



Twentieth Annual Report of the

ROAD SAFETY TRUST

for the year ended 30 June 2009

Presented to the House of Representatives pursuant to Section 45M of the Public Finance Act 1989

Contents

Foreword	1
Management statement	3
1. Introduction	3
2. Establishment and membership	3
3. Role and relevance	4
3.1 Vision	4
3.2 Mission	4
3.3 Values	4
3.4 Goals	5
3.5 Functions	5
4. Support	6
5. Review of operations (July 2008 to June 2009)	6
5.1 Meetings	6
5.2 Applications	6
5.3 Statement of allocation criteria	6
5.4 Contracts	7
5.5 Research	7
5.6 Scholarships	7
5.7 Grants and Trust initiatives	8
5.8 Organisational developments	8
6. Finance	9
6.1 Revenue and expenditure	9
6.2 Funding policy	9
6.3 Investment policy	9
6.4 Investments	9
6.5 Concluding comment	10
Annex A Road Safety Trust initiatives	11
Financial statements	13
Audit report	15

Foreword

I am pleased to present the annual report and audited accounts for the Road Safety Trust for the year ended 30 June 2009.

Operational activities

Last year, as a new proactive move, the Trust launched a national driver distraction campaign to raise awareness of this important road safety issue. Using an innovative medium of linking the messages to sporting events, the campaign is being piloted initially with two sporting codes – basketball and cricket. The key premise is to promote a message that will be associated clearly with the consequences that a couple of seconds of inattention can cause, both on the sports field and while driving. By sponsoring New Zealand Basketball at the elite and grassroots level, and Cricket New Zealand at all levels up to the national level, the Trust aimed to reach a wide audience.

The Trust recognises that to raise awareness of the issue and change behaviour is a long-term process, and is committed to continuing to focus on raising awareness of the dangers of driver distraction. This year the campaign was extended to a wider audience via television, cinema, press and bus back advertising. This parallel campaign highlights the specific dangers associated with using a mobile phone while driving.

Some high profile crashes with texting and mobile phone use being the identified cause, and a rule that was released for public consultation proposing a ban on the use of hand-held mobile phones while driving a vehicle, have also no doubt contributed to raising awareness of this issue. However, regardless of the source of awareness, early research results indicate that the general public are now twice as likely to identify distraction as a factor likely to contribute to motor vehicle crashes in New Zealand (59% compared to a third in 2008). This is a very encouraging result and the Trust will continue to monitor the campaign's progress.

In considering its future role the Trust agreed it should concentrate on sourcing and funding innovative road safety initiatives. Taking a proactive approach, the Trust is piloting a road safety innovation workshop from which it aims to identify innovative road safety initiatives it can fund. The inaugural workshop will be held early in the next financial year.

Funding grants continue to be made for dedicated road safety research projects.

Work continued on the auditing of grant reports, ensuring that projects were delivered in line with the conditions of their contracts. The Trust was pleased to note that the majority of grant recipients complied with the conditions of approval and delivered the projects within budget. The Trust is committed to ensuring a high level of accountability from its grant recipients – where any anomalies were identified, appropriate action was taken.

Financial performance

The Trust is funded from a portion of the profits received from the first-time sale of personalised motor vehicle licence plates. Personalised Plates Limited (PPL), the company contracted to market the plates, continues to perform well. The current economic climate has impacted on plate sales and the Trust received less revenue from this source than anticipated. However, the Trust has ended the year with a net surplus of \$1,327,449. The Trust continues to maintain a strong capital base.

Board and management

Membership changes during this reporting period include the appointments of Alicia Gainsford as the Youth Representative and Ernst Zöllner as the nominee of the Chief Executive Officer of the NZ Transport Agency.

As always the Trust is indebted to the behind-the-scenes work done by the Secretariat and the Trust's support committee. The Trust thanks all involved for their continued assistance.

The future

The recently agreed amended and restated deed sees the Trust working at a broader national level and expanding its road safety promotional activities.

The Trust will continue to contribute to road safety by supporting local communities to participate in the development and delivery of community road safety activities, based on innovative, well-presented proposals, and will also continue to support robust road safety research.

The Trust looks forward to a more focused future role addressing road safety priorities as identified in the government's road safety strategy.



Yvonne Sharp
Chairman

Management statement

1. Introduction

The Road Safety Trust has pleasure in presenting its annual report for the year 1 July 2008 to 30 June 2009.

The road toll for 2008 of 366 was the lowest for more than half a century. While this outcome is encouraging, deaths and injuries on the roads are preventable and the Trust will continue to encourage and fund new and innovative road safety initiatives which will contribute to reducing road trauma in New Zealand.

