



NZ Transport Agency

Statement of intent

2008-2011

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





NZ TRANSPORT AGENCY
WAKA KOTAHI

Statement of intent 2008-2011

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If you have further queries,
call our contact centre on
0800 699 000 or write to us:
NZ Transport Agency
Private Bag 6995
Wellington 6141.

This publication is also available on NZ Transport Agency's
website at www.nzta.govt.nz

Preface

This *Statement of intent* sets out the initial steps the NZ Transport Agency (NZTA) will take to contribute to the development of New Zealand's land transport system. Given that the NZTA was established on 1 August 2008, this *Statement of intent* has been developed part way through the year and the focus is primarily on the 2008/09 year. The Board has adopted a 1 July 2008 start up date for reporting purposes. A more developed *Statement of intent* will be prepared over the coming year to set out the NZTA's medium-term strategic plan.

The establishment of the NZTA came out of the *Next steps review of the land transport sector*, and represents a desire to strengthen the way in which land transport planning and funding is undertaken. The changes will enhance the responsiveness, performance, capability and value for money of the sector.

The NZTA brings together the activities of Transit NZ and Land Transport NZ. In undertaking its functions, the NZTA will take into consideration all transport modes and activities and ensure that effective and value for money solutions are found.

A new government was formed in November 2008, with a focus on the role that good infrastructure investment can play in enhancing productivity growth and economic development. The government's intentions in this regard will be further developed during the year and reflected in the new transport planning and funding arrangements.

This *Statement of intent* is designed to give our stakeholders a picture of what we do and our role in addressing what is important for better land transport performance in New Zealand. We have looked across the suite of our activities to identify areas we need to focus on in our first year to deliver on the objectives in the *New Zealand transport strategy 2008* and set the stage for the future. We have a challenging and exciting time in front of us as we get the NZTA established and enable it to perform. We look forward to working with partners across the sector to achieve that.

As we go into the next financial year as a new entity, there are two important issues that should be highlighted.

The first relates to new provisions in the amended Land Transport Management Act 2003. Under section 20, the Agency may approve activities or combinations of activities to be funded from the National Land Transport Fund and delivered by the NZTA rather than through a third party 'approved organisation'. In doing so, the Board must satisfy itself that it has given the same level of scrutiny to its own activities as it has to activities funded through an approved organisation (such as a local authority). This will be achieved by using the same assessment process for all funded activities, as set out in the *Planning, programming and funding manual*.

The second issue relates to revenue and cost risk. Over the last year, the price of crude oil has undergone a period of rapid price movement, reaching around \$US145 a barrel in July 2008 in response to very strong demand growth, and dropping back to under \$US40 recently in response to adverse global economic conditions.

As the New Zealand transport sector is almost 100 percent reliant on oil-based fuels, and because the NZTA's revenue stream is based primarily on fuel consumption, fluctuating oil prices create significant revenue and cost uncertainties for the Agency. High oil prices lead to higher maintenance and construction costs (with a direct impact on the cost of bitumen and indirect impact on other costs), and potentially lower revenue streams. If the current lower oil prices are caused by sharply deteriorating economic conditions, the net effect might still be reducing revenue. The ability of the NZTA to deliver the 2008/09 National Land Transport Programme and the three year 2009/12 programme will depend significantly on revenue and cost trends over that period.

Brian Roche
Chair
NZ Transport Agency

Garry Moore
Deputy Chair
NZ Transport Agency

Geoff Dangerfield
Chief Executive
NZ Transport Agency



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1 Nature and scope of functions – who we are

The NZ Transport Agency is a new Crown entity formed on 1 August 2008, combining the expertise and functions of Land Transport NZ and Transit NZ. The Board, accountable to the Minister of Transport, governs the NZTA and has adopted 1 July 2008 as the date for reporting purposes. See Appendix 1 for Board member profiles.

NZ Transport Agency functions

Under our enabling legislation we have five primary functions:

- Promoting an affordable, integrated, safe, responsive and sustainable land transport system.
- Managing the allocation of funding to transport activities.
- Planning, building, maintaining and operating the state highway network.
- Investigating and reviewing accidents and incidents involving accidents on land.
- Regulating and managing access to the land transport system.

A detailed list of functions is included as Appendix 2. We operate in close partnership with the Ministry of Transport and key transport sector stakeholders. The Board has statutorily independent decision-making responsibilities with respect to the allocation and investment of the National Land Transport Fund.

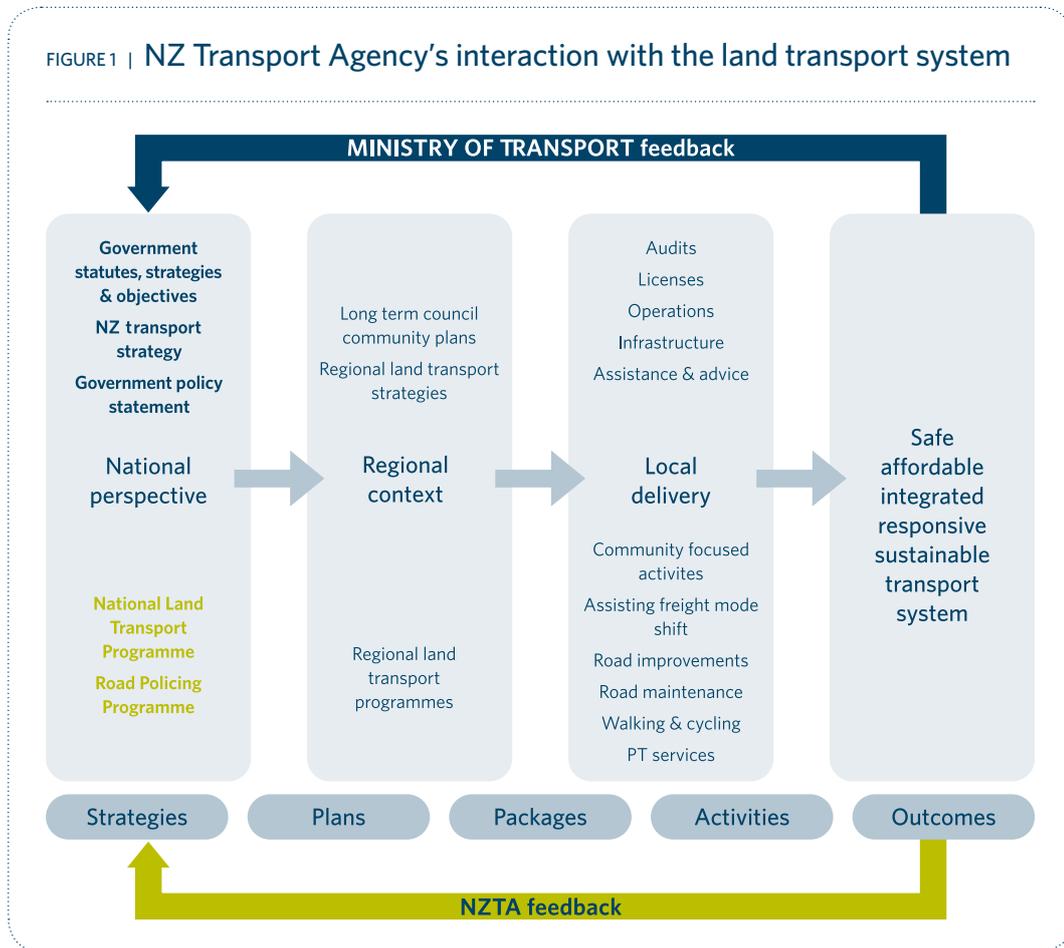
The purpose of the land transport system is to move people and freight within New Zealand and to enable connections to the rest of the world. The *New Zealand transport strategy 2008* outlines the objectives for the transport system as:

- ensuring environmental sustainability
- assisting economic development
- assisting safety and personal security
- improving access and mobility
- protecting and promoting public health.

In preparing the National Land Transport Programme the NZTA must take into account how the programme contributes to these objectives and also give effect to the *Government policy statement on land transport funding*, which sets out the detail of the Crown's desired outcomes and funding priorities for the land transport sector for the next 10 years. Regional transport committees and other approved organisations, in preparing regional land transport programmes, must also take into account these priorities.

The NZ Transport Agency's role in the transport sector

We provide an important connection between the high level objectives for transport, specific transport sector targets and deliverables of the land transport sector at a regional and local level. The interactions between the NZTA and the sector are shown in Figure 1.



For us to be successful, close working relationships must be maintained with:

- **transport operators and the general public**, who use and interact with transport
- **regional councils and territorial local authorities**, that are responsible for implementing transport projects and other activities funded through the National Land Transport Programme
- **suppliers, including contractors and consultants**, who deliver quality products and services on time
- the **NZ Police**, that provides a range of road policing services and
- the **Ministry of Transport**, that is responsible for leading the development of strategic transport policy and monitoring performance of the sector's Crown entities.

2 Our strategic environment

Transport challenges

This is a very demanding time for the transport sector. The price of crude oil has fluctuated substantially over the last year and this has had a significant impact on people's transport choices, with noticeable shifts to public transport in our major cities during the period of rapidly increasing price of transport fuels.

The transport sector contributes 19 percent of New Zealand's greenhouse gas emissions profile and there is a need to address long term sustainability and climate change issues. Auckland, our major metropolitan area, faces considerable transport challenges as it grapples with population increases and expanding economic activity that makes freight linkages very important. There are important issues about making our transport system safer for users and ensuring future investments in the system represent good value for money over the long term.

The New Zealand transport sector is almost 100 percent reliant on oil-based fuels, and as the NZTA's revenue stream is based primarily on fuel consumption, volatile oil prices and deteriorating domestic economic conditions create significant revenue and cost uncertainties for the Agency. The ability of the NZTA to deliver the 2008/09 National Land Transport Programme and the three year 2009/12 programme will depend significantly on revenue and cost fluctuations over that period.

The New Zealand transport strategy

The *New Zealand transport strategy* sets out the objectives for the transport sector and proposes specific intermediate and long-term targets.

The *New Zealand transport strategy* contains a number of supporting actions for the next three years, constructed around the seven key components of the strategy as set out below:

- Integrated planning
- Making best use of existing networks and infrastructure
- Investing in critical infrastructure and people
- Increasing the availability and use of public transport, cycling and walking, and other shared and active modes
- Targeted charging
- Use of new technologies and fuels
- Maintaining and improving international links.

The new government formed in November 2008 has a major focus on economic development and productivity growth, and the role that good infrastructure investment can play in achieving that. Over the coming months we will work to reflect the government's intention in the approaches we adopt to planning and investment.

Reform of the land transport planning and funding system

In 2006/07 an independent review, the *Next steps review of the land transport sector*, was undertaken to address how the land transport system can be more responsive to the challenge. This resulted in the proposals to further reform the sector that have been incorporated into the Land Transport Management Act 2003 (LTMA). Changes to the LTMA fundamentally reform the way land transport planning and funding is managed in New Zealand, and amongst other things, establishes the NZ Transport Agency.

