance highlights were:

- › all five passenger transport procedural audits confirmed that public transport management practices were good or better exceeding target by 27%
- › we established a benchmark for public transport as a percentage of vkt at 2.1% which will be used to measure mode share growth and inform investment decision-making
- › the slight improvement in overall performance is pleasing given the very significant disruption to bus services in Christchurch during 2010/11, including maintaining performance at good or better in the eyes of the travelling public. All major centres, other than Christchurch, recorded increases in boardings and farebox recovery. That said, the increase in boardings was not sufficient to increase public transport mode share
- › a review of technical decision making confirmed the NZTA meets its own investment criteria requirements for public transport services.

### Financial results

From a financial perspective, public transport services performed below budget. Performance highlights were:

- › expenditure in 2010/11 was \$15.4 million less than budget. Areas where there was significant under claim include:
  - bus service contract savings at \$10.7 million, primarily in Auckland and Wellington
  - total mobility operations \$2 million
  - public transport service management \$1.7 million.

For Auckland, savings of over \$4 million in bus services relate to savings from 2009/10 being carried forward into 2010/11, a lower indexation rate leading to a lower than expected cost base for the year and some planned service changes not taking place during the year.

Wellington's savings in bus services of almost \$5 million are due to significant savings experienced in the new Hutt Valley contract that is now in place.

**OFFICIAL SCOPE:** Non-commercial public transport services pursuant to section 9 of the Land Transport Management Act 2003.

## ENHANCED PUBLIC TRANSPORT CONCESSION FOR SUPERGOLD CARD

### What does the NZTA do?

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

- › provide funding to regional councils for the provision of enhanced public transport concessions for SuperGold cardholders.

This output is funded as a specific project 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 usage, and through more transport mode choice for the elderly.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for enhanced public transport concessions for SuperGold cardholders were:

- › continued support for the SuperGold free off-peak travel scheme for SuperGold cardholders across the country
- › the total number of journeys made has increased by 10% across the country over the 2010/11 year compared to 2009/10.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Total number of journeys	9.9 million	9 million	900,000	9 million
Cost per journey	\$2.07	\$2.19	\$0.12	\$2.19
Percentage of regional councils that implement enhanced public transport concessions for SuperGold cardholders	100%	100%	0%	100%

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	20,735	17,300	3,435	19,627
Expenditure	20,735	17,460	(3,275)	19,783
Net surplus/(deficit)	0	(160)		(156)



## How do we interpret our performance results?

### **NZTA investment**

Enhanced public concession for SuperGold card continued to achieve most of its service delivery performance targets. Performance highlights were:

- › greater value for money has been achieved with the total number of journeys increasing by 10% compared to 2009/10, while the cost per journey has decreased by 5.4%. This has resulted from a revised reimbursement rate. The reimbursement rate is a standard percentage assigned to the average adult cash fare set for each service route. Following the review of the SuperGold card scheme and to assist in keeping the scheme more sustainable, it was determined the standard reimbursement rate should be reduced from 75% to 65%, thereby reducing the average level of payment to the service provider, but maintaining the full level of free service provision to the SuperGold card user
- › 100% of those regions with eligible services are included. One regional council, the West Coast District Council, does not currently have services that would qualify.

### **Financial results**

From a financial perspective, enhanced public concession for SuperGold card performed above budget. Performance highlights were:

- › in September 2010, as part of the review of the SuperGold card scheme, the Cabinet Economic Growth and Infrastructure Committee agreed to reduce the total SuperGold card administration appropriation to \$135,000 and to increase the SuperGold concession appropriation by approximately \$4.5 million. As part of the scheme review, the reimbursement rate for local authorities and operators actual expenditure has been in line with the revised scheme finishing around 5% below the revised funding
- › these changes were implemented after the Statement of intent budget had been set, hence the variance of (\$3.3 million).

**OFFICIAL SCOPE:** Enhanced public transport concessions for SuperGold cardholders – providing enhanced public transport concessions for SuperGold cardholders (details in the NLTF report).

## RAIL AND COASTAL FREIGHT

### What does the NZTA do?

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

- › providing seed funding for the development of new or improved coastal shipping freight services and related infrastructure and funds initiatives that encouraged freight movements by rail and coastal shipping instead of by road
- › the last of this funding was allocated in the 2009/2010 financial year, and all funded projects will be completed by the end of the 2011/12 financial year. As set out in the GPS, 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 chain and a reduction in the environmental effects of land transport. It does this by supporting rail and coastal shipping modes.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievements for rail and coastal freight were:

- › the funding allocated to this activity class was to meet commitments for projects approved prior to the 2009-12 GPS. There is no funding available for new project starts, consistent with the GPS. These activity classes are not included in the 2012-15 GPS
- › the final two studies from the Domestic Sea Freight Development Fund (DSFDF), namely the Western Blue Highway Transport Study and the Gisborne to Napier Coastal Shipping

Study, were published on the NZTA's website. With the publication of these studies, all initiatives funded through the DSFDF have now been completed

- › there were two approved rail and sea freight activities in the current NLTF. The Tangiwai to CentrePort rail freight activity involving the cartage of processed timber by rail from the central North Island to a port is programmed to be completed next year
- › the other activity, Centre Log Rail, has not been implemented as expected, has fallen well behind plan, and the contract with Pentarch has been terminated as a consequence.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of programme delivered consistent with performance guidelines (refer conditions of use of appropriation) (1)	100%	100%	0%	New measure
% of investments that meet the NZTA's investment criteria benchmark level	100%	95%	5%	100%

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	0	1,000	(1,000)	2,000
Expenditure	(121)	1,000	1,121	1,225
Net surplus/(deficit)	121	0		775

### How do we interpret our performance results?

#### NZTA investment

Rail and coastal freight achieved its service delivery performance targets. A performance highlight was:

- › while all performance targets were achieved or bettered, this was because in the case of the Centre Log Rail the contract was terminated before expenditure was incurred.

#### Financial results

From a financial perspective, rail and coastal freight did not perform to budget. A performance highlight was:

- › expenditure in 2010/11 was as a result of carry-overs from previous years.

**OFFICIAL SCOPE:** Management and delivery of improvement of local roads pursuant to section 9 of the Land Transport Management Act 2003.

## CANTERBURY TRANSPORT PROJECT

### What does the NZTA do?

Under this output class, the NZTA funds projects in the Canterbury region that help the region meet its long-term transport needs. The government is the investor in state highway extension projects and the NZTA manages the allocation of funding of activities on behalf of the Ministry of Transport.

### How does this output contribute to desired transport impacts?

The Canterbury transport project will deliver improvements to state highway infrastructure, the impact of which will include increasing resilience and security of the 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 116.

### What were our key achievements?

The key achievement for the Canterbury transport project was:

- › investment in the Christchurch Southern Motorway extension, part of the Christchurch roads of national significance (RoNS).

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
% of funds allocated to projects that meet the criteria set out in the MoU between Environment Canterbury, Ministry of Transport and the NZTA (1)	100%	100%	0%	100%

For notes see appendix 2 page 118

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	14,000	14,000	0	14,500
Expenditure	14,000	14,000	0	14,500
Net surplus/(deficit)	0	0		0

### How do we interpret our performance results?

#### NZTA investment

Canterbury transport project achieved its service delivery performance target. A performance highlight was:

- › from an investment perspective no projects have yet been fully completed. All funds were invested in the Southern Motorway Extension which is not due for completion until 2014/15. The only project funded under this activity class is the Christchurch Southern Motorway project, part of the Christchurch RoNS programme.

#### Financial result

From a financial perspective, the Canterbury transport project performed to budget. A performance highlight was:

- › despite a delay experienced as a result of the February earthquake, all funding from this activity class has been fully utilised.

**OFFICIAL SCOPE:** Assisting the Canterbury region to implement a land transport package.

## REGIONAL DEVELOPMENT FUNDING

### What does the NZTA do?

Under this output class, the NZTA invested in regional development initiatives to develop the roading infrastructure providing access for harvesting forests in Northland and Tairāwhiti. NLTF funding for this output class is limited to 2009/10 and 2010.

The government is the investor in this output class and the NZTA manages the allocation of funding of activities on behalf of the Ministry of Transport.

### How does this output contribute to desired transport impacts?

The regional development transport funding project will deliver improvements to access roads for forestry harvesting, the impact of which will include increasing resilience and security of the road network, and improved efficiency of freight supply chains.

For further details see appendix 1 page 116.

### What were our key achievements?

The key achievement for regional development transport funding was:

- › a range of works undertaken including pavement strengthening, shoulder improvements, better road alignments and general

works to improve access for logging vehicles and reduce the impact of heavy logging traffic on the roading network. Both of these geographical regions rely on the logging industry for a significant contribution to the local economy, so this output class has provided real support to economic development.

### How do we assess our service delivery performance?

PERFORMANCE MEASURE (NZTA INVESTMENT)	ACTUAL 2010/11	TARGET 2010/11	VARIANCE 2010/11	ACTUAL 2009/10
Kilometres of forestry roading that is upgraded, maintained or built (measure from Estimates for Vote Transport)	66	17-23	230%	New measure

### How much did it cost?

FINANCIAL RESULTS	ACTUAL 2010/11 \$000	BUDGET 2010/11 \$000	VARIANCE 2010/11 \$000	ACTUAL 2009/10 \$000
Income	11,000	10,000	1,000	9,000
Expenditure	12,299	11,409	(890)	8,353
Net surplus/(deficit)	(1,299)	(1,409)		647

## How do we interpret our performance results?

### **NZTA investment**

Regional development funding overachieved its service delivery performance target. Performance highlights were:

- › the kilometres of forestry roading completed was far higher than anticipated because the completion of many projects targeted in 2009/10 carried over to 2010/11
- › from an investment perspective there has been insufficient progress made on approved projects and investment funds are under-utilised. The full year budget did not include a \$3 million carry forward at the time it was approved. While there has been some acceleration in road construction activity in the year (which has given rise to the \$890,000 overspend) this has not been sufficient to fully utilise the funding brought forward from 2009/10, and an application has been lodged with the Ministry of Transport to make further carry forward of funding of \$2 million into 2011/12

- › investments in this output class has funded roading improvements to support logging operations in Northland and Tairāwhiti. A range of works has been undertaken including pavement strengthening, shoulder improvements, better road alignments and general works to improve access for logging vehicles and reduce the impact of heavy logging traffic on the roading network. Both of these regions rely on the logging industry for a significant contribution to the local economy, so this output class has provided real support to economic development.

**OFFICIAL SCOPE:** Developing the forestry roading infrastructure in Northland and Tairāwhiti.



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
Transport planning	●	●	●	●			●	
Public transport infrastructure	●		●	●			●	●
Road user safety					●	●		
* New and improved infrastructure for local roads		●	●	●		●		
* Renewal of local roads		●	●	●				
* Maintenance and operation of local roads	●		●	●		●		
* Walking and cycling facilities						●	●	●
* Public transport services	●		●	●		●	●	●
* Rail and coastal freight	●	●	●					●
* Canterbury transport project								
* Regional development transport funding								

* The NZTA only invests in these output classes.			
<b>KEY</b>	● Outputs contribute to impacts	● Outputs have major contribution to impacts	NB: Where there is no dot, there may still be a small contribution

Output class titles annotated with a \* indicate that the NZTA does not deliver any goods or services. These output classes are investment only areas. The NZTA's investment partners (approved organisations) produce the goods and services in these output classes. For investment output classes the measure of NZTA service delivery is contained in the management of the funding allocation system output class.

## APPENDIX 2: NOTES TO THE STATEMENT OF SERVICE PERFORMANCE

### OUTPUT CLASSES THE NZTA DELIVERS

General note: All dollar values presented in the SSPs are nominal and have not been inflation adjusted.

#### Management of the funding allocation system

1. This measure was expressed in the SOI/SSP as follows 'average number of days taken from submission of application to approval of application'. The number of days in the measure is calculated from the date of receipt of a completed application.
2. This measure was expressed in the SOI/SSP as follows 'investment management (less taxi enforcement) costs as a % of the NLTP'. The total cost of the management of the funding allocation system is the NZTA service delivery cost for this output less the cost of taxi enforcement activity.
3. This measure replaces seven measures that were included (in the SSP) in outputs in which the NZTA invests. The outputs in which the measure appeared (in the SSP) are: transport planning, new infrastructure for and renewal of state highways, walking and cycling facilities, new and improved infrastructure for local roads, public transport infrastructure and training and research. The measure was expressed in a variety of ways in those outputs reflecting the different investment criteria that apply to the different outputs. Investment criteria are described in the NZTA's *Planning, programming and funding manual* ([www.nzta.govt.nz/resources/planning-programme-funding-manual/](http://www.nzta.govt.nz/resources/planning-programme-funding-manual/)). This measure is a measure of the overall 'quality' of the investments made. The NZTA's methodology for assessing activities for investment (set out in its *Planning, programming and funding manual*) must take account of a wide range of legal, financial and government policy requirements and guidelines. Strategic fit (which makes particular reference to the *Government policy statement on land transport funding* (GPS)), effectiveness and efficiency are key investment criteria. A target for this measure of 95% has been set (rather than 100%) because in most instances the 'benchmark' is not an absolute minimum requirement. Some activities may not meet the standard benchmark level. However, they may still be assessed as worthy investments. Where this measure was applied to the training and research output the target was 100%, reflecting the fact that there is an absolute minimum standard for investment in this output.
4. This measure replaces three measures that were in the SSP in three outputs in which the NZTA invests, namely: walking and cycling facilities, new and improved infrastructure for local roads and public transport infrastructure. The measure was expressed in the SOI/SSP as follows '% of projects with consistent assessment profiles – post-approval assessment and pre-implementation'. This is a measure of the quality of the NZTA's own processes for assessing investment proposals for compliance with the requirements set out in its *Planning, programming and funding manual* ([www.nzta.govt.nz/resources/planning-programme-funding-manual/](http://www.nzta.govt.nz/resources/planning-programme-funding-manual/)). The results are based on an audit of a sample of investments (activities approved for funding). The audits are conducted after approval and usually before an activity is underway. They are process audits intended to give assurance that the decision to invest was correct and that the prescribed process was correctly followed. The audit sample was drawn from

the above three outputs (and possibly from other outputs). The result reported is an overall result for all audits.

5. The NZTA is progressing a streamlining project which involves working with AOs to improve funding processes and reduce compliance costs. Surveys indicated a need for simple, timely and consistent services, and earlier investment signals. The project extends across planning, programming and funding of land transport activities and implementation of all improvements expected by the next three-year cycle of NLTP. As a consequence of these changes we expect improved stakeholder understanding of the processes we use and the decisions we make.
6. Two stakeholder measures, which reviewed stakeholder perceptions of the NZTA management of the funding allocation system, were merged into one. As explained in the performance notes the stakeholder survey was not conducted, but was replaced by a series of face-to-face interviews with key local authorities to better understand their perceptions of our management of the funding allocation system.

#### New and improved infrastructure for state highways and Crown contribution to accelerated state highway construction

1. This measure compares time, cost and quality of the project (at the time that construction commenced) with actual performance. It is a measure of the effectiveness of the NZTA as a project manager. Forty-six construction projects were completed in 2010/11 – 10 of these were large projects (>\$4 million) and 36 were small and medium sized projects (<\$4 million).
2. The NZTA is working to improve efficiency of delivery across all state highway works and services. Efficiency improvement opportunities are being formally identified and implemented and their success monitored and measured. The gains reported here reflect the cost savings from these specific initiatives.
3. The baseline programme is defined as the milestone and financial programme agreed at the start of the financial year for the investigation and design phases of the RoNS projects, excluding Tauranga Eastern link and Victoria Park Tunnel which are in construction.
4. Customer satisfaction was measured across all projects not just those greater than \$4 million.
5. Funds invested in 2010/11 were invested in accordance with the agreement between the NZTA and the Minister of Transport.
6. This measure was expressed in the SOI/SSP as follows '% of approved activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 6 as described in the NZTA *Planning, programming and funding manual*. This is a measure of the overall quality of the investments made under this output class. The NZTA's methodology for prioritising activities for investment is set out in its *Planning, programming and funding manual*. The NZTA must take account of a wide range of legal, financial and government policy



requirements and guidelines in determining which activities it will invest in. Strategic fit ((which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria and are each given a priority rating. A target for this measure of 95% has been set (rather than 100%) because some activities may not meet the benchmark but are still assessed as worthy investments.

7. This measure was expressed in the SOI/SSP as follows '% of projects reviewed post-implementation which have an assessment profile within approved construction thresholds'. This is a measure of the quality of NZTA investments. The results are based on an audit of a sample of activities which were approved for funding and implemented. Audits are conducted within five years of project completion. The audits (and therefore the result reported here) relate to expenditure from the years prior to 2010/11.
8. The NZTA is working to improve efficiency of delivery across all state highway works and services. Efficiency improvement opportunities are being formally identified and implemented and their success monitored and measured. The gains reported here reflect the estimated cost savings from these specific initiatives.

This measure was expressed in the SOI/SSP as follows '% of approved activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 6 as described in the NZTA's *Planning, programming and funding manual*. This is a measure of the overall quality of the investments made under this output class. The NZTA's methodology for prioritising activities for investment is set out in its *Planning, programming and funding manual*. The NZTA must take account of a wide range of legal, financial and government policy requirements and guidelines in determining which activities it will invest in. The state highway renewals programme must meet economic, efficiency criteria and renewal must be the least cost whole-of-life option available.

### Renewals for state highways

1. This measure has been reworded. The words 'cost of' have been substituted for the words 'allocation for'. Actual expenditure is reported. The divisor in this measure relates to the network, not the portion of the network that was renewed. The measure should be relatively stable over time reflecting a well-managed renewal programme. Change will be driven by currency value changes (inflation/deflation) and steady growth in the size of the network.
2. The footnote will need to say that this measure replaces three measures that were found (in the SSP) in three outputs in which the NZTA invests. Commentary here would relate to any failures and would refer readers to the end note for more detail.

This measure replaces seven measures that were included (in the SOI SSP) in outputs in which the NZTA invests. The outputs in which the measure appeared (in the SSP) are: transport planning, new infrastructure for and renewal of state highways, walking and cycling facilities, new and improved infrastructure for local roads, public transport infrastructure and training and research. The measure was expressed in a variety of ways in those outputs reflecting the different investment criteria that apply to the different outputs. Investment criteria are described in the NZTA's *Planning, programming and funding manual* (<http://www.nzta.govt.nz/resources/planning-programme-funding-manual/>). This measure is a measure of the overall quality of the investments made. The NZTA's methodology for assessing activities for investment (set out in its *Planning, programming and funding manual*) must take account of a wide range of legal, financial and government policy requirements and guidelines. Strategic fit (which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria. A target for this measure of 95% has been set (rather than 100%) because in most instances the benchmark is not an absolute minimum requirement.

Some activities may not meet the standard benchmark level. However, they may still be assessed as worthy investments. Where this measure was applied to the training and research output, the target was 100%, reflecting the fact that there is an absolute minimum standard for investment in this output.

3. Skid resistance (to ensure safe stopping) of the state highway network is measured regularly. Minimum acceptable levels of skid resistant are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to improve skid resistance.
4. Rutting in the road surface (long shallow channels generally found in wheelpaths) is one of the key indicators of the health of the underlying pavement and the need for pavement renewal. Ruts often also hold water and thus lower skid resistance.
5. The target (for the /vkt measure) was meant to be 0.95-1.05c/km. There was an omission in the wording of the measure - the words 'excluding emergency reinstatement' have been added.
6. This measure was expressed in the SOI/SSP as '% of approved activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 6 as described in the NZTA *Planning, programming and funding manual*'. This is a measure of the overall quality of the investments made under this output class. The NZTA's methodology for prioritising activities for investment is set out in its *Planning, programming and funding manual*. The NZTA must take account of a wide range of legal, financial and government policy requirements and guidelines in determining which activities it will invest in. Strategic fit ((which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria and are each given a priority rating. A target for this measure of 95% has been set (rather than 100%) because some activities may not meet the benchmark but are still assessed as worthy investments.

### Maintenance and operation of state highways

1. The NZTA is working to improve efficiency of delivery across all state highway works and services. Efficiency improvement opportunities are being formally identified and implemented and their success monitored and measured. The gains reported here reflect the estimated cost savings from these specific initiatives.
2. The NZTA maintains records of all unscheduled closures of a state highway link which have a significant impact on road users. The availability result reported for this measure is calculated from those closure records.
3. This measure has been reworded. The words 'cost of' have been substituted for the words 'allocation for'. Actual expenditure is reported. The target was incorrectly given in the SOI/SSP as 12.5-14.5c/km.
4. This measure replaces seven measures that were included (in the SSP) in outputs in which the NZTA invests. The outputs in which the measure appeared (in the SSP) are: transport planning, new infrastructure for and renewal of state highways, walking and cycling facilities, new and improved infrastructure for local roads, public transport infrastructure and training and research. The measure was expressed in a variety of ways in those outputs reflecting the different investment criteria that apply to the different outputs. Investment criteria are described in the NZTA *Planning, programming and funding manual* ([www.nzta.govt.nz/resources/planning-programme-funding-manual/](http://www.nzta.govt.nz/resources/planning-programme-funding-manual/)). This measure is a measure of the overall quality of the investments made. The NZTA's methodology for assessing activities for investment (set out in its *Planning, programming and funding manual*) must take account of a wide range of legal, financial and government policy requirements and guidelines.

Strategic fit (which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria. A target for this measure of 95% has been set (rather than 100%) because in most instances the 'benchmark' is not an absolute minimum requirement. Some activities may not meet the standard benchmark level, however, they may still be assessed as worthy investments. Where this measure was applied to the training and research output, the target was 100%, reflecting the fact that there is an absolute minimum standard for investment in this output.

- 43% increase in emergency reinstatement as the result of extreme weather events and the impact of the Canterbury earthquakes.

### Sector training and research

- This measure replaces seven measures that were included (in the SOI/SSP) in outputs in which the NZTA invests. The outputs in which the measure appeared (in the SSP) are: transport planning, new infrastructure for and renewal of state highways, walking and cycling facilities, new and improved infrastructure for local roads, public transport infrastructure and training and research. The measure was expressed in a variety of ways in those outputs reflecting the different investment criteria that apply to the different outputs. Investment criteria are described in the NZTA's *Planning, programming and funding manual* (<http://www.nzta.govt.nz/resources/planning-programme-funding-manual/>). This measure is a measure of the overall quality of the investments made. The NZTA's methodology for assessing activities for investment (set out in its *Planning, programming and funding manual* must take account of a wide range of legal, financial and government policy requirements and guidelines. Strategic fit (which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria. A target for this measure of 95% has been set (rather than 100%) because in most instances the benchmark is not an absolute minimum requirement. Some activities may not meet the standard benchmark level. However, they may still be assessed as worthy investments. Where this measure was applied to the training and research output the target was 100%, reflecting the fact that there is an absolute minimum standard for investment in this output.
- The word 'administration' has been changed to specifically refer to 'editing and publishing'.
- The NZTA is currently undertaking an evaluation of the end use of its research reports and the findings of its Research Programme. The evaluation will provide the NZTA with information about the value, to intended end users, of the research and the resulting reports funded by the programme, including how research findings have informed new or existing policies and programmes, attitude change, infrastructure development, land use and transport planning, travel behaviour and further research. The report, which will inform this measure, is due in June 2011.
- The evaluation described in 3 above will inform the NZTA's response to this measure, along with the findings of the stakeholder survey. This question was removed from the stakeholder engagement survey.
- This measure compares planned time, cost and quality of the project with actual performance. It is a measure of the effectiveness of the NZTA as a project manager.

### Administration of the SuperGold cardholders scheme

- The NZTA's service to regional councils was measured by its speed of processing claims. Claims are received, validated and paid electronically.

### Regulatory implementation and enforcement

- The audit/monitoring programme assesses compliance with regulatory standards/requirements for vehicles, drivers, operators and transport system providers while the NZTA agent audit programme assesses compliance with service delivery standards agents are required to meet under their contracts.
- Land transport rules are a form of delegated legislation similar to regulations. The NZTA produces rules under an agreement with the Secretary for Transport under which it received funding of \$800,000 in 2010/11. Rules are signed into law by the Minister of Transport under the Land Transport Act 1998. Rules can be made on a variety of subjects related to the objectives of the government's New Zealand Transport Strategy and the GPS. These include assisting economic development, maintaining and improving land transport safety and security (including personal), improving access and mobility, protecting and promoting public health and helping to ensure environmental sustainability.
- These four measures have replaced the SOI/SSP measure: 'Delivery of an agreed audit programme covering: (1) regulatory compliance of rail licence holders and licensed transport operators, eg passenger services (including taxis) and goods and services and (2) agent service delivery (including driver testing, licence administration, and vehicle certification services) according to agreed standards'. These four new measures test effectiveness of the auditing of compliance with regulations by the holders of rail and transport services. The fourth of these measures focuses on the auditing of compliance by the NZTA's agents with required service delivery standards. Agent activities include driver testing, licence administration and vehicle certification services.

### Road tolling scheme

No notes

### Licensing activities

No notes

### Motor vehicle registry

No notes

### Road user charges collection, investigation and enforcement

- This measure was expressed in the SOI/SSP as 'Identified evaded revenue recovered'.
- This measure was expressed in the SOI/SSP as '% increase of licences paid online'. The NZTA's delivery channels strategy seeks to increase the percentage of customers who transact with us online.

### Refund of excise duty

No notes

## OUTPUT CLASSES THE NZTA DELIVERS ALONG WITH LOCAL AUTHORITIES

### TRANSPORT PLANNING

1. This measure was expressed in the SOI/SSP as ' % of strategies and packages endorsed with no rework'. The NZTA works collaboratively with its local authority partners as they prepare strategies, plans and packages to help ensure that when they are formally received they are of high quality, meet the NZTA assessment criteria and are therefore suitable for support or endorsement by the NZTA.
2. This measure was expressed in the SOI / SSP as ' % of state highways studies and strategies programme completed'. The reference to 'strategies' has been removed as it was included in error. The programme covers state highway corridor studies only.
3. This measure was expressed in the SOI / SSP as follows ' % of investment targeted to studies directly supporting regional land transport strategies and with high strategic fit'. The NZTA has raised the level of investment in activities which address strategically important transport planning issues.
4. Two stakeholder measures, which reviewed stakeholder perceptions of the NZTA's management of the funding allocation system and transport planning contribution, were merged into one. As explained in the performance notes, the stakeholder survey was not conducted, but was replaced by a series of face-to-face interviews with key local authorities to better understand their perceptions of our management of funding allocation and transport planning contribution.

### Public transport infrastructure

1. This measure was expressed in the SOI/SSP as ' % of projects reviewed post implementation which have an assessment profile within approved construction thresholds'. This is a measure of the quality of NZTA investments. The results are based on an audit of a sample of activities which were approved for funding and implemented. Audits are conducted within five years of project completion. The audits (and therefore the result reported here) relate to expenditure from years prior to 2010/11.
2. This measure was expressed in the SOI/SSP as ' % of approved activities invested in with an investment profile for strategic

fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA's *Planning, programming and funding manual*'. The NZTA's methodology for prioritising activities for investment is set out in its *Planning, programming and funding manual*. The NZTA must take account of a wide range of legal, financial and government policy requirements and guidelines in determining which activities it will invest in. Strategic fit (which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria and are each given a priority rating. A target for this measure of 95% has been set (rather than 100%) because some activities may not meet the benchmark but are still assessed as worthy investments.

3. This measure was expressed in the SOI/SSP as ' % of projects with consistent assessment profiles – post-approval assessment and pre-implementation'. This is a measure of the quality of the NZTA's own processes for assessing investment proposals for compliance with the requirements set out in the *Planning, programming and funding manual*. The results are based on an audit of a sample of investments (activities approved for funding). The audits are conducted after approval and usually before the activity is underway. The audit is a process audit intended to give assurance that the decision to invest was correct and that the prescribed process was correctly followed. The audit sample was drawn from a number of outputs including this output. The result reported is an overall result for all audits.

### Road user safety

1. The survey is a computer aided telephone interviewing (CATI) design 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).
2. The new measure for community programme delivery against outcomes does not have a suitable methodology to produce meaningful results. This is because of the technical difficulty and expense. For 2011/12 we have a business improvement project in place to review the measure and determine an appropriate measure.

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

### New and Improved infrastructure for local roads

1. This measure was expressed in the SOI/SSP as ' % of projects reviewed post-implementation which have an assessment profile within approved construction thresholds'. This is a measure of the quality of NZTA investments. The results are based on an audit of a sample of activities which were approved for funding and implemented. Audits are conducted within five years of project completion. The audits (and therefore the result reported here) relate to expenditure from years prior to 2010/11.
2. This measure was expressed in the SOI/SSP as ' % of approved activities invested in with an investment profile for strategic fit , effectiveness and efficiency of at least priority order 5 as described in the NZTA *Planning, programming and funding manual*.' This is a measure of the overall 'quality' of the investments made under this output class. The NZTA's methodology for prioritising activities for investment are set out in its *Planning, programming and funding manual*. The NZTA must take account of a wide range of legal, financial and government policy requirements and guidelines in determining which activities it will invest in. Strategic fit (which makes particular reference to the GPS), effectiveness

and efficiency are key investment criteria and are each given a priority rating. A target for this measure of 95% has been set (rather than 100%) because some activities may not meet the benchmark but are still assessed as worthy investments.

3. This measure was expressed in the SOI/SSP as ' % of projects with consistent assessment profiles – post-approval assessment and pre-implementation'. This is a measure of the quality of the NZTA's own processes for assessing investment proposals for compliance with the requirements set out in the *Planning, programming and funding manual*. The results are based on an audit of a sample of investments (activities approved for funding). The audits are conducted after approval, and usually before the activity is underway. The audit is a process audit intended to give assurance that the decision to invest was correct and that the prescribed process was correctly followed. The audit sample was drawn from a number of outputs including this output. The result reported is an overall result for all audits.