2. Establishment and membership

The Trust was established in August 1989. It is empowered to receive and invest its portion of the revenue received from the sale of personalised motor vehicle licence plates, and to make grants from those funds to traffic safety projects from time to time. Under the terms of the Public Finance Act 2004, the Trust's status is deemed to be that of a Crown established trust. It is required under Section 45m of the Public Finance Act 1989 to forward to the Minister of Transport an annual report, including audited financial statements, that must be laid before the House of Representatives.

The membership of the Trust comprises:

- a chairperson nominated by the Minister of Transport
- the Chief Executive of the NZ Transport Agency ('Chief Executive'), or his or her nominee
- a representative of youth nominated by the Ministry of Youth Affairs
- a representative of road users nominated by the New Zealand Automobile Association.

This membership provides a balance of consumer, government and corporate interests. The Minister of Transport appoints the four Trustees of the Road Safety Trust. The term of appointment of the Trustees, other than the Chief Executive or his or her nominee, is a period not exceeding three years. This is fixed at the time of appointment, with the provision that any Trustee may be reappointed for any further periods of up to three years.

The four Trustees are currently:

Yvonne Sharp	Chairman
Ernst Zöllner	Nominee of Chief Executive of the NZ Transport Agency
Alicia Gainsford	Representative of youth
Rob Morton	Representative of road users

Changes to the Trustees during this reporting period included the appointment of Alicia Gainsford, the Youth Representative, and the Chief Executive of the NZ Transport Agency nominated Ernst Zöllner, General Manager Strategy and Performance, to the NZ Transport Agency position on the Trust for this financial year.

Key support staff are:

Leonie Corrigan and Alan Tollemache Administration

Graham Cooper and Willy Wilson Accountants

3. Role and relevance

The Trust has the following Vision, Mission, Values and Goals, together with a set of key business objectives, strategies for achieving them, and a three-year work plan to support them.

3.1 Vision

The Trust's vision is:

To fund innovative initiatives that improve road safety.

3.2 Mission

The Trust Deed clearly sets out the purpose of the Trust and the Trust's mission reflects that keystone role. Its mission is:

Encouraging the establishment and conduct of road safety projects in New Zealand.

3.3 Values

These values are the core beliefs and principles that govern the behaviour of the Trust. In conducting its business the Trust applies the following values:

Transparency and accountability

The Trust will undertake all its activities in a transparent and consistent manner and be accountable for all its actions.

Impartiality and integrity

The Trust will operate independently of specific interests, and act with impartiality and integrity in everything it does.

Professional excellence

The Trust will do its job in a professional manner and seek high standards of performance.

Ethics

The Trust will uphold a high standard of ethics in all its dealings.

Communication

The Trust will communicate openly and fairly with all parties in promoting and conducting its business.

Constant improvement

The Trust will constantly strive to seek new and better ways of doing its work.

3.4 Goals

In working towards its vision the Trust has identified the following goals as being critical to achieving the desired outcome:

- **Safer use of the road network.**
- **Greater synergy with road safety partners.**
- **Effective management of the promotion, decision-making, funding and monitoring of the Trust's activities.**

3.5 Functions

The Trust Deed gives the Trust the following function:

- To provide funds for road safety projects such as:
 - community safety initiatives
 - private sector technological developments with road safety benefits, which are unable to be fully funded by government organisations or from revenue generated by sales
 - research and study awards
 - training, education and overseas travel to attend conferences or undertake study
 - specific road safety projects, and
 - any other project which the Trustees consider likely to contribute to the improvement of safety on roads.

The Trust also undertakes to ensure:

- that the Trust's monies are properly invested
- that proper financial statements are kept in respect of the Trust
- that annual financial statements are prepared promptly at the end of each financial year
- that the Auditor-General audits its annual financial statements.

4. Support

The NZ Transport Agency's Access and Use Group provides executive services to the Trust (Leonie Corrigan and Alan Tollemache) and the Organisational Support Group provides financial support services (Graham Cooper and Willy Wilson). Mr Bill Frith, road safety consultant, chairs the Technical Advisory Committee. This committee provides expert advice to the Trust on research projects.

The Trust has a formal agreement for the provision of support services by the NZ Transport Agency, by way of a Memorandum of Understanding (MOU). The MOU establishes a service level agreement that clearly identifies and defines the expectations and responsibilities of both agencies.

5. Review of operations (July 2008 to June 2009)

5.1 Meetings

The Trust met three times during this financial year to consider applications for funding. The meetings were held in August 2008, November 2008 and May 2009. The November meeting included a workshop discussing the impact of the restated and amended deed.

5.2 Applications

Advertising of applications for the funding of road safety projects was arranged in metropolitan and provincial daily newspapers. The Trust is listed in the Department of Internal Affairs Funding Information Service, Fundview, accessible at Community Development Group offices and libraries throughout New Zealand. Internet links are established with Personalised Plates Ltd and Community Net. Information about the Trust is also available through the Trust's own internet site, www.roadsafety.govt.nz. The Trust has agreed priority areas and target groups, which aim to complement and support the road safety priorities expressed in the *Road safety to 2010* strategy.

