
NZ Transport Agency Statement of intent 2011-2014

This *Statement of intent* sets out an approach and course of action for the next three years that will contribute to the delivery of the government's land transport objectives and wider transport vision.



New Zealand Government



OUR PURPOSE /

CREATING TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND



NZ TRANSPORT AGENCY
WAKA KOTAHI



NZ Transport Agency (NZTA)

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FOREWORD/ FROM THE BOARD CHAIR

This *Statement of intent* sets out the NZ Transport Agency's (NZTA) strategy over the next three years for achieving the government's goals for the land transport sector.

It describes the environment we work in, what we expect to achieve, and the risks we need to manage as well as how we contribute to the government's objectives, including the *Government policy statement on land transport funding*, the *National Infrastructure Plan* and the *Safer Journeys* road safety strategy.

The government's overall goal for the land transport sector is to maximise its contribution to economic growth and productivity in New Zealand. Quality land transport infrastructure and services are an essential part of a thriving economy and they help people and freight travel efficiently, reliably and safely.



Chris Moller

Chair
NZ Transport Agency

To help achieve the government's goal, the NZTA must continue to strive for value for money and ensure the land transport system meets society's wider needs. At the same time, we must also take actions to remove barriers to economic growth and keep transport affordable.

Giving effect to our *Statement of intent* will require adaptive leadership, a smart approach to prioritising resources and capable staff. The NZTA is well placed to deliver on all these fronts.



Garry Moore

Deputy Chair
NZ Transport Agency

INTRODUCING / THE NZ TRANSPORT AGENCY BOARD

The NZTA is a Crown entity governed by a Board appointed by the Minister of Transport.

Chris Moller, Chair
Wellington



Chris is a non-executive director and chairman of Meridian Energy Ltd and New Zealand Cricket Inc. 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. He is also a trustee of the Victoria University Foundation and 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.

Garry Moore, Deputy Chair
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.

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.

Bryan Jackson
Waikanae



Bryan is a company director. He is chairman of Vehicle Testing New Zealand and a board member of KiwiRail. Bryan is a director of ING NZ Pty Ltd, IEF Ltd, Nees Hardware and Building Supplies Limited and several other private companies.

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 International and a director of NZ Housing Foundation. He was a director of Inframax Construction Ltd and a member of the advisory board of GHD New Zealand Ltd.

Patsy Reddy
Wellington



Patsy is a professional director, consultant, and barrister and solicitor. She is chair of the New Zealand Film Commission, a member of Active Equities Ltd and the NZ Markets Disciplinary Tribunal, a trustee of the New Zealand International Festival of the Arts and a chief crown negotiator for Treaty Settlements. Patsy was a director of Telecom, Sky City Entertainment Group, New Zealand Post, Air New Zealand and Southern Petroleum New Zealand.

Jerry Rickman
Hamilton



Jerry is a chartered accountant, a professional director, and a consultant to the firm Price Waterhouse. Jerry currently chairs the Waikato Regional Airport Ltd, HG Leach Ltd, and Tidd Ross Todd Ltd. He is a member of Telecom's Independent Oversight Group and director of Alandale Life Care Ltd. He has chaired the Waikato District Health Board, Dallas Motors Ltd, Greens Industries Ltd, Innovation Waikato Ltd, Dow Group Ltd and Katolyst Group.

Alick Shaw
Wellington



Alick has governance experience gained from nine years as a Wellington city councillor and from his directorships on a range of government, community and trust boards.

INTRODUCTION / FROM THE CHIEF EXECUTIVE

The NZ Transport Agency (NZTA) is entering its fourth year of operation. We have made good progress since our creation in August 2008.

This document explains what we intend to give priority to in the land transport system over the next three years.

In 2009/10, we set five strategic priorities to ensure we were focused on achieving our goals. We have made good progress in each of these areas and will continue to use these priorities to focus our efforts over the coming period.

For example, to achieve our strategic priority to improve safety we are integrating a Safe System approach in our work. This aims to achieve a safe road system that is more forgiving and reduces the impacts of human error. We can achieve this by having more forgiving roads and roadsides, speed limits where collisions are survivable, safer vehicles and ensuring that everyone on the road has the skill and knowledge to travel safely.

The *Statement of intent* reinforces our determination to ensure we provide good levels of service while minimising transport costs. For example, we have made progress in providing more accessible driver licensing and vehicle registration services online. This enables us to reduce cost and also provide faster and easier access. We have made good progress in building and preparing to build the roads of national significance - these improvements to the transport system will improve transport's contribution to growing our economy.

As part of our organisational development strategy, we are also continuing to focus on three key themes: developing our people and our workplace environment, working closely with our customers and stakeholders, and having our staff working together in a joined-up way.

The NZTA is committed to creating transport solutions that contribute to a thriving New Zealand. We look forward to working with our customers and partner agencies to make this happen.



Geoff Dangerfield
Chief Executive
NZ Transport Agency

NZ TRANSPORT AGENCY/ AT A GLANCE

The NZ Transport Agency (NZTA) is a Crown entity set up to contribute to an affordable, integrated, safe, responsive and sustainable land transport system for New Zealand as set out in the Land Transport Management Act 2003. We do this through three main functions:

- › Planning and investing in land transport networks.
- › Managing the state highway network.
- › Providing access to and use of the land transport system.

OVERARCHING GOAL AND LONG-TERM OUTCOMES

The NZTA contributes to the government's overarching goal of growing the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders. The four key long-term outcomes for transport are:

- › 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.

GOVERNMENT PRIORITIES FOR THE NZTA

The government's immediate priorities for transport are investment in infrastructure, better regulation, better public services and road safety. The government has also laid out clear expectations for the public sector to demonstrate that it delivers value for money for New Zealanders.

In addition, the Minister of Transport's Letter of Expectation to the NZTA outlines a number of specific objectives for 2011/12. These are for the NZTA to:

- › continue delivery of the roads of national significance infrastructure programme
- › develop and implement the state highway classification system
- › seek more efficiency and value in infrastructure project design and consenting processes
- › undertake full and timely implementation of rule changes
- › work with the Ministry of Transport to review fees and charges for regulatory activities, and streamline transport regulation and rules
- › achieve value for money in compliance and other costs including memorandum accounts, tolling, MVR, RUC and NLTP administration
- › implement the Safer Journeys strategy
- › develop a strong customer focus, particularly in road investment and in meeting road users needs
- › ensure effective engagement with sector and stakeholders.

THE NZTA'S LONGER TERM CONTRIBUTION

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.

Achieving a sustainable funding basis for transport infrastructure investments and use, and delivering a high quality transport system for Auckland, the nation's economic hub, are also important responsibilities.

THE GOVERNMENT'S LONG-TERM OUTCOMES FOR THE TRANSPORT SECTOR			THE NZTA'S DESIRED LONG-TERM IMPACTS
An efficient transport system that supports 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	1. Better use of existing transport capacity
An accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare			2. More efficient freight supply chains
			3. A resilient and secure transport network
			4. Easing of severe urban congestion
			5. More efficient vehicle fleets
			6. Reduction in deaths and serious injuries from road crashes
			7. More transport mode choices
			8. Reduction in adverse environmental effects from land transport

THE NZTA'S 2011-14 PRIORITIES

In 2011-14, the NZTA will focus on five priorities as we progress towards the long-term impacts:

- › Plan and deliver the roads of national significance (RoNS).
- › Improve the road safety system.
- › Improve the efficiency of freight movements.
- › Improve the effectiveness of public transport.
- › Improve customer service and reduce compliance costs.

We use these priorities to shape the transport sector over time, in support of the government's policy direction. They also help guide our organisation as we develop and deliver services and infrastructure to New Zealanders. In addition, we will deliver a number of key work programmes towards the following areas of focus:

- › Value for money in all we do.
- › Rebuilding Christchurch.
- › Growing Auckland.

ORGANISATIONAL CAPABILITY AND HEALTH

The NZTA recognises that success is not only about what we do but also how we do it. We have three areas for focus for developing our organisational capability and health:

- › Developing our people.
- › Working with others.
- › Achieving together.

FINANCIAL OVERVIEW

To create transport solutions for a thriving New Zealand, the NZTA has budgeted revenue of \$2.679 billion in 2011/12 to fund:

- › **Investment in land transport** of \$2.432 billion which includes the NZTA's investment in the state highway network, and funding the NZTA provides to approved organisations (usually a regional council, a local authority or another public organisation) for the delivery of services.
- › **NZTA operating activities** of \$270.339 million (less merger costs of \$1.787 million, equalling \$268.552 million).

FUNDING SOURCES AND EXPENDITURE 2011/12

FUNDING SOURCES			OPERATING & CAPITAL EXPENDITURE						
			Investment in land transport			NZTA operating activities			
			PLANNING & INVESTMENT IN LAND TRANSPORT NETWORKS	MANAGING THE STATE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS	PLANNING & INVESTMENT IN LAND TRANSPORT NETWORKS	MANAGING THE STATE HIGHWAY NETWORK	ACCESS TO & USE OF LAND TRANSPORT SYSTEMS	SPECIFIC CROWN PROJECTS
Revenue from the Crown		\$92.123m			\$28.552m			\$64.332m	\$0.095m
Revenue from the National Land Transport Fund	Operating	\$1,801.927m	\$1,007.600m	\$306.265m		\$68.400m	\$8.735m		
	Capital	\$685.316m		\$1,089.100m			\$39.900m		
	Borrowing	\$18.457m							
Revenue from third parties		\$81.594m					\$0.865m	\$86.225m	
Totals		\$2,679.417m	\$1,007.600m	\$1,395.365m	\$28.552m	\$68.400m	\$49.500m	\$150.557m	\$0.095m
This table includes operating and capital			\$2,431.517m			\$268.552m			

SECTION 1 / NATURE AND SCOPE OF THE ORGANISATION

The NZTA is a Crown entity set up to contribute to an affordable, integrated, safe, responsive, and sustainable land transport system for New Zealand as set out in the Land Transport Management Act 2003. We do this through three main functions:

PLANNING AND INVESTING IN LAND TRANSPORT NETWORKS

The NZTA is responsible for investing the National Land Transport Fund in various land transport activities. These activities include local road and state highway improvement, maintenance and renewal, and passenger transport. The Agency invests funds to give effect to the *Government policy statement on land transport funding* (GPS), which sets out the government's strategic direction. However, the Board makes its decisions independently on the specific activities and combinations of activities to invest in. Our investments are underpinned by rigorous land use and transport planning. We contribute to and support regional transport stakeholders to ensure regional and local land use and transport plans are evidence based, fundable, achievable, realistic and aligned to the desired national and regional outcomes.

MANAGING THE STATE HIGHWAY NETWORK

We operate, maintain and develop New Zealand's 10,894km of state highways, which make up about 12 percent of New Zealand's roads but account for around half of the 36 billion kilometres travelled each

year. The state highway network has a vital role as the strategic road network for the country – enabling people to get to and from work quickly and efficiently, providing a convenient and robust route for freight and connecting communities. We work closely with transport partners throughout the country in planning, operating and maintaining the state highway network, considering its impact on the environment and the immediate and long-term needs of the businesses and people who use it.

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

We work closely with a range of agents to provide transport users with safe access to the land transport system. We do this through driver testing services, issuing driver licences and transport service licences, vehicle certification, registration and licensing activities, and collecting road user charges and other revenue. Each year, we process around 5 million vehicle registrations, 1 million vehicle ownership changes, 2 million road user licences and 5.3 million warrants of fitness. We support vehicle and train drivers by providing them with information on how to use the transport network in the most efficient and safest possible manner. Our activities include national advertising and education programmes, and specific initiatives around rail and vehicle safety and performance. We are also contracted by the Ministry of Transport to develop rules, a form of legislation that, together with regulations, shape our business.

LEGISLATION AND REGULATION

The Land Transport Management Act 2003 establishes the NZTA and provides the legal framework for managing and funding land transport activities and provides for a Government policy statement on land transport funding (GPS). Under this legislation we have the following responsibilities:

- › Promote an affordable, integrated, safe, responsive and sustainable land transport system.
- › Investigate and review accidents and incidents involving transport on land.
- › Manage the state highway system, including planning, funding, design, supervision, construction and maintenance operations.
- › Manage funding of the land transport system, including auditing the performance of organisations receiving land transport funding.
- › Manage regulatory requirements for transport on land.
- › Cooperate with, provide advice and assist any government agency or local government agency at the Minister's request.
- › Provide the Minister with advice on our functions.
- › Carry out any other land transport functions directed by the Minister under the Crown Entities Act 2004.
- › Carry out the functions required by the Land Transport Management Act or under any other Act.

Also of key importance is the Land Transport Act 1998, which promotes safe road user behaviour and vehicle safety; provides for a system of rules governing road user behaviour, and the licensing of drivers and technical aspects of land transport.

Other relevant legislation includes the Railways Act 2005, the Transport (Vehicle Registration and Licensing) Act 1986, the Public Transport Management Act 2008, the Government Rounding Powers Act 1989, the Road User Charges Act 1977 and the Land Transport Act 1998.

Land transport rules are a form of delegated legislation similar to regulations. The NZTA produces rules for the Minister of Transport under an agreement made with the Secretary for Transport. Land transport rules have a significant influence on access of persons and vehicles to road and rail networks, and guide the conduct or use of the networks.

WORKING WITH OTHERS

In order to provide the best possible service to our transport user customers, we work very closely with a range of organisations, including:

- › the Ministry of Transport, which is responsible for leading the development of strategic transport policy and monitoring performance of the sector's Crown entities
- › regional councils and territorial local authorities, who are major co-investors in land transport infrastructure and services to transport users, and who have the lead accountability for land use planning in New Zealand
- › the NZ Police, who we fund to provide a range of road policing services
- › service delivery agents who through their 4000 outlets support us to process motor vehicle and driver licensing transactions per annum, and we work closely with these agents to provide driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other road revenue
- › other suppliers, including contractors and consultants.

