



Twenty-fourth annual report for the

**ROAD SAFETY TRUST**

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for the period ended 31 May 2013

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

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# FOREWORD

I am pleased to present the Annual Report and audited accounts for the Road Safety Trust for the eleven months ended 31 May 2013.

## **Operational activities**

Over the past year, the Trust has focussed on winding up its activities and selecting worthwhile road safety projects to gain the most benefit from the remainder of the Trust's funds.

Research and post-graduate study grants that were already underway have continued to be funded, and several have been completed during the past year. The reports of these projects are published on the Trust's website.

The Trust has made grants on the basis that projects will contribute to the priorities set out in the government's *Safer Journeys* strategy, released in 2010, and in this way the Trust has made a valuable contribution towards achievement of the strategy's goals, and to safer roads for all New Zealanders.

## **Winding up the Trust**

The Trust's activities in this final year have involved allocating its reserves by funding worthwhile road safety projects, and monitoring those projects until their completion to ensure that the money is used as agreed and all contracts complied with. The Trust has been formally dissolved through the Companies Office, and the dissolution was gazetted on 30 May 2013.

The Trust would like to thank the New Zealand Automobile Association and the Ministry of Youth Development for supporting the Trust, and, specifically, for providing the services of Robin Morton and Alicia Gainsford as representatives of New Zealand motorists and youth, respectively. These two Trustees have provided valuable input to the Trust since 2008 and their contribution has been greatly appreciated.

We would also like to thank the wider road safety community for their support and contributions to the Trust's work.

The trustees are confident that the New Zealand Transport Agency will make an excellent job of consolidating road safety efforts, and will continue to apply the spirit of the Trust's work in improving the safety of New Zealand's roads.



Geoff Dangerfield  
Chairperson

# MANAGEMENT STATEMENT

## 1. Introduction

The Road Safety Trust has pleasure in presenting its final annual report, for the period 1 July 2012 to 31 May 2013.

In 2012 the road toll was 308, which is higher than the 2011 road toll, but is consistent with a longer term downward trend. We know that deaths and injuries on our roads are preventable and that more work is needed to improve the quality of our roads and vehicles, and to ensure that drivers, pedestrians and other road users understand the importance of safety.

The Trust has now been formally dissolved and this was published in the New Zealand Gazette on 30 May 2013. However the trustees are confident that the important task of improving road safety will continue under the Ministry of Transport and the New Zealand Transport Agency.

## 2. Establishment and membership

The Trust was established in August 1989 and was empowered to receive and invest its portion of revenue from the sale of personalised motor vehicle licence plates, and to make grants from those funds to road safety projects from time to time. Under the terms of the Public Finance Act 2004 the Trust's status was 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 trustees during 2012/13 were:

Geoff Dangerfield	Chairperson
Ernst Zöllner	New Zealand Transport Agency
Alicia Gainsford	Representative of youth nominated by the Ministry of Youth Development
Robin Morton	Representative of road users nominated by the New Zealand Automobile Association

## 3. Role and relevance

The Trust's vision, values and key business objectives, along with strategies for achieving them, have been set out in a three-year business plan that has been updated annually.

### 3.1 Vision

The Trust's vision is:

**To play a strong part in reducing New Zealand's road deaths and trauma by funding initiatives that improve road safety**

## 3.2 Values

These values are the core beliefs and principles that governed the behaviour of the Trust. In conducting its business the Trust has applied 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.

## 3.3 Objectives

Over the past two years, the Trust has focussed on three key business objectives, one functional and two operational, which have allowed a gradual phasing out of the Trust's former roles.

Functional objective:

Objective 1	To encourage community initiatives that improve road safety by distributing the Trust's remaining funds to worthwhile community projects carried out by well-regarded non-governmental organisations.
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Operational objectives:

Objective 2	To interact effectively with road safety partners and with the community.
Objective 3	To manage effectively, and continually improve, all aspects of the Trust's activities, including managing down the residual research and advertising activities.

## 3.4 Activities

The following activities have been the means for the Trust to achieve its aims. These activities and their associated actions, outputs and performance measures were set out in the business plan.