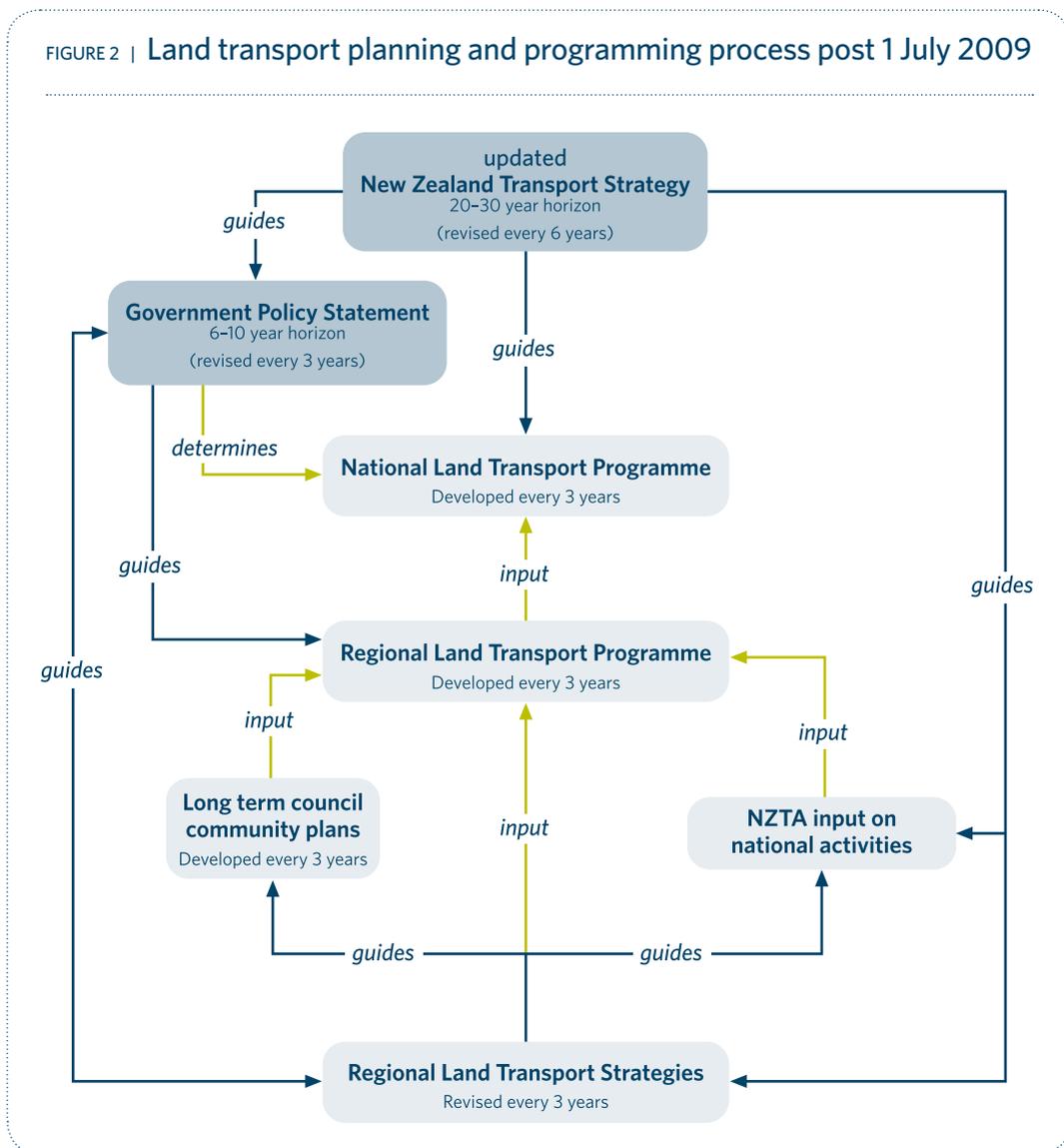
The *Government policy statement on land transport funding* is designed to provide additional guidance to the land transport sector. It covers the period 2009/10 to 2014/15 and more indicatively for a further four years to 2018/19. The statement includes the impacts the government wishes to achieve for the land transport sector – including coastal shipping. It outlines the funding ranges for certain activity classes, how much funding will be provided for land transport, and how this funding will be raised. It is guided by the *New Zealand transport strategy*, and hence it forms a clear link between the strategy and the National Land Transport Programme.

In preparing the three-year National Land Transport Programme the NZTA is required to give effect to the government policy statement on land transport funding. In doing so we will work with regional transport committees, local councils and other approved organisations in the preparation of their regional land transport programmes.

The LTMA consolidates all land transport planning provisions into one Act. The planning horizon of regional land transport strategies is extended to 30 years to reflect the long-term nature of transport planning. The strategies are to be issued every six years, instead of every three years. The NZTA will provide guidance and assistance to regional transport committees in the preparation of regional land transport strategies. The new planning and funding system (Figure 2) becomes fully operational from 1 July 2009.

The LTMA provides for the formulation of new regional land transport programmes which will be put together by regional transport committees. The committees will need to prioritise land transport activities for their regions, including state highways, but excluding activities like local road maintenance and other non-strategic projects. The NZTA will provide guidance and assistance to regional transport committees in the preparation of the first three-year regional land transport programmes for 2009/10 to 2012/13. This assistance will include working with regional transport committees to regionalise transport targets set by government in the government policy statement on land transport funding and national energy and transport strategies.

FIGURE 2 | Land transport planning and programming process post 1 July 2009



Reserving fuel excise duty for land transport

The LTMA provides that all fuel excise duty obtained from motorists will be reserved for land transport purposes and assigned to the National Land Transport Fund. The Act also incorporates a new system for adjusting fuel excise duties and road user charges, and allows limited borrowing (in accordance with the new section 10(1)(b)) to manage cashflow for the National Land Transport Programme.

Regional fuel tax

Regional fuel tax is a government initiative which was introduced by the 2008 amendment to the LTMA. It allows regions to apply to the Minister, following public consultation, to raise a tax on petrol and diesel sold within their region. Regional fuel tax can only be applied to capital projects that are unlikely to be funded in other ways within the time frame desired by the region.

The NZTA is required to administer aspects of any regional fuel tax. In particular, the NZTA will monitor compliance with the reporting and payment obligations which the LTMA places upon wholesale distributors. The NZTA will also manage the refund process, which will be available to commercial firms, government agencies and charitable organisations who may claim back that portion of regional fuel tax which relates to non-road use. This is particularly important for diesel, given that an estimated 42 percent of all diesel is used in non-road settings (such as commercial fishing boats, stationary plant, or vehicles driven on private roads).

The earliest date from which regional fuel tax can be levied is 1 July 2009, and the rate is capped at 2c per litre in 2009 and 5c per litre in 2010 for any region applying the tax.

3 What we will deliver

We are a new organisation. Our first year will be demanding as we move to set up the new organisation and continue to carry out our diverse range of responsibilities to a high standard.

Over the coming months the NZTA will be built around four functional business groups, and two support groups. The business groups are:

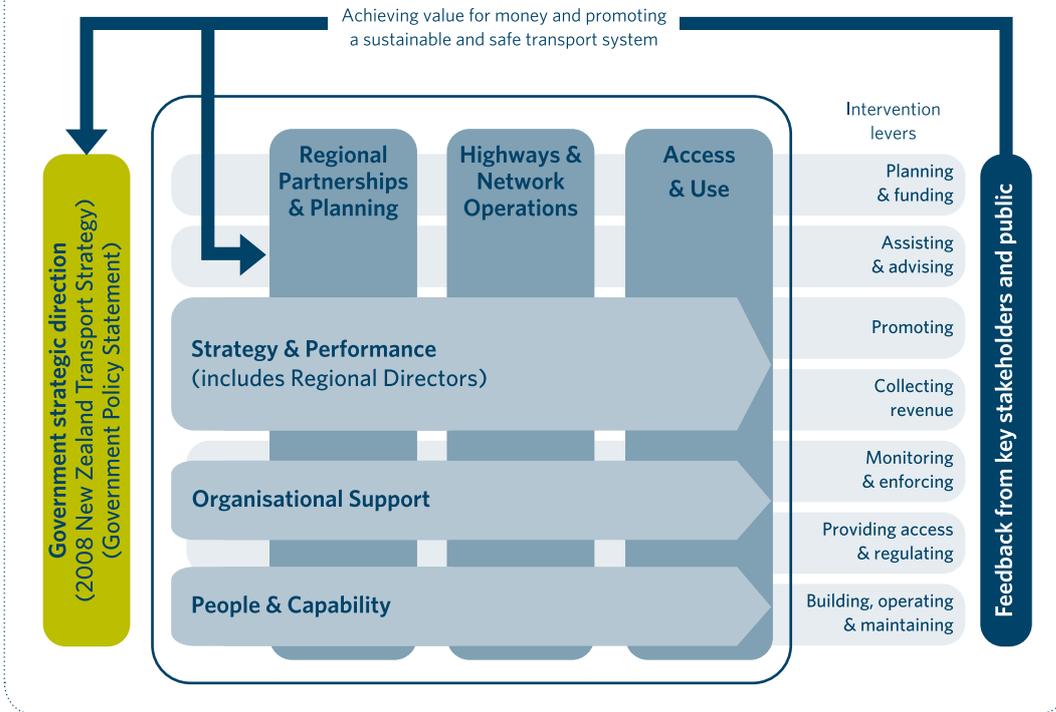
- the Strategy and Performance Group – the primary interface with the Ministry of Transport, government themes, objectives and strategies, and is responsible for servicing the Board in relation to approval of the National Land Transport Programme
- the Regional Partnerships and Planning Group – interfaces with local government to work in partnership on regional planning and programming processes
- the Highways and Network Operations Group – responsible for building, maintaining and operating the State highway network
- the Access and Use Group – provides services that provide users with access to the transport system (such as driver licences and motor vehicle registration) and that regulate transport operators.

The support groups are:

- the Organisational Support Group – ensures the NZTA has corporate strategies and policies to support strategy and organisational performance
- the People and Capability Group – ensures the NZTA can deliver on its outcomes through its people and people capability.

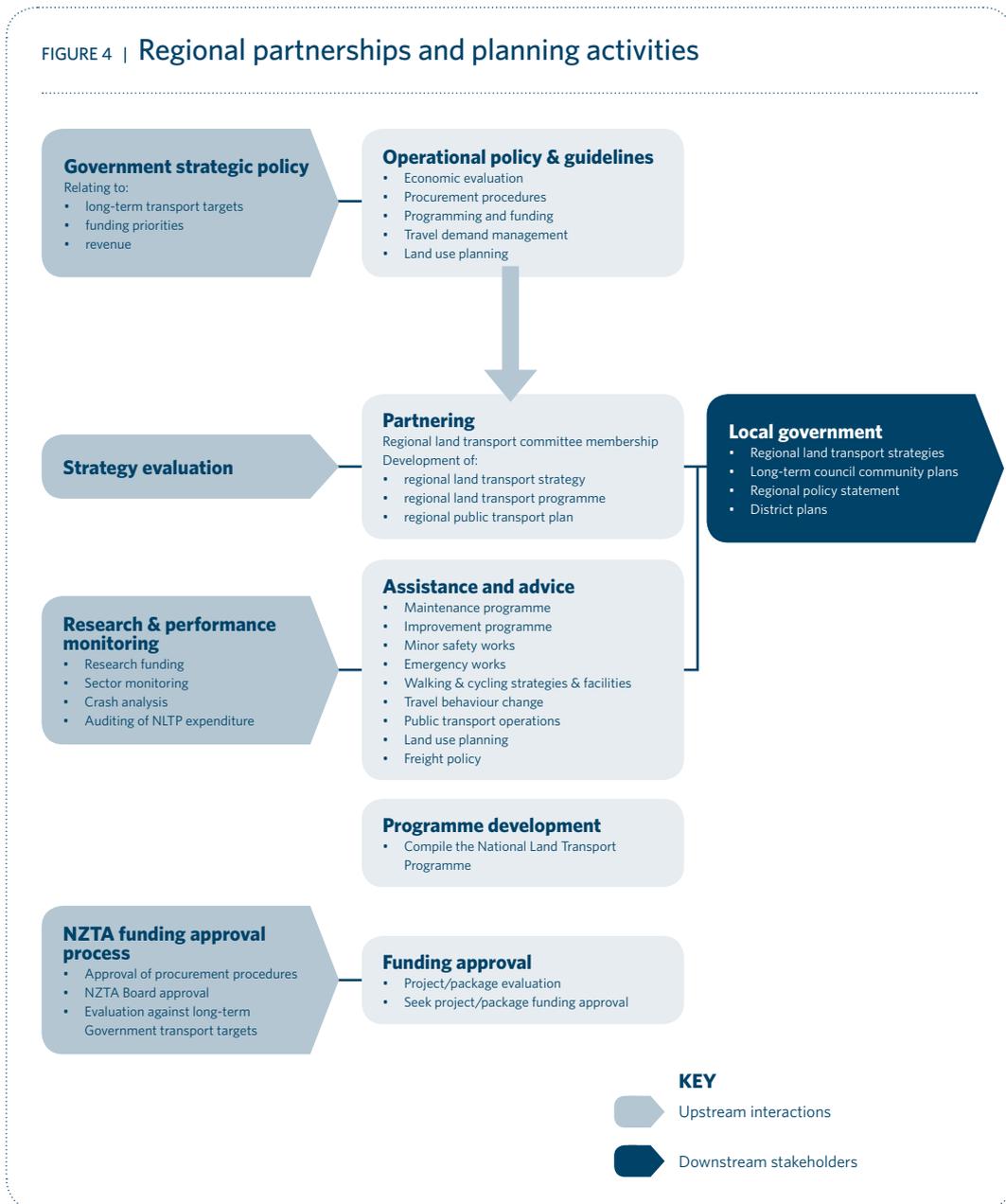
Our business is large and complex and we need to integrate closely on the one hand with government's strategic transport policy objectives, and on the other manage relationships with key stakeholders and the public. To drive integration across the organisation and the linkage to government strategy, the strategy and performance group has the responsibility of ensuring that the organisation is driven by and achieves smooth cross-functional working relationships between operational groups.