THE ORGANISATION AT A GLANCE

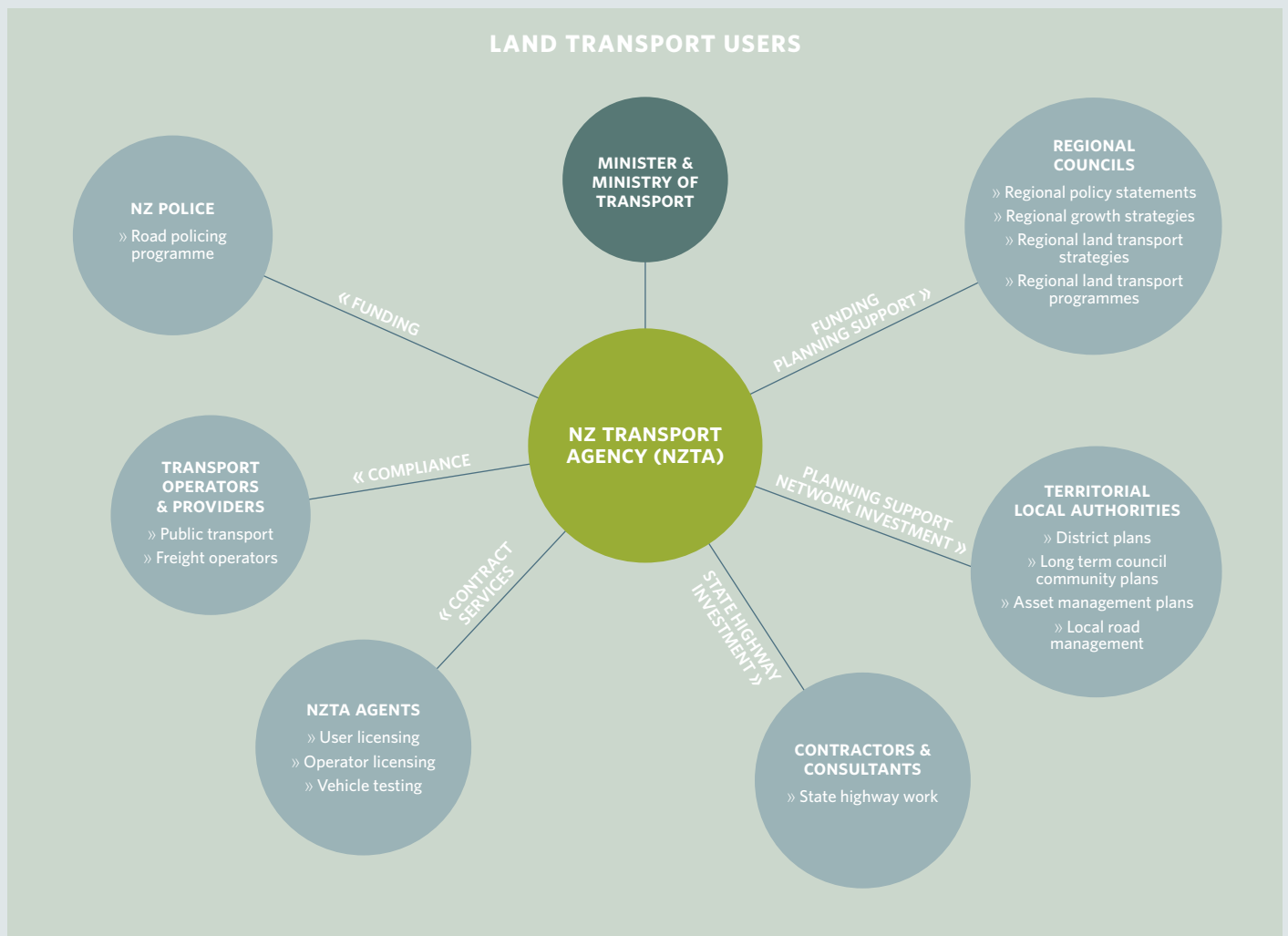
NZTA employs approximately 1300 staff, with 1000 working in one of our three operational groups:

- › Planning and Investment Group (160)
- › Highways and Network Operations Group (340)
- › Access and Use Group (500)

The remaining staff are employed in providing administrative and support services to the organisation such as strategic advice, information services, human resources, communications, finance and legal services.

NZTA staff are spread across 17 locations. The main offices are:

- › the national office in Wellington
- › the Transport Registry Centre in Palmerston North
- › Auckland/Northland region, with offices in Auckland and Whangarei
- › Waikato/Bay of Plenty region, with offices in Hamilton and Tauranga
- › Central region, with offices in Napier, Palmerston North, Wellington and Blenheim
- › Southern region, with offices in Christchurch and Dunedin.



SECTION 2 / OPERATING ENVIRONMENT AND FUTURE RISKS

The NZTA is facing a number of pressures within its operating environment to which we must respond.

POPULATION GROWTH AND DEMOGRAPHIC CHANGE

New Zealand's population is expected to grow to almost 5.5 million by 2040. Most growth will be concentrated in the upper half of the North Island, particularly Auckland, Waikato and the Bay of Plenty. We expect an aging population and a trend towards smaller families in a greater number of households. These trends will play out most strongly in New Zealand's major metropolitan areas, which are expected to experience higher residential densities (and greater pressure to expand urban limits), with associated higher levels of congestion. With changes of this kind expected to increase total demand for transport (both the private car and public transport) particularly in urban areas, the NZTA will need to work with partners to proactively manage demand. This will be reflected in our planning and investing for outcomes with our local government partners.

ECONOMIC GROWTH - A CHANGING FREIGHT TASK

Over the longer term important changes are expected in New Zealand's economic structure, necessitating changes to the transport system, and the priorities and role of the NZTA. In the metropolitan areas the freight task will increasingly be dominated by numerous, small, high frequency shipments, taking place on increasingly congested networks. In rural areas freight will continue to be dominated by the movement of primary products from the farmgate to sea and air ports, as New Zealand benefits from strong global demand for food. Capacity utilisation of key routes will increase to the point where transport providers are likely to mix and match road and rail to meet customer demand. The Auckland/Waikato/Bay of Plenty region will be a focus for the NZTA over the next three years, given the existing and expected freight volumes in this region.

VOLATILITY IN FUEL PRICES

Crude oil prices impact directly and indirectly on the use and management of the land transport system. When oil prices increase significantly and/or suddenly, transport users tend to replace individual car journeys with other types of travel. This can have a range of impacts for the NZTA, including: reducing revenue received from fuel excise duty and road users charges, increasing input costs (for example, cost of bitumen for road maintenance) and changing the mix in demand for transport services (more public transport use). Global trends indicate that it is likely oil prices will continue to rise and become more volatile. In an environment of increasing volatility, the NZTA's challenge is to be flexibly positioned to respond over the short and longer term.

TECHNOLOGICAL CHANGE - IMPLICATIONS FOR CUSTOMER SERVICE

Changes in technology are accelerating. Improved processing power, the rise of social media and the vast wealth of information available via the internet are likely to continue to increase customer and business demand for customised service offerings, choices about how and when to do business, and real-time information. For the NZTA technology change is providing an opportunity to make processes and services more efficient, effective and accessible. Internationally, intelligent transport systems (ITS) are increasingly being deployed. These enable real-time interaction with customers while they are on transport networks, providing information and choices to support customer decision making and the efficient operation of networks. The NZTA will continue the work it already has underway to take advantage of these opportunities, over time.

STATE OF THE CONSTRUCTION INDUSTRY

Over the next few years the construction industry is expected to be firmly focused on the Canterbury rebuild. Although exact timing is not clear, an increase in civil, non-residential and residential activity will go some way to filling what have been empty order books elsewhere in New Zealand as a result of weak market conditions. As the spare capacity in the sector is taken up, the highly competitive pricing that the NZTA has benefited from over the last few years is expected to retreat.

WORKFORCE PLANNING IN A SKILLS CONSTRAINED MARKET

Ensuring that the NZTA maintains a high level of capability in a labour market with current and projected skill shortages is a key challenge. Current economic conditions have eased general labour supply, but this has not been uniform across the workforce. The ageing workforce creates risks associated with the loss of skills due to retirement. This is particularly true in specific specialist skill groups within the transport sector. The NZTA will continue to develop a strong culture of engagement and professionalism to assist in addressing the skills challenge.

SECTION 3 / REVENUE

This section describes how the NZTA is funded. The NZTA has three primary revenue sources:

1. Revenue from the Crown for specific projects.
2. The National Land Transport Fund (NLTF), which receives contributions from fuel excise duty (FED), road user charges (RUC) and motor vehicle registrations.
3. Revenue from third parties, primarily sourced from land transport user fees, charges and licensing.

The size of the revenue flows is linked to specific consumption volumes and patterns, government decisions around individual fees, and various compliance rates. These assumptions are set out in the statement of forecast financial performance.

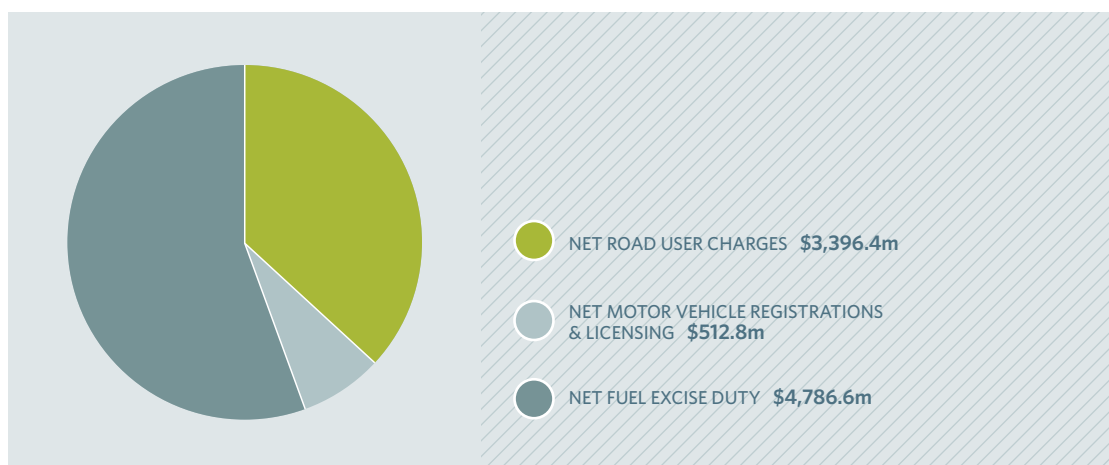
The *Statement of intent* (as well as the government priorities for transport) is underpinned by modelling assumptions around the NLTF revenue flows and licensing and registration transaction volumes, and several others. Changes to these assumptions and revenue flows (due to unexpected changes in consumption patterns, fees and compliance rates) require the NZTA to adjust levels of expenditure, which may also affect levels of service and delivery milestones.

We expect that the existing key revenue sources of FED and RUC will continue to provide the majority of funding for the NZTA outputs in the near future. The forecast contribution of the different revenue sources to the NLTF at the end of the 2011-14 period is shown below.

The new Road User Charges Act, that is expected to be in place by July 2012, represents the first change to the road user charges system since 1977. The proposed new regime is expected to enhance road user charges revenue compliance, reduce compliance costs for road users and simplify the administration of the road user charges system. This change is positive for the NLTF revenue projection. However, looking further ahead we expect the revenue that is derived from these two key sources (FED and RUC) to eventually decline in response to increased fuel prices and improvements in vehicle fuel efficiency. At the same time the demand for funding will increase, as the NZTA builds and maintains the transport infrastructure and services necessary to support a thriving New Zealand. This means that as a sector we plan to explore new ways of generating revenue and different ways of charging for land transport activities.

We intend to further develop our revenue policy and refine our investment signals to ensure that they clearly incentivise projects or packages of projects that attract revenue from other sources. We will also consider how large projects could be progressed using more innovative debt funding approaches such as public private partnerships and vendor financing.

FORECAST NET REVENUE SOURCES FOR NLTF IN 2011/14



SECTION 4 / GOVERNMENT PRIORITIES

DIRECTION FOR THE TRANSPORT SECTOR

The government's overall goal is to grow the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders. The desired long-term outcomes for transport are:

- › an efficient transport system that supports 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.

The government's immediate priorities for transport are investment in infrastructure; better regulation; better public services; and road safety.

GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT FUNDING (GPS)

The GPS sets the strategic direction for investment in the land transport sector, allocates funding ranges for the various activity classes in the National Land Transport Programme (NLTP), and specifies the impacts that the government expects to be achieved through the NLTP. The government has listed seven roads of national significance as a statement of national road development priorities. The GPS also requires the NZTA to take an integrated approach to planning between transport modes, and between transport and land use planning. The GPS has an immediate three year focus and we expect the government to replace the current GPS before 1 July 2012 in order to inform the development of the 2012 NLTP.

NATIONAL INFRASTRUCTURE PLAN (NIP)

The second NIP defines the many challenges to improving New Zealand's infrastructure over the next 20 years and sets in place policies and actions to address these challenges. The NIP is built on a snapshot of the present day, and uses our current knowledge to develop a future vision. The NIP will evolve over time in response to implementation of the plan and the changing New Zealand and global economy. The plan considers infrastructure in relation to five critical sectors: energy, transport, water, communications and social infrastructure. The overall purpose of the NIP is to improve investment certainty for businesses by giving confidence over current and future infrastructure provision.

SAFER JOURNEYS: NEW ZEALAND'S ROAD SAFETY STRATEGY 2010-2020

New Zealand's performance in reducing deaths and serious injuries on the roads lags behind most OECD countries. Progress has slowed in spite of a steady increase in New Zealand's level of investment in road safety over the last decade. Safer Journeys introduces the Safe System approach as the long-term direction for road safety in New Zealand. The approach recognises that humans are fallible and fragile and focuses on preventing injury rather than assigning blame. It requires interventions to consider the inter-relationship of all aspects of the road safety system - speed, roads and roadsides, vehicles and road user behaviour. The Safe System approach promises a long term improvement in the inherent safety of the system. The strategy and the sector action plans identify areas of concern and implementation actions that will guide the NZTA safety activities.

OTHER SECTOR DIRECTIONS

Public Transport Effectiveness Sector Action Plan

The Public Transport Leadership Forum comprising key stakeholders from the transport sector has agreed to a three year sector action plan to improve public transport effectiveness. This action plan contains a number of initiatives structured around three key transformational themes: improving customer experience, integrating networks and strengthening leadership. The action plan is also enabled by three other workstreams: improving the public transport operating model, aligning resources and using smarter technology. The NZTA is coordinating the implementation of the action plan and the delivery of the plan's actions by our partners.

Auckland Spatial Plan

The Local Government (Auckland Council) Amendment Act 2010 requires the Auckland Council to prepare a spatial plan, to contribute to Auckland's social, economic, environmental, and cultural wellbeing through a comprehensive and effective long-term (20 to 30-year) strategy for Auckland's growth and development. Transport and land use are critical 'city shapers', integral to the long-term growth strategy for Auckland region. Accordingly, the planning, investment and implementation requirements of the Auckland Spatial Plan are of keen interest to the NZTA. By articulating a clear approach to the location, timing and sequencing of growth in Auckland, the spatial plan will facilitate more efficient and cost-effective delivery of infrastructure. It will also help ensure that future growth does not compromise the function of existing transport networks.

Regional land transport strategies

Regional land transport strategies (RLTS) are statutory documents that articulate the land transport outcomes sought by a region, as well as the overall strategic framework for investment in a region's land transport network. The Land Transport Management Act 2003 (amended 2008) requires that the regional transport committee for each region prepares an RLTS every six years. Across the country there are 16 operational RLTS developed by 11 regional councils and five unitary authorities. Only six of the RLTS were developed under the 2008 amendment to the Land Transport Management Act that requires a 30-year planning horizon. The other RLTS were developed before this amendment and only have a 10-year planning horizon. They will be updated during 2011/12 with support from the NZTA. Many of the RLTS were developed before the GPS was revised in 2009 and Safer Journeys was released in 2010, and may require amendments to take these into account.

SECTION 5 / ORGANISATIONAL DIRECTION

OVERVIEW

The NZTA's contribution to the realisation of the government's priorities and other sector directions is determined by our role and functions, and by our service delivery and financial performance. We link our functions and services to the government's priorities and other sector directions through eight impact statements, which taken together describe the desired long-term effect of our 2011-14 work programme on the transport sector.

In 2011-14 the NZTA will focus on five strategic priorities as we progress towards the longer term impacts. We use these priorities to guide our organisation as we develop and deliver services and infrastructure to New Zealanders. These priorities also help to integrate and align the three functions we are charged with delivering for the transport sector: planning of and investing in land transport networks, managing the state highway network, and providing access to and use of the land transport system.

OUR CORE FUNCTIONS	PLANNING OF AND INVESTING IN LAND TRANSPORT NETWORKS	MANAGING THE STATE HIGHWAY NETWORK	PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM
Our desired long-term impacts	<p><i>Desired long-term outcome:</i> an efficient transport system that supports high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations. We will contribute to this outcome by working towards achieving:</p> <ul style="list-style-type: none"> › 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. <p><i>Desired long-term outcome:</i> an accessible and safe transport system that contributes positively to the nation's economic, social and environmental welfare. We will contribute to this outcome by working towards achieving:</p> <ul style="list-style-type: none"> › reductions in deaths and serious injuries from road crashes › more transport mode choices › reduction in adverse environmental effects from land transport. 		
Our 2011-14 priorities	<ol style="list-style-type: none"> 1. Plan and deliver the roads of national significance (RoNS). 2. Improve the road safety system. 3. Improve customer service and reduce compliance costs. 4. Improve the effectiveness of public transport. 5. Improve the efficiency of freight movements. 		
Our services and resources	<p>Statement of forecast service performance</p> <p>Statement of forecast financial performance</p>		

OUR DESIRED LONG-TERM IMPACTS

We track our progress towards our long-term goals or impacts through eight key result indicators (refer to appendix 1: Supplementary performance monitoring information).