1. Proactively seek applications from well-regarded non-governmental organisations to undertake road safety projects that address *Safer Journeys* priorities.
2. Assess and monitor applications to ensure that projects are appropriate, that applicants are capable of delivery, and that the required progress and delivery are achievable.

3. Proactively identify areas where the Trust can play a complementary role with other agencies to contribute to road safety.
4. Contribute to the implementation of the *Safer Journeys* strategy by taking account of its priority action areas in making funding decisions.
5. Gain and update knowledge by maintaining links with other road safety organisations, and the community.
6. Manage the Trust's commitments to research grants and scholarships for the remaining duration of these projects.
7. Continually improve systems and procedures and identify any areas for improvement.
8. Maintain prudent financial management of the Trust's remaining funds.

### **3.5 Performance measures**

The Trust has performed well against the performance measures set out in its business plan.

## **4 Support**

The New Zealand Transport Agency's Access and Use Group has provided executive services to the Trust, and the Organisational Support Group has provided financial support services. Mr Bill Frith, road safety consultant, chaired the Technical Advisory Committee, which provided expert advice to the Trust on research projects.

The Trust has had a formal agreement for the provision of support services by the New Zealand Transport Agency, by way of a Memorandum of Understanding (MOU). The MOU established a service-level agreement that clearly identified and defined the expectations and responsibilities of both agencies.

## **5 Review of operations**

### **5.1 Meetings**

The Trust met twice during this financial year to consider applications for funding. The meetings were held in December 2012 and April 2013.

### **5.2 Applications**

The Trust made eight grants at its December meeting, and these were the final grants made by the Trust. Details are set out below.

### **5.3 Statement of allocation criteria**

The Trust allocates funds as follows:

- Applications must be compatible with the Trust's functions.
- Applications must be in accordance with the priorities set out in the *Safer Journeys* strategy document.

- There must be no known similar programme operating in largely the same sphere of influence.
- Applicants must provide:
  - a detailed project plan outlining intended outcomes/goals and delivery
  - detailed costings and budget
  - written approval where third-party distribution is required
  - evidence that any previously-funded initiatives were well managed and delivered
  - evidence that those involved in the delivery of the project are suitably qualified
- The structure, legal status and lifespan of the applicant organisation will be a deciding factor.
- Evaluation measures for the project must be easily identified, valid and realistic.

## 5.4 Contracts

Successful applicants for grants of over \$1,000 are required to sign a contract, clearly detailing their obligations to deliver the project and account for funds spent.

## 5.5 Community projects

The following eight community projects were approved in the 2012/2013 financial year:

**1. BikeNZ Inc – Making the Journey Safer for Cyclists. \$1,198,284**

This project aims to improve road user behaviour, and is aligned to the visions and actions in the Safer Journeys strategy. The funding is for a three year period, and will target five high risk areas and age groups.

**2. New Zealand Drug Foundation – Driving High: Would You Like Facts With That? \$1,386,789**

This two-year project focuses on challenging commonly held myths about the safety of driving under the influence of cannabis and stimulant party drugs. The Foundation will be required to work in collaboration with the New Zealand Transport Agency to ensure that the programme complements the agency's activities.

**3. New Zealand Police – Safety Equipment for School Traffic Safety Teams. \$199,061**

This project will provide high-visibility safety vests and coats to approximately 1,200 schools, increasing nationwide consistency in the use of this equipment.

**4. Greater Wellington Regional Council – Building on Success: A Regional Approach to Safer Cycling. \$211,734**

This project will complement BikeNZ's national project (see (1) above).

**5. Bike on NZ Charitable Trust – Auckland Bikes in Schools Project. \$25,000**

This project is part of a larger project that aims to encourage more children to cycle and build cycling skills. It will cover eight schools and will focus on providing access to bike helmets for disadvantaged children.

**6. Transport Engineering Research New Zealand (TERNZ) – Pilot School Bus Speed Management Initiatives. \$415,864**

This project builds on the findings of previous TERNZ projects, including a recent trial in the Waikato aimed at determining what measures are required to make vehicles slow down when passing a school bus.