4. This measure replaces seven measures that were included (in the SSP) in outputs in which the NZTA invests. The outputs in which the measure appeared (in the SSP) are: transport planning, new infrastructure for and renewal of state highways, walking and cycling facilities, new and improved infrastructure for local roads, public transport infrastructure and training and research. The measure was expressed in a variety of subtle different ways in those outputs reflecting the different investment criteria that apply to the different outputs. Investment criteria are described in the NZTA *Planning, programming and funding manual* (<http://www.nzta.govt.nz/resources/planning-programme-funding-manual/>). This measure is a measure of the overall 'quality' of the investments made. The NZTA's methodology for assessing activities for investment (set out in its *Planning, programming and funding manual*) must take account of a wide range of legal, financial and government policy requirements and guidelines. Strategic fit (which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria. A target for this measure of 95% has been set (rather than 100%) because in most instances the 'benchmark' is not an absolute minimum requirement. Some activities may not meet the standard benchmark level, however, they may still be assessed as worthy investments. Where this measure was applied to the training and research output the target was 100%, reflecting the fact that there is an absolute minimum standard for investment in this output.

5. This measure replaces three measures that were found (in the SSP) in three outputs in which the NZTA invests, namely: walking and cycling facilities, new and improved infrastructure for local roads and public transport infrastructure. The measure was expressed in the SOI/SSP as follows ' % of projects with consistent assessment profiles – post-approval assessment and pre-implementation'.

This is a measure of the quality of the NZTA's own processes for assessing investment proposals for compliance with the requirements set out in its *Planning, programming and funding manual* (<http://www.nzta.govt.nz/resources/planning-programme-funding-manual/>). The results are based on an audit of a sample of investments (activities approved for funding). The audits are conducted after approval and usually before an activity is underway. They are process audits intended to give assurance that the decision to invest was correct and that the prescribed process was correctly followed. The audit sample was drawn from the above three outputs (Maybe also from other outputs). The result reported is an overall result for all audits.

### Renewal of local roads

1. This measure has been reworded. The words 'cost of' have been substituted for the words 'allocation for'. Actual expenditure is reported. The divisor in this measure relates to the network not the portion of the network that was renewed. The measure should be relatively stable over time reflecting a well managed renewal programme. Change will be driven by currency value changes (inflation/deflation) and growth in the size of the network.
2. The NZTA routinely conducts technical reviews of local authorities to assess the value for money of NZTA's investment by reviewing the management and condition of the network. In 2010/11, 14 such reviews were completed.

3. All local authorities measure and report annually a surface condition index for their sealed road network. The trend in this measure gives an indication of the effectiveness of the NZTA (and local authority) investment in renewal activity in managing surface condition. The figure given is the national average value taken across the entire local road network. This change will change the target from >95 to <5.
4. The rewording of this measure consists of deleting '(average index value for the whole of the network)' and a change from '(100-PII)' to '(index)'. All local authorities measure and report annually, a pavement integrity index for their sealed road network. The index value is derived from measurement of road pavement faults on a sample of the sealed network. The trend in this measure gives an indication of the effectiveness of the NZTA (and local authority) investment in renewal activity in managing pavements. The figure given is the national average value taken across the entire local road network. This change will alter the target from >90 to <10.
5. The target was published in error in the 2010-13 SOI/SSP as 10-11.5c/km – the decimal point was in the wrong place.
6. The surface condition and pavement integrity measures show that the NZTA and local authorities are continuing to invest in and maintain the viability of their local road networks. The trend is for network quality to remain steady in challenging times.
7. This measure replaces seven measures that were included (in the SSP) in outputs in which the NZTA invests. The outputs in which the measure appeared (in the SSP) are: transport planning, new infrastructure for and renewal of state highways, walking and cycling facilities, new and improved infrastructure for local roads, public transport infrastructure and training and research. The measure was expressed in a variety of ways in those outputs reflecting the different investment criteria that apply to the different outputs. Investment criteria are described in the NZTA's *Planning, programming and funding manual* (<http://www.nzta.govt.nz/resources/planning-programme-funding-manual/>). This measure is a measure of the overall quality of the investments made. The NZTA's methodology for assessing activities for investment (set out in its *Planning, programming and funding manual*) must take account of a wide range of legal, financial and government policy requirements and guidelines. Strategic fit (which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria. A target for this measure of 95% has been set (rather than 100%) because in most instances the benchmark is not an absolute minimum requirement. Some activities may not meet the standard benchmark level. However, they may still be assessed as worthy investments. Where this measure was applied to the training and research output the target was 100%, reflecting the fact that there is an absolute minimum standard for investment in this output.

### Maintenance and operations of local roads

1. This measure has been reworded. The words 'cost of' have been substituted for the words 'allocation for'. Actual expenditure is reported. These measures are taken across the entire local road network. Cost of maintenance per network lane-km, cents per vehicle kilometre travelled and cost of emergency reinstatement for 2009/10 were reviewed and errors corrected.
2. The NZTA routinely conducts technical reviews of local authorities to test for compliance with policies, review management systems and the condition of the network, etc.
3. This measure was expressed in the SOI/SSP as 'Ride quality on the sealed network (STE)'. All local authorities measure and report annually a 'smooth travel exposure' (STE) figure for their network. It is a measure of the proportion of travel (proportion of vehicles kilometres traveled on the network) that occurs on pavements smoother than a nominated threshold.

The trend in this measure is an indicator of the effectiveness of local authority road maintenance and renewal activity in keeping pace with pavement and surface deterioration. The figure given is the national average value taken across the entire local road network.

4. The local road network comprises 83,185km and total VKT during 2010/11 was 21.5 billion kilometres travelled.
5. The surface condition and pavement integrity measures show that the NZTA and local authorities are continuing to invest in and maintain the viability of their local road networks. The trend is for network quality to remain steady in challenging times. The index is also a reflection of the overall effectiveness of past investment and management decisions.

### Walking and cycling

1. This measure was expressed in the SOI/SSP as ‘% of approved activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA’s *Planning, programming and funding manual*’. This is a measure of the overall quality of the investments made under this output class. The NZTA’s methodology for prioritising activities for investment is set out in its *Planning, programming and funding manual*. The NZTA must take account of a wide range of legal, financial and government policy requirements and guidelines in determining which activities it will invest in. Strategic fit (which makes particular reference to the GPS), effectiveness and efficiency are key investment criteria and are each given a priority rating. A target for this measure of 95% has been set (rather than 100%) because some activities may not meet the benchmark but are still assessed as worthy investments.
2. This measure was expressed in the SOI/SSP as ‘% of projects with consistent assessment profiles post-approval assessment and pre-implementation’. This is a measure of the quality of the NZTA’s own processes for assessing investment proposals for compliance with the requirements set out in the *Planning, programming and funding manual*. The results are based on an audit of a sample of investments (activities approved for funding). The audits are conducted after approval and usually before the activity is underway. The audit is a process audit intended to give assurance that the decision to invest was correct, and that the prescribed process was correctly followed. The audit sample was drawn from a number of outputs including this output. The result is an overall result for all audits.

### Public transport services

1. The results reported (\$1.36) is the average amount per passenger boarding (per person trip). It is calculated across all scheduled public passenger transport services (bus, train, and ferry) within all urban areas where public funding is invested in such services. The figure represents NZTA funding only. A similar amount of local government funding is invested in these services. These are nominal values and are not inflation-adjusted.
2. The percentage figure (48.6%) reported is the proportion that fares (paid directly by passengers) are of the total amount paid (by passengers plus local and central government (the NZTA) to the operators of urban public transport services. It is calculated across all scheduled public passenger transport services (bus, train and ferry) within all urban areas where public funding is invested in such services. Government has recently established a target for this figure of 50%. The trend in this figure will be monitored. The national farebox recovery rate, a key measure of performance in public transport, recorded a jump of close to 2% to 48.6%, easily the biggest increase since 2002/03. Performance in farebox recovery rates was positive in all medium to major centres with the exception of Canterbury. The reason for this strong result was due to operational costs being well maintained at 2009/10 levels, and farebox recovery being well up on 2009/10. In 2010/11 fares recovered totalled \$275.1 million, a \$22.8 million (9%) increase over 2009/10.
3. This measure was expressed in the SOI/SSP as ‘number of passengers using public transport subsidised by the NZTA (includes buses, trains, and ferry)’. The changes to the wording include elimination of the reference to NZTA funding. The intent of the measure is to report total urban public transport passenger trips and not limit the measure to trips partly funded by the NZTA. Other measures for this output show the relationship between the contribution to the cost of urban public transport by the passengers and the amount contributed by central and local government.

### Enhanced public transport concessions for SuperGold cardholders

No notes

### Rail and coastal freight

1. The one condition of use of the appropriation (in the Performance information for appropriations – Vote Transport document for 2010/110 states ‘all activities are assessed in accordance with the methodology set out in the *Planning, programming and funding manual* and section 20 of the Land Transport Management Act 2003’. This condition has been complied with.

### Canterbury transport project

No notes

### Regional development transport funding

No notes

**SECTION F:  
PROGRESS ON  
THE STATEMENT  
OF FINANCIAL  
PERFORMANCE**



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## 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 2011.

Signed on behalf of the Board:



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**Chris Moller**

Chair  
NZ Transport Agency

4 OCTOBER 2011



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**Jerry Rickman**

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

4 OCTOBER 2011

Countersigned by:



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**Geoff Dangerfield**

Chief Executive Officer  
NZ Transport Agency

4 OCTOBER 2011



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**Paul Helm**

Chief Financial Officer  
NZ Transport Agency

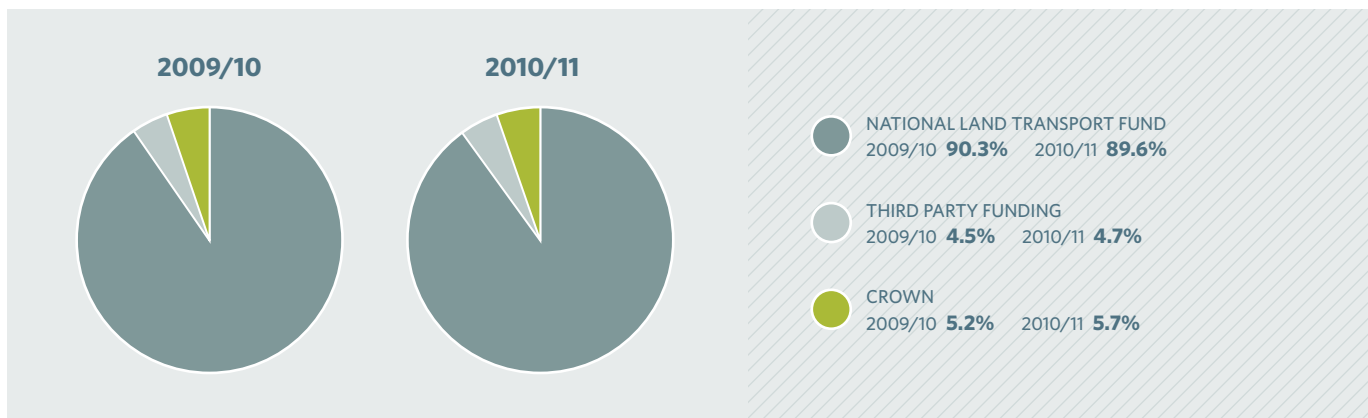
4 OCTOBER 2011

## HIGHLIGHTS FROM OUR FINANCIAL STATEMENTS

### \$1.92 billion TOTAL INCOME

The following charts show the various sources of our income. The largest contribution is from the National Land Transport Fund (NLTF). We also receive revenue from the Crown to support our objectives and for specific projects such as the Canterbury transport project and the SuperGold cardholders scheme. Third party revenue comes mostly from our licensing activities, motor vehicle register and regulatory activities.

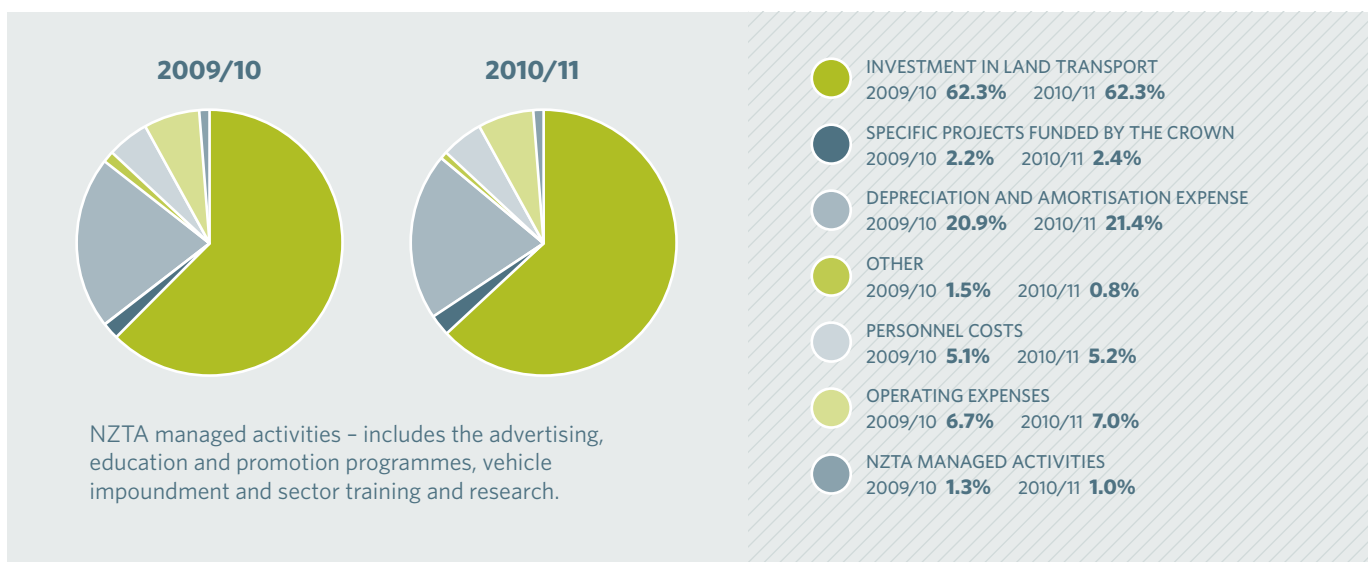
#### INCOME BY SOURCE



### \$1.95 billion TOTAL EXPENDITURE

The following charts show the allocation of our expenditure by type. Our expenditure is guided by the priorities identified in our *Statement of intent*. The majority of our expenditure was directly related to maintaining and improving our land transport infrastructure. Depreciation and amortisation, reflecting the cost of asset ownership, contributed 21.4% of our annual expenditure.

#### EXPENSE BY TYPE





## \$34.69 million NET DEFICIT

Our net deficit reflects the combined operations of the NZTA itself, our investment in land transport and specific projects completed on behalf of the Crown.

OPERATIONS		INVESTMENT IN LAND TRANSPORT		SPECIFIC PROJECTS FUNDED BY THE CROWN		TOTAL
Income \$228.654m	+	Income \$1,644.461m	+	Income \$45.835m	=	Total income \$1,918.950m
-		-		-		-
Expenditure \$228.511m	+	Expenditure \$1,678.024m	+	Expenditure \$47.107m	=	Total expenditure \$1,953.642m
=		=		=		=
Net surplus/(deficit) \$0.143m	+	Net surplus/(deficit) \$(33.563)m	+	Net surplus/(deficit) \$(1.272)m	=	Total net surplus/(deficit) \$(34.692)m

### OPERATIONS

Activities the NZTA is accountable for, and delivers in-house or contracts out.

This surplus compares favourably to the budgeted deficit of \$5.838 million due to:

- › the deferment of contracted out expenses (safety advertising campaigns and research grants)
- › lower costs related to the merger that established the NZTA (exit lease costs in particular)
- › unfavourable variance in third party funded activities attributable mainly to driver licensing following a decrease in the number of licences issued.

### INVESTMENT IN LAND TRANSPORT

Funding for the maintenance and operation of the state highway network and funding provided by the NZTA to approved organisations for the delivery of services.

This deficit when compared to the budgeted surplus of \$24.50 million was caused by pressure on the maintenance budget due to extensive damage to the road network, following the Canterbury earthquakes and storms in the North Island.

### SPECIFIC PROJECTS FUNDED BY THE CROWN

This includes the Canterbury transport project, regional development transport funding and SuperGold card public transport concessions.

This deficit compares favourably to a budgeted deficit of \$1.70 million due to a review of the SuperGold card scheme resulting in funding being better aligned with activity costs.

Supplementary information for each of these segments is provided on pages 157 to 166.

## \$25.27 billion NET ASSETS

The statement of financial position shows what we own (our assets), what we owe (our liabilities) and our overall net worth (represented by our net assets/equity).

	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
Total assets	25,756,805	27,187,443	25,322,189
Less total liabilities	491,314	504,906	367,085
<b>NET ASSETS/EQUITY AT END OF YEAR</b>	<b>25,265,492</b>	<b>26,682,537</b>	<b>24,955,105</b>

We continue to maintain a strong balance sheet, with over \$25.757 billion of assets and a very low level of liabilities.

The state highway network accounts for 98% of our overall asset base. It increased in value in 2010/11 by \$285.705 million. This is the net impact from investment of \$1.377 billion, a revaluation loss of \$642.170 million, depreciation of \$407.521 million and disposals and write-offs of \$41.251 million.

### HOW WE HAVE INVESTED IN OUR ASSETS

We have spent \$1.386 billion in our capital expenditure programme, which has been invested in the following:

	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
Investment in state highways	1,376,647	1,194,119	1,289,617
Investment in information technology	4,585	7,000	4,720
Investment in the driver licence and motor vehicle registers	1,688	6,077	3,937
Investment in offices and equipment	3,068	5,330	3,601
<b>TOTAL</b>	<b>1,385,988</b>	<b>1,212,526</b>	<b>1,301,875</b>

Total capital expenditure was \$173.462 million higher than budgeted as a result of an acceleration of our investment in developing and managing the state highway programme and the RoNS programme in particular.

Investment in other assets was lower than budgeted due to the timing of projects, with the balance to be carried forward into 2011/12.

## \$25.27 billion TOTAL EQUITY

Equity is represented by our net worth, which is the total value of our assets of \$25.757 billion minus total liabilities of \$491.314 million.

	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
Crown's investment in the NZTA	5,198	4,791	5,198
Crown's investment in the state highway network	25,199,643	26,628,666	24,887,386
Retained funds for operations	24,469	19,752	22,971
Retained funds for NLTP	0	0	14,181
Retained funds for specific Crown projects	784	0	2,056
Deficit accumulated from third party activities	(6,088)	(3,471)	(2,647)
National Land Transport Programme funds provided to local authority	41,486	32,800	25,960
<b>TOTAL EQUITY</b>	<b>25,265,492</b>	<b>26,682,537</b>	<b>24,955,105</b>

Total equity is \$1.417 billion lower than budgeted. This is primarily because:

- › opening equity was \$479.438 million lower than budgeted, in the 2009/10 SOI due to impacts from the subsequent audited 2009/10 financial statements
- › the state highway revaluation movement of \$642.063 million for 2010/11, which is \$1.122 billion less than budgeted.

## FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>				
Revenue from the Crown	2	90,126	84,010	86,080
Revenue from the Crown for contracted services	2	18,584	18,548	18,586
Revenue from the National Land Transport Fund	2,31	1,719,766	1,748,020	1,800,618
Revenue from third parties	3	90,474	93,518	89,021
Total income		1,918,950	1,944,096	1,994,305
<b>EXPENDITURE</b>				
Personnel costs	4	101,273	104,146	100,145
Operating expenses	5,31	155,134	120,861	159,239
Investment in land transport <sup>a</sup>	31	1,217,583	1,245,261	1,234,926
Specific projects funded by the Crown		47,107	43,453	42,809
Depreciation and amortisation expense	6,31	417,430	398,100	414,102
Capital charge	7	390	313	1,409
State highway asset write-off		14,627	15,000	28,050
Interest on borrowing		98	0	0
Total expenditure		1,953,642	1,927,134	1,980,680
<b>NET SURPLUS/(DEFICIT)</b>		<b>(34,692)</b>	<b>16,962</b>	<b>13,625</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Gain/(loss) on SH network and bailey bridging revaluations		(642,063)	480,000	(64,120)
Total other comprehensive income		(642,063)	480,000	(64,120)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(676,755)</b>	<b>496,962</b>	<b>(50,495)</b>

a. Investment in land transport refers to National Land Transport Programme funding the NZTA provides to approved organisations for the delivery of services, and the NZTA's maintenance and operation of the state highway network. Further details are in the supplementary information provided.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	8,31	71,115	11,271	62,585
Debtor National Land Transport Fund and Crown	9,31	432,607	462,428	297,709
Debtors and other receivables	10	42,515	32,938	52,577
Prepayments		462	220	496
Inventories		216	180	104
Total current assets		546,915	507,037	413,471
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	11,31	19,536	14,184	19,535
State highway network	12,31	25,119,414	26,595,622	24,833,709
Bailey bridging	13	7,312	5,730	7,384
Intangible assets	14,31	34,793	31,200	22,130
Loans and advances	15	28,835	33,670	25,960
Total non-current assets		25,209,890	26,680,406	24,908,718
<b>TOTAL ASSETS</b>		<b>25,756,805</b>	<b>27,187,443</b>	<b>25,322,189</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Creditors and other payables	16,31	362,033	491,927	352,286
Tolling funds held in trust		2,943	3,379	1,520
Employee entitlements	17,31	11,641	3,600	10,487
Borrowing	18,31	110,000	0	0
Total current liabilities		486,617	498,906	364,293
<b>NON-CURRENT LIABILITIES</b>				
Creditors and other payables	16	744	0	0
Employee entitlements	17,31	3,953	6,000	2,792
Total non-current liabilities		4,697	6,000	2,792
<b>TOTAL LIABILITIES</b>		<b>491,314</b>	<b>504,906</b>	<b>367,085</b>
<b>NET ASSETS</b>		<b>25,265,492</b>	<b>26,682,537</b>	<b>24,955,105</b>
<b>EQUITY</b>				
General funds		5,198	4,791	5,198
Retained funds - NZTA operations		24,469	19,752	22,971
Memorandum account - Third party fees and charges		(6,088)	(3,471)	(2,647)
State highway network <sup>a</sup>		25,199,643	26,628,666	24,887,386
Retained funds - National Land Transport Programme		0	0	14,181
Retained funds - specific projects funded by the Crown		784	0	2,056
National Land Transport Programme funds provided to local authority		41,486	32,800	25,960
<b>TOTAL EQUITY</b>	19	<b>25,265,492</b>	<b>26,682,537</b>	<b>24,955,105</b>

a. State highways includes the state highway investment (including bailey bridging) and revaluation reserves.

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Note	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>EQUITY – OPENING BALANCES</b>				
General funds		5,198	4,791	25,785
Retained funds – NZTA operations		22,971	25,289	23,926
Memorandum account – third party fees and charges		(2,647)	(3,171)	(14,929)
State highways		24,887,386	25,358,416	23,642,614
Retained funds – National Land Transport Programme		14,181	22,717	633,435
Retained funds – specific projects funded by the Crown		2,056	1,701	1,569
National Land Transport Programme funds provided to local authority		25,960	24,800	0
Total equity – opening balance		24,955,105	25,434,543	24,312,400
<b>CHANGES IN EQUITY</b>				
<b>Equity movements</b>				
General funds		0	0	(20,587)
Memorandum account – third party fees and charges		0	0	20,587
State highways		954,320	790,250	1,308,892
Retained funds – National Land Transport Programme		(969,846)	(798,250)	(1,334,852)
National Land Transport Programme funds provided to local authority		15,526	8,000	25,960
		0	0	0
<b>Comprehensive income</b>				
Retained funds – NZTA operations		1,498	(5,537)	(955)
Memorandum account – third party fees and charges		(3,441)	(301)	(8,305)
Retained funds – National Land Transport Programme		(31,477)	24,501	22,398
Retained funds – specific projects funded by the Crown		(1,272)	(1,701)	487
State highways – gain/(loss) on revaluations		(642,063)	480,000	(64,120)
		(676,755)	496,962	(50,495)
<b>Owner transactions</b>				
Capital contribution – National Land Transport Programme	20	877,142	751,032	693,200
Borrowing – National Land Transport Programme		110,000	0	0
		987,142	751,032	693,200
Total changes in equity		310,387	1,247,994	642,705
<b>EQUITY – CLOSING BALANCE</b>				
General funds		5,198	4,791	5,198
Retained funds – NZTA operations		24,469	19,752	22,971
Memorandum account – third party fees and charges		(6,088)	(3,472)	(2,647)
State highways		25,199,643	26,628,666	24,887,386
Retained funds – National Land Transport Programme		0	0	14,181
Retained funds – specific projects funded by the Crown		784	0	2,056
National Land Transport Programme funds provided to local authority		41,486	32,800	25,960
<b>TOTAL EQUITY – CLOSING BALANCE</b>	19	<b>25,265,492</b>	<b>26,682,537</b>	<b>24,955,105</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Crown revenue		108,710	102,558	104,666
Receipts from National Land Transport Fund revenue		1,694,868	1,745,137	1,981,324
Receipts from third party revenue		100,281	79,630	77,549
Interest received		255	950	572
Payments to suppliers		(1,408,662)	(1,382,909)	(1,518,856)
Payments to employees		(98,958)	(104,146)	(98,084)
Interest paid		(98)	0	0
Payments for capital charge		(390)	(313)	(1,409)
Goods & services tax (net)		674	0	28,554
Net cash from operating activities	21	396,680	440,907	574,316
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts from sale of property, plant and equipment		1,371	20,526	1,420
Receipts from sale of intangible assets		51	0	2,310
Receipts from sale of state highway held properties		26,624	0	15,137
Purchase of property, plant and equipment		(6,349)	(8,606)	(2,697)
Purchase of intangible assets		(17,962)	(1,956)	(13,001)
State highway network		(1,376,647)	(1,194,119)	(1,289,617)
Loan to local authority		(2,380)	(8,000)	(25,960)
Net cash from investing activities		(1,375,292)	(1,192,155)	(1,312,408)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Capital contribution from the National Land Transport Fund	20	877,142	751,032	693,200
Borrowings	18	110,000	0	0
Net cash from financing activities		987,142	751,032	693,200
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		8,530	(216)	(44,892)
Cash and cash equivalents at the beginning of the year		62,585	11,487	107,477
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<b>71,115</b>	<b>11,271</b>	<b>62,585</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

### Reporting entity

The NZTA is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the NZTA's ultimate parent is the New Zealand Crown.

The NZTA's primary objective is to provide services to the NZ public, as opposed to making a financial return. Accordingly, the NZTA has designated itself a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the NZTA are for the year ended 30 June 2011, and were approved by the Board on 19 September 2011.

### Basis of preparation

#### Statement of compliance

The financial statements of the NZTA have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

#### Measurement base

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the state highway network and bailey bridging stock. The measurement of financial assets and financial liabilities is at amortised cost.

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

#### Functional and presentation currency

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

The functional currency of the NZTA is New Zealand dollars.

#### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

#### Early adopted amendments to standards

The following amendments to standards have been early adopted:

- › NZ IFRS 7 *Financial instruments: disclosures* – The effect of early adopting these amendments is the following information is no longer disclosed:
  - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated, and
  - the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.
- › NZ IAS 24 *Related party disclosures (revised 2009)* – The effect of early adopting the revised NZ IAS 24 is:
  - more information is required to be disclosed about transactions between the NZTA and entities controlled, jointly controlled, or significantly influenced by the Crown
  - commitments with related parties require disclosure
  - information is required to be disclosed about any related party transactions with Ministers of the Crown.

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to the NZTA include:

- › NZ IFRS 9 *Financial instruments* will eventually replace NZ IAS 39 *Financial instruments: recognition and measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2014. The NZTA has not yet assessed the effect of the new standard and expects it will not be early adopted.

## Significant accounting policies

### 1.1 REVENUE

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

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

#### *Revenue from the Crown and the NLTF*

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

#### *Rental income*

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

### 1.2 CAPITAL CHARGE

The capital charge is recognised as an expense in the period to which the charge relates. The capital charge for 2010/11 has been calculated by applying the capital charge rate to the balance of general funds.

### 1.3 BORROWING COSTS

The NZTA has elected to defer adoption of the revised NZ IAS 23 *Borrowing costs (revised 2007)* in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the financial year in which they are incurred.

### 1.4 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the NZTA under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### 1.5 CASH AND CASH EQUIVALENTS

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

### 1.6 DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of debtors and other receivables is established when there is objective evidence that the NZTA will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

### 1.7 INVENTORIES

Inventory held for distribution or use in the provision of services that are not supplied on a commercial basis is measured at the lower of cost (calculated using the weighted average method), adjusted, when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventory held for sale or use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average cost method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

### 1.8 PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

#### *Additions*

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

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

#### *Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

#### *Subsequent costs*

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

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.



### 1.9 VALUATION OF STATE HIGHWAY NETWORK AND BAILEY BRIDGING

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value. Borrowing costs have not been capitalised.

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

A cyclical basis is used so that each region is revalued at an interval not exceeding 3.5 years. Those regions that are not subject to full revaluation in a particular year will be subject to a valuation update through the use of price indices.

Increases in the carrying amount arising on revaluation of the state highway are credited to the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases are charged to the statement of comprehensive income. Each year the depreciation, based on the revalued carrying amount of the asset, is charged to the statement of comprehensive income. The gain or loss on the asset revaluation reserve is also charged to the statement of comprehensive income.