Our work is also guided by a five internal strategies that support government policy and other sector directions:

- › NZTA Integrated Planning Strategy
- › NZTA Investment and Revenue Strategy
- › NZTA State Highway Network Strategy
- › NZTA Network Access and Use Strategy
- › NZTA Organisational Development Strategy

DESIRED IMPACTS OF NZTA SERVICES	2011-14 KEY RESULT INDICATORS & DESIRED TRENDS*		LINKS TO OUR 2011-14 PRIORITIES
An efficient transport system that supports high levels of economic productivity, provides strong international connections for freight, business and tourism, and meets international obligations			
Better use of existing transport capacity	<i>Number of vehicle kilometres travelled per network kilometre</i>	Increase	Improve the efficiency of freight movements Improve the effectiveness of public transport
More efficient freight supply chains	<i>Average daily measured weight of freight vehicles (tonnes)</i>	Increase	Plan and deliver the roads of national significance Improve the efficiency of freight movements
A resilient and secure transport network	<i>Number of resolved road closures with a duration of 12 hours or longer</i>	Decrease	Plan and deliver the roads of national significance
Easing of severe urban congestion	<i>Number of minutes delay per km during AM peak - Auckland</i>	Decrease	Plan and deliver the roads of national significance Improve the effectiveness of public transport
More efficient vehicle fleets	<i>Average diesel and petrol consumption (litres) per 100 vehicle kilometres travelled</i>	Decrease	No 2011-14 strategic priority linked to this impact. Please refer to page 32 for how our outputs contribute to our impacts
An accessible and safe transport system that contributes positively to the nation's economic, social, and environmental welfare			
Reductions in deaths and serious injuries from road crashes	<i>Number of road deaths and serious injuries per 100 million vehicle kilometres travelled</i>	Decrease	Plan and deliver the roads of national significance Improve the road safety system Improve the efficiency of freight movements
More transport mode choices	<i>% of survey respondents that consider public transport as a good option for taking all of their work or study trips in Auckland</i>	Increase	Improve the effectiveness of public transport
Reduction in adverse environmental effects from land transport	<i>Diversity of macro invertebrates, ie insects found in receiving environments (macro invertebrate community index)</i>	Increase	No 2011-14 strategic priority linked to this impact. Please refer to page 32 for how our outputs contribute to our impacts

*refer appendix one for detailed results indicators and trend information.

STRATEGIC PRIORITY 1:

PLANNING FOR AND DELIVERING ROADS OF NATIONAL SIGNIFICANCE (RONS)

Towards more efficient freight, greater network resilience and security, congestion relief and safer roads

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Investment in infrastructure		
KEY RESULT INDICATOR AND DESIRED TREND	BASELINE 2009/10	DESIRED TREND 2011-14
% of RoNS activities that are delivered to agreed performance standards and timeframes	100%	Increasing

OUR DIRECTION 2011-14

As a small, sparsely populated country distant from world markets, New Zealand relies on a robust transport network to move people, goods and services safely and efficiently.

The seven roads of national significance (RoNS) projects are based around New Zealand's five largest population centres. The focus is on moving people and freight between and within these centres more safely and efficiently. The RoNS are 'lead infrastructure' projects – that is, they enable economic growth rather than simply responding to it. Other RoNS may be added in future but currently from north to south the seven projects are:

- › Puhoi to Wellsford – SH1
- › Completing the Western Ring Route – SH16 and SH20
- › Victoria Park Tunnel, Auckland – SH1
- › Waikato Expressway – SH1
- › Tauranga Eastern Link – SH2
- › Wellington Northern Corridor – SH1
- › Christchurch Motorways

The RoNS projects will deliver faster, safer, lower cost transport links, but also important agglomeration benefits to businesses. Agglomeration refers to the benefits businesses gain when they are located near each other or when the costs of interaction between them is reduced resulting in increased productivity. For example, through improved transport links businesses will gain access to a wider talent pool, specialist suppliers, knowledge and skills.

Our objective: To improve economic growth and productivity by adopting an infrastructure-led approach to meeting demand for safe, efficient and sustainable transport networks for people and goods.

- › We are working to complete or substantially complete all seven roads of national significance. The focus in the next three years is on the design, consultation and planning for most of the roads, with several construction starts scheduled. Victoria Park Tunnel, the Tauranga Eastern Link and some segments within other RoNS projects are already in construction.
- › We will ensure that the RoNS are planned and delivered:
 - within an agreed regional spatial plan, including long term land use and infrastructure plans
 - with a focus on optimising the performance of each RoNS and the multimodal transport networks they contribute to
 - in an integrated and sustainable manner, especially in conjunction with local authorities where local projects are an integral part of a supporting package
 - in partnership with customers, especially local communities and road users.

Scheduling for the RoNS projects is being considered as a whole. This approach means that if any of the segments within the RoNS are subject to delays, others can be accelerated in their place. Most of the RoNS comprise several segments and the progress of each of the segments will be determined by the order in which they become construction ready.

In order to become construction ready, each RoNS project must first gain a resource consent. Due to the size and complexity of the RoNS projects, the NZTA may seek consent via the new Environmental Protection Agency process.

FORECASTED PROJECT MILESTONES

PROJECT	2011/12	2012/13	2013/14
Puhoi to Wellsford	Complete scheme assessment report		Complete national consenting process
Western Ring Route	Complete tender process for SH20 tunnels Construction on the SH20 Tunnels commences	Construction of SH16 causeway commences	Construction of Te Atatu interchange commences
Victoria Park Tunnel	Construction complete		
Waikato Expressway	Construction of Ngaruawahia section commences	Complete Te Rapa section Construction of Rangiriri section commences Commence construction on Long Swamp section* Tender process for Cambridge section begins*	Complete Ngaruawahia section Commence construction on the Cambridge section*
Tauranga Eastern Link	Construction continues	Construction continues	Construction continues
Wellington Northern Corridor	Commence national consenting process for Mackays to Peka Peka and Transmission Gully projects	Commence construction on Ngauranga to Aotea Quay section*	Commence construction on Mackays to Peka Peka* Commence construction on Basin Reserve improvements Tender process for Peka Peka to Otaki commences*
Christchurch Motorways	Construction of Southern Motorway stage 1 continues Devise and implement the recovery plan	Construction of Southern Motorway stage 1 continues Devise and implement the recovery plan	Complete Southern Motorway stage 1 Devise and implement the recovery plan
Indicative cost of RoNS programme **	\$700-725m	\$775-800m	\$900-925m

* These milestones reflect the indicative direction signalled within the 2012-15 *Government policy statement on land transport funding*. It should be noted that neither the 2012-15 *Government policy statement on land transport funding* nor the 2012-15 National Land Transport Programme has yet been approved. Progress, particularly in years 2 and 3 (2012-2014) relies on the revenue from fuel excise duty and road user charges which are both dependent on volume.

** 2011/12 indicative level of expenditure is a result of work being completed earlier than previously planned on Victoria Park Tunnel, Tauranga Eastern Link, and Christchurch Southern Motorway.

STRATEGIC PRIORITY 2: IMPROVING THE ROAD SAFETY SYSTEM

Towards further reducing deaths and serious injuries from road crashes

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Road safety		
KEY RESULT INDICATOR AND DESIRED TREND	BASELINE JUNE 2010	DESIRED TREND 2011-14
Number of young drivers killed per 100,000 15-24 year olds (population)	8.9	Decreasing

OUR DIRECTION 2011-14

The strategic direction for road safety in New Zealand is set in the Safer Journeys strategy (refer to government priorities). The strategy sets out the priority areas to be addressed, and underpins all road safety activities with the new Safe System approach.

This approach specifies that the transport system should be designed to recognise that human error is inevitable and to minimise trauma when crashes do occur. Instead of focusing primarily on road user fault, it places shared responsibility for crash outcomes on system designers and road users to ensure that even when crashes do occur, they do not result in death or serious injury. The four guiding Safe System principles are:

1. People make mistakes and crashes are inevitable.
2. The human body has a limited ability to withstand crash forces.
3. System designers and system users must all share responsibility for managing crash forces to a level that does not result in death or serious injury.
4. It will take a whole-of-system approach to implement the Safe System in New Zealand.

The Safe System approach recognises that we need to work on all parts of the system:

- › **Safe roads and roadsides** that are predictable, promote safe behaviour and are forgiving of human error.
- › **Safe speeds** that suit the function and level of safety of the road, the skill of the driver and the safety of the vehicle.
- › **Safe vehicles** that incorporate emerging collision avoidance technologies and modern warning systems, and are well maintained to help prevent crashes and protect road users from crash forces.
- › **Safe use** – drivers, motorcyclists, cyclists and pedestrians that are skilled and competent, proactive in managing hazards, predictable, alert, unimpaired, compliant and make safe vehicle choices.

Our objective: To embed the Safe System approach

- › We will adopt the Safe System approach which will require us to work toward new objectives and impacts and develop new interventions to achieve them, taking a more proactive approach. It is a long term focus.
- › We will improve coordination with stakeholders to identify and address local issues balancing different combinations of interventions.
- › We will measure our success in implementing the Safe System approach through monitoring the actions of system designers and users: whether they understand it, are committed to it, and ultimately whether it is adopted as the way road safety is improved in New Zealand.

Our objective: To address Safer Journeys high priorities

- › We will collaborate with the sector to implement the Minister's First Actions package aimed at increasing the safety of young drivers, reducing alcohol/drug impaired driving, making roads and roadsides safer and increasing the safety of motorcycling. Our existing activities such as advertising, education, road policing investment, and state highway design, construction and maintenance will be aligned more closely with these priorities.
- › We will progress our responsibilities in the sector action plan, which addresses Safer Journeys high and medium priorities. We will assist our National Road Safety Committee partners: the Ministry of Transport, NZ Police and others

Our objective: To plan and invest in road safety outcomes that deliver the best value for money

- › We are considering all existing and new safety investments to ensure they deliver the highest possible returns in terms of road safety benefits delivered for the amount invested. In doing so we will take account of environmental and economic co-benefits where they are known, eg newer safer vehicles are generally more fuel efficient and generate fewer greenhouse emissions.
- › We are reviewing the road policing activity class and implementing a new investment framework to guide the Road Policing Programme in accordance with Safer Journeys priorities and Safe System objectives. Road policing performance measures are being changed to better reflect the role of enforcement in a safe road system.
- › We are reviewing the effectiveness of our national advertising programme to ensure the programme contributes effectively to a reduction in road trauma and demonstrates value for money.
- › We will assess the expected benefits to road safety of the NZTA's planned interventions and actions. We will identify opportunities for improving overall safety benefits by adjusting our intervention.

OUR KEY DELIVERABLES FOR 2011-14

2011/12	2012-14
<ul style="list-style-type: none"> › Complete development of Safe System demonstration project 	<ul style="list-style-type: none"> › Safe System audit pilot completed › Safe System demonstration projects evaluated
<ul style="list-style-type: none"> › Safe speed awareness campaign commenced › Driver Licensing Rule signed › Introduction of revised licence tests for young drivers and motorcyclists › <i>High risk intersection guide</i> released › Give Way Rule signed 	<ul style="list-style-type: none"> › Motorcycle graduated driver licensing system (GDLS) implemented › Give Way Rule implemented › <i>High risk rural roads guide</i> and <i>High risk intersection guide</i> implemented › Treatment programmes for high risk motorcycle routes commenced
<ul style="list-style-type: none"> › Revised road policing investment approach implemented through 2012-15 Road Policing Programme › Regional road safety advertising and education programmes reviewed 	<ul style="list-style-type: none"> › New road safety camera network rolled out

STRATEGIC PRIORITY 3:

IMPROVING CUSTOMER SERVICE AND REDUCE COMPLIANCE COSTS

Towards better public service and regulation

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Better regulation, better public services		
KEY RESULT INDICATOR 2011-14 AND DESIRED TREND	BASELINE 2009/10	DESIRED TREND 2011-14
% change in number of transactions completed online	New	Increasing

OUR DIRECTION 2011-14

The NZTA's values include a commitment to outstanding service and placing a high priority on our customers having positive experiences when they interact with us. To meet the challenge of providing outstanding service while delivering value for money, we have developed a customer service operating model. The model describes our intention to build our operations around our customers, manage our stakeholder relationships with care and understand our customers to deliver the services that they want.

Building operations around the customer is about ensuring the basic components of the organisation (including strategy, performance measures, structures, systems, processes and behaviours) support the delivery of desired customer objectives. It also involves ensuring that the organisation is well integrated.

Our objective: To ensure our staff deliver outstanding customer service

- › We want to embed a customer care ethos to deliver a strong customer service culture within the organisation. Cultivating a commitment to customer focus throughout the organisation is the basis of the service culture that we seek to grow and embed. Nurturing this culture involves:
 - developing an understanding of customers to facilitate successful engagement
 - using customer feedback to enable continuous improvement of service delivery
 - effectively providing information to customers to produce increasing customer satisfaction
 - establishing sound customer standards to strengthen our ability to deliver desired service levels.
- › The assumption underlying this area of focus is that if we develop the right culture then outstanding customer service will follow – a strong service culture is the foundation of a customer-focused organisation.

Our objective: To provide the right level of customer service while migrating customers to the lowest cost channel

- › We will provide the right level of service while migrating customers to the lowest cost channels, such as text or web-based transactions. To deliver this strategy successfully we will develop, provide and promote an optimal mix of customer channels.

Our objective: To improve the clarity and efficiency in investment decision making in support of regional relationships

- › We will reduce compliance costs for our transport funding partners and improve decision making efficiency by streamlining the way in which we assess and invest in transport activities.
- › We will shift resources towards the frontline as we concentrate on influencing and aligning decision making at an earlier stage in the project development process.
- › We will define a more exact funding envelope as early as possible in the investment process, and redesign our Planning, programming and funding manual and the land transport programme online system away from a rules-based application to a sector decision making tool.
- › We will determine how to measure levels of service for transport system users.
- › The Ministry of Transport (MoT) is leading a review of all land transport rules looking for opportunities to lower compliance costs. Significant opportunities exist to simplify and speed up the rules process. Working with MoT, we intend to clarify respective roles and responsibilities and move transport sector regulation toward an incentives based approach, where possible. We also want to redesign the rules process to increase the quality of rule design, be more responsive to the transport sector customers and better reflect government regulatory priorities.

OUR KEY DELIVERABLES FOR 2011-14

2011/12	2012-14
› Establish a customer service task force	
› Improvement in the percentage of online transactions in accordance with the statement of service performance	› Improvement in the percentage of online transactions in accordance with the statement of service performance
› Negotiate with our investment partners unambiguous terms for the NZTA's investment › Auckland Transport and NZTA's Highways and Network Operations Group achieve advanced star status as part of streamlining	› Negotiate the NZTA investment via the 2012 NLTP to ensure three to five year investment packages and programmes are aligned and optimised to the NZTA desired impacts › Auckland Transport and NZTA's Highways and Network Operations Group are assessed as principal candidates for further delegation for NLTP delivery as part of streamlining

STRATEGIC PRIORITY 4:

IMPROVING THE EFFECTIVENESS OF PUBLIC TRANSPORT

Towards better use of existing transport capacity, congestion relief and more transport mode choice

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT

Better regulation, better public services

KEY RESULT INDICATOR AND DESIRED TREND	BASELINE 2009/10	DESIRED TREND 2011-14
Public transport boardings per NLTF \$ invested on public transport services	2.44	Increasing

OUR DIRECTION 2011-14

The Public Transport Leadership Forum has adopted a 50-year vision for the sector, which is to:

'Grow public transport as a mode of choice in our cities – by developing a cost effective, smart and reliable public transport network.'

The public transport sector is working collaboratively to achieve the vision and has developed a public transport effectiveness framework that identifies six strategic objectives for improving public transport effectiveness. Three strategic objectives – improved customer experience, integrated networks and strengthened leadership – will potentially transform the sector. Three other strategic objectives – improved operating model, aligned resources and smarter technology – will play a key enabling role in this transformation.