No quality applications that met the Trust criteria were received in this financial year. The Trust continued to support and extend its nationwide driver distraction campaign to raise public awareness that distracted drivers are dangerous. Trust projects totalling \$1,579,322 were approved during the 2008/2009 financial year.

The Trust initiatives are scheduled at Annex A (page 11).

5.3 Statement of allocation criteria

The Trust's statement of allocation criteria is as follows:

- Applications must be compatible with the Trust functions.
- Applications must be in accordance with the priorities set out in the *Road safety to 2010* strategy document and be consistent with the New Zealand Transport Strategy in so far as it relates to road safety.
- There must be no known similar programme operating in largely the same sphere of influence.
- Fully completed application forms and adequate material in support of the application must be provided. For example:
 - the application is submitted together with a detailed project plan outlining intended outcomes/goals and delivery
 - the project is properly costed and a justified detailed budget is provided
 - where third-party distribution is required written approval is to accompany the application

- the quality of management and delivery of previously-funded initiatives will be taken into consideration
- those involved in the delivery of the project are suitably qualified and the qualifications and/or experience are detailed.
- The structure, legal status and longevity of the group will be a deciding factor.
- Evaluation measures for the project must be easily identified, valid and realistic. Standards must be provided as necessary.

5.4 Contracts

As from July 1995 successful applicants for grants of over \$1,000 have been required to sign a contract, clearly detailing their obligations for the project delivery and accounting of funds.

5.5 Research

Recognising the fact that, underpinning road safety programmes and administration is robust road safety research, the Trust is committed to funding research projects with a sound likelihood of being translated into reduced road crash rates.

Research projects funded by the Trust are overseen by a Technical Advisory Committee. The Committee is an expert group that considers and arranges the peer review of proposals, approves projects and monitors their progress. Through the Committee the Trust provides the only source of dedicated road safety research funding. The Committee has to date made 55 research grants totalling \$2 million.

The Trust's research grants have benefited a range of projects with multiple end-users in such areas as truck driver behaviour based safety, cognitive skills training for young drivers and validation of a driving assessment tool for brain damaged or cognitively impaired drivers, to name a few. This research has provided a substantial contribution to our knowledge of these issues, and most of it would not have been able to be undertaken without access to funding from the Trust. The providers of this work have been university based injury research units and private sector engineering and research organisations. A major contribution has been made to the NZ Driving Study being undertaken by Otago University, and this has involved co-funding with the Health Research Council and the Accident Compensation Corporation.

5.6 Scholarships

In 1995 the Trust set up a scheme to provide funding for road safety scholarships for postgraduate students, which are tenable at any university in New Zealand. Availability of the scholarships is advertised annually in the New Zealand Vice-Chancellors' Committee *Scholarship handbook* and on its website www.nzvcc.ac.nz.

These scholarships provide a useful avenue for encouraging students to consider road safety as a possible future career. To date 21 scholarships or equivalent research grants have been awarded to masters and doctoral students in psychology, engineering and other disciplines for relevant road safety research work.

Through these scholarships the Trust has made a substantive contribution to capacity building within the road safety research arena.

Road safety research scholarships 2008/09

PhD scholar	\$18,500
Masters scholar	\$10,500
Total	\$29,000

5.7 Grants and Trust initiatives

This year, there were no grants made to third parties. Instead, the Trust approved budgets for their own proactive initiatives in raising awareness of the dangers of distracted driving.

Support continued for the first stage of the Trust's driver distraction campaign involving the innovative medium of linking the distraction message to sporting codes. The campaign highlights the consequences of what a couple of seconds of inattention can cause, both on the sports field and while driving. Post-campaign analysis suggested that the dangers of mobile phone use while driving are not widely appreciated and needed to be promoted. The Trust decided to extend its campaign with a national advertising campaign including television, print media, bus backs and cinema focusing on this aspect of distraction.

Research indicates that, with the weight of television advertising given to the driver distraction campaign, the Trust has achieved good results. Some key highlights are:

- 54% audience recall of distraction-related advertising
- 74% of those (i.e. 40%) recall the television advertising
- 26% recall of specific Road Safety Trust advertisements
- better recall from the primary target audience of younger people (22%) than other groups
- a good 47% correct message takeout.

5.8 Organisational developments

The amended and restated deed signed during the year meant that work on the business plan, developed to provide the Trust with a framework for focusing its activities over the next three years, could be finalised. The business plan defines the Trust's role and relevance, and provides a platform to ensure consistency in Trust operations. It outlines the Trust's key business objectives and the approach for achieving them.

With a view to ensuring appropriate accountability for its grants, the Trust continued to apply its process for retrieval and recovery of any identified misapplied funds. The process covers all levels of funding and allows for legal action to be taken if necessary.

