



NZ Transport Agency

Statement of intent

2010–2013

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

New Zealand Government



NZ TRANSPORT AGENCY
WAKA KOTAHI

Statement of intent 2010-2013

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Preface

This *Statement of intent* sets out the NZ Transport Agency's (NZTA) medium-term strategic intent for our contribution to delivering the government's goals and objectives for the land transport sector and for the economy as a whole.

The NZTA is well placed to continue to deliver its contribution to the government's policy for land transport. The significant changes in land transport programming and investment are being implemented, an action plan has been developed to ensure we play our role in implementing the government's *Safer Journeys* strategy, and good progress is being made in the planning for, and delivering of, roads of national significance.

More needs to be done to improve customer orientation, minimise compliance costs and develop land transport revenue policies. Our key areas of focus for continuing the momentum around improving value for money include contributing to reviewing regulatory requirements to remove any unnecessary interventions, modernising registries and delivery methods, and working with the government on revenue policy.

New Zealand has weathered the global economic recession relatively well. Indications are that economic recovery will be relatively modest over the 2010–2013 period leading to an increase in demand for a range of primary resources from energy and minerals to commodities traditionally produced by New Zealand. In terms of the transport sector, investment in plant, machinery and transport equipment is likely to grow modestly, given current levels of spare capacity. A stronger performing domestic economy and higher trade volumes should support increased demand for transport.

Transport investment must contribute effectively to increased economic productivity and growth, ensure the efficient movement of people and freight, and support desired long-term land use patterns as well as address transport challenges. Our influence, investments and services need to provide transport users with the high levels of service they expect while managing transport demand, making the most of existing infrastructure, and keeping transport affordable for individuals, our local authority partners and the government.

What is required is adaptive leadership, a flexible and intelligent approach to prioritising resources and competent staff committed fully to implementing the organisation's *Statement of intent*. The NZTA has these qualities. This *Statement of intent* sets out the NZTA's operating environment and what we expect to achieve, and makes transparent how we will be accountable for our actions.

Chris Moller
Chair
NZ Transport Agency



Garry Moore
Deputy Chair
NZ Transport Agency



Introducing the NZ Transport Agency Board

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



Chris Moller – Chair
Wellington

Chris is a trained accountant and brings strong financial skills and experience to the NZTA Board. He has a portfolio of commercial directorships including Meridian Energy Ltd, National Foods Pty Ltd, New Zealand Cricket Inc, NZX Ltd and Rugby New Zealand 2011 Ltd. He is also a trustee of the Victoria University Foundation and Westpac Regional Stadium Trust. He was chief executive of the New Zealand Rugby Union, deputy chief executive of Fonterra Co-operative Group Ltd, and a director of a range of joint venture and subsidiary organisations of the New Zealand dairy industry.



Garry Moore – Deputy
Christchurch

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



Christine Caughey
Auckland

Christine is a qualified planner with a professional background in 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

Paul was the Acting Chair of Land Transport New Zealand from March 2007 to August 2008 and served on its board from May 2005. During the latter part of his career with the New Zealand Police, Paul represented the New Zealand Police Department on the National Road Safety Committee.



Grahame Hall
Rotorua

Grahame 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 former President of Rotorua Federated Farmers, and Chair of New Zealand Agricultural Training Council.



Bryan Jackson JP
Waikanae

Bryan was Acting Chair of Transit New Zealand from March 2007 to August 2008. He is Chair of Vehicle Testing New Zealand and a director of a number of public and private companies including the KiwiRail group. He is a past President of the Motor Trade Association, and previously owned and operated a major motor vehicle dealership.



Alick Shaw
Wellington

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

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Introduction

The government's priority for investment in land transport is to increase economic productivity and growth in New Zealand. Quality land transport infrastructure and services are an essential part of a robust economy.

In 2010/11 the NZ Transport Agency (NZTA) will enter its third year since it was established in August 2008. Our third *Statement of intent* signals further important milestones in the ongoing development of the organisation, along with ambitious service delivery and investment aims for the New Zealand transport sector and its customers.

The transport task facing New Zealand has seldom in our history been as significant and important to our economic development aspirations. All of the four longer-term issues identified in the recently released National Infrastructure Plan relate to the transport sector and the work of the NZTA and the level of current and planned investment in transport infrastructure and services is the highest on record.

Accordingly it is crucial that we have a sound strategy to prioritise our allocation of resources and expertise. All of our work over the last two years has focused on the investments and activities that matter most for an effective and well-functioning transport system that delivers on the government's priorities. Underpinning this investment drive has been a renewed commitment to customer-orientated service delivery and on ensuring that we achieve the best possible value for money for the New Zealand transport user.

This *Statement of intent* outlines our strategic approach – including what we intend to give priority to in the next three-year period and how that relates to the longer-term outcomes we seek to achieve and influence. We have further developed our performance measures for the wide range of outputs we deliver so that we are well placed to monitor our progress. We have also more clearly presented the activities of the NZTA and the investment activities of the National Land Transport Fund that we are responsible for.

This *Statement of intent* also outlines our organisational development strategy. This is designed to build a highly effective and capable organisation that can meet today's demands and be well positioned for the demands of tomorrow. We are focusing on three themes: developing our people and our workplace environment, working with others – our customers and partner agencies, and building a well-integrated organisation that is truly 'One Agency'.

Our work is diverse and the linkages can be complex, but we have tried to make this document as straightforward as possible, to clearly explain how our work will deliver results for New Zealanders. It is designed to give our stakeholders a clear picture of our role in addressing issues that are important for a better transport system. It is also an important document for our staff, to show the context of our work and outline how their role contributes to achieving longer-term transport outcomes.

Geoff Dangerfield
Chief Executive
NZ Transport Agency



Nature and scope of our functions

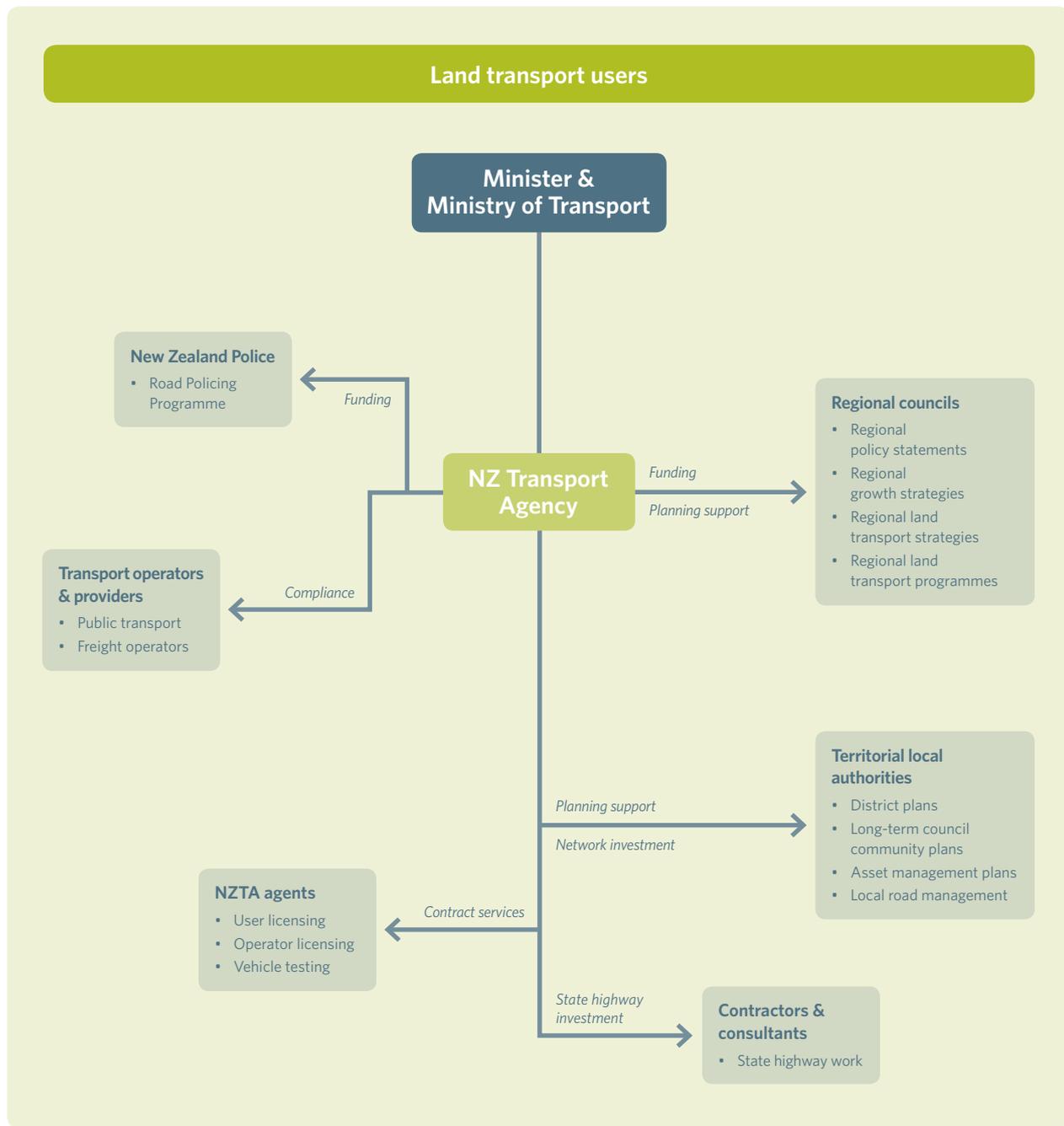
The NZ Transport Agency (NZTA) is a Crown entity set up to contribute to an affordable, integrated, safe, responsive and sustainable land transport system for New Zealand as set out in the Land Transport Management Act 2003.

We are a large and diverse organisation, with responsibility for allocating over \$2.9 billion in Crown revenue to land transport activities each year. We manage New Zealand's 10,984km of state highways, one of the country's most valuable assets at \$23 billion. We improve, operate and maintain the state highway network through the building of new infrastructure, maintenance of road surfaces to a safe condition, and maintenance of bridges and tunnels, roadside lighting, signs and barriers. We work closely with consultants and contractors to provide a safe and reliable state highway network and ensure that it makes an optimum contribution to an integrated multi-modal land transport system and enables people to get to and from work safely, quickly and efficiently, provides a convenient and robust route for freight, and connects communities.

We have service delivery agents that support us to process over eight million motor vehicle and driver licensing transactions per annum. We work closely with these agents to provide transport users with safe access to the land transport system by providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other road revenue. We carry out direct enforcement activities through our taxi compliance audits and roadside heavy vehicle safety inspections. We have various responsibilities for rail safety regulation, ensuring that all rail operators and those providing access to the rail network are licensed and have operational safety management systems in place. We also deliver a road safety advertising campaign and education programmes that encourage safe use of the land transport network and raise public awareness of transport safety issues. We also invest in the Road Policing Programme.

We work with local authority partners in addressing transport and land use challenges, investing over \$650 million per annum, in partnership with local authorities, to improve, maintain and renew roads, and around \$360 million to support public transport and build new transport infrastructure assets to meet changes in demand. We also work with land-use planners, urban designers, engineers, and businesses and communities to maximise the contribution of transport to deliver desired transport solutions and land use patterns.

Our role in the transport system



Strategic intent for 2010-2013



Overview

The NZTA plays its role in the success of the New Zealand transport sector by delivering value for money to the New Zealand transport user and the government through our four core functions:

1. Planning the land transport networks.
2. Investing in land transport.
3. Managing the state highway network.
4. Providing access to and use of the land transport system.

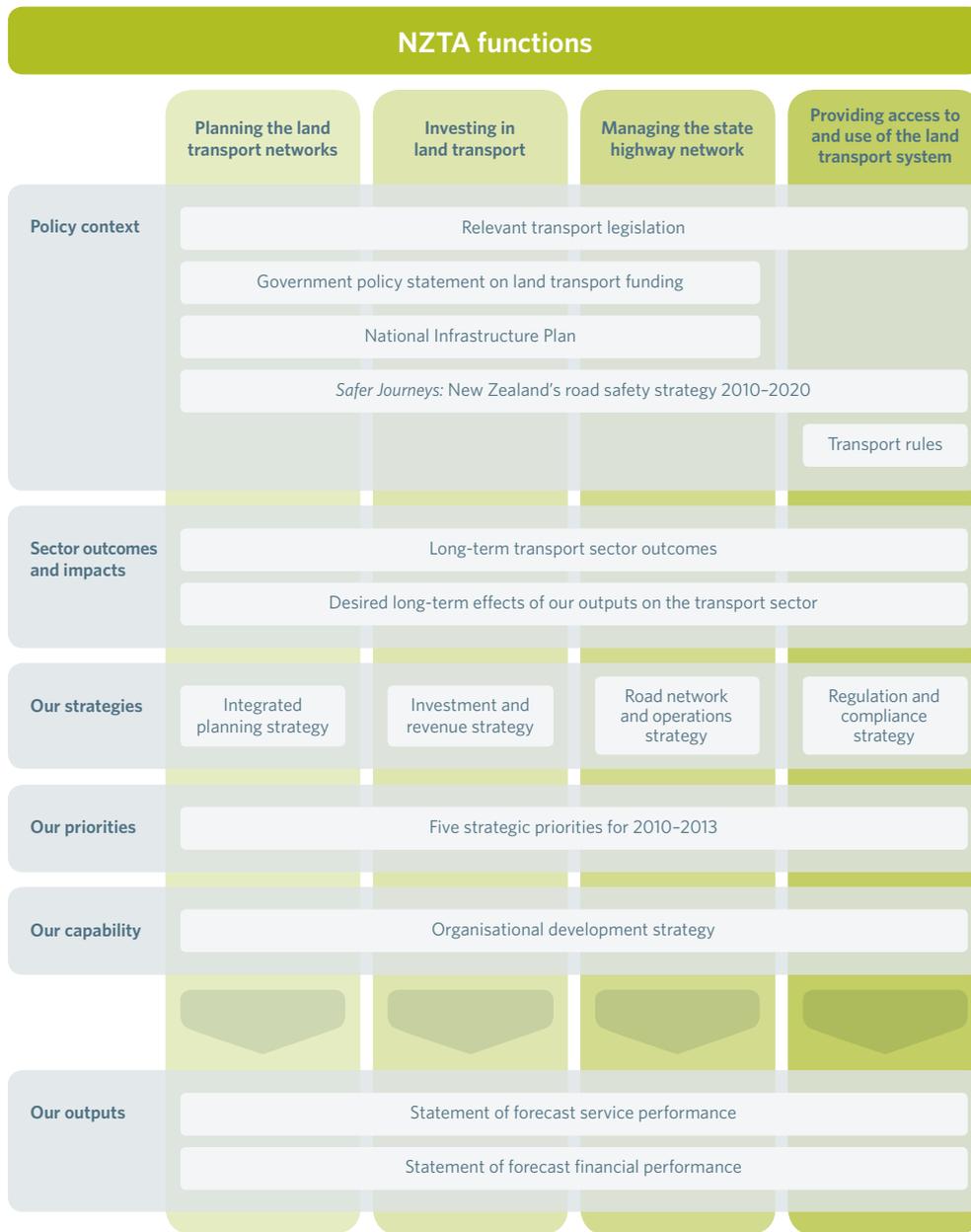
Our strategic intent for 2010–2013 is expressed around these four functions, as illustrated in figure 1. Our strategic intent sets the context and direction for the statements of forecast service and financial performance.

The NZTA has a five-part approach to setting its strategic intent:

1. Understanding the policy context for our functions.
2. Defining the desired long-term impacts of the NZTA's work programme on the transport sector.
3. Setting strategic objectives for each of our functions as part of four functional strategies.
4. Guiding our transformation through a focus on five medium-term strategic priorities.
5. Growing organisational capability, our systems and external relationships through a three-year organisational development strategy.

As shown below, the statement of forecast service performance firmly links our outputs and performance measures to the realisation of the strategic intent, that is, the impacts, strategic objectives, priorities and capability development.

FIGURE 1 | Defining the NZTA's strategic intent for 2010-2013



Policy context

The NZTA defines its strategic intent in the context of relevant statutes and government policy. The key elements of these are briefly outlined below.

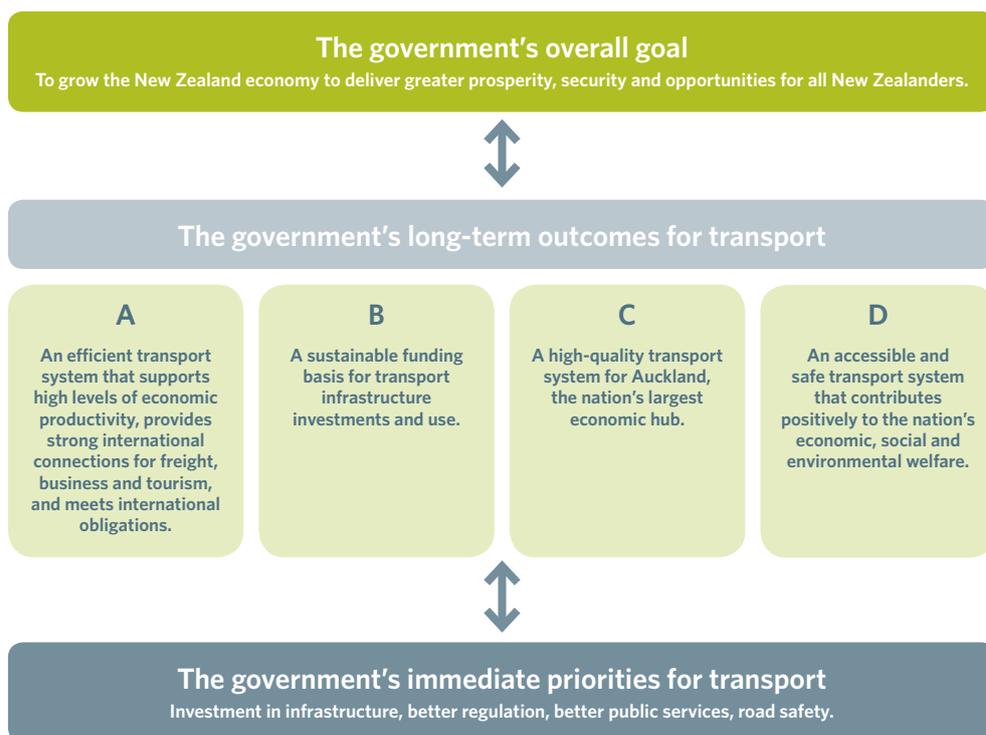
<p>Relevant transport legislation</p>	<p>The NZTA is guided by its empowering and other relevant legislation. The Land Transport Management Act 2003 establishes the NZTA and provides the legal framework for managing and funding land transport activities and provides for a <i>Government policy statement on land transport funding (GPS)</i>. The Land Transport Act 1998 promotes safe road user behaviour and vehicle safety; provides for a system of rules governing road user behaviour, and the licensing of drivers and technical aspects of land transport. Other relevant legislation includes the Railways Act 2005, the Transport (Vehicle Registration and Licensing) Act 1986, the Public Transport Management Act 2008, the Government Roadway Powers Act 1989, the Road User Charges Act 1977, and the Transport Act 1962.</p>
<p>Government policy statement on land transport funding 2009/10–2018/19, including roads of national significance</p>	<p>The GPS sets the strategic direction for investment in the land transport sector, allocates funding ranges for the various activity classes in the National Land Transport Programme (NLTP), and specifies impacts that the government expects to be achieved through the NLTP. The government has listed seven roads of national significance as a statement of national road development priorities. Among other policy guidance, the GPS requires the NZTA take an integrated approach to planning between transport modes, and between transport and land use planning.</p>
<p>National Infrastructure Plan</p>	<p>The 2010 National Infrastructure Plan sets out a vision for infrastructure development in New Zealand, and records investment intentions across all network and social infrastructure classes. The plan records the roads of national significance as one of four immediate priorities, and lists nationally important longer term issues all of which relate to the transport sector and to the work of the NZTA.</p>
<p><i>Safer Journeys</i>: New Zealand's road safety strategy 2010–2020</p>	<p><i>Safer Journeys</i> introduces a Safe System approach to New Zealand, which will over time transform the approach to reducing road deaths and injuries. It requires interventions to consider the inter-relationship of all aspects of the road safety system – speed, roads and roadsides, vehicles and road user behaviour. The strategy identifies implementation actions that will guide NZTA safety activities.</p>
<p>Transport rules</p>	<p>Land transport rules are a form of delegated legislation similar to regulations. The NZTA produces rules for the Minister of Transport under an agreement made with the Secretary for Transport. Land transport rules have a significant influence on access of persons and vehicles to road and rail networks, and guide the conduct or use of the networks.</p>

Long-term transport sector outcomes and desired impacts

The Minister of Transport has identified four long-term outcomes or goals for the transport sector, which link the sector with the government's overall goal to grow the New Zealand economy.