Our objective: To improve customer experience

- › We will over time direct NLTF investment towards services that are customer-focused and deliver affordable, reliable and accessible public transport that is safe, attractive and easy to use. Improved customer experience is likely to have a transformational impact on public transport effectiveness.

Our objective: To better integrate networks

- › We will promote and require more efficient design of networks, including better integration with land use and customer needs, in order to make public transport more commercially viable. Integrated networks have the potential to further increase value for money from NLTF and council investment.

Our objective: To strengthen leadership

- › We will support innovation driven by strong and collaborative sector leadership that draws on clear responsibilities, shared knowledge, research and evidence. This is likely to be transformational because a collaborative approach has tremendous potential to improve the effectiveness of the overall public transport system.

Our objective: To improve the operating model

- › We will support the development of new operating models. Proposed changes to the legislation and procurement practices will place greater emphasis on commercial goals, promote public private partnerships, and support integrated networks and improved customer experience.

Our objective: To better align resources

- › We will align funding policy, farebox policy and other public and private investment to achieve greater value for money and incentivise progress towards improving public transport effectiveness.

Our objective: To use smarter technology

- › We will support greater use of technology that provides information and reshapes the experience of public transport for customers and suppliers. Integrated ticketing and other innovative technology will significantly improve the customer experience of public transport. The information derived from it will also enable more integrated networks and services to be developed and operated.

OUR KEY DELIVERABLES FOR 2011-14

2011/12	2012-14
<ul style="list-style-type: none"> › Complete stage one implementation of a new public transport operating model to improve confidence in costs and the commerciality of operations › Establish New Zealand Transport Ticketing Limited › National standard for automated fare collection systems established › Develop a national public transport information initiative to meet priority information needs in the sector 	<ul style="list-style-type: none"> › Establish New Zealand Transport Ticketing Limited services for Auckland and other areas › Update rules and regulations for public transport revenue protection and security › Implement further phases of the national public transport information initiative

STRATEGIC PRIORITY 5:

IMPROVING THE EFFICIENCY OF FREIGHT MOVEMENTS

Towards more efficient freight supply chains, better use of existing transport capacity and further reductions in deaths and serious injuries from road crashes

LINK TO GOVERNMENT PRIORITIES FOR TRANSPORT		
Better regulation, better public services		
KEY RESULT INDICATOR 2011-14 AND DESIRED TREND	BASELINE 2009/10	DESIRED TREND 2011-14
Average daily measured weight of freight vehicles (tonnes)	22.89	Increasing

OUR DIRECTION 2011-14

A customer focused approach is at the core of our strategic approach to meet these challenges and improve the efficiency of freight supply chains. Our approach will be underpinned by our engagement with the businesses and industries that generate New Zealand's freight movements and the transport and logistics operators that handle the freight task. Because the private sector determines and shapes their supply chains, we need to better understand their needs in order to respond to them.

Through listening to freight owners and operators we can better plan, fund, regulate, enforce and deliver land transport activities and services to improve the efficiency of freight movements, raise productivity and help unlock New Zealand's economic potential. In particular, we need to better understand their supply chains and how we can optimise each link in the chain. These links include the point-to-point journeys within each supply chain, with freight moving in one journey across local roads and state highways, the vehicles used for these journeys, transfers to other modes and the people who make it happen.

The NZTA is well placed to work across the land transport system to develop a better understanding of New Zealand's supply chains and realise efficiencies 'from the farm gate through to the export gate'.

Our objective: To build strong strategic partnerships

- › We will engage with freight owners and operators, and the wider transport sector, to improve our understanding of New Zealand's supply chains, logistics and the needs of freight transport.

Our objective: To optimise the use of existing network infrastructure to move freight

- › We will protect and optimise existing networks that provide strategic access across a region and carry significant amounts of freight.
- › We will plan and deliver new infrastructure that is developed within a long-term strategic view, integrated with land use and transport planning and future-proofed for long-term use.

Our objective: To reduce the cost of doing business for freight transport operations

- › We will streamline our regulatory and monitoring services to ensure they promote road safety, encourage improved efficiency and promote voluntary compliance and industry best practice.

Our objective: To improve the safety of freight transport and mitigate other adverse effects

- › We will improve the safety of freight transport safety on road and rail, and work to reduce and mitigate other adverse effects such as noise, dust and harmful emissions.

OUR KEY DELIVERABLES FOR 2011-14

2011/12	2012-14
<ul style="list-style-type: none"> › High productivity motor vehicles (HPMV) route investigation completed › Upper North Island Freight Plan completed › Network collaboration with KiwiRail progressed 	<ul style="list-style-type: none"> › Upper North Island Freight Action Programme initiated › An Intelligent Transport Systems Freight Network Use Plan completed

OTHER KEY FOCUS AREAS FOR THE NZTA IN 2011-14

VALUE FOR MONEY IN ALL WE DO

Achieving a more focused, efficient and productive public sector that delivers services differently and more cost effectively is a priority for the government. The NZTA is being asked to improve the quality of our services while also lifting the performance of every dollar spent. We are focused on delivering value for money to the New Zealand transport user in all our activities.

OUR KEY DELIVERABLES FOR 2011-14

2011/14

- › Improving our internal operational efficiency in order to reduce our operating costs, with a focus on reducing the cost of administration and support services and the cost of managing the funding allocation system.
- › Delivering more services online and reducing costs for customers.
- › Optimising past investments, by delivering efficiency gains in the delivery of the state highways renewals and maintenance programme.
- › Seeking greater value in infrastructure project design and consulting processes.
- › More proactively managing future demand by supporting planning outcomes that integrate land use and transport considerations.
- › Investing in an efficient manner, ensuring value for money and a clear strategic fit for our outputs.
- › Aligning, over time, the level of service offered on each part of the state highway network with its role and function.
- › Increasingly encouraging users to take responsibility for their own actions and the decisions they make about how they use the land transport networks safely and efficiently.

REBUILDING CHRISTCHURCH

The September 2010 and February 2011 Canterbury earthquakes caused significant damage to the local roading network in Christchurch. The NZTA will play a key role in the reconstruction of transport infrastructure in the city. The full cost to the NZTA of repairing damage to transport infrastructure is still being determined, but it is in the order of \$400 million over the next five or more years. This is expected to be met through the existing National Land Transport Programme (NLTP) and change the NZTA's investment priorities in this region. It will involve higher subsidy rates for Canterbury and require further efficiencies that will create some strain in other activity classes. We are assisting both the Christchurch City Council and Canterbury Earthquake Recovery Authority with the establishment of an alliance delivery model for the rebuild of Christchurch's infrastructure.

GROWING AUCKLAND

Auckland presents significant short-term and long-term challenges. In the short term, helping ensure the success of new regional governance structures, particularly the new Auckland Council and Auckland Transport, is a focus for the NZTA. Over the longer term, expected high population growth rates and ensuring a globally competitive Auckland will require that significant transport challenges are addressed. The region is formulating a spatial plan to provide an integrated picture of its land use and transport aspirations. Helping to develop and implement an integrated transport network will be an important ongoing focus for the NZTA. The scale of many of these projects will present particular funding and investment challenges, requiring innovative new approaches by the NZTA and Auckland region. Continuing to develop a well integrated, coordinated and focused relationship with Auckland Transport will be particularly important for the NZTA.

A high quality transport system for Auckland is a key focus area for the NZTA across all our services, with a particular focus on the Auckland Spatial Plan development. In particular, two of our key longer term result indicators relate to Auckland:

- › Reducing levels of severe road network congestion in main urban areas.
- › Improving perceptions of access to work or study in Auckland.

OUR KEY DELIVERABLES FOR 2011-14

2011/14

- › Take part and fully support the various rebuilding planning processes.
- › Invest in the rebuilding of the city - the full cost to the NZTA of repairing damage is in the range of \$400-500 million over five or more years.
- › If requested, assist with procurement of network infrastructure.
- › Complete the Southern Motorway RoNS project.
- › Continue to provide all our other services to underpin the regions' full recovery.

OUR KEY DELIVERABLES FOR 2011-14

2011/14

Three of our strategic priorities have significant deliverables that directly impact on the Auckland transport system:

- › Planning for and delivering the roads of national significance.
- › Improving the effectiveness of public transport.
- › Improving the efficiency of freight supply chains.

SECTION 6 / ORGANISATIONAL CAPABILITY AND HEALTH

KEY RESULT INDICATORS	BASELINE 2010/11	DESIRED TREND/TARGET 2011-14
Stakeholder understanding of the role of the NZTA (Stakeholder Perception Survey)	Not applicable	Increase
Level of staff engagement (Gallup Engagement Survey)	3.51	Increase
Running cost of administrative and support functions as a percentage of total expenditure (BASS)	Top quartile	In the top NZ quartile
Percentage of time core systems available	100%	100%

DEVELOPING OUR PEOPLE

What distinguishes a great organisation from a mediocre one is the calibre of its people. We want to continue to build an agency of talented, diverse and capable leaders and staff. We want to create a workplace environment in which our people feel empowered, valued and supported, and where there is a sense of shared enterprise and commitment that comes from knowing our work makes a difference.

OUR OBJECTIVES
Our leaders and managers are exceptional
We strive for performance excellence - proud of our culture of high performance
Our people have the opportunity to grow and develop their careers - excelling in current roles and growing toward future roles
The NZTA is a great place to work - qualified and experienced people want to work for us

ACHIEVING TOGETHER

Our customers, stakeholders and staff are all looking for an NZTA that is 'joined-up' in terms of strategic direction and delivery. Our future success lies in an integrated and responsive approach to turning strategic intent into desired impacts and achieving value for money.

OUR OBJECTIVES
Our actions are driven by strategy-led decision making that is future regarding, evidence based and delivers value for money - robust decision making will align our resources with our strategic intent
Our systems and processes are simple and effective for customers and staff - integrated systems and processes will support implementation of our strategic direction

WORKING WITH OTHERS

We engage with a wide range of stakeholders and customers every day. It is fundamental to how we operate and therefore we need to do it really well. Working with others requires a commitment to building a common understanding of needs, interests and concerns - what we're seeking to achieve and how. That requires a willingness to listen and to take responsibility for issues as well as a commitment to action and follow-up.

OUR OBJECTIVES
We use a best practice approach to stakeholder engagement - they welcome and actively look for opportunities to collaborate with the NZTA
We create and maintain relationships that foster high levels of trust, respect and confidence - our stakeholders and customers have confidence that we understand and consider their interests and values
Our messages are clear and consistent for stakeholders and customers - we are seen as an integrated agency that is living our values
Our communication with stakeholders and customers is planned, consistent and targeted - they understand our decisions

SECTION 7 / KEY OPERATING POLICIES

This statement sets out how the NZTA goes about delivering its functions.

VALUE FOR MONEY

Section 25 of the Land Transport Management Act 2003 (LTMA) includes a specific operating principle for the agency of 'using its revenue in a manner that seeks value for money'. This principle underpins our approach to all aspects of our work. We are focused on improving the quality of our services while also lifting the performance of every dollar spent. We are working to become sharper in the investment signals that we send to our partners as we fund projects in the National Land Transport Programme (NLTP) and in driving cost out of our own business activities.

We pursue increased value for money by maximising our contribution to the government's long-term transport outcomes from every dollar spent on our outputs.

Our approach to maximising value for money combines three inter-related elements - effectiveness, efficiency and economy.

- › **Effectiveness:** investing wisely in outputs that contribute to the NZTA's desired transport impacts.
- › **Efficiency:** optimising the quantity and quality of our outputs for a given level of inputs.
- › **Economy:** procuring the input resources we need at the right price and specifications.

Over the period 2011-14, the NZTA will continue its ongoing programme to identify and deliver value for money initiatives relating to each of the three elements. We will report on these on progress for each on a quarterly basis.

SCRUTINY AND TRANSPARENCY

Section 96(1)(d)(ii) of the LTMA requires the NZTA to ensure that, when making investment decisions under subpart 1 of part 2 of the LTMA, it gives the same level of scrutiny to its own proposed activities and combinations of activities as it would give to those proposed by approved organisations. The mechanisms contained in the LTMA to address this include specific provisions to ensure that revenue and expenditure are accounted for in a transparent fashion and that funds are used to achieve overall best value for money.

Good quality assurance systems and procedures are necessary for the application of the scrutiny principle. They are the key mechanisms that ensure approved organisations are not disadvantaged, particularly when competing for inclusion in the NLTP or for funding alongside the NZTA's Highways and Network Operations Group, Planning and Investment Group and Access and Use Group.

The NZTA works with Audit New Zealand to ensure our systems and procedures 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.
- › **Monitoring/reporting procedures** to confirm the operational procedures are followed and the scrutiny principle has been properly applied.

The NZTA's quality assurance procedures for the scrutiny principle are fit for purpose but there are opportunities to move toward best practice. During 2011-14 we have agreed to implement a programme to strengthen the scrutiny principle within the NZTA.

RISK MANAGEMENT

Our risk management focuses on minimising threats and maximising opportunities to greater assure the effective and efficient achievement of the organisation's objectives.

Robust NZTA risk management:

- › preserves the value of the NZTA's assets by optimally managing threats and minimising the organisation's liabilities
- › generates added value through early identification of risks and fostering innovation, efficiency and effectiveness to address these
- › generates improved decision-making through provision of more accurate and timely information
- › achieves higher levels of customer and stakeholder satisfaction through minimising surprises and improving confidence in the organisation's systems, processes and outcomes.

The NZTA has adopted enterprise risk management (ERM), substantially incorporating the elements of the Joint Australian New Zealand International Standard AS/NZS ISO 31000:2009 *Risk management - Principles and guidelines*. ERM is an integrated and systematic approach to managing the organisation's risks, including strategic, tactical and operational risks. Risks may be threats and/or opportunities.

Our ERM implementation is described in four key documents: *Risk management framework*, *Risk management strategy*, *Risk management policy* and *Risk management manual*. The Risk management framework sets out a five-stage risk management maturity model. The NZTA is progressing towards achieving the highest maturity level by August 2012.

Important governance and high level management structures have been put in place to support implementation of effective ERM. These include the quarterly strategic risk review function of the Senior Leadership Team/Board and the risk management activities of the Audit, Risk and Assurance Committee, the Chief of Assurance and Risk and team, two group-level risk management advisors and the NZTA Risk Management Steering Group.

Our focus during 2011-14 will be on building the organisation's capability for maximising the value of its risk management activities, evolving it from a compliance activity towards one of value creation.

PROCUREMENT

We have an independent statutory function under section 25 of the LTMA to approve procurement procedures that are designed to obtain the best value for money spent by approved organisations and persons, having regard to the purpose of the Act. The LTMA requires that we consider:

- › whole-of-life value for money
- › keeping in mind fair competition
- › encouraging competitive and efficient markets.

Our *Procurement manual* is designed to help approved organisations and the NZTA take a long-term, strategic approach to procurement by developing a procurement strategy for land transport activities funded through the NLTP, and to obtain the best value for money spent.

ENGAGEMENT

Section 96(1)(a)(ii) of the LTMA requires that the NZTA take into account the views of affected communities in relation to its functions. The NZTA also believes that to make good decisions, and provide sound advice to decision makers, it is important to include the perspectives of our stakeholders in our work.

Our overarching approach to effective stakeholder engagement is to develop strong collaborative relationships with them. This means that we'll look to others for their advice and innovation when formulating alternatives and solutions, and we'll incorporate their advice and recommendations to the maximum extent possible when making decisions.

To assist with our approach to engagement, some NZTA business groups have described their approach to engaging with stakeholders on specific programmes of work:

- › Highways & Network Operations Group have a *Public engagement manual*.
- › Planning & Investment Group have consultation and communication process guidelines in the *Planning, programming and funding manual*.
- › Access & Use Group have a process for consulting on rules.
- › Strategy & Performance Group have engagement guidelines to enable the group to work effectively across the NZTA.