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

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

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

### 1.10 THE USEFUL LIVES AND THE ASSOCIATED DEPRECIATION RATES OF MAJOR CLASSES OF ASSETS

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, held properties, formation and the sub-base component of pavement (base), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
State highways – pavement (base)	50	2.0
State highways – pavement (surface)	7	14.3
State highways – drainage	60	1.7
State highways – traffic facilities	15	6.7
State highways – bridges	90-100	1.0-1.1
State highways – culverts and subways	50-75	1.3-2.0
State highways – other structures	100	1.0
Bailey bridging – panels	70	1.42
Bailey bridging – transoms	103	0.57
Bailey bridging – stringers	100	0.67
Bailey bridging – chord reinforcing	69	1.45
Bailey bridging – other miscellaneous	76	1.0
Motor vehicles	4	25.0
Computer equipment	3	33.3
Plant	5-10	10.0-20.0
Equipment	5-8	12.5-20.0
Furniture and fittings	5-10	10.0-20.0
Office equipment	4-5	20.0-25.0
Leasehold improvements	Life of lease	7.7-33.0

## 1.11 INTANGIBLE ASSETS

### Computer software

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

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

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

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

Computer software development costs recognised as assets are amortised on a straight line basis.

### Amortisation

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

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

ASSETS	USEFUL LIFE (YEARS)	DEPRECIATION RATE (%)
Computer software	3-5	20-33.3

## 1.12 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

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

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

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

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

## 1.13 FINANCIAL ASSETS

Financial assets are classified as loans and receivables.

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

### Loan to local authority

Loans to the local authorities, made at the government bond rate, are initially recognised at present value of their future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the statement of comprehensive income.

## 1.14 CREDITORS AND OTHER PAYABLES

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

## 1.15 BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

## 1.16 EMPLOYEE ENTITLEMENTS

### *Short-term employee entitlements*

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

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

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

### *Long-term employee entitlements*

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

The calculations are based on:

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

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

### *Presentation of employee entitlements*

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

## 1.17 SUPERANNUATION SCHEMES

### *Defined contribution schemes*

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

## 1.18 PROVISIONS

Provisions for future expenditure are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

## 1.19 JOINTLY CONTROLLED OPERATIONS

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

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

## 1.20 EQUITY

Equity is the Crown's interest in the NZTA and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- › general funds
- › retained funds - NZTA operations
- › memorandum account - third party fees and charges
- › state highway investment
- › state highway revaluation reserve
- › retained funds - National Land Transport Programme
- › retained funds - specific projects funded by the Crown
- › National Land Transport Programme funds provided to local authority.

### *State highway revaluation reserve*

This reserve relates to the revaluation of the state highway network and bailey bridging to fair value.

### 1.21 GOODS AND SERVICES TAX (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### 1.22 INCOME TAX

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

### 1.23 BUDGET FIGURES

The budget figures are derived from the *Statement of intent* as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the NZTA for the preparation of the financial statements.

### 1.24 COST ALLOCATION

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

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

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. The three types of indirect costs are:

1. Corporate overheads – costs arising from the Board, Chief Executive, Group Managers (Organisational Support, People & Capability, Strategy & Performance) and business support units such as Finance, HR, IT, Legal, Audit and others. These costs are allocated to output classes then to business activities using full time equivalents (FTEs) responsible for delivering the output and their corresponding salaries as the cost drivers.
2. Regional office costs – costs relating to operating and maintaining a regional office such as office rent and building management. These costs are allocated to output classes then to business activities using the number of FTEs in each region as the cost driver.
3. Operational cost centres own shared costs – costs incurred directly on account of more than one business activity within that operational cost centre. These shared costs are assigned to business activities based on the proportion of the estimated time spent on the affected business activities.

### 1.25 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the NZTA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Property, plant and equipment useful lives and residual value*

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

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

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

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

### 1.26 CRITICAL JUDGEMENTS IN APPLYING NZTA'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the NZTA's accounting policies for the period ended 30 June 2011:

#### *State highway network & bailey bridging*

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

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

Critical judgements relate to:

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

## 2 REVENUE FROM THE CROWN AND NATIONAL LAND TRANSPORT FUND

The NZTA has been provided with funding from the Crown and the National Land Transport Fund for the specific purposes of the NZTA as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government or NLTF funding.

## 3 REVENUE FROM THIRD PARTIES

	Note	Actual 2010/11 \$000	Actual 2009/10 \$000
Border inspection fees		1,590	1,655
Certification review fees		7,521	7,191
Driver licensing fees		27,859	26,968
Driver testing fees		17,662	15,477
Overdimension and over weight permits		389	330
Rail licensing fees		1,093	856
Standards development fee and certification levies		5,814	5,297
Tolling fees and contributions		4,905	5,371
Transport licensing fees		7,461	8,373
<b>Total fees and charges</b>		<b>74,294</b>	<b>71,518</b>
Administration fee from Accident Compensation Corporation		13,498	12,809
Business units	a	1,095	957
Crash analysis system support		311	330
Road Safety Trust administration		92	137
Sale of road safety materials		0	899
Interest income		255	572
Net gain on disposal of assets		59	187
Miscellaneous revenue		870	1,612
<b>TOTAL REVENUE FROM THIRD PARTIES</b>		<b>90,474</b>	<b>89,021</b>

- a. These are activities the NZTA has undertaken, which are not funded from the National Land Transport Programme, but where operating costs are covered by the income generated from these activities.

	Bailey bridging \$000	CAPTIF \$000	Training & education \$000	Total \$000
Revenue earned in 2010/11	158	519	418	1,095
Revenue earned in 2009/10	131	349	477	957

CAPTIF – Canterbury Accelerated Pavement Testing Indoor Facility

#### 4 PERSONNEL COSTS

	Note	Actual 2010/11 \$000	Actual 2009/10 \$000
Salaries and wages	a	96,542	98,236
Defined contribution plan employer contributions		1,077	938
Other personnel costs		3,654	971
<b>TOTAL PERSONNEL COSTS</b>		<b>101,273</b>	<b>100,145</b>

a. An additional \$11.563 million (2010: \$10.166 million) was incurred for staff who are employed to manage state highway capital projects, which is more cost effective than employing contractors. These project management staff are charged directly to the projects and capitalised.

#### 5 OPERATING EXPENSES

	Actual 2010/11 \$000	Actual 2009/10 \$000
Fees to principal auditors:		
- audit fees for financial statement audit	320	320
Operating lease expense	9,406	10,600
Impairment of receivables (note 10)	380	411
Commissions	46,535	47,784
Transaction costs	18,560	18,406
Professional services	21,580	22,794
Advertising	11,471	14,009
Publications and promotions	1,853	2,382
Information technology	25,062	22,286
Meetings and conferences	573	569
Staff travel	5,524	5,105
Phones	2,097	2,635
Office management	3,561	3,702
Building management	2,259	1,940
Fees for Board members	306	286
Courses, training & professional subscriptions	3,178	3,087
Other	85	69
Expenses relating to the merger	2,383	2,854
<b>TOTAL OPERATING EXPENSES</b>	<b>155,134</b>	<b>159,239</b>

#### 6 DEPRECIATION AND AMORTISATION EXPENSE

	Actual 2010/11 \$000	Actual 2009/10 \$000
Depreciation (note 11)	4,431	4,389
Depreciation on state highway network (note 12)	407,521	402,430
Depreciation on bailey bridging (note 13)	179	180
Amortisation (note 14)	5,299	7,103
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSE</b>	<b>417,430</b>	<b>414,102</b>

## 7 CAPITAL CHARGE

The NZTA pays a capital charge to the Crown on its general funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2011 was 7.5% (2010: 7.5%). There will be no capital charge as from 1 July 2011.

## 8 CASH AND CASH EQUIVALENTS

	Actual 2010/11 \$000	Actual 2009/10 \$000
Cash at bank and on hand	67,218	24,633
Cash at bank and on hand (for tolling accounts)	3,897	3,372
Term deposits with maturities less than 3 months	0	34,580
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>71,115</b>	<b>62,585</b>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value. The weighted average effective interest rate for term deposits in 2010 was 2.93%.

## 9 DEBTOR NATIONAL LAND TRANSPORT FUND AND CROWN

	Actual 2010/11 \$000	Actual 2009/10 \$000
Debtor NLTF	386,225	182,576
Debtor Crown	46,382	115,133
<b>TOTAL DEBTOR NATIONAL LAND TRANSPORT FUND AND CROWN</b>	<b>432,607</b>	<b>297,709</b>

The Debtor NLTF represents amounts owed by the NLTF to the NZTA. This is for activities completed by the NZTA where the NLTF is the source of the funding. The Debtor Crown represents amounts owed by the Crown to the NZTA. This is for activities completed by the NZTA where the Crown directly sources the funding.

## 10 DEBTORS AND OTHER RECEIVABLES

	Actual 2010/11 \$000	Actual 2009/10 \$000
Debtors and other receivables	48,183	57,498
Less: Provision for impairment	5,668	4,921
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>	<b>42,515</b>	<b>52,577</b>

### Fair value

The carrying value of receivables approximates their fair value.

### Impairment

The ageing profile of receivables at year end is detailed below:

	Gross \$000	2010/11 Impairment \$000	Net \$000	Gross \$000	2009/10 Impairment \$000	Net \$000
Not past due date	39,181	0	39,181	49,671	0	49,671
Past due 1-30 days	717	0	717	997	0	997
Past due 31-60 days	221	0	221	806	0	806
Past due 61-90 days	1,096	0	1,096	275	0	275
Past due over 90 days	6,968	(5,668)	1,300	5,749	(4,921)	828
<b>TOTAL</b>	<b>48,183</b>	<b>(5,668)</b>	<b>42,515</b>	<b>57,498</b>	<b>(4,921)</b>	<b>52,577</b>

All receivables greater than 30 days in age are considered to be past due.

Due to the large number of receivables, the impairment assessment is generally performed on a collective basis, based on an analysis of past collection history and write-offs.

Movements in the provision for impairment of receivables are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
Balance at 1 July	4,921	2,821
Additional provisions made during the year (note 5)	380	411
Additional provisions made during the year (NLTP)	367	1,689
<b>BALANCE AT 30 JUNE</b>	<b>5,668</b>	<b>4,921</b>

## 11 PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

	Motor vehicles \$000	Computer equipment \$000	Furniture fittings \$000	Leasehold improvements \$000	Office, plant, & equipment \$000	Total \$000
<b>COST OR VALUATION</b>						
Balance at 1 July 2009	509	6,001	4,136	9,480	1,371	21,497
Additions	0	3,022	454	2,701	189	6,366
Work in progress	0	0	0	396	0	396
Disposals	(65)	(549)	(589)	(132)	(85)	(1,420)
Balance at 30 June 2010	444	8,474	4,001	12,445	1,475	26,839
Balance at 1 July 2010	444	8,474	4,001	12,445	1,475	26,839
Additions	0	1,223	751	583	26	2,583
Reclassification	(69)	(675)	63	17	181	(483)
Work in progress	0	0	0	2,896	0	2,896
Disposals	(153)	(1,102)	(55)	(3)	(58)	(1,371)
Balance at 30 June 2011	222	7,920	4,760	15,938	1,624	30,464
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>						
Balance at 1 July 2009	218	1,947	733	488	349	3,735
Depreciation expense	103	2,097	600	1,038	551	4,389
Elimination on disposal	(43)	(361)	(302)	(54)	(60)	(820)
Balance at 30 June 2010	278	3,683	1,031	1,472	840	7,304
Balance at 1 July 2010	278	3,683	1,031	1,472	840	7,304
Depreciation expense	63	2,026	590	1,194	558	4,431
Reclassification	(75)	24	84	287	(348)	(28)
Impairment losses	1	170	68	57	6	302
Elimination on disposal	(80)	(939)	(1)	(3)	(58)	(1,081)
Balance at 30 June 2011	187	4,964	1,772	3,007	998	10,928
<b>CARRYING AMOUNTS</b>						
At 30 June 2010	166	4,791	2,970	10,973	635	19,535
At 30 June 2011	35	2,956	2,988	12,931	626	19,536



## 12 STATE HIGHWAY NETWORK

Movements for the state highway network are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>COST OR VALUATION</b>		
Balance at 1 July	24,833,709	24,059,505
Additions – capital expenditure	1,376,647	1,289,617
Revaluation gains/(losses)	(642,170)	(64,370)
Depreciation expense	(407,521)	(402,430)
Disposals	(26,624)	(15,137)
Asset write-off	(14,627)	(28,050)
Tolling system assets now recorded under computer equipment and intangible assets	0	(5,426)
<b>BALANCE AT 30 JUNE</b>	<b>25,119,414</b>	<b>24,833,709</b>

The most recent valuation of the state highway network and bailey bridging was performed by a registered independent valuer, J Vessey, BE (Civil), BA (Economics), FIPENZ (Civil), CPEng, of Opus International Consultants Ltd. The total fair value amounted to \$25.119 billion (2010: \$24.834 billion) and this valuation is effective as at 30 June 2011.

Depreciated replacement cost is used to value these assets and is calculated by deducting an allowance for accumulated depreciation from the replacement cost, using a number of significant assumptions. These significant assumptions include:

- › the valuation methodology detailed in note 1.10
- › the remaining useful life of assets is estimated
- › straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

	Replacement cost \$000	Accumulated depreciation \$000	Valuation 2010/11 \$000	Replacement cost \$000	Accumulated depreciation \$000	Valuation 2009/10 \$000
State highway corridor land	7,412,815	0	7,412,815	7,740,890	0	7,740,890
Held properties	911,485	0	911,485	904,000	0	904,000
Formation	7,056,150	1,620	7,054,530	6,729,270	0	6,729,270
Pavement (other)	3,968,250	908,030	3,060,220	3,908,810	829,020	3,079,790
Pavement (surface)	1,151,370	544,730	606,640	1,109,220	478,010	631,210
Drainage	1,116,270	494,280	621,990	1,039,640	448,010	591,630
Traffic facilities	1,474,710	613,770	860,940	1,380,470	576,490	803,980
Bridges	5,986,570	2,451,296	3,535,274	5,459,140	2,134,640	3,324,500
Culverts & subways	493,070	190,190	302,880	440,960	170,410	270,550
Other structures	1,092,620	339,980	752,640	1,045,720	287,831	757,889
<b>TOTAL</b>	<b>30,663,310</b>	<b>5,543,896</b>	<b>25,119,414</b>	<b>29,758,120</b>	<b>4,924,411</b>	<b>24,833,709</b>

Other structures include retaining walls, minor structures, sea and river protection, tunnels, and rock fall netting.

### Work in progress

The total amount of the state highway network in the course of construction is \$1.147 billion.

### 13 BAILEY BRIDGING

Movements for bailey bridging are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>COST OR VALUATION</b>		
Balance at 1 July	7,384	7,314
Revaluation gains/(losses)	107	250
Depreciation expense	(179)	(180)
<b>BALANCE AT 30 JUNE</b>	<b>7,312</b>	<b>7,384</b>

Note 12 has commentary on the valuation which is also relevant to bailey bridging.

	Replacement cost \$000	Accumulated depreciation \$000	Valuation 2010/11 \$000	Replacement cost \$000	Accumulated depreciation \$000	Valuation 2009/10 \$000
Panels	5,455	3,319	2,136	5,455	3,269	2,186
Transoms	1,661	633	1,028	1,637	613	1,024
Stringers	1,888	828	1,060	1,860	802	1,058
Chord reinforcing	2,953	1,561	1,392	2,910	1,497	1,413
Other miscellaneous	3,454	1,758	1,696	3,404	1,701	1,703
<b>TOTAL</b>	<b>15,411</b>	<b>8,099</b>	<b>7,312</b>	<b>15,266</b>	<b>7,882</b>	<b>7,384</b>

### 14 INTANGIBLE ASSETS

Movements within acquired software assets are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>COST</b>		
Balance at 1 July	36,393	25,702
Additions	4,255	2,339
Work in progress movements	13,707	10,662
Disposals	(51)	(2,310)
Balance at 30 June	54,304	36,393
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES</b>		
Balance at 1 July	14,263	7,700
Amortisation expense	5,299	7,103
Disposals	(51)	(540)
Balance at 30 June	19,511	14,263
<b>CARRYING AMOUNTS</b>		
At 30 June 2010	22,130	18,002
At 30 June 2011	34,793	22,130

There are no restrictions over the title of the NZTA's intangible assets, nor are any intangible assets pledged as security for liabilities.

#### Work in progress

The total amount of intangible assets in the course of construction is \$24.369 million (2010: \$10.662 million). This includes \$13.146 million for a New Zealand wide public transport automated fare collection system.

## 15 LOANS AND ADVANCES

### Loan to local authority

The Board has agreed to provide the Auckland Council (formerly the Auckland Regional Council) with a loan facility of \$32.800 million, to fund the upgrade of Auckland's rail carriages. This loan and accrued interest was to be repaid by 30 June 2013.

Loan date	Principal \$000	Accrued interest \$000	Carrying amount \$000	Bond rate	Market rate	Fair value \$000
<b>AT 30 JUNE 2011</b>						
9 December 2009	15,726	1,226	16,952	4.88%	4.30%	16,992
4 February 2010	3,979	268	4,247	4.70%	4.30%	4,247
3 May 2010	5,706	321	6,027	4.78%	4.30%	6,042
28 September 2010	1,082	32	1,114	3.95%	4.30%	1,103
<b>TOTAL</b>	<b>26,493</b>	<b>1,847</b>	<b>28,340</b>			<b>28,384</b>
<b>AT 30 JUNE 2010</b>						
9 December 2009	15,726	430	16,156	4.88%	5.65%	15,653
4 February 2010	3,979	75	4,054	4.70%	5.65%	3,914
3 May 2010	5,706	44	5,750	4.78%	5.65%	5,570
<b>TOTAL</b>	<b>25,411</b>	<b>549</b>	<b>25,960</b>			<b>25,137</b>

The fair value is based on cash flows discounted using a rate based on the borrowing rate of 4.30% (2010: 5.65%).

### Statutory advances

Under the Public Works Act, the NZTA has provided statutory advances of \$0.495 million (2010: nil).

## 16 CREDITORS AND OTHER PAYABLES

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>CURRENT PORTION</b>		
Creditors	292,099	313,688
Income in advance	2,308	2,460
Income in advance (for tolling)	1,692	1,352
Accrued expenses	64,696	34,255
Lease make good provision	531	531
Onerous contracts	707	0
Total current portion	362,033	352,286
<b>NON-CURRENT PORTION</b>		
Onerous contracts	744	0
Total non-current portion	744	0
<b>TOTAL CREDITORS AND OTHER PAYABLES</b>	<b>362,777</b>	<b>352,286</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

### Lease make-good provision

In respect of a number of its leased premises, the NZTA is required at the expiry of the lease term to make good any damage caused to the premises and to remove any fixtures or fittings installed by the NZTA. In many cases, the NZTA has the option to renew these leases, which affects the timing of expected cash outflows to make-good the premises. Information about the NZTA's leasing arrangements is disclosed in note 22.

### Onerous contracts provision

The NZTA has non-cancellable leases for office space that is no longer used by the NZTA due to restructuring.

A provision has been recognised for the future rental payments.

## 17 EMPLOYEE ENTITLEMENTS

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>CURRENT PORTION</b>		
Accrued salaries and wages	3,084	2,636
Annual leave	7,651	7,268
Sick leave	472	37
Long service leave	434	546
<b>Total current portion</b>	<b>11,641</b>	<b>10,487</b>
<b>NON-CURRENT PORTION</b>		
Retirement and long service leave	3,953	2,792
<b>Total non-current portion</b>	<b>3,953</b>	<b>2,792</b>
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>15,594</b>	<b>13,279</b>

Actuarial valuations as at 30 June 2011, was performed by Eriksen & Associates Ltd. The valuer is J Eriksen, Fellow of the NZ Society of Actuaries.

The measurement of the retirement and long service leave obligations depend on a number of factors that are determined on a actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

The discount rate of 2.84% (2010: 3.44%) is based on NZ Government bond data as 30 June 2011 and specified by the Treasury. The salary inflation factor has been determined after considering the expected rate of inflation, again specified by the Treasury, historical salary inflation patterns and after obtaining advice from an independent actuary.

If the discount rate were to increase by 1% from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$201,000 lower.

If the salary inflation factor were to increase by 1% from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$218,000 higher.

## 18 BORROWING

The Estimates of Appropriations 2011/12 includes a borrowing facility for short-term advances to the NZTA from the Crown, to manage variations between cash outlays from and flows of hypothecated revenue into the National Land Transport Fund. The maximum amount of such advances at any one time shall not exceed \$250 million.

The NZTA has been advanced \$110 million as at 30 June 2011.

Loan date	Actual 2010/11 \$000	Actual 2009/10 \$000
20 May 2011	50,000	0
20 June 2011	60,000	0
<b>TOTAL</b>	<b>110,000</b>	<b>0</b>

The fair value of the borrowing is \$109.964 million, based on cash flows discounted using Treasury determined coupon rate of 0.75%.

**19 TOTAL EQUITY**

	Note	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>GENERAL FUNDS</b>			
Balance at 1 July		5,198	25,785
Transfer to memorandum account		0	(20,587)
Balance at 30 June		5,198	5,198
<b>RETAINED FUNDS – NZTA OPERATIONS</b>			
Balance at 1 July		22,971	23,926
Surplus/(deficit) from operations		1,498	(955)
Balance at 30 June		24,469	22,971
<b>MEMORANDUM ACCOUNT – THIRD PARTY FEES AND CHARGES</b>			
Balance at 1 July		(2,647)	(14,929)
Surplus/(deficit) from operations		(3,441)	(8,305)
Transfer from general funds		0	20,587
Balance at 30 June		(6,088)	(2,647)
<b>STATE HIGHWAY INVESTMENT</b>			
Balance at 1 July		16,179,761	14,870,869
Transfer from the National Land Transport Programme	a	954,320	1,308,892
Balance at 30 June		17,134,081	16,179,761
<b>STATE HIGHWAY REVALUATION RESERVE</b>			
Balance at 1 July		8,707,625	8,771,745
Revaluation gains/(losses) – state highway network		(642,170)	(64,370)
Revaluation gains/(losses) – bailey bridging		107	250
Balance at 30 June		8,065,562	8,707,625
<b>RETAINED FUNDS – NATIONAL LAND TRANSPORT PROGRAMME</b>			
Balance at 1 July		14,181	633,435
Capital contribution from the NLTF		877,142	693,200
Borrowing		110,000	0
Surplus/(deficit) from operations		2,086	5,529
Surplus/(deficit) from Investment in land transport		(33,563)	16,869
Transfer to state highway investment	a	(954,320)	(1,308,892)
Funds provided to local authority		(15,526)	(25,960)
Balance at 30 June		0	14,181
<b>RETAINED FUNDS – SPECIFIC PROJECTS FUNDED BY THE CROWN</b>			
Balance at 1 July		2,056	1,569
Surplus/(deficit)		(1,272)	487
Balance at 30 June		784	2,056
<b>NATIONAL LAND TRANSPORT PROGRAMME FUNDS PROVIDED TO LOCAL AUTHORITY</b>			
Balance at 1 July		25,960	0
Funds from the National Land Transport Programme		15,526	25,960
Balance at 30 June		41,486	25,960
<b>TOTAL EQUITY</b>		<b>25,265,492</b>	<b>24,955,105</b>

a. Below is a breakdown of the movement of the National Land Transport Programme funds to state highways.

	Actual 2010/11 \$000	Actual 2009/10 \$000
Reclassification of capital investment from the NLTP to state highways	0	449,935
Capitalised expenditure	1,376,647	1,289,617
State highway depreciation and asset write-off	(422,327)	(430,660)
<b>TRANSFER TO STATE HIGHWAY INVESTMENT</b>	<b>954,320</b>	<b>1,308,892</b>

## 20 CAPITAL CONTRIBUTION – NATIONAL LAND TRANSPORT PROGRAMME

	Actual 2010/11 \$000	Actual 2009/10 \$000
Accelerated state highway construction	33,700	78,700
New and improved infrastructure for state highways	638,330	382,801
Renewal of state highways	205,112	231,699
<b>TOTAL CAPITAL CONTRIBUTION – NATIONAL LAND TRANSPORT PROGRAMME</b>	<b>877,142</b>	<b>693,200</b>

## 21 RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>NET SURPLUS/(DEFICIT)</b>	(34,692)	13,625
<b>ADD/(LESS) NON-CASH ITEMS:</b>		
Depreciation and amortisation expense	417,430	414,102
State highway asset write-off	14,627	28,050
Increase/(decrease) in employee entitlements	1,161	79
Total non-cash items	433,218	442,231
<b>ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCIAL ACTIVITIES:</b>		
(Gains)/losses on disposal of property, plant and equipment	0	0
Borrowing	110,000	0
Total items classified as investing or financing activities	110,000	0
<b>ADD/(LESS) MOVEMENTS IN STATEMENT OF FINANCIAL POSITION ITEMS:</b>		
(Increase)/decrease in debtor NLTF	(134,898)	180,706
(Increase)/decrease in debtors and other receivables	10,062	(10,900)
(Increase)/decrease in prepayments and inventories	(78)	491
Increase/(decrease) in creditors and other payables	10,491	(54,471)
Increase/(decrease) in tolling funds held in trust for MoT	1,423	652
Increase/(decrease) in employee entitlements	1,154	1,982
Net movements in working capital items	(111,846)	118,460
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>396,680</b>	<b>574,316</b>

## 22 CAPITAL COMMITMENTS AND OPERATING LEASES

### National Land Transport Programme funding commitments

The future aggregate funding commitments for the National Land Transport Programme are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
Not later than one year	2,697,395	2,387,578
Later than one year and not later than five years	2,071,429	2,051,150
Later than five years	373,800	339,544
<b>TOTAL FUNDING COMMITMENTS</b>	<b>5,142,624</b>	<b>4,778,272</b>

The NZTA is expecting to contribute approximately \$500 million towards roading projects related to the Canterbury earthquakes. This is expected to occur between 2011 and 2020. The total contribution to works associated with the Canterbury earthquakes included in the NLTP funding commitments as at 30 June 2011 was \$11 million.

### Capital commitments

The future aggregate construction contract commitments for the state highway network are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
Not later than one year	888,064	1,036,192
Later than one year and not later than five years	1,956,537	799,285
Later than five years	0	0
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>2,844,601</b>	<b>1,835,477</b>

Construction of the state highway network is a component of the NLTP. These capital commitments are also included under the National Land Transport Programme funding commitments.

### Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
Not later than one year	24,506	21,245
Later than one year and not later than five years	71,255	54,386
Later than five years	46,226	42,293
<b>TOTAL NON-CANCELLABLE OPERATING LEASES</b>	<b>141,987</b>	<b>117,924</b>

## 23 CONTINGENCIES

### Contingent liabilities

#### Contract and land settlements

The Auckland Council has completed a health risk assessment on the various Auckland Harbour Bridge maintenance activities since the bridge came into operation. This report is currently being reviewed by the Auckland Regional Public Health Service. Once this review has been completed, the Auckland Council will discuss the report with the NZTA. The best estimate of this contingent liability is \$10 million (2010: nil).

There are other claims of \$15.4 million (2010: \$9.5 million) relating a range of roading and property contract disputes.

### Contingent assets

The NZTA has no contingent assets (2010: nil).

## 24 RELATED PARTY TRANSACTIONS

All related party transactions have been entered into on an arms-length basis.

The NZTA is a wholly owned entity of the Crown.

### Significant transactions with government-related entities

The NZTA has been provided with funding from the Crown and NLTF of \$1.828 billion (2010: \$1.905 billion) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations.

The Crown has also made available to the NZTA, a borrowing facility of \$250 million for short-term advances.

### Collectively, but not individually, significant, transactions with government-related entities

In conducting its activities, the NZTA is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The NZTA is exempt from paying income tax.

The NZTA also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2011 totalled \$44.136 million (2010: \$39.413 million). These government-related entities include New Zealand Post Ltd of \$23.130 million, Land Information NZ of \$8.397 million, and Ministry for the Environment of \$2.625 million.

The NZTA receives funding from the Road Safety Trust for providing administrative support. The Chief Executive, or his nominee is a representative on the Road Safety Trust as a trustee.

During the 2010/11 financial year Board members and staff of the NZTA were involved in minor transactions with the motor vehicle registry and driver licensing systems when re-registering their vehicle or driver licences.

The following transactions were entered into during the year with key Board members:

	Related party	Transaction value		Balance outstanding	
		2010/11 \$000	2009/10 \$000	2010/11 \$000	2009/10 \$000
	<b>INCOME</b>				
	Goods & services provided to:				
Chris Moller	Meridian Energy Ltd	2	0	0	0
	Opus International Consultants Ltd	57	138	3	0
	Rugby New Zealand 2011 Ltd	32	0	12	0
Bryan Jackson	NZ Railways Corporation	1,207	3,489	226	3,264
	On Road NZ Ltd	0	1	0	0
	On the Go (NZ) Ltd	0	2	0	0
	Vehicle Testing Group	229	223	21	17
Tony Lanigan	Watercare Services Ltd	15,887	7,154	1,638	64
Jerry Rickman	Tidd Ross Todd Ltd	0	1	0	0
	<b>EXPENDITURE</b>				
	Goods & services provided by:				
Chris Moller	Meridian Energy Ltd	176	132	0	10
	Opus International Consultants Ltd	80,156	80,901	4,904	14,988
	Victoria University of Wgtn	18	22	1	2
	Westpac New Zealand Ltd	983	671	0	184
Bryan Jackson	NZ Railways Corporation	1,764	3,994	325	0
	Urban Plus Ltd	0	3	0	0
	Vehicle Testing Group	5,360	4,997	436	0
	Motor Trade Association	6	3	0	0
	Beverage Locksmith Services	0	1	0	0
Tony Lanigan	Watercare Services Ltd	334	262	0	27
Jerry Rickman	PricewaterhouseCoopers	1,879	505	8	339
Alick Shaw	NOSH Management Ltd	0	7	0	0
	Wellington Museums Trust	0	2	0	0



Chris Moller is Chair of Meridian Energy Ltd, a Director of Rugby New Zealand 2011 Ltd and Westpac New Zealand Ltd, and a trustee on the Victoria University Foundation. Chris Moller has a shareholding in Opus International Consultants Ltd, as part of a portfolio managed by a third party.