Sector outcomes

FIGURE 3 | The long-term direction for the transport sector



OUR INTENT FOR 2010–2013

Reflect these long-term outcomes in the identification and development of our strategic objectives and priorities, and in the design and delivery of all outputs. We will assess our likely contribution to these sector-wide outcomes against a set of eight transport sector impacts (refer next section).

Desired long-term impacts of our outputs on the transport sector

The NZTA's contribution to the realisation of the transport sector's long-term outcomes and policy context (described above) is determined by our role and functions, and by our service delivery and financial performance.

We link our functions and priorities to the sector's long-term direction through eight impact statements, which taken together describe the desired long-term effect of our work programme on the transport sector.

Figure 4 lists the NZTA's desired long-term sector impacts, and shows how they link to the long-term outcomes for the entire transport sector. For each impact there is a main progress indicator for 2010–2013 which measures the aspect of the sector's progress (against the impact) that is strategically most important to the NZTA. Progress against additional (secondary) indicators is also reported annually.

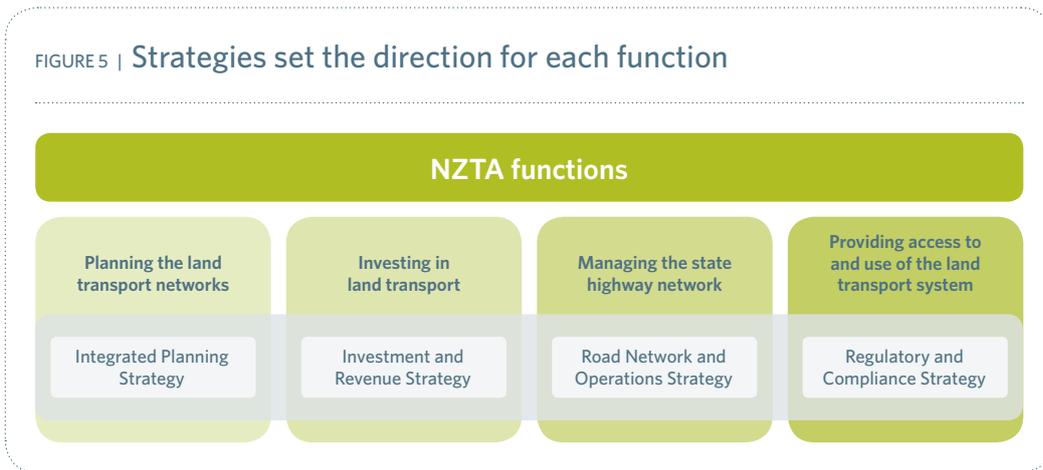
FIGURE 4 | Desired long-term effect of the NZTA's work programme on the transport sector

Government's long-term outcomes	Desired combined impacts of NZTA outputs	Main progress indicator for the NZTA for 2010–2013	Desired trend
A & B & C	Better use of existing transport capacity	Vehicle kilometres travelled per network kilometre	Improving
	More efficient freight supply chains	Variability of journey times on the national strategic freight routes	Reducing
A & C & D	A resilient and secure transport network	Percentage variability of travel time by road	Stable or reducing
A & C	Easing of severe urban congestion	Levels of severe road network congestion in main urban areas	Reducing
A & D	More efficient vehicle fleets	Energy use per vehicle kilometre travelled	Reducing
C & D	Reductions in deaths and serious injuries from road crashes	Reported road fatal and injury crashes per vehicle kilometre travelled	Reducing
	More transport mode choices	Perceptions of access to work or study in Auckland	Improving
	Reduction in adverse environmental effects from land transport	Modelled results of stormwater runoff quality	Improving

Our strategies

For each of our core functions there is an overarching strategy which guides the delivery of outputs that relate to each function. Each strategy links the relevant long-term desired sector impacts (refer above) with our outputs and relevant medium-term strategic priorities. Each strategy also sets out the strategic objectives the NZTA has for this function for 2010-2013, and the related strategic deliverables for 2010/11.

FIGURE 5 | Strategies set the direction for each function



Integrated Planning Strategy

In 2010–2013, the NZTA will implement its first strategy for the land transport planning function, which incorporates both transport and land use planning outputs. The strategy has been developed to ensure that we give effect to the GPS, which requires the NZTA to undertake an integrated approach to transport planning.

The strategy aims to achieve the lowest possible long-term transportation expenditure for firms and households (as taxes, rates and all other household expenditure) through good regional and urban planning and design. This will be achieved by optimising existing transport investment, improving journey time reliability at peak times, reducing peak-time travel demand and promoting well-designed settlements that have a low degree of enforced travel demand.

Many NZTA staff, including planning staff in each of our regions that work with local government, community and transport user groups to promote an integrated planning approach and achieve good land use and transport outcomes. In this respect, the Integrated Planning Strategy sets three strategic objectives for the NZTA:

1. To invest in land transport activities that support appropriate land use patterns and connect major cities and ports.
2. To deliver a state highway network that supports products to be processed and sent to markets efficiently.
3. To promote integrated planning outcomes for the land transport system – generally and in conjunction with stakeholders.

FIGURE 6 | Other elements of the Integrated Planning Strategy

Desired impacts	Key outputs	Strategic priority for 2010–2013	Strategic deliverables 2010/11
All desired impacts (apart from efficient vehicles) are relevant to this strategy	Transport planning Road user safety	Planning for roads of national significance	Developing network plans for roads of national significance and several resource consent applications Supporting reviews and development of regional transport strategies, regional policy statements, regional strategic growth plans and the Auckland Spatial Plan Supporting statutory reviews: Resource Management, Land Transport Management, Public Transport Management and Local Government Acts Implementing other Integrated Planning Strategy initiatives in each region, including measures to increase travel time reliability, congestion relief and promoting good urban design

Investment and Revenue Strategy

The NZTA is responsible for allocating over \$2.9 billion from the National Land Transport Fund (NLTF) to land transport activities each year. Apart from the investment in state highway activities, we invest over \$650 million per annum in partnership with local authorities to improve, maintain and renew roads, and around \$360 million to support public transport and build new transport infrastructure assets to meet changes in demand. We also fund the Road Policing Programme – a \$300 million programme delivered by the NZ Police.

In July 2009 the NZTA Board adopted its first Investment and Revenue Strategy. The purpose of the strategy is to ensure that we give effect to the GPS (refer above) and the requirements of the Land Transport Management Act 2003 in the allocation of NLTF funds.

The strategy sets out all prioritisation frameworks that are used in the development and ongoing management of the National Land Transport Programme (NLTP) - the three-year programme outlining investment in land transport activities. All NZTA investment is driven by these three strategic objectives:

1. To give effect to government policy and the NZTA's strategies.
2. To promote economic efficiency and ensure that proposed investments maximise value of the resources used.
3. To invest in effective interventions that provide long-term, integrated and enduring solutions.

FIGURE 7 | Other elements of the Investment and Revenue Strategy

Desired impacts	Key outputs	Strategic priorities for 2010-2013	Strategic deliverables 2010/11
All desired impacts (apart from efficient vehicles) are relevant to this strategy	NZTA management of the funding allocation process		
	Management of the funding allocation system Sector training and research Administration of SuperGold card	Improving customer service and reducing compliance costs for approved organisations	Introducing simplified and streamlined investment planning and decision-making processes Investment planning for an Auckland transport network that supports the city's growth and economic success
	National Land Transport Programme - investment outputs		
	Transport planning Road user safety New and improved infrastructure for local roads Renewal of local roads Maintenance and operation of local roads Public transport services Public transport infrastructure Rail and coastal freight Regional development transport funding New walking and cycling facilities	Investing in roads of national significance and related road networks Implementing <i>Safer Journeys</i> road safety strategy Improving the effectiveness of public transport in main urban areas	Implementing the investment strategy reviews for transport planning, road user safety, training and research Completing the investment and delivery review of the Road Policing Programme Determining appropriate customer levels of service for land transport activities across regions and for different elements of networks Completing the review of wider economic benefits in benefit-cost calculation and implementing the finding of this and other improvements

Road Network and Operations Strategy

The NZTA is responsible for managing New Zealand's 10,984km of state highways. One of the country's most valuable assets at \$23 billion, it represents around 12.5 percent of the total roading network. We are the largest road controlling authority and also a significant investor in the local roads component of the network.

The NZTA is developing a strategic direction that builds on its combined planning, investment and provider roles in relation to the road network. This emerging strategy aims to deliver the best possible value for money through these interim strategic objectives:

1. To improve the national and regional frameworks that guide planning, investment in and operation of New Zealand's roading network.
2. To develop longer-term road network investment plans to support economic growth through productivity gains – particularly in Auckland.
3. To promote development and integrate appropriate levels of service, standards, management and operations across the combined state highway and local roading network.
4. To deliver ongoing improvements to procurement and activity management practices.
5. To foster the transformation of the NZTA's state highway management function using a 'customer first' business strategy, which has three components – growing and optimising the network, meeting road user needs and providing quality services and products.

FIGURE 8 | Other elements of the Road Network and Operations Strategy

Desired impacts	Key outputs	Strategic priorities for 2010–2013	Strategic deliverables 2010/11
All desired impacts (apart from efficient vehicles) are relevant to this strategy	<ul style="list-style-type: none"> Transport planning New infrastructure for and renewal of state highways Maintenance and operation of state highways Crown contribution to accelerated state highway construction New walking and cycling facilities 	<ul style="list-style-type: none"> Improving customer service and reducing compliance costs Delivering and operating roads of national significance Safer roads and roadsides and speeds More efficient freight movement, focusing on high productivity vehicle routes 	<ul style="list-style-type: none"> Completing the development a classification system for all state highways, which will then be linked to customer levels of service Increasing value for money in the procurement of state highway network infrastructure and services Determining appropriate technical levels of service for land transport activities across regions and for different elements of networks Reviewing and updating the annual State Highway Plan, which sets out the rolling 10-year programme of improvements and renewals Reviewing the State Highway Asset Management Plan to reflect the levels of service development Undertaking longer-term planning for the development of the national road network Incorporating the above deliverables in a review and finalisation of the Road Network and Operations Strategy

Regulatory and Compliance Strategy

The NZTA plays a key role in facilitating access to land transport networks. Drivers, vehicles and commercial operators are required to meet and maintain certain standards before access is allowed on road and rail networks – we manage this function by applying the relevant rules and delivering key services. We have responsibility (with NZ Police and other agencies) for ensuring that transport users comply with relevant rules and are responsible for the collection of road user charges.

Our strategic direction for this significant function is being developed around the following interim strategic objectives (for some of which we work closely with the Ministry of Transport and other agencies):

1. To improve customer service, which includes a review of the most appropriate transaction and communication channels and development of customer improvements around our business systems.
2. To develop a more outcome-orientated approach to rule development in which regulation is used in combination with planning, investment and network management functions.
3. To simplify the road user charges system in order to achieve an equitable and more efficient revenue structure and collection system.
4. To improve the long-term efficiency and reliability of revenue gathering, licensing and registration services through the modernisation of information technology platforms and ongoing management reviews of business processes and practices.
5. To transform the approach to road user compliance by focusing on the most effective and efficient tools in relation to compliance target levels, which includes a more significant role for education and information provision services.

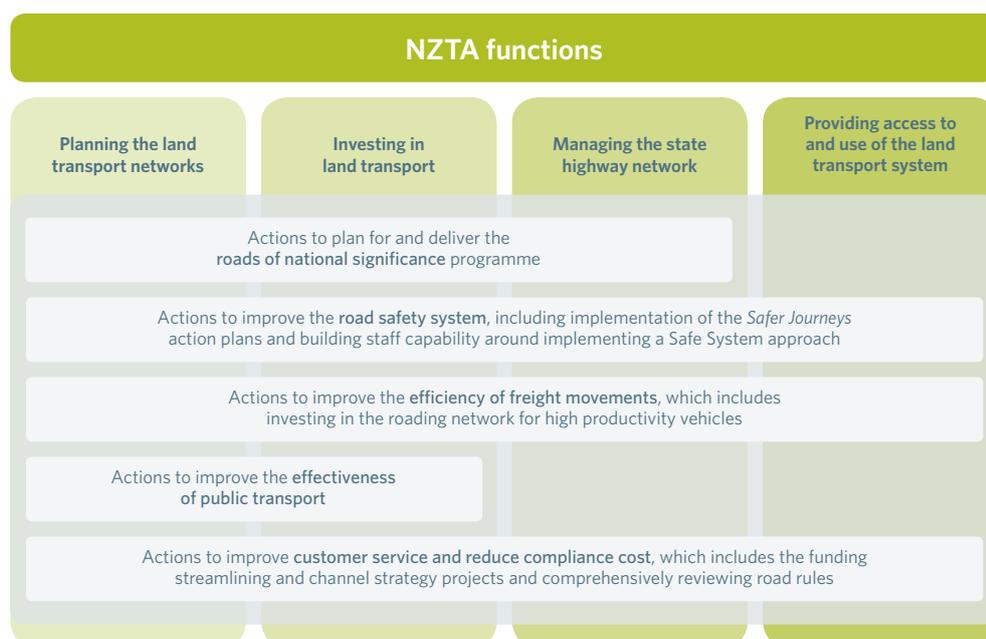
FIGURE 9 | Other elements of the Regulatory and Compliance Strategy

Desired impacts	Key outputs	Strategic priorities for 2010–2013	Strategic deliverables 2010/11
<p>Reductions in deaths and serious injuries from road crashes</p> <p>Easing of severe urban congestion</p> <p>Better use of existing transport capacity</p> <p>More efficient freight supply chains</p> <p>Reduction in adverse environmental effects from land transport</p> <p>More efficient vehicle fleets</p>	<p>Road user safety</p> <p>Regulatory implementation and enforcement</p> <p>Licensing activities</p> <p>Motor vehicle registry</p> <p>Road user charges collection, investigation and enforcement</p> <p>Refund of fuel excise duty</p>	<p>Improving customer service and reducing compliance costs</p> <p>More efficient freight vehicle fleet</p> <p>Safer road use and safer vehicles</p>	<p>Increasing value for money in the delivery of regulatory, compliance and revenue collection services</p> <p>Undertaking a comprehensive review of all land transport regulatory requirements</p> <p>Supporting the Ministry of Transport with the road user charges review and implementing the result</p> <p>Undertaking an options analysis of the vehicle registry to identify a modernisation pathway and future state design</p> <p>Completing the implementation of the Operator Rating System and reviewing its results for road users</p> <p>Supporting the implementation of <i>Safer Journeys</i>, including developing new road user rules and revising national advertising and education programmes</p> <p>Working with the Ministry of Transport to review the fees and charges for regulatory activities, and to streamline regulation and rules</p> <p>Incorporating the above deliverables in a review and finalisation of the Regulatory and Compliance Strategy</p>

Our strategic priorities for 2010-2013

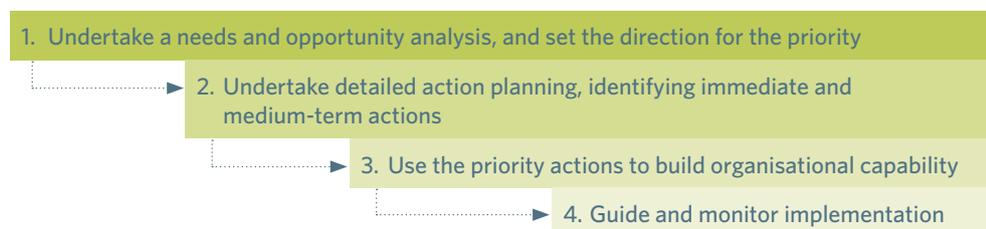
In April 2009 the NZTA adopted five strategic priorities to guide the transformation of the organisation and, in some cases, influence the development of the transport sector in support of government policy direction. As shown in figure 10 below, these priorities integrate and drive transformation across our four functions.

FIGURE 10 | Our strategic priorities for 2010-2013



The development milestones achieved and next steps in the realisation of our strategic priorities are set out in the following pages. All five of these strategic priorities have now moved into capability and implementation stages (refer figure 11) with a number of first milestones being delivered. Taken together, these priorities have played a major role in creating 'One Agency' (refer Organisational Development Strategy discussion below) but also in giving effect to the strategic direction of our organisation.

FIGURE 11 | Steps in the development of the strategic priorities



STRATEGIC PRIORITY Plan for and deliver roads of national significance

Long-term sector impacts that link to this strategic priority	Better use of existing transport capacity
	More efficient freight supply chains
	A resilient and secure transport network
	Easing of severe urban congestion
	Reductions in death and serious injuries from road crashes
	More transport mode choices
	Reduction in adverse environmental effects from land transport

This priority targets the government’s identification of seven roads of national significance (RoNS) that are considered some of New Zealand’s most essential routes that require significant investment and prioritisation. This priority has the following four delivery areas:

1. Finalise an enhanced resource management framework process that will enable RoNS projects to be progressed smoothly through the Resource Management Act 1991 (RMA) process and the Environmental Protection Agency process.
2. Develop a RoNS-specific monitoring regime focused on post-construction reviews of the benefits.
3. Document a communications framework for each RoNS to ensure clear, effective and consistent communications and stakeholder engagement across New Zealand.
4. Enhance network integration to maximise the benefits from RoNS and associated transport networks and land use plans.
5. Complete the development of a classification system for all state highways, which will then be linked to customer levels of service.