To complement these resources Strategy & Performance have developed the Effective engagement toolkit, an all of business resource, which provides a common methodology, tools and guidance for planning, managing and evaluating engagement activities.

During 2011/12 the NZTA will focus on integrating these manuals and guidelines so that stakeholders know what to expect when they engage with the NZTA, and have a consistent experience, regardless of the reason for the engagement.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Section 96(1)(a) of the LTMA requires that the NZTA exhibit a sense of social and environmental responsibility. We promote an accessible and safe transport system that contributes positively to New Zealand's economic, social and environmental welfare, and we are committed to acting in an environmentally and socially responsible manner.

We are committed to: protecting and enhancing the natural, cultural and built environment, enhancing the quality of life for New Zealanders by improving community livability including land transport safety, taking appropriate account of the principles of the Treaty of Waitangi, providing meaningful and transparent engagement with stakeholders, customers and the general public and providing customer focused services that are fair, trusted and efficient.

To implement our policy we will:

- › promote the safe and efficient movement of goods and people in a manner that avoids, to the extent reasonable in the circumstances, adverse environmental and social impacts
- › continuously improve performance in the management of environmental and social impacts
- › integrate good urban design into all our activities
- › work to improve our knowledge and understanding of the extent and condition of New Zealand's environmental and cultural heritage assets
- › maintain and improve opportunities for Māori to contribute to our decision-making processes
- › actively and meaningfully engage with affected and interested persons and organisations
- › identify and comply with all relevant environmental and social legislation and regulations
- › seek whole-of-life value for money by taking into account environmental and social costs and benefits when procuring goods and services
- › provide our employees with the skills, awareness and leadership to achieve environmental and social objectives.

We have described aspects of our approach in more detail, including our Environmental Plan that guides the Highways and Network Operations Group and our action plan for the New Zealand Urban Design Protocol, to which we are a signatory.

SECTION 8 / STATEMENT OF FORECAST SERVICE PERFORMANCE

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

- › **Planning & investing in land transport networks:** influencing transport planning and partnering with approved organisations to invest in the transport system for desired outcomes.
- › **Providing access to and use of the land transport system:** regulatory activities associated with accessing the road network and ensuring compliance with access conditions of use.
- › **Managing the state highway network:** development and management of the state highway network.

HOW OUR OUTPUTS CONTRIBUTE TO IMPACTS

The NZTA produces 25 outputs, each of which contributes to our desired long-term impacts in different ways. The following table sets out the contribution of our outputs to our desired long-term impacts.

OUTPUT CLASS	OUR DESIRED LONG TERM IMPACTS							
	Better use of existing transport capacity	More efficient freight supply chains	Resilient & secure transport network	Easing of severe urban congestion	More efficient vehicle fleets	Reductions in deaths & serious injuries from road crashes	More transport mode choices	Reduction in adverse environmental effects from road transport
Management of the funding allocation system	●	●	●	●	●	●	●	●
Transport planning	●	●	●	●			●	
Sector training & research	●	●	●	●	●	●	●	●
Public transport infrastructure	●		●	●			●	●
Administration of the SuperGold cardholders scheme & enhanced public transport concessions for SuperGold cardholders	●					●	●	
* Public transport services	●		●	●		●	●	●
Road user safety					●	●		
Road safety programme		●	●			●		
* New and improved infrastructure for local roads		●	●	●		●		
* Renewal of local roads		●	●	●				
* Maintenance and operation of local roads	●		●	●		●		
* Walking and cycling facilities						●	●	●
* Rail and coastal freight	●	●	●					●
Regulatory implementation and enforcement		●			●	●		●
Licensing activities						●		
Motor vehicle registry						●	●	●
Road user charges collection, investigation and enforcement		●			●	●		●
Refund of fuel excise duty (see Note 2)								
New infrastructure for and renewal of state highways		●	●	●		●		●
Maintenance and operation of state highways	●	●	●	●		●		●
* Canterbury transport project								
* Regional development transport funding								
* Crown contribution to accelerated state highway construction								

* The NZTA only invests in these output classes.

KEY	● Outputs contribute to impacts	● Outputs have major contribution to impacts	NB: Where there is no dot, there may still be a small contribution
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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.

FUNCTION

PLANNING AND INVESTING IN LAND TRANSPORT NETWORKS

OUTPUT CLASS	Management of the funding allocation system				Transport planning			
WHAT DOES THE NZTA DO?	This output class covers the NZTA's internal operating costs to: <ul style="list-style-type: none"> › develop and manage the National Land Transport Programme › develop NZTA planning and investing strategies and plans › provide policy advice to government on policy framework › monitor and audit the performance of organisations that receive funding from us › provide investment policy advice on public transport services › monitor and report on work undertaken from the national Road Policing Programme. 				Under this output class, the NZTA invested in, and influences: <ul style="list-style-type: none"> › 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 state highways network. 			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Management of the funding allocation system makes an indirect contribution to all eight desired impact areas, through the management of the National Land Transport Fund. The NZTA seeks to invest in outputs to maximise the overall benefit derived from the transport system.				Transport planning makes an indirect contribution to 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.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual [#]	2011/12 expected result [#]	2012/13 expected result [#]	2013/14 expected result [#]
Total cost of managing the funding allocations system as a % of NLTP expenditure	<1%	<1%	<1%	<1%				
% of NZTA audit programme completed	new	100%	100%	100%				
% of activities that are delivered to agreed standards and timeframes	90%	90%	100%	100%	100%	100%	100%	100%
% of NLTP expenditure claims and approved contract or payments paid by the due date	100%	100%	100%	100%				
Average number of days taken to deliver	29.7	27	24	20				
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME Total income	31,000	29,000	28,000	28,000	26,000	26,000	22,000	20,000
EXPENDITURE Total expenditure	31,000	29,000	28,000	28,000	26,000	26,000	22,000	20,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

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

[#] See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

OUTPUT CLASS	Sector training and research				Public transport infrastructure			
WHAT DOES THE NZTA DO?	Under this output, the NZTA purchases research to improve knowledge and investment decisions made in the land transport system. The research programme informs NZTA policies and guidelines and is made available to transport stakeholders and the general public. Sector training addresses gaps in core transport capability training that cannot be addressed by other means.				Under this output class, the NZTA invests, 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?	Sector training and research contributes to all eight desired areas of impact; it does so indirectly and enables better delivery of all other outputs. The NZTA seeks to manage this output to maximise the overall benefit derived from all other outputs.				Public transport infrastructure has its greatest impact through facilitating more transport choices in urban areas. It enables better use of existing transport capacity and easing congestion, aids transport system resilience and security and provides for one of the safest transport modes.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual [#]	2011/12 expected result [#]	2012/13 expected result [#]	2013/14 expected result [#]
% of activities that are delivered to agreed standards and timeframes	100%	100%	100%	100%	100%	100%	100%	100%
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	6,000	6,000	4,000	4,000	55,000	55,000	40,000	40,000
Expenditure	6,000	6,000	4,000	4,000	55,000	55,000	40,000	40,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Research and transport sector capability development, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Renewal and improvement of infrastructure to support public transport services, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

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

[#] See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

OUTPUT CLASS	Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders				Public transport services			
WHAT DOES THE NZTA DO?	<p>Under the first output class (administration of the SuperGold cardholders scheme), the NZTA and regional councils administer the SuperGold cardholders scheme. Under the second output class (Enhanced public transport concessions for SuperGold cardholders) the NZTA provides funding to regional councils for the provision of enhanced public transport concessions for SuperGold cardholders.</p> <p>Both outputs are funded as specific projects by the Crown. The NZTA manages the scheme on behalf of the Ministry of Transport. The local authorities participating in the scheme are mostly (but not all) regional councils. All are referred to here as 'regional councils'.</p>				<p>Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in public road, rail and ferry (except for commercial services), and total mobility transport services.</p>			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	<p>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.</p>				<p>Public transport services have their greatest impact through offering more transport choices and easing congestion in urban areas. They allow for better use of existing transport capacity (especially when a bus replaces multiple single occupant cars), aid transport system resilience and security and offer one of the safest transport modes.</p>			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual [#]	2011/12 expected result [#]	2012/13 expected result [#]	2013/14 expected result [#]
% of activities that are delivered to agreed standards and timeframes	100%	100%	100%	100%	See Management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	22,000	23,000	18,000	18,000	215,000	228,000	240,000	280,000
Expenditure	22,000	23,000	18,000	18,000	215,000	228,000	240,000	280,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	<p>Administration of the scheme to provide enhanced public transport concessions for SuperGold cardholders.</p> <p>Providing enhanced public transport concessions for SuperGold cardholders.</p>				<p>Non-commercial public transport services, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.</p>			

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

[#] See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

OUTPUT CLASS	Road user safety				Road Policing Programme			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA manages and invests in activities that contribute to the safe, efficient and effective use of land transport networks and services including road user advertising, education and information initiatives that contribute to the high and medium priority areas of the Safer Journeys strategy.				The NZTA prepares the Road Policing Programme 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.			
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.				The Road Policing Programme contributes to a reduction in deaths and serious injuries from road crashes, by enforcing the law applying to road users. This output has a secondary contribution, through the protection of the roading asset (again by enforcing the law); to more efficient freight supply chains and the resilience and security of the transport network.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual [#]	2011/12 expected result [#]	2012/13 expected result [#]	2013/14 expected result [#]
% of activities that are delivered to agreed standards and timeframes	>90%	>90%	>90%	>90%	See Management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
% of unprompted recall of road safety TV advertising by target audience	84%	70% [*]	80%	80%				
% of road safety target audience that rate advertising as relevant to them	>=60%	>=60%	>=60%	>=60%				
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	40,700	43,000	33,000	33,000	Road Policing Programme is part of the NLTF. For detailed financials, see Vote Police.			
Expenditure	40,700	43,000	33,000	33,000				
Net surplus (deficit)	0	0	0	0				
SCOPE OF OUTPUT CLASS	Managing, monitoring and advising transport sector stakeholders on the allocation of National Land Transport Funds, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

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

[#] See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

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

OUTPUT CLASS	New and improved infrastructure for local roads				Renewal of local roads			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA invests, 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.				Under this output class, the NZTA invests, 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 road 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?	New and improve 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.				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.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual#	2011/12 expected result#	2012/13 expected result#	2013/14 expected result#
	See Management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.				See Management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	160,000	165,000	155,000	158,000	231,200	235,000	215,000	215,000
Expenditure	160,000	165,000	155,000	158,000	231,200	235,000	215,000	215,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Management and delivery of improvement of local roads, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Management and delivery of renewals to the existing local road infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

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

OUTPUT CLASS	Maintenance and operation of local roads				Walking and cycling			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA invests, 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.				Under this output class, the NZTA invests in new and improved walking and cycling infrastructure for transport purposes and model community education and promotion activities. Walking and cycling facilities include: cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and 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?	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.				Walking and cycling infrastructure has its main impact through facilitating more transport choices in urban environments where walking or cycling is offered to the community. New Zealand's first model communities are New Plymouth and Hastings, and help to reduce adverse environmental effects from land transport.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual#	2011/12 expected result#	2012/13 expected result#	2013/14 expected result#
	See Management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.				See Management of the funding allocation system (MOFAS) for service delivery performance measures. See the appendix for the contextual indicators the NZTA monitors.			
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	260,000	277,000	277,000	277,000	12,000	12,000	21,000	21,000
Expenditure	260,000	277,000	277,000	277,000	12,000	12,000	21,000	21,000
Net surplus (deficit)	0	0	0	0	0	0	0	0
SCOPE OF OUTPUT CLASS	Management and operation of existing local road infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				New and improved walking and cycling infrastructure for transport purposes, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

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

OUTPUT CLASS	Rail and coastal freight			
WHAT DOES THE NZTA DO?	<p>Under this output class, the NZTA provides seed funding for the development of new or improved coastal shipping freight services and related infrastructure, and funds initiatives that encouraged freight movements by rail and coastal shipping instead of by road.</p> <p>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.</p>			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	<p>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.</p>			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result
	<p>See Management of the funding allocation system (MOFAS) for service delivery performance measures.</p>			
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	300	0	0	0
Expenditure	300	0	0	0
Net surplus (deficit)	0	0	0	0
SCOPE OF OUTPUT CLASS	<p>Activities that encourage the economical movement of freight by modes other than road, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.</p>			

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

FUNCTION

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

OUTPUT CLASS	Regulatory implementation and enforcement				Licensing activities			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA: <ul style="list-style-type: none"> › develops land transport rules (under contract to the Ministry of Transport) › develops clear and well-understood standards for: <ul style="list-style-type: none"> - vehicle inspection and certification - transport service licensing operations - rail safety operations - vocational driver licensing › monitors and audits compliance with regulatory standards/requirements for vehicles, drivers, operators and transport systems providers › manages tolling revenue › provides ministerial services 				Under this output class, the NZTA: <ul style="list-style-type: none"> › provides driver and transport operator (including rail operator) licensing and testing services › maintains the driver licence register › issues overdimension permits › administers drug and alcohol assessments of drivers and operators (funded by the Ministry of Health) › provides licensing information and advice. Under this, the NZTA delivers services. Funding is from fees and charges and from the Crown, including from Crown contracts for specific activities.			
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 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.				Licensing activities contribute to more efficient freight supply chains and vehicle fleets. However, the most significant area of impact of this output is on reductions in death and serious injuries from road crashes, through the influence on drivers and driver behaviour.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual[#]	2011/12 expected result[#]	2012/13 expected result[#]	2013/14 expected result[#]
% accuracy of registers					95%	>93%	>93%	>93%
% revenue compliance	>96%	>96%	>96%	>96%				
Value of bad debt written off	new	<\$400,000	<\$400,000	<\$400,000	100%	100%	100%	100%
Unit transaction costs	\$0.74	\$0.65	\$0.65	\$0.65	\$42.00	<\$42.45	<\$37.13	<37.54
% of NZTA audit programme completed	new	100%	100%	100%				
% of activities that are delivered to agreed standards and timeframes	95%	100%	100%	100%				
Number of products/services delivered or processed					475,000	402,000-444,000	462,000-510,000	462,000-510,000
% of transactions completed online	34%	>40%	>60%	>80%	10%	>12%	>34%	>55%
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	30,911	29,418	31,491	31,695	47,491	41,575	47,644	50,054
Expenditure	32,510	31,443	30,599	30,853	46,671	45,475	45,544	47,954
Net surplus (deficit)	(1,599)	(2,025)	892	842	820	(3900)	2,100	2,100
SCOPE OF OUTPUT CLASS	Purchase of land transport regulatory implementation services and specialist land transport enforcement services.				Purchase of land transport licensing services, including driver licensing.			

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

OUTPUT CLASS	Motor vehicle registry				Road user charges collection, investigation and enforcement			
WHAT DOES THE NZTA DO?	Under this output class, the NZTA: <ul style="list-style-type: none"> › operates the motor vehicle register (MVR) › delivers motor vehicle registration and licensing services › undertakes the collection and refund of registration and licensing revenue, which is paid to the National Land Transport Fund › provides information and advice to the public. 				Under this output class, the NZTA: <ul style="list-style-type: none"> › collects, through the provision of licences for diesel vehicles, and refunds road user charges (RUC) which is paid to the National Land Transport Fund › investigates evasion of RUC and enforces payment › provides information and advice to the public. 			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	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.				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.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual [#]	2011/12 expected result [#]	2012/13 expected result [#]	2013/14 expected result [#]
% accuracy of registers	94.1%	>95%	>95%	>95%				
% revenue compliance	98.5%	98%	98%	98%				
Value of bad debt written off	\$4m	<\$4m	<\$4m	<\$4m	\$1m	<\$1m	<\$1m	<\$1m
Unit transaction costs	\$5.85	<\$5.93	<\$5.99	<\$5.96	\$5.85	<\$6.81	<\$6.80	<\$6.80
Number of products/services delivered or processed	8.6m	8.0-8.8m	8.1-8.9m	8.2-9.1m	2.5m	2.4-2.7m	2.4-2.7m	2.4-2.7m
% of transactions completed online	13%	>15%	>20%	>40%	5%	>28%	>30%	>60%
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	55,073	53,476	54,051	54,087	18,318	17,855	17,344	17,344
Expenditure	54,168	54,381	54,051	54,087	15,433	18,829	17,344	17,344
Net surplus (deficit)	905	(905)	0	0	2,885	(974)	0	0
SCOPE OF OUTPUT CLASS	Registration and licensing of motor vehicles, the collection and refund of motor vehicle registration and licensing revenue, and the operation of the motor vehicle register.				Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.			