**7. Brake – Road Safety Week 2013. \$10,000**

This project is a Road Safety Week in New Zealand 6-12 May 2013, focusing on the theme ‘Streets for people’.

**8. Mackie Research and Consulting Ltd. \$236,000**

This project will carry out further variable speed limit sign trials at rural school locations around New Zealand.

## **5.6 Research**

The Trust has supported many worthwhile research projects since its inception. However, following the review in September 2011, and the decision that the Trust would wind up its activities, no further research grants have been made.

Projects that are currently underway will continue to be funded and monitored through to completion. It is estimated that commitments for all current projects will amount to less than \$500,000 over the next three years.

## **5.7 Trust research projects**

**1. New Zealand Drivers’ Study (\$150,000 over 3 years)**

Principal Investigator: Dr Dorothy Begg, Injury Prevention Research Unit, University of Otago.

This project is being jointly funded with the Health Research Council.

This funding enables the study to continue for a further three years. The results provide useful information on early driving experiences and newly licensed drivers which feed into young driver licensing policy. Previous outputs from the study provided valuable input into the Safer Journeys strategy.

**2. Managing older driver safety (\$AUD250,000 over 5 years)**

Principal Investigator: Dr Jude Charlton, Monash University Accident Research Centre.

This study is being jointly funded with the Australian Research Council and a number of other organisations. It aims to identify effective solutions to manage the safe mobility of older drivers in Australia and New Zealand. A major part of the work is a five-year cohort study of drivers aged 75 and over in which instruments are fitted to their cars so that their driving can be observed.

**3. How does the level of road lighting affect crashes in New Zealand? – a pilot study (\$58,000)**

Principal Investigator: Bill Frith, Opus International Consultants.

This study was completed during the year, and the report is available on the New Zealand Transport Agency website.

**4. An exploratory study of barriers to child restraint use in New Zealand (\$60,000)**

Principal Investigator: Jared Thomas, Opus International Consultants.

This project has been completed, and a report is available on the New Zealand Transport Agency website.

**5. Implementation and monitoring of variable 40, 60 and 70 km/h rural school zone signs (\$227,000)**

Principal Investigator: Hamish Mackie, TERNZ Ltd.

This project will implement and monitor mandatory LED speed reduction signs at rural schools. The results of this project will contribute to safer speeds in the vicinity of rural schools.

## **5.8 Organisational developments**

The business plan, established in the 2008/09 financial year, and revised annually, has provided the Trust with a framework for focusing its activities and ensuring consistency in its operations. It outlined the Trust's key business objectives and the approach for achieving them.

The Trust has continued to insist on appropriate accountability for its grants, and all grant recipients have been made aware of the requirement for reports to be completed as agreed in the contract. There has been scope for the Trust to take legal action if a grant recipient is found to have used grant money improperly.

## **6. Finance**

### **6.1 Revenue and expenditure**

The Financial Statements contain details of revenue and expenditure from the Trust's year of operation.

The Trust has been funded from the Crown Share of the initial sale of every personalised number plate up until 1 September 2011. Personalised Plates Ltd (PPL) was contracted to market personalised motor vehicle licence plates. Its main activities are:

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

The Trust has achieved a net deficit of \$3,586,815 for the year ended 31 May 2013. This result was lower than the expected deficit of \$4,855,249. The main reason for this was lower grants approved than was budgeted.

Operating costs of \$99,130 were incurred during the year. These costs came in under budget.

All remaining assets and liabilities as at 31 May 2013 have been transferred to the New Zealand Transport Agency.

## **6.2 Funding policy**

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

## **6.3 Investment policy**

The Trust investment policy has maintained 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.

# Financial statements

## Statement of responsibility

The Trustees are responsible for the preparation of the Road Safety Trust's financial statements, and for the judgements made in them.

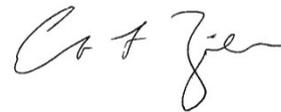
The Trustees of the Road Safety Trust have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Trustees' opinion, these financial statements fairly reflect the financial position and operations of the Road Safety Trust for the period ended 31 May 2013.