Bryan Jackson is Chair of Urban Plus Ltd and the Vehicle Testing Group, a director of NZ Railways Corporation, On Road NZ Ltd and On the Go (NZ) Ltd, and is a director and shareholder with Beverage Locksmith Services Ltd. Bryan Jackson is also a life member of the Motor Trade Association.

Tony Lanigan is a director of Watercare Services Ltd.

Jerry Rickman is Chair of Tidd Ross Todd Ltd. Jerry Rickman is a consultant to PricewaterhouseCoopers, and his wife is a partner in PricewaterhouseCoopers.

Alick Shaw is Chair of Nosh Management Ltd and a Board member on the Wellington Museums Trust.

### Key management personnel compensation

	Actual 2010/11 \$000	Actual 2009/10 \$000
Salaries and other short-term employee benefits	3,962	4,320
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	23	0
<b>TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION</b>	<b>3,985</b>	<b>4,320</b>

Key management personnel include all board members, the Chief Executive, and the 10 (2010: 12) members of the Senior Leadership Team.

### Funds held in Trust

The following funds are held in trust while awaiting roading work to be completed. When the requirements of the agreement with the depositor are met, the funds are paid over to the NZTA.

	Actual 2010/11 \$000	Actual 2009/10 \$000
Chapman Tripp	133	461
Public Trust	1,106	955
<b>TOTAL FUNDS HELD IN TRUST</b>	<b>1,239</b>	<b>1,416</b>

## 25 BOARD MEMBER REMUNERATION

The total value of remuneration paid or payable to each Board member during the year was:

	Actual 2010/11 \$000	Actual 2009/10 \$000
Chris Moller (Chairperson)	68	18
Patsy Reddy	25	0
Bryan Jackson	36	35
Tony Lanigan	28	0
Jerry Rickman	31	0
Alick Shaw	34	35
Garry Moore	42	43
Christine Caughey	34	35
Paul Fitzharris	4	35
Grahame Hall	4	35
Brian Roche	0	52
<b>TOTAL BOARD MEMBER REMUNERATION</b>	<b>306</b>	<b>288</b>

Tony Lanigan also received remuneration of \$3,000 for June 2011, which was not paid until after 30 June 2011.

There have been no payments made to committee members appointed by the Board who were not Board members during the financial year.

The NZTA has effected directors and officers liability and professional indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees. The Board has also taken insurance cover covering personal accident and travel risk for Board members and employees where injury or loss occurs whilst on NZTA business.

No Board members received compensation or other benefits in relation to cessation (2010: nil).

Subsequent to the year end Adrienne Young-Cooper was appointed to the Board on 1 August 2011 and Gill Cox was appointed to the Board on 1 September 2011.

## 26 EMPLOYEE REMUNERATION

Total remuneration paid or payable	No. of staff 2010/11	No. of staff 2009/10
100,000 - 109,999	59	68
110,000 - 119,999	57	43
120,000 - 129,999	32	38
130,000 - 139,999	25	18
140,000 - 149,999	18	18
150,000 - 159,999	14	21
160,000 - 169,999	17	10
170,000 - 179,999	9	10
180,000 - 189,999	7	5
190,000 - 199,999	3	3
200,000 - 209,999	4	6
210,000 - 219,999	2	1
220,000 - 229,999	3	3
240,000 - 249,999	2	1
250,000 - 259,999	2	1
260,000 - 269,999	2	1
270,000 - 279,999	0	1
280,000 - 289,999	1	0
290,000 - 299,999	0	2
300,000 - 309,999	2	2
310,000 - 319,999	1	0
320,000 - 329,999	1	2
330,000 - 339,999	0	1
340,000 - 349,999	1	1
360,000 - 369,999	0	1
370,000 - 379,999	1	0
560,000 - 569,999	0	*1
580,000 - 589,999	*1	0
<b>TOTAL EMPLOYEES</b>	<b>264</b>	<b>258</b>

\* Chief Executive Officer

During the year ended 30 June 2011, 28 (2010: 33) employees received compensation and other benefits in relation to cessation totalling \$1.235 million (2010: \$1.871 million).

## 27 EVENTS AFTER THE BALANCE DATE

### Loan to local authority

On 31 August 2011, the Auckland Council repaid the loan and interest. This change in the classification of the asset from non-current to current has not been made in these statements as the NZTA was only notified on 25 August 2011.

### Borrowing

Due to additional expected pressure on cash flows in the early stages of the 2011/12 financial year, a temporary short-term borrowing facility has been negotiated with the Crown for the NZTA. The maximum amount of advances under this facility shall not exceed \$90 million, and any advance of this temporary facility is to be repaid by 29 June 2012.

## 28 FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>LOANS AND RECEIVABLES</b>		
Cash and cash equivalents	71,115	62,585
Crown receivable	432,607	297,709
Debtors and other receivables	42,515	52,577
Loans and advances	28,835	25,960
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>575,072</b>	<b>438,831</b>
<b>FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>		
Creditors and other payables	362,777	352,286
Borrowings	110,000	0
<b>TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>	<b>472,777</b>	<b>352,286</b>

## 29 FINANCIAL INSTRUMENT RISKS

The NZTA's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The NZTA has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The NZTA's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest. The NZTA does not actively manage its exposure to fair value interest rate risk.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose the NZTA to cash flow interest rate risk.

The NZTA's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The NZTA currently has no variable interest rate investments.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The NZTA purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to the NZTA, causing the NZTA to incur a loss.

Due to the timing of its cash inflows and outflows, the NZTA invests surplus cash with registered banks.

The NZTA has processes in place to review the credit quality of customers prior to the granting of credit.

In the normal course of business, the NZTA is exposed to credit risk from cash and term deposits with banks, debtors and other receivables, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

The NZTA limits the amount of credit exposure to any one financial institution for term deposits to no more than \$40 million. The NZTA invests funds only with registered banks that have a Standard and Poor's credit rating of at least A-1 for short-term and for long-term investments. The NZTA has experienced no defaults of interest or principal payments for term deposits.

The NZTA holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

*Maximum exposure to credit risk*

The NZTA's maximum credit risk exposure for each class of financial instrument is as follows:

	Actual 2010/11 \$000	Actual 2009/10 \$000
Cash and cash equivalents	71,115	62,585
Crown receivable	432,607	297,709
Debtors and other receivables	42,515	52,577
Loans and advances	28,835	25,960
<b>TOTAL CREDIT RISK</b>	<b>575,072</b>	<b>438,831</b>

*Credit quality of financial assets*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings.

	Actual 2010/11 \$000	Actual 2009/10 \$000
<b>CASH AND CASH EQUIVALENTS</b>		
AA	71,115	39,472
AA-	0	3,995
A+	0	19,118
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>71,115</b>	<b>62,585</b>

**Liquidity risk***Management of liquidity risk*

Liquidity risk is the risk that the NZTA will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash.

The NZTA mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

*Contractual maturity analysis of financial liabilities*

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	2010/11			2009/10	
	Less than 6 months \$000	6-12 months \$000	Later than 1 year \$000	Less than 6 months \$000	6-12 months \$000
Creditors and other payables	360,795	1,238	744	351,755	531
Borrowings	0	110,000	0	0	0

*Contractual maturity analysis of financial assets*

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	2010/11		2009/10	
	Less than 6 months \$000	Later than 1 year \$000	Less than 6 months \$000	Later than 1 year \$000
Cash and cash equivalents	71,115	0	62,585	0
Crown receivable	432,607	0	297,709	0
Debtors and other receivables	42,515	0	52,577	0
Loans and advances	0	28,835	0	25,960

### Borrowing

The NZTA's borrowing facility from the Crown is the result of the acceleration of our investment in state highways, which is to cover seasonal variations in cash flows where state highway works progress ahead of funding available from the NLTF. The NZTA is addressing this risk through prudent management of expenditure on state highways and cash flows from the NLTF.

### Sensitivity analysis

#### Interest rate risk

The table below illustrates the potential effect on the surplus or deficit for reasonably possible market movements, with all other variables held constant, based on the NZTA's financial instrument exposure at balance date.

	2010/11		2009/10	
	Effect on surplus or deficit		Effect on surplus or deficit	
	+1%	-1%	+1%	-1%
	\$000	\$000	\$000	\$000
Cash and cash equivalents	688	(688)	254	(254)
Loans and advances	375	(375)	112	(112)

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a 1% change in interest rates.

	2010/11		2009/10	
	Effect on surplus or deficit		Effect on surplus or deficit	
	+0.5%	-0.5%	+0.5%	-1 0.5%
	\$000	\$000	\$000	\$000
Borrowing	24	(24)	0	0

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a 0.5% change in the Treasury determined coupon rate.

## 30 CAPITAL MANAGEMENT

The NZTA's capital is its equity, which comprises general funds, accumulated funds and revaluation reserves. Equity is represented by net assets.

The NZTA is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

The NZTA manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the NZTA effectively achieves its objectives and purpose, while remaining a going concern.

## 31 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from the NZTA's budgeted figures in the *Statement of intent* are as follows:

### Statement of comprehensive income

#### INCOME

*Revenue from National Land Transport Fund* was lower than budgeted by \$28.254 million due to the reallocation of funds to capital to accelerate our investment in developing and managing the state highway programme.

#### EXPENDITURE

*Operating expenses* were higher than budgeted by \$34.273 million. This relates to new and improved infrastructure and renewal of state highways output class operating activities of \$40.105 million which were incorrectly classified as 'Investment in land transport' in the 2010/11 SOI.

*Investment in land transport* was lower than budgeted by \$27.678 million due to a trade off between NLTP capital and operating expenditure.

*Depreciation and amortisation expense* was higher than budgeted by \$19.330 million. This is due to the acceleration of the NLTP and, in particular, the state highway programme.

## Statement of financial position

### CURRENT ASSETS

*Cash and cash equivalents* were higher than budgeted by \$59.844 million. The Agency aims at managing cash as tightly as possible and set itself a very ambitious goal for 2010/11.

*Debtors National Land Transport Fund and Crown* is lower than budgeted by \$29.821 million. This variance, which includes \$110 million borrowing, is predominantly due to the anticipation that the trend observed at the time the budget was set would continue. Outside of the \$110 million borrowing, the actual amount at the end of June 2011 shows little variance with the actual amount at the end of June 2010.

### NON-CURRENT ASSETS

*Property, plant and equipment* was higher than budgeted by \$5.352 million, but was in line with 2009/10. The budget did not reflect our intended capital programme.

*State highway network* was lower than budgeted by \$1.476 billion, which was due the revaluation of the state highway network. The main reasons for this are: (1) reductions in land value from sections of highway transferred back to approved organisations where realignment reduces the total land use, and (2) reductions on the value of the replacement cost of the surface of the state highway network due to reduced traffic volumes. A reduction in traffic volumes reduces the rate at which the surface of the state highway network needs to be replaced, and as the valuation is on a depreciated replacement cost basis, this reduces the replacement cost of the surface as well as that of the whole state highway network.

*Intangible assets* were higher than budgeted by \$3.593 million. The budget did not reflect our intended capital programme.

### LIABILITIES

*Creditors and other payables* were lower than budgeted by \$129.894 million. At the time the SOI budget was set, the anticipation was that optimising the use of terms of trade would be the preferred way to manage cash flows.

*Employee entitlements* were higher than budgeted by \$5.994 million. The long service leave and sick leave entitlement both were re-estimated by the actuaries, resulting in a combined \$1.5m revaluation. The annual leave entitlement increased significantly in 2010/11 due to (1) a higher proportion of staff being entitled to 5 weeks leave, and (2) the impact of internal restructuring leading staff to take less leave than the usual pattern.

*Borrowing* was higher than budgeted by \$110 million. The acceleration of the NLTP and the extensive damage caused to the road network by the Canterbury earthquakes as well as storms in the North Island led the Agency to draw on the borrowing facility available.

## SUPPLEMENTARY INFORMATION

This supplementary information section contains additional disclosure and guidance material to the financial statements and has been provided to give a better understanding of the Agency's business.

In this section you will find the following:

- › detailed performance by segment of the business
- › third party fees and charges funded activities and tolling
- › National Land Transport Programme
- › land transport management.

This information is consistent with and should be read in conjunction with, the financial highlights on pages 126 to 128 and the audited financial statements on pages 129 to 156.

### DETAILED PERFORMANCE BY SEGMENT OF THE BUSINESS

The following tables further detailed financial performance information for each of these segments.

OPERATIONS			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
<b>REVENUE FROM THE CROWN</b>			
Regulatory implementation and enforcement	552	720	548
Licensing activities	2,250	2,563	2,245
Motor vehicle registry	41,454	38,727	39,536
Administration of the SuperGold cardholders scheme	35	248	455
	44,291	42,258	42,784
<b>REVENUE FROM THE CROWN FOR CONTRACTED SERVICES</b>			
Regulatory implementation and enforcement	804	723	813
RUC collection, investigation and enforcement	17,349	17,394	17,344
Refund of fuel excise duty	431	431	429
	18,584	18,548	18,586
<b>REVENUE FROM THE NATIONAL LAND TRANSPORT FUND</b>			
Maintenance and operation of state highways PLA	11,312	8,308	10,894
Public transport infrastructure PLA	2,841	2,849	0
Road user safety PLA	17,393	19,006	23,058
Sector training and research PLA	3,400	6,054	6,000
Transport planning PLA	9,650	7,212	5,143
Management of the funding allocation system PLA	30,709	30,960	35,740
	75,305	74,389	80,835
<b>REVENUE FROM THIRD PARTIES</b>			
Regulatory implementation and enforcement	30,875	30,790	31,567
Licensing activities	44,981	49,682	42,928
Motor vehicle registry	13,497	11,814	12,809
New infrastructure for and renewal of state highways	18	0	743
Maintenance and operation of state highways PLA	1,095	1,232	957
Sector training and research PLA	8	0	17
	90,474	93,518	89,021
Total income	228,654	228,713	231,226

	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>EXPENDITURE</b>			
<b>OPERATING ACTIVITIES</b>			
Regulatory implementation and enforcement	32,019	31,691	31,668
Licensing activities	49,794	52,230	51,947
Motor vehicle registry	53,797	50,541	52,981
RUC collection, investigation and enforcement	14,887	17,391	17,451
Refund of fuel excise duty	496	417	595
Administration of the SuperGold cardholders scheme	63	248	455
	151,056	152,518	155,097
<b>OPERATING ACTIVITIES (NLTP)</b>			
New and improved infrastructure for state highways	26,435	31,892	26,100
Renewal of state highways	11,581	8,213	11,225
Maintenance and operation of state highways PLA	10,496	8,308	10,061
Public transport infrastructure PLA	2,599	2,849	0
Road user safety PLA	15,763	19,006	20,502
Sector training and research PLA	3,391	6,054	5,371
Transport planning PLA	9,755	7,212	4,202
Management of the funding allocation system PLA	31,233	30,960	35,706
	111,253	114,494	113,167
<b>OPERATING ACTIVITIES (BUSINESS UNITS)</b>			
Maintenance and operation of state highways PLA	1,243	1,058	1,164
Expenses relating to the delivery of outputs	263,552	268,070	269,428
Expenses relating to the merger	2,975	6,586	2,854
Total expenditure	266,527	274,656	272,282
<b>STATE HIGHWAY NETWORK</b>			
Less capitalised expenditure	(38,016)	(40,105)	(37,325)
Total expenditure	228,511	234,551	234,957
<b>NET SURPLUS/(DEFICIT)</b>	<b>143</b>	<b>(5,838)</b>	<b>(3,731)</b>



### Movement of operations net surplus/(deficit) to equity

This table shows the net result of the NZTA's operations. The net surplus/(deficit) is separated into three retained funds based on the source of funding:

- › *Retained funds - NZTA operations* refers to Crown funded (excluding the driver test subsidy), contracted services, non third party fees and charges activities, and expenses relating to the merger.
- › *Memorandum account* refers to activities funded from third party fees and charges, including tolling.
- › *Retained funds - National Land Transport Programme* refers to activities that are funded from the National Land Transport Fund.

Movement of operations net surplus/(deficit) to equity	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Retained funds - NZTA operations	77,592	73,712	75,728
Memorandum account - third party fees and charges	75,739	80,612	72,963
Retained funds - National Land Transport Programme	75,323	74,389	82,535
	228,654	228,713	231,226
<b>EXPENDITURE</b>			
Retained funds - NZTA operations	76,094	79,249	76,683
Memorandum account - third party fees and charges	79,180	80,913	81,268
Retained funds - National Land Transport Programme	73,237	74,389	77,006
	228,511	234,551	234,957
<b>NET SURPLUS/(DEFICIT)</b>			
Retained funds - NZTA operations	1,498	(5,537)	(955)
Memorandum account - third party fees and charges	(3,441)	(301)	(8,305)
Retained funds - National Land Transport Programme	2,086	0	5,529
<b>NET SURPLUS/(DEFICIT)</b>	<b>143</b>	<b>(5,838)</b>	<b>(3,731)</b>

### INVESTMENT IN LAND TRANSPORT

	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
<b>REVENUE FROM THE NATIONAL LAND TRANSPORT FUND</b>			
New infrastructure for and renewal of state highways	405,913	420,370	401,467
Maintenance and operation of state highways PLA	317,165	299,785	310,000
New and improved infrastructure for local roads PLA	163,142	154,000	175,000
Renewal of local roads PLA	205,500	237,000	218,000
Maintenance and operation of local roads PLA	274,768	235,000	215,000
Public transport services PLA	194,630	210,000	200,000
Public transport infrastructure PLA	41,826	54,159	135,641
Road user safety PLA	15,608	21,458	17,818
Walking and cycling facilities PLA	12,300	15,000	20,000
Rail and coastal freight PLA	0	1,000	2,000
Transport planning PLA	13,609	25,859	24,857
Total income	1,644,461	1,673,631	1,719,783

	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>EXPENDITURE</b>			
<b>INVESTMENT IN LAND TRANSPORT</b>			
Accelerated state highway construction	33,700	33,700	77,455
New and improved infrastructure for state highways	1,111,354	925,427	998,232
Renewal of state highways	193,531	194,887	220,474
Maintenance and operation of state highways PLA	317,262	299,785	295,349
New and improved infrastructure for local roads PLA	163,142	154,000	165,167
Renewal of local roads PLA	205,499	237,000	204,774
Maintenance and operation of local roads PLA	304,182	235,000	224,332
Public transport services PLA	194,630	210,000	187,306
Public transport infrastructure PLA	28,920	46,159	100,792
Road user safety PLA	16,527	21,458	15,758
Walking and cycling facilities PLA	12,262	15,000	17,771
Rail and coastal freight PLA	(121)	1,000	1,225
Transport planning PLA	13,440	25,859	15,911
	2,594,328	2,399,275	2,524,546
<b>STATE HIGHWAY NETWORK</b>			
State highway depreciation	407,700	388,869	402,610
State highway asset write-off	14,627	15,000	28,050
Less capitalised expenditure	(1,338,631)	(1,154,014)	(1,252,292)
	(916,304)	(750,145)	(821,632)
Total expenditure	1,678,024	1,649,130	1,702,914
<b>NET SURPLUS/(DEFICIT)</b>	<b>(33,563)</b>	<b>24,501</b>	<b>16,869</b>

<b>SPECIFIC PROJECTS FUNDED BY THE CROWN</b>			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Revenue from the Crown			
Canterbury transport project	14,000	14,000	14,500
Regional development transport funding	11,000	10,000	9,000
Enhanced public transport concessions for SuperGold cardholders	20,735	17,300	19,627
Administration of the SuperGold cardholders scheme	100	452	169
Total income	45,835	41,752	43,296
<b>EXPENDITURE</b>			
Canterbury transport project	14,000	14,000	14,500
Regional development transport funding	12,299	11,409	8,353
Enhanced public transport concessions for SuperGold cardholders	20,735	17,460	19,783
Administration of the SuperGold cardholders scheme	73	584	173
Total expenditure	47,107	43,453	42,809
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1,272)</b>	<b>(1,701)</b>	<b>487</b>

This supplementary information does not form part of the Agency's audited financial statements.

### THIRD PARTY FEES AND CHARGES FUNDED ACTIVITIES AND TOLLING

Memorandum accounts are notional accounts to record the accumulated balance of surpluses and deficits incurred for third party funded outputs operating on a full cost recovery basis. These accounts are intended to provide a long-run perspective on the pricing of outputs.

The following table provides a breakdown of the financial performance of the memorandum account - third party fees and charges.

THIRD PARTY FEES AND CHARGES FUNDED ACTIVITIES INCLUDING TOLLING			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>BORDER INSPECTIONS</b>			
Revenue	1,590	1,262	1,655
Expenditure	1,382	778	1,674
Net surplus/(deficit)	208	484	(19)
Balance at 30 June	278	511	70
<b>CERTIFICATION REVIEWS</b>			
Revenue	7,521	6,938	7,191
Expenditure	6,711	6,368	7,122
Net surplus/(deficit)	810	570	69
Balance at 30 June	(995)	(1,818)	(1,805)
<b>DRIVER LICENSING</b>			
Revenue	29,304	33,131	28,413
Expenditure	31,912	32,648	33,343
Net surplus/(deficit)	(2,608)	483	(4,930)
Transfer from general funds	0	0	16,382
Balance at 30 June	(2,608)	483	0
<b>DRIVER TESTING</b>			
Revenue	17,662	18,900	15,477
Expenditure	16,908	18,042	17,145
Net surplus/(deficit)	754	858	(1,668)
Transfer from general funds	0	0	4,205
Balance at 30 June	754	858	0
<b>OVERDIMENSION AND OVERWEIGHT PERMITS</b>			
Revenue	389	160	330
Expenditure	129	155	226
Net surplus/(deficit)	260	5	104
Balance at 30 June	363	83	103
<b>RAIL LICENSING</b>			
Revenue	1,093	869	856
Expenditure	901	1,708	1,306
Net surplus/(deficit)	192	(839)	(450)
Balance at 30 June	(1,789)	(2,404)	(1,981)

	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>STANDARDS DEVELOPMENT AND CERTIFICATION</b>			
Revenue	5,814	5,455	5,297
Expenditure	9,243	5,561	4,702
Net surplus/(deficit)	(3,429)	(106)	595
Balance at 30 June	2,820	5,909	6,249
<b>TRANSPORT LICENSING</b>			
Revenue	7,461	8,374	8,373
Expenditure	7,104	11,370	10,876
Net surplus/(deficit)	357	(2,996)	(2,503)
Balance at 30 June	(4,782)	(7,691)	(5,139)
<b>TOLLING</b>			
Revenue	4,905	5,523	5,371
Expenditure	4,890	4,284	4,874
Net surplus/(deficit)	15	1,239	497
Balance at 30 June	(129)	598	(144)
<b>TOTAL THIRD PARTY FEES/CHARGES</b>	<b>(6,088)</b>	<b>(3,471)</b>	<b>(2,647)</b>
<b>Total revenue and expenditure to the memorandum account and tolling</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
Revenue	75,739	80,612	72,963
Expenditure	79,180	80,914	81,268
<b>NET SURPLUS/(DEFICIT)</b>	<b>(3,441)</b>	<b>(302)</b>	<b>(8,305)</b>

*This supplementary information does not form part of the Agency's audited financial statements.*

As the memorandum account recorded a deficit for the year, there was insufficient third party revenue to cover associated costs. As a result, this is required to be funded from the Agency's reserves. We will continue to manage these deficits - this will include investigating options to reduce costs, review fees and seek additional funds as appropriate.

## NATIONAL LAND TRANSPORT PROGRAMME

The National Land Transport Programme (NLTP) outlines a three year programme of funding for land transport infrastructure and services throughout the country. The Agency develops the NLTP based on the policy direction in the Land Transport Management Act (LTMA) and the *Government policy statement on land transport funding* (GPS) and regional priorities.

The following table shows the movements in the NLTP balance for the second year of the programme.

NATIONAL LAND TRANSPORT PROGRAMME			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Capital contribution from NLTF (accelerated SH construction)	33,700	33,700	78,700
Capital contribution from NLTF (new & improved SH infrastructure)	748,330	514,232	382,801
Capital contribution from NLTF (renewal of state highways)	205,112	203,100	231,699
Revenue from the National Land Transport Fund	1,719,766	1,748,020	1,800,618
Revenue from third parties	18	0	1,700
Total income for the National Land Transport Programme	2,706,926	2,499,052	2,495,518
<b>EXPENDITURE</b>			
New and improved infrastructure for state highways	1,171,489	1,035,000	1,101,787
Renewal of state highways	205,112	202,000	231,699
Maintenance and operation of state highways	327,758	299,000	306,574
New and improved infrastructure for local roads	163,142	160,000	165,167
Renewal of local roads	205,499	232,000	204,774
Maintenance and operation of local roads	304,182	248,000	224,332
Public transport services	194,630	210,000	187,306
Public transport infrastructure	31,519	50,000	100,792
Demand management and community programmes	32,290	40,000	36,260
Walking and cycling facilities	12,262	17,000	17,771
Sector training and research	3,391	6,000	5,371
Domestic sea freight development	0	0	1,013
Rail and sea freight	(121)	1,000	212
Transport planning	23,195	32,000	20,113
Management of the funding allocation system	31,233	34,100	35,706
Total expenditure	2,705,581	2,566,100	2,638,877
<b>CARRY OVER INTO 2011/12</b>			
Loan to local authority	(2,380)	0	(25,960)
Public transport infrastructure – automated fare collection system	(13,146)	0	0
Opening balance	14,181	14,181	183,500
<b>CLOSING BALANCE AT THE END OF THE YEAR</b>	<b>0</b>	<b>(52,867)</b>	<b>14,181</b>

*This supplementary information does not form part of the Agency's audited financial statements.*

Priorities for the NLTP through till 2012 are outlined in the National Land Transport Programme 2009-2012: regional programmes, which can be accessed on our website [www.nzta.govt.nz](http://www.nzta.govt.nz)

## LAND TRANSPORT MANAGEMENT (ROAD TOLLING SCHEME)

This supplementary information has been provided to fulfil section 17 of the Land Transport Management (Road Tolling Scheme for ALPURT B2) Order 2005.

The Northern Gateway Toll Road was officially opened on 24 January 2009, bringing about a safer and more reliable journey between Auckland and Northland. In the year to 30 June 2011 over 5.1 million trips were made on the toll road. In addition to this, another 2 million trips have been made via the now less congested alternate free route, SH17.

In the last financial year the NZTA has processed 5 million toll transactions, answered 263,000 phone calls, 11,000 emails, and there are now over 56,000 active accounts.

### Toll tariffs

The toll tariffs are set at \$2.00 for light vehicles (3.5 tonnes and under) and motorcycles, and \$4.00 for heavy vehicles (over 3.5 tonnes). There is no cost for towing a trailer or caravan.

There has been no increase in toll tariffs since the road opened. The GST increase effective October 2010 is being absorbed by a reduction to the funds available for debt repayment.

### Toll revenue

The toll tariff consists of three parts: revenue, transaction charge and GST. Toll revenue is the portion of the tariff used to repay the debt, while the transaction charge element provides funding towards the operation costs (of running tolling). For a \$2.00 toll this is \$1.09 and \$0.65 respectively.

The remaining \$0.26 is GST. Over \$6.1 million of toll revenue has been paid to the Ministry of Transport for the period ending 30 June 2011, for debt repayment.

#### TRAFFIC VOLUMES FOR THE YEAR ENDED 30 JUNE 2011

Class of motor vehicle	Actual 2010/11 000	Forecast 2010/11 000	Actual 2009/10 000
Light vehicle	4,693	4,640	4,551
Heavy vehicle	387	382	384
Motorcycles	0	0	53
Exempt	19	20	18
Unidentifiable	24	15	3
Technical loss	5	77	0
<b>TOTAL</b>	<b>5,128</b>	<b>5,134</b>	<b>5,009</b>

Motorcycles are now included under light vehicles.

#### TOLL REVENUE (PORTION DESIGNATED FOR REPAYMENT OF DEBT) FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2010/11 \$000	Forecast 2010/11 \$000	Actual 2009/10 \$000
<b>PAID TOLL</b>			
Light vehicle	5,015	5,000	4,926
Heavy vehicle	1,091	1,117	1,103
Interest	45	32	31
<b>TOTAL FUNDS AVAILABLE</b>	<b>6,151</b>	<b>6,149</b>	<b>6,060</b>
<b>OUTSTANDING DEBTOR BALANCE AS AT 30 JUNE 2011</b>			
Unpaid toll revenue to be collected for the MoT	178		293
Unpaid operating charge to be collected	94		154
Unpaid administration charges to be collected	163		272
GST to be collected	62		90
<b>TOTAL OUTSTANDING DEBTOR BALANCE AS AT 30 JUNE 2011</b>	<b>497</b>		<b>809</b>

**USE OF TOLL ROAD AND ALTERNATIVE ROUTE(S) FOR THE YEAR ENDED 30 JUNE 2011**

	Actual 2010/11 %	Forecast 2010/11 %	Actual 2009/10 %
Northern Gateway Toll Road (SH 1)	71.4%	76.5%	77.1%
Free alternative route(s) (SH 16 or 17)	28.6%	23.5%	22.9%
Total	100.0%	100.0%	100.0%

**COMPLIANCE WITH TOLLING FOR THE YEAR ENDED 30 JUNE 2011**

	Volumes Actual 2010/11 000	Revenue Actual 2010/11 \$000	Volumes Actual 2009/10 000	Revenue Actual 2009/10 \$000
Total chargeable toll trips	5,080	10,934	4,937	10,642
Total administration charges	n/a	1,163	n/a	1,062
<b>TOTAL TOLL REVENUE</b>	<b>5,080</b>	<b>12,097</b>	<b>4,937</b>	<b>11,704</b>
Paid toll trips	4,880	10,519	4,748	10,252
Paid administration charges	n/a	861	n/a	782
<b>PAID TOLL REVENUE</b>	<b>4,880</b>	<b>11,380</b>	<b>4,748</b>	<b>11,034</b>
Unpaid toll trips	200	415	189	390
Unpaid administration charges	n/a	303	n/a	280
<b>UNPAID TOLL REVENUE</b>	<b>200</b>	<b>718</b>	<b>189</b>	<b>670</b>
Administration charge payment compliance	n/a	74.0%	n/a	73.6%
Toll payment compliance	96.1%	94.1%	96.2%	94.3%

## Financial statements for tolling

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Toll fees	4,314	4,412	4,161
Additional funds received from the NLTP	559	913	1,210
Total income	4,873	5,325	5,371
Expenditure	4,873	5,119	5,371
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>206</b>	<b>0</b>

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>ASSETS</b>			
Current assets	6,190	5,000	4,456
Non-current assets	3,920	4,000	4,541
<b>TOTAL ASSETS</b>	<b>10,110</b>	<b>9,000</b>	<b>8,997</b>
Liabilities	4,684	5,000	3,571
<b>NET ASSETS/EQUITY</b>	<b>5,426</b>	<b>4,000</b>	<b>5,426</b>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
Net cash from operating activities	556	(450)	3,166
Net cash from investing activities	0	0	0
Net cash from financing activities	0	0	(1,914)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>556</b>	<b>(450)</b>	<b>1,252</b>
Cash and cash equivalents at the beginning of the year	3,341	3,372	2,120
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>3,897</b>	<b>2,922</b>	<b>3,372</b>

This supplementary information does not form part of the Agency's audited financial statements.