FIGURE 12 | Location of the seven RONS projects



FIGURE 13 | The RoNS delivery programme for 2010-2013



RoNS	Achieved	Milestones	Milestones	Milestones
Puhoi to Wellsford	Investigation phases commenced	Scheme investigation completed	Design for Puhoi to Warkworth commences Construction of McKinney Road-Wech Drive intersection (Warkworth) completed	Completion of EPA process Construction of all Warkworth Stage 1 improvements completed
Completing the Western Ring Route	Investigation phase completed	Board of Enquiry for Notice of Requirement and resource consents held Notices of Requirement for widening of SH16 from Lincoln Road to Westgate approved Construction Lincoln Road interchange commences	Construction on the Waterview Connection tunnel sections commences	Construction on SH16 causeway commences
Victoria Park Tunnel	Construction commences	Construction substantially completed	Construction fully completed	Construction fully completed
Waikato Expressway	Investigation phases substantially completed	Construction contracts for Rangiriri and Ngaruawahia sections let Construction of Te Rapa and Rangiriri sections commences Design works for Longswamp, Tamahere and Cambridge sections commence	Construction contracts for Cambridge section let Design works for Huntly and Hamilton sections commence Construction of Ngaruawahia section commences	Substantial completion of Te Rapa section Substantial completion of Rangiriri section Commence construction on the Longswamp section
Tauranga Eastern Link	Funding approval given	Construction commences	Construction continues	Construction continues
Wellington Northern Corridor	MacKays to Peka Peka sections alliance contract awarded	Design of Basin Reserve improvements commence Investigation of MacKays to Peka Peka section substantially complete Investigation of Peka Peka to Otaki section substantially complete	Notice of Requirement and consent applications for all sections lodged Design of Ngauranga to Aotea improvements and Peka Peka to Otaki section substantially progressed	Complete investigations on airport to Mt Victoria Tunnel Commence investigations on Terrace Tunnel Complete investigations on Otaki to Levin Commence construction on MacKays to Peka Peka
Christchurch motorways	Construction on Southern Motorway stage 1 commences	Construction on Western Corridor section commences	Construction of Southern Motorway stage 1 substantially progressed Notice of Requirement application for Christchurch Northern Arterial	Commencement of EPA process for Southern Motorway stages 2 and 3 Commence construction on the Western Belfast section

STRATEGIC PRIORITY Improve the road safety system

Long-term sector impacts that link to this strategic priority

Reductions in deaths and serious injuries from road crashes

More transport mode choices

This priority supports the implementation of the *Safer Journeys* road safety strategy for two delivery areas:

1. Aligning the NZTA with high priority areas in the *Safer Journeys* strategy – young drivers, alcohol, motorcycles, and roads and roadsides, including:
 - a. developing and delivering advertising and education programmes
 - b. developing and implementing legislative changes around alcohol, improved user training and licensing, give way rules for turning traffic and raising the driving age
 - c. developing a classification system for the roading network.
2. Implementing a Safe System approach across all relevant NZTA activities.

FIGURE 14 | Our contribution to the *Safer Journeys* implementation programme



STRATEGIC PRIORITY Improve the efficiency of freight movements

Long-term sector impacts that link to this strategic priority	More efficient freight supply chains
	Better use of existing transport capacity
	More efficient vehicle fleets

This priority targets the need to improve the efficiency of freight movements in order to enhance transport efficiency, lower the cost of transport and improve New Zealand’s economic competitiveness. It has four delivery areas:

1. Implementing the ‘freight forward’ plan that sets out the NZTA’s work programme on improving the efficiency of freight movements and supply chains and access to transport nodes.
2. Partnership development to understand customer and partner needs.
3. Improving fleet and freight vehicle operating efficiency through the development of an implementation plan for the Vehicle Dimension and Mass Rule Amendment (VDM rule).
4. Improving network efficiency to optimise the contribution of existing networks to efficient freight movements.

FIGURE 15 | Our ‘freight forward’ transformation programme



STRATEGIC PRIORITY Improve the effectiveness of public transport

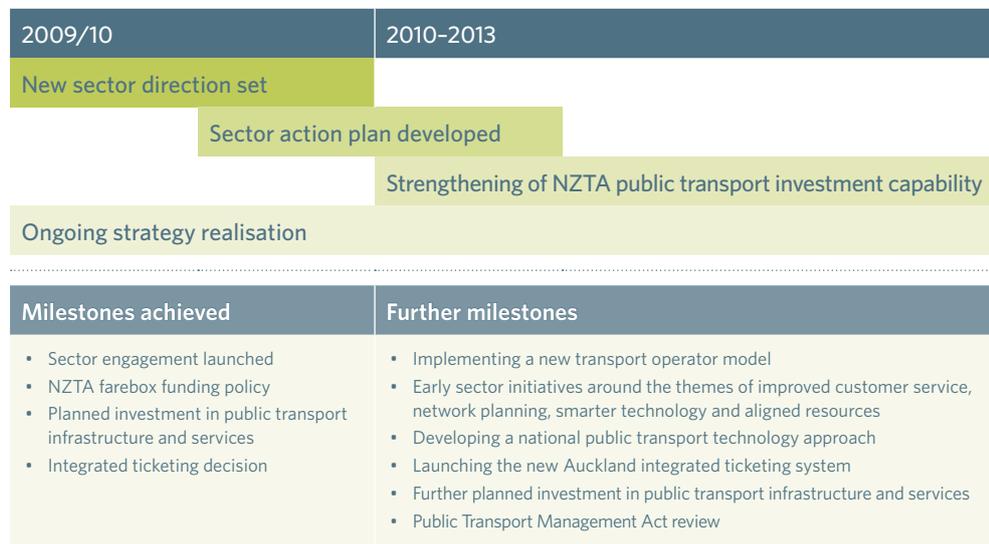
Long-term sector impacts that link to this strategic priority

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

This priority targets the need to lift the effectiveness of public transport services in easing severe congestion and improving the reliability of urban transport networks. It has four key delivery areas:

1. Determining a national approach to public transport effectiveness that includes integrated networks, customers and leadership.
2. Developing a national public transport technology approach that focuses on integrated ticketing, technologies such as real time information, Google transit applications, bus priority technology and customer service information and management.
3. Enhancing the role of the Public Transport Leadership Forum (established in 2009) in forming a long-term integrated vision for public transport in New Zealand.
4. Working to ensure that major arterial projects consider the role of public transport, with regard to both the route and the wider network contribution to public transport.

FIGURE 16 | The NZTA and sector public transport transformation programme



STRATEGIC PRIORITY Improve customer service and reduce compliance costs

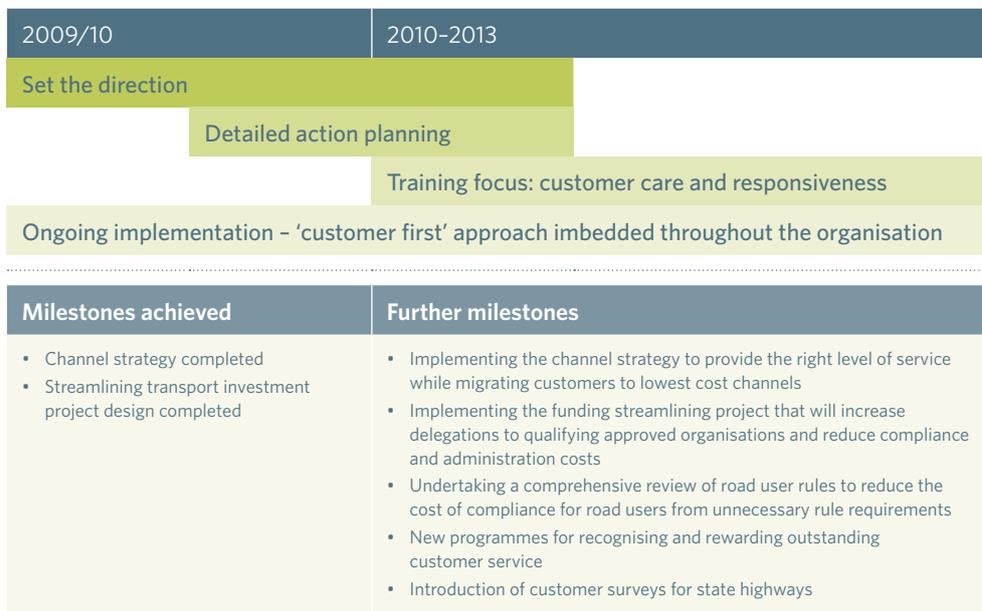
Long-term sector impacts that link to this strategic priority

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

This priority has four delivery areas:

1. Maintaining levels of service while migrating customers to the lower cost channels by optimising our agent network, migrating service delivery to eChannels where appropriate, and introducing self-service for customer detail changes.
2. Streamlining transport investment by defining a more exact funding envelope as early as possible in the investment process, redesigning our manuals and systems away from a rules-based application to a sector decision-making tool, and determining the appropriate levels of service for transport activities in various regions as the basis for investment levels.
3. Ensuring our staff deliver outstanding customer service by communicating expectations around customer service, recognising and rewarding outstanding customer service and seeking feedback from our customers on how we performed.
4. Reviewing all land transport rules to identify opportunities for amendments or deletions that will lower compliance costs for road users directly or indirectly through lowering of administration costs.

FIGURE 17 | Our 'customer first' transformation programme



Organisational capability and development

Purpose and values

Our organisational purpose is to build a better transport system for New Zealanders. To achieve our purpose we exhibit the following values:

- **Achievement** – we achieve excellent results.
- **Service** – we provide outstanding service.
- **Integrity** – we are honest, ethical and trustworthy.
- **Respect** – we show consideration for others.
- **Professionalism** – we produce high-quality work.

The result is a great place to work and a high performing innovative organisation.

Over the coming years we will focus on the following three themes that will strengthen and develop the capability of our people and systems to deliver on our purpose and values – enabling us to build a highly effective and accountable organisation that can meet the demands of today and adapt for the demands of tomorrow.

FIGURE 18 | Our Organisational Development Strategy



Developing our people

We want to create a workplace environment in which our people feel empowered, valued and supported, and where there is a sense of shared enterprise and commitment.

In order for us to be successful as an organisation, our people need to be able to learn, respond effectively to change and deliver results. We work hard to ensure our people have the necessary tools and support to succeed in their roles and that our leaders take responsibility for driving performance excellence.

A leadership capability framework has been introduced to provide direction and context for the development of exceptional leaders and managers. A calendar of development interventions covering core organisational skills has been implemented and assistance provided to staff to undertake further study to strengthen their skill base.

OUR INTENT FOR 2010-2013

Support our managers and leaders to strengthen their capability through a range of learning opportunities described on our leadership capability framework. One key initiative will be the development of a 360° feedback tool for managers.

Create a work environment that recognises individual and team excellence. This will include further development of our recruitment techniques and an enhancement of our performance development process through online tools.

Enhance our current management information about our people to online desktop support for managers, in real time, to support better strategic decision-making. Set benchmarks for groups and individual teams and enable managers to track their own progress towards these. Extend our human resources management information system for all staff to include individual development plans.

We value the development of all our people. We will enhance our NZQA programme, review and improve our summer intern and graduate programmes and develop career pathways for all our staff.

Build a great place to work by ensuring we recognise diversity, are flexible in meeting individual needs and continue to provide stimulating job opportunities. We take staff engagement seriously and we will continue to listen to feedback, both from staff surveys and from our unions, and use this in developing our future direction.

Working with others

Working with others requires a commitment to building a common understanding of needs, interests and concerns.

Our staff engage with a wide range of customers and partner agencies every day. It's a fundamental part of how we operate and requires a willingness to listen, take responsibility for issues, and commit to action and follow-up.

In order for us to achieve our outcomes and strategic priorities, we must work in partnership with other organisations such as the Ministry of Transport, NZ Police and local authorities that have shared responsibility for achieving outcomes. We will continue to strengthen our relationships with stakeholders – such as industry and transport user representative groups, our agents and service providers, local communities and non-government agencies – affected by the NZTA's decisions so that we can work together to establish a common purpose of what we're working to achieve for New Zealanders.

Being a relatively new agency, our focus over the last 12 months has been on identifying our key stakeholders, partners and customers, and developing the framework that will guide the way we interact and communicate with these groups.

OUR INTENT FOR 2010–2013

Adopt a 'best practice' engagement approach for all our interactions with stakeholders.

Establish clear ownership of stakeholder relationships by completing relationship plans for our major stakeholders.

Implement action plans from the results of our stakeholder perceptions survey.

Develop a planned and consistent approach to the way we communicate with stakeholders.

Building one agency

The essence of our future success is a well-integrated organisation that is strategy-led, high-performing, customer-focused and adaptive to the rapidly changing New Zealand environment.

Just like our transport networks, the more connected we are, the better we will perform. We have introduced a 'portfolio' approach to working that centres on specific issues, such as our five strategic priorities to bring people together from different parts of the organisation to tackle the big, complex issues we need to address as an organisation.

Over the last year we have launched a number of initiatives that support the creation of a strategy-driven, customer-focused organisation. We launched our *NZTA strategy system* in September 2009, pulling together our corporate planning, budgeting and performance reporting activities to facilitate day-to-day management, and maintain focus on the medium- and longer-term transport outcomes we are aiming for. We established a comprehensive quarterly performance review process that will become the main catalyst to drive change across the NZTA. We have moved from input- to output-based budgeting, which allows us to ascertain the full cost of delivering each of our outputs and make the necessary trade-offs between what we deliver (goods and services) and the levels of service we can provide.

OUR INTENT FOR 2010-2013

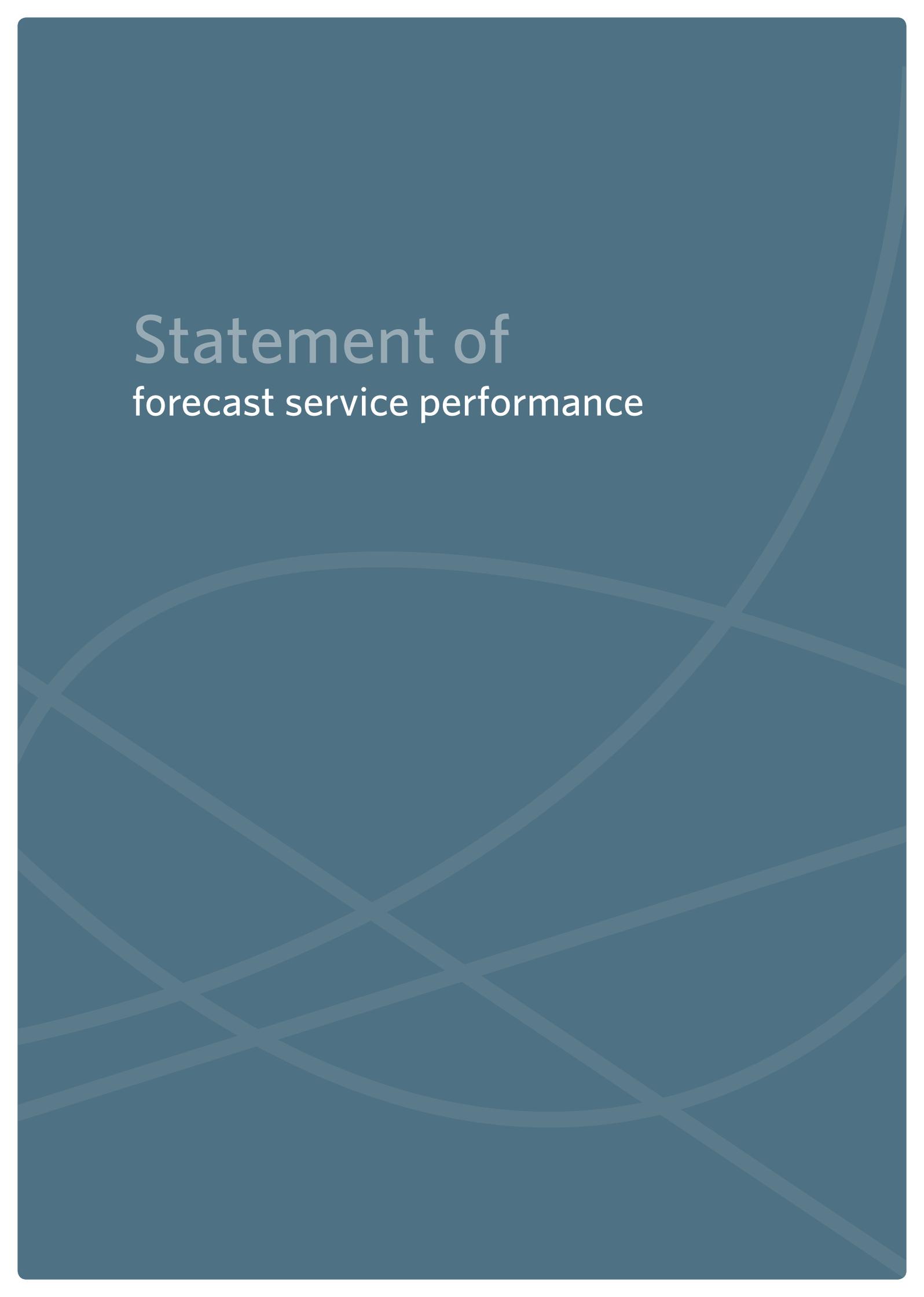
Make continuous improvements to the newly established quarterly performance review process including improving reporting on strategic priority areas, sharpening the content of the NZTA quarterly performance report and strengthening the focus on output and outcome reporting.

Establish a formal performance improvement actions programme, and establish and monitor a set of value for money initiatives that identify priority actions, to be reported quarterly to the Minister of Transport.

Strengthen governance by improving our programme management, finance decision-making and risk and assurance to make sure managers and our governance structures receive tailored information at the right time and that they receive trusted business advice that enables them to deliver and govern effectively.

Embed a 10-year financial plan to guide financial and strategic decision-making, ensuring financial reporting systems reflect our move to output-based budgeting and business planning, and conducting financial reviews across all our outputs and groups.