FIGURE 3 | High level business model



At a strategic level the Strategy and Performance Group is also the primary interface with local government through the membership of the regional directors on regional transport committees. While at an operational level, it is the Regional Partnerships and Planning Group that has the primary capability to assist regions to plan and programme land transport activities through their regional land transport programmes (see Figure 4).

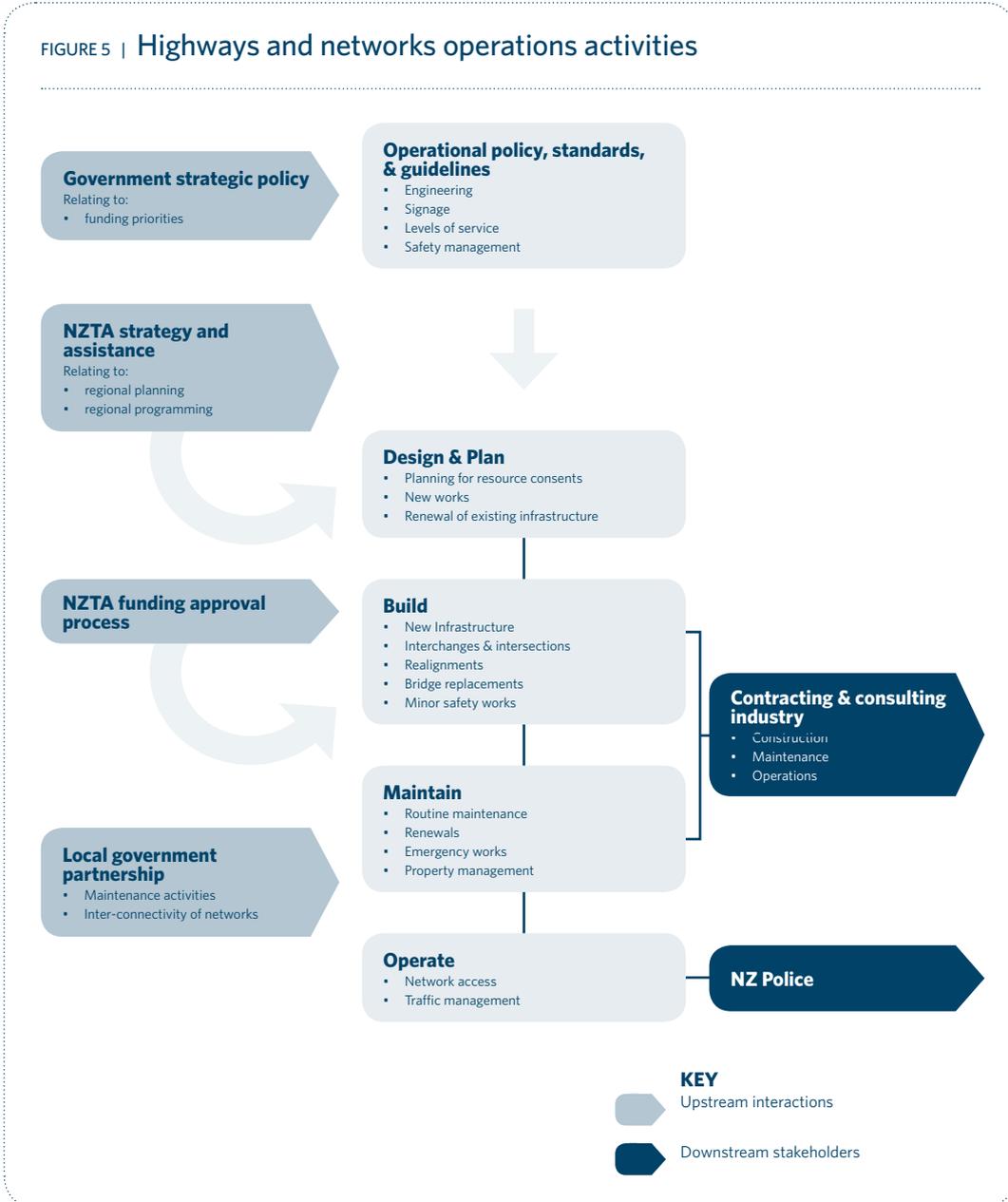
FIGURE 4 | Regional partnerships and planning activities



Staff in the Regional Partnerships and Planning Group work with local government primarily by assisting and advising on transport strategy and plan development. There is also a need to evaluate activities and packages of activities on behalf of regional and local partners to assist compilation of regional land transport programmes.

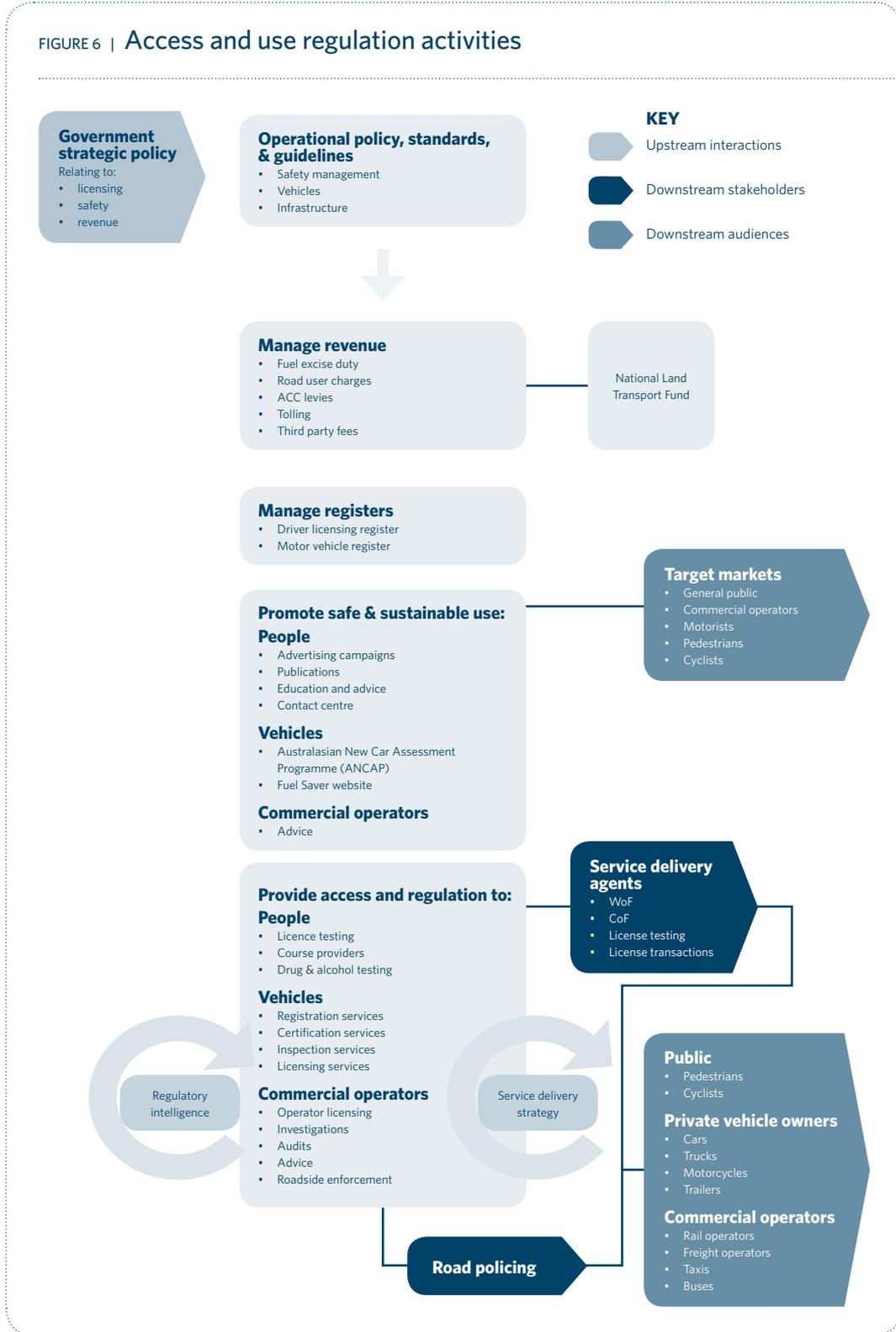
The Highways and Network Operations Group (see Figure 5) has primary responsibility for building, operating and maintaining the state highway network. Operational policy, standards and guidelines relevant to the business resides within the group, as with the other large functional groups.

FIGURE 5 | Highways and networks operations activities



The Access and Use Group (see Figure 6) has two key functions. The first is to provide New Zealanders with access to the land transport system. This is primarily achieved through vehicle certification and registration and driver licensing activities. The group also regulates the sector through the development and enforcement of Rules, through close involvement with NZ Police and the land transport policing programme, and through direct enforcement activities (eg taxi compliance audits, road-side heavy vehicle inspections).

FIGURE 6 | Access and use regulation activities



The Access and Use Group also operates an extensive network of service delivery agents, who deliver most of the services provided by the NZTA. The group also manages and operates the Transport Registry Centre; including the driver licensing and motor vehicle registration databases.

4 Operating intentions: key priorities for 2008/09

This section outlines the key priorities for the NZ Transport Agency for its first year.

We see these priorities as the key points of leverage for the NZTA in giving effect to the government policy statement on land transport funding, and the objectives of the *New Zealand transport strategy 2008*. They provide a basis on which we can prioritise our allocation of resources and expertise on the things that are crucial for the new agency to focus on in its first year. In 2008/09 we expect to make demonstrable progress on these priorities, while recognising that many of them will require continued action into future years.

The 2008/09 year will be particularly challenging. We will need to build the organisation's capability and systems to perform the enhanced role envisaged for it while at the same time working with regional stakeholders to implement the new planning and funding systems. We will also be working closely with the Ministry of Transport to develop and deliver the action plan for the *New Zealand transport strategy*. The wide range of current operations will need to continue to be delivered to a high standard.