## OUTPUT CLASS INCOME AND EXPENDITURE TABLES

REGULATORY IMPLEMENTATION AND ENFORCEMENT			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Revenue from the Crown	552	720	548
Revenue from the Crown for contracted services (rules)	804	723	813
Revenue from third parties (fees and charges)	29,312	29,397	28,590
Revenue from third parties (other)	1,563	1,393	2,977
Total income	32,231	32,234	32,928
<b>EXPENDITURE</b>			
Ministerial advice and official correspondence	713	885	424
Rules development	725	723	761
Fees and charges funded activities	30,191	29,715	30,121
Other	390	368	362
Total expenditure	32,019	31,691	31,668
<b>NET SURPLUS/(DEFICIT)</b>	<b>212</b>	<b>543</b>	<b>1,260</b>

LICENSING ACTIVITIES			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Revenue from the Crown (drug and alcohol assessments)	805	1,030	800
Revenue from the Crown (driver test subsidy)	1,445	1,533	1,445
Revenue from third parties	44,981	49,682	42,928
Total income	47,231	52,245	45,173
<b>EXPENDITURE</b>			
Drug and alcohol assessments	805	1,033	800
Fees and charges funded activities	48,989	51,197	51,147
Total expenditure	49,794	52,230	51,947
<b>NET SURPLUS/(DEFICIT)</b>	<b>(2,563)</b>	<b>14</b>	<b>(6,774)</b>

<b>MOTOR VEHICLE REGISTRY</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the Crown	41,454	38,727	39,536
Revenue from third parties	13,497	11,814	12,809
Total income	54,951	50,541	52,345
<b>EXPENDITURE</b>			
Operating activities	53,797	50,541	52,981
Total expenditure	53,797	50,541	52,981
<b>NET SURPLUS/(DEFICIT)</b>	<b>1,154</b>	<b>0</b>	<b>(636)</b>

<b>ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the Crown for contracted services	17,349	17,394	17,344
Total income	17,349	17,394	17,344
<b>EXPENDITURE</b>			
Operating activities	14,887	17,391	17,451
Total expenditure	14,887	17,391	17,451
<b>NET SURPLUS/(DEFICIT)</b>	<b>2,462</b>	<b>3</b>	<b>(107)</b>

<b>REFUND OF FUEL EXCISE DUTY</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the Crown for contracted services	431	431	429
Total income	431	431	429
<b>EXPENDITURE</b>			
Operating activities	496	417	595
Total expenditure	496	417	595
<b>NET SURPLUS/(DEFICIT)</b>	<b>(65)</b>	<b>14</b>	<b>(166)</b>

<b>ACCELERATED STATE HIGHWAY CONSTRUCTION</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Capital contribution from the NLTF	33,700	33,700	78,700
Total income	33,700	33,700	78,700
<b>EXPENDITURE</b>			
Capitalised investment in the state highway network	33,700	33,700	77,455
Total expenditure	33,700	33,700	77,455
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>1,245</b>

<b>NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Capital contribution from the NLTF (operations)	28,143	31,892	25,296
Capital contribution from the NLTF	720,187	482,340	357,505
Revenue from the NLTF (new/improved SH infrastructure)	21,913	36,370	21,467
Revenue from the NLTF (renewal of state highways)	384,000	384,000	380,000
Revenue from third parties	18	0	743
Total income	1,154,261	934,602	785,011
<b>EXPENDITURE</b>			
Capitalised operating activities (NLTP)	26,435	31,892	26,100
Capitalised investment new/improved SH infrastructure	1,111,354	925,427	998,232
Total expenditure	1,137,789	957,319	1,024,332
<b>NET SURPLUS/(DEFICIT)</b>	<b>16,472</b>	<b>(22,717)</b>	<b>(239,321)</b>

<b>RENEWAL OF STATE HIGHWAYS</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Capital contribution from the NLTF (operations)	11,581	8,213	11,225
Capital contribution from the NLTF	193,531	194,887	220,474
Total income	205,112	203,100	231,699
<b>EXPENDITURE</b>			
Capitalised operating activities (NLTP)	11,581	8,213	11,225
Capitalised investment in renewal of state highways	193,531	194,887	220,474
Total expenditure	205,112	203,100	231,699
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>MAINTENANCE AND OPERATION OF STATE HIGHWAYS PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the NLTF (operations)	11,312	8,308	10,894
Revenue from the NLTF (investment in land transport)	317,165	299,785	310,000
Revenue from third parties (business units)	1,095	1,232	957
Total income	329,572	309,325	321,851
<b>EXPENDITURE</b>			
Operating activities (NLTP)	10,496	8,308	10,061
Investment in land transport	317,262	299,785	295,349
Operating activities (business units)	1,243	1,058	1,164
Total expenditure	329,001	309,151	306,574
<b>NET SURPLUS/(DEFICIT)</b>	<b>571</b>	<b>174</b>	<b>15,277</b>

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS PLA			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Revenue from the National Land Transport Fund	163,142	154,000	175,000
Total income	163,142	154,000	175,000
<b>EXPENDITURE</b>			
Investment in land transport	163,142	154,000	165,167
Total expenditure	163,142	154,000	165,167
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>9,833</b>

RENEWAL OF LOCAL ROADS PLA			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Revenue from the National Land Transport Fund	205,500	237,000	218,000
Total income	205,500	237,000	218,000
<b>EXPENDITURE</b>			
Investment in land transport	205,499	237,000	204,774
Total expenditure	205,499	237,000	204,774
<b>NET SURPLUS/(DEFICIT)</b>	<b>1</b>	<b>0</b>	<b>13,226</b>

MAINTENANCE AND OPERATION OF LOCAL ROADS PLA			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Revenue from the National Land Transport Fund	274,768	235,000	215,000
Total income	274,768	235,000	215,000
<b>EXPENDITURE</b>			
Investment in land transport	304,182	235,000	224,332
Total expenditure	304,182	235,000	224,332
<b>NET SURPLUS/(DEFICIT)</b>	<b>(29,414)</b>	<b>0</b>	<b>(9,332)</b>

PUBLIC TRANSPORT SERVICES PLA			
	Actual 2010/11 \$000	Budget 2010/11 \$000	Actual 2009/10 \$000
<b>INCOME</b>			
Revenue from the National Land Transport Fund	194,630	210,000	200,000
Total income	194,630	210,000	200,000
<b>EXPENDITURE</b>			
Investment in land transport	194,630	210,000	187,306
Total expenditure	194,630	210,000	187,306
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>12,694</b>

<b>PUBLIC TRANSPORT INFRASTRUCTURE PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the NLTF (operations)	2,841	2,849	0
Revenue from the NLTF (investment in land transport)	41,826	54,159	135,641
Total income	44,667	57,008	135,641
<b>EXPENDITURE</b>			
Operating activities (NLTP)	2,599	2,849	0
Investment in land transport	28,920	46,159	100,792
Total expenditure	31,519	49,008	100,792
<b>NET SURPLUS/(DEFICIT)</b>	<b>13,148</b>	<b>8,000</b>	<b>34,849</b>

<b>ROAD USER SAFETY PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the NLTF (vehicle impoundment)	152	444	196
Revenue from the NLTF (operations)	17,241	18,562	22,862
Revenue from the NLTF (investment in land transport)	15,608	21,458	17,818
Total income	33,001	40,464	40,876
<b>EXPENDITURE</b>			
Operating activities (vehicle impoundment)	152	444	196
Operating activities (NLTP)	15,611	18,562	20,306
Investment in land transport	16,527	21,458	15,758
Total expenditure	32,290	40,464	36,260
<b>NET SURPLUS/(DEFICIT)</b>	<b>711</b>	<b>0</b>	<b>4,616</b>

<b>WALKING AND CYCLING FACILITIES PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the National Land Transport Fund	12,300	15,000	20,000
Total income	12,300	15,000	20,000
<b>EXPENDITURE</b>			
Investment in land transport	12,262	15,000	17,771
Total expenditure	12,262	15,000	17,771
<b>NET SURPLUS/(DEFICIT)</b>	<b>38</b>	<b>0</b>	<b>2,229</b>

<b>SECTOR TRAINING AND RESEARCH PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the NLTF (operations)	3,400	6,054	6,000
Revenue from third parties	8	0	17
Total income	3,408	6,054	6,017
<b>EXPENDITURE</b>			
Operating activities (NLTP)	3,391	6,054	5,371
Total expenditure	3,391	6,054	5,371
<b>NET SURPLUS/(DEFICIT)</b>	<b>17</b>	<b>0</b>	<b>646</b>

<b>RAIL AND COASTAL FREIGHT PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the National Land Transport Fund	0	1,000	2,000
Total income	0	1,000	2,000
<b>EXPENDITURE</b>			
Investment in land transport	(121)	1,000	1,225
Total expenditure	(121)	1,000	1,225
<b>NET SURPLUS/(DEFICIT)</b>	<b>121</b>	<b>0</b>	<b>775</b>

<b>TRANSPORT PLANNING PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the NLTF (operations)	9,650	7,212	5,143
Revenue from the NLTF (investment in land transport)	13,609	25,859	24,857
Total income	23,259	33,071	30,000
<b>EXPENDITURE</b>			
Operating activities (NLTP)	9,755	7,212	4,202
Investment in land transport	13,440	25,859	15,911
Total expenditure	23,195	33,071	20,113
<b>NET SURPLUS/(DEFICIT)</b>	<b>64</b>	<b>0</b>	<b>9,887</b>

<b>MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM PLA</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the NLTF (taxi enforcement)	2,085	2,085	1,423
Revenue from the NLTF (operations)	28,624	28,875	34,317
Total income	30,709	30,960	35,740
<b>EXPENDITURE</b>			
Operating activities (taxi enforcement)	2,077	2,085	2,249
Operating activities (NLTP)	29,156	28,875	33,457
Total expenditure	31,233	30,960	35,706
<b>NET SURPLUS/(DEFICIT)</b>	<b>(524)</b>	<b>0</b>	<b>34</b>

<b>CANTERBURY TRANSPORT PROJECT</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the Crown	14,000	14,000	14,500
Total income	14,000	14,000	14,500
<b>EXPENDITURE</b>			
Funding to approved organisations	14,000	14,000	14,500
Total expenditure	14,000	14,000	14,500
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>REGIONAL DEVELOPMENT TRANSPORT FUNDING</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the Crown	11,000	10,000	9,000
Total income	11,000	10,000	9,000
<b>EXPENDITURE</b>			
Funding to approved organisations	12,299	11,409	8,353
Total expenditure	12,299	11,409	8,353
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1,299)</b>	<b>(1,409)</b>	<b>647</b>

<b>ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the Crown	20,735	17,300	19,627
Total income	20,735	17,300	19,627
<b>EXPENDITURE</b>			
Funding to approved organisations	20,735	17,460	19,783
Total expenditure	20,735	17,460	19,783
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(160)</b>	<b>(156)</b>

<b>ADMINISTRATION OF THE PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARD SCHEME</b>			
	<b>Actual 2010/11 \$000</b>	<b>Budget 2010/11 \$000</b>	<b>Actual 2009/10 \$000</b>
<b>INCOME</b>			
Revenue from the Crown (operations)	35	248	455
Revenue from the Crown	100	452	169
Total income	135	700	624
<b>EXPENDITURE</b>			
Operating activities	63	248	455
Funding to approved organisations	73	584	173
Total expenditure	136	832	628
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1)</b>	<b>(132)</b>	<b>(4)</b>



# INDEPENDENT AUDITOR'S REPORT



## TO THE READERS OF THE NZ TRANSPORT AGENCY'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of the NZ Transport Agency (NZTA). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the NZTA on her behalf.

We have audited:

- the financial statements of the NZTA on pages 129 to 156, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the NZTA that comprises the statement of service performance on pages 69 to 115 and the report about impacts on pages 35 to 37.

### OPINION

In our opinion:

- the financial statements of the NZTA on pages 129 to 156:
  - › comply with generally accepted accounting practice in New Zealand; and
  - › fairly reflect the NZTA's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the NZTA on pages 69 to 115 and 35 to 37:
  - › complies with generally accepted accounting practice in New Zealand; and
  - › fairly reflects the NZTA's service performance and outcomes for the year ended 30 June 2011, including for each class of outputs:
    - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
    - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 4 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

### BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the NZTA's preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate.

We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the NZTA's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported non-financial performance information within the NZTA's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the NZTA's financial position, financial performance and cash flows; and
- fairly reflect its service performance and outcomes.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004 and Land Transport Management Act 2003.


### RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, the Crown Entities Act 2004, and section 11(3) of the Land Transport Management Act 2003.

### INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the NZTA.



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**John O'Connell**

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

### MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS

This audit report relates to the financial statements of the New Zealand Transport Agency (NZTA) for the year ended 30 June 2011 included on NZTA's website. The Board is responsible for the maintenance and integrity of NZTA's website. We have not been engaged to report on the integrity of NZTA's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. 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 financial statements as well as the related audit report dated 4 October 2011 to confirm the information included in the audited financial statements presented on this website.

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

## PUTTING THE SCRUTINY PRINCIPLE INTO PRACTICE

Report on the implementation of systems and procedures to give effect to the scrutiny principle for the period 1 July 2010 to 30 June 2011.

### BACKGROUND

The Land Transport Management Act (LTMA) 2003 provides for an operating principle for the NZ Transport Agency (NZTA), namely, that it must:

*...ensure that... it gives, when making decisions in respect of planning and funding under subpart 1 of Part 2, the same level of scrutiny to its own proposed activities and combinations of activities as it would to those proposed by approved organisations (section 96(1)d).*

The NZTA is required to do a number of things in relation to this principle including developing systems and procedures to enable it to give effect to the scrutiny principle, and include a report on its implementation of the systems and procedures in its annual report.

### SYSTEMS AND PROCEDURES

The NZTA has set up a number of systems and procedures to give effect to the scrutiny principle. Three sets of procedures have been developed to ensure compliance: operational procedures, to ensure individual decisions apply the appropriate level of scrutiny; managerial procedures, to oversee the application of the scrutiny principle; and monitoring/reporting procedures, to confirm the operational procedures are followed and the scrutiny principle has been properly applied.

The operational procedures enable employees and board members of the NZTA to know when and how to comply with the principle in relation to individual decisions, including:

- following the same procedure for similar types of activities
- applying equivalent evaluation criteria
- requiring an equivalent level of information
- applying the same level of rigour to the analysis
- applying the same level of tolerance to cost estimate rigour
- staff with equivalent seniority and experience involved with equivalent decisions.

### IMPLEMENTATION

The NZTA has published its approach to giving effect to the scrutiny principle on its website page titled 'The scrutiny principle' (<http://www.nzta.govt.nz/planning/what-funding/scrutiny-principle.html>).

This page also lists the systems and procedures it has in place to apply the scrutiny principle and provides links to the manuals – the procurement manuals and the Planning, Programming and Funding manual where the systems and procedures are set out in detail. Monitoring of the webpage during 2011 indicates the page is accessed on average 18 times a month (2010: 24).

A further link on this page links to a webpage that lists all the funding decisions the NZTA has made since August 2008 (prescribed date in the legislation is 1 October 2008) (<http://www.nzta.govt.nz/planning/what-funding/board-decisions/index.html>). The page is updated monthly once the previous month's decisions have been confirmed. Monitoring of the webpage during 2011 indicates the page is accessed on average 208 times a month (2010: 299).

The key system used by the NZTA was the web-based Land Transport Programmes (LTP) online system. This system has been updated to the Transport Investment Online (TIO) system and is used to manage the National Land Transport Programme. It contains all the activities proposed for funding and sets out for all applicants, both approved organisations and the NZTA for its own activities, the information required for the assessment and evaluation of the activities for funding. The system also records the decisions made by the NZTA including any conditions applied to the funding. The system is transparent. Every approved organisation can see the details of their proposals, the NZTA's recommendations and decisions and those of any other approved organisation and the NZTA. This effectively provides assurance that the requirements placed on any one approved organisation can be compared against others.

A number of different monitoring procedures are in place to provide quality assurance to the NZTA Board that employees and members are complying with the principle. These include:

- management reviews and checking of assessments / decisions
- audits conducted on both NZTA and approved organisation projects by the investment monitoring team
- periodic, risk based review of the performance of procedures by the internal audit team. Results from this work are reported to the NZTA's Audit, Risk and Assurance committee. The Secretary for Transport is an advisor to this committee and attends the meetings
- Audit New Zealand review as required to verify this report.

## INDEPENDENT REVIEW REPORT OF THE AUDITOR-GENERAL



### TO THE READERS OF THE NZ TRANSPORT AGENCY'S REPORT ON THE IMPLEMENTATION OF SYSTEMS AND PROCEDURES TO GIVE EFFECT TO THE 'SCRUTINY' PRINCIPLE

We have completed a review of the report by the NZ Transport Agency (NZTA) on the implementation of systems and procedures to give effect to the 'scrutiny' principle, for the period 1 July 2010 to 30 June 2011.

The Auditor-General is the auditor of the NZTA. The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the review on her behalf.

#### CONCLUSION

- Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the report by the NZ Transport Agency on the implementation of systems and procedures to give effect to the 'scrutiny' principle, on page 177, for the period 1 July 2010 to 30 June 2011 is not fairly stated.
- Our review was completed on 4 October 2011, and is the date at which our conclusion is expressed.
- The basis of our review conclusion is explained below. In addition, we outline the responsibilities of the Board of the NZTA and the Auditor, and explain our independence.

#### BASIS OF CONCLUSION

We carried out our review in accordance with International Standard on Assurance Engagements (New Zealand) 3000: *Assurance engagements other than audits or reviews of historical financial information*.

Our review involved obtaining sufficient and appropriate evidence and explanations from Agency personnel to be able to conclude whether any matters have come to our attention to indicate that the information presented in the report has not been fairly stated.

Our review was limited primarily to enquiries of Agency personnel, and reading the report to assess whether the information therein was consistent with our understanding of the NZTA's systems and procedures, as obtained during our annual audit of the NZTA.

#### RESPONSIBILITIES OF THE BOARD OF THE NEW ZEALAND TRANSPORT AGENCY AND THE AUDITOR

The Board is responsible for preparing a report on the implementation of systems and procedures to give effect to the 'scrutiny' principle, pursuant to section 96(2)(b) of the Land Transport Management Amendment Act 2008. The NZTA's report is required to be included in its annual report.

Section 96(3) of the Land Transport Management Amendment Act 2008 requires the Auditor-General to report on the NZTA's report on the implementation of the systems and procedures to give effect to the 'scrutiny' principle.

#### INDEPENDENCE

When carrying out the review we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit we have no relationship with or interests in the NZTA.

#### John O'Connell

Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# National Land Transport Fund annual report

for the year ended 30 June 2011

Provided to the Minister of Transport and presented to the House of Representatives pursuant to section 11 of the Land Transport Management Act 2003 and section 150 of the Crown Entities Act 2004



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## CONTENTS

## SECTION

**A****NLTF  
OVERVIEW****182****Chairman's  
report****183****Chief  
Executive's  
report****184****NLTF  
investment  
performance  
at a glance****185****Overview of  
the land  
transport  
investment  
system****187****Investment  
strategy****188****Progress on  
the 2009-12  
National Land  
Transport  
Programme  
(NLTP)****194****Regional NLTF  
investment  
highlights****202****Looking  
forward**

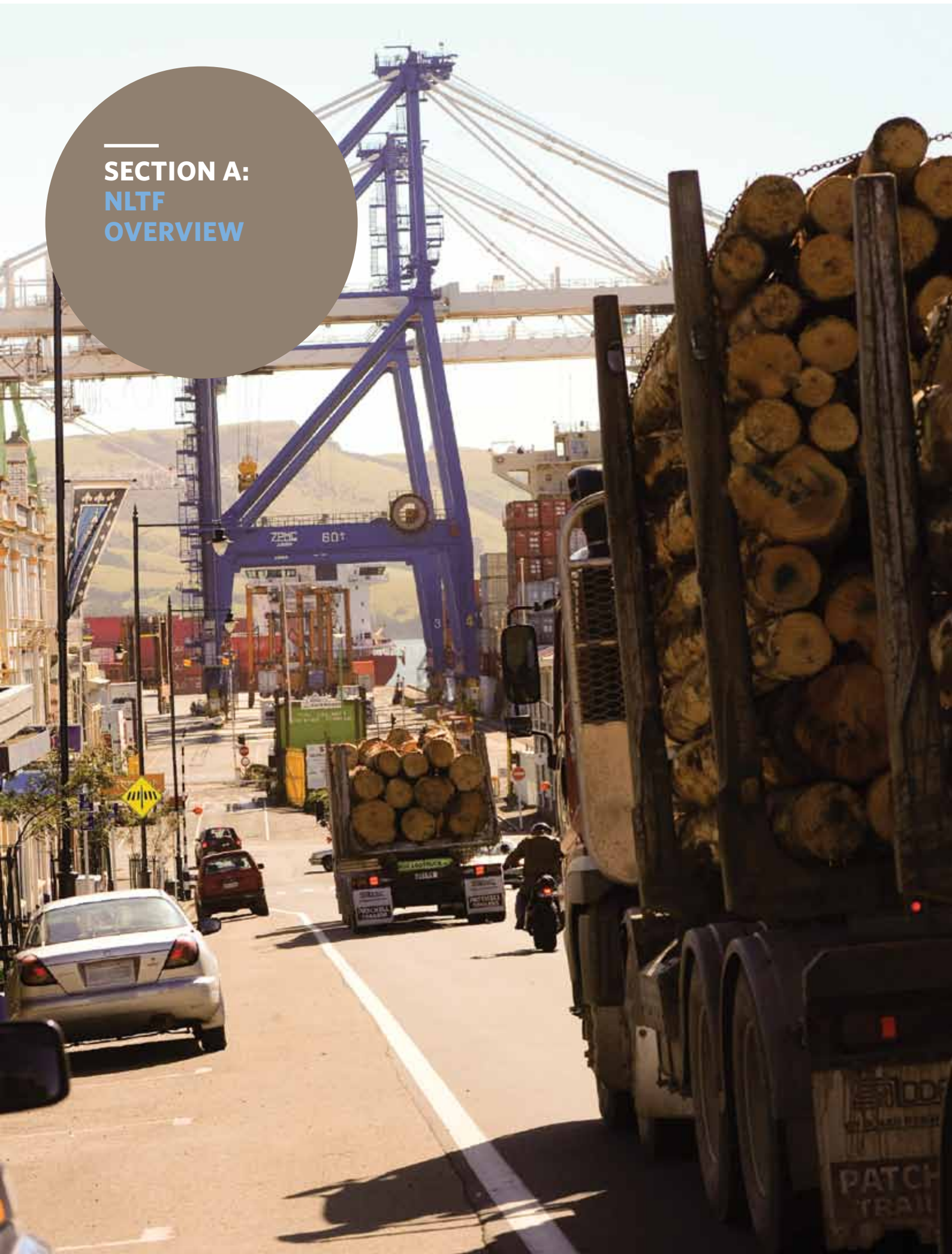
## SECTION

**B****STATEMENT  
OF SERVICE  
PERFORMANCE****204****Summary  
of NLTF  
investment  
performance****205****Road Policing  
Programme**

## SECTION

**C****STATEMENT  
OF FINANCIAL  
PERFORMANCE****209****Statement of  
responsibility****210****Financial  
statements****212****Notes to the  
financial  
statements****219****Audit report**

SECTION A:  
NLTF  
OVERVIEW



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## CHAIRMAN'S REPORT

On behalf of the NZ Transport Agency (NZTA) Board, I present the 2010/11 annual report for the National Land Transport Fund (NLTF). This report demonstrates how the fund is encouraging economic growth to deliver greater prosperity, security and opportunities for all New Zealanders.

The past year's NLTF investments keep us on track to achieve the goals set by the *Government policy statement on land transport funding* by supporting activities that create transport solutions for a thriving New Zealand.

For us, this has meant meeting the government's goal of increasing New Zealand's economic growth and prosperity by improving infrastructure and services; enabling better access to markets, employment and economic growth areas; and improving the transport network.

We've also been making investments that will reduce death and serious injury, increase transport choices, reduce adverse environmental effects and contribute to positive health outcomes.

Despite managing a full workload, the NZTA has continued to achieve value for money across all of the investments. The Board is confident that through its administration of the NLTF, the NZTA is helping to achieve greater prosperity, security and opportunities for all New Zealanders.



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**Chris Moller**

Chair  
NZ Transport Agency



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## CHIEF EXECUTIVE'S REPORT

The 2010/11 National Land Transport Fund (NLTF) annual report provides information on how the fund has been invested as it enters the third year of the 2009/12 National Land Transport Programme (NLTP).

The transport sector made excellent progress during the first two years of the NLTP.

The NLTF has invested in seven roads of national significance, which have been identified by the government as critical to New Zealand's long-term economic prosperity. The fund has also been instrumental in lifting the effectiveness of public transport services to attract more customers and ease peak-hour congestion in our cities. This investment is part of the strategy to provide Auckland with a high-quality transport system to capitalise on the city's burgeoning economic potential.

In the first two years of the NLTF investment plan we have had a productive journey towards achieving the goals set by the *Government policy statement on land transport funding*.

A great deal of work has been delivered ahead of time resulting in an acceleration of investment by the fund into the roads of national significance (RoNS) utilising prior year accumulated surpluses and additional borrowing the government has allowed the NZTA to access. This has led to a second year of significant deficits for the fund and an overall position of having negative equity.

Although the fund is now investing at significant levels in transport networks utilising future revenue streams, the fund will be able to cover its ongoing liabilities and is forecast to return to positive equity over the coming years.



---

**Geoff Dangerfield**  
Chief Executive Officer

## NLTF INVESTMENT PERFORMANCE AT A GLANCE

# 12%

is the level of efficiency gains made across the new infrastructure for state highways programme

# 127.7m

passengers received NLTF funding assistance for their journeys on buses, trains and ferries

# 135km

of new walking and cycling network was added over the year

# 13%

is how far ahead of schedule we are for construction of roads of national significance

# \$53m

is the expenditure made on emergency works to ensure the state highway network was open following adverse weather and seismic activity

# 73%

is the percentage of recall target audiences have for road safety advertising

# 5.4%

of the local road network was resealed during the course of the year at a cost of **\$205m**

# >3.1m

alcohol breath tests undertaken by the NZ Police as part of the NLTF funded Road Policing Programme

# 36,750

the total number of crashes attended by the NZ Police as part of the NLTF funded Road Policing Programme

# <1%

of total expenditure (excluding the Road Policing Programme) was spent on managing the funding allocation system

We continued to keep the cost of administration of the National Land Transport Programme to a minimum in order to maximise the investments in the transport system.

# 73%

reduction in information required of approved organisations for every future investment application submitted

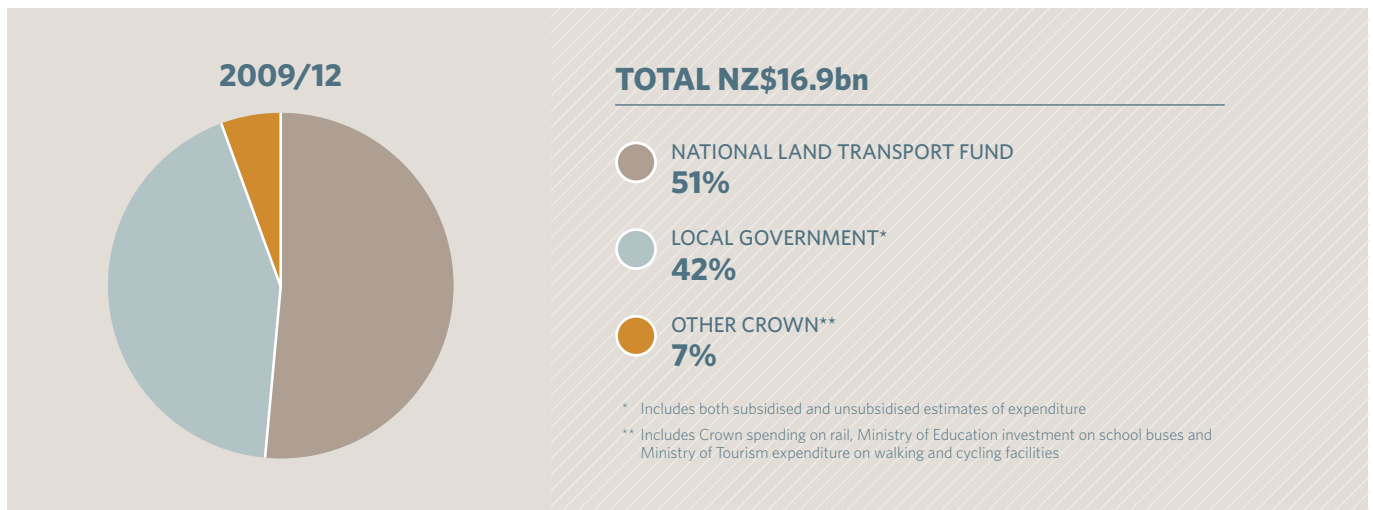
This has reduced costs for the NZTA and the investment partners, as we focus attention on investing for desired transport outcomes.