Statement of forecast service performance

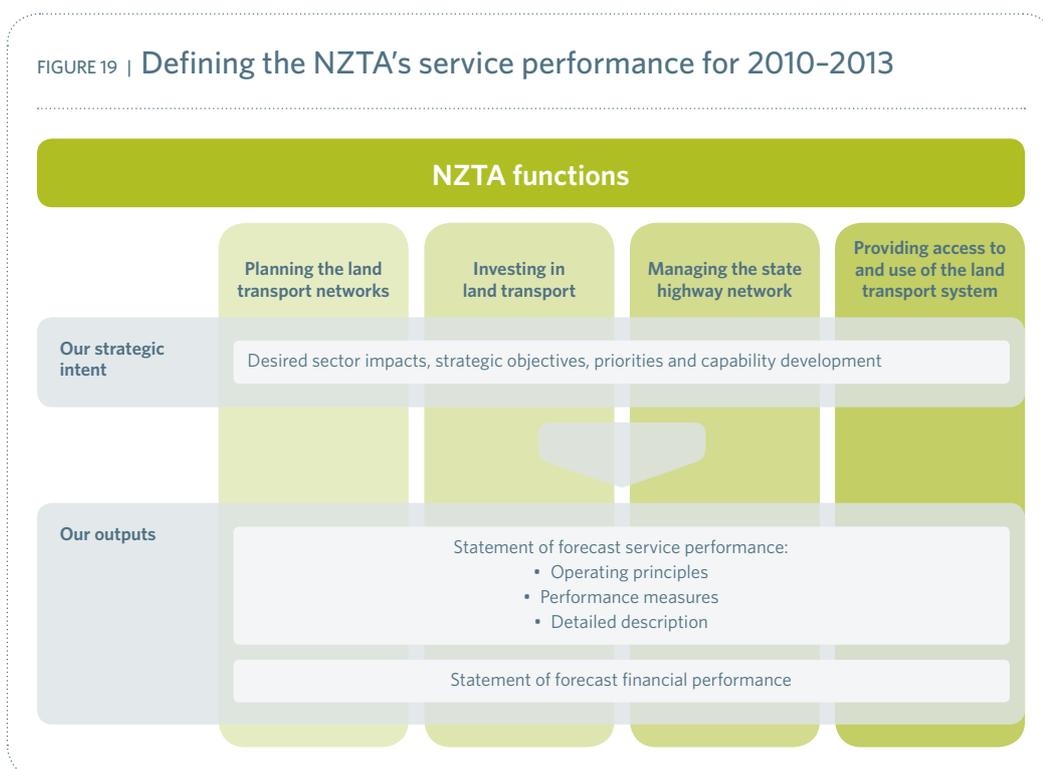


Introduction

The statement of forecast service performance sets out how the NZTA will deliver its strategic intent for 2010–2013. It has three components:

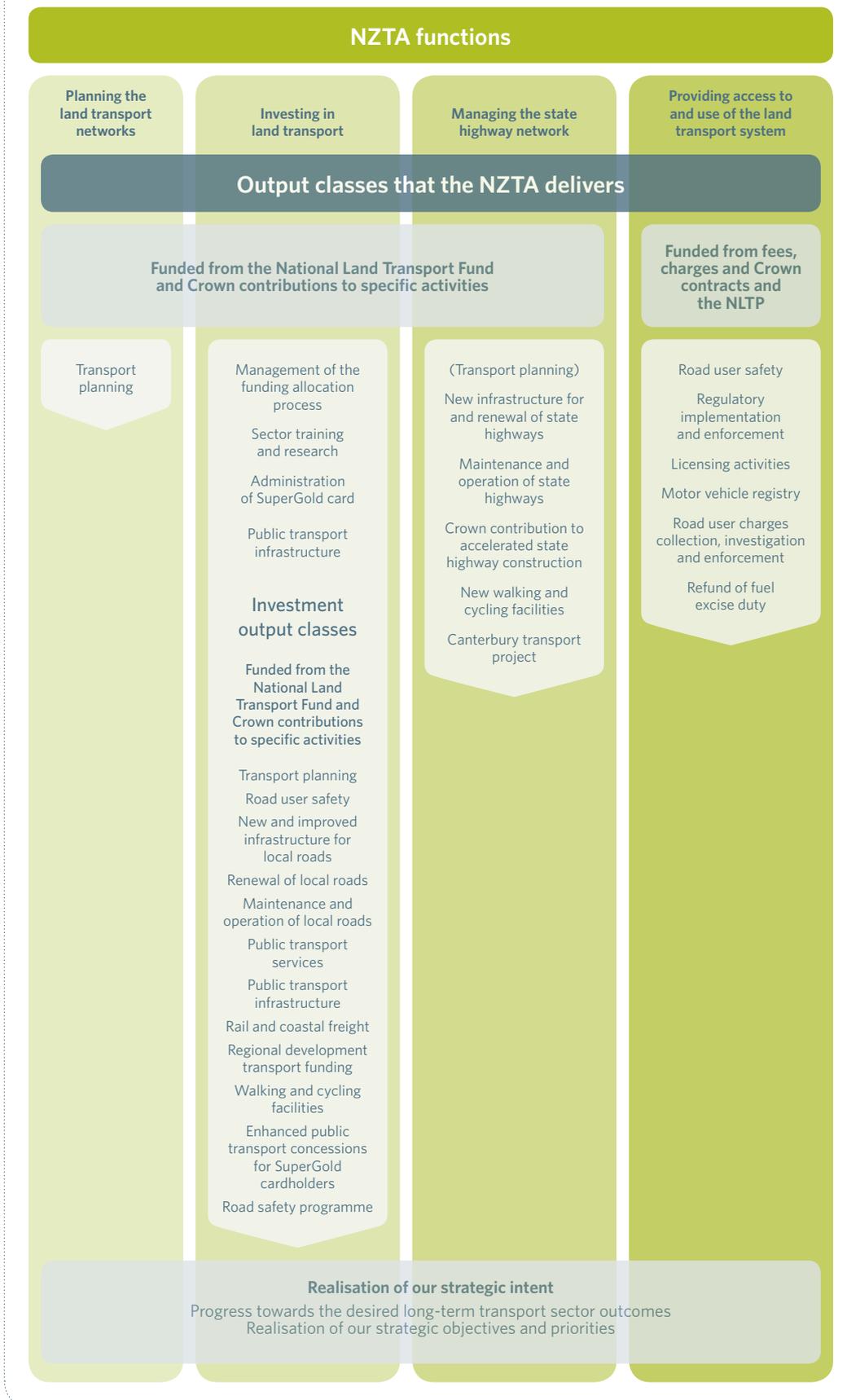
1. Our service delivery operating principles.
2. Our service delivery and investment performance measures.
3. A description of each output class, including relevant performance measures and costs.

This structure and the relationships are illustrated below.



The NZTA has different accountabilities for different output classes – depending on whether the NZTA delivers (eg licensing activities and maintenance and operations of state highways), partly delivers along with local authorities (eg transport planning), or invests in but does not deliver services (eg maintenance and operations of local roads). This complex delivery arrangement is illustrated in figure 20, which also shows that NZTA services are funded from a number of revenues, namely third party fees and charges, Crown funding and the NLTF.

FIGURE 20 | The output classes that deliver on our strategic intent



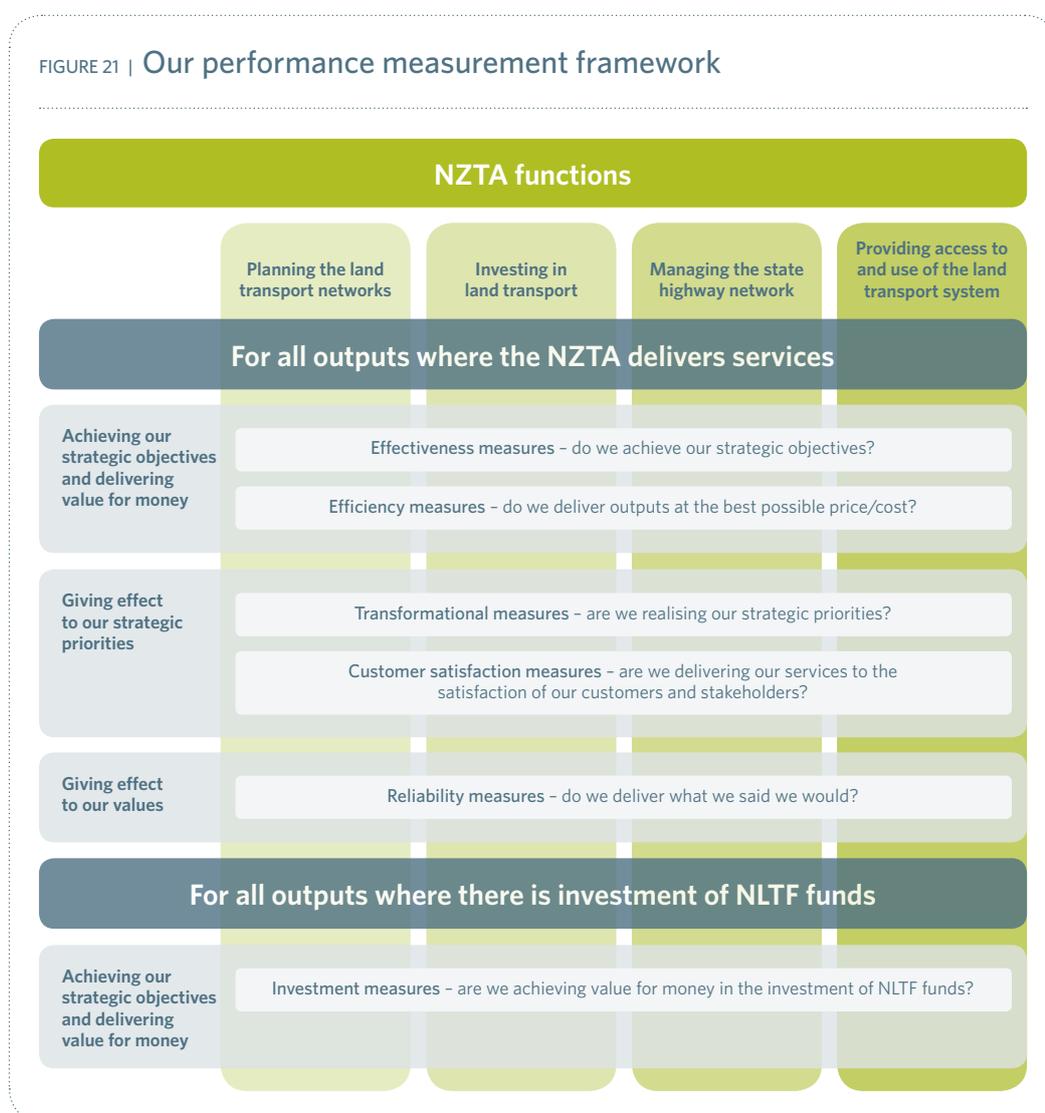
Service delivery performance

The output performance measures report on the achievement of critical elements of our strategic intent. Measures have been developed for each output that report whether the output:

- meets the expectation of an affordable transport system for users and the government
- achieves the most relevant aspect of our strategic objectives for the function that the output forms part of
- gives effect to the most relevant and significant aspect of transformation programmes related to our strategic priorities
- achieves, in particular, the 'customer first' intent of our customer service strategic priority
- gives effect to our values of achievement, service delivery and professionalism.

Service delivery measures are provided for services the NZTA solely and partly delivers. Investment measures are provided for all services funded from the NLTF – including the NZTA's own services – and show how we assess the quality of the investment decisions themselves.

FIGURE 21 | Our performance measurement framework



Summaries of all the performance measures included in the statement of forecast service performance are contained in Appendix 3.

Detailed description of each service delivery output class

For transparency purposes output class information is repeated where the NZTA may both deliver and invest (eg transport planning). For each output class a table is provided that describes the scope of services, what we want to achieve, how we expect to achieve it and our role. There are a number of output classes for which only minimum performance information is provided. This is due to the scale and nature of those output classes (eg rail and coastal freight).

More detailed quantitative information about services delivered and contribution to desired impacts will be contained in the NZTA and NLTF annual reports.

The financial allocations for output classes for 2012/13 are tentative only. The GPS funding policy that applies to 2012/13–2014/15 has not yet been formulated. That GPS will provide the NZTA Board with the outcomes, objectives and impacts the Crown wishes to achieve through the NLTP and the Board can then determine its investment strategy for output classes for the 2012/13 financial year.

OUTPUT CLASS Transport planning

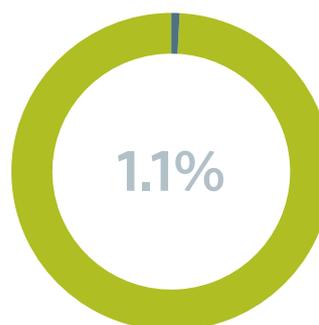
DESCRIPTION

Under this output class, the NZTA invests in, and influences:

- the development of regional land transport strategies and regional land transport programmes
- the development and improvement of service, network and asset management plans by approved organisations and in relation to state highways
- activities that contribute to the long-term transport planning of approved organisations or for state highway networks.

This page refers to transport planning activities that the NZTA influences. Our investment in transport planning activities is discussed on page 64.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



WHAT WE WANT TO ACHIEVE

The Integrated Planning Strategy sets out our role and objectives.

HOW WE ACHIEVE IT

We are reviewing this output class to improve the influence we have on the development of strategies, studies and plans. For example:

Through the *Planning, programming and funding manual* we articulate the activities funded through this output class, their role in informing, articulating and planning for the long-term needs and demand on the transport system.

We set clear criteria (and adhere to this criteria) for assessing proposals, prioritising activities that adequately inform, articulate and plan for long-term needs.

Through use and communication of the *Economic evaluation manual*, we provide procedures for conducting economic efficiency evaluations and risk management assessments of activities.

We create and maintain a catalogue listing previous studies, plans and strategies funded in this output class in order to reduce duplication.

Local government has primary responsibility for developing and delivering regional land transport strategies and programmes, including the associated studies and plans. We co-invest and provide guidance, support and advice for their development through this output class. We also do transport planning for state highways.

HOW WE MEASURE OUR PERFORMANCE

1 This is a new measure and the expected result reflects what we can aspire to achieve given that only around 20% of the transport network is currently covered.

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	% of New Zealand transportation network covered by supported strategies or endorsed packages or plans ¹	40%	60%
Efficiency	% of strategies and packages endorsed with no rework	100%	100%
Transformation	All funds allocated in accordance with the State Highways Classification Project guidelines	100%	100%
Customer orientation	% of stakeholders surveyed that are satisfied with the NZTA's contribution to regional transport strategies, studies and plans	60%	70%
Reliability	% of state highways studies and strategies programme completed	90-110%	90-110%

FINANCIALS

Transport planning PLA				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the NLTF (NZTA operations)	5,143	7,212	7,155	6,923
Revenue from the NLTF (investment in land transport)	24,857	25,859	25,917	24,077
Total income	30,000	33,071	33,072	31,000
Expenditure				
Operating activities (NLTP)	4,213	7,212	7,155	6,923
Investment in land transport	25,787	25,859	25,917	24,077
Total expenditure	30,000	33,071	33,072	31,000
Net surplus/(deficit)	0	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Management of the funding allocation system

DESCRIPTION

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

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

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



WHAT WE WANT TO ACHIEVE

We want to ensure the delivery of a high-quality and effective National Land Transport Programme that gives effect to the GPS in the application of the Investment and Revenue Strategy.

HOW WE ACHIEVE IT

We are responsible for all of the development, management, monitoring, auditing and assistance outlined in this output class. We have developed a range of tools to ensure the delivery of a high-quality and effective National Land Transport Programme. These include:

- the *Planning, programming and funding manual*, which provides guidance for integrated transport planning, procedures for preparing proposals, assessing and assigning regional priority for programmes, activities and projects submitted for inclusion in regional land transport programmes and the National Land Transport Programme
- LTP online, which is a web-based system for submitting, managing and reporting on regional land transport programmes and the National Land Transport Programme
- the *Economic evaluation manual*, which provides procedures for conducting economic efficiency evaluations and risk management assessments of activities
- procurement procedures and manuals, which assist in contracting suppliers to deliver National Land Transport Programme activities
- network standards, guidelines and manuals that ensure that developing and/or managing various aspects of the land transport network (traffic signalling, cyclist facilities, bridges, etc) follow international best practice
- an annual audit programme, which assesses the performance of the funding allocation system.

HOW WE MEASURE OUR PERFORMANCE

2 Forecast costs expected to be less than allocation.

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	Average number of days taken from submission of application to approval of application	Average of 30 days	Average of 30 days
Efficiency	Investment management (less taxi enforcement) costs ² as a % of the NLTP	No more than 1%	No more than 1%
Transformation	% of NZ transportation network covered by supported strategies or endorsed packages or plans	40%	60%
Customer orientation	% of stakeholders satisfied with policies, processes and systems used to develop, implement and review the NLTP	>70%	>75%
Reliability	% of investment funds committed	98-102%	98-102%

FINANCIALS

Management of the funding allocation system PLA				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the NLTF (taxi enforcement)	1,423	2,085	2,094	0
Revenue from the NLTF (NZTA operations)	34,317	28,875	26,915	27,000
Total income	35,740	30,960	29,009	27,000
Expenditure				
Operating activities (taxi enforcement)	2,074	2,085	2,094	0
Operating activities (NLTP)	33,166	28,875	26,915	27,000
Total expenditure	35,240	30,960	29,009	27,000
Net surplus/(deficit)	500	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Sector training and research

DESCRIPTION

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

WHAT WE WANT TO ACHIEVE

We want to provide high-quality research for transport decision-makers that has a practical application, and that contributes to achieving the government's strategic priorities. In addition, we want to provide targeted training to build the capability of the land transport sector.

We expect to fund around 20 research topics in 2010/11 at an average cost of \$150,000.

HOW WE ACHIEVE IT

We approved a new research investment framework and a set of research priorities for the 2010-12 Research Programme wherein:

- research areas are aligned with our five strategic priorities
- research topics address the research areas and objectives, and are tested against strategic fit criteria that derive from the GPS, the Investment and Revenue Strategy (IRS) and, where relevant, other strategic documents (eg *Safer Journeys*).

We contract research providers to deliver the research programme and other suppliers to provide sector training programmes. In addition to managing the selection of research projects and procurement process, we manage projects to ensure progress towards completion and timely publication of research findings.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



HOW WE MEASURE OUR PERFORMANCE

Service delivery measures

Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	% of research peer reviewers satisfied with the quality of the research conducted	75%	75%
Efficiency	Administration costs as a percentage of the training and research programmes	Decreasing trend	Decreasing trend
Transformation	% of research recommendations applied by the sector (determined by post-implementation reviews)	Establish benchmark	To be identified after benchmark is established
Customer orientation	% of transport decision-makers that agree the research funded meets their needs	75%	75%
Reliability	% of projects managed to time, cost and quality targets	100%	100%

Investment measures

All investments are prioritised to the best eligible activities to develop sector competence and capacity to develop and implement land transport programmes.

Measure	2010/2011 expected result	2011/2012 expected result
% of funds invested in research topics that address the research measures and objectives and are tested against strategic fit criteria that derive from the GPS and the IRS	100%	100%

FINANCIALS

Sector training and research PLA

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the NLTF (operations)	6,000	6,054	6,000	6,000
Total income	6,000	6,054	6,000	6,000
Expenditure				
Operating activities (NLTP)	6,000	6,054	6,000	6,000
Total expenditure	6,000	6,054	6,000	6,000
Net surplus/(deficit)	0	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Administration of the SuperGold cardholders scheme

DESCRIPTION

Under this output class, the NZTA and regional councils administer the SuperGold cardholders scheme. The government provides the NZTA with funding to administer this scheme.

The Ministry of Transport is reviewing the SuperGold cardholders scheme and the NZTA's allocation from this output class may change.

HOW WE ACHIEVE IT

Our role is to reimburse regional councils for the travel undertaken by SuperGold cardholders. The councils, in turn, then reimburse operators for the public transport services.

HOW WE MEASURE OUR PERFORMANCE

Service delivery measure

Measure	2010/2011 expected result	2011/2012 expected result
Number of working days taken to process claims received from local authorities	15	15

FINANCIALS

Administration of the public transport concessions for SuperGold cardholders scheme

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Income				
Revenue from the Crown (operations)	648	248	248	248
Revenue from the Crown	452	452	452	452
Total income	1,100	700	700	700
Expenditure				
Operating activities	480	248	248	248
Funding to approved organisations	320	584	452	452
Total expenditure	800	832	700	700
Net surplus/(deficit)	300	(132)	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Administration costs of the scheme to provide enhanced public transport concessions for SuperGold cardholders.