Signed on behalf of the Trustees:



Geoff Dangerfield  
**Chairperson**  
25 November 2013



Ernst Zöllner  
**Trustee**  
25 November 2013

# Independent Auditor's Report

## To the readers of the Road Safety Trust's financial statements for the period ended 31 May 2013

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 of the financial statements of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 14 to 29, that comprise the statement of financial position for the period ended 31 May 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- the financial statements of the Trust on pages 14 to 29 that are prepared on a disestablishment basis:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust's:
    - financial position for the period ended 31 May 2013; and
    - financial performance and cash flows for the period ended on that date.

### **Emphasis of matter – the financial statements are appropriately prepared on a disestablishment basis**

Without modifying our opinion, we draw your attention to the accounting policies on pages 17 to 20 about the financial statements being prepared on a disestablishment basis because the Trust was disestablished on 31 May 2013 and its functions, assets and liabilities transferred to the New Zealand Transport Agency. We consider the basis of the preparation of the financial statements and the related disclosures to be appropriate to the Trust's circumstances.

Our audit was completed on 25 November 2013. This is the date at which our opinion is expressed.

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

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Trustees**

The Trustees have accepted responsibility for completing financial statements that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flow.

The Trustee's responsibilities arise from the Public Finance Act 1989.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

## **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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 the Road Safety Trust (the Trust) for the period ended 31 May 2013 included on the New Zealand Transport Agency's website. The Trustees are responsible for the maintenance and integrity of the website. We have not been engaged to report on the integrity of the 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 25 November 2013 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.

## Financial statements

### Statement of comprehensive income for the period ended 31 May 2013

	Note	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
<b>Income</b>				
Personalised plates		0	0	203,437
Interest received		205,542	166,195	345,498
Other revenue		0	0	488
<b>Total income</b>		<b>205,542</b>	<b>166,195</b>	<b>549,423</b>
<b>Expenditure</b>				
Operating expenses	2	99,130	131,815	131,799
Grants	3	3,680,227	4,876,629	2,625,615
Trust initiatives	4	13,000	13,000	824,853
<b>Total expenditure</b>		<b>3,792,357</b>	<b>5,021,444</b>	<b>3,582,267</b>
<b>Net surplus/(deficit)</b>		<b>(3,586,815)</b>	<b>(4,855,249)</b>	<b>(3,032,844)</b>
Other comprehensive income		0	0	0
<b>Total comprehensive income for the year</b>		<b>(3,586,815)</b>	<b>(4,855,249)</b>	<b>(3,032,844)</b>

Explanations of significant variances against budget are detailed in note 18.

*The accompanying notes form part of these financial statements.*

### Statement of financial position as at 31 May 2013

	Note	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	5	0	0	394,171
Debtors and other receivables	6	0	0	165,486
Prepayments		0	0	0
Investments	7	0	0	7,900,000
<b>Total current assets</b>		<b>0</b>	<b>0</b>	<b>8,459,657</b>
<b>Total assets</b>		<b>0</b>	<b>0</b>	<b>8,459,657</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	8	0	0	1,867,028
<b>Total current liabilities</b>		<b>0</b>	<b>0</b>	<b>1,867,028</b>
<b>Non-current liabilities</b>				
Creditors and other payables	8	0	0	1,716,000
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>	<b>1,716,000</b>
<b>Total liabilities</b>		<b>0</b>	<b>0</b>	<b>3,583,028</b>
<b>Net assets</b>		<b>0</b>	<b>0</b>	<b>4,876,629</b>
<b>Equity</b>				
General funds		0	0	4,876,629
<b>Total equity</b>	9	<b>0</b>	<b>0</b>	<b>4,876,629</b>

### Statement of changes in equity for the period ended 31 May 2013

	Note	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
<b>Balance at 1 July</b>		<b>4,876,629</b>	<b>4,876,629</b>	<b>7,909,473</b>
Total comprehensive income		(3,586,815)	(4,855,249)	(3,032,844)
<b>Owner transactions</b>				
Transfer of equity to NZTA		(1,289,814)	(21,380)	0
<b>Balance at the end of the year</b>	9	<b>0</b>	<b>0</b>	<b>4,876,629</b>

Explanations of significant variances against budget are detailed in note 18.