Work continued on revising and upgrading the Trust website. A new look was developed for the site and some interesting links to overseas distraction resources from the United Kingdom and Canada were added, together with the advertising material developed for the Trust's own distraction campaign.

6. Finance

6.1 Revenue and expenditure

The financial statements contain details of revenue and expenditure from the Trust's twentieth year of operation.

The Trust is funded from the Crown share of the initial sale of every personalised number plate.

Personalised Plates Ltd (PPL) is contracted to market personalised motor vehicle licence plates. Its main activities are:

- routine sales of personalised plates
- auctions of high-demand plates.

PPL's marketing and sales results provide the Trust with revenue. Since 1997, when the ownership of PPL changed, the Trust has been entitled to receive the entire Crown share of PPL's earnings. Revenue received from PPL totalled \$1,231,871 for the year, down by \$698,341 on last year.

The Trust earned a total of \$743,162 in interest.

The Trust has achieved a net surplus of \$1,327,449 for the year ended 30 June 2009. This result was higher than the expected surplus of \$3,660. The main reason for this was the lack of quality grant applications.

Public equity stands at \$10.7 million, remaining well above the minimum investment level and providing a solid capital base for the Trust.

Operating costs of \$255,227 were incurred during the year. These costs came in under budget.

6.2 Funding policy

The more flexible funding policy adopted in 2000, with all applications for both research and community projects being considered on their merits, has continued to operate.

6.3 Investment policy

The Trust investment policy was updated to record the changes to approved signatories for investing funds as a result of the formation of the NZ Transport Agency. The policy maintains a conservative approach to exposure, agreeing that the maximum investment limit with any one institution would be no more than 33% of the Trust funds, while ensuring that procedures were in place to retain the flexibility to take advantage of the best opportunities being offered. The investment level has remained above the minimum investment level of \$4.5 million.

6.4 Investments

The Trust's investments stand at \$10,440,090. Note 6 to the financial statements details the on-call funds, and note 8 the investment portfolio.

The Trust's investment portfolio is spread over four separate institutions and meets the requirements of the Public Finance Act 1989.

All investments that had been placed on short-term deposit during the review process have been reassessed and reinvested appropriately.

6.5 Concluding comment

Attracting innovative road safety initiatives to fund is important to the Trust. It looks forward to the outcome of its upcoming road safety innovation workshop, and hopes to be supporting some ground-breaking projects as a result of the new ideas proposed at this forum.

Annex A Road Safety Trust initiatives

Organisation	Project description	Amount
Distraction Campaign Project	Campaign research	\$44,480.00
Distraction Campaign Project	Sponsorship extension	\$80,000.00
Distraction Campaign Project	National multi-media campaign	\$790,489.00
Distraction Campaign Project	Sports sponsorship – media support	\$298,468.00
Distraction Campaign Project	Youth targeted radio advertisement	\$140,885.00
Distraction Campaign Project	Sports sponsorship rugby 2009	\$225,000.00
Total		\$1,579,322.00

Financial statements

Statement of responsibility

In terms of the Crown Entities Act 2004 and the Public Finance Act 2004, the Trustees are responsible for the preparation of the Road Safety Trust's financial statements, and for the judgements made in them.

The Trustees of the Road Safety Trust have the responsibility for establishing, and have established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Trustees' opinion, these financial statements fairly reflect the financial position and operations of the Road Safety Trust for the year ended 30 June 2009.

Signed on behalf of the Trustees:



Y Sharp
Chairman

30 October 2009



G Dangerfield
Trustee

30 October 2009

AUDIT REPORT TO THE READERS OF THE ROAD SAFETY TRUST'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The Auditor-General is the auditor of the Road Safety Trust (the Trust). The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements included in the annual report of the Trust for the year ended 30 June 2009.

Unqualified opinion

In our opinion:

- The financial statements of the Trust on pages 17 to 35:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Trust's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 30 October 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Trustee's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Trust.



K. M. Rushton
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Road Safety Trust for the year ended 30 June 2009 included on the Road Safety Trust's website. The Road Safety Trust's trustees are responsible for the maintenance and integrity of the Road Safety Trust's website. We have not been engaged to report on the integrity of the Road Safety Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 30 October 2009 to confirm the information included in the audited financial statements presented on this website.