OUTPUT CLASS Public transport infrastructure

DESCRIPTION

Under this output class, the NZTA delivers and invests, in conjunction with investment from approved organisations, in the renewal and improvement of road and ferry infrastructure to support public transport services, including bus lanes, bus bays, public transport facilities (eg terminals, park and ride facilities and public transport technology). Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund.

This page refers to public transport infrastructure delivered by the NZTA. Our investment in public transport infrastructure is discussed on page 77.

WHAT WE WANT TO ACHIEVE

Through the public transport infrastructure and public transport services output classes, our investment will contribute to a public transport network that:

- is maintained and renewed to the best safety and design standards possible with available resources
- provides access for as many New Zealanders as is practicable (particularly in major urban areas), whatever their abilities
- is optimised (through operational management, smarter technology, new services; renewals and upgrades or other improvements to services, public transport facilities and infrastructure) to offer greater reliability, effectiveness and efficiency for movement of people
- is well integrated with state highway, local roading and pedestrian networks.

Activities expected to be funded in 2010/11 include Auckland integrated ticketing, real-time passenger information system for Auckland; completion of the New Lynn Passenger Transport Interchange; Wellington rail station upgrades; and property purchase for the Christchurch Bus Exchange.

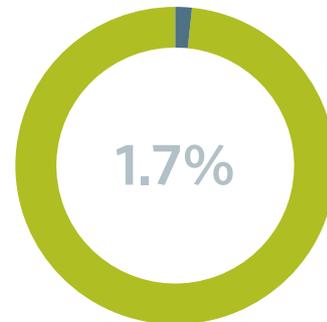
HOW WE ACHIEVE IT

We are a co-investor, co-planner, and co-programmer with approved organisations in implementing public transport infrastructure and service activities in the regional land transport programmes and the NLTP.

Through the public transport infrastructure and public transport services output classes, we receive requests for funding from approved organisations to implement NLTP activities. Requests are subject to an approval process designed to ensure that we invest in activities that have the least whole-of-life cost required to maintain the public transport network to the agreed levels of service. In this process we:

- review the application for completeness and adherence to statutory requirements, and agreed regional public transport plans, service level provision, asset management and network plans, safety management systems etc
- review other available supporting reports, studies, optimisation analysis etc
- review the activity assessment profile for consistency with government and NZTA investment priorities
- confirm that the appropriate procurement procedures are used, particularly with respect to the accessibility requirements (vehicle quality standards) for urban buses.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



HOW WE MEASURE OUR PERFORMANCE

This is a new service area in which we will be developing the national integrated ticketing programme. This programme involves developing a national framework and infrastructure for delivering public transport ticketing and information. The long-term programme is based on four workstreams comprising the strategic frame, standards development and maintenance, the ticketing system's entity and operations, and the national data warehouse.

We intend to define the programme, including time, budget and quality milestones, and to report on our delivery of these milestones at the end of the year.

FINANCIALS

Public transport infrastructure PLA				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the NLTF (NZTA operations)	0	2,849	4,046	1,592
Revenue from the National Land Transport Fund	135,000	54,159	52,962	43,408
Total income	135,000	57,008	57,008	45,000
Expenditure				
Investment in the NZTA	0	2,849	4,046	1,592
Investment in land transport	110,000	46,159	52,962	43,408
Total expenditure	110,000	49,008	57,008	45,000
Net surplus/(deficit)	25,000	8,000	0	0

This output class includes the NZTA's funding for investment in integrated ticketing.

The allocation for 2010 funded a number of high priority projects required in urban area, especially in Auckland and Wellington. Net surpluses relate to the loan facility provided to the Auckland Regional Council to fund the upgrade of Auckland's rail carriages.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS New infrastructure for and renewal of state highways

DESCRIPTION

Under this output class, we manage and invest in:

- renewals of the existing state highway network to maintain standards of skid resistance and rutting and to intervene at the optimal time to reduce exposure to future maintenance costs arising from wear and tear on our roads
- reducing the number and severity of crashes on the state highway network, and maintaining and improving the time and reliability to travel between destinations connected by the state highway network. We do this in a socially and environmentally responsible way.

WHAT WE WANT TO ACHIEVE

By renewing the state highway network we want to:

- ensure road users enjoy safe and reliable travel
- ensure that our investments in maintaining safe and reliable travel are optimal over the long term. By this we mean that we intervene when future maintenance costs exceed the cost of doing the work
- undertake improvements associated with renewals (such as seal width widening and bridge widening) where these are required and meet national priority requirements.

By improving the state highway network we want to:

- maintain the reliability of travel time in key urban areas
- reduce travel time on high-volume strategic routes
- reduce the number and frequency of conflicting movements on our strategic network
- ensure essential infrastructure (such as bridges) are replaced to maintain a high standard of reliability on the network
- reduce the number of crashes on the network by eliminating hazards and reducing driver frustration
- invest in those projects that provide the best value for our customers.

We anticipate that 120–200km of road reconstruction and new roads will be completed in 2010/11, and that at least nine percent of the sealed network will be resurfaced.

HOW WE ACHIEVE IT

All our improvement work is identified via corridor studies of lengths of state highway network, by our National State Highway Strategy or by regional land transport strategies.

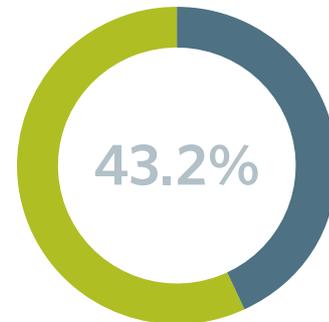
All improvements are separated into small and medium activities (less than \$4 million) and large activities. For each group, projects are profiled using current procedures and then prioritised into a national order. Projects are then implemented in priority order.

We undertake studies which determine the appropriate scope of the project. Part of the study includes consultation with road users, key stakeholders and communities affected by the proposals.

Subject to meeting required standards, projects are then designed and built by a supply chain consisting of professional services consultants and contractors.

Once complete, projects are evaluated to ensure they were managed well and that the investment delivered the benefits expected of it.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



Activity class | New and improved infrastructure for state highways

HOW WE MEASURE OUR PERFORMANCE

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	% of construction projects delivered to time, cost and quality as described pre-construction	>85%	>85%
Efficiency	Efficiency gains across total programme without compromise to quality	2%	2%
Transformation	% ahead of baseline programme for RoNS development (investigation and design phases)	1%	5%
Customer orientation	Degree of community satisfaction with engagement on large projects	>60%	>65%
Reliability	% of state highway programme completed (construction phases)	>90%	>90%

Investment measures		
Measure	2010/2011 expected result	2011/2012 expected result
% of approved activities invested in that reach an investment profile for strategic fit, effectiveness and efficiency of at least priority order 6 as described in the NZTA's <i>Planning, programming and funding manual</i>	95%	95%
% of projects reviewed post-implementation that have an assessment profile within approved construction thresholds	90%	90%

Activity class | Renewal of state highways

HOW WE MEASURE OUR PERFORMANCE

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	Safe stopping: % of travel on network above skid threshold level	98%	98%
Effectiveness	% of rutting >20mm over state highway network	<1%	<1%
Efficiency	% of works completed by 1 April	100%	100%
Transformation	% of reduction in average construction times for projects	5%	15%
Customer orientation	Degree of road user satisfaction in travelling through construction sites	>60%	>65%
Reliability	% of state highway renewals programme completed (actual km vs target km)	>90%	>90%

Investment measures

Measure	2010/2011 expected result	2011/2012 expected result
Allocation for renewals per network lane km	\$8,330	\$8,330
Allocation for renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	9.5-10.5c/km	9.5-10.5c/km
% of approved activities invested in that reach an investment profile for strategic fit, effectiveness and efficiency of at least priority order 6 as described in the NZTA's <i>Planning, programming and funding manual</i>	95%	95%
% of projects reviewed post-implementation that have an assessment profile within approved construction thresholds	90%	90%

FINANCIALS

New infrastructure for and renewal of state highways

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Capital contribution from the NLTF (Crown)	1,302	5,065	5,065	5,065
Capital contribution from the NLTF (operations)	36,521	40,105	38,617	39,253
Capital contribution from the NLTF	513,282	672,162	733,670	736,618
Revenue from the NLTF (new/improved state highway infrastructure)	35,515	36,370	37,784	36,577
Revenue from the NLTF (renewal of state highways)	380,000	384,000	388,000	392,000
Total income	966,620	1,137,702	1,203,136	209,513
Expenditure				
Capitalised operating activities (NLTP)	36,835	40,105	38,617	39,253
Capitalised investment new/improved state highway infrastructure	871,346	925,427	968,576	981,371
Capitalised investment in renewal of state highways	221,419	194,887	195,943	221,689
Total expenditure	1,129,600	1,160,419	1,203,136	1,242,313
Net surplus/(deficit)	(162,980)	(22,717)	0	(32,800)

These net deficits will be funded by a mixture of working capital and retained funds. Revenue from the NLTF for renewal of state highways is funding for depreciation.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Capital works for new infrastructure and renewal of state highways pursuant to section 9 of the Land Transport Management Act 2003.

OUTPUT CLASS Maintenance and operation of state highways

DESCRIPTION

Under this output class we:

- operate the state highway network to ensure customers are aware of conditions before they travel and when they do travel, it is safe and reliable. Progressively, in Auckland and in other major cities we need to actively manage the traffic to ensure delays are minimised at congested times
- maintain the road and the roadside to ensure it is in as safe a condition as possible to travel on
- maintain the state highway network to ensure it continues to provide a reliable travel journey.

WHAT WE WANT TO ACHIEVE

By operating the state highway network we want to:

- ensure the state highway network is available to road users at all times and that extreme weather periods or major incidents involving traffic are dealt with efficiently
- provide users with information about the condition of the network so that they can plan and time their trips to best effect
- ensure we can get the greatest throughput of vehicles from our existing asset in peak times by using real-time information and devices to assist with traffic flow
- coordinate with other road controlling agencies and the police to ensure safe and reliable travel across the entire road network.

By maintaining the network we want to ensure all roads are free of defects, roadside furniture is fully in place and the road surface is safe to travel on at the posted speed.

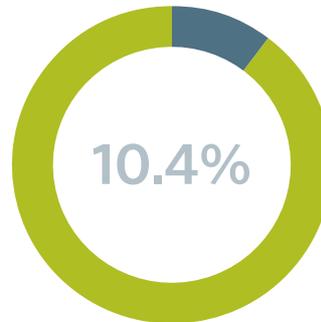
HOW WE ACHIEVE IT

We manage the 11,000 kilometres of the state highway network through a comprehensive asset management plan. This plan sets appropriate levels of service to road users by a sophisticated process of long-term planning, condition assessments and on-the-job inspections by experienced practitioners. A 10-year programme is produced which is continually refined on a three-year rolling programme basis and which delivers an annual plan of work to be carried out.

The annual plan of work is undertaken by our traffic management centres in Auckland and Wellington and our regional offices throughout the country. The design and implementation of the work is carried out by consultants and contractors working in large geographical areas.

We have begun to undertake customer surveys to obtain feedback on our levels of service and we propose to increase the frequency and detail of these in the short term.

PERCENTAGE OF THE NLTP
ALLOCATED TO THIS OUTPUT CLASS



HOW WE MEASURE OUR PERFORMANCE

Service delivery measures

Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	Condition of the network		
	- smooth ride: % of travel on network classed as smooth	97%	97%
	- safer travel: % of network with texture <5% mean pavement depth	98%	98%
Efficiency	Efficiency gains across total programme without compromise to quality	2%	2%
Transformation	% of minor safety allocated in national order	25%	50%
Customer orientation	% of road users satisfied with the quality of state highway information provided	75%	75%
	% of heavy commercial vehicle users satisfied with the operation of the state highway network	75%	75%
Reliability	Availability of state highways	>98%	>98%

Investment measures

All investments are prioritised to the best eligible activities to ensure minimum life cycle costs to keep the level of service static or to meet changing demand. Investment decisions balance:

- strategic fit (eg network security and resilience)
- effectiveness (eg ensure minimum pavement condition)
- efficiency (eg average costs per year per region per lane km and per vehicle km travelled).

Investment assessments are informed by the quality of activity management plans, and road groupings to compare trends, peers, biography, geology and network type. Our future expectation is that investment decisions will be based on agreed levels of service. Investment measures also need to demonstrate that the costs of achieving agreed levels of service are minimised.

Measure	2010/2011 expected result	2011/2012 expected result
% of technical reviews (in aggregate) that rate the network's condition good or better	60%	65%
Allocation for maintaining and operating the network excluding emergency reinstatement (\$ per lane km)	\$11,000-\$12,000	\$11,000-\$12,000
Allocation for maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	12.5-14.5c/km	12.5-14.5c/km
Allocation for emergency reinstatement	\$37 million	\$38 million

FINANCIALS

Maintenance and operation of state highways PLA

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the NLTF (operations)	10,900	8,308	8,153	8,409
Revenue from the NLTF (investment in land transport)	297,100	299,785	305,042	311,591
Revenue from third parties (business units)	969	1,232	1,031	650
Total income	308,969	309,325	314,226	320,650
Expenditure				
Operating activities (NLTP)	9,801	8,308	8,153	8,409
Investment in land transport	297,447	299,785	305,042	311,591
Operating activities (business units)	1,152	1,058	859	481
Total expenditure (NLTP)	308,400	309,151	314,054	320,481
Net surplus/(deficit)	569	174	172	169

The projected 2010 revenue from the NLTF has been reduced from the \$320.900 million appropriation, to be in line with the projected expenditure.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Crown contribution to accelerated state highway construction

DESCRIPTION

As part of the government's stimulus package, extra funding was made available for state highway construction. This output class was created as a repository for this funding.

PERFORMANCE MEASURE

Measure	2010/2011 expected result	2011/2012 expected result
All funds allocated to programmed activities	100%	100%

FINANCIALS

Accelerated state highway construction				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Capital contribution from the NLTF	78,700	33,700	0	0
Total income	78,700	33,700	0	0
Expenditure				
Capitalised investment in the state highway network	78,700	33,700	0	0
Total expenditure	78,700	33,700	0	0
Net surplus/(deficit)	0	0	0	0

The funding allocation for 2011 reflects the balance of the government's stimulus package. Future funding will be allocated to new infrastructure for and renewal of state highways.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

State highway improvements and pavement renewal projects agreed between the NZ Transport Agency and the Minister of Transport.

OUTPUT CLASS Walking and cycling facilities

DESCRIPTION

Under this output class, the NZTA invests and manages the delivery of new and improved walking and cycling infrastructure for transport purposes. Walking and cycling facilities include: cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and cycle parking facilities.

New walking and cycling facilities that are a component of a roading improvement project are funded as a part of investments to improve roading networks rather than through the walking and cycling activity class.

This page refers to walking and cycling activities delivered by the NZTA. Our investment in walking and cycling is discussed on page 68).

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



WHAT WE WANT TO ACHIEVE

Through this output class, we will provide new and improved pedestrian and cyclist networks to:

- increase the numbers of people walking and cycling resulting in alleviating congestion and improving travel times for all road users
- improve access to key services by walking and cycling
- improve the reliability and resilience of the transport networks
- reduce the risk and number of fatal and serious injuries.

HOW WE ACHIEVE IT

We target investment at communities that have a long-term commitment to significantly increase walking and cycling as a practical and safe travel option. We undertake some projects ourselves and invest in other projects that increase and improve walking and cycling infrastructure.

MEASURES

See investment measures in Appendix 2.

FINANCIALS

Walking and cycling facilities PLA

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the NLTF (NZTA operations)		3,000	3,000	3,000
Revenue from the NLTF (investment in land transport)	20,000	12,000	11,000	14,000
Total income	20,000	15,000	14,000	17,000
Expenditure				
Investment in the NZTA		3,000	3,000	3,000
Investment in land transport	20,000	12,000	11,000	14,000
Total expenditure	20,000	15,000	14,000	17,000
Net surplus/(deficit)	0	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Road user safety (previously 'Demand management and community programmes')

DESCRIPTION

Under this output class, the NZTA manages and invests in activities that contribute to the safe, efficient and effective use of land transport networks and services including:

- road user advertising, education and information initiatives that contribute to the high and medium priority areas of the *Safer Journeys* strategy
- network user information initiatives in larger urban centres that will address issues such as congestion and travel time reliability
- education and information initiatives to support the development and implementation of the 'model communities' programme.

Network user information and model communities promotion activities and associated funding are expected to move to more appropriate activity classes during the 2010/11 year.

This page refers to road user safety activities delivered by the NZTA. Our investment in road user safety is discussed on page 66).

WHAT WE WANT TO ACHIEVE

We will contribute to a reduction in the number of fatal and serious injuries on our roads by supporting the Safe System approach to improved safety together with the *Safer Journeys* initiatives. This includes advertising campaigns, education programmes, supporting model communities and other national and local initiatives designed to improve people's behaviour. Other achievements we are targeting include improving congestion and travel time reliability in larger urban areas by providing network user information and supporting the new 'model communities' programme.

HOW WE ACHIEVE IT

We will work with local authorities and community stakeholders through the transport planning processes and/or observe trends from available data (such as the crash analysis system database, traffic surveys, NZ household travel survey, motor vehicle registry) to identify safety and other behavioural issues to be addressed through advertising campaigns, education programmes or other initiatives.

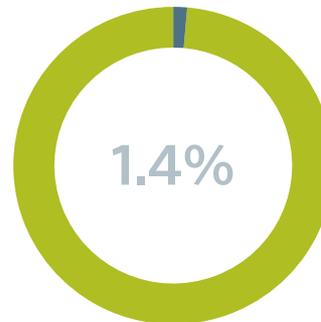
Drawing on international best practice and New Zealand-based experience and expertise, we develop (either directly or through suppliers) an appropriate mix of advertising and information campaigns, education activities and/or the skills training required to modify user behaviour. This may be undertaken at a national level or through co-investment with local government for delivery at the local level.

We directly develop and deliver some activities in this output class, including:

- supporting local governments and communities in their delivery of activities
- procuring expert suppliers for development and delivery
- co-investing with local authorities, in developing and delivering other activities.

We ensure that all activities that are implemented represent value for money and are targeted to needs within specified communities, whether they are delivered at a national or local level.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



HOW WE MEASURE OUR PERFORMANCE

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	Total unprompted recall of road safety TV advertisements by the target audiences (tested quarterly and averaged over 12 months)	70%	70%
Efficiency	Average cost per target audience member for national advertising activities	\$1.37	\$1.37
Transformation	% of road safety programme aligned with our strategic intent	100%	100%
Customer orientation	% of the target audience who rate the NZTA's road safety TV commercials as relevant to them (tested quarterly and averaged over 12 months)	>60%	>60%
Reliability	% of NZTA work programme completed	100%	100%

FINANCIALS

Road user safety PLA				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the NLTF (vehicle impoundment)	444	444	444	444
Revenue from the NLTF (operations)	21,776	18,562	16,757	17,165
Revenue from the NLTF (investment in land transport)	19,124	21,458	22,363	22,391
Total income	41,344	40,464	39,564	40,000
Expenditure				
Operating activities (vehicle impoundment)	216	444	444	444
Operating activities (NLTP)	21,259	18,562	16,757	17,165
Investment in land transport	19,124	21,458	22,363	22,391
Total expenditure	40,599	40,464	39,564	40,000
Net surplus/(deficit)	745	0	0	0

This output class was previously called 'Demand management and community programmes'.
The surplus in 2010 reflects lower vehicle impoundments than forecast, and savings in the NZTA advertising and education programmes pending changes announced to the *Safer Journeys* priorities.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Regulatory implementation and enforcement

DESCRIPTION

Under this output class, the NZTA executes government policy by:

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

WHAT WE WANT TO ACHIEVE

All transport service providers, drivers and vehicles are appropriately licensed, comply with regulations and use the network in a safe and responsible manner.