During the year we will further develop a plan for the agency for the longer term. A five year strategic plan will address the key issues outlined in the government policy statement on land transport funding and will enable NZTA to get a good start on the targets in the *New Zealand transport strategy*.

Our key operating priorities for our first year are:

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

Modal shift – getting freight and people using a wider range of transport modes

Why is this important?

- Providing transport choices can lead to a more integrated, sustainable, resilient and efficient transport system.
- Freight transfer to rail and coastal shipping can lower overall transport energy consumption and reduce climate change impacts.
- Quality service is needed for people who are shifting to public transport and vehicle sharing to cope with rising fuel prices and associated vehicle operating costs.
- Choosing active and shared modes of transport will help address health, energy and environmental targets for New Zealand.
- Urban design is an important influence on transport modes and choices.

What will we focus on in 2008/09?

- Engage with the logistics industry to identify and progress the step change required to influence freight transfer – including making funding available for transferring freight to coastal shipping.
- Support switching to active modes through implementation of regional walking and cycling strategies and integration of these modes into all transport networks.
- Address public transport capacity in key urban areas.
- Support the introduction of the SuperGold Card free off-peak public transport concession for people over 65.
- Implement multi-modal strategic transport studies in conjunction with regional partners (as outlined in the 2008/09 NLTP and state highway forecast).

Safer travel – working to make journeys safer

Why is this important?

- Meeting community expectations of achieving the 2010 road safety goals remains a considerable challenge.
- Significant safety improvements have been achieved on the state highway network over the last two decades, but local road safety remains an opportunity for further development.
- Projected increases in the numbers of pedestrians, cyclists, and motor-cyclists on the roads need to be matched by improvements that support their safety.

What will we focus on in 2008/09?

- Greater use of standards, guidelines and rules to improve road and rail safety performance and community well-being.
- Implement the new Operator Rating System, changes to demerit points, and promotion campaigns (eg electronic stability control and curtain air bags) to influence purchaser behaviour.
- Continue targeting safety on the state highway network by initiating a further safety retrofit programme to complement centre line barriers and vibraline.
- Work in concert with NZ Police to renew the focus on safety on our roads that will contribute to decreasing the road toll, and improve the experience for people in active modes.

Streamlined funding process – making applications for funding easier and success more predictable

Why is this important?

- Government has created a funding and planning environment that supports and provides incentives for delivery of government transport goals and aligns planning at local and central government levels.
- A new transport planning and funding system with a longer term focus is about to be created, where the first three-year NLTP is to be prepared in the year ahead to give effect to the goals and targets of the *New Zealand transport strategy* and government policy statement on land transport funding.
- Stakeholders say they want less administrative burden and earlier advice about the likely success of funding applications for specific packages and projects.
- In order to meet expectations, we need to shift the emphasis of engagement with stakeholders from assessment of individual projects to up-front strategic engagement and assessment of transport packages.

What will we focus on in 2008/09?

- Develop the first three-year National Land Transport Programme, including establishing clear regional targets and clear monitoring and reporting.
- Roll-out a revised *Planning, Programming and funding manual* and guidelines so that it is clear how the new system works.
- Ensure that appropriate assessments are undertaken at each stage of the funding allocation process (ie check against strategy in early stages, and against cost effectiveness in later stages).
- Streamline the funding approval process by ensuring funding evaluations are undertaken once at the time transport proposals are developed.
- Measure our success in making funding applications easier and the outcome more predictable in our annual stakeholder survey.

Value for money – developing our approach for achieving value for money

Why is this important?

- Achieving value for money is a key requirement for the NZTA as it is important to optimise outcomes from National Land Transport Fund investments.
- There are different views on what value for money means. We need to work towards a shared understanding across the sector (value for money includes doing the right thing, at the right time, in the right way, and at the right price).
- We need to ensure the full range of ‘whole of life’ costs and benefits are considered when evaluating programmes and packages so that the most suitable activities are funded.

What will we focus on in 2008/09?

- Develop and agree a value for money framework for the NZTA and consider how to encapsulate value for money in our transactions with partners and stakeholders.
- Update the economic evaluation procedures to include agglomeration benefits, and provide revisions to the procedures for induced traffic effects, vehicle operating costs, and health benefits of active modes.
- Make funding decisions transparent and accessible to all stakeholders in order to ensure we give the same level of scrutiny to our own activities as we do to those proposed by approved organisations.
- Implement improvements to the procurement procedures and strategies for physical works and professional services, and public transport.

Partnerships – building our capacity to deliver with partners

Why is this important?

- The new transport sector environment relies more heavily on regional decision making in a national context, with regional transport committees at the centre.
- Good transport solutions need good land use planning decisions, and regions are at the forefront of those decisions.
- The NZTA has a strong regional focus and will be delivering through partners like the NZ Police, territorial local authorities and regional government.
- Over the next 12 months the challenge will be to bring together the first three-year National Land Transport Programme at a time when responsibilities and roles are changing.

What will we focus on in 2008/09?

- Participate in regional and local planning processes to ensure multi-modal transport and supporting land use is promoted and provided for within regional policy statements, regional growth strategies, district plans, and long term council community plans.
- Share existing centres of excellence with national and regional partners especially in the areas of programming, travel demand management, travel planning, environmental management, urban design and public engagement, regional growth and land use planning.
- Support regional transport committees to prepare regional land transport strategies and programmes that will form the basis of the next National Land Transport Programme.
- Initiate a programme of regional visits by the senior leadership team and the Board to improve the level of engagement with the community.

5 Managing in a changeable operating environment

This section describes the key risks faced by the NZ Transport Agency in undertaking its functions and how these will be managed.

Operating principles

Section 95 of the Land Transport Management Act 2003 contains a set of principles to which the NZ Transport Agency must adhere. NZTA must:

- exhibit a sense of social and environmental responsibility
- use its revenue in a manner that seeks value for money
- ensure its revenue and expenditure are accounted for in a transparent manner
- ensure that it acts in a transparent manner in its decision making and give the same level of scrutiny to its own proposed activities as it would to those proposed by approved organisations.

Maintaining funding neutrality and transparency

With the integration of Land Transport NZ and Transit NZ there is a requirement that the NZTA must not favour its own activities over those of key stakeholders (principally local road controlling authorities and regional councils).

The mechanisms contained in the amended Land Transport Management Act 2003 to address this includes specific provisions to ensure that revenue and expenditure are accounted for in a transparent fashion and that funds are used to achieve overall best value for money.

Specific provisions in the LTMA include:

- an audited annual report on the National Land Transport Fund (s 11)
- the form and content of regional land transport programmes, and procedures for the NZTA to propose activities for inclusion in such a programme (s 16 and s 16A)
- notification of decisions, with reasons, not to include activities in the National Land Transport Programme or to change the priorities set out in a regional land transport programme (s 19D)
- reasons for making decisions to approve or decline funding for all activities to be made available (s 20D)
- the Agency to give effect to the *Government policy statement on land transport funding* when exercising its functions (s 89)
- the operating principles of the NZTA (s 96)
- the Secretary for Transport's responsibilities to monitor and review specified land transport activities, including those of the NZTA (s 101).

Under section 20 of the Land Transport Management Act 2003 (2008 amendment): 'the Agency may approve an activity or combination of activities as qualifying for payments from the National Land Transport Fund'.

The NZTA will ensure it does not favour its own activities over those of its funding partners by using the same assessment methodology for both, as set out by activity class in the NZTA's *Planning, programming and funding manual*. After the Board has approved proposed activities or combination of activities to be delivered by the NZTA, the decision will be made publicly available through the Agency's website.

The development of the 2009/2012 National Land Transport Programme

The process for development of the 2009/2012 National Land Transport Programme will be as follows:

- Approved organisations and the NZTA develop candidate proposals (of individual activities and packages of activities) and submit these to regional transport committees.
- Regions prioritise the proposals and develop draft regional land transport programmes.
- Regional transport committees assess how well all the proposed activities contribute to the aim of achieving an affordable, safe, responsive and sustainable land transport system and to the five *New Zealand transport strategy* objectives.
- The NZTA will assess the draft regional land transport programme and provide comment to the region.
- Regions submit a final regional land transport programme.
- The NZTA will assess the regional land transport programme, and compile and adopt the National Land Transport Programme.

The National Land Transport Programme will be guided by the following themes:

- Recognition that the transport system needs to change – become more resilient to high fuel prices, be safe and have a low environmental impact.
- Promote transport plans that demonstrate integration of land use and transport planning – especially where minimisation of car-based travel has been taken into consideration.
- Give high priority to maintaining existing assets and preserving route security – with level of service being carefully considered from a value for money perspective.
- Maximise the use of existing infrastructure before increasing capacity.
- Ensure efficient connections between key areas of economic activity – with all modes being considered.

Procurement procedures

Activities funded through the National Land Transport Programme must be purchased through the use of procurement procedures approved by the NZTA. A procurement review is currently underway and the NZTA has released an interim *Procurement manual* which is being piloted by the NZTA's state highways division and nine local and regional councils.

The *Procurement manual* will be formally released in mid-2009 and will in time replace the current *Competitive pricing procedures manual* volumes 1 (physical works and professional services) and 2 (public passenger transport).

Risk management

The NZ Transport Agency inherits strong risk management approaches from both Transit NZ and Land Transport NZ that will be continued.

The NZTA will apply the principles of risk management to all aspects of its business. This includes the implementation of the AS/NZS 4360:2004 Risk management standard in the management and operation of strategic transport networks. The key concepts include identifying the context then establishing appropriate processes to ensure the identification, analysis, evaluation, treatment, communication and monitoring of risks.

The intent of the risk management standard is to enhance risk consciousness and in turn improve decision making within and across the NZTA and its suppliers. This is achieved through the reinforcement of the right behaviours and the adoption at activity level of processes such as risk workshops, risk registers, treatment plans, and enhanced monitoring and communication systems. The overall aim is, through identifying and understanding threats and opportunities, to provide greater confidence that NZTA will achieve its goals and objectives.

To date the emphasis has been on implementing the approach at a general management level and for capital project delivery. Risk management processes will be further built upon including extension to further support other business activities. Essential facilitation is provided through an 'enterprise-wide' risk management and reporting tool.

6 Developing a capable organisation

To deliver better transport outcomes, the NZTA needs to have strong internal capability. The contributing organisations have made key investments in developing their systems and expertise and we will build on that strong foundation as it works to deliver on an ambitious programme and respond to emerging demands. Developing a capable organisation will be an enduring theme of our strategy over the years to come as we seek to build an agency of experienced, diverse and capable individuals who understand transport issues and have the interpersonal and leadership skills to work effectively with others. We will offer an attractive place where people want to work.

Why is this important?

- We are a new organisation. There are high expectations on the NZTA to deliver more and in different ways than its predecessors.
- We need to harness the combined expertise of all of our employees in order to achieve a fully integrated and well-connected organisation.
- Our objective is to build a high-performing organisation that delivers value and uses its resources in an efficient and effective way.
- An emphasis on good leadership and management are crucial to the performance of the NZTA.
- We want to be an employer of choice to attract people with talent and provide opportunities for development.
- The Land Transport Management Act 2003 requires the NZTA to foster the development of Māori capacity to contribute to its decision making processes.

What will we focus on in 2008/09?