## OVERVIEW OF THE LAND TRANSPORT INVESTMENT SYSTEM

### INVESTMENT IN TRANSPORT

The NLTF is a key tool to facilitate the government's investment on behalf of transport users, of funds for the functioning of the land transport system. There are many investors that contribute to providing and using the land transport system. In addition to the government, local authorities invest on behalf of communities, and a significant number of firms and individuals also invest in transport infrastructure (eg subdivision roads), associated infrastructure such as vehicle storage facilities, and other user-based costs such as access charges, parking, taxi and public transport fares.

### ESTIMATED PLANNED LAND TRANSPORT PUBLIC SECTOR INVESTMENT



### CHANGES IN THE ENVIRONMENT

New Zealand's tentative economic recovery in 2010/11 was largely due to the performance of the export sector which had benefited from strong offshore demand for primary produce and elevated US\$ denominated commodity prices. Although temporarily derailed by the Canterbury earthquakes, this strong external performance has had positive effects for domestic consumption, with businesses, encouraged by the continuation of accommodative monetary policy and a stronger NZ\$ exchange rate, investing in more plant, machinery and equipment, and households, buoyed by an improvement in their finances slowly increased their spending.

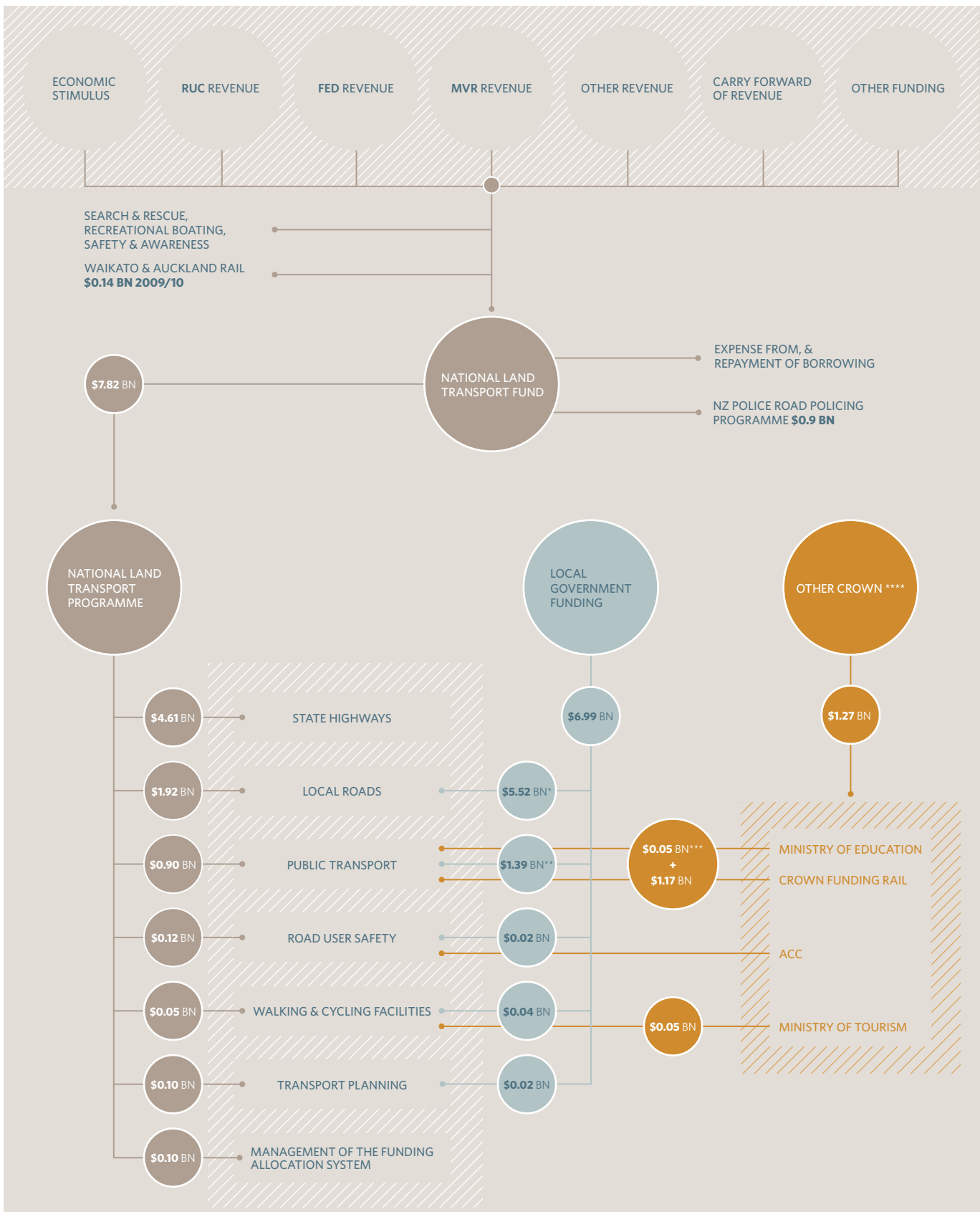
This improved economic performance has been the key factor affecting revenues flowing into the National Land Transport Fund (NLTF) in 2010/11.

- Increasing freight activity, boosted by stronger external performance, resulted in 11.6% increase in revenues generated from road user charges (RUC).
- Increasing domestic economic activity offset the dampening effect of higher petrol prices, resulting in an overall increase in vehicle kilometres travelled and a 1.8% increase in revenues generated from fuel excise duties (FED).

- Improving economic conditions supported an increase in revenues generated from new and used vehicle registrations. However, any gains in this regard were negated by a reduction in revenues generated from vehicle relicensing.

In line with the economic recovery, the cost of factor inputs used to produce these goods and services have also increased. In 2010/11, there were across-the-board rises in these, typically associated with constructing and maintaining the state highway network; ie bitumen, labour, cement, aggregate and steel. These, in turn, bumped up the major contract indices; ie maintenance, construction, bridges, professional services and resealing, which the NZTA uses as a basis for entering into contracts with contractors.

### ESTIMATED PLANNED 2009/12 PUBLIC SECTOR INVESTMENT IN NEW ZEALAND LAND TRANSPORT NETWORKS



\* Made up of a subsidised amount of \$1.8bn plus an unsubsidised estimate \$3.7bn (annual figure escalated by 3.33% over 3 years)

\*\* Made up of a subsidised amount of \$0.7bn plus an unsubsidised estimate of \$0.7bn (annual figure escalated by 3.33% over 3 years)

\*\*\* Ministry of Education expenditure on school buses amounts to about \$160m per annum

\*\*\*\* Other Crown includes Ministry of Education, Crown funding for rail, ACC and Ministry of Tourism

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## INVESTMENT STRATEGY

The NZTA Investment and Revenue Strategy (IRS) provides us with the framework through which the NZTA gives effect to the *Government policy statement on land transport funding* (GPS) as it invests the NLTF. The IRS sets out the prioritisation framework that is used to develop and manage the National Land Transport Programme (NLTP).

The IRS ensures that the NZTA invests in the right activities that have the greatest potential to support a thriving New Zealand and enables us to be a 'smart investor' in the following ways:

- The IRS strategic fit test ensures we are delivering on the government's priorities (as per the GPS).
- The IRS effectiveness test ensures that those activities are delivered in the way that has the greatest impact.
- The IRS efficiency test ensures that those activities are delivered at the best possible whole-of-life cost.

The IRS was amended by the NZTA Board in March 2011 to reflect the outcomes of three activity class reviews relating to sector training and research, road user safety and transport planning, and the November 2010 amendments to the GPS.

The changes made to the IRS had the effect of prioritising NLTP investment towards:

- the Safer Journeys road safety strategy (including the adoption of a Safe System approach) and reducing deaths and serious injuries
- relieving congestion in major urban areas and improving journey time reliability
- optimisation of the land transport network and services
- key tourism and freight routes, including those for high productivity motor vehicles
- transport planning, research and training investment that makes the greatest contribution to priorities in other activity classes and those above
- encouraging integrated planning approaches.

## PROGRESS ON THE 2009-12 NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

### OVERVIEW OF THE 2010/11 INVESTMENT PORTFOLIO

In the two years to 30 June 2011, actual expenditure in the 2009-12 NLTP was \$5,344 million (excluding road policing). Measured against the initial phasing of the NLTP we are currently \$91 million ahead of schedule for the first two years.

#### State highway network

Investment in the new and improved infrastructure for state highways output class amounted to \$1.17 billion in 2010/11, the second year of the NLTP. This follows a \$1.10 billion spend on this output class in the first year of the NLTP.

Significant progress occurred on the development and construction phases of the following:

- The SH20 to SH1 Manukau Extension was completed.
- The Victoria Park Tunnel will open three months ahead of schedule.
- Construction works continued on the Te Rapa section of the Waikato Expressway.
- Replacement of the Kopu Bridge in Thames.
- High productivity motor vehicle (HPMV) route between Auckland (end of Southern Motorway) to Port of Tauranga has been cleared for full use.
- Wellington Northern Corridor including safety and refurbishment of the Mt Victoria and Terrace tunnels.
- Ruby Bay Bypass in the Tasman area.
- Christchurch Motorways project.

In addition, another \$511 million was spent on the renewals, maintenance and operation of the state highway network during 2010/11.

This assisted in keeping the state highways available 99.5% of the time, and we exceeded our resealing target by 49 kilometres.

In excess of \$53 million was spent on emergency works primarily associated with flooding in the Hawke's Bay area and the Canterbury earthquakes.

#### Local roads

The NLTF invested close to \$304 million in local road maintenance and operations. This output class includes funding for emergency reinstatement activities. The extensive damage caused by the September and February Canterbury earthquakes resulted in an overexpenditure of \$69 million or 29% for the year. Actual NLTF expenditure on the Canterbury reinstatement work in Christchurch city, plus Waimakariri and Selwyn districts totalled \$52.7 million for the year alone.

During the year close to \$205 million was invested in local road renewals, being \$32 million under budget caused primarily by a lack of resources in the Canterbury area. In addition, some councils have deferred work as they respond to the current tight economic conditions.

A major investment in local roads was the Hamilton Ring Road, including the four-laning of Wairere Drive.

#### Public transport infrastructure

Investment in public transport infrastructure projects was prioritised and targeted to activities and areas that maximised our investment return, in particular Auckland and Wellington, where there is a need for greater focus on relieving severe congestion and economic growth. Key investments in this activity class included:

- Auckland integrated fare system construction/implementation
- Manukau Transport Interchange and city rail link
- real-time system extension (Auckland passenger rail)
- real-time system construction/implementation (Wellington bus network)
- Auckland rail station improvements
- Auckland ferry wharf.

#### Public transport services

During the year the NLTF investment of \$194.6 million was made across all regional networks in public transport services and operations. This is an increase of \$7.3 million over the previous year. The majority of this investment, close to 90%, was in Auckland, Wellington and Christchurch where the majority of the services and related costs are targeted at assisting in relieving severe congestion in major urban areas. Much of the increase in expenditure is the result of additional investment in Auckland rail and also in growing public transport networks in and around the urban centres of Tauranga, New Plymouth and Napier.

As well as an increase in the level of our investment, passenger boardings have increased by 2.1 million to 127.7 million during the year across the country. The level of this increase was greatly affected by the Christchurch earthquakes, in particular, the earthquake on 22 February. Since this date, monthly patronage levels have fallen to half of what they were before this event.

### Road user safety

\$15.6 million was invested in local government programmes and \$16.7 million in nationally delivered activities that increase the safe and efficient use of the land transport system. The greatest proportion of spend in 2010/11 was on alcohol and drug impaired driving risks, followed by speeds, cycling safety and school based activities.

### Walking and cycling

Improving the contribution that walking and cycling activities make to the reduction of congestion in main urban areas and increasing the safety of pedestrians and cyclist were the funding priorities during the 2010/11 year.

The NLTF invested \$12.3 million in walking and cycling infrastructure in 2010/11, with the investment beginning to demonstrate the long-term benefits of providing an increase in walking and cycling numbers in the major urban centres and many regional towns, with cycling in the Auckland region alone increasing 27% in the last year.

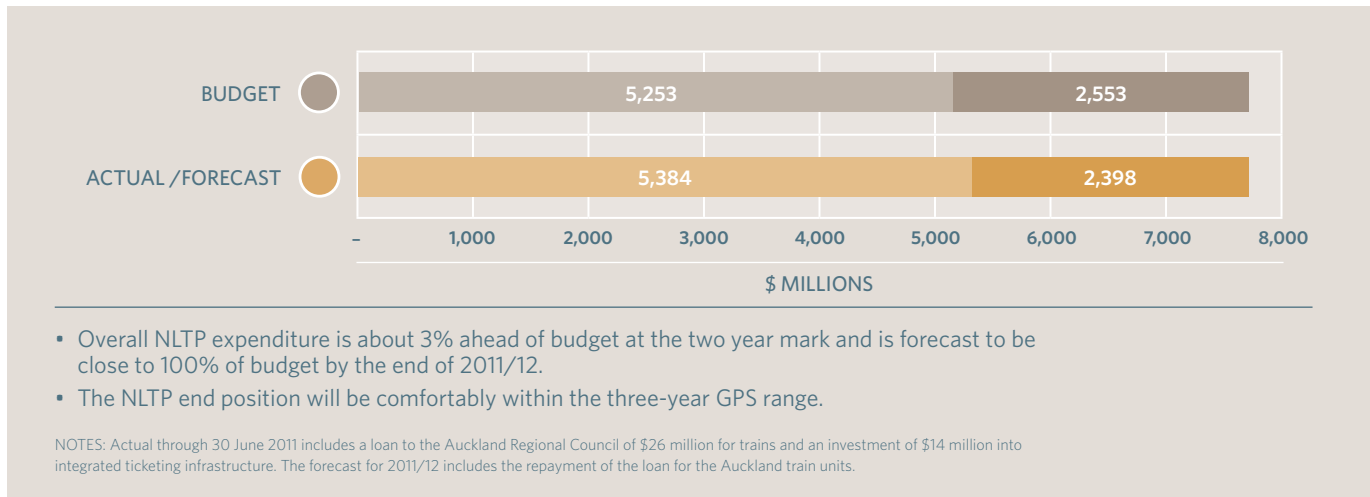
### Variations

Within activity classes, there are a number of variations against plan/forecast for the 2010/11 period:

- State highway new infrastructure and renewals ended the year 11% ahead of budget. Ten out of the 11 planned large projects for 2010/11 were completed. The only uncompleted project concerned the Canterbury area and was postponed due to the earthquake. Roads of national significance (RoNS) projects overall progressed well - the most striking example being the Victoria Park Tunnel, now scheduled for early completion in 2012. To maintain the NLTP within its revenue and borrowing limits, some reprioritising of the state highway programme is required in 2011/12.
- Local road maintenance ended the year 29% ahead of budget predominantly due to emergency reinstatement activities. The extensive damage caused by the February earthquake in Canterbury and weather related damage in the North Island generated this variance. Routine maintenance and operations activities were close to budgeted levels.
- Local road renewals ended the year 13% below budget due to cost efficiency gains in programme delivery. Some approved organisations have taken advantage of these savings and transferred some funds across to maintenance and operations activities.
- Transport planning ended the year 30% below budget predominantly as a result of the transport planning activity class review. This aimed at improving the targeting of investment to priority areas and resulted in an expected \$9 million reduction in funds allocated.
- Expenditure on public transport services ended the year 7% below budget. Savings predominantly came from bus services. In Wellington, a new Hutt Valley contract generated 40% of the total savings. The remaining 60% was generated in Auckland through deferment of service changes and lower than expected rates on the existing contracts. It is anticipated that the savings realised in Auckland over the past two years will be compensated by additional costs due to track access activities and additional services to the Manukau rail extension.

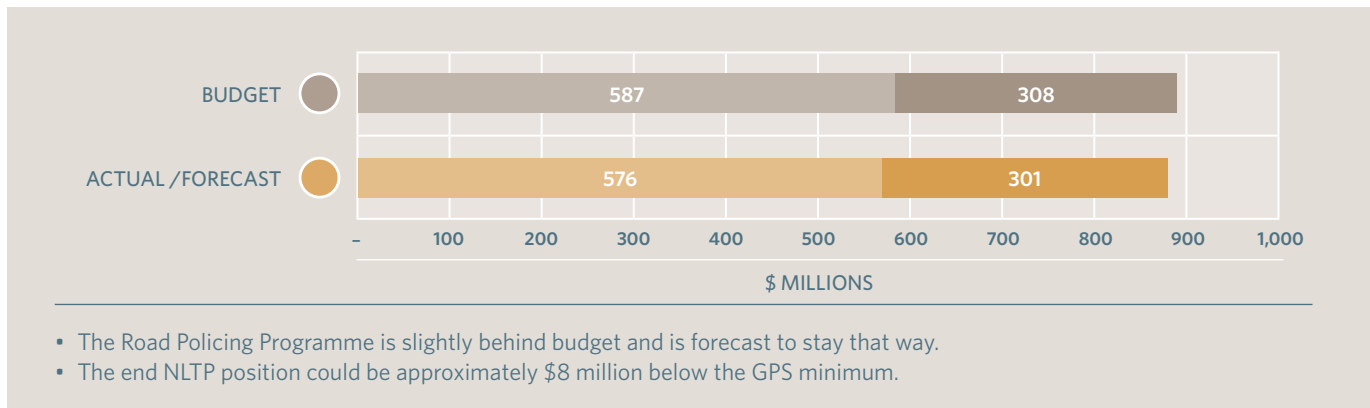
## SIGNIFICANT ACTIVITY CLASS ACTUALS VERSUS BUDGET FOR THE 2009-12 NLTP AS AT 30 JUNE 2011

### OVERALL NLTP (EXCLUDING ROAD POLICING)



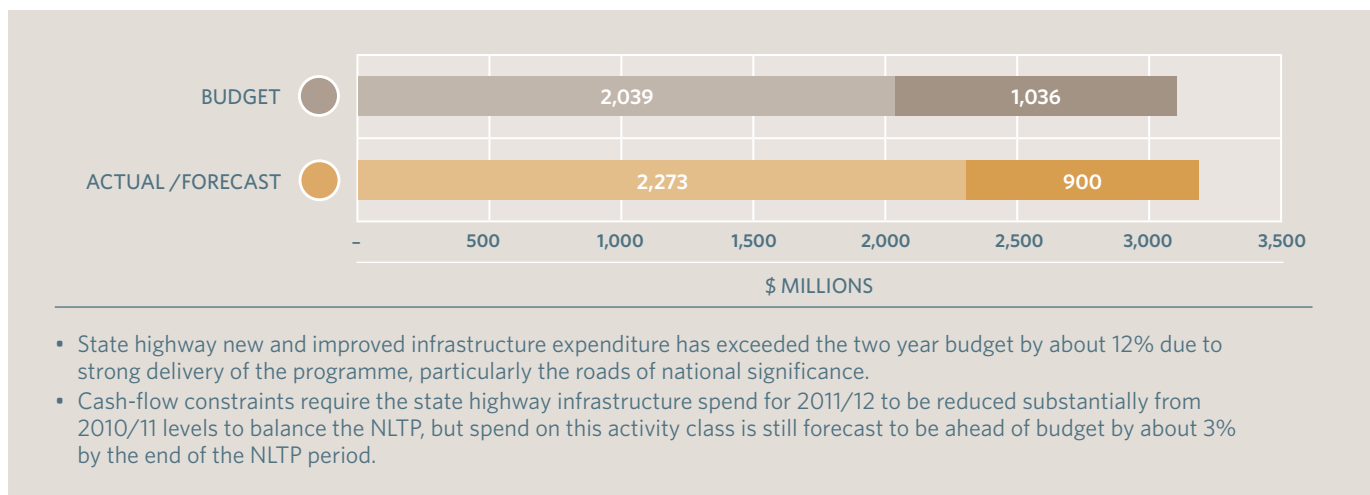
- Overall NLTP expenditure is about 3% ahead of budget at the two year mark and is forecast to be close to 100% of budget by the end of 2011/12.
- The NLTP end position will be comfortably within the three-year GPS range.

### ROAD POLICING PROGRAMME



- The Road Policing Programme is slightly behind budget and is forecast to stay that way.
- The end NLTP position could be approximately \$8 million below the GPS minimum.

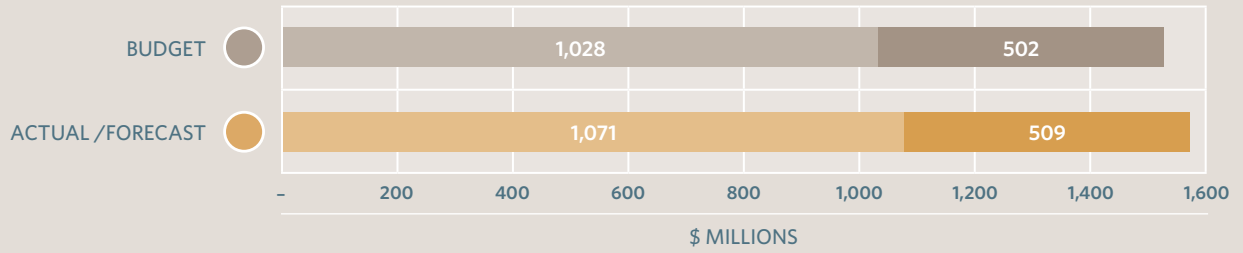
### STATE HIGHWAY NEW AND IMPROVED INFRASTRUCTURE



- State highway new and improved infrastructure expenditure has exceeded the two year budget by about 12% due to strong delivery of the programme, particularly the roads of national significance.
- Cash-flow constraints require the state highway infrastructure spend for 2011/12 to be reduced substantially from 2010/11 levels to balance the NLTP, but spend on this activity class is still forecast to be ahead of budget by about 3% by the end of the NLTP period.

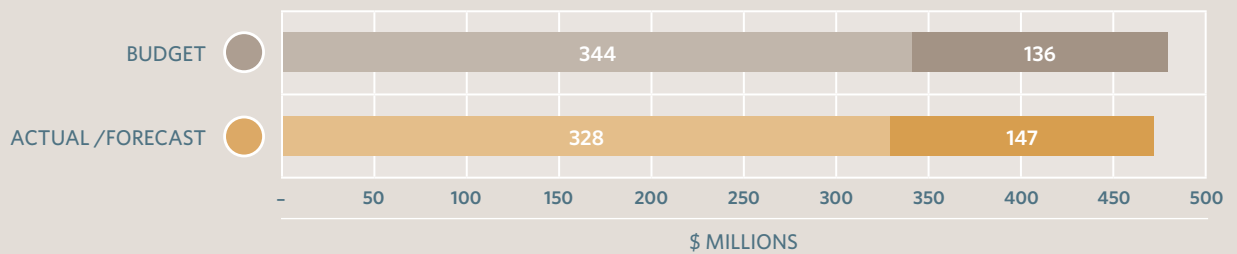


### STATE HIGHWAY MAINTENANCE, OPERATIONS AND RENEWALS



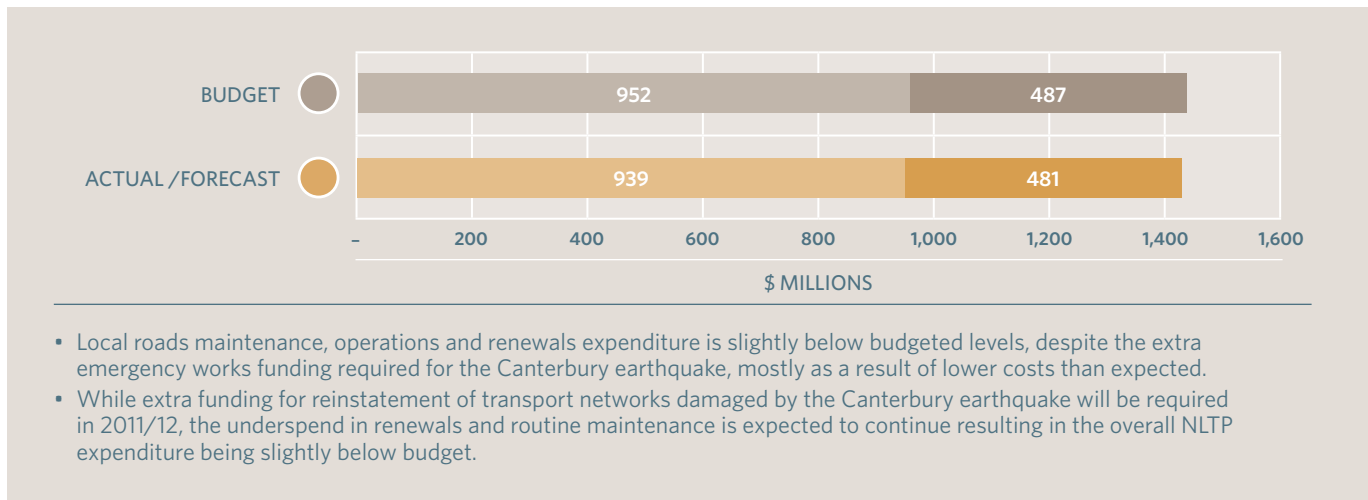
- State highway maintenance, operations and renewals expenditure is ahead of budget after two years by around 4% and is expected to remain at this level by the end of the NLTP.
- A key reason for the higher than planned spend is increased funding requirements for emergency works driven by the Canterbury earthquake and weather related events through the country, which has been recognised in a transfer of emergency works funding from local roads.

### LOCAL ROADS NEW AND IMPROVED INFRASTRUCTURE

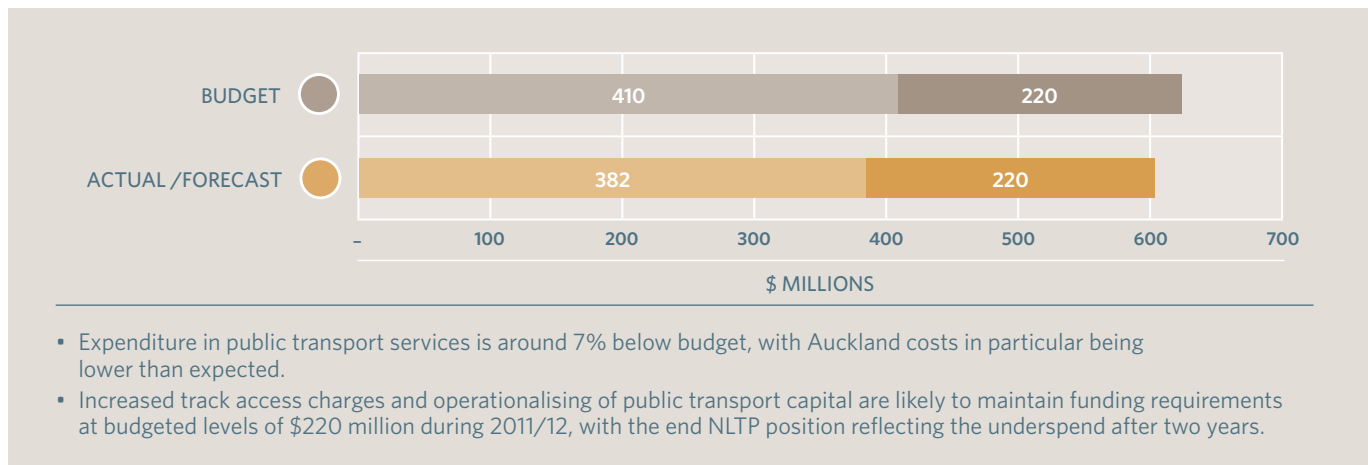


- Expenditure for local roads new and improved infrastructure is behind budget at the two year mark by about 5%, which reflects the weighting of the original budget toward the first two years.
- The final NLTP spend is expected to be much closer to budget, as commitments in place should be delivered against a budget that is lighter in the third year.