*The accompanying notes form part of these financial statements.*

## Statement of cash flows for the period ended 31 May 2013

	Note	Actual 2013 \$	Budget 2013 \$	Actual 2012 \$
<b>Cash flows from operating activities</b>				
Receipts from Personalised plates		0	0	181,730
Interest received		341,018	301,671	391,296
Receipts from other revenue		0	0	488
Payments to suppliers		(191,410)	(221,513)	(875,018)
Payments to trustees		(1,715)	(3,720)	(3,658)
Payments for grants		(2,769,303)	(6,451,853)	(481,569)
Goods and services tax (net)		30,216	10	25,408
Net cash from operating activities	10	(2,591,194)	(6,375,405)	(761,323)
<b>Cash flows from investing activities</b>				
Receipts from sale of investments		12,700,000	7,900,000	7,000,000
Acquisition of investments		(4,800,000)	0	(7,900,000)
Net cash from investing activities		7,900,000	7,900,000	(900,000)
<b>Cash flows from financing activities</b>				
Transfer to NZTA		(5,702,977)	(1,918,766)	0
Net cash from financing activities		(5,702,977)	(1,918,766)	0
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(394,171)</b>	<b>(394,171)</b>	<b>(1,661,323)</b>
Cash and cash equivalents at the beginning of the year		394,171	394,171	2,055,494
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>394,171</b>

Explanations of significant variances against budget are detailed in note 18.

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.

*The accompanying notes form part of these financial statements.*

# Notes to the financial statements

## 1 Statement of accounting policies

### Reporting entity

The Road Safety Trust is a Crown established trust and is domiciled in New Zealand. 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 period ended 31 May 2013, and were approved by the Trustees on 25 November 2013.

### 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).

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

#### GOING CONCERN

In August 2011, the Minister of Transport communicated his expectations for the Road Safety Trust, which were:

- that the revenue flow from Personalised Plates to the Road Safety Trust will cease from 1 September 2011, with the revenue then flowing to the NZTA (to be held separately for road safety activities)
- that the current balance of reserves held by the Road Safety Trust will be managed down over time
- that the functions of the Settlor as outlined in the Trust Deed will be transferred to the NZTA Board.

As a result of a review of its operations in September 2011, the Road Safety Trust decided to distribute the remaining reserves to high value, high quality community based road safety projects and wind up its activities. The Road Safety Trust was formally dissolved through the Companies Office, and the dissolution was gazetted on 30 May 2013.

At 31 May 2013, there were projects that have been approved, but their agreed funding allocation goes past this date. For these grants approved before 31 May 2013 but unpaid, the funding has been moved to and will be distributed by the NZTA. The NZTA will continue to monitor these projects until their completion to ensure that the money is used as agreed and all contracts are complied with.

All remaining assets and liabilities as at 31 May 2013 have been transferred to the NZTA.

The financial statements were completed on a dissolution basis.

#### 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.

## **CHANGES IN ACCOUNTING POLICIES**

The accounts have been prepared on a dissolution basis, however other than this there have been no changes in accounting policies during the financial year.

## **STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED**

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

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Road Safety Trust is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. As the PAS are still under development, the Road Safety Trust is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## **Significant accounting policies**

### **REVENUE**

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

#### **Revenue from Personalised Plates**

The Road Safety Trust was 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 was recognised as revenue when earned and reported in the financial period to which it related.

**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, and other short-term, highly liquid investments with original maturities of three months or less.

**DEBTORS AND OTHER RECEIVABLES**

Short-term debtors and other receivables are recorded at their face value, 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 comprehensive income. 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 (i.e. not past due).

**INVESTMENTS****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, less any provision for impairment.

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.

**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 comprehensive income.

**CREDITORS AND OTHER PAYABLES**

Short-term creditors and other payables are recorded at their face value.

**EQUITY**

Equity is measured as the difference between total assets and total liabilities.

## GOODS AND SERVICES TAX

All items in the financial statements are presented exclusive of goods and services tax (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 Road Safety Trust is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

## BUDGET FIGURES

The budget figures are as approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Road Safety Trust in preparing these financial statements.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

No estimates and assumptions concerning the future have been made in preparing these financial statements.