- Work with our staff to define the values for the NZTA that will underpin a culture of innovation and accountability, and translate these into observable and measurable behaviours.
 - Engage with staff to 'create our agency' and build the climate of permission to foster innovation.
 - Introduce a tailored induction programme for new staff that will outline purpose, functions and values of the NZTA.
- Help our managers and key staff become better leaders.
 - Set clear expectations for managers about their role in engagement and development.
 - Build a leadership development programme that reinforces the strategic direction and capability requirements of the NZTA.
- Give priority to regional capability development by increasing support to our regional staff.
 - Build and implement a development framework for regional staff.
 - Provide support for the delivery of development services.
 - Invest in the skills and professional expertise of our staff.
- Build on successful models of centres of excellence to continue to develop our professionals in areas important to the NZTA's priorities.
 - Extend existing and new professional development frameworks and development opportunities.
 - Build capability and skills to assist and advise on multi-modal transport planning, public transport and active transport choices.
- Complete the integration of systems and processes to support a new, single organisation.
 - Work with managers and staff to develop and implement NZTA policies, systems and processes that contribute to and support integration.
- Improve how the NZTA connects with its people as measured by the results of engagement analyses such as staff surveys.
 - Strive to understand what employees want from their work.
 - Strive to be a modern employer meeting changes in work and life patterns in our community.
- Build a framework that will enable the NZTA to develop and implement its capability to engage, to communicate, and to work with Māori.

7 Prospective financial statements

These financial statements have been prepared on the basis that the NZ Transport Agency is a going concern on 1 July 2008.

This section includes:

- statement of accounting policies
- prospective statement of financial performance
- prospective statement of changes in equity
- prospective statement of financial position
- prospective statement of cash flows
- prospective statement of Crown revenue
- prospective statement of third party revenue
- prospective statement of output expenditure.

The financial statements have been prepared on the basis of the appropriations shown in the *Estimates of appropriations 2008/09*. Based on the appropriations shown in the Estimates, there is a reported overall 2008/09 operating deficit of \$28.990 million. From an Estimates perspective, this shows up in terms of revenue figures relating to activities funded from the National Land Transport Fund and the Crown contract relating to revenue management. The overall reported deficit comprises: \$6.511 million from the National Land Transport Fund for the NZTA's own activities; \$8.293 million from third party fees (primarily related to driver licensing); \$7.786 million Crown contracts (primarily related to revenue management); and \$6.400 million anticipated 2008/09 amalgamation costs.

The anticipated 2008/09 amalgamation costs are indicative only, and cover personnel related costs, property rationalisation and information technology.

Statement of accounting policies

General information

The NZ Transport Agency is a new entity formed on 1 August 2008 through the amalgamation of Land Transport NZ and Transit NZ. NZTA's primary objective is to provide services to the NZ public, as opposed to making a financial return. It has designated itself a public benefit entity for the purposes of New Zealand equivalents to international financial reporting standards.

These financial statements have been approved for issue by the Board of the NZTA on 25 August 2008.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. [These policies have been consistently applied to all the years presented, unless otherwise stated].

1 Basis of preparation

The financial statements of the NZTA have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand's generally accepted accounting practice. Accordingly, the financial statements have been prepared in accordance with New Zealand International Financial Reporting Standards as they apply to public benefit entities.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the state highway network and Bailey bridging stock and the measurement of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with New Zealand International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant will be disclosed by way of separate notes to the financial statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the NZTA is New Zealand dollars.

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS ADOPTED BY THE NZTA

The NZTA has adopted all standards, amendments and interpretations to existing standards that have been published and are mandatory for its accounting periods beginning on or after 1 July 2008.

INTERPRETATION EARLY ADOPTED BY THE NZTA

No standards have been adopted early by the NZTA.

2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the NZTA's business. Revenue is shown net of GST.

Revenue is recognised when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the NZTA's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity giving rise to the revenue have been resolved.

REVENUE FROM THE CROWN

The NZTA is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the NZTA meeting its objectives as specified in the *Statement of intent*.

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

OTHER GRANTS

Non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

INTEREST

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

RENTAL INCOME

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

SALE OF PUBLICATIONS

Sales of publications are recognised when the product is sold to the customer.

PROVISION OF SERVICES

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

VESTED ASSETS

Where a physical asset is gifted to or acquired by the NZTA for nil or nominal cost, the fair value of the asset received is recognised as income. Such assets are recognised as income when control over the asset is obtained.

3 Capital charge

The capital charge is recognised as an expense in the period to which the charge relates. The capital charge for 2008/09 has been calculated by applying the capital charge rate to the balance of general funds.

4 Grant expenditure

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

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

5 Property, plant and equipment

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value.

Bailey bridging is valued at optimised depreciated replacement cost based on the optimum size of asset holding by the unit cost for each category of asset.

Other fixed asset purchases are recorded at cost and depreciated on a straight-line basis over their estimated useful lives.

The State highway regions are subject to a full revaluation on a cyclical basis so that each region is revalued at an interval not exceeding five years. Those regions that are not subject to full revaluation in a particular year are subject to a valuation update through the use of price indices.

Increases in the carrying amount arising on revaluation of the state highway are credited to the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases are charged to the statement of financial performance. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of financial performance and depreciation based on the asset's original cost is transferred from the asset revaluation reserve to retained earnings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the NZTA and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in the assets revaluation reserve in respect of those assets are transferred to general funds.

Land, formation and the sub-base component of pavement (base) are not depreciated as the service potential of these components is considered not to reduce over time. The useful lives and associated depreciation rates of major classes have been estimated as follows.

Assets	Useful life (years)	Depreciation rate (%)
State highways – pavement (base)	50	2.0
State highways – pavement (surface)	7	14.3
State highways – drainage	60	1.7
State highways – traffic facilities	15	6.7
State highways – bridges	90-100	1.0-1.1
State highways – culverts & subways	50-75	1.3-2.0
State highways – other structures	100	1.0
Bailey bridging – panels	70	1.42
Bailey bridging – transoms	103	0.57
Bailey bridging – stringers	100	0.67
Bailey bridging – chord reinforcing	69	1.45
Bailey bridging – other miscellaneous	76	1.0
Buildings	50	2.0
Motor vehicles	4	25.0
Computer equipment	3	33.3
Plant	5-10	10.0-20.0
Equipment	5-8	12.5-20.0
Furniture & fittings	5-10	10.0-20.0
Office equipment	4-5	20.0-25.0
Leasehold improvements	Life of Lease	Range

6 Intangible assets

COMPUTER SOFTWARE

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the NZTA and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

AMORTISATION

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

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Assets	Useful life (years)	Depreciation rate (%)
Computer software	3-4	25-33.3

7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested on a cyclical basis so that each region is reviewed at an interval not exceeding five years for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the NZTA would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the statement of financial performance.

8 Financial assets

Financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables or cash and cash equivalents in the balance sheet.

9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the NZTA will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of financial performance.

11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less are shown within current assets on the balance sheet.

12 Trade payables

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

13 Income tax

The NZTA is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

14 Employee entitlements

SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee entitlements that the NZTA expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The NZTA recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the NZTA anticipates it will be used by staff to cover those future absences.

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

LONG-TERM EMPLOYEE ENTITLEMENTS

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar as possible to those of the relevant liabilities government stock doesn't have maturities that go this far out. The inflation factor is based on the expected long-term increase in remuneration for employees.

15 Superannuation defined contribution schemes

Obligations for contributions to KiwiSaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

16 Provisions

Provisions for future expenditure are recognised when:

- the NZTA has a present legal or constructive obligation as a result of past events
- it is more likely than not that an outflow of resources will be required to settle the obligation
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the NZTA under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

18 Jointly controlled operations

The NZTA has interests in jointly controlled operations. It recognises in its financial statements:

- the assets that it controls and the liabilities that it incurs
- the expenses that it incurs from the operations of the jointly controlled operation.

19 Good and service tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

20 Budget figures

The budget figures have been prepared in accordance with New Zealand International Financial Reporting Standards, using accounting policies that are consistent with those adopted by the NZTA for the preparation of the financial statements.

21 Cost allocation

The NZTA has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information.

22 Critical accounting estimates and assumptions

In preparing these financial statements the NZTA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

PROPERTY, PLANT AND EQUIPMENT USEFUL LIVES AND RESIDUAL VALUE

When necessary the NZTA reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the NZTA to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the NZTA, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The NZTA minimises the risk of this estimation uncertainty by:

- physical inspection and condition monitoring of assets
- asset management planning
- asset replacement programs.

The NZTA has not made significant changes to past assumptions concerning useful lives and residual values.

23 Critical judgements in applying NZTA's accounting policies

Management has exercised the following critical judgements in applying the NZTA's accounting policies for the period ended 30 June 2009.

NON-GOVERNMENT GRANTS

The NZTA must exercise judgement when recognising grant income 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.

STATE HIGHWAY NETWORK

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value.

Bailey bridging is valued at optimised depreciated replacement cost based on the optimum size of asset holding by the unit cost for each category of asset.

Critical judgements relate to:

- estimating the replacement cost of existing assets, including the impact of cost allocation and whether a cost should be capitalised or expensed. The NZTA incurs expenditure on maintaining state highways and on new and improved infrastructure for state highways. Professional judgement and engineering assessments are used to determine whether costs incurred on state highways should be capitalised or expensed
- the age, condition and remaining economic life of existing assets, including the impact of maintenance thereon
- determining the optimum level of Bailey bridging stock.

Prospective statement of financial performance

For the financial year	2008/09 Budget
	\$000
Consolidated	
Income	
Revenue from the Crown	46,970
Revenue from the Crown for contracted services	11,197
Revenue from the National Land Transport Fund	2,003,601
Revenue for specific projects funded by the Crown	37,833
Revenue from third parties	104,927
Total income	2,204,528
Expenditure	
Personnel	93,520
Operating expenses	170,783
National Land Transport Programme	1,355,712
Specific projects funded by the Crown	33,000
Depreciation and amortisation expense	343,223
State highway asset write-off	15,325
Capital charge	2,138
Total expenditure	2,013,701
Net surplus/(deficit)	190,827
Establishment costs	6,400
Net surplus/(deficit) after establishment costs	184,427
Operations	
Income	
Revenue from the Crown	46,970
Revenue from the Crown for contracted services	11,197
Revenue from the National Land Transport Fund	115,787
Revenue from third parties	81,987
	255,941
Expenditure	
Personnel	93,520
Operating expenses	170,783
Depreciation and amortisation expense	12,090
Capital charge	2,138
	278,531
Net surplus/(deficit)	(22,590)
Establishment costs	Note 1 6,400
Net surplus/(deficit) after establishment costs	Note 1 (28,990)

Comment

Note 1 – Refer page 23 for explanation of the deficit and establishment cost.

Prospective statement of financial performance continued

For the financial year	2008/09 Budget
	\$'000
National Land Transport Programme	
Income	
Revenue from the National Land Transport Fund	1,887,814
Revenue from third parties	22,940
	1,910,754
Expenditure	
National Land Transport Programme	1,355,712
Depreciation and amortisation expense	331,133
State highway asset write-off	15,325
	1,702,170
Net surplus/(deficit)	208,584
Specific projects funded by the Crown	
Income	37,833
Expenditure	33,000
Net surplus/(deficit)	4,833

Prospective statement of changes in equity

As at 30 June	2008/09 Budget	
	\$'000	
Public equity		
Opening balance	Note 1	20,188,585
Operating deficit from operations	Note 2	(18,444)
Transfer to third party fees and charges memorandum account	Note 2	(10,546)
Operating surplus from the National Land Transport Programme		208,584
Operating surplus from specific projects funded by the Crown		4,833
Net surplus/(deficit) for the year		184,427
New capital contribution from Crown	Note 3	759,003
Closing balance		21,132,015

Comment

Note 1 - This represents the public equity transferred over from Land Transport NZ (\$102.462m) and Transit NZ (\$20,086.123m) on establishment of the NZ Transport Agency. The Transit NZ component reflects the value of the state highway infrastructure and accumulated revaluation reserve of state highway assets.

The Land Transport NZ component is largely retained funds for the National Land Transport Programme.