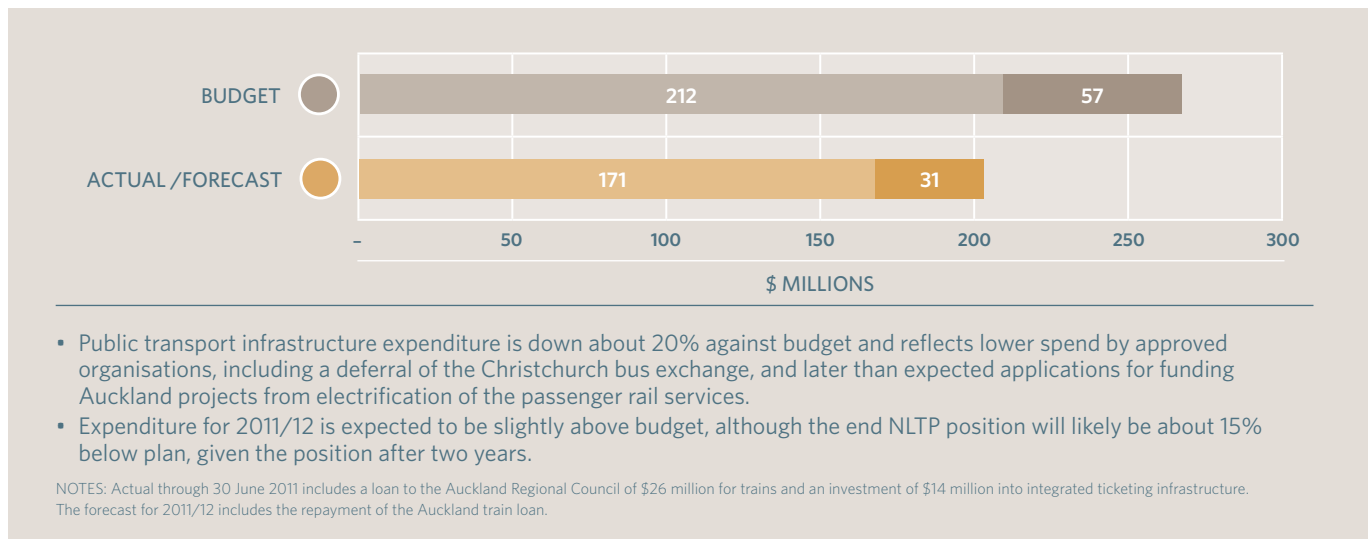
### LOCAL ROADS MAINTENANCE, OPERATIONS AND RENEWALS



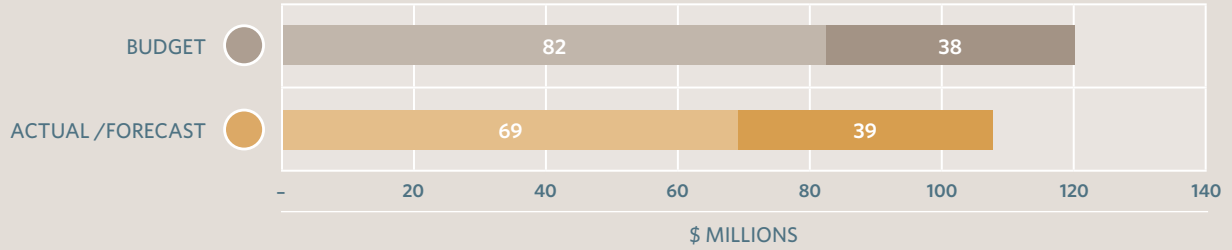
### PUBLIC TRANSPORT SERVICES



### PUBLIC TRANSPORT INFRASTRUCTURE

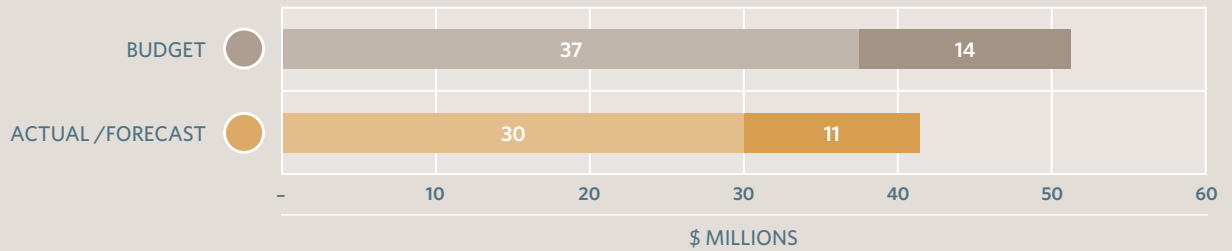


### ROAD USER SAFETY



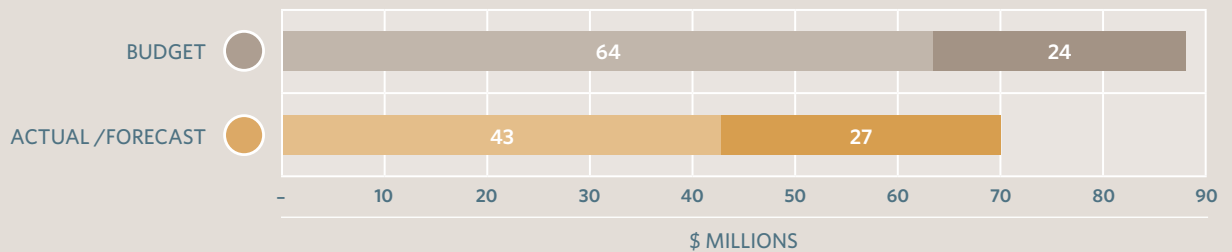
- Expenditure after two years is below budget by about 15% as approved organisations and the NZTA under spend against their budgets.
- We expect that 2011/12 expenditure will be close to budget as approved organisations look to utilise their allocations before the next NLTP.

### WALKING AND CYCLING FACILITIES



- Walking and cycling expenditure is trailing year to date budget by about 20%, partly due to projects in more rural areas lacking the priority to attract funds and also a slow start on the two model communities' projects.
- The moratorium on new approvals has also affected this activity class and the expectation is that spend will continue below budget.

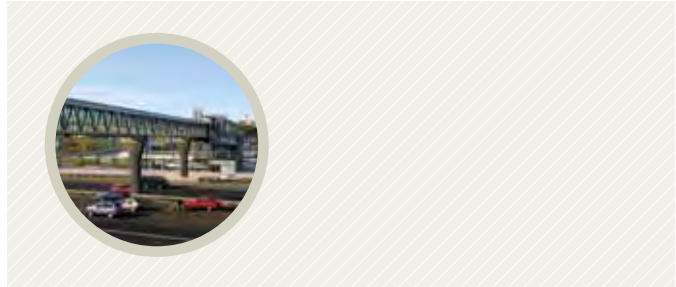
### TRANSPORT PLANNING



- Expenditure on transport planning activities has dropped well below budget, partly as a result of some NZTA costs being recoded to other activity classes and also due to the tighter definition and greater scrutiny of studies following the NZTA's review of this activity class.
- The final NLTP position will be about \$18 million below budget, but still within the GPS range.

## REGIONAL NLTF INVESTMENT HIGHLIGHTS

The fund, via the 2009/12 National Land Transport Programme, has invested in a targeted manner across New Zealand. Listed in the following pages is an overview and the significant investment highlights by regions for the two years 2009/11.



### NORTHLAND

The past two years have seen a significant investment in Northland. Significant progress has been made on a number of state highway and Whangarei District projects, with many of these tracking to budget while being delivered on time or ahead of programme. Northland has seen the Bulls Gorge and Kamo Bypass projects commence and the Whangarei District's Lower Hatea River Bridge has been approved.

Just over 287,000 trips were taken by bus.

Sealing and widening of the final 19 kilometres of SH1 from Waitiki Landing to Cape Reinga has been completed.

The Bulls Gorge project on SH10 has commenced construction.

Kamo Bypass and Spedding Road Link projects are under construction (NZTA and Whangarei District).

Lower Hatea Bridge and Porowini Avenue extension projects have been approved for construction (Whangarei District).

Northland is one of the few regions to have been allocated T (community transport) funds, which has enabled some seal extension works in areas of socioeconomic deprivation.

A funding arrangement for the Hokianga vehicular ferry service has been concluded with Far North District Council giving greater certainty around NLTF funding.

A total of \$12.3 million of Crown regional development transport funding has been invested in Northland to support forestry activities (outside of National Land Transport Fund but managed by the NZTA).

Work is progressing on several high productivity motor vehicle (HPMV) routes to assist economic performance of transport operations in the region.

### AUCKLAND

The past two years have seen a significant investment in the region and this is expected to continue for the remainder of the NLTP period. Roads of national significance and other large state highway projects have made significant progress, with many of these projects tracking to budget while being delivered on time or ahead of programme. Attention to multi-modal studies and investigations has resulted in a number of significant projects advancing on regional arterial corridors and roads.

A significant change in Auckland during the period, has been the creation of the new Auckland Council and its council-controlled organisation, Auckland Transport. Assisting and partnering with these new organisations has been important to ensure the capacity and capability is available to deliver the NLTP during this period of significant change.

Around 51.1 million and 9.9 million trips were taken by bus and train respectively, while a further 4.7 million trips were by ferry.

New Lynn transit oriented development stage one complete and stage two underway.

Auckland Manukau Eastern Transport Initiative (\$427m) package one detail design funding approved.

Hibiscus Coast bus station and associated parking.

Victoria Park Tunnel will open to two lanes of traffic in November 2011, three months ahead of schedule.

Manukau City rail link and transport interchange under construction.

Total of \$134m investment in passenger transport services.

Significant state highway projects in Auckland on budget and/or ahead of programme, eg SH20-1, Manukau Harbour Crossing, Hobsonville Deviation, Newmarket Viaduct, Victoria Park Tunnel.

Funding approved to investigate Dominion Road public transport project, while Manukau Rail link stage one is complete and stage two being investigated.

Albany highway multi-modal corridor improvements investigation underway.



## WAIKATO

Development of the region's number one priority – the Waikato Expressway RoNS – is ahead of programme and for local authorities, all maintenance, operations and renewals budgets were fully committed.

A number of significant projects were programmed for delivery in the region, with one of the largest being the East Taupo Arterial that opened in October 2010.

In addition the Hamilton Ring Road project received funding approval.

The Waikato Expressway network plan and the Hamilton City Council's Access Hamilton strategy were developed and the Waikato Regional Transport Model is operational and will be a critical tool for transport planning across the region.

About 4.6 million trips were taken by bus.

Long-term performance specified maintenance programme covering West Waikato awarded.

Work continued on the Waikato Expressway in particular Te Rapa section and Taupiri link.

Construction approved for the \$176 million Ngaruawahia section of the Waikato Expressway.

Funding confirmed for the replacement Atiamuri Bridge on SH1.

Construction continued on the Kopu Bridge in Thames.

The \$128 million East Taupo Arterial project completed.

Funding approved for the Hamilton Ring Road project.



## BAY OF PLENTY

The opening of the new Tauranga Harbour Link in December 2009 was important for the Western Bay. The project has significantly reduced congestion and improved freight access to the Port of Tauranga.

A number of new projects have started during the first two years of the first three-year NLTP.

The most significant is the Tauranga Eastern Link RoNS, the region's highest-priority project.

In the Eastern Bay, work progressed on the replacement of Reids Canal Bridge near Edgecumbe. Advance works have commenced on the Tauranga Hairini Link project and investigation of the Rotorua Eastern Arterial is underway.

A number of significant local authority projects are programmed for delivery in the region. The largest to commence being the Rotorua District Council's Lake Road project, aimed at improving access from Fairy Springs Road to the Rotorua central business district.

Just under 4.5 million trips were taken by bus – a 15.3% increase over the previous year.

Construction of Pyes Pa Bypass in Tauranga completed.

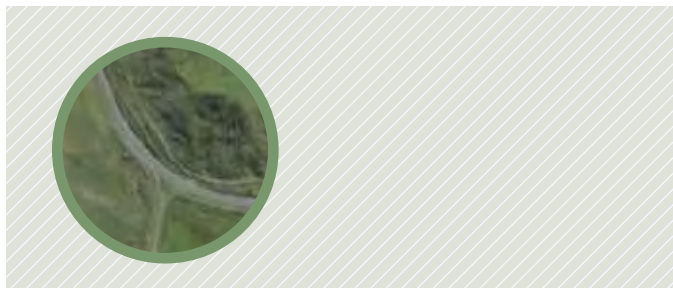
Tauranga Eastern Link enabling works completed and main construction commenced.

High productivity motor vehicle (HPMV) route between Auckland (end of Southern Motorway) to Port of Tauranga has been cleared for full HMPV.

Upgrade of Fairy Springs Road, Rotorua completed.

Upgrade of Lake Road, Rotorua – supporting efficiencies within the urban network.

Upgrade of Welcome Bay Road, Tauranga/Western Bay of Plenty.



## GISBORNE

There has been significant activity in Gisborne over the first two years of the 2009–2012 NLTP, with good progress across the majority of the NLTP programme. This includes continuing construction on the five-year SH35 Tolaga to Gisborne seal widening programme, together with project completion on the SH35 Busby Hill Realignment, SH2 Dymock Rd Curve, and curve improvements north of Makarika Road on SH35. The detailed design phase for the SH2 Pilmer and Farmer Road intersection is also on track.

About 152,000 trips were taken by bus – a 11.9% increase over the previous year.

Work commenced on construction of the SH35 Tolaga to Gisborne seal widening project.

The SH2 Matahorua Gorge Realignment was brought forward by nine months and opened.

## HAWKE'S BAY

There has been significant activity in the Hawke's Bay region over the first two years of the 2009–12 NLTP, with good progress across the majority of the programme.

The Waipukurau Overbridge, Dillons Hill realignments and the SH50 Hawke's Bay Expressway Southern Extension have also been completed.

Hastings was selected as one of two communities for Model Community funding. This reflects the district council's commitment to walking and cycling and its enthusiasm in implementing the proposal.

There have been particular highlights in Hawke's Bay, such as the Matahoura Gorge Project which was opened in March 2011. This project will bring significant improvements in safety and journey time reliability, particularly for freight, on the State Highway 2 route between Napier and Wairoa.

Just over 554,000 trips were taken by bus – a 15.5% increase over the previous year.

Construction has started on Flaxmere and Omahu arterials.

Launch of new 'Alcohol Awareness' brand from RoadSafe Hawke's Bay.

Havelock and Clive arterials are proceeding to design phase.

Model Communities project teams in place, with dedicated staff, working on infrastructure, education and promotion components.



## MANAWATU-WHANGANUI

Highlights from the region include awarding the tender for investigations into the Levin to Otaki section of the Wellington Northern Corridor RoNS plus the SH1 Ohingaiti – Makohine Realignment, was completed.

Another highlight for the region has been the completion of the joint Manawatu Strategic Transportation Study, led by Horizons Regional Council with its study partners, Palmerston North City Council, Manawatu District Council and the NZTA. This represents a significant step forward in transportation planning in the area and will put transport development in the growth area around Palmerston North on a sound footing.

Almost 1.6 million trips were taken by bus – a 17.9% increase over the previous year.

SH2 Papatawa Realignment – commencement of construction.

SH2 Manawatu Hill Realignment – investigations under way although construction is likely to be deferred due to cash-flow constraints.

Continued improvement of the Parapara section of SH4.

SH2 Corby Road Realignment – under construction.

SH1 Ohingaiti – Makohine Realignment project was completed.

## TARANAKI

For the first two years of the 2009/12 NLTP, implementing the NLTP in the region is generally in line with expectations.

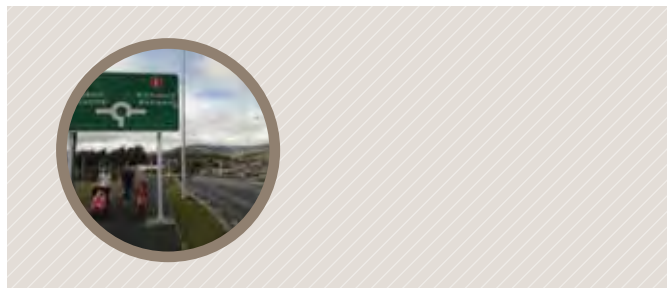
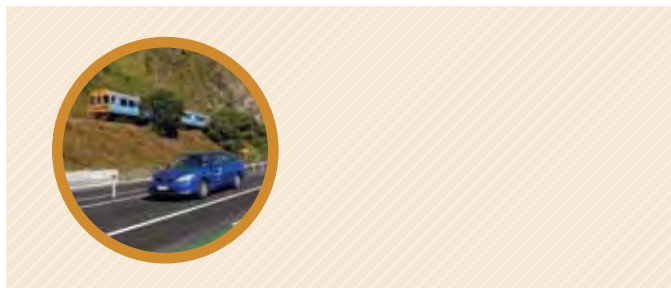
There have been a number of highlights, such as the completion of the Bell Block Bypass and the Rugby Road realignment on State Highway 3. New Plymouth was one of the communities chosen as a walking and cycling model community for the investment of approximately \$3 million in Model Communities funds and is now implementing its two-year programme.

Just over 497,000 trips were taken by bus – a 22.6% increase over the previous year.

Commencement of the SH3 Muggerridge Road South realignment.

Four passing lanes in the region have been completed.

SH44 bridge strengthening programme committed.



## WELLINGTON

A significant number of projects have been undertaken over the past two years of the 2009/12 NLTP. The Northern Corridor RoNS projects continue to be developed and are still on track to meet its key milestone of lodging all of the notice of requirements by 2012/13. Significant progress has also been made on the Terrace Tunnel and Mt Victoria safety improvement projects.

Maintenance, operations and renewals budgets for local authorities were fully committed with the largest local roading project, Westchester to Glenside gaining approved funding in September 2010.

Good progress was made in establishing the Wellington City Golden Mile public transport corridor, with the completion of the Manners Mall link road and dedicated bus lanes.

About 24 million and 11.2 million trips were taken by bus and train, respectively, while a further 177,000 trips were by ferry.

Development of eight projects for the Wellington Northern Corridor RoNS continues.

Muldoons Corner SH2 improvements well underway.

Emerald Glen/Waterfall Road connection completed.

Terrace and Mt Victoria Tunnels safety works funding approved and underway.

SH2 Moonshine Road - Silverstream safety improvements nearing completion.

21% of the 2010/11 national public transport infrastructure investment was in Wellington.

Bus priority measures introduced throughout Wellington.

## NELSON

Nelson City Council has a well managed programme of activities in the NLTP with intense interest in the Nelson Arterial Traffic study, which was completed this year.

There has also been continued investment in state highway improvements, including advancing the detailed design for the SH6 Teal Bridge replacement and the completion of investigations into intersection improvements on SH6 at Quarantine Road and Cable Bay Road.

High productivity motor vehicle route planning is well developed with Nelson, Tasman and Marlborough working in unison.

Almost 51,000 trips were taken by bus - a 11.8% increase over the previous year.

Continued investment in state highway improvements, including advancing the detailed design for the Teal Bridge replacement and intersection improvements at Quarantine Road and Cable Bay Road.

SH6 Atawhai cycleway in the Nelson suburb undertaken.





## TASMAN

There has been significant activity in Tasman over the first two years of the NLTP. The main highlight was the completion of the region's number one transport priority – the SH6 Ruby Bay Bypass – ahead of time and on budget. This is a major project for the region, improving connections between Nelson and Motueka/Tasman. Other highlights include the completion of the Arnold Bridge widening on SH6 and the release of the Motueka Transport Study.

High productivity motor vehicle route planning is well developed with Nelson, Tasman and Marlborough working in unison.

\$27.9 million Ruby Bay Bypass opened early and to budget.

Capacity upgrades to McGlashen Avenue/SH6 were also completed.

Motueka transport study completed.



## MARLBOROUGH

There has been significant activity in Marlborough with good progress across the majority of the NLTP programme. This includes construction starts on SH1 Lions Back Hill safety improvements, SH6 Sneider's Creek realignment and SH62 Wratts to Spring Creek seal widening projects. Investigations have also commenced on SH6/Battys Road and Coleman's Road intersection in Blenheim, with investigations well advanced on the SH1 Puka Puka Stream and Dazzle Corner realignments.

High productivity motor vehicle route planning is well developed with Nelson, Tasman and Marlborough working in unison.

Almost 24,000 trips were taken by bus.

Construction funding approved for the NZTA's Lions Back safety improvements project on SH1.

Design funding approved for NZTA's Dashwood Overbridge on SH1, although cash-flow constraints are likely to result in deferral of the project.

Marlborough District Council's bridge replacements (Silverstream Road and Birdlip/Heringa) funding approved.



## CANTERBURY

The past two years have been challenging for the region with all sectors of the Canterbury economy facing significant challenges. There was some limited relief to the consultant and contracting sector through the advancement of approximately \$3.2 million of smaller state highway projects commenced in 2009/10 that were completed in 2010/11. The government announcement of the funding for the RoNS also enabled the advancement of the programme for delivery of several state highway projects earlier in the period. Notwithstanding the economic and environmental challenges facing the region, good progress has been achieved across all transport programmes. \$52.7 million was invested recently as part of the reinstatement programme following the Canterbury earthquakes. Funding for the structural upgrades to two important bridges has been approved, being the old Waimakariri River Bridge and the Ferrymead Bridge. The importance of ongoing investment in these upgrades and the NZTA's seismic retrofit programme was highlighted during the recent earthquakes where all structures performed very well.

Around 13.1 million and 122,000 trips were taken by bus and ferry, respectively.

Completion of the first stage suite of bus passenger transport lanes in Christchurch on Papanui and Main North roads and Hills Road.

Christchurch City completed cycleway projects in Stanmore Road and Northcote Road to Tuckers Road.

Funding approved for the first stage of the Western corridor upgrade and the four laning of SH1.

The NZTA has completed the Winchester SH1 passing lanes, signalised intersection upgrades at SH1 and 8 at Washdyke and SH75/Dunbars, Halswell, and the Pound Road/SH73 intersection upgrade, widening of two bridges on SH79 (Inmans and Elliots) and ongoing seismic and safety retrofit programmes.

Selwyn District has substantially completed its Byron Street, Rolleston extension project.

Waimakariri District completed its five-year Tram Road upgrade project in this period.

Over \$50 million of financial assistance to 30 June 2011 for earthquake response and recovery works.

## WEST COAST

The major highlights have been the completion of several projects to improve freight efficiency and network safety, and to enhance the access for tourism related activities on the coast. The completion of the replacement Arahura road rail bridge, in conjunction with KiwiRail and several months ahead of schedule, highlighted the ability of the community to work together to deliver a complex project for the benefit of road users and the community while protecting significant environmental and cultural values.

Almost 30,000 trips were by bus.

Completed bridge replacements at Woolhouse Creek and Kokatahi (both SH6) and Goat Creek on SH73 and reestablished the 10 Mile Creek bridge.

Completed the major realignment on SH7 McKendries corner (near Greymouth) and realignment at Kelly's Creek on SH73.

Reconstruction of SH6 in Westport has been completed in 2 stages.

Completion of the sealing of the Fox and Franz Josef Glacier access roads.

Grey District has completed the first stage of strengthening upgrade of Atarau Road and has contracted for the second stage.

Department of Conservation constructed walkway/cycleway on routes adjacent to Franz Josef and Fox glaciers access.



## OTAGO

There has been significant activity in Otago during the first two years of the NLTP. Otago has been in the fortunate position of having a good balance of regional funding available for projects. This has funded the bulk of the Otago improvement programme for the 2009/12 NLTP.

In particular we have seen two high profile projects undertaken being the Dunedin City Council's State Highway 88 realignment project that created a new road around the Forsyth Barr Stadium providing better definition of the university campus area and a start on the construction of State Highway 1, Caversham Highway Improvements project.

Just under 2.7 million trips were by bus – a 23.8% increase over the previous year.

Construction finalised at Dunedin City Council's SH88 realignment project giving a bypass to the new stadium.

Construction of the first stage of the Caversham Highway Improvements project commenced in January 2011. Design, land purchase and consenting is currently underway for the second stage: the Caversham Valley Safety Improvements. Regional funds are committed to both stages of this project.

A specimen design of the Kawarau Falls Bridge replacement is underway – this includes the consultation, land purchase and consenting processes, to enable an expedient progression to construction at such time as funding becomes available.

Funding has been approved for construction of the next stage of the off-highway cycleway between Maia and St Leonards, and for investigation of the balance of route through to Port Chalmers.



## SOUTHLAND

Some key projects were delivered in Southland during the first two years of the NLTP including the completion of the Invercargill City Council's Tiwai Bridge Refurbishment project. Environment Southland also led the investigation of routes for high productivity motor vehicles with over 130 routes being assessed.

Strategically, Environment Southland has completed their Integrated Transportation Strategy and completed its Regional Road Safety Strategy for Southland.

About 373,000 trips were by bus.

Invercargill City Council's Tiwai Bridge refurbishment project was completed in December 2010.

Investigation commenced on the NZTA's SH94 Homer Tunnel Safety Improvement project.

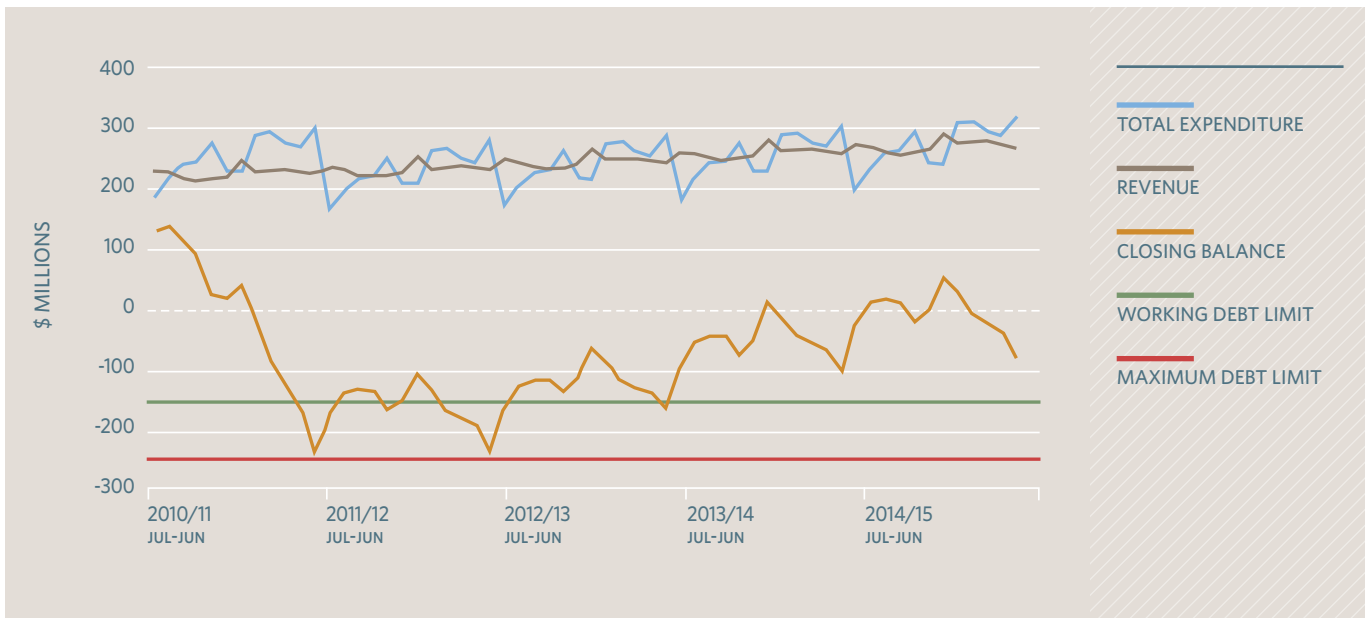
The regional HPMV project progressing with investigation about to commence.

## LOOKING FORWARD

The balance of the current 2009-12 NLTP will be delivered during 2011/12. Advanced progress made on large projects (RoNS projects in particular), emergency work required following the Canterbury earthquake, and weather related damage in the North Island will provide a financial challenge in the final year, but we remain confident that the 2009-12 NLTP will be delivered within the range of the 2009 GPS. Ways to address this challenge include the use of borrowing as provided for in the GPS and tight project management.

The latest cash-flow projections for the 2009/12 NLTP three-year period are shown in the graph below.

### 2009/12 NLTP FORECAST CLOSING POSITION



As shown, we expect to be in deficit by the end of the 2009/12 NLTP. This will be the first NLTP where we have a short-term borrowing facility to help us manage the cash-flows. The facility helps to accommodate seasonal and unexpected fluctuations and ensures we will be able to maintain delivery at the programmed level.

**SECTION B:  
STATEMENT  
OF SERVICE  
PERFORMANCE**



## SUMMARY OF NLTF INVESTMENT PERFORMANCE

In 2010/11, 52 of 58 investment performance targets (excluding the Road Policing Programme) were met. The results of the investment measures suggest that the management of the NLTF is delivering expected results and is positioned to deliver further investment results through to June 2012.

A full summary of the NZTA performance measures can be found in the statement of service performance in the NZTA annual report.

### KEY HIGHLIGHTS ARE:

#### Management of the funding allocation system

The cost of managing the funding allocation system remained <1% of the total annual fund, excluding the Road Policing Programme. This result tells us management costs are under control and maximising the available funds to invest in the transport system.

#### State highway network

State highway investments are ahead of expectation, with 13 of 15 investment targets being achieved across construction and renewal activities, especially for the roads of national significance. Asset conditions are being maintained, efficiency programmes are yielding savings and lane-kilometre costs remained comparable (+1.8%) to last year, despite the increased cost of bitumen, steel and concrete. There were, however, fewer lane-kilometres of resurfacing and rehabilitation completed than expected. The minor variation is expected to be remedied over the remainder of the three-year programme. There were two areas that did not meet expected targets. Post-project benefits assessment of six out of eight completed projects identified that expected traffic volumes have yet to meet forecasts and hence unlock all project benefits. There was an overspend in relation to emergency works, which resulted from adverse weather events and seismic activity. This overspend was expected.

#### Sector training and research

All investment measures were achieved. An enhanced investment approach in this area has also resulted in fewer higher quality research activities being funded. This demonstrates smarter use of investment funds and the drive for quality over quantity.

#### Transport planning

Significant progress was made in transport planning investment activities with 4 of the 5 investment measures achieved. Interviews with stakeholders found that they still felt that the NZTA could lift their performance in respect to the contribution to regional transport strategies, studies and plans. The NZTA will continue to improve their transport planning contributions, including to regional stakeholders.

#### Road user safety

NLTF investments in road user safety advertising and education activities continue to deliver desired results, with all investment measures undertaken achieved. Investments have been further targeted to the priorities in the Safer Journey's strategy and we have seen excellent results across all areas, including the difficult to reach young driver area.

#### Public transport

Public transport investments (services and infrastructure) have performed well achieving all 11 investment measure targets.

#### Local roads networks and walking and cycling

Investment measures for local roads show that we have delivered on 18 of 20 targets for new infrastructure, renewals and maintenance and operations. Exceptions included:

- › cost of emergency reinstatements, was up \$57m as a result of adverse weather and seismic activity, which required additional expenditure for remedial works on the local road network
- › minor variances in volumes within the wider three-year programme for resurfacing and rehabilitations. This result was attributed to actual activities being slightly behind where we had expected as at 30 June 2011. We anticipate that the full quota will be delivered by the end of the three-year programme.