HOW WE ACHIEVE IT

We give effect to government policy by developing rules and managing safety standards in a way that will reduce the risk of fatal and serious injuries on our roads caused by driver behaviour, vehicle condition and operator practices.

We work with NZ Police and the transport industry to promote the benefits of voluntary compliance and adopting best practice safety and technical standards for operators, drivers and their vehicles, and target our enforcement effort to those who choose not to comply.

The Ministry of Transport contracts us to manage the rule-making process and the development of regulatory implementation and enforcement standards and procedures. We procure and maintain a network of agents to undertake vehicle certification and testing, registration and licensing, and driver and operator licensing. Our service delivery audit programme ensures agent compliance with their required service standards.

HOW WE MEASURE OUR PERFORMANCE

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	% of audits of regulatory compliance and agent service delivery carried out according to agreed standards	100%	100%
Efficiency	Cost per tolling transaction	\$0.71	\$0.70
Transformation	% increase of tolling payments made online	10%	10%
Customer orientation	Rules development programme meets quality and timeliness requirements of the Ministry of Transport	100%	100%
Reliability	Delivery of an agreed audit programme covering: <ul style="list-style-type: none"> - regulatory compliance of rail licence holders and licensed transport operators, eg passenger services (including taxis) and goods and services - agent service delivery (including driver testing, licence administration, and vehicle certification services) according to agreed standards 	100%	100%

FINANCIALS

Regulatory implementation and enforcement				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the Crown	548	720	723	726
Revenue from the Crown for contracted services (rules)	813	723	726	729
Revenue from third parties (fees and charges)	29,018	29,397	29,447	29,447
Revenue from third parties (other)	1,060	1,393	1,393	1,393
Total income	31,439	32,234	32,289	32,296
Expenditure				
Ministerial advice and official correspondence	288	885	878	873
Rules development	753	723	726	729
Fees and charges funded activities	31,051	29,715	29,760	29,759
Other	265	368	370	371
Total expenditure	32,357	31,691	31,735	31,732
Net surplus/(deficit)	(918)	543	555	564

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Purchase of land transport regulatory implementation services and specialist land transport enforcement services.

OUTPUT CLASS Licensing activities

DESCRIPTION

Under this output class, the NZTA:

- provides driver and transport operator (including rail operator) licensing and testing services
- maintains the driver licence register
- issues overdimension permits
- administers drug and alcohol assessments of drivers and operators (funded by the Ministry of Health)
- provides licensing information and advice to the public service and the public.

WHAT WE WANT TO ACHIEVE

Through this output class, the NZTA provides driver and operator licensing and testing services, ensuring that minimum standards are met and that those operating on the transport network understand their regulatory responsibilities and behave in a safe and responsible manner. The effective management of driver and operator licence registry data enhances our regulatory capabilities.

In addition, we will implement changes resulting from the government's *Safer Journeys: NZ's road safety strategy 2010-2020*, including increasing the driver licensing entry age, enhancing practical testing and reducing blood alcohol levels.

Licensing is demand driven, but we expect to issue around 227,000 new licences and around 264,000 licence renewals in 2010/11. We also expect to fund around 1000 drug and alcohol assessments.

HOW WE ACHIEVE IT

Working with experts in the field, we have established best practice safety and technical standards and testing mechanisms (eg publication of the road code guides that cater to different types of road users, computerised theory testing and practical on-road tests) for people wanting to obtain driver and operator licences.

Operator licensing compliance is routinely monitored – any compliance issues are identified and a suitable intervention is designed and implemented to mitigate any significant area of risk.

Associated functions include medical reviews and revocations and the administration of the demerit point regime.

Our service delivery strategy provides the appropriate level of service for customers through a range of delivery channels, including in-person with an agent, by phone, email and online (for a limited range of transactions).

HOW WE MEASURE OUR PERFORMANCE

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	% of accuracy of the driver licence register	>95%	>95%
Efficiency	Cost per driver licence transaction	<\$39.32	<\$38.56
Transformation	% increase in proportion of tests booked online	>6 %	>34%
Customer orientation	% of satisfaction level of driver licence contact centre callers	>95%	>95%
Reliability	Number of new and renewed driver licences issued against forecast	+/- 5%	+/- 5%

FINANCIALS

Licensing activities				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the Crown (drug and alcohol assessments)	1,030	1,030	1,030	1,030
Revenue from the Crown (driver test subsidy)	1,445	1,533	1,535	1,537
Revenue from third parties	44,202	49,682	49,682	49,682
Total income	46,677	52,245	52,247	52,249
Expenditure				
Drug and alcohol assessments	813	1,033	1,033	1,033
Fees and charges funded activities	52,850	51,197	51,206	51,209
Total expenditure	53,663	52,230	52,239	52,242
Net surplus/(deficit)	(6,986)	14	7	7

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Purchase of land transport licensing services, including driver licensing.

OUTPUT CLASS Motor vehicle registry

DESCRIPTION

Under this output class, the NZTA:

- operates the motor vehicle register
- delivers motor vehicle registration and licensing services
- undertakes the collection and refund of registration and licensing revenue, which is paid to the National Land Transport Fund (NLTF)
- provides information and advice to the public.

WHAT WE WANT TO ACHIEVE

Through this output class, the NZTA provides motor vehicle registration and licensing services, including the collection of associated revenue, to ensure that road users are compliant with legislated requirements. Effective management of the motor vehicle register maximises revenue to the NLTF and enhances law enforcement activities.

In addition, we will be implementing the requirements of the Land Transport Amendment Act 2009, including restrictions to the access of personal information.

We expect to undertake around eight million motor vehicle register transactions in 2010/11.

HOW WE ACHIEVE IT

Our service delivery strategy provides the appropriate level of service for customers through a range of delivery channels, including in-person with an agent, and by phone, fax, mail, email and online. Compliance and revenue collection is maximised by this accessibility, and also through appropriate notifications and publicity, and targeted debt collection activities.

HOW WE MEASURE OUR PERFORMANCE

Service delivery measures

Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	% of accuracy of the motor vehicle register	>93%	>93%
Efficiency	Cost per motor vehicle transaction	<\$5.90	<\$5.76
Transformation	% of licences paid online	11.5%	12.65%
Customer orientation	% of satisfaction level of contact centre callers	>95%	>95%
Reliability	% of transactions undertaken against forecast	+/- 7.5%	+/- 7.5%

FINANCIALS

Motor vehicle registry

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Income				
Revenue from the Crown	41,686	38,727	38,583	39,160
Revenue from third parties	12,670	11,814	11,926	12,053
Total income	54,356	50,541	50,509	51,213
Expenditure				
Operating activities	52,043	50,541	50,509	51,213
Total expenditure	52,043	50,541	50,509	51,213
Net surplus/(deficit)	2,313	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Road user charges collection, investigation and enforcement

DESCRIPTION

Under this output class, the NZTA:

- collects, through the provision of licences for diesel vehicles, and refunds road user charges (RUC), which is paid to the National Land Transport Fund
- investigates evasion of RUC and enforces payment
- provides information and advice to the public.

WHAT WE WANT TO ACHIEVE

Through this output class, we provide RUC licensing services to ensure that diesel vehicles are compliant with legislated requirements. Effective management of the database and associated activities maximises revenue to the National Land Transport Fund and minimises evasion.

We expect to undertake around 2 million to 2.5 million RUC transactions in 2010/11.

HOW WE ACHIEVE IT

Our service delivery strategy provides the appropriate level of service for customers through a range of delivery channels, including in-person with an agent and by phone, fax and online.

Through the regulatory implementation and enforcement output class, and working with the Ministry of Transport, we will continue to implement recommendations from a recent RUC review to refine the systems for RUC payment and enforcement, including removing time licences, introducing electronic distance recorders in place of mechanical hubodometers and paper licences, reassessing the exempt vehicle categories, removing operator-nominated weights and implementing proposed changes to enforcement procedures.

RUC evasion is routinely monitored – any compliance issues are identified and prioritised for action based on an analysis of regulatory and revenue compliance data collected. Risk profiles of non-payers will be created and prioritised before a suitable intervention is designed and implemented to mitigate significant areas of non-compliance.

HOW WE MEASURE OUR PERFORMANCE

Service delivery measures			
Dimension	Measure	2010/2011 expected result	2011/2012 expected result
Effectiveness	Identified evaded revenue recovered	>30%	>30%
Efficiency	Cost per road user charges transaction	<\$6.79	<\$6.48
Transformation	% increase of licences paid online	>28%	>33%
Customer orientation	% satisfaction level of contact centre callers	95%	95%
Reliability	Number of road user charges transactions undertaken against forecast	+/- 7.5%	+/- 7.5%

FINANCIALS

Road user charges collection, investigation and enforcement				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the Crown for contracted services	17,344	17,394	17,395	17,396
Total income	17,344	17,394	17,395	17,396
Expenditure				
Operating activities	17,456	17,391	16,857	16,682
Total expenditure	17,456	17,391	16,857	16,682
Net surplus/(deficit)	(112)	3	538	714

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.

OUTPUT CLASS Refund of fuel excise duty

DESCRIPTION

Under this output class, the NZTA records, refunds and accounts for fuel excise duty refund applications.

HOW WE ACHIEVE IT

Our role is to undertake all of the administrative work required to process, audit and approve fuel excise duty refund applications.

We expect to process around 23,000 refund transactions, equating to around \$8 million, in 2010/11.

HOW WE MEASURE OUR PERFORMANCE

Performance measure

Measure	2010/2011 expected result	2011/2012 expected result
% of refund applications that are audited, processed and paid within 20 working days	85%	85%

FINANCIALS

Refund of fuel excise duty

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Income				
Revenue from the Crown for contracted services	429	431	431	431
Total income	429	431	431	431
Expenditure				
Operating activities	531	417	417	417
Total expenditure	531	417	417	417
Net surplus/(deficit)	(102)	14	14	14

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Receipt and processing of applications for, and the refunding of, fuel excise duty.

Detailed description of each investment output class

OUTPUT CLASS Transport planning

DESCRIPTION

Under this output class, the NZTA invests in:

- the development of regional land transport strategies and regional land transport programmes
- the development and improvement of service, network and asset management plans by approved organisations and in relation to state highways
- activities that contribute to the long-term transport planning of approved organisations or for state highway networks.

MORE DETAIL FOR THIS OUTPUT CLASS

Information relating to what we deliver under this output class is set out in the first part of this statement of forecast service performance section.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



Investment measures

All investments are prioritised to the best eligible activities to ensure evidence-based and well-developed land transport programmes. Investment decisions balance:

- strategic fit (eg regional growth and challenges)
- effectiveness (eg potential impact to optimise investments and networks)
- efficiency (not relevant for strategies, studies and plans).

Investments in studies are targeted to understanding and responding to changes in demands on and needs of transport systems.

Measure	2010/2011 expected result	2011/2012 expected result
% of investment targeted to studies directly supporting regional land transport strategies and with high strategic fit	Increasing over time	Increasing over time
% of strategies or packages that reach an investment profile for strategic fit and effectiveness of at least MM (medium, medium as detailed in the NZTA's <i>Planning, programming and funding manual</i>)	>95%	>95%

FINANCIALS

Transport planning PLA

	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000
Investment in the NZTA	7,212	7,155	6,923
Investment in local authorities	25,859	25,917	24,077
Total investment	33,071	33,072	31,000

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Road user safety (previously 'Demand management and community programmes')

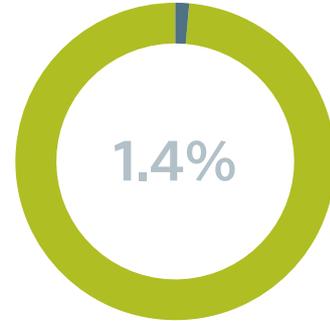
DESCRIPTION

Under this output class, the NZTA invests in activities contributing to the safe, efficient and effective use of land transport networks and services including:

- road user advertising, education and information initiatives that contribute to the high and medium priority areas of the *Safer Journeys* strategy
- network user information initiatives in larger urban centres that will address issues such as congestion and travel time reliability
- education and information initiatives to support the development and implementation of the 'model communities' programme.

Network user information and model communities promotion activities and associated funding are expected to move to more appropriate activity classes during the 2010/11 year.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



MORE DETAIL FOR THIS OUTPUT CLASS

Information relating to what we deliver under this output class is set out in the first part of the statement of forecast service performance section.

Investment measures

Investments are often used to give effect to road safety action plans, which are developed, implemented and monitored locally. The NZTA is part of these along with local authority and NZ Police partners.

Measure	2010/2011 expected result	2011/2012 expected result
% of investment targeted to at-risk communities and to high strategic fit	Increasing over time	Increasing over time
% of local authorities whose community-based education, promotion and advertising activities deliver their stated outcomes and expected benefits (as determined by a representative sample)	90%	90%

FINANCIALS

Road user safety PLA

	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000
Investment in the NZTA	19,006	17,201	17,609
Investment in local authorities	21,458	22,363	22,391
Total investment	40,464	39,564	40,000

This output class was previously called 'Demand management and community programmes'.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Walking and cycling facilities

DESCRIPTION

Under this output class, the NZTA invests funding, in addition to funding from approved organisations, in new and improved walking and cycling infrastructure for transport purposes.

Walking and cycling facilities include: cycle paths, cycle lanes, new footpaths, shelters, and facilities for crossing roads and parking cycles.

MORE DETAIL FOR THIS OUTPUT CLASS

Information relating to what we deliver under this output class is set out in the first part of the statement of forecast service performance section.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



³ This is an 'activity monitor' and not a 'performance measure' due to the fact that the NZTA does not directly deliver the output.

Activity monitor³

	2010/2011 expected result	2011/2012 expected result
Kilometres of new footpaths, cycle lanes and cycle paths	140-170km	140-170km

Investment measures

Measure	2010/2011 expected result	2011/2012 expected result
% of approved activities invested in that reach an investment profile for strategic fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA's <i>Planning, programming and funding manual</i>	95%	95%
% of projects with consistent assessment profiles – post-approval assessment and approval but pre-implementation	90%	90%
% of projects reviewed post-implementation that have an assessment profile within approved construction thresholds	90%	90%

FINANCIALS

Walking and cycling facilities PLA

	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000
Investment in the NZTA	3,000	3,000	3,000
Investment in local authorities	12,000	11,000	14,000
Total investment	15,000	14,000	17,000

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS New and improved infrastructure for local roads

DESCRIPTION

Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in local road improvements including new roads, seal extensions, new traffic management facilities and replacement of bridges and other structures.

WHAT WE WANT TO ACHIEVE

Our investment in this output class will contribute to a local roading network that is:

- constructed to the best safety and design standards possible with available resources
- optimised (through operational management, new construction, renewals and improvements) to offer greater reliability, effectiveness and efficiency for movement of freight and people
- well-integrated with state highway networks.

This output class directly contributes to a local roading network that improves local transport access for people and freight, supports economic growth and productivity and provides road users with a safe, secure, integrated, reliable and effective travelling experience.

HOW WE ACHIEVE IT

We are a co-investor, co-planner and co-programmer with local government on new and improved local roading activities in the National Land Transport Programme.

Through this output class, we receive requests for funding from approved organisations to implement National Land Transport Programme activities. Requests are subject to an approval process designed to ensure that we invest in activities that have the least whole-of-life cost required to maintain the local roading network to the agreed levels of service. In this process we:

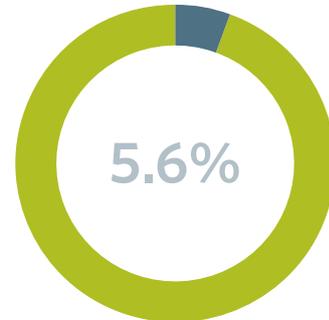
- review the application for completeness and adherence to statutory requirements, agreed asset management and network plans, safety management systems etc
- review other available supporting reports, studies, optimisation analysis etc
- review the activity assessment profile for consistency with our own and the government's investment priorities
- confirm that the appropriate procurement procedures are used.

Risk, cost and levels of service modelling are undertaken using inputs from the total infrastructure management system (dTIMS) and the road assessment and maintenance management (RAMM) database. Prioritisation of activities uses information and data contained in asset/activity management plans, safety management systems and deficiency databases, including crash reduction studies.

We assist approved organisations through procedures in the *Planning, programming and funding manual*, which draw on best practice as provided by the CAPTIF research facility and standards from Austroads.

Decisions to approve or decline the request to fund the activity are published on our website. Funds are allocated to the approved activities and drawn down as the activities are implemented.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



Activity monitors⁴

	2010/2011 expected result	2011/2012 expected result
Length of road reconstruction and new roads completed (lane km)	120-200	120-200
Length of bridge replacements (lane metres)	Approximately 1,200	Approximately 1,200

⁴ These are 'activity monitors' and not 'performance measures' due to the fact that the NZTA does not directly deliver the outputs.

Investment measures

Measure	2010/2011 expected result	2011/2012 expected result
% of approved activities invested in that reach an investment profile for strategic fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA's <i>Planning, programming and funding manual</i>	95%	95%
% of projects with consistent assessment profiles - post-approval assessment and approval but pre-implementation	90%	90%
% of projects reviewed post-implementation that have an assessment profile within approved construction thresholds	90%	90%

FINANCIALS

New and improved infrastructure for local roads PLA

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the National Land Transport Fund	175,000	154,000	136,000	175,000
Total income	175,000	154,000	136,000	175,000
Expenditure				
Investment in land transport	175,000	154,000	136,000	175,000
Total expenditure	175,000	154,000	136,000	175,000
Net surplus/(deficit)	0	0	0	0

The allocation for 2010 includes commitments from 2008/09.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Renewal of local roads

DESCRIPTION

Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in the capital expenditure and management of renewal activities required to minimise the long-term cost of retaining serviceable local roading infrastructure, including resurfacing sealed and unsealed roads, renewing drains, rehabilitating road pavements and structures, and preventative maintenance.

WHAT WE WANT TO ACHIEVE

Under this output class, we will invest funding, together with funding from approved organisations, in replacing components of the existing local road infrastructure. The current objective is to maintain the overall condition of the existing network. Whole-of-life assessment principles are used to maximise investment effectiveness while maintaining service levels.

HOW WE ACHIEVE IT

We are a co-investor, co-planner and co-programmer with local government in implementing local roading renewal, maintenance and operation activities in the regional land transport programmes and the NLTP.