Note 2 - The deficit of \$(18.444)m is made up of:

Net surplus/(deficit) from operations	(28,990)
Offset by third party fees and charges deficit to the memorandum account	10,546
	<u>(18,444)</u>

Note 3 - Capital contribution from the Crown for state highway construction
ALPURT B2 project
Transfer of the LANDATA asset

	727,065
	24,948
	6,990
	<u>759,003</u>

Public equity balances updated to reflect the new memorandum account for third party fees and charges.

Prospective statement of financial position

As at 30 June	2008/09 Budget
	\$'000
Assets	
Current assets	
Cash and cash equivalents	68,677
Crown receivable	Note 1 567,572
Debtors and other receivables	20,000
Prepayments	220
Inventories	180
Investments	39,830
Total current assets	696,479
Non-current assets	
Property, plant and equipment	12,245
State highway network	20,732,121
Bailey bridging	5,836
Intangible assets	31,129
Total non-current assets	20,781,331
Total assets	21,477,810
Liabilities	
Current liabilities	
Creditors and other payables	Note 1 337,540
Employee entitlements	5,630
Total current liabilities	343,170
Non-current liabilities	
Employee entitlements	2,625
Total non-current liabilities	2,625
Total liabilities	345,795
Net assets	21,132,015
Working capital	353,309
Represented by:	
Public equity	
General funds	25,795
Accumulated operating surplus reserved for capital projects	Note 2 12,660
Retained funds from operations	Note 3 (5,952)
Retained funds from the National Land Transport Programme	314,463
Retained funds from specific projects funded by the Crown	4,833
State highway investment	15,178,394
State highway revaluation reserve	5,618,854
Third party fees and charges memorandum account	(17,032)
Total public equity	21,132,015

Comment

Note 1 – Crown receivable represents cash held by the Ministry of Transport to cover roading creditors as commitments fall due.

Note 2 – This reserve is for capital projects such as the refurbishment of the National Office.

Note 3 – Projected balance as at 30 June 2008

Budgeted 2008/09 deficit including the drug and alcohol assessment surplus

12,492

(18,444)

(5,952)

Public equity balances updated to reflect the new memorandum account for third party fees and charges.

Prospective statement of cash flows

For the financial year	2008/09 Budget
	\$'000
Cash flows from operating activities	
Cash was provided from:	
▪ receipts from Crown	15,775
▪ receipts from National Land Transport Fund	2,146,941
▪ receipts from third parties	107,865
▪ interest received	7,062
Cash was applied to:	
▪ payments to employees	(86,871)
▪ payments to suppliers	(1,949,449)
▪ payments for capital charge	(2,138)
Net cash from operating activities	239,187
Cash flows from investing activities	
Cash was provided from:	
▪ receipts from sale of property, plant and equipment	15,050
▪ receipts from sale of intangible assets	0
▪ receipts from sale of investments	0
Cash was applied to:	
▪ purchase of property, plant and equipment	(10,650)
▪ state highway network	(1,042,620)
▪ purchase of intangible assets	(7,850)
▪ acquisition of investments	0
Net cash from investing activities	(1,046,070)
Cash flows from financing activities	
Cash was provided from:	
▪ capital contribution from the Crown	759,003
Cash was applied to:	
▪ repayment of surplus to the Crown	0
▪ repayment of capital to the Crown	0
Net cash flows from financing activities	759,003
Net increase (decrease) in cash and cash equivalents	(47,880)
Cash and cash equivalents at the beginning of the year	116,557
Cash and cash equivalents at the end of the year	68,677

Prospective statement of revenue from the Crown

For the financial year		2008/09 Budget
		\$'000
Operations		
Revenue from the Crown		
Regulatory implementation and enforcement	Note 1	548
Licensing activities	Note 2	3,275
Motor vehicle registry	Note 3	43,147
		46,970
Revenue from the Crown for contracted services		
Regulatory implementation and enforcement	Note 4	1,013
Road user charges collection, investigation and enforcement	Note 3	9,852
Refund of fuel excise duty	Note 3	332
		11,197
Revenue from the National Land Transport Fund		
Regulatory implementation and enforcement – regulatory enforcement		2,704
Research and performance monitoring		4,502
Promotion, information and education		34,948
Management of funding allocation system		73,633
		115,787
National Land Transport Programme		
Revenue from the National Land Transport Fund		
Rail and sea freight		2,000
Transport demand management, and walking and cycling		33,748
Passenger transport services		313,800
New and improved infrastructure for state highways		320,425
Maintenance of state highways		298,524
New and improved infrastructure for local roads		353,064
Maintenance of local roads		247,133
Regional land transport		319,120
		1,887,814
Specific projects funded by the Crown		
Realignment of Buckle Street		5,333
Canterbury transport project		4,500
Regional development transport funding		10,000
Enhanced public transport concessions for SuperGold cardholders		18,000
		37,833
Total revenue from the Crown		46,970
Total revenue from the Crown for contracted services		11,197
Total revenue from the National Land Transport Fund		2,003,601
Total revenue for specific projects funded by the Crown		37,833
Total revenue from the Crown		2,099,601

Comment

Note 1 – Funding for ministerial advice.

Note 2 – Funding for older driver test subsidy of \$1.445m and drug and alcohol assessments of \$1.830m.

Note 3 – These output classes replace the motor vehicle registry and revenue management (MVR&RM) output class. Due to the 1 August 2008 start up, the revenue shown under the motor vehicle registry output class includes \$3.654m from the previous MVR&RM output class for July 2008 only, and \$39.493m under the new output class making a total of \$43.147m.

Note 4 – Funding from the Ministry of Transport for rules development.

Prospective statement of revenue from third parties

For the financial year	2008/09 Budget \$000
Operations	
Border inspection fees in accordance with the Land Transport (Certification and Other Fees) Regulations 1999 (Reg 8A)	2,027
Certification review fees in accordance with the Land Transport (Certification and Other Fees) Regulations 1999 (Reg 3 to 3C)	7,095
Driver licence fees in accordance with the Land Transport (Driver Licensing and Testing Fees) Regulations 1999	25,760
Driver testing fees in accordance with the Land Transport (Driver Licensing and Testing Fees) Regulations 1999	15,216
Over dimension and over weight permits in accordance with the Heavy Motor Vehicle Regulations 1979 (Reg. 7)	227
Rail licensing fees in accordance with the Railways Regulations 2008 (Reg. 4)	869
Standards development fee and certification levies in accordance with the Land Transport (Certification and Other Fees) Regulations 1999 (Reg 5 & 6)	5,315
Transport licensing fees in accordance with the Transport Services Licensing Regulations 1989 (Reg 6 & 7)	10,634
Fees & charges	67,143
Administration fee from ACC	11,732
Crash analysis system (IT support)	20
Road Safety Trust	230
Sale of road safety materials	1,000
Interest	1,862
	81,987
National Land Transport Programme	
Rents and leases from property	17,000
Interest	5,200
Miscellaneous	740
	22,940
Total revenue from third parties	104,927

Prospective statement of output expenditure

For the financial year	2008/09 Budget
	\$'000
Operations	
Regulatory implementation and enforcement	33,669
Licensing activities	53,926
Motor vehicle registry	52,996
Road user charges collection, investigation and enforcement	19,784
Refund of fuel excise duty	429
Research and performance monitoring	11,776
Promotion, information and education	31,795
Management of funding allocation system	74,156
	278,531
National Land Transport Programme	
Rail and sea freight	8,000
Transport demand management, and walking and cycling	42,663
Passenger transport services	313,800
New and improved infrastructure for state highways	804,478
Maintenance of state highways	298,524
New and improved infrastructure for local roads	353,064
Maintenance of local roads	247,133
Regional land transport	319,120
	2,386,782
Less capitalised expenditure	(1,031,070)
Add depreciation/state highway asset write-off	346,458
	1,702,170
Specific projects funded by the Crown	
Realignment of Buckle Street	500
Canterbury transport project	4,500
Regional development transport funding	10,000
Enhanced public transport concessions for SuperGold cardholders	18,000
	33,000
Total expenditure	2,013,701

8 Statement of forecast service performance

The statement of forecast service performance is formatted according to the output class structure contained in the 2008/09 Estimates of Appropriations. As an agency, we work more directly with activity classes, but as alignment between the two is quite close, this does not represent a major problem.

One of the functions of the NZTA is to provide independent advice to the Minister of Transport and to contribute to strategic policy development. These functions and the development by the NZTA of operational policy are not explicitly captured in one output class.

Regulatory and revenue management

Output class | Regulatory implementation and enforcement

Description

Under this output class, the NZ Transport Agency will:

- develop standards and procedures, and monitor and audit:
 - vehicle certification and testing
 - transport service operators
 - driver licences
 - rail operators
 - road networks
 - taxi compliance and enforcement
- develop land transport Rules under contract to the Ministry of Transport
- maintain and manage an agent network.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Delivery of an agreed Rules development programme that meets the quality and timeliness requirements in the agreement for Rules development services	Yes	Yes	Yes
Delivery of an agreed audit programme meeting agreed standards and covering: <ul style="list-style-type: none"> • regulatory compliance of rail licence holders and licensed transport operators, eg passenger services (including taxis) and goods services • agent service delivery (including driver testing, licence administration, and vehicle certification services) 	Yes	Yes	Yes
Audits of regulatory compliance and agent service delivery carried out according to agreed standards	Yes	Yes	Yes

Regulatory implementation and enforcement

For the financial year	2008/09 Budget
	\$'000
Income	
Revenue from the Crown	548
Revenue from the Crown for contracted services	1,013
Revenue from the National Land Transport Fund	1,335
Revenue from the National Land Transport Fund (for taxi enforcement)	1,369
Revenue from third parties	26,803
Total income	31,068
Expenditure	
Roading network audit & monitoring	4,438
Taxi enforcement	1,383
Rules development	1,282
Driver licence audit & monitoring	1,843
Rail operator audit & monitoring	875
Transport service operator audit & monitoring	10,316
Vehicle audit & monitoring	13,532
Total expenditure	33,669
Net surplus/(deficit)	(2,601)

The net deficit will be addressed over time by a third party fee review and some rebalancing across output classes during the year.

Output class | Licensing activities

Description

Under this output class, the NZ Transport Agency will:

- fund drug and alcohol assessments
- provide licensing services for:
 - drivers
 - transport service operators
 - rail operators
- maintain regulatory data accuracy
- mitigate the risk of fraudulent activities
- provide accurate, timely and relevant licensing information and advice to the public service and the public.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Operation of the Transport Registry Centre carried out according to agreed standards ¹	≥90%	≥90%	≥90%

Licensing activities	
For the financial year	2008/09 Budget \$000
Income	
Revenue from the Crown (for driver test subsidy)	1,445
Revenue from the Crown (for drug and alcohol assessments)	1,830
Revenue from third parties	41,842
Total income	45,117
Expenditure	
Drug and alcohol assessments	1,633
Driver licences and testing	49,107
Over dimension permits	232
Rail operator licences	468
Transport service operator licences	2,486
Total expenditure	53,926
Net surplus/(deficit)	(8,809)

The net deficit will be addressed over time by a third party fee review.

¹ The standard of service is agreed with the Ministry of Transport and includes Driver Licensing Register accuracy, contact centre metrics and customer satisfaction measurements. It did not include Driver Licence Register accuracy prior to 2008/09.