#### Walking and cycling

There was a minor variance to kilometres of new cycleways for the period ending 30 June 2011, with only 135km of new network achieved against a target of 140-170. This variance is expected to be corrected during the remaining 12 months of the three-year investment programme.

## ROAD POLICING PROGRAMME

### WHY IS THE ROAD POLICING PROGRAMME PERFORMANCE ONLY PRESENTED IN THE NLTF ANNUAL REPORT?

The Road Policing Programme is a special type of NLTF investment in the land transport system, which is delivered by the NZ Police and funded through Vote Police. The NZTA, as part of their investment function, prepares the Road Policing Programme and recommends to the Minister of Transport for approval and also undertakes monitoring and reporting activities on behalf of the Secretary of Transport. Accordingly the Road Policing Programme is reported separately within the NLTF annual report and does not form part of the NZTA statement of service performance. Full details of NZ Police activities, including the Road Policing Programme, are presented in the NZ Police annual report as part of their reporting requirements to the Minister of Police.

### WHAT DOES THE NZTA DO?

The NZTA prepares the Road Policing Programme with NZ Police and recommends it to the Minister of Transport for approval. The NZTA also monitors and reports on delivery of the programme, as designated by the Secretary of Transport.

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

For more information, see the 2010/11 NZ Police annual report.

### HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?

The Road Policing Programme contributes to a reduction in deaths and serious injuries from road crashes by enforcing the legislation. This output has a secondary contribution, through the protection of the roading asset and ensuring the resilience and security of the transport network.

### WHAT WERE THE KEY ACHIEVEMENTS?

The key achievements for Road Policing Programme were:

- › recommending to the Minister of Transport the 2011/12 Road Policing Programme for approval
- › the NZTA, in consultation with the Ministry of Transport and NZ Police, has undertaken a review of the road policing activity class. Core aspects of the review were: alignment with core government policy, achieving better value for money, increasing effectiveness and improving efficiency. The NZTA is now implementing the recommendations and findings of the review
- › implementing an outcomes investment approach and focusing on proportional and risk targeted road policing activities
- › investing in technology to improve efficiency such as personal digital assistants (PDAs) and speed cameras
- › the road toll for 2010/11 stands at 315 which is the lowest road toll since 1953.

## HOW DO WE ASSESS THE INVESTMENT PERFORMANCE?

PERFORMANCE MEASURE (NZTA INVESTMENT)	Actual 2009-2010	Actual 2010-2011	Target 2010-2011	Variance
<b>ALCOHOL AND DRUGS</b>				
Number of compulsory breath tests conducted	2,211,070	2,131,367	2,000,000	12%
Number of mobile breath tests conducted	1,050,397	1,023,162	700,000	46%
Training of compulsory impairment testing officers	New	1,700	1,700	0%
<b>COMMERCIAL VEHICLE DRIVER/TRANSPORT SERVICE LICENCE/RUC ENFORCEMENT</b>				
Number of commercial vehicles stopped by mobile patrols and weighbridges	112,400	98,857	90,000-110,000	Within range
Percentage of all commercial vehicles stopped for which vehicle inspection reports are completed	100%	100%	100%	0%
<b>SCHOOL ROAD SAFETY EDUCATION</b>				
Overall contract hours of training (1/2 hour sessions) of school road safety education	N/A	53,077	43,350	22%
<b>CRASH ATTENDANCE AND INVESTIGATION</b>				
Number of crashes attended and reported to the NZTA: <i>fatal crashes</i>	337	337	330-370	Within range
Number of crashes attended and reported to the NZTA: <i>serious injury crashes</i>	1,961	1,859	1,950-2,150	-91
Number of crashes attended and reported to the NZTA: <i>minor injury crashes</i>	8,827	8,690	8,500-9,500	Within range
Number of crashes attended and reported to the NZTA: <i>non-injury crashes</i>	26,901	25,864	26,500-28,000	-636
Number of traffic incidents, blockages and breakdowns recorded	81,801	78,608	80,000-90,000	-8%
Number of complaints upheld against the police relating to attendance at traffic emergencies and disasters	Nil	Nil	<5	Within range
<b>TRAFFIC MANAGEMENT - ROADS AND ROADSIDES</b>				
Number of unique priority one (P1) traffic events created	30,133	30,572	30,000-40,000	Within range
Time taken for police to arrive at 90% of priority one (P1) traffic emergency events in urban policing areas	27 minutes 16 seconds	27 minutes 14 seconds	10 minutes	-17mins 14secs
Percentage of priority one (P1) traffic events created that are attended within 10 minutes of being reported if in an urban area	58%	56%	90%	-34%
Time taken for police to arrive at 90% of priority one (P1) traffic emergency events in rural policing areas	35 minutes 14 seconds	36 minutes 09 seconds	30 minutes	-6mins 09secs
Percentage of priority one (P1) traffic events created that are attended within 30 minutes of being reported if in a rural area	87%	86%	90%	-4%
<b>ROAD POLICING RESOLUTIONS</b>				
Number of traffic prosecutions	81,901	77,100	80,000-90,000	-2,900
Court documents served and executed	77,120	75,197	20,000-22,000	53,197
Number of complaints upheld relating to the execution of road policing court documents	1	1	Nil	1



## HOW MUCH DID IT COST?

FINANCIAL RESULTS	2009-2010 \$000	2010-2011 \$000	Budget \$000	Variance \$000
Income	288,000	288,000	294,000	(6,000)
Expenditure	288,000	288,000	294,000	6,000
Net surplus/(deficit)	0	0	0	0

## HOW DO WE INTERPRET THE PERFORMANCE RESULTS?

### NZTA investment

The Road Policing Programme achieved 11 of 18 performance targets. Performance highlights were:

- › overall the NZ Police Road Policing Programme performed well across all Safer Journeys priorities. All trends are heading in the right direction and the positive contribution of the NZ Police performance is seen in the lowest road toll (315) since 1953
- › with the NZTA now taking on responsibility for the monitoring of, and reporting on, road policing delivery, the NZTA will work with NZ Police to ensure efficiency and effectiveness.

### Alcohol and drugs

- › Police have over-delivered on mobile breath test (MBTs) by more than 323,000 or 46%. Police breath tested 3.1 million motorists, which was 16.8% above the target for compulsory and mobile breath tests.
- › The number of alcohol checkpoints decreased mid-year as staff were deployed from around the country to assist in the rescue and recovery efforts in Christchurch. Despite this the number of compulsory breath tests undertaken was 12% above the contract target.

### Commercial vehicle driver/transport service licence/RUC enforcement

- › The number of commercial vehicles stopped by mobile patrols and weighbridges is within range. Vigilance in this area is a part of the Safer Journeys initiatives.

### School road safety education

- › 43,350 half-hour education sessions were contracted for education programmes. 53,077 sessions were delivered being 22% ahead of target.

### Crash attendance and investigation

- › The fatal crash notification rate has improved but police have historically struggled to achieve this target. Reasons for this include delay of advice of death from medical facilities and uncertainty about whether some off-road events qualify. The police are working continuously to improve this response rate.

### Traffic management- roads and roadsides

- › Police attended an average of 56% urban priority one (PI) traffic events within 10 minutes, and an average 86% rural PI events within 30 minutes. Performance remains consistently close to these levels each quarter, but falling below the 90% benchmark. Both measures fell below the required benchmark of 90%, in particular, attending PI events in urban areas which was 34% below target.
- › It should be noted that this level of service has not been achieved in any other international jurisdiction.

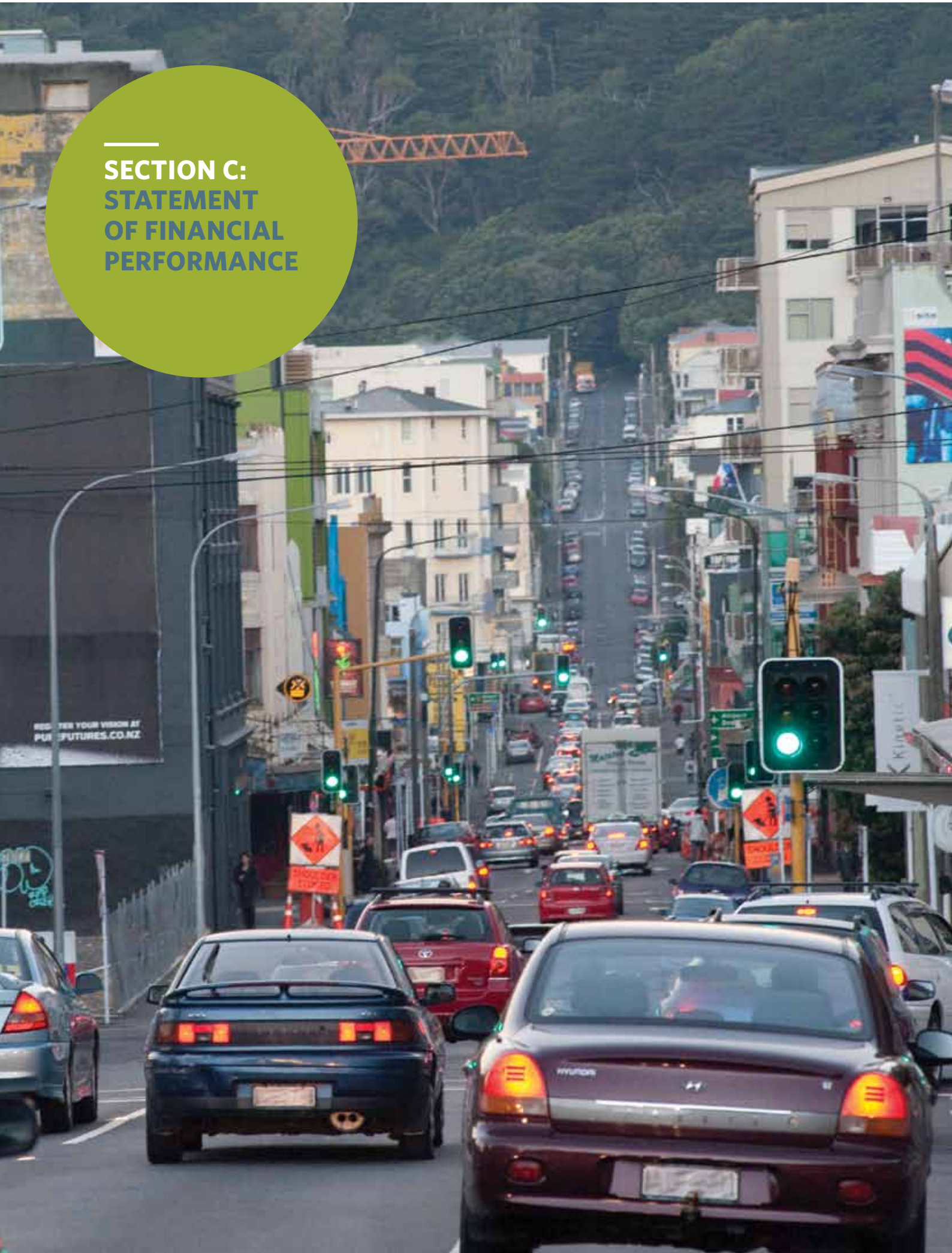
### Road policing resolutions

- › One of the reasons for a reduction in prosecutions has been the disruption caused by the number of staff diverted from normal duties to relief work in Christchurch. As staff return to normal duties, prosecutions are now returning to pre-earthquake levels.
- › Court documents served and executed are similar to 2009/10, but well up (276%) on the contract target.

All performance and financial measures are included in the NZ Police annual report.

**OFFICIAL SCOPE:** Enabling NZ Police to deliver the Road Policing Programme. The Minister of Transport invests in road policing to improve road safety outcomes.

SECTION C:  
STATEMENT  
OF FINANCIAL  
PERFORMANCE



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## STATEMENT OF RESPONSIBILITY

In terms of the Land Transport Management Act 2003, the Board of the NZ Transport Agency is responsible for the preparation of the National Land Transport Fund financial statements and statement of service performance, and for the judgements made in them.

The Board of the NZ Transport Agency 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 National Land Transport Fund for the year ended 30 June 2011.

Signed on behalf of the Board:



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**Chris Moller**

Chair  
NZ Transport Agency

4 OCTOBER 2011



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**Jerry Rickman**

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

4 OCTOBER 2011

Countersigned by:



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**Geoff Dangerfield**

Chief Executive Officer  
NZ Transport Agency

4 OCTOBER 2011



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**Paul Helm**

Chief Financial Officer  
NZ Transport Agency

4 OCTOBER 2011

## FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Actual 2010/11 \$m	Budget 2010/11 \$m	Actual 2009/10 \$m
<b>INCOME INFLOWS<sup>a</sup></b>				
Land transport revenue	3,19	2,634	2,579	2,510
Government contribution to land transport revenue		44	45	85
Management of Crown land and interest	19	50	36	37
Total income flows		2,728	2,660	2,632
<b>OUTFLOWS</b>				
NZTA National Land Transport Programme		1,746	1,750	1,815
NZTA National Land Transport Programme - Capital contribution	4,19	987	719	693
NZ Police		288	294	288
Search and rescue		6	0	0
Rail infrastructure		0	0	135
Other		0	0	1
Total outflows		3,027	2,763	2,932
<b>NET SURPLUS/(DEFICIT)</b>		<b>(299)</b>	<b>(103)</b>	<b>(300)</b>

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

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Actual 2010/11 \$m	Budget 2010/11 \$m	Restated 2009/10 \$m
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	5	0	10	23
Debtors	6,7	186	416	212
Total assets	8	<b>186</b>	<b>426</b>	<b>235</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Creditors and other payables	6,9	433	462	183
Total liabilities		<b>433</b>	<b>462</b>	<b>183</b>
<b>NET ASSETS</b>		<b>(247)</b>	<b>(36)</b>	<b>52</b>
General funds		(247)	(36)	52
<b>GENERAL FUNDS CLOSING BALANCE<sup>a</sup></b>		<b>(247)</b>	<b>(36)</b>	<b>52</b>

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

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN GENERAL FUNDS BALANCE FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2010/11 \$m	Budget 2010/11 \$m	Actual 2009/10 \$m
<b>GENERAL FUNDS OPENING BALANCE</b>			
General funds	52	67	352
Total general funds opening balance	52	67	352
<b>CHANGES IN GENERAL FUNDS BALANCE</b>			
Net surplus/(deficit)	(299)	(103)	(300)
Total changes in general funds balance	(299)	(103)	(300)
<b>GENERAL FUNDS CLOSING BALANCE</b>			
General funds	(247)	(36)	52
<b>TOTAL GENERAL FUNDS CLOSING BALANCE<sup>a</sup></b>	<b>(247)</b>	<b>(36)</b>	<b>52</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	Actual 2010/11 \$m	Budget 2010/11 \$m	Restated 2009/10 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from land transport revenue		2,754	2,660	2,632
Payments to suppliers		(2,777)	(2,717)	(3,227)
Net cash from operating activities	10	(23)	(57)	(595)
Net (decrease)/increase in amounts held by the Crown		(23)	(57)	(595)
Amounts held by the Crown at the beginning of the year		23	67	618
<b>AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR<sup>b</sup></b>		<b>(0)</b>	<b>10</b>	<b>23</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1 STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

### Reporting entity

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

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

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

The NLTF cash funds are held as part of the total Crown funds. The Ministry of Transport (MoT) is responsible for authorising any payments from the NLTF and administration of appropriations.

The financial statements of the NLTF are for the year ended 30 June 2011 and were approved by the Board on 19 September 2011.

### Basis of preparation

#### Statement of compliance

The financial statements of the NLTF have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with New Zealand International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities.

#### Measurement base

The financial statements have been prepared on a historical cost basis.

#### Function and presentation currency

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

#### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

#### Early adopted amendments to standards

The following amendments to standards have been early adopted:

- › NZ IFRS 7 *Financial Instruments: Disclosures* – The effect of early adopting these amendments is the following information is no longer disclosed:
  - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
  - the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.
- › NZ IAS 24 *Related Party Disclosures (Revised 2009)* – The effect of early adopting the revised NZ IAS 24 is:
  - more information is required to be disclosed about transactions between the NLTF and entities controlled, jointly controlled, or significantly influenced by the Crown;
  - commitments with related parties require disclosure;
  - information is required to be disclosed about any related party transactions with Ministers of the Crown.

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to the NLTF include:

- › NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2014. The NLTF has not yet assessed the effect of the new standard and expects it will not be early adopted.

- › *Amendments to New Zealand equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards (Harmonisation (Amendments) and the Financial Reporting Standards No 44 New Zealand Disclosures* – These two standards are to harmonise reporting standards between New Zealand and Australian. The new standards are required to be adopted for the year ended 30 June 2012. The NLTF has not yet assessed the effect of these new standards.

## Significant accounting policies

### 1.1 INCOME INFLOWS

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

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

#### Interest

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

#### Assets

The NLTF account being a notional account does not hold physical assets.

### 1.2 OUTFLOWS

The NLTF accounts for the flow for funds to:

- › The NZTA – for the funding of the National Land Transport Programme.
- › The Police – who provide the Road Policing Programme

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

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

### 1.3 FINANCIAL ASSETS

The NLTF is a notional account with funds held as part of the total Crown funds.

### 1.4 CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the NLTF are held by the Crown.

### 1.5 EMPLOYEE ENTITLEMENTS

The NLTF has no employees.

### 1.6 COMMITMENTS

The NLTF is the major funder of the National Land Transport Programme. The commitments outlined in the notes reflect the funding commitments documented in the National Land Transport Programme 2010-2013.

### 1.7 GOODS AND SERVICES TAX (GST)

All items in the financial statements are presented exclusive of GST, except for payables which are presented on a GST inclusive basis.

Commitments and contingencies are disclosed exclusive of GST.

### 1.8 INCOME TAX

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

### 1.9 BUDGET FIGURES

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the NZTA in preparing these financial statements.

## 2 STATEMENT OF INFLOWS, OUTFLOWS, AND CAPITAL EXPENDITURE FOR THE PREVIOUS TWO FINANCIAL YEARS

	Actual 2010/11 \$m	Actual 2009/10 \$m	Actual 2008/09 \$m
<b>INCOME INFLOWS</b>			
Land transport revenue	2,634	2,510	2,437
Government contribution to land transport revenue	44	85	851
Management of Crown land and interest	50	37	27
Total income flows	2,728	2,632	3,315
<b>OUTFLOWS</b>			
NZTA National Land Transport Programme	1,746	1,815	1,819
NZTA National Land Transport Programme - Capital contribution	987	693	757
NZ Police	288	288	278
Search and rescue	6	0	0
Rail infrastructure	0	135	160
Other	0	1	0
Ministry of Transport	0	0	5
Total outflows	3,027	2,932	3,019
<b>NET SURPLUS/(DEFICIT)</b>	<b>(299)</b>	<b>(300)</b>	<b>296</b>

This statement of inflows, outflows, and capital expenditure for the previous two financial years is provided under the requirements of the Land Transport Management Act 2003.

Separate disclosure of the Management of Crown land and interest is required under the Land Transport Management Act 2003.

## 3 LAND TRANSPORT REVENUE

	Actual 2010/11 \$m	Actual 2009/10 \$m
<b>REVENUE</b>		
Fuel excise duty	1,483	1,470
Road user charges	1,061	952
Motor vehicle registration fees	173	172
	2,717	2,594
<b>LESS REFUNDS</b>		
Fuel excise duty	36	33
Road user charges	45	42
Motor vehicle registration fees	1	1
	82	76
Less bad debt write-off	1	8
<b>TOTAL LAND TRANSPORT REVENUE</b>	<b>2,634</b>	<b>2,510</b>



#### 4 NZTA NATIONAL LAND TRANSPORT PROGRAMME – CAPITAL CONTRIBUTION

	Actual 2010/11 \$m	Actual 2009/10 \$m
Accelerated state highway construction	34	79
New and improved infrastructure for state highways	953	614
<b>TOTAL NZTA NLTP – CAPITAL CONTRIBUTION</b>	<b>987</b>	<b>693</b>

#### 5 CASH AND CASH EQUIVALENTS

The National Land Transport Fund is a notional account only. The cash and cash equivalents reported in these statements are held by the Crown in the consolidated fund.

#### 6 PRIOR PERIOD ERROR

A prior period error has been corrected, in accordance with NZ International Accounting Standard (NZ IAS) 8.

This correction is in respect of debtors and creditors for the year ended 30 June 2010.

There was a one-off overstatement of \$115 million as a result of amounts owed by the Crown to the NZTA being assessed to pass through the National Land Transport Fund. The error was only made in the debtors and creditors. Therefore, the 2010 (comparative) results have been restated in the financial statements for the period ended 30 June 2010.

The financial statement line items affected are:

	Restated 2009/10 \$m	Actual 2009/10 \$m
<b>STATEMENT OF FINANCIAL POSITION</b>		
Debtors	212	327
Creditors and other payables	183	298

#### 7 DEBTORS

	Actual 2010/11 \$m	Restated 2009/10 \$m
Fuel excise duty debtors	164	192
Motor vehicle register/road user charges debtors	22	20
<b>TOTAL DEBTORS</b>	<b>186</b>	<b>212</b>

#### 8 TOTAL ASSETS

The assets of the National Land Transport Fund have been reclassified in 2010/11 to separately disclose the cash and cash equivalents available, and the debtors owed to the National Land Transport Fund. Comparatives for 2009/10 have been provided. In the 2009/10 report, the assets were represented by one line, being 'Amounts held by the Crown' which comprised of both cash and cash equivalents, and debtors.

#### 9 CREDITORS AND OTHER PAYABLES

	Actual 2010/11 \$m	Restated 2009/10 \$m
Crown	42	0
NZ Transport Agency (to the National Land Transport Programme)	386	183
Accrued expenses	5	0
<b>TOTAL CREDITORS AND OTHER PAYABLES</b>	<b>433</b>	<b>183</b>

Creditors and other payables are non-interest bearing and are normally settled by the end of the month following date of supply, therefore the carrying value of creditors and other payables approximates their fair value.

## 10 RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2010/11 \$m	Restated 2009/10 \$m	Original 2009/10 \$m
<b>NET SURPLUS/(DEFICIT) AFTER TAX</b>	(299)	(300)	(300)
<b>ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:</b>			
(Increase)/decrease in debtors	26	0	0
Increase/(decrease) in creditors and other payables	250	(295)	(180)
Net movements in working capital items	276	(295)	(180)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(23)</b>	<b>(595)</b>	<b>(480)</b>

The increase/(decrease) in creditors and other payables in the cash flow has been impacted by the restatement of the creditors in the 2009/10 statement of financial position. For comparative purposes, the original and restated creditors figures have been included here. There was no movement in debtors between 2008/09 and 2009/10.

## 11 CAPITAL COMMITMENTS AND OPERATING ROADING COMMITMENTS

The future aggregate funding commitments for the National Land Transport Fund are as follows:

	Actual 2010/11 \$m	Actual 2009/10 \$m
Not later than one year	3,000	2,388
Later than one year and not later than five years	3,283	2,051
Later than five years	1,572	340
<b>TOTAL FUNDING COMMITMENTS</b>	<b>7,855</b>	<b>4,779</b>

## 12 CONTINGENCIES

### Contingent liabilities

The National Land Transport Fund has no contingent liabilities (2010: Nil).

### Contingent assets

The National Land Transport Fund has no contingent assets (2010: Nil).

## 13 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

All related party transactions have been entered into on an arms-length basis.

The National Land Transport Fund is a wholly owned notional fund of the Crown.

### Significant transactions with government-related entities

The National Land Transport Fund has been provided with funding of \$2.728 billion (2010: \$2.632 billion) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations.

### Collectively, but not individually, significant, transactions with government-related entities

The National Land Transport Fund purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2011 totalled \$3.028 billion (2010: \$2.932 billion). These purchases included the funding of the NZ Police Road Policing Programme, and the NZ Transport Agency National Land Transport Programme.

### Key management personnel compensation

Under the definition of NZIAS 24, the National Land Transport Fund has no key management personnel.

## 14 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date (2010: Nil).

## 15 FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2010/11 \$m	Restated 2009/10 \$m
<b>LOANS AND RECEIVABLES</b>		
Cash and cash equivalents	0	23
Debtors	186	212
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>186</b>	<b>235</b>
<b>FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>		
Creditors and other payables	433	183
<b>TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>	<b>433</b>	<b>183</b>

## 16 FINANCIAL INSTRUMENT RISKS

The National Land Transport Fund's activities do not expose it to any financial instrument risks, such as market risk, credit risk, or liquidity risk.

## 17 CAPITAL MANAGEMENT

The National Land Transport Fund's capital is its general funds. General funds are represented by net assets.

The National Land Transport Fund is subject to the financial management and accountability provisions of the Public Finance Act 1989, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The NZ Transport Agency manages the National Land Transport Fund general funds as a by-product of prudent management of revenues, expenses, liabilities, and general financial dealings, to ensure the National Land Transport Fund effectively achieves the requirements set out in the Land Transport Management Act 2003.

## 18 COMMITMENTS TO REGIONS REPORTING

Disclosure of funding commitments to regions under the Land Transport Management Act 2003.

	Actual 2010/11 \$m	Actual 2009/10 \$m
Auckland land transport	35	34
Bay of Plenty	14	19
Waikato land transport	60	3
Wellington land transport	2	14
Wellington land transport (Western corridor)	14	6
<b>TOTAL</b>	<b>125</b>	<b>76</b>

## 19 EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for significant variations from the National Land Transport Fund's budgeted figures are as follows:

### Statement of comprehensive income

#### Income inflows

*Land transport revenue* was greater than budgeted by \$55 million. Higher revenue received from road user charges of \$106 million has offset less fuel excise duty revenue.

*Management of Crown land and interest* was greater than budgeted by \$14 million. This is due to higher income received from property sales.

#### Outflows

*NZTA National Land Transport Programme - capital contribution* was higher than budgeted by \$269 million. The acceleration of the investment in developing and managing state highways is the main contributor to this result.

# STATEMENT OF SERVICE PERFORMANCE

## FINANCIALS

OUTPUT CLASS FUNDING TO THE NZTA			
	Actual 2009/10 \$m	Target 2010/11 \$m	Actual 2010/11 \$m
Management of the funding allocation system PLA	36	34	31
New and improved infrastructure for state highways	650	721	1,001
Renewal of state highways PLA	380	384	384
Maintenance and operation of state highways PLA	321	308	328
Accelerated state highway construction	79	34	34
Sector training and research PLA	6	6	3
Transport planning PLA	30	33	23
Walking and cycling facilities PLA	20	15	12
Demand management and community programmes PLA	41	40	33
New and improved infrastructure for local roads PLA	175	154	163
Renewal of local roads PLA	218	237	206
Maintenance and operation of local roads PLA	215	235	275
Public transport services PLA	200	210	195
Public transport infrastructure PLA	135	57	45
Rail and coastal freight PLA	2	1	0
<b>TOTAL OUTPUT CLASS FUNDING TO THE NZTA</b>	<b>2,508</b>	<b>2,469</b>	<b>2,733</b>

**New and improved infrastructure for state highways** – Actual is 39% above target due to the progress made especially in the large projects programme, and the significant acceleration of the roads of national significance programme.

**Maintenance and operation of state highways** – Actual is 7% above target as a direct result of the Canterbury earthquakes and severe weather events across the country.

**Sector training and research** – Actual is 43% below target which reflects a more rigorous approach in awarding research contracts and a desire to deliver high quality outputs to the transport sector.

**Transport planning** – Actual is 30% below target predominantly as a result of an activity class review, which aimed at improving the targeting of investment to priority areas.

**Demand management and community programmes** – Actual is 18% below target due to the alcohol, speed, Rugby World Cup and the new Give Way Rule campaigns now being planned for 2011/12.

**Renewal of local roads** – Actual is 13% below target due to cost efficiencies in programme delivery.

**Maintenance and operation of local roads** – Actual is 17% above target due to emergency work from the Christchurch earthquakes and storm-related damage in the North Island.

**Public transport services** – Actual is 7% below target. There were significant under claims in bus services of \$10.7m, total mobility operations of \$2m, and PT service management of \$1.7m.

**Public transport infrastructure** – Actual is 22% below target. The key reason is projects, such as the Christchurch Bus Exchange, are not progressing as planned.

# INDEPENDENT AUDITOR'S REPORT



## TO THE READERS OF NATIONAL LAND TRANSPORT FUND'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of the National Land Transport Fund (NLTF). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the NLTF on her behalf.

We have audited:

- the financial statements of the NLTF on pages 210 to 217, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the NLTF that comprises the statement of service performance on page 218.

### OPINION

In our opinion:

- the financial statements of the NLTF on pages 210 to 217:
  - › comply with generally accepted accounting practice in New Zealand; and
  - › fairly reflect the NLTF's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the NLTF on page 203 to 207:
  - › complies with generally accepted accounting practice in New Zealand; and
  - › fairly reflects the NLTF's service performance for the year ended 30 June 2011.

Our audit was completed on 4 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

### BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the NLTF's preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the NLTF's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported non-financial performance information within the NLTF's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the NLTF's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Land Transport Act 2003.

### RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and Section 11(3) of the Land Transport Management Act 2003.

### INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the NLTF.



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#### John O'Connell

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

### MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS

This audit report relates to the financial statements of the National Land Transport Fund (NLTF) for the year ended 30 June 2011 included on the New Zealand Transport Agency's (NZTA) website. The Board is responsible for the maintenance and integrity of NZTA's website. We have not been engaged to report on the integrity of NZTA's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. 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 financial statements as well as the related audit report dated 4 October 2011 to confirm the information included in the audited financial statements presented on this website.

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





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If you have further queries, call our contact centre on 0800 699 000 or write to us:

NZ Transport Agency  
Private Bag 6995  
Wellington 6141.

This publication is also available on NZ Transport Agency's website at [www.nzta.govt.nz](http://www.nzta.govt.nz)