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

OUTPUT CLASS	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.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result
Average number of days taken to deliver	20	20	20	20
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	429	429	429	429
Expenditure	474	429	429	429
Net surplus (deficit)	(45)	0	0	0
SCOPE OF OUTPUT CLASS	Receipt and processing of applications for, and the refunding of, fuel excise duty.			

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

FUNCTION

MANAGING THE STATE HIGHWAY NETWORK

OUTPUT CLASS	New and improved infrastructure of state highways and Crown contribution to accelerated state highway construction				Renewals for state highways			
WHAT DOES THE NZTA DO?	Under these output classes, the NZTA manages and invests in state highway network infrastructure to reduce the number and severity of crashes and improve the time and reliability to travel between destinations connected by the network. The NZTA does this in a social 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).				Under this output class, the NZTA manages and invests in renewals of existing state highway network infrastructure to maintain standards of skid resistance and rutting and to intervene at the optimal time to reduce exposure to future maintenance costs arising from wear and tear on our roads.			
HOW DOES THIS OUTPUT CONTRIBUTE TO DESIRED TRANSPORT IMPACTS?	Improvements to state highway infrastructure have an impact on the resilience and security of the whole road network, improved efficiency of freight supply chains and the easing of severe congestion. Improved road engineering is also a significant factor in reducing the risk of road crashes. 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.				Renewal of state highway infrastructure helps ensure that the impacts that existing infrastructure has on the transport system are sustained. That infrastructure contributes to the resilience and security of the whole road network, the efficiency of freight supply chains, the easing of severe congestion and reduction in the risk of road crashes.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual*	2011/12 expected result#	2012/13 expected result#	2013/14 expected result*
% of NZTA audit programme completed	100%	100%	100%	100%	100%	100%	100%	100%
% of activities that are delivered to agreed standards and timeframes	90%	>90%	>90%	>90%	90%	>90%	>90%	>90%
Safe stopping: % of travel on network above skid threshold					98%	98%	98%	98%
Smooth ride: % of rutting >20mm over state highway network					<1%	<1%	<1.5%	<2%
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	1,157,101	909,700	1,016,000	1,212,987	210,100	205,000	200,000	200,000
Expenditure	1,184,800	924,000	1,030,000	1,261,129	210,100	205,000	200,000	200,000
Net surplus (deficit)*	(27,699)	(14,300)	(14,000)	(48,142)	0	0	0	0
SCOPE OF OUTPUT CLASS	Capital works for new infrastructure for state highways, as authorised by section 9 (3) and (4) of the Land Transport Management Act 2003. Contributing towards the purchase of state highway improvements as outlined in the 2006/07 State Highway Forecast.				Renewal work on the state highway network, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.			

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

See *Management of the funding allocation system (MOFAS)* for service delivery performance measures.

† See the appendix for the contextual indicators the NZTA monitors.

‡ The net deficits are funded from the carry over of retained funds in 2010/11, state highway disposals (property sales) and the repayment of funds loaned to a local authority in 2013/14.

OUTPUT CLASS	Maintenance and operation of state highways				Canterbury transport project			
WHAT DOES THE NZTA DO?	Under this output class the NZTA: <ul style="list-style-type: none"> › 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. 				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?	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 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.				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.			
HOW TO WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2010/11 estimated actual	2011/12 expected result	2012/13 expected result	2013/14 expected result	2010/11 estimated actual[#]	2011/12 expected result[#]	2012/13 expected result[#]	2013/14 expected result[#]
% of activities that are delivered to agreed standards and timeframes	90%	90%	90%	90%	100%	100%	100%	100%
% of NZTA audit programme completed	100%	100%	100%	100%				
Safe stopping: % of travel on network above skid threshold	98%	98%	98%	98%				
Smooth ride: % of travel on network classed as smooth	99%	97%	97%	97%				
% availability of state highway network	99.7%	100%	100%	100%				
HOW IS THE MONEY SPENT?*	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Income	315,489	315,964	315,964	315,964	14,000	5,000	0	0
Expenditure	315,350	315,865	315,865	315,865	14,000	5,000	0	0
Net surplus (deficit)	139	99	99	99	0	0	0	0
SCOPE OF OUTPUT CLASS	Activities that manage, maintain and operate state highway infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.				Assisting the Canterbury region to implement a land transport package.			

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

[†] See the appendix for the contextual indicators the NZTA monitors.

SECTION 9 / STATEMENT OF FORECAST FINANCIAL PERFORMANCE

The prospective financial statements set out the forecast financial position and operations of the NZTA for the period 2011-2014. It has these six components:

- › NZTA operating activities
- › Managing our assets
- › Third party fees and charges funded activities
- › Investment in land transport
- › Prospective financial statement
- › Notes to the prospective financial statements

NZTA OPERATING ACTIVITIES

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

	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Personnel costs	103,254	104,712	106,806	108,942
Operating expenses	153,437	157,349	139,684	140,248
Depreciation and amortisation expense	9,219	8,278	9,077	9,077
TOTAL EXPENDITURE	265,910	270,339	255,567	258,267

MANAGING OUR ASSETS

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

	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
Computer hardware	1,500	2,600	1,750	1,750
Computer software	6,911	9,315	5,500	5,000
Leasehold improvements	2,800	1,800	2,000	2,500
Furniture and fittings	800	650	500	500
Office, plant & equipment	8	200	250	250
TOTAL	12,019	14,565	10,000	10,000

Now that most of the merger related work is completed, the focus of the capital programme has shifted to upgrading technology and making improvements to business critical systems and applications.

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

THIRD PARTY FEES AND CHARGES FUNDED ACTIVITIES

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

THIRD PARTY FEES AND CHARGES BY FUNDING SOURCE				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
BORDER INSPECTIONS				
Net surplus/(deficit)	225	56	0	0
Balance at 30 June	295	351	351	351
CERTIFICATION REVIEWS				
Net surplus/(deficit)	1,170	200	200	200
Balance at 30 June	(635)	(435)	(235)	(35)
DRIVER LICENSING				
Net surplus/(deficit)	(1,763)	(2,000)	1,000	1,000
Balance at 30 June	(1,763)	(3,763)	(2,763)	(1,763)
DRIVER TESTING				
Net surplus/(deficit)	569	(2,000)	1,000	1,000
Balance at 30 June	569	(1,431)	(431)	569
OVER DIMENSION AND OVER WEIGHT PERMITS				
Net surplus/(deficit)	248	76	76	76
Balance at 30 June	351	427	503	579
RAIL LICENSING				
Net surplus/(deficit)	(196)	0	0	0
Balance at 30 June	(2,177)	(2,177)	(2,177)	(2,177)
STANDARDS DEVELOPMENT AND CERTIFICATION				
Net surplus/(deficit)	(3,002)	(3,000)	0	0
Balance at 30 June	3,247	247	247	247
TOLLING				
Net surplus/(deficit)	451	0	0	0
Balance at 30 June	307	307	307	307
TRANSPORT LICENSING				
Net surplus/(deficit)	1,498	700	700	650
Balance at 30 June	(3,641)	(2,941)	(2,241)	(1,591)
TOTAL MEMORANDUM ACCOUNT – THIRD PARTY FEES/CHARGES	(3,447)	(9,415)	(6,439)	(3,513)

The Agency is in the process of making changes to the driver licensing and driver testing programmes in line with the legislated increase to the driver licensing age. As a result, these memorandum accounts will move into deficit in the short term and costs will be recovered in the following years.

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

INVESTMENT IN LAND TRANSPORT

The NZTA develops the three-year 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. This table below shows the activity classes which are funded from the NLTP and associated activities funded from the Crown. The investment in land transport is net of the expenditure on new and renewal of state highways which is capitalised and the NZTA operating expenditure which is separately shown in the statement of comprehensive income.

Forecast expenditure

The expenditure for years ended 2013 and 2014 are only forecast information. The GPS will be updated in July for the next three years, setting out the government's expectations and priorities for 2012/13-2021/22. The Agency will then develop an NLTP for 2012-2015 which will give effect to the GPS. The expenditure for the two forecasted out years are therefore most likely to change to give effect to the latest GPS.

INVESTMENT IN LAND TRANSPORT				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
New and improved infrastructure for state highways	1,184,800	924,000	1,030,000	1,261,129
Renewal of state highways	210,100	205,000	200,000	200,000
Maintenance and operation of state highways	314,400	315,000	315,000	315,000
New and improved infrastructure for local roads	160,000	165,000	155,000	158,000
Renewal of local roads	231,200	235,000	215,000	215,000
Maintenance and operation of local roads	260,000	277,000	277,000	277,000
Public transport services	215,000	228,000	240,000	280,000
Public transport infrastructure	55,000	55,000	40,000	40,000
Road user safety	40,700	43,000	33,000	33,000
Walking and cycling facilities	12,000	12,000	21,000	21,000
Sector training and research	6,000	6,000	4,000	4,000
Rail and sea freight	300	0	0	0
Transport planning	26,000	26,000	22,000	20,000
Management of the funding allocation system	31,000	29,000	28,000	28,000
Road policing (Taxi enforcement)	0	0	2,073	2,082
TOTAL NLTP EXPENDITURE	2,746,500	2,520,000	2,582,073	2,854,211
Activities funded on behalf of the Crown				
Canterbury transport project	14,000	5,000	0	0
Regional development transport funding	14,409	647	0	0
Enhanced public transport concessions SuperGold card	21,865	22,905	17,300	17,300
Administration of the SuperGold cardholders scheme	135	95	700	700
	50,409	28,647	18,000	18,000
	2,796,909	2,548,647	2,600,073	2,872,211
Less capital expenditure	(1,394,900)	(1,129,000)	(1,230,000)	(1,461,129)
Less NZTA operating activities funded from the NLTP	(114,033)	(117,130)	(108,808)	(108,817)
Less interest on borrowings	0	(3,600)	(2,800)	(3,500)
TOTAL INVESTMENT IN LAND TRANSPORT	1,287,976	1,298,917	1,258,465	1,298,765

PROSPECTIVE FINANCIAL STATEMENTS /

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2012

	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the Crown	111,881	92,123	80,187	80,223
Revenue from the National Land Transport Fund	1,758,300	1,801,927	1,767,300	1,810,309
Revenue from third parties	88,430	81,594	87,663	90,268
Total income	1,958,611	1,975,644	1,935,150	1,980,800
EXPENDITURE				
Personnel costs	103,254	104,712	106,806	108,942
Operating expenses	153,437	157,349	139,684	140,248
Investment in land transport	1,287,976	1,298,917	1,258,465	1,298,765
Interest on borrowings	0	3,600	2,800	3,500
Depreciation and amortisation expense	387,248	390,418	397,304	399,304
State highway asset write-off	27,000	27,000	27,000	27,000
Total expenditure	1,958,915	1,981,996	1,932,059	1,977,759
NET SURPLUS/(DEFICIT)	(304)	(6,352)	3,091	3,041
OTHER COMPREHENSIVE INCOME				
Gain/(loss) state highway network/Bailey bridging revaluations	480,000	510,000	540,000	540,000
Total other comprehensive income	480,000	510,000	540,000	540,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	479,696	503,648	543,091	543,041

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	11,887	11,887	11,887	14,452
Debtor NLTF	431,139	449,596	393,716	352,142
Debtors and other receivables	45,000	45,000	45,000	45,000
Prepayments	820	820	820	820
Inventories	180	180	180	180
Total current assets	489,026	507,483	451,603	412,594
NON-CURRENT ASSETS				
Property, plant and equipment	19,184	20,742	21,464	22,987
State highway network	26,419,471	27,627,555	28,974,420	30,659,824
Bailey bridging	7,730	7,560	7,390	7,220
Intangible assets	25,188	28,976	29,976	29,376
Loan to local authority	28,442	30,142	32,142	0
Total non-current assets	26,500,015	27,714,975	29,065,392	30,719,407
TOTAL ASSETS	26,989,041	28,222,458	29,516,995	31,132,001
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	347,009	354,780	341,168	358,785
Tolling funds held in trust	2,991	2,759	2,924	3,087
Employee entitlements	9,700	9,700	9,700	9,700
Borrowing (short term)	231,139	249,596	193,716	152,142
Total current liabilities	590,839	616,835	547,508	523,714
NON-CURRENT LIABILITIES				
Employee entitlements	2,900	2,900	2,900	2,900
Borrowing (for toll roads)	0	0	20,000	120,000
Total non-current liabilities	2,900	2,900	22,900	122,900
TOTAL LIABILITIES	593,739	619,735	570,408	646,614
NET ASSETS	26,395,302	27,602,723	28,946,587	30,485,388
EQUITY				
General funds	5,198	5,198	5,198	5,198
Retained funds - NZTA operations	25,205	21,681	21,796	21,911
Memorandum account - third party fees and charges	(3,447)	(9,415)	(6,439)	(3,513)
State highways*	26,341,257	27,555,117	28,893,890	30,461,792
Retained funds - National Land Transport Programme	0	0	0	0
Retained funds - specific projects funded by the Crown	(1,353)	0	0	0
Loan to local authority	28,442	30,142	32,142	0
TOTAL EQUITY	26,395,302	27,602,723	28,946,587	30,485,388

* State highways includes the state highway investment (including Bailey bridging) and revaluation reserves.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2012

	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
EQUITY – OPENING BALANCES				
General funds	5,198	5,198	5,198	5,198
Retained funds – NZTA operations	22,971	25,205	21,681	21,796
Memorandum account – Third party fees and charges	(2,647)	(3,447)	(9,415)	(6,439)
State highways	24,887,386	26,341,257	27,555,117	28,893,890
Retained funds – National Land Transport Programme	14,181	0	0	0
Retained funds – specific projects funded by the Crown	2,056	(1,353)	0	0
Loan to local authority	25,960	28,442	30,142	32,142
Total equity – opening balance	24,955,105	26,395,302	27,602,723	28,946,587
CHANGES IN EQUITY				
Comprehensive income				
Retained funds – NZTA operations	2,234	(3,524)	115	115
Memorandum account – third party fees and charges	(800)	(5,968)	2,976	2,926
Retained funds – National Land Transport Programme	1,671	1,787	0	0
Retained funds – specific projects funded by the Crown	(3,409)	1,353	0	0
State highways – gain/(loss) on revaluations	480,000	510,000	540,000	540,000
Total comprehensive income	479,696	503,648	543,091	543,041
Owner transactions				
Capital contribution – NLTP	729,362	685,316	836,653	937,334
Borrowings	231,139	18,457	(35,880)	58,426
Total owner transactions	960,501	703,773	800,773	995,760
Total changes in equity	1,440,197	1,207,421	1,343,864	1,538,801
EQUITY – CLOSING BALANCES				
General funds	5,198	5,198	5,198	5,198
Retained funds – NZTA operations	25,205	21,681	21,796	21,911
Memorandum account – third party fees and charges	(3,447)	(9,415)	(6,439)	(3,513)
State highways	26,341,257	27,555,117	28,893,890	30,461,792
Retained funds – National Land Transport Programme	0	0	0	0
Retained funds – specific projects funded by the Crown	(1,353)	0	0	0
Loan to local authority	28,442	30,142	32,142	0
TOTAL EQUITY – CLOSING BALANCE	26,395,302	27,602,723	28,946,587	30,485,388

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2012

	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Crown revenue	111,881	92,123	80,187	80,223
Receipts from the NLTF revenue	1,854,609	1,800,227	1,785,300	1,910,309
Receipts from third party revenue	95,707	81,221	87,290	89,895
Interest received	300	373	373	373
Payments to suppliers	(1,474,118)	(1,476,727)	(1,440,096)	(1,450,233)
Payments to employees	(103,933)	(104,712)	(106,806)	(108,942)
Goods & services tax (net)	28,500	28,000	28,500	29,000
Net cash from operating activities	512,946	420,505	434,748	550,625
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of state highway held properties	16,000	16,000	16,000	16,000
Purchase of property, plant and equipment	(3,341)	(5,336)	(4,199)	(4,900)
Purchase of intangible assets	(8,585)	(8,288)	(6,600)	(5,100)
State highway network	(1,527,137)	(1,123,054)	(1,237,922)	(1,578,461)
Loan to local authority	(1,082)	0	0	32,142
Net cash from investing activities	(1,524,145)	(1,120,678)	(1,232,721)	(1,540,319)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution from the National Land Transport Fund	729,362	685,316	836,653	937,333
Receipts from borrowings	231,139	750,000	770,000	850,000
Repayment of borrowings	0	(731,543)	(805,880)	(791,574)
Interest on borrowings	0	(3,600)	(2,800)	(3,500)
Net cash from financing activities	960,501	700,173	797,973	992,259
NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS	(50,698)	0	0	2,565
Cash and cash equivalents at the beginning of the year	62,585	11,887	11,887	11,887
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11,887	11,887	11,887	14,452

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 PROSPECTIVE FINANCIAL STATEMENTS /

PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

Use of information contained in these prospective financial statements

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

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

The NZTA has complied with financial reporting standard FRS 42 Prospective financial statements in the preparation of these prospective financial statements.