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

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009 \$	Budget 2009 \$	Restated 2008 \$
Income				
Personalised plates		1,231,871	1,520,000	1,930,212
Interest received		743,162	727,393	728,621
Other revenue	<u>2</u>	9,735	0	0
<i>Total income</i>		1,984,768	2,247,393	2,658,833
Expenditure				
Operating expenses	<u>3</u>	255,227	296,733	304,861
Grants	<u>4/5</u>	(369,985)	1,947,000	(363,332)
Trust initiatives		772,077	0	110,714
<i>Total expenditure</i>		657,319	2,243,733	52,243
Net surplus/(deficit)		1,327,449	3,660	2,606,590

Explanations of significant variances against budget are detailed in note 20.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

	Note	Actual 2009 \$	Budget 2009 \$	Restated 2008 \$
Assets				
Current assets				
Cash and cash equivalents	<u>6</u>	972,424	688,575	887,023
Debtors and other receivables	<u>7</u>	540,658	343,500	391,948
Investments	<u>8</u>	9,500,178	8,653,776	8,980,000
<i>Total current assets</i>		11,013,260	9,685,851	10,258,971
Total assets		11,013,260	9,685,851	10,258,971
Liabilities				
Current liabilities				
Creditors and other payables	<u>4/9</u>	72,909	678,575	339,140
<i>Total current liabilities</i>		72,909	678,575	339,140
Non-current liabilities				
Creditors and other payables	<u>9</u>	200,000	0	506,929
<i>Total non-current liabilities</i>		200,000	0	506,929
Total liabilities		272,909	678,575	846,069
Net assets		10,740,351	9,007,276	9,412,902
Equity				
General funds	<u>4</u>	10,740,351	9,007,276	9,412,902
Total equity	<u>10</u>	10,740,351	9,007,276	9,412,902

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009 \$	Budget 2009 \$	Restated 2008 \$
Equity – Opening balances				
General funds		9,412,902	9,003,616	6,806,312
<i>Total equity – Opening balance</i>		9,412,902	9,003,616	6,806,312
Changes in equity				
<i>Net surplus/(deficit)</i>				
Total revenue and expenses		1,327,449	3,660	2,606,590
Total changes in equity		1,327,449	3,660	2,606,590
Equity – Closing balances				
General funds		10,740,351	9,007,276	9,412,902
Total equity – Closing balance	10	10,740,351	9,007,276	9,412,902

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009 \$	Budget 2009 \$	Restated 2008 \$
Cash flows from operating activities				
Receipts from Personalised Plates		1,231,871	1,571,398	1,930,212
Interest received		717,908	738,332	580,737
Receipts from other revenue		9,735	0	0
Payments to suppliers		(1,068,384)	(292,291)	(295,281)
Payments to trustees		(12,887)	(39,760)	(13,774)
Payments to grants		(248,333)	(2,488,462)	(163,743)
Goods and services tax (net)		(24,331)	(13,888)	(5,703)
<i>Net cash from operating activities</i>	<u>11</u>	605,579	(524,671)	2,032,448
Cash flows from investing activities				
Receipts from sale of investments		8,980,000	326,223	2,638,310
Acquisition of investments		(9,500,178)	0	(8,318,310)
<i>Net cash from investing activities</i>		(520,178)	326,223	(5,680,000)
Net (decrease)/increase in cash and cash equivalents		85,401	(198,448)	(3,647,552)
Cash and cash equivalents at the beginning of the year		887,023	887,023	4,534,575
Cash and cash equivalents at the end of the year	<u>6</u>	972,424	688,575	887,023

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.

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies for the year ended 30 June 2009

Reporting entity

The Road Safety Trust is a Crown established trust and is domiciled in New Zealand. As such, the Road Safety Trust's ultimate parent is the New Zealand Crown.

The Road Safety Trust's primary objective is to provide public services to the NZ public, as opposed to that of making a financial return.

Accordingly, the Road Safety Trust has designated itself as a public benefit entity for the purposes of New Zealand equivalents to international financial reporting standards (NZ IFRS).

The financial statements for the Road Safety Trust are for the year ended 30 June 2009, and were approved by the Trustees on 30 October 2009.

Basis of preparation

Statement of compliance

The financial statements of the Road Safety Trust 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 IFRSs, and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Road Safety Trust is New Zealand dollars.

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

The Road Safety Trust 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 2008.

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Road Safety Trust include:

- NZ IAS 1 *Presentation of financial statements (revised 2007)* replaces NZ IAS 1 *Presentation of financial statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as 'owner'. The revised standard gives the Road Safety Trust the option of presenting items of income and

expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Road Safety Trust intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

- NZ IAS 23 *Borrowing costs (revised 2007)* replaces NZ IAS 23 *Borrowing costs (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The Road Safety Trust intends to adopt this standard for the year ending 30 June 2010, and has not yet determined the potential impact of the new standard.

Significant accounting policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from Personalised Plates Ltd

The Road Safety Trust is primarily funded from the Crown's share of the initial sale of personalised number plates, which is restricted in its use to making grants from these funds to traffic safety projects. Personalised Plates Ltd is contracted to market personalised motor vehicle number plates.

Revenue from Personalised Plates Ltd is recognised as revenue when earned and is reported in the financial period to which it relates.

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.