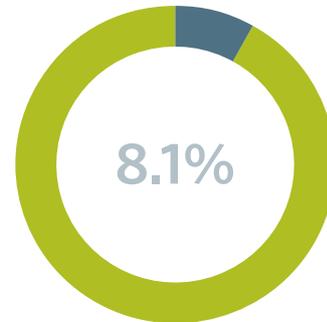
We provide approved organisations with a structured and planned approach to local road network management through procedures in the *Planning, programming and funding manual*. This includes requiring road controlling authorities to:

- maintain:
 - a deficiency database to identify and record hazards and safety deficiencies in their network
 - a road assessment and maintenance management (RAMM) database (or equivalent), with details of road operations, maintenance, renewal and improvement activities for the past 10 years
 - other information, such as periodic pavement condition monitoring, traffic counting processes and targeted levels of service for the network
- submit a comprehensive assessment of components of a road operation, maintenance and renewal programme through LTP online, including:
 - relationship of proposed activity with recommendations in relevant activity/asset management plan
 - an assessment profile with ratings for strategic fit, effectiveness and economic efficiency
 - any treatment selection reports, police crash reports, asset condition reports, trends in performance monitoring measures, optimisation analysis, asset management strategies, output from asset information systems (including maintenance activity and cost information) such as RAMM or total infrastructure management system (dTIMS)
 - in some cases, further studies (such as crash reduction studies) may be required.

We work with road controlling authorities to ensure investment is targeted to the activities generating the greatest benefits, ie risk, cost and levels of service modelling are undertaken using the inputs from dTIMS and RAMM and prioritisation of activities using asset/activity management plans, safety management systems and deficiency databases, including crash reduction studies.

We educate (eg through workshops and presentations), assist and advise local government in the use of these procedures and other available resources (such as LTP online).

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



Activity monitors⁵

	2010/2011 expected result	2011/2012 expected result
% of unsealed network metalled (based on road length in centreline km)	20-35%	20-35%
% of sealed network resurfaced (based on road length in lane km)	>6%	>6%
% of network rehabilitated (based on road length in lane km)	1-2%	1-2%
Surface condition of the sealed network (100-CI) (average of index for the whole of the network)	>95	>95
Pavement integrity of the sealed network (100-PII) (average of index for the whole of the network)	>90	>90

⁵ These are 'activity monitors' and not 'performance measures' due to the fact that the NZTA does not directly deliver the outputs.

Investment measures

The current objective is to maintain the overall condition of the existing network. Maintenance and operation activities are undertaken to provide a secure and resilient transport network. Whole-of-life assessment principles are used to maximise investment effectiveness while maintaining service levels.

All investments are prioritised to the best eligible activities to ensure minimum life cycle costs to keep levels of service static or to meet changing demand. Investment decisions balance:

- strategic fit (eg network security and resilience)
- effectiveness (eg ensure minimum pavement condition)
- efficiency (eg average costs per year per region per lane km and per vehicle kilometres travelled).

Investment assessments are informed by the quality of activity management plans, and road groupings to compare trends, peers, biography, geology and network type.

Measure	2010/2011 expected result	2011/2012 expected result
Allocation for renewals per network lane km	\$1,490	\$1,510
Allocation for renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	10-11.5c/km	10-12c/km
% of technical reviews (in aggregate) that rate the network's condition good or better	60%	65%

FINANCIALS

Renewal of local roads PLA

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the National Land Transport Fund	218,000	237,000	241,000	240,000
Total income	218,000	237,000	241,000	240,000
Expenditure				
Investment in land transport	218,000	237,000	241,000	240,000
Total expenditure	218,000	237,000	241,000	240,000
Net surplus/(deficit)	0	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Maintenance and operation of local roads

DESCRIPTION

Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in the routine maintenance and operation of local roading infrastructure, including the maintenance of pavements, structures, drains, the environment, traffic services, cycle paths, and level crossings, and the emergency reinstatement of roads.

WHAT WE WANT TO ACHIEVE

Through this output class, our investment will contribute to a local roading network that is:

- maintained and renewed to the best safety and design standards possible with available resources
- optimised (through operational management, renewals and other improvements) to offer greater reliability, effectiveness and efficiency for movement of freight and people
- well integrated with state highway networks.

HOW WE ACHIEVE IT

We are a co-investor, co-planner and co-programmer with local government in implementing local roading renewal, maintenance and operation activities in the regional land transport programmes and the NLTP.

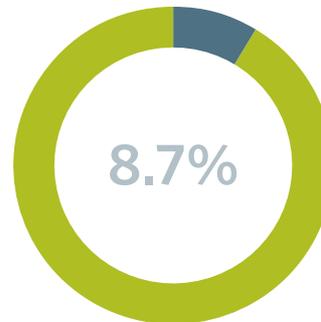
We provide approved organisations with a structured and planned approach to local road network management through procedures in the *Planning, programming and funding manual*. This includes requiring road controlling authorities to:

- maintain:
 - a deficiency database to identify and record hazards and safety deficiencies in their network
 - a road assessment and maintenance management (RAMM) database (or equivalent), with details of road operations, maintenance, renewal and improvement activities for the past 10 years
 - other information, such as periodic pavement condition monitoring, traffic counting processes and targeted levels of service for the network
- submit a comprehensive assessment of components of a road operation, maintenance and renewal programme through LTP online, including:
 - relationship of proposed activity with recommendations in relevant activity/asset management plan
 - an assessment profile with ratings for strategic fit, effectiveness and economic efficiency
 - any treatment selection reports, police crash reports, asset condition reports, trends in performance monitoring measures, optimisation analysis, asset management strategies, output from asset information systems (including maintenance activity and cost information) such as RAMM or total infrastructure management system (dTIMS)
 - in some cases, further studies (such as crash reduction studies) may be required.

We work with road controlling authorities to ensure investment is targeted to the activities generating the greatest benefits, ie risk, cost and levels of service modelling are undertaken using the inputs from dTIMS and RAMM and prioritisation of activities using asset/activity management plans, safety management systems and deficiency databases, including crash reduction studies.

We educate (eg through workshops and presentations), assist and advise local government in the use of these procedures and other available resources (such as LTP online).

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



6 This is an 'activity monitor' and not a 'performance measure' due to the fact that the NZTA does not directly deliver the output.

Activity monitors⁶

As at 30 June 2009, the local road network was 152,000 lane-km long and 65% of the network was sealed.

	2010/2011 expected result	2011/2012 expected result
Ride quality on the sealed network (STE)	>80%	>80%

Investment measures

The current objective is to maintain the overall condition of the existing network. Maintenance and operation activities are undertaken to provide a secure and resilient transport network. Whole-of-life assessment principles are used to maximise investment effectiveness while maintaining service levels.

All investments are prioritised to the best eligible activities to ensure minimum life cycle costs to keep levels of service static or to meet changing demand. Investment decisions balance:

- strategic fit (eg network security and resilience)
- effectiveness (eg ensure minimum pavement condition)
- efficiency (eg average costs per year per region per lane km and per vehicle kilometres travelled).

Investment assessments are informed by the quality of activity management plans, and road groupings to compare trends, peers, biography, geology and network type. Our future expectation is that investment decisions will be based on agreed levels of service. Investment measures also need to demonstrate that the costs of achieving agreed levels of service are minimised.

Measure	2010/2011 expected result	2011/2012 expected result
Allocation for maintaining and operating the network (excluding emergency work) per network lane km	\$3,000-\$3,500	\$3,000-\$4,000
Allocation for maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled)	21-27c/km	21-30c/km
Allocation for emergency reinstatement	\$57 million	\$58 million
% of technical reviews (in aggregate) that rate the network's condition good or better	60%	65%

FINANCIALS

Maintenance and operation of local roads PLA

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the National Land Transport Fund	215,000	235,000	238,000	265,000
Total income	215,000	235,000	238,000	265,000
Expenditure				
Investment in land transport	215,000	235,000	238,000	265,000
Total expenditure	215,000	235,000	238,000	265,000
Net surplus/(deficit)	0	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Management and operation of existing local road infrastructure pursuant to section 9 of the Land Transport Management Act 2003.

OUTPUT CLASS Public transport infrastructure

DESCRIPTION

Under this output class, the NZTA delivers and invests, in conjunction with investment from approved organisations, in the renewal and improvement of road and ferry infrastructure to support public transport services, including bus lanes, bus bays, public transport facilities (eg terminals, park and ride facilities and public transport technology). Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund.

WHAT WE WANT TO ACHIEVE

Through the public transport infrastructure and public transport services output classes, our investment will contribute to a public transport network that:

- is maintained and renewed to the best safety and design standards possible with available resources
- provides access for as many New Zealanders as is practicable (particularly in major urban areas), whatever their abilities
- is optimised (through operational management, smarter technology, new services, renewals and upgrades or other improvements to services, public transport facilities and infrastructure) to offer greater reliability, effectiveness and efficiency for movement of people
- is well integrated with state highway, local roading and pedestrian networks.

Activities expected to be funded in 2010/11 include Auckland integrated ticketing, real-time passenger information system for Auckland, completion of the New Lynn Passenger Transport Interchange, Wellington rail station upgrades, and property purchase for the Christchurch Bus Exchange.

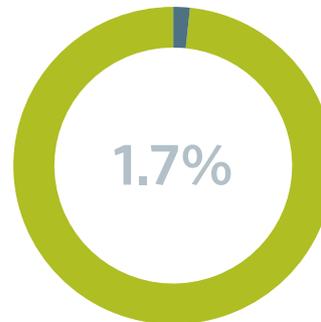
HOW WE ACHIEVE IT

We are a co-investor, co-planner and co-programmer with approved organisations in implementing public transport infrastructure and service activities in the regional land transport programmes and the NLTP.

Through the public transport infrastructure and public transport services output classes, we receive requests for funding from approved organisations to implement NLTP activities. Requests are subject to an approval process designed to ensure that we invest in activities that have the least whole-of-life cost required to maintain the public transport network to the agreed levels of service. In this process we:

- review the application for completeness and adherence to statutory requirements, and agreed regional public transport plans, service level provision, asset management and network plans, safety management systems etc
- review other available supporting reports, studies, optimisation analysis etc
- review the activity assessment profile for consistency with government and NZTA investment priorities
- confirm that the appropriate procurement procedures are used, particularly with respect to the accessibility requirements (vehicle quality standards) for urban buses.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



Investment measures

Measure	2010/2011 expected result	2011/2012 expected result
% of approved activities invested in that reach an investment profile for strategic fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA's <i>Planning, programming and funding manual</i>	95%	95%
% of projects with consistent assessment profiles - post-approval assessment and approval but pre-implementation	90%	90%
% of projects reviewed post-implementation that have an assessment profile within approved construction thresholds	90%	90%

FINANCIALS

Public transport infrastructure PLA

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Income				
Revenue from the NLTF (NZTA operations)	0	2,849	4,046	1,592
Revenue from the NZTF (investment in land transport)	135,000	54,159	52,962	43,408
Total income	135,000	57,008	57,008	45,000
Expenditure				
Investment in the NZTA	0	2,849	4,046	1,592
Investment in land transport	110,000	46,159	52,962	43,408
Total expenditure	110,000	49,008	57,008	45,000
Net surplus/(deficit)	25,000	8,000	0	0

The allocation for 2010 funded a number of high priority projects required in urban area, especially in Auckland and Wellington. Net surpluses relate to the loan facility provided to the Auckland Regional Council to fund the upgrade of Auckland's rail carriages.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Public transport services

DESCRIPTION

Under this output class, the NZTA invests, in conjunction with investment from approved organisations, in public road, rail and ferry (except for commercial services), and Total Mobility transport services.

WHAT WE WANT TO ACHIEVE

Through the public transport infrastructure and public transport services output classes, our investment will contribute to a public transport network that:

- is maintained and renewed to the best safety and design standards possible with available resources
- provides access for as many New Zealanders as is practicable (particularly in major urban areas), whatever their abilities
- is optimised (through improved operating models, strengthened leadership, aligned resources, new services renewals and upgrades or other improvements to services, public transport facilities, and infrastructure) to offer improved customer experience and greater reliability, effectiveness and efficiency for movement of people
- is well integrated with state highway, local roading and pedestrian networks.

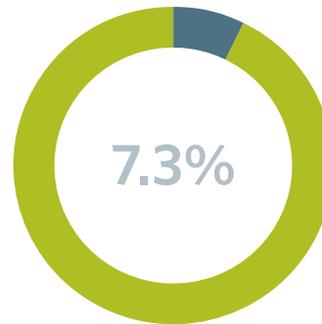
HOW WE ACHIEVE IT

We are a co-investor, co-planner and co-programmer with approved organisations in implementing public transport infrastructure and service activities in the regional land transport programmes and the NLTP.

Through the public transport infrastructure and public transport services output classes, we receive requests for funding from approved organisations to implement NLTP activities. Requests are subject to an approval process designed to ensure that we invest in activities that have the least whole-of-life cost required to maintain the public transport network to the agreed levels of service. In this process we:

- review the application for completeness and adherence to statutory requirements and agreed regional public transport plans, service level provision, asset management and network plans, safety management systems etc
- review other available supporting reports, studies, optimisation analysis etc
- review the activity assessment profile for consistency with government and NZTA investment priorities
- confirm that the appropriate procurement procedures are used, particularly with respect to the accessibility requirements (vehicle quality standards) for urban buses.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



7 These are 'activity monitors' and not 'performance measures' due to the fact that the NZTA does not directly deliver the outputs.

Activity monitors⁷

	2010/2011 expected result	2011/2012 expected result
Number of passengers using public transport subsidised by the NZTA (includes bus, train, ferry)	125-135 million	130-140 million
% of users that rate public transport services as good or better	> 75%	> 75%

Investment measures

All investments are prioritised to the best eligible activities to maximise the contribution of public transport to ease severe congestion and improve network reliability in major urban areas. Investment decisions balance:

- strategic fit (eg contribution to network reliability for major urban centres)
- effectiveness (eg movement of people per annum in major urban areas)
- efficiency (eg subsidy per passenger, fare per passenger and farebox recovery).

Measure	2010/2011 expected result	2011/2012 expected result
Amount of NZTA subsidy per passenger	\$1.40-1.60	\$1.50-1.70
Farebox recovery across networks	40-45%	40-45%
The procedural audits (in aggregate) rate the relevant approved organisations' public transport management practices as good or better	73% good or better	80% good or better
(Post-implementation) movement of people per lane km per hour in major urban areas	Establish benchmark	To be determined after benchmark is established

FINANCIALS

Public transport services PLA

	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000
Investment in local authorities	210,000	220,000	235,000
Total investment	210,000	220,000	235,000

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

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

OUTPUT CLASS Road safety programme

This is an investment output class in which we prepare the programme and make recommendations to the Minister of Transport who makes any decisions on activities. This output class is funded through Vote Police but the revenue source is the National Land Transport Fund.

Under the output class 'Management of the funding allocation system', we receive funding to develop and recommend the Road Policing Programme to the Minister of Transport.

We also monitor the NZ Police's delivery of the Road Policing Programme in accordance with section 102 of the Land Transport Management Act 2003.

(For performance measures refer directly to the Road Policing Programme.)

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



FINANCIALS

Road safety programme

	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Investment in the NZ Police	290,200	308,000	309,000
Total investment	290,200	308,000	309,000

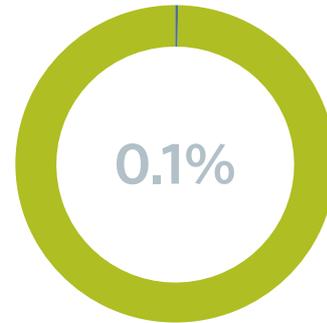
OUTPUT CLASS Rail and coastal freight

DESCRIPTION

Under this output class, the NZTA provided seed funding for the development of new or improved coastal shipping freight services and related infrastructure, and funded initiatives in regional and transport programmes that encouraged freight movement by rail and coastal shipping instead of by road.

The last of this funding was allocated in the 2009/2010 financial year, and all funded projects will be completed by the end of the 2011/2012 financial year. As set out in the GPS, no further funding will be appropriated to this output class.

PERCENTAGE OF THE NLTP ALLOCATED TO THIS OUTPUT CLASS



Performance measure

Measure	2010/2011 expected result	2011/2012 expected result
% of programme delivered consistent with performance guidelines (refer conditions on use of appropriation)	100%	100%

FINANCIALS

Rail and coastal freight PLA

	Budget 2011	Budget 2012	Budget 2013
Investment in local authorities	1,000	1,000	0
Total investment	1,000	1,000	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Activities that encourage the economical movement of freight by modes other than road pursuant to section 9 of the Land Transport Management Act 2003.

OUTPUT CLASS Regional development transport funding

DESCRIPTION

Under this output class, the NZTA invests funding in regional development initiatives to develop the roading infrastructure providing access for harvesting forests in Northland and Tairāwhiti. NLTP funding for this output class is limited to 2009/10 and 2010/11.

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

Activity monitor⁸

	Expected range 2010/2011 expected result	Expected range 2011/2012 expected result
Kilometres of forestry roading that is upgraded, maintained or built	17-23km	n/a

⁸ This is an 'activity monitor' and not a 'performance measure' due to the fact that the NZTA does not directly deliver the output.

FINANCIALS

Regional development transport funding

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Income				
Revenue from the Crown	9,000	10,000	0	0
Total income	9,000	10,000	0	0
Expenditure	9,000	11,409	0	0
Net surplus/(deficit)	0	(1,409)	0	0

This deficit will be funded from retained funds for specific projects funded by the Crown.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Developing the forestry roading infrastructure in Northland and Tairāwhiti.

OUTPUT CLASS Canterbury transport project

DESCRIPTION

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

Performance measure

Measure	2010/2011 expected result	2011/2012 expected result
% of funds allocated to projects that meet the criteria set out in the MOU between Environment Canterbury, Ministry of Transport and the NZTA	100%	100%

FINANCIALS

Canterbury transport project

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Income				
Revenue from the Crown	14,500	14,000	5,000	0
Total income	14,500	14,000	5,000	0
Expenditure	14,500	14,000	5,000	0
Net surplus/(deficit)	0	0	0	0

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Assisting the Canterbury region to implement a land transport package.

OUTPUT CLASS Administration of the SuperGold cardholders scheme

DESCRIPTION

Under this output class, the NZTA and regional councils administer the SuperGold cardholders scheme. The government provides the NZTA with funding to administer this scheme.

The Ministry of Transport is reviewing the SuperGold cardholders scheme and the NZTA's allocation from this output class may change.

Performance measure

Measure	2010/2011 expected result	2011/2012 expected result
Number of working days taken to process claims received from local authorities	15	15

FINANCIALS

Administration of public transport concessions – SuperGold cardholders scheme

	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000
Investment in the NZTA	248	248	248
Investment in local authorities	452	452	452
Total investment	700	700	700

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Administration costs of the scheme to provide enhanced public transport concessions for SuperGold cardholders.

OUTPUT CLASS Enhanced public transport concessions for SuperGold cardholders

DESCRIPTION

Under this output class, the NZTA provides funding to regional councils for the provision of enhanced public transport concessions for SuperGold cardholders.

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

Performance measure

Measure	2010/2011 expected result	2011/2012 expected result
% of regional councils that implement enhanced public transport concessions for SuperGold cardholders	100%	100%

FINANCIALS

Enhanced public transport concessions for SuperGold cardholders

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Income				
Revenue from the Crown	19,300	17,300	17,300	17,300
Total income	19,300	17,300	17,300	17,300
Expenditure	19,300	17,460	17,300	17,300
Net surplus/(deficit)	0	(160)	0	0

The allocation for 2010 included a carry-over of funds from 2008/09. This deficit will be funded from retained funds for specific projects funded by the Crown.