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

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

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

Statement of significant underlying assumptions

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

Revenue from the National Land Transport Fund	Revenue forecasts for fuel excise duty, road user charges and motor vehicle registrations are based on future performance and trends.
Fees and charges	Forecast revenues are influenced by transaction volumes. Assumptions are based on historical performance and trends.
Interest income	Interest income on cash holdings is calculated at 3 percent. This income declines as the current levels of cash holdings is used.
Personnel costs	The forecast costs assume the current organisational structure will be in place throughout the period. Remuneration increases are expected to be minimal, with any increases being absorbed through operating efficiencies.
Expenditure	The forecast costs assume the current range of activities will be in place throughout the period, and reflect the increasing pressures associated with delivering its programmes and services.
Capital	The NZTA is undertaking a programme of capital spending aimed at improving and renewing the state highway network. Projected costs and timing of expenditure are based on project plans and quotations current when these forecasts were prepared.
Asset revaluations	The state highway network is revalued annually. These valuations are dependent on changes in the value of the land, properties and asset components of the state highway network.
Opening equity	Estimated opening equity assumes a 2010/11 year surplus of \$479.696 million. This impacts on estimated amounts of cash on hand and net assets.

KEY ISSUES IMPACTING ON BUDGET

Estimates of appropriations for the year ending 30 June 2012

This table shows the funding the NZTA receives from the government as disclosed in *Estimates of appropriations*, and the movements to the revenue published in the *Statement of intent*.

Output class		Appropriations 2011/12 \$000	Funding movements \$000	SOI 2011/12 \$000
Management of the funding allocation system PLA		29,009	(9)	29,000
Transport planning PLA		30,000	(4,000)	26,000
Sector training and research PLA		6,500	(500)	6,000
Public transport infrastructure PLA		77,000	(22,000)	55,000
Public transport services PLA		227,000	1,000	228,000
Road user safety PLA		38,044	4,956	43,000
New and improved infrastructure for local roads PLA		156,000	9,000	165,000
Renewal of local roads PLA		233,000	2,000	235,000
Maintenance and operation of local roads PLA		263,000	14,000	277,000
Walking and cycling facilities PLA		20,000	(8,000)	12,000
Rail and coastal freight PLA		2,000	(2,000)	0
New infrastructure for and renewal of state highways (Crown)	529			
Renewal of state highways PLA	388,000			
New infrastructure for and renewal of state highways	671,134	1,059,663	13,653	1,073,316
Maintenance and operation of state highways PLA		323,100	(8,100)	315,000
Regulatory implementation and enforcement		548	0	548
Licensing activities		2,475	0	2,475
Motor vehicle registry		40,016	0	40,016
RUC collection, investigation and enforcement		17,855	0	17,855
Refund of fuel excise duty		429	0	429
Canterbury transport project		5,000	0	5,000
Regional development transport funding		2,000	0	2,000
Enhanced public transport concessions SuperGold card		22,905	0	22,905
Administration of the SuperGold cardholders scheme		95	0	95
Total		2,555,639	0	2,555,639

The budgeted revenue reflects the NZTA's planned activity and commitments for each output class. The appropriations will be updated in the October baseline update, to reflect the planned output class expenditure. This will involve the movement of some funds appropriated for specific activities to other activities.

Forecast expenditure

The expenditure for years ended 2013 and 2014 are only forecast information. The GPS will be updated in July for the next three years, setting out the government's expectations and priorities for 2012/13-2021/22. The agency will then develop an NLTP for 2012-2015 which will give effect to the GPS. The expenditure for the two forecasted out years are therefore most likely to change to give effect to the latest GPS.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

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 New Zealand 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 period 2011-2014, and were approved by the Board on 30 June 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.

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

The NZTA has adopted all standards, amendments and interpretations to existing standards that have been published and are mandatory for its accounting periods beginning on or after 1 July 2011.

SIGNIFICANT ACCOUNTING POLICIES

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

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*.

Revenue from the Crown and the NLTF is recognised in line with our agreed appropriation, which represents the goods and services supplied to the Crown.

Revenue from third parties consists of the following:

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Rental income

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

Provision of services

Revenue derived through the provision of services to third parties is recognised when earned and is reported in the financial period to which it relates.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the NZTA has no obligation to award on receipt of the grant application and are recognised as expenditure when approved and the approval has been communicated to the applicant.

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.

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 are shown within current assets on the statement of financial position.

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.

Property, plant and equipment

Property, plant and equipment asset classes consist of land, buildings, leasehold improvements, furniture 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.

Valuation of state highways 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.

In 2008/09, all 14 state highway regions were subject to a full revaluation. A cyclical basis is now being used so that each region is revalued at an interval not exceeding 3.5 years.

Those regions that are not subject to full revaluation in a particular year will be subject to a valuation update through the use of price indices.

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, formation and the sub-base component of pavement (base) are not depreciated as the service potential of these components is considered not to reduce over time.

The 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, 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
Buildings	50	2.0
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

Intangible assets

Computer software

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.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the 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

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 revalued 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 revalued amount the reversal of an impairment loss is recognised in the statement of comprehensive income.

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 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.

The amount of impairment is the difference between market interest rate and the government bond rate. Gains and losses when the loan is impaired are recognised in the statement of comprehensive income.

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.

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.

The NZTA recognises a liability and an expense for 'at-risk payments' where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

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 as possible 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.

Superannuation schemes**Defined contribution schemes**

Obligations for contributions to the Government Superannuation Fund, KiwiSaver, State Sector Retirement Savings Scheme, National Superannuation Scheme, Pension National Scheme, and Super Trust New Zealand are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

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.

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.

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
- › loan to local authority.

State highway revaluation reserve

This reserve relates to the revaluation of the state highway network to fair value.

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.

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.

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 for the preparation of the financial statements.

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, and business support units such as Finance, HR, IT, Legal, Audit and others. These costs are allocated to operational cost centres (cost centres that are responsible for delivering the output) using either full time equivalents (FTEs) (the number of staff) or the expenditure budget, as appropriate.
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 operational cost centres using the number of FTEs in each region as cost driver.
3. **Operational cost centres' own shared costs** – costs incurred directly on account of more than one business activities 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.

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.

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 2012:

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.

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 there on
- › determining the optimum level of Bailey bridging stock.

APPENDIX / SUPPLEMENTARY INFORMATION TO THE STATEMENT OF FORECAST SERVICE PERFORMANCE

LONG-TERM IMPACT RESULT INDICATORS AND TREND INFORMATION (2011-22)

KEY TO GRAPHS PAGES 59-61

TREND LINE
 FORECAST
 FORECASTS REFER TO EXPECTED IMPACTS THAT RESULT FROM NZTA ACTIVITIES

IMPACTS	RESULTS INDICATORS	DESIRED TREND	SHORT-TERM TREND	LONG-TERM TREND	FORECAST RANGE
Better use of existing transport capacity	Number of vehicle kilometres travelled per network kilometre 	Increase	Decrease	Increase	0.50-0.56
More efficient freight supply chains	Average daily measured weight of freight vehicles (tonnes) 	Increase	Decrease	Increase	22.4-30.0

IMPACTS	RESULTS INDICATORS	DESIRED TREND	SHORT-TERM TREND	LONG-TERM TREND	FORECAST RANGE																																														
<p>A resilient and secure network</p>	<p>Number of resolved road closures with a duration of 12 hours or longer</p> <table border="1"> <caption>Number of resolved road closures (2009-2022)</caption> <thead> <tr> <th>Year</th> <th>Value</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>150</td></tr> <tr><td>2012</td><td>100</td></tr> <tr><td>2013</td><td>70</td></tr> <tr><td>2014</td><td>50</td></tr> <tr><td>2015</td><td>50</td></tr> <tr><td>2016</td><td>50</td></tr> <tr><td>2017</td><td>50</td></tr> <tr><td>2018</td><td>50</td></tr> <tr><td>2019</td><td>50</td></tr> <tr><td>2020</td><td>50</td></tr> <tr><td>2021</td><td>50</td></tr> <tr><td>2022</td><td>50</td></tr> </tbody> </table>	Year	Value	2009	350	2010	250	2011	150	2012	100	2013	70	2014	50	2015	50	2016	50	2017	50	2018	50	2019	50	2020	50	2021	50	2022	50	Decrease	Decrease	Decrease	40-150																
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<p>Easing of severe congestion</p>	<p>Number of minutes delay per km during AM peak - Auckland</p> <table border="1"> <caption>Number of minutes delay per km (2004-2022)</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>2004</td><td>0.65</td></tr> <tr><td>2005</td><td>0.68</td></tr> <tr><td>2006</td><td>0.65</td></tr> <tr><td>2007</td><td>0.75</td></tr> <tr><td>2008</td><td>0.68</td></tr> <tr><td>2009</td><td>0.78</td></tr> <tr><td>2010</td><td>0.78</td></tr> <tr><td>2011</td><td>0.80</td></tr> <tr><td>2012</td><td>0.82</td></tr> <tr><td>2013</td><td>0.84</td></tr> <tr><td>2014</td><td>0.86</td></tr> <tr><td>2015</td><td>0.88</td></tr> <tr><td>2016</td><td>0.90</td></tr> <tr><td>2017</td><td>0.92</td></tr> <tr><td>2018</td><td>0.94</td></tr> <tr><td>2019</td><td>0.96</td></tr> <tr><td>2020</td><td>0.98</td></tr> <tr><td>2021</td><td>1.00</td></tr> <tr><td>2022</td><td>1.02</td></tr> </tbody> </table>	Year	Value	2004	0.65	2005	0.68	2006	0.65	2007	0.75	2008	0.68	2009	0.78	2010	0.78	2011	0.80	2012	0.82	2013	0.84	2014	0.86	2015	0.88	2016	0.90	2017	0.92	2018	0.94	2019	0.96	2020	0.98	2021	1.00	2022	1.02	Decrease	Decrease	Increase	0.60-0.80						
Year	Value																																																		
2004	0.65																																																		
2005	0.68																																																		
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IMPACTS	RESULTS INDICATORS	DESIRED TREND	SHORT-TERM TREND	LONG-TERM TREND	FORECAST RANGE																														
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<p>More transport mode choices</p>	<p>% of survey respondents that consider public transport as a good option for taking all of their work or study trips in Auckland</p> <table border="1"> <caption>Approximate data for Public transport as a good option</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>2000</td><td>7.0</td></tr> <tr><td>2001</td><td>7.5</td></tr> <tr><td>2002</td><td>8.0</td></tr> <tr><td>2003</td><td>7.5</td></tr> <tr><td>2004</td><td>7.0</td></tr> <tr><td>2005</td><td>7.5</td></tr> <tr><td>2006</td><td>8.0</td></tr> <tr><td>2007</td><td>9.0</td></tr> <tr><td>2008</td><td>10.0</td></tr> <tr><td>2009</td><td>12.5</td></tr> <tr><td>2010</td><td>12.5</td></tr> <tr><td>2011-2014</td><td>13.5</td></tr> <tr><td>2015-2018</td><td>15.0</td></tr> <tr><td>2019-2022</td><td>17.5</td></tr> </tbody> </table>	Year	Percentage	2000	7.0	2001	7.5	2002	8.0	2003	7.5	2004	7.0	2005	7.5	2006	8.0	2007	9.0	2008	10.0	2009	12.5	2010	12.5	2011-2014	13.5	2015-2018	15.0	2019-2022	17.5	Increase	Increase	Increase	12.5-18.0
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<p>Reduction in adverse environmental effects</p>	<p>Diversity of macro invertebrates, ie insects found in receiving environments (macro invertebrate community index) Under development</p>	Increase	N/A	N/A	N/A																														

OUTPUT CLASS CONTEXTUAL INDICATORS

The NZTA invests funds from the National Land Transport Fund (NLTF) in partnership with approved organisations (AO) across a range of output classes. The output class management of the funding allocation (MOFAS) captures all of the NZTA activities and is reported on within the SSP.

To ensure that the NZTA continues to prudently invest NLTP funds, in output classes where our AO's partners deliver the goods and services, we monitor a range of contextual indicators. These indicators help us to tell the story of our investment performance and complement the performance measures contained within the MOFAS output class.

The following table sets out the NLTP output class contextual indicators.