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 Road Safety Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the grants approval committee and the approval has been communicated to the applicant.

Any grants that are rescinded are written back once the decision to rescind has been passed.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks both domestic and international, other short-term, highly liquid investments, with original maturities of three months or less and bank overdrafts.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Road Safety Trust will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows,

discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (ie not past due).

Investments

At each balance sheet date the Road Safety Trust assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

For bank deposits, impairment is established when there is objective evidence that the Road Safety Trust will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Accounting for foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Good and service tax (GST)

All items in the financial statements are presented exclusive of GST. 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 Road Safety Trust 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 are as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Road Safety Trust for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements the Road Safety Trust has made estimates and assumptions concerning the future. 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 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.

Critical judgements in applying the Road Safety Trust's accounting policies

Management has exercised the following critical judgements in applying the Road Safety Trust's accounting policies for the period ended 30 June 2009:

Non-government grants

The Road Safety Trust must exercise judgement when recognising grant expenditure to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

2 Other revenue

	Actual 2009 \$	Restated 2008 \$
Legal costs recovered from grantees	9,735	0
Total other revenue	9,735	0

3 Operating expenses

	Actual 2009 \$	Budget 2009 \$	Restated 2008 \$
Fees to auditors: Audit fees for financial statement audit	10,575	9,575	9,480
Fees to auditors: Audit fees for NZ IFRS transition	0	0	6,000
Trustees' fees	6,280	18,960	7,371
Trustees' expenses	6,607	20,800	6,403
Bank charges	139	200	90
Printing	933	800	712
Advertising	14,513	14,500	14,194
NZTA support	192,765	192,765	192,765
Professional services	23,251	39,000	0
Miscellaneous	164	133	67,846
Total operating expenses	255,227	296,733	304,861

4 Prior period error

A prior period error has been corrected, in accordance with NZ International Accounting Standard (NZIAS) 8. This correction is in respect of grant expenditure included for the year ended 30 June 2008. A total of \$409,286 was included for the year ended 30 June 2008, which was not expenditure relating to the 2007/08 financial year. Therefore, the 2008 (comparative) results have been restated in the financial statements for the period ended 30 June 2009, and \$110,714 has been reclassified as Trust initiatives.

The financial statement line items affected are:

	Restated 2008 \$	Actual 2008 \$
Statement of financial performance		
Grants	(363,332)	156,668
Trust initiatives	110,714	0
Statement of financial position		
Creditors and other payables	339,140	1,255,355
General funds	9,412,902	9,003,616

5 Grants

	Actual 2009 \$	Restated 2008 \$
Grants approved during the year	0	299,807
Less grants rescinded	(270,860)	(620,266)
Less grants to be rescinded (under review with organisations)	(106,539)	(25,873)
Impairment of receivables (note 7)	7,414	(17,000)
Total grants	(369,985)	(363,332)

6 Cash and cash equivalents

	Note	Actual 2009 \$	Restated 2008 \$
Cash on hand and at bank		32,512	11,023
Cash equivalents - on-call account	a	939,912	876,000
Cash equivalents - term deposits	a	0	0
Total cash and cash equivalents		972,424	887,023

a. The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for term deposits is 2.5% (2008 8.25%).

7 Debtors and other receivables

	Actual 2009 \$	Restated 2008 \$
Debtors	293,395	186,856
Interest accrued	326,360	301,106
GST receivable	30,442	6,111
Less : provision for impairment	(109,539)	(102,125)
Total debtors and other receivables	540,658	391,948

The carrying value of receivables approximates their fair value.

The carrying amount of receivables that would otherwise be past due, but not impaired, whose terms have been renegotiated is nil (2008 nil).

As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2009			2008		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	540,658	0	540,658	347,061	0	347,061
Past due 1–30 days	0	0	0	9,037	0	9,037
Past due 31–60 days	0	0	0	0	0	0
Past due 61–90 days	0	0	0	22,180	0	22,180
Past due >91 days	109,539	(109,539)	0	115,795	(102,125)	13,670
Total	650,197	(109,539)	540,658	494,073	(102,125)	391,948

The provision for impairment has been calculated based on expected losses for the Road Safety Trust's pool of debtors. Expected losses have been determined based on an analysis of Road Safety Trust's losses in previous periods, and review of specific debtors.

Those specific debtors that are insolvent are fully provided for. As at 30 June 2009 the Road Safety Trust has identified 3 debtors (2008 nil) totalling \$99,125 (2008 nil) that are insolvent. The balance of \$10,414 is unrecoverable, so will be rescinded in 2009/10.

Movements in the provision for impairment of receivables are as follows:

	Actual	Restated
	2009	2008
	\$	\$
Balance at 1 July	102,125	119,125
Additional provisions made during the year (note 5)	7,414	(17,000)
Balance at 30 June	109,539	102,125

8 Investments

	Actual	Restated
	2009	2008
	\$	\$
Current investments are represented by:		
Term deposits	9,500,178	8,980,000
Total investments	9,500,178	8,980,000

There were no impairment provisions for investments.