Output class | Motor vehicle registry

Description

Under this output class, the NZ Transport Agency will:

- operate the motor vehicle register
- deliver motor vehicle registration and licensing services
- undertake the collection and refund of motor vehicle registration and licensing revenue
- develop tolling policy and process
- pay fees to storage providers for unclaimed vehicles impounded by the NZ Police.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
MVR licensing compliance (proportion of licensed vehicles with current licence)	≥88%	≥88%	≥88%
MVR revenue compliance (proportion of vehicles re-licensed within 12 months of license expiry)	≥98%	≥98%	≥98%
Operation of the Transport Registry Centre carried out according to agreed standards ²	≥90%	≥90%	≥90%

Motor vehicle registry	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue from the Crown	43,147
Revenue from third parties	12,092
Total income	55,239
Expenditure	52,996
Net surplus/(deficit)	2,243

The net surplus will be addressed by seeking a rebalance across output classes during the year.

² The standard of service is agreed with the Ministry of Transport and includes Motor Vehicle Register accuracy, contact centre metrics and customer satisfaction measurements. The measurements were slightly different prior to 2008/09.

Output class | Road user charges collection, investigation and enforcement

(Ministry of Transport output class delivered under contract by the NZ Transport Agency)

Description

Under this output class, the NZ Transport Agency will:

- collect and refund road user charges, including managing the sale of road user licenses and collection of road user charges
- investigate evasion of road user charges and enforce payment
- develop regional fuel tax policy and process.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Identified evasion revenue recovered	>30%	>30%	>30%

Road user charges collection, investigation and enforcement	
For the financial year	2008/09 Budget
	\$'000
Income	
Revenue from the Crown for contracted services	9,852
Total income	9,852
Expenditure	19,784
Net surplus/(deficit)	(9,932)

The net deficit will be addressed by seeking during the year a rebalance across output classes and additional Crown funding.

Output class | Refund of fuel excise duty

(Ministry of Transport output class delivered under contract by the NZ Transport Agency)

Description

Under this output class, the NZ Transport Agency will:

- manage fuel tax refunds.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Proportion of revenue which is refunded	≤3%	≤3%	≤3%

Refund of fuel excise duty	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue from the Crown for contracted services	332
Total income	332
Expenditure	429
Net surplus/(deficit)	(97)

The net deficit will be addressed by seeking additional Crown funding during the year.

Activities funded through the National Land Transport Fund

Output class | Research and performance monitoring

Description

Under this output class, the NZ Transport Agency will:

- commission and publish research into transport issues
- monitor and report on transport inputs, outputs, impacts and consequences.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Delivery of a land transport annual achievement report ³	Yes	Yes	Yes
Delivery of a published research programme ⁴	Yes	Yes	Yes

Research and performance monitoring	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue from the National Land Transport Fund	4,502
Total income	4,502
Expenditure	
Research	6,100
Performance monitoring	5,676
Total expenditure	11,776
Net surplus/(deficit)	(7,274)

The net deficit will be addressed by seeking during the year a rebalance across output classes and additional Crown funding.

3 This is a requirement under the amended Land Transport Management Act 2003.

4 Research proposals assessed in accordance with the NZTA's *Planning, programming and funding manual*.

Output class | Promotion, information and education services

Description

Under this output class, the NZ Transport Agency will:

- commission national and local advertising on transport related issues
- commission national and local promotion of walking and cycling
- commission nationally managed school road safety education
- provide administration services to the Road Safety Trust
- provide information and education for drivers, operators, vehicles, road controlling authorities, and others
- manage the crash analysis system.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Development and implementation of a well targeted advertising strategy ⁵	Yes	Yes	Yes
Development and implementation of a well targeted education strategy ⁶	Yes	Yes	Yes
All funded activities assessed in accordance with performance guidelines ⁷	Yes	Yes	Yes

Promotion, information and education	
For the financial year	2008/09 Budget \$000
Income	
Revenue from the National Land Transport Fund	34,948
Revenue from third parties	1,250
Total income	36,198
Expenditure	
Bike wise	1,519
Community Road Safety Programme	107
RoadSense	4,445
Advertising	21,979
Education	2,902
Road Safety Trust	183
Crash analysis system	661
Total expenditure	31,795
Net surplus/(deficit)	4,403

The net surplus will be addressed by seeking a rebalance across output classes during the year.

5 The quality of targeting of advertising campaigns is determined by surveys which measure unprompted recall of advertisements and general relevance of the campaign to the target audience.

6 The quality of targeting of education campaigns is determined through satisfaction levels in stakeholder surveys.

7 Activities (including those undertaken by the NZTA) are assessed in compliance with the NZTA's *Planning, programming and funding manual*.

Output class | Management of the funding allocation system

Description

Under this output class, the NZ Transport Agency will:

- manage the allocation and expenditure of funding for the National Land Transport Programme. This includes the development and administration of:
 - the National Land Transport Programme
 - associated procurement procedures, policies, and guidelines
 - performance agreements with approved organisations funded through the National Land Transport Programme
- provide assistance and advice to approved organisations
- audit approved organisation's performance
- develop transport activities with a national focus
- undertake state highway administration.

The National Land Transport Programme includes activities included in regional land transport plans, NZTA's own activities and research, education and training activities delivered by external parties.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Development and delivery of a National Land Transport Programme that meets all its statutory requirements ⁸	Yes	Yes	Yes
Delivery of a performance audit programme ⁹	Yes	Yes	Yes
Preparation of the NZ Police's road policing programme for recommendation to the Minister of Transport ¹⁰	Yes	Yes	Yes
All allocations consistent with the funding allocation process	Yes	Yes	Yes

Management of funding allocation system	
For the financial year	2008/09 Budget \$000
Income	
Revenue from the National Land Transport Fund	73,633
Total income	73,633
Expenditure	
Operations	16,356
State highways	57,800
Total expenditure	74,156
Net surplus/(deficit)	(523)

The net deficit will be addressed by seeking during the year a rebalance across output classes and additional Crown funding.

8 The statutory requirements are set out in section 20 of the Land Transport Management Act 2003.

9 The performance monitoring audit programme is designed to check that allocated funds realise expected outcomes.

10 Recommendations are based on an assessment of NZ Police proposals and their compliance with the NZTA's *Planning, programming and funding manual*.

Output class | Rail and sea freight

Description

Under this output class, the NZ Transport Agency will allocate funding, together with funding from approved organisations, to initiatives that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Percentage of programme delivered consistent with performance guidelines ¹¹	100%	100%	100%
All funds allocated to best eligible activities	Yes	Yes	Yes

Rail and sea freight	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue from the National Land Transport Fund	2,000
Total income	2,000
Expenditure	8,000
Net surplus/(deficit)	(6,000)

A rebalance of Crown funding across the NLTP output classes will be sought during the year.

¹¹ All activities are assessed in accordance with the methodology set of in the *Planning, programming and funding manual* and as set out in Section 20 of the Land Transport Management Act 2003.

Output class | Transport demand management, and walking and cycling

Description

Under this output class, the NZ Transport Agency will purchase activities which promote safe and sustainable use of transport networks and services including:

- initiatives to improve the performance of the transport system by changing transport demand
- travel behaviour change initiatives.

Under this output class, the NZ Transport Agency will allocate funding, together with funding from approved organisations, to new and improved walking and cycling infrastructure.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Percentage of programme delivered consistent with performance guidelines ¹²	100%	100%	100%
All funds allocated to best eligible activities	Yes	Yes	Yes

Transport demand management, and walking and cycling	
For the financial year	2008/09 Budget \$000
Income	
Revenue from the National Land Transport Fund	33,748
Total income	33,748
Expenditure	42,663
Net surplus/(deficit)	(8,915)

A rebalance of Crown funding across the NLTP output classes will be sought during the year.

¹² All activities are assessed in accordance with the methodology set out in the *Planning, programming and funding manual* and as set out in Section 20 of the Land Transport Management Act 2003.

Output class | Passenger transport services

Description

Under this output class, the NZ Transport Agency will allocate funding, together with funding from approved organisations, to non-commercial road, rail and ferry services and infrastructure.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Percentage of programme delivered consistent with performance guidelines ¹³	100%	100%	100%
All funds allocated to best eligible activities	Yes	Yes	Yes

Passenger transport services	
For the financial year	2008/09 Budget \$000
Income	
Revenue from the National Land Transport Fund	313,800
Total income	313,800
Expenditure	313,800
Net surplus/(deficit)	0

¹³ All activities are assessed in accordance with the methodology set of in the *Planning, programming and funding manual* and as set out in Section 20 of the Land Transport Management Act 2003.

Output class | New and improved infrastructure for state highways

Description

Under this capital appropriation, the NZ Transport Agency will manage the development and delivery of a State highway improvement programme.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Development and delivery of a state highway improvement programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds allocated to best eligible activities	Yes	Yes	Yes
Forecast benefits of completed projects accrue over time	Yes	Yes	Yes
Capital projects (block) completed within expected time and cost parameters	≥95% ≤103%	≥95% ≤103%	≥95% ≤103%
Large capital projects completed within expected:			
▪ budget to cost ratio	≤1.0	≤1.0	≤1.0
▪ timeliness parameters	≥96%	≥96%	≥96%

New and improved infrastructure for state highways	
For the financial year	2008/09 Budget \$000
Income	
Revenue from the National Land Transport Fund ¹⁴	320,425
Revenue from third parties	22,940
Total income	343,365
Expenditure	804,478
Net surplus/(deficit)	(461,113)

The deficit will be funded first by the capital injection of \$727.065m. Refer note 3 to the prospective statement of changes in equity.

¹⁴ All available revenue may not be drawn down if the project surplus in this output class is realised.

Output class | Maintenance of state highways

Description

Under this output class, the NZ Transport Agency will manage the development and delivery of a periodic and routine maintenance programme for existing State highway infrastructure.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Development and delivery of a state highway renewal and maintenance programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds allocated to best eligible activities	Yes	Yes	Yes

Maintenance of state highways	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue from the National Land Transport Fund	298,524
Total income	298,524
Expenditure	298,524
Net surplus/(deficit)	0

Output class | New and improved infrastructure for local roads

Description

Under this output class, the NZ Transport Agency will allocate funding, together with funding from approved organisations, to local roads capital improvements.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Delivery of a local road improvement programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds allocated to best eligible activities	100%	100%	100%

New and improved infrastructure for local roads	
For the financial year	2008/09 Budget \$000
Income	
Revenue from the National Land Transport Fund	353,064
Total income	353,064
Expenditure	353,064
Net surplus/(deficit)	0

Output class | Maintenance of local roads

Description

Under this output class, the NZ Transport Agency will allocate funding, together with funding from approved organisations, to the routine maintenance of local roading infrastructure.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Delivery of a local road maintenance programme that is consistent with performance guidelines	Yes	Yes	Yes
All funds allocated to best eligible activities	100%	100%	100%

Maintenance of local roads	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue from the National Land Transport Fund	247,133
Total income	247,133
Expenditure	247,133
Net surplus/(deficit)	0

Output class | Regional land transport

Description

Under this output class, the NZ Transport Agency will allocate funding to regional priority land transport activities from a dedicated increase in fuel excise duties and light vehicle road user charges.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Funding allocated consistent with agreed regional priorities	Yes	Yes	Yes

Regional land transport	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue from the National Land Transport Fund	319,120
Total income	319,120
Expenditure	319,120
Net surplus/(deficit)	0

Crown contributions to specific activities

Output class | Realignment of Buckle Street

Description

This output class is a government contribution towards the cost of realigning Buckle Street, which currently separates the National War Memorial from the area of the planned National Memorial Park, northward.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
(Refer to 'New and improved infrastructure for state highways' output class for performance measures)			

Realignment of Buckle Street	
For the financial year	2008/09 Budget \$000
Income	
Revenue for specific projects funded by the Crown	5,333
Total income	5,333
Expenditure	500
Net surplus/(deficit)	4,833

Due to the timing of planning approvals only the design phase is expected to be completed this year.