<b>2 Operating expenses</b>		
	Actual 2013 \$	Actual 2012 \$
Fees to principal auditors - audit fees for financial statement audit	9,800	10,440
Trustees' fees	1,240	4,104
Trustees' expenses	839	3,793
Bank charges	0	40
Printing	364	553
Advertising	0	5,791
NZTA support	84,875	84,875
Professional services	1,763	22,032
Miscellaneous	249	171
<b>Total operating expenses</b>	<b>99,130</b>	<b>131,799</b>

<b>3 Grants</b>		
	Actual 2013 \$	Actual 2012 \$
Grants approved during the year	3,682,732	2,625,684
Less grants rescinded	(2,505)	(69)
<b>Total grants</b>	<b>3,680,227</b>	<b>2,625,615</b>

#### 4 Trust initiatives

Trust initiatives is the Road Safety Trust's own proactive campaign to raise public awareness of the dangers of distraction while driving.

#### 5 Cash and cash equivalents

	Actual 2013 \$	Actual 2012 \$
Cash on hand and at bank	0	9,118
Cash equivalents - on-call account	0	385,053
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>394,171</b>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value. The weighted average effective interest rate for term deposits is 0% (2012: 2.50%).

#### 6 Debtors and other receivables

	Actual 2013 \$	Actual 2012 \$
Debtors	0	0
Interest accrued	0	135,476
GST receivable	0	30,010
Less : provision for impairment	0	0
<b>Total debtors and other receivables</b>	<b>0</b>	<b>165,486</b>

#### FAIR VALUE

The carrying value of receivables approximates their fair value.

#### IMPAIRMENT

The ageing profile of receivables at year end is detailed below:

	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	0	0	0	165,486	0	165,486
Past due 1-30 days	0	0	0	0	0	0
Past due 31-60 days	0	0	0	0	0	0
Past due 61-90 days	0	0	0	0	0	0
Past due over 90 days	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>165,486</b>	<b>0</b>	<b>165,486</b>

All receivables greater than 30 days in age are considered to be past due.

The impairment assessment is generally performed on a collective basis, based on an analysis of past collection history and write-offs.

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

	Actual 2013 \$	Actual 2012 \$
Balance at 1 July	0	150,523
Movement of provision during the year	0	(150,523)
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>

## 7 Investments

	Actual 2013 \$	Actual 2012 \$
<b>Current portion</b>		
Term deposits	0	7,900,000
<b>Total investments</b>	<b>0</b>	<b>7,900,000</b>

There is no impairment provision for investments.

The carrying amounts of term deposits approximate their fair value.

### 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 2013 \$	Actual 2012 \$
Term deposits with maturities of 4-6 months (average maturity nil days)	0	2,000,000
<i>weighted average effective interest rate</i>	0.0%	3.7%
Term deposits with maturities of 6-12 months (average maturity nil days)	0	5,900,000
<i>weighted average effective interest rate</i>	0.0%	4.0%

## 8 Creditors and other payables

	Actual 2013 \$	Actual 2012 \$
<b>Current portion</b>		
Creditors	0	112,236
Grants approved before the end of the year but unpaid	0	1,754,792
Revenue received in advance	0	0
Total current portion	0	1,867,028
<b>Non-current portion</b>		
Grants approved before the end of the year but unpaid	0	1,716,000
Total non-current portion	0	1,716,000
<b>Total creditors and other payables</b>	<b>0</b>	<b>3,583,028</b>

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

<b>9 Equity</b>		
	Actual 2013 \$	Actual 2012 \$
<b>General funds</b>		
Balance at 1 July	4,876,629	7,909,473
Surplus/(deficit)	(3,586,815)	(3,032,844)
Transfer equity to the NZTA	(1,289,814)	0
<b>Total equity at the end of the year</b>	<b>0</b>	<b>4,876,629</b>