Maturity analysis and effective interest rates of term deposits

The maturity dates and weighted average effective interest rates for term deposits are as follows:

	Actual 2009 \$	Restated 2008 \$
Term deposits with maturities of 4-6 months (average maturity 181 days) <i>weighted average effective interest rate</i>	0 0.0%	3,000,000 8.6%
Term deposits with maturities of 6-12 months (average maturity 365 days) <i>weighted average effective interest rate</i>	9,500,178 5.5%	5,980,000 8.8%

The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

Short-term deposits are invested at fixed rates ranging from 3.42% - 7.50%. As these deposits are at a fixed interest rate and measured at amortised cost, an increase or decrease in interest rates during the period would not impact the measurement of the investments and hence there would be no impact on the surplus/deficit or equity.

The term deposits which make up the investments are detailed below:

	Date invested	Date matured	Interest rate	Current investments \$
ANZ term deposit	24-Sep-08	24-Sep-09	7.50%	1,600,000
Kiwibank term deposit	24-Sep-08	24-Sep-09	7.50%	1,600,000
ASB term deposit	20-Nov-08	20-Nov-09	5.31%	1,000,178
Kiwibank term deposit	20-Nov-08	20-Nov-09	5.55%	1,000,000
ANZ term deposit	21-Nov-08	20-Nov-09	5.38%	1,000,000
ASB term deposit	30-Mar-09	30-Mar-10	3.88%	1,000,000
Westpac term deposit	29-Jun-09	29-Jun-10	3.42%	2,300,000
Total investments				9,500,178

9 Creditors and other payables

	Actual 2009 \$	Restated 2008 \$
Current creditors and other payables are represented by:		
Creditors	10,926	64,893
Grants approved before 30 June 2009 but unpaid	61,983	274,247
<i>Total current portion</i>	72,909	339,140

Non-current creditors and other payables are represented by:		
Grants approved before 30 June 2009 but unpaid	200,000	506,929
<i>Total non-current portion</i>	200,000	506,929
Total creditors and other payables	272,909	846,069

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

10 Equity

	Actual 2009 \$	Restated 2008 \$
General funds		
Balance at 1 July	9,412,902	6,806,312
Surplus/(deficit)	1,327,449	2,606,590
Total equity at 30 June	10,740,351	9,412,902

11 Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual 2009 \$	Restated 2008 \$
Net surplus/(deficit) after tax	1,327,449	2,606,590
Add/(less) movements in working capital items:		
(Increase)/decrease in debtors and other receivables	(148,710)	(196,459)
Increase/(decrease) in creditors and other payables	(573,160)	(377,683)
<i>Net movements in working capital items</i>	(721,870)	(574,142)
Net cash from operating activities	605,579	2,032,448

12 Commitments and operating leases

Commitments

The Road Safety Trust has no commitments (2008 nil).

Operating leases as lessee

The Road Safety Trust has no operating leases (2008 nil).

13 Contingencies

Contingent liabilities

The Road Safety Trust has contingent liabilities of \$12,772 (2008 nil). The Road Safety Trust has given an undertaking to pay AMV BBDO an intellectual property fee for the right to produce and transmit a television commercial, if required to do so. As yet, AMV BBDO has not sought payment of the fee.

Contingent assets

The Road Safety Trust has no contingent assets (2008 nil).

14 Related party transactions and key management personnel

Related party transactions

The Road Safety Trust is a wholly owned entity of the Crown. The government significantly influences the role of the Road Safety Trust.

The Road Safety Trust enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which is reasonable to expect the Road Safety Trust would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

The following transactions were carried out with related parties other than those described above.

All related party transactions have been entered into on an arms length basis.

The membership of the Trust includes the Chief Executive of the NZ Transport Agency (NZTA), or his nominee. The Trust provides funding to the NZTA for the provision of administrative support, which totalled \$192,765 for the year ended 30 June 2009 (2008 \$192,765).

A portion of the Road Safety Trust's resources is used to support road safety research, which is overseen by a Technical Advisory Committee. Funding for this research is covered by a memorandum of understanding between the Road Safety Trust and the NZTA. No additional funding was approved by the Trust for the Technical Advisory Committee during the year ended 30 June 2009 (2008 nil). However, the Trust paid the committee \$97,000 during the year from grants approved in prior years.

No provision has been required, nor any expense recognised for impairment of receivables from related parties (2008 nil).