OUTPUT CLASS	CONTEXTUAL INDICATOR	FORECAST
Public transport services	Number of passengers using urban public transport services (bus, train and ferry)	125-135 million
	% of users that rate public transport services as good or better	>75%
	Farebox recovery across networks <ul style="list-style-type: none"> ▪ Passenger ▪ Regional council ▪ NZTA 	40-50% 25-30% 25-30%
New and improved infrastructure for local roads	Length of road reconstruction and new roads completed (lane km)	120-200
	Length of bridge replacements (lane meters)	Approx 1,200
Renewal of local roads	% of sealed network resurfaced (based on road length in lane km)	>6%
	% of network rehabilitated (based on road length in lane km)	1-2%
	% of unsealed network metalled (based on road length in centreline km)	20-35%
	Pavement integrity of the sealed network on (steady trend)	Maintain
	Surface condition of the sealed network (steady trend)	Maintain
	Cost of renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	10-11.5c/km
	Cost of renewals (excluding emergency reinstatement) per network lane km	\$1,490
Maintenance and operation of local roads	Smooth ride - % of travel on smooth roads	>80%
	Cost of emergency reinstatement	\$57million
	Cost of maintaining and operating the network (excluding emergency work) per network lane km	\$3,000-\$3,500
Maintenance and operation of local roads	Cost of maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	21-27c/km
Walking and cycling facilities	Kilometres of new footpaths, cycle lanes and cycle paths	140-170km
Renewal of state highways	Cost of renewal of the network excluding emergency reinstatements (cents per vehicle kilometres travelled)	9.5-10.5c/km
	Cost of renewals (excluding emergency reinstatement) per network lane km	\$8,330
Maintenance and operation of state highways	Cost of emergency reinstatement	\$37million
	Cost of maintain and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	12.5-14.5c/km
	Cost of maintaining and operating the network excluding emergency reinstatement (\$ per lane km)	\$11,000 to \$12,000

OUTPUT CLASS	CONTEXTUAL INDICATOR	FORECAST
Safer Journeys and the Road Policing Programme	Number of disqualified, unlicensed, fleeing or racing drivers in fatal/serious crashes	Reducing trend
	Number of young drivers killed, per 100,000 15-24 year olds	Reducing trend
	ACC entitlement claims on the motor vehicle account from motorcyclists	Reducing trend
	Fatalities or serious injuries in crashes with alcohol/drugs, per 100,000 population	Reducing trend
	Percentage of vehicles exceeding 100 km/h and 50 km/h limits	Reducing trend
	Percentage of vehicle occupant deaths where restraints have not been worn (3 year measure)	Reducing trend
	Fatal / serious heavy vehicle (HVM) crashes where driver is at fault, per 100 million heavy vehicle kilometres travelled	Reducing trend
	Fatal or serious injury crashes on high risk KiwiRAP state highway routes	Reducing trend
	Percentage of fatal and serious injury crashes attended by NZ Police	Increasing trend
	Percentage of new vehicles with 5 star safety rating	Increasing trend
	Number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day	Reducing trend
	Fatalities and serious injuries in fatigue and/or distraction crashes per 100,000 population	Reducing trend
	Number of road users aged 75 years and over killed in road crashes per 100,000	Reducing trend

OUTPUT CLASS INCOME AND EXPENDITURE

Planning and investing in land transport networks

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM PLA				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the NLTF (taxi enforcement)	2,087	2,084	0	0
Revenue from the National Land Transport Fund	28,913	26,916	28,000	28,000
Total income	31,000	29,000	28,000	28,000
EXPENDITURE				
NZTA operating activities (taxi enforcement)	2,087	2,084	0	0
NZTA operating activities	28,913	26,916	28,000	28,000
Total expenditure	31,000	29,000	28,000	28,000
NET SURPLUS/(DEFICIT)	0	0	0	0
TRANSPORT PLANNING PLA				
INCOME				
Revenue from the National Land Transport Fund	26,000	26,000	22,000	20,000
Total income	26,000	26,000	22,000	20,000
EXPENDITURE				
NZTA operating activities	8,300	7,000	6,900	6,900
Funding to approved organisations	17,700	19,000	15,100	13,100
Total expenditure	26,000	26,000	22,000	20,000
NET SURPLUS/(DEFICIT)	0	0	0	0
SECTOR TRAINING AND RESEARCH PLA				
INCOME				
Revenue from the National Land Transport Fund	6,000	6,000	4,000	4,000
Total income	6,000	6,000	4,000	4,000
EXPENDITURE				
NZTA operating activities	6,000	6,000	4,000	4,000
Total expenditure	6,000	6,000	4,000	4,000
NET SURPLUS/(DEFICIT)	0	0	0	0
PUBLIC TRANSPORT INFRASTRUCTURE PLA				
INCOME				
Revenue from the National Land Transport Fund	55,000	55,000	40,000	40,000
Total income	55,000	55,000	40,000	40,000
EXPENDITURE				
NZTA operating activities	2,600	4,000	1,600	1,600
Funding to approved organisations	52,400	51,000	38,400	38,400
Total expenditure	55,000	55,000	40,000	40,000
NET SURPLUS/(DEFICIT)	0	0	0	0

PUBLIC TRANSPORT SERVICES PLA				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the National Land Transport Fund	215,000	228,000	240,000	280,000
Total income	215,000	228,000	240,000	280,000
EXPENDITURE				
Funding to approved organisations	215,000	228,000	240,000	280,000
Total expenditure	215,000	228,000	240,000	280,000
NET SURPLUS/(DEFICIT)	0	0	0	0

ROAD USER SAFETY PLA				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the National Land Transport Fund	40,700	43,000	33,000	33,000
Total income	40,700	43,000	33,000	33,000
EXPENDITURE				
NZTA operating activities (vehicle impoundment)	200	444	444	444
NZTA operating activities	17,338	21,956	17,156	17,156
Funding to approved organisations	23,162	20,600	15,400	15,400
Total expenditure	40,700	43,000	33,000	33,000
NET SURPLUS/(DEFICIT)	0	0	0	0

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS PLA				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the National Land Transport Fund	160,000	165,000	155,000	158,000
Total income	160,000	165,000	155,000	158,000
EXPENDITURE				
Funding to approved organisations	160,000	165,000	155,000	158,000
Total expenditure	160,000	165,000	155,000	158,000
NET SURPLUS/(DEFICIT)	0	0	0	0

RENEWAL OF LOCAL ROADS PLA				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the National Land Transport Fund	231,200	235,000	215,000	215,000
Total income	231,200	235,000	215,000	215,000
EXPENDITURE				
Funding to approved organisations	231,200	235,000	215,000	215,000
Total expenditure	231,200	235,000	215,000	215,000
NET SURPLUS/(DEFICIT)	0	0	0	0

MAINTENANCE AND OPERATION OF LOCAL ROADS PLA				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the National Land Transport Fund	260,000	277,000	277,000	277,000
Total income	260,000	277,000	277,000	277,000
EXPENDITURE				
Funding to approved organisations	260,000	277,000	277,000	277,000
Total expenditure	260,000	277,000	277,000	277,000
NET SURPLUS/(DEFICIT)	0	0	0	0

WALKING AND CYCLING FACILITIES PLA				
INCOME				
Revenue from the National Land Transport Fund	12,000	12,000	21,000	21,000
Total income	12,000	12,000	21,000	21,000
EXPENDITURE				
Funding to approved organisations	12,000	12,000	21,000	21,000
Total expenditure	12,000	12,000	21,000	21,000
NET SURPLUS/(DEFICIT)	0	0	0	0

RAIL AND COASTAL FREIGHT PLA				
INCOME				
Revenue from the National Land Transport Fund	300	0	0	0
Total income	300	0	0	0
EXPENDITURE				
Funding to approved organisations	300	0	0	0
Total expenditure	300	0	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

Providing access to and use of the land transport system

REGULATORY IMPLEMENTATION AND ENFORCEMENT				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the Crown	548	548	548	548
Revenue from the Crown (rules development)	800	800	800	800
Revenue from the NLTF (taxi enforcement)	0	0	2,073	2,082
Revenue from third parties (fees and charges)	28,863	27,333	27,333	27,528
Revenue from third parties (other)	700	737	737	737
Total income	30,911	29,418	31,491	31,695
EXPENDITURE				
Ministerial advice and official correspondence	885	878	905	905
Rules development	775	800	800	800
Taxi enforcement	0	0	2,073	2,082
Fees and charges funded activities	30,483	29,401	26,457	26,702
Other	367	364	364	364
Total expenditure	32,510	31,443	30,599	30,853
NET SURPLUS/(DEFICIT)	(1,599)	(2,025)	892	842
LICENSING ACTIVITIES				
INCOME				
Revenue from the Crown (drug/alcohol assessments)	1,030	1,030	1,030	1,030
Revenue from the Crown (driver test subsidy)	1,445	1,445	1,445	1,445
Revenue from third parties	45,016	39,100	45,169	47,579
Total income	47,491	41,575	47,644	50,054
EXPENDITURE				
Drug and alcohol assessments	1,030	1,030	1,030	1,030
Fees and charges funded activities	45,641	44,445	44,514	46,924
Total expenditure	46,671	45,475	45,544	47,954
NET SURPLUS/(DEFICIT)	820	(3,900)	2,100	2,100
MOTOR VEHICLE REGISTRY				
INCOME				
Revenue from the Crown	42,311	40,016	40,591	40,627
Revenue from third parties	12,762	13,460	13,460	13,460
Total income	55,073	53,476	54,051	54,087
EXPENDITURE				
NZTA operating activities	54,168	54,381	54,051	54,087
Total expenditure	54,168	54,381	54,051	54,087
NET SURPLUS/(DEFICIT)	905	(905)	0	0

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the Crown	18,318	17,855	17,344	17,344
Total income	18,318	17,855	17,344	17,344
EXPENDITURE				
NZTA operating activities	15,433	18,829	17,344	17,344
Total expenditure	15,433	18,829	17,344	17,344
NET SURPLUS/(DEFICIT)	2,885	(974)	0	0

REFUND OF FUEL EXCISE DUTY				
INCOME				
Revenue from the Crown	429	429	429	429
Total income	429	429	429	429
EXPENDITURE				
NZTA operating activities	474	429	429	429
Total expenditure	474	429	429	429
NET SURPLUS/(DEFICIT)	(45)	0	0	0

Managing the state highway network

ACCELERATED STATE HIGHWAY CONSTRUCTION				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Capital contribution from the National Land Transport Fund	33,700	0	0	0
Total income	33,700	0	0	0
EXPENDITURE				
NZTA investment in the state highway network	33,700	0	0	0
Total expenditure	33,700	0	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0
NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS				
INCOME				
Capital contribution from the National Land Transport Fund	485,562	480,316	636,653	737,334
Revenue from the National Land Transport Fund	22,700	22,927	23,227	21,227
Revenue from the NLTF (renewals)	384,000	388,000	392,000	396,000
Capital contribution from the NLTF (borrowing)	231,139	18,457	(55,880)	(41,574)
Borrowing (for Toll roads)	0	0	20,000	100,000
Total income	1,123,401	909,700	1,016,000	1,212,987
EXPENDITURE				
NZTA operating activities	28,050	31,165	31,165	31,165
NZTA investment in the state highway network	1,123,050	892,835	998,835	1,229,964
Total expenditure	1,151,100	924,000	1,030,000	1,261,129
NET SURPLUS/(DEFICIT)	(27,699)	(14,300)	(14,000)	(48,142)
RENEWAL OF STATE HIGHWAYS				
INCOME				
Capital contribution from the National Land Transport Fund	210,100	205,000	200,000	200,000
Total income	210,100	205,000	200,000	200,000
EXPENDITURE				
NZTA operating activities	10,250	8,735	8,735	8,735
NZTA investment in the state highway network	199,850	196,265	191,265	191,265
Total expenditure	210,100	205,000	200,000	200,000
NET SURPLUS/(DEFICIT)	0	0	0	0

MAINTENANCE AND OPERATION OF STATE HIGHWAYS PLA				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the National Land Transport Fund	314,400	315,000	315,000	315,000
Revenue from third parties (business units)	1,089	964	964	964
Total income	315,489	315,964	315,964	315,964
EXPENDITURE				
NZTA operating activities	10,250	8,735	8,735	8,735
NZTA investment in the state highway network operations	304,150	306,265	306,265	306,265
NZTA operating activities (business units)	950	865	865	865
Total expenditure	315,350	315,865	315,865	315,865
NET SURPLUS/(DEFICIT)	139	99	99	99

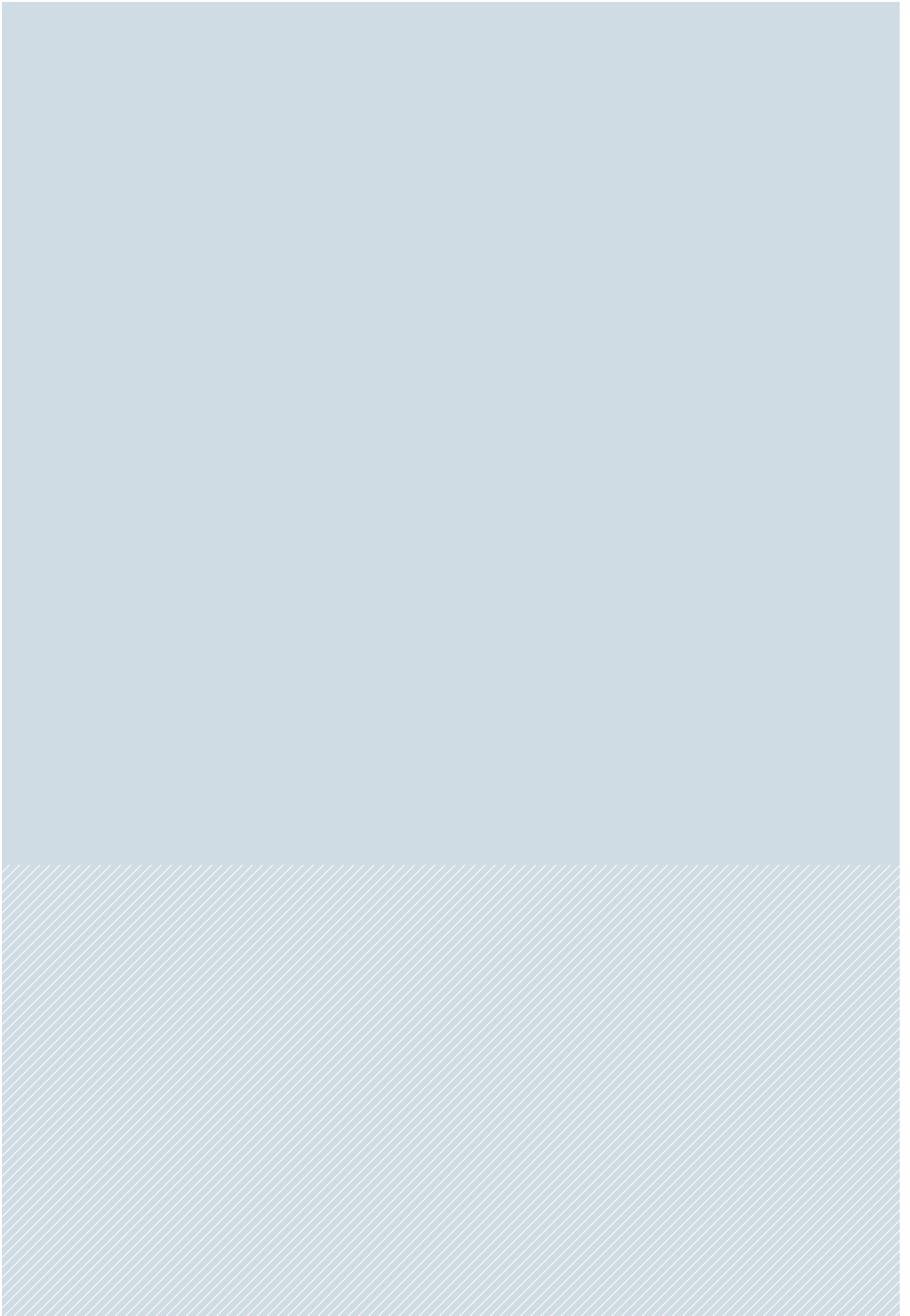
Specific projects funded by the Crown

CANTERBURY TRANSPORT PROJECT				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the Crown	14,000	5,000	0	0
Total income	14,000	5,000	0	0
EXPENDITURE				
Funding to approved organisations	14,000	5,000	0	0
Total expenditure	14,000	5,000	0	0
NET SURPLUS/(DEFICIT)	0	0	0	0

REGIONAL DEVELOPMENT TRANSPORT FUNDING				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the Crown	11,000	2,000	0	0
Total income	11,000	2,000	0	0
EXPENDITURE				
Funding to approved organisations	14,409	647	0	0
Total expenditure	14,409	647	0	0
NET SURPLUS/(DEFICIT)	(3,409)	1,353	0	0

ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the Crown	21,865	22,905	17,300	17,300
Total income	21,865	22,905	17,300	17,300
EXPENDITURE				
Funding to approved organisations	21,865	22,905	17,300	17,300
Total expenditure	21,865	22,905	17,300	17,300
NET SURPLUS/(DEFICIT)	0	0	0	0

ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS SCHEME				
	Projected 2010/11 \$000	Budget 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000
INCOME				
Revenue from the Crown	135	95	700	700
Total income	135	95	700	700
EXPENDITURE				
NZTA operating activities	45	95	0	0
Funding to approved organisations	90	0	700	700
Total expenditure	135	95	700	700
NET SURPLUS/(DEFICIT)	0	0	0	0





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

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NZ Transport Agency's website at
www.nzta.govt.nz



NZ TRANSPORT AGENCY
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