<b>10 Reconciliation of net surplus/(deficit) to net cash from operating activities</b>		
	Actual 2013 \$	Actual 2012 \$
<b>Net surplus/(deficit)</b>	<b>(3,586,815)</b>	<b>(3,032,844)</b>
<b>Add/(less) items classified as investing or financing activities:</b>		
Debtors and other receivables transferred to the NZTA	206	0
Creditors and other payables transferred to the NZTA	4,412,956	0
<b>Total items classified as investing or financing activities</b>	<b>4,413,162</b>	<b>0</b>
<b>Add/(less) movements in statement of financial position items:</b>		
(Increase)/decrease in debtors and other receivables	165,486	104,539
(Increase)/decrease in prepayments	0	0
Increase/(decrease) in creditors and other payables	(3,583,027)	2,166,982
<b>Net movements in working capital items</b>	<b>(3,417,541)</b>	<b>2,271,521</b>
<b>Net cash from operating activities</b>	<b>(2,591,194)</b>	<b>(761,323)</b>

## **11 Commitments and operating leases**

### **COMMITMENTS**

The Road Safety Trust has no commitments (2012: nil).

### **OPERATING LEASES AS LESSEE**

The Road Safety Trust has no operating leases (2012: nil).

## **12 Contingencies**

### **CONTINGENT LIABILITIES**

The Road Safety Trust has no contingent liabilities (2012: nil).

### **CONTINGENT ASSETS**

The Road Safety Trust has no contingent assets (2012: nil).

## 13 Related party transactions

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

The Road Safety Trust is a wholly owned entity of the Crown.

### COLLECTIVELY, BUT NOT INDIVIDUALLY, SIGNIFICANT, TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

In conducting its activities, the Road Safety Trust is required to pay various taxes and levies (such as GST and PAYE) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Road Safety Trust is exempt from paying income tax.

The Road Safety Trust also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 31 May 2013 totalled \$199,871 (2012: \$2,975). These purchases included the purchase of air travel from Air New Zealand, postal services from New Zealand Post, and payment of a grant to the NZ Police for School Traffic Safety Teams' safety equipment.

The membership of the Road Safety Trust includes the Chief Executive of the NZ Transport Agency (NZTA), and Ernst Zollner, NZTA. The Road Safety Trust provides funding to the NZTA for the provision of administrative support, which totalled \$84,875 for the year ended 31 May 2013 (2012: \$84,875).

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. The Road Safety Trust approved no additional research funding during the year ended 31 May 2013 (2012: nil), which will be overseen by the Technical Advisory Committee. Through the committee, the Road Safety Trust has paid \$251,249 during the year from grants approved in prior years (2012: \$195,155). The balance of \$569,126 has been transferred to the NZTA.

Transaction	Approved		Transaction value		Balance outstanding	
	2013	2012	2013	2012	2013	2012
NZTA administrative support	0	0	84,875	84,875	0	0
Technical advisory committee	0	0	820,375	195,155	0	820,375

The Road Safety Trust provided a grant of \$100,000 to the Hamilton City Council for a Safe Speed Area demonstration project in 2010/11. This was also being funded by the NZTA. The outstanding balance of \$21,449 as at 31 May 2013 has been transferred to the NZTA.

### KEY MANAGEMENT PERSONNEL COMPENSATION

	Actual 2013 \$	Actual 2012 \$
Salaries and other short-term employee benefits	1,240	4,104
<b>Total key management personnel compensation</b>	<b>1,240</b>	<b>4,104</b>

Key management personnel include all trustees. The Chief Executive of the NZTA and Ernst Zollner do not receive remuneration for being on the Road Safety Trust.

## 14 Trustee remuneration

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

		Actual 2013 \$	Actual 2012 \$
A Gainsford	Term ended April 2013	620	1,834
R Morton	Term ended April 2013	620	1,860
Y Sharp (Chair)	Stepped down in July 2011	0	410
<b>Total trustee remuneration</b>		<b>1,240</b>	<b>4,104</b>

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

No Trustees received compensation or other benefits in relation to cessation (2012: nil).