Transaction	Transaction value		Balance outstanding	
	year ended 30 June		year ended 30 June	
	2009	2008	2009	2008
NZTA - Administrative support	192,765	192,765	0	48,191
NZTA - Technical advisory committee	97,000	0	302,968	491,053
NZTA - Road Safety Trust innovation awards	0	149,400	0	135,414

Key management personnel compensation

	Actual	Restated
	2009	2008
	\$	\$
Salaries and other short-term employee benefits	6,280	7,371
Total key management personnel compensation	6,280	7,371

Key management personnel include all trustees, except for the nominee of the Chief Executive of the NZ Transport Agency; Ernst Zollner is not paid a remuneration.

15 Trustee remuneration

The total value of remuneration paid or payable to each trustee during the year was:

	Actual	Restated
	2009	2008
	\$	\$
Y Sharp (Chair)	2,870	2,871
A Gainsford	1,860	0
R Morton	1,550	0
T Knight	0	3,160
S Sinclair	0	840
Y Johanson	0	500
Total trustee remuneration	6,280	7,371

There have been no payments made to committee members appointed by the Trustees who are not Trustees during the financial year.

16 Events after the balance sheet date

There were no significant events after the balance sheet date.

17 Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual	Restated
	2009	2008
	\$	\$
<i>Loans and receivables</i>		
Cash and cash equivalents	972,424	887,023
Debtors and other receivables	540,658	391,948
Investments – term deposits	9,500,178	8,980,000
Total loans and receivables	11,013,260	10,258,971
<i>Financial liabilities measured at amortised cost</i>		
Creditors and other payables	272,909	846,069
Total financial liabilities measured at amortised cost	272,909	846,069

18 Financial instrument risks

The Road Safety Trust's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Road Safety Trust has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

The interest rates on the Road Safety Trust's investments are disclosed in note 8.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Road Safety Trust's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose the Road Safety Trust to cash flow interest rate risk.

The Road Safety Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Road Safety Trust currently has no variable interest rate investments.

Currency risk

A currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Road Safety Trust purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Road Safety Trust, causing the Road Safety Trust to incur a loss.

Due to the timing of its cash inflows and outflows, the Road Safety Trust invests surplus cash with registered banks. The Road Safety Trust's investment policy limits the amount of credit exposure to any one institution.

The Road Safety Trust has processes in place to review the credit quality of customers prior to the granting of credit.

The Road Safety Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 6), net debtors (note 7), and investments (note 8). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Road Safety Trust has no significant concentrations of credit risk, as it has a small number of credit and only invests funds with registered banks with specified Standard and Poor's credit ratings.

The Road Safety Trust holds investments with the ANZ Bank, Kiwibank, ASB bank and Westpac bank as disclosed in notes 6 and 8. All investments are held with registered banks. These banks are part of the retail deposit guarantee scheme. This means that deposits up to \$1 million are guaranteed by the Crown.

Liquidity risk

Liquidity risk is the risk that the Road Safety Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash.

In meeting its liquidity requirements, the Road Safety Trust maintains a target level of investments that must mature within specified timeframes.

The table below analyses the Road Safety Trust's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 6 months \$	Between 6 months and 1 year \$	Between 1 and 5 years \$
2008			
Creditors and other payables (note 9)	71,642	267,498	506,929
2009			
Creditors and other payables (note 9)	10,926	61,983	200,000

19 Capital management

The Road Safety Trust's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Road Safety Trust is subject to the financial management and accountability provisions of the Crown Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Road Safety Trust manages its equity as a by-product of prudent managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Road Safety Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

20 Explanation of significant variances against budget

Explanations for significant variations from the Road Safety Trust's budgeted figures are as follows:

Statement of financial performance

Total income

Total income was down on budget. The current economic climate has impacted on plate sales, which means the Trust has received less revenue from Personalised Plates than anticipated.

Operating expenses

Operating expenses were below budget. Funds set aside for generating awareness of the Trust's activities were not utilised. And, professional services costs were not as high as anticipated.

Grants

There were no grants made to third parties this financial year. The Trust is actively pursuing those organisations who have not complied with the conditions of their grants.

Trust internal initiatives

The Trust has initiated its own campaign to raise awareness of distracted driving.

Statement of financial position*Cash and cash equivalents*

The change in cash and cash equivalents reflects the on-call funds set aside for short term payables.

Debtors and other receivables

Debtors is higher than budgeted resulting from the Trust pursuing organisations who have not complied with the conditions of their grants.

Investments

Investments are higher than budgeted. Fewer approved grants has left more retained funds invested in term deposits.

Creditors and other payables

Grants approved before 30 June 2009 but unpaid is lower than what was anticipated.

Equity

Equity levels reflect the surplus for the year, which was greater than budgeted due to the variances explained in the statement of financial performance above.

Statement of cash flows*Cash flows from operating activities*

Operating cash flow movements reflect less receipts from Personalised Plates and less payments to grants.

Cash flows from investing activities

Investing cash flow movements reflect the acquisition of funds into term deposits.