OFFICIAL SCOPE FOR THIS OUTPUT CLASS

Providing enhanced public transport concessions for SuperGold cardholders.

Statement of forecast financial performance

Statement of responsibility

In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of the NZ Transport Agency's 2010–2013 *Statement of intent*, including the prospective financial statements and forecast statements of service performance, and the judgements made in them.

The Board of the NZ Transport Agency (NZTA) has the responsibility for establishing, and has established a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting in the 2010–2013 *Statement of intent*.

In the Board's opinion, these prospective financial statements and forecast statements of service performance fairly reflect the forecast financial position and operations of the NZTA for the period 2010–2013.

Signed on behalf of the Board:

Chris Moller
Chair
30 June 2010



Countersigned by:

Geoff Dangerfield
Chief Executive Officer
30 June 2010



Garry Moore
Deputy Chair
30 June 2010



Paul Helm
Chief Financial Officer
30 June 2010



Prospective statement of financial performance
for the year ending 30 June 2011

		Projected 2010	Budget 2011	Budget 2012	Budget 2013
	Note	\$000	\$000	\$000	\$000
Income					
Revenue from the Crown	3	88,609	84,010	64,871	60,453
Revenue from the Crown for contracted services	4	18,586	18,548	18,552	18,556
Revenue from the National Land Transport Fund	5	1,801,599	1,748,020	1,753,632	1,829,577
Revenue from third parties	6	87,920	93,518	93,479	93,225
Total income		1,996,713	1,944,096	1,930,534	2,001,811
Expenditure					
Personnel costs	7	100,335	104,146	100,599	99,103
Operating expenses		120,100	114,275	114,784	112,055
Investment in land transport ^a		1,282,358	1,245,261	1,256,284	1,333,467
Specific projects funded by the Crown		43,120	43,453	22,752	17,752
Depreciation and amortisation expense		390,000	398,100	403,200	408,300
Capital charge		1,409	313	313	313
State highway asset write-off		15,000	15,000	15,000	15,000
Expenses relating to the delivery of outputs	8	1,952,322	1,920,548	1,912,932	1,985,990
Expenses relating to the merger	9	2,053	6,586	70	0
Total expenditure		1,954,375	1,927,134	1,913,002	1,985,990
Net surplus/(deficit)		42,338	16,962	17,532	15,822
Other comprehensive income					
State highways revaluations		450,000	480,000	510,000	540,000
Total other comprehensive income		450,000	480,000	510,000	540,000
Total comprehensive income for the year		492,338	496,962	527,532	555,822

a. Investment in land transport refers to funding the NZTA provides to approved organisations for the delivery of services. Investment in land transport also includes the NZTA's maintenance and operation of the state highway network. Further details are in the supplementary information provided.

Prospective statement of financial position
as at 30 June 2011

	Note	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Assets					
Current assets					
Cash and cash equivalents		11,487	11,271	11,197	11,593
Crown receivable	10	478,415	462,428	458,943	476,504
Debtors and other receivables		20,000	32,938	32,939	32,865
Prepayments		220	220	220	220
Inventories		180	180	180	180
Total current assets		510,302	507,037	503,479	521,361
Non-current assets					
Property, plant and equipment		14,809	14,184	13,044	13,000
State highway network	11	25,325,372	26,595,622	27,899,290	29,267,380
Bailey bridging		5,900	5,730	5,560	5,390
Intangible assets		31,600	31,200	31,300	31,400
Loan to Auckland Regional Council	12	24,800	33,670	34,954	0
Total non-current assets		25,402,481	26,680,406	27,984,148	29,317,170
Total assets		25,912,783	27,187,443	28,487,627	29,838,531
Liabilities					
Current liabilities					
Creditors and other payables		465,397	491,927	487,086	501,086
Tolling funds held in trust	13	3,243	3,379	3,520	3,667
Employee entitlements		3,600	3,600	3,600	3,600
Total current liabilities		472,240	498,906	494,206	508,353
Non-current liabilities					
Employee entitlements		6,000	6,000	6,000	6,000
Total non-current liabilities		6,000	6,000	6,000	6,000
Total liabilities		478,240	504,906	500,206	514,353
Net assets		25,434,543	26,682,537	27,987,421	29,324,179
Equity					
General funds		4,791	4,791	4,791	4,791
Retained funds - NZTA Operations		25,289	19,752	21,271	23,040
Memorandum account - Third party fees and charges ^a		(3,171)	(3,471)	(3,774)	(4,076)
State highway network ^b		25,358,416	26,628,666	27,932,334	29,300,424
Retained funds - National Land Transport Programme		22,717	(0)	(0)	(0)
Retained funds - Specific projects funded by the Crown		1,701	0	0	0
Loan to Auckland Regional Council		24,800	32,800	32,800	0
Total equity	14	25,434,543	26,682,537	27,987,421	29,324,179

a. Changes to the memorandum account balance is detailed in the supplementary information provided. A programme of fee reviews is being implemented to ensure that revenue equals the planned expenditure.

b. The balances show the total investment in the state highway network, including the movement in the valuation of the network.

Prospective statement of changes in equity
for the year ending 30 June 2011

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
Note	\$000	\$000	\$000	\$000
Equity - Opening balances				
General funds	25,785	4,791	4,791	4,791
Retained funds - NZTA Operations	23,926	25,289	19,752	21,271
Memorandum account - Third party fees and charges	(14,929)	(3,171)	(3,471)	(3,774)
State highway network	24,092,549	25,358,416	26,628,666	27,932,334
Retained funds - National Land Transport Programme	183,500	22,717	(0)	(0)
Retained funds - Specific projects funded by the Crown	1,569	1,701	0	0
Loan to Auckland Regional Council	0	24,800	32,800	32,800
Total equity - Opening balance	24,312,400	25,434,543	26,682,537	27,987,421
Changes in equity				
Equity movements				
General funds	(20,994)	0	0	0
Memorandum account - Third party fees and charges	20,994	0	0	0
State highway network	815,867	790,250	793,668	828,090
Retained funds - National Land Transport Programme	(840,667)	(798,250)	(793,668)	(795,290)
Loan to Auckland Regional Council	24,800	8,000	0	(32,800)
	0	0	0	0
Comprehensive income				
Retained funds - NZTA Operations	1,363	(5,537)	1,519	1,769
Memorandum account - Third party fees and charges	(9,236)	(301)	(303)	(301)
Retained funds - National Land Transport Programme	50,079	24,501	16,316	14,354
Retained funds - Specific projects funded by the Crown	132	(1,701)	0	0
State highway network - Net gain in revaluations	450,000	480,000	510,000	540,000
	492,338	496,962	527,532	555,822
Capital contribution				
Retained funds - National Land Transport Programme	15 629,805	751,032	777,352	780,936
Total changes in equity	1,122,143	1,247,994	1,304,884	1,336,758
Equity - Closing balances				
General funds	4,791	4,791	4,791	4,791
Retained funds - NZTA Operations	25,289	19,752	21,271	23,040
Memorandum account - Third party fees and charges	(3,171)	(3,471)	(3,774)	(4,076)
State highway network	25,358,416	26,628,666	27,932,334	29,300,424
Retained funds - National Land Transport Programme	22,717	(0)	(0)	(0)
Retained funds - Specific projects funded by the Crown	1,701	0	0	0
Loan to Auckland Regional Council	24,800	32,800	32,800	0
Total equity - Closing balance	25,434,543	26,682,537	27,987,421	29,324,179

**Prospective statement of cash flows
for the year ending 30 June 2011**

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Receipts from Crown revenue	107,195	102,558	83,423	79,009
Receipts from the National Land Transport Fund revenue	1,787,599	1,745,137	1,735,833	1,791,439
Receipts from third party revenue	108,981	79,630	92,529	92,349
Interest received	616	950	950	950
Payments to suppliers	(1,385,926)	(1,382,909)	(1,398,590)	(1,449,127)
Payments to employees	(101,953)	(104,146)	(100,599)	(99,103)
Payments for capital charge	(1,409)	(313)	(313)	(313)
Net cash from operating activities	515,103	440,907	413,232	415,205
Cash flows from investing activities				
Receipts from sale of property, plant and equipment	21,783	20,526	22,667	21,487
Purchase of property, plant and equipment	(9,614)	(8,606)	(7,592)	(9,033)
Purchase of intangible assets	(19,967)	(1,956)	(2,597)	(3,417)
State highway network	(1,208,300)	(1,194,119)	(1,203,136)	(1,242,313)
Loan to Auckland Regional Council	(24,800)	(8,000)	0	37,531
Net cash from investing activities	(1,240,898)	(1,192,155)	(1,190,658)	(1,195,745)
Cash flows from financing activities				
Capital contribution from the National Land Transport Fund	629,805	751,032	777,352	780,936
Net cash from financing activities	629,805	751,032	777,352	780,936
Net (decrease)/increase cash and cash equivalents	(95,990)	(216)	(74)	396
Cash and cash equivalents at the beginning of the year	107,477	11,487	11,271	11,197
Cash and cash equivalents at the end of the year	11,487	11,271	11,197	11,593

Notes to the prospective financial statements

1 Key issues and assumptions impacting on budget

A number of key issues and assumptions impact on the budget for 2010/11.

1.1 ESTIMATES OF APPROPRIATIONS FOR THE YEAR ENDING 30 JUNE 2011

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

Output class	Appropriations 2010/11 \$000	Funding movements \$000	Other revenue \$000	SOI 2010/11 \$000
Regulatory implementation and enforcement	548		172	720
Licensing activities	2,475		88	2,563
Motor vehicle registry	35,991	2,670	66	38,727
RUC collection, investigation and enforcement	17,344		50	17,394
Refund of fuel excise duty	429		2	431
Accelerated state highway construction	33,700			33,700
New infrastructure for and renewal of state highways	1,069,481	31,470	381	1,101,332
Maintenance and operation of state highways PLA	308,000		93	308,093
New and improved infrastructure for local roads PLA	154,000			154,000
Renewal of local roads PLA	237,000			237,000
Maintenance and operation of local roads PLA	235,000			235,000
Public transport services PLA	210,000			210,000
Public transport infrastructure PLA	57,000		8	57,008
Road user safety PLA	40,444		20	40,464
Walking and cycling facilities PLA	15,000			15,000
Sector training and research PLA	6,000	54		6,054
Rail and coastal freight PLA	1,000			1,000
Transport planning PLA	33,000		71	33,071
Management of the funding allocation system PLA	34,136	(3,377)	201	30,960
Canterbury transport project	14,000			14,000
Regional development transport funding	10,000			10,000
Enhanced public transport concessions SuperGold card	17,300			17,300
Administration of the SuperGold cardholders scheme	700			700
Total	2,532,548	30,817	1,152	2,564,517

These changes are explained in points 1.2 to 1.5.

1.2 ADDITIONAL FUNDING FOR MOTOR VEHICLE REGISTRY

The NZTA anticipates receiving funding for this output class, which is additional to the funding set out in the Appropriations for 2010/11.

	Budget 2011	Budget 2012	Budget 2013
Output class	\$000	\$000	\$000
Motor vehicle registry	2,670	2,525	3,100

This funding is yet to be approved, but there is reasonable certainty that the government will approve this funding.

1.3 ADDITIONAL FUNDING FROM THE NATIONAL LAND TRANSPORT FUND

The balance of all available funds in the National Land Transport Fund will be invested in new infrastructure for and renewal of state highways. A National Land Transport Fund statement is available in the supplementary information provided.

1.4 OCTOBER BASELINE UPDATE

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

1.5 OTHER REVENUE

The NZTA receives funding for KiwiSaver credit, which has been included in the NZTA's budget.

	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000
KiwiSaver credit	1,152	1,174	1,183

1.6 INTEGRATED TICKETING

The NZTA is bidding for integrated ticketing investment funding of \$8.487 million over three years, from the National Land Transport Programme's Public Transport Infrastructure output class. This funding and expenditure is included within these forecast statements.

The integrated ticketing costs are for the establishment of the National Integrated Ticketing programme. Ongoing operational costs, including issues like the level of cost recovery, and the form of an entity to manage ongoing operation will be subject to a separate business case.

2 Statement of accounting policies for the year ended 30 June 2011

Reporting entity

The NZTA is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the NZTA's ultimate parent is the New Zealand Crown.

The NZTA's primary objective is to provide services to the NZ public, as opposed to making a financial return. It has designated itself a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements for the NZTA are for the period 2010 – 2013, and were approved by the Board on 30 June 2010.

Basis of preparation

Statement of compliance

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

Measurement base

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

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

Functional and presentation currency

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

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

The NZTA has adopted all standards, amendments and interpretations to existing standards that have been published and are mandatory for its accounting periods beginning on or after 1 July 2010.

Significant accounting policies

2.1 REVENUE

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

Revenue is recognised when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the NZTA's activities.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity giving rise to the revenue have been resolved.

Revenue from the Crown

The NZTA is primarily funded through revenue received from the Crown and the National Land Transport Fund, which is restricted in its use for the purpose of the NZTA meeting its objectives as specified in the *Statement of Intent*.

Revenue from the Crown and the National Land Transport Fund is recognised in line with our agreed draw down on the appropriations.

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.

2.2 CAPITAL CHARGE

The capital charge is recognised as an expense in the period to which the charge relates. The capital charge for 2010/11 has been calculated by applying the capital charge rate to the balance of "General Funds".

2.3 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.

2.4 PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the NZTA and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the NZTA and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

2.5 VALUATION OF STATE HIGHWAYS AND BAILEY BRIDGING

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

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

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

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

Increases in the carrying amount arising on revaluation of the State highway are credited to the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases are charged to the statement of 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.

2.6 THE USEFUL LIVES AND THE ASSOCIATED DEPRECIATION RATES OF MAJOR CLASSES OF ASSETS

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Assets	Useful Life (years)	Depreciation Rate (%)
State highways - pavement (base)	50	2.0
State highways - pavement (surface)	7	14.3
State highways - drainage	60	1.7
State highways - traffic facilities	15	6.7
State highways - bridges	90 - 100	1.0 - 1.1
State highways - culverts & 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	7.7 - 33.0

2.7 INTANGIBLE ASSETS

Computer software

NZTA's policy requires an intangible asset to be recognised if, and only if:

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

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

Costs 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 - 5	20 - 33.3

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

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

2.9 FINANCIAL ASSETS

Financial assets are classified as loans and receivables.

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

2.10 INVENTORIES

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

2.11 DEBTORS AND OTHER RECEIVABLES

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

2.12 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.

2.13 CREDITORS AND OTHER PAYABLES

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

2.14 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.

2.15 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.

2.16 SUPERANNUATION DEFINED CONTRIBUTION SCHEMES

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

2.17 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.

2.18 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.

2.19 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.

2.20 GOODS AND SERVICES TAX (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

2.21 BUDGET FIGURES

The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the NZTA for the preparation of these financial statements.

2.22 COST ALLOCATION

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

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

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. The three types of indirect costs are:

1. **Corporate overheads** – costs arising from the Board, Chief Executive, Group Managers, and business support units such as Finance, HR, IT, Legal, Audit and others. These costs are allocated to operational cost centres (cost centres that are responsible for delivering the output) using either full time equivalents (FTEs) (the number of staff) or the expenditure budget, as appropriate.
2. **Regional office costs** – costs relating to operating and maintaining a regional office such as office rent and building management. These costs are allocated to operational cost centres using the number of FTEs in each region as cost driver.
3. **Operational cost centres' own shared costs** – costs incurred directly on account of more than one business activities within that operational cost centre. These shared costs are assigned to business activities based on the proportion of the estimated time spent on the affected business activities.

2.23 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.

2.24 CRITICAL JUDGEMENTS IN APPLYING NZTA'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the NZTA's accounting policies for the period ended 30 June 2011:

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 & Bailey bridging

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

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

Critical judgements relate to:

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

3 Revenue from the Crown

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Regulatory implementation and enforcement	548	720	723	726
Licensing activities ^a	2,475	2,563	2,565	2,567
Motor vehicle registry	41,686	38,727	38,583	39,160
Canterbury transport project	14,500	14,000	5,000	0
Regional development transport funding	9,000	10,000	0	0
Enhanced public transport concessions SuperGold card	19,300	17,300	17,300	17,300
Administration of the SuperGold cardholders scheme	1,100	700	700	700
Total revenue from the Crown	88,609	84,010	64,871	60,453

a. Licensing activities revenue includes drug and alcohol assessments and driver test subsidy.

4 Revenue from the Crown for contracted services

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Regulatory implementation and enforcement	813	723	726	729
RUC collection, investigation and enforcement	17,344	17,394	17,395	17,396
Refund of fuel excise duty	429	431	431	431
Total revenue from the Crown for contracted services	18,586	18,548	18,552	18,556

5 Revenue from the National Land Transport Fund

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
New infrastructure for and renewal of state highways	380,000	384,000	388,000	392,000
New infrastructure for and renewal of state highways ^a	35,515	36,370	37,784	36,577
Maintenance and operation of state highways PLA ^{b/c}	308,000	308,093	313,195	320,000
New and improved infrastructure for local roads PLA	175,000	154,000	136,000	175,000
Renewal of local roads PLA	218,000	237,000	241,000	240,000
Maintenance and operation of local roads PLA	215,000	235,000	238,000	265,000
Public transport services PLA	200,000	210,000	220,000	235,000
Public transport infrastructure PLA	135,000	57,008	57,008	45,000
Road user safety PLA ^d	41,344	40,464	39,564	40,000
Walking and cycling facilities PLA	20,000	15,000	14,000	17,000
Sector training and research PLA	6,000	6,054	6,000	6,000
Rail and coastal freight PLA	2,000	1,000	1,000	0
Transport planning PLA	30,000	33,071	33,072	31,000
Management of the funding allocation system PLA	35,740	30,960	29,009	27,000
Total revenue from National Land Transport Fund	1,801,599	1,748,020	1,753,632	1,829,577

a. NLTF revenue from the NZTA's management of Crown land and interest under the Land Transport Management Act 2003 (Section 10), and interest received from the loan to the Auckland Regional Council.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Rental income	19,421	17,000	16,000	15,500
Property sales	14,000	18,000	20,000	18,000
Interest income	2,093	500	500	500
Interest income from loan to Auckland Regional Council	0	870	1,284	2,577
	35,515	36,370	37,784	36,577

b. Permanent Legislative Authorities (PLA) are appropriations granted in Acts other than the Appropriation Act.

c. The projected 2010 revenue for the maintenance and operation of state highways has been reduced from the \$320.900 million appropriation, to be in line with the projected expenditure.

d. This output class was previously called Demand management and community programmes.

6 Revenue from third parties

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Border inspection fees	1,516	1,262	1,262	1,262
Certification review fees	7,634	6,938	6,938	6,938
Driver licensing fees	28,558	31,598	31,598	31,598
Driver testing fees	15,088	18,900	18,950	18,950
Over dimension and over weight permits	300	160	160	160
Rail licensing fees	1,163	869	869	869
Standards development fee and certification levies	5,253	5,455	5,455	5,455
Tolling fees	5,226	5,523	5,523	5,523
Transport licensing fees	8,483	8,374	8,374	8,374
Fees and charges	73,220	79,079	79,129	79,129
Administration fee from ACC	12,670	11,814	11,926	12,053
Business units ^a	969	1,232	1,031	650
Crash analysis system support	261	250	250	250
Road Safety Trust administration	