## 15 Financial instrument categories

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

		Actual 2013 \$	Actual 2012 \$
<b>Loans and receivables</b>			
Cash and cash equivalents		0	394,171
Debtors and other receivables		0	165,486
Investments - term deposits		0	7,900,000
<b>Total loans and receivables</b>		<b>0</b>	<b>8,459,657</b>
<b>Financial liabilities measured at amortised cost</b>			
Creditors and other payables		0	3,583,028
<b>Total financial liabilities measured at amortised cost</b>		<b>0</b>	<b>3,583,028</b>

## 16 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

#### 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. The Road Safety Trust does not actively manage its exposure to fair value interest rate risk.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose the 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 has processes in place to review the credit quality of customers prior to the granting of credit.

In the normal course of business, the Road Safety Trust is exposed to credit risk from cash and term deposits with banks, debtors and other receivables, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

The Road Safety Trust limits the amount of credit exposure to any one financial institution for term deposits to no more than 33% of total investments held. The Road Safety Trust invests funds and enters into derivative financial instruments only with registered banks that have a Standard and Poor's credit rating of at least AA- for short term and long term investments. The Road Safety Trust has experienced no defaults of interest or principal payments for term deposits.

The Road Safety Trust holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### Maximum exposure to credit risk

The Road Safety Trust's maximum credit risk exposure for each class of financial instrument is as follows:

	Actual 2013 \$	Actual 2012 \$
Cash and cash equivalents	0	394,171
Debtors and other receivables	0	165,486
Investments	0	7,900,000
<b>Total credit risk</b>	<b>0</b>	<b>8,459,657</b>

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by referenced to Standard and Poor's credit ratings.

	Actual 2013 \$	Actual 2012 \$
<b>Cash and cash equivalents and investments</b>		
AA	0	0
AA-	0	8,294,171
<b>Total cash and cash equivalents and investments</b>	<b>0</b>	<b>8,294,171</b>

### LIQUIDITY RISK

#### Management of 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.

The Road Safety Trust mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

#### Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Less than 6 months \$	6-12 months \$	1-2 years \$	Carrying amount \$
<b>2012</b>				
Creditors and other payables (note 8)	112,236	1,754,792	1,716,000	3,583,028
<b>2013</b>				
Creditors and other payables (note 8)	0	0	0	0

#### Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Less than 6 months \$	6-12 months \$	Carrying amount \$
<b>2012</b>			
Cash and cash equivalents (note 5)	394,171	0	394,171
Debtors and other receivables (note 6)	165,486	0	165,486
Investments (note 7)	5,700,000	2,200,000	7,900,000
<b>2013</b>			
Cash and cash equivalents (note 5)	0	0	0
Debtors and other receivables (note 6)	0	0	0
Investments (note 7)	0	0	0

## SENSITIVITY ANALYSIS

### Interest rate risk

The table below illustrates the potential effect on the surplus or deficit for reasonably possible market movements, with all other variables held constant, based on the Road Safety Trust's financial instrument exposure at balance date.

	2013		2012	
	Effect on surplus or deficit		Effect on surplus or deficit	
	+1%	-1%	+1%	-1%
	\$	\$	\$	\$
Cash and cash equivalents and investments	0	0	37,226	(37,226)

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a 1% change in interest rates.

## 17 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 Entities 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, while remaining a going concern.

## 18 Explanation of major variances against budget

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

### STATEMENT OF COMPREHENSIVE INCOME

#### Total income

Total income was higher than budgeted by \$39,347. The lower level of new grants approved, resulted in a higher level of investments and therefore more interest than anticipated.

#### Operating expenses

Operating expenses were below budget by \$32,685. \$5,191 in Trustee fees and expenses were saved due to the Trust only meeting once. No advertising costs were incurred which saved \$5,900. \$20,637 of the budget set aside for legal advice and other professional services, was not utilised.

#### Grants

Grants were \$1,196,402 lower than budgeted, which is a reflection of lower number of worthwhile applications the Road Safety Trust has granted funding to this financial year.

### STATEMENT OF CASH FLOWS

#### Cash flows from operating activities

Net cash from operating activities was \$3,784,211 lower than budgeted. Operating cash flow movements reflect fewer payments for grants.

**Cash flows from financing activities**

The difference in net cash from financing activities of \$3,784,211 reflects the higher amount of grants and remaining reserves that will now be managed by the NZTA.