Output class | Canterbury transport project

Description

Under this output class, the NZ Transport Agency will allocate funding to assist the Canterbury region to implement a land transport package.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Funding assistance provided for a Canterbury transport programme in line with their agreed timetable and budget	Yes	Yes	Yes

Canterbury transport project	
For the financial year	2008/09 Budget
	\$000
Income	
Revenue for specific projects funded by the Crown	4,500
Total income	4,500
Expenditure	4,500
Net surplus/(deficit)	0

Output class | Regional development transport funding

Description

Under this output class, the NZ Transport Agency will allocate funding to regional development initiatives to develop the forestry roading infrastructure in Northland and Tairāwhiti.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Funding allocated consistent with agreed regional priorities	Yes	Yes	Yes

Regional development transport funding	
For the financial year	2008/09 Budget \$000
Income	
Revenue for specific projects funded by the Crown	10,000
Total income	10,000
Expenditure	10,000
Net surplus/(deficit)	0

Output class | Enhanced public transport concessions

Description

Under this output class, the NZ Transport Agency will allocate funding to provide enhanced public transport concessions for SuperGold cardholders.

Performance measures	Target 2008/09	Target 2009/10	Target 2010/11
Quantity/Quality			
Funding allocated consistent with agreement with regional councils for implementation of the enhanced concession for SuperGold cardholders	Yes	Yes	Yes

Enhanced public transport concessions for SuperGold cardholders	
For the financial year	2008/09 Budget \$000
Income	
Revenue for specific projects funded by the Crown	18,000
Total income	18,000
Expenditure	
Concessions	16,900
Administration	1,100
Total expenditure	18,000
Net surplus/(deficit)	0

Appendix 1 NZ Transport Agency Board

- **Brian Roche** (Wellington), Chair. Mr Roche, an accountant and partner at PricewaterhouseCoopers, is an expert in the governance, management and operation of the public sector. Mr Roche has held a number of key government appointments including being the Establishment Chair of the Auckland Regional Transport Authority.
- **Christine Caughey** (Auckland). Ms Caughey is a qualified planner with a professional background in local and regional government in Auckland. She was an Auckland City Councillor from 2004 to 2007. She is an experienced and certified planning commissioner under the Resource Management Act 1991.
- **Paul Fitzharris** (Picton). Mr Fitzharris was the Acting Chair of Land Transport NZ from 1 March 2007, and has served on the Board since May 2005. During the latter part of his career with the NZ Police, Mr Fitzharris represented the NZ Police on the National Road Safety Committee. He was a member of the Establishment Board for the NZTA.
- **Grahame Hall** (Rotorua). Mr Hall is a retired Mayor of Rotorua and Local Government New Zealand representative, Chair of the Rotorua Energy Charitable Trust and Rotorua Arts Trust. He is a New Zealand Nuffield Scholar, Former President Rotorua Federated Farmers, and Chair New Zealand Agricultural Training Council.
- **Bryan Jackson** (Waikanae). Mr Jackson has been the Acting Chair of Transit NZ since 8 March 2007. He is the Chair of Vehicle Testing New Zealand and is a past President of the Motor Trade Association. Previously he owned and operated a major motor vehicle dealership. He was a member of the Establishment Board for the NZTA.
- **Garry Moore** (Christchurch). Mr Moore is an accountant and has served as a member of the boards of Land Transport NZ and Transit NZ since April 2007. Mr Moore served two terms as a Councillor on the Christchurch City Council and was Mayor of Christchurch from 1998 to October 2007. While on the Christchurch City Council, he led the restructuring of the council at both elected and administrative levels. He was a member of the Establishment Board for the NZTA.
- **Alick Shaw** (Wellington). Mr Shaw has governance experience gained from nine years as a Wellington City Councillor and from his directorships on a range of government, community and trust boards. He was a member of the Establishment Board for the NZTA.
- **Mike Williams** (Auckland). Mr Williams has extensive experience in business and governance roles and is a former information technology analyst. He is a Director of the Institute of Geological and Nuclear Sciences Limited, a member of the Auckland Regional Transport Authority, Waitakere Enterprises and Genesis Energy. He has been a member of the Transit NZ Board since 2000.

Appendix 2 NZ Transport Agency functions

Section 94. Land Transport Management Act 2003 (amended 2008)

(1) The Agency has the following functions:

- (a) to promote an affordable, integrated, safe, responsive and sustainable land transport system;
- (b) to investigate and review accidents and incidents involving transport on land in its capacity as the responsible safety authority, subject to any limitations set out in the Transport Accident Investigation Commission Act 1990;
- (c) to manage the State highway system, including planning, funding, design, supervision, construction, and maintenance operations, in accordance with this Act and the Government Roothing Powers Act 1989;
- (d) to manage funding of the land transport system, including (but not limited to) auditing the performance of approved organisations in relation to activities approved the Agency and the operation of the land transport disbursement accounts of approved organisations;
- (e) to manage regulatory requirements for transport on land;
- (f) to co-operate with, or to provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister, but only if the minister and the Agency are satisfied that the performance of the Agency's functions and duties will not be compromised;
- (g) to provide the Minister with any advice relating to the Agency's functions that the Minister may request;
- (h) to carry out any other functions relating to land transport that the Minister directs in accordance with section 112 of the Crown Entities Act 2004;
- (i) to carry out those functions conferred on the Agency by other provisions in this Act or under any other Act.

(2) The Authority's statutorily independent functions are to:

- (a) issue, endorse, alter, replace, renew, suspend, or revoke any land transport document or other authorisation under any enactment; and
- (b) grant exemptions under any enactment; and
- (c) enforce the provisions of any enactment conferring functions or duties on the Agency; and
- (d) determine whether particular activities should be included in a National Land Transport Programme; and
- (e) approve activities or combinations of activities under section 20; and
- (f) approve procurement procedures.

Appendix 3 Policy directions

Directive re regional development

On 9 October 2002, the Minister of Transport gave a ministerial direction to Transfund New Zealand on regional development. The direction stated:

Pursuant to Section 3F of the Transit New Zealand Act 1989, and in accordance with the government's regional development land transport policy, I direct Transfund New Zealand to increase the financial assistance rate to 100 percent for the following councils for roads and alternatives to roads projects that are eligible for and are funded from the National road account output: Regional development capital and output: Regional development maintenance:

- Far North District Council
- Kaipara District Council
- Whangarei District Council
- Northland Regional Council
- Gisborne District Council
- Wairoa District Council

Directive on statistical value of life 1991

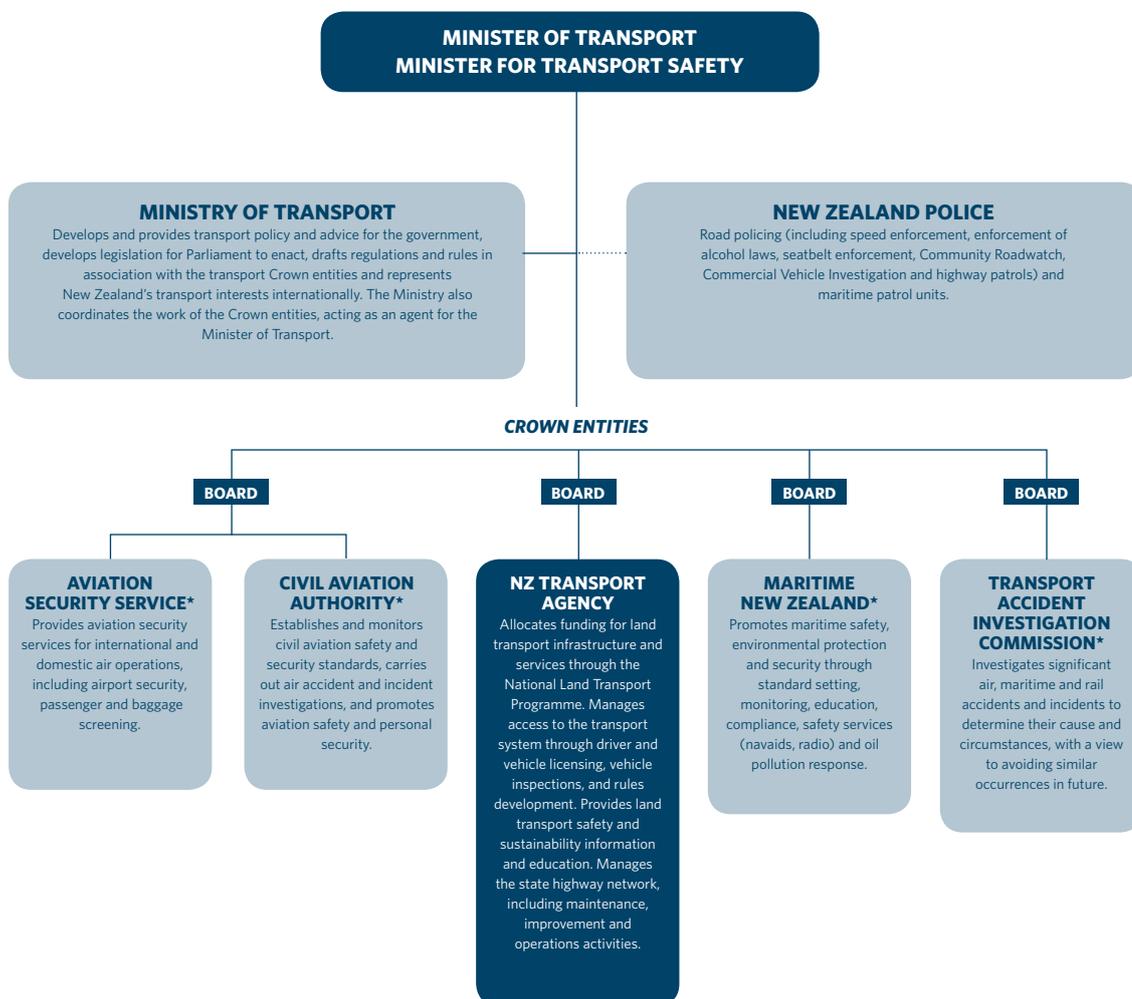
Directive re carbon dioxide emissions 1992

Directive to Transit re RAMMS and geographic information systems 1993

Business units direction to Transfund 1996

Direction re all-of-government shared authentication services

Appendix 4 The New Zealand government transport sector



THREE STATE-OWNED ENTERPRISES WITH TRANSPORT FUNCTIONS

Airways Corporation of New Zealand Limited - Provides air traffic management services and provides the Ministry with Milford Sound/Piopiotaahi Aerodrome landing and take-off data.

Meteorological Service of New Zealand Limited* - Provides public weather forecasting services and provides meteorological information for international air navigation under contract to the CAA.

ONTRACK - Manages Crown railway land and the national rail network. Legislation is currently before Parliament to transform ONTRACK into a Crown entity.

CROWN-ESTABLISHED TRUST

Road Safety Trust - This Crown-established trust provides funding for road safety projects and research with revenue received from the sale of personalised vehicle registration plates.

LOCAL GOVERNMENT

The sector works closely with local government. Local authorities own, maintain and develop New Zealand's local road network and perform important regulatory transport functions. Regional councils (and unitary authorities) are required to develop regional land transport strategies that guide the transport decision making of local councils, and also fund public transport and total mobility schemes in conjunction with the NZ Transport Agency. In the Auckland region, the Auckland Regional Transport Authority carries out these functions. Some local authorities own seaports and airports, or share ownership with the Crown.

* Denotes an agency the Minister for Transport Safety oversees

Our contact details

For general enquiries, or contact information about NZ Transport Agency please check our website www.nzta.govt.nz or email us at info@nzta.govt.nz

NATIONAL OFFICE
Victoria Arcade, 44 Victoria Street
Private Bag 6995, Wellington 6141
New Zealand
Telephone: +64 4 894 5400
Fax: +64 4 894 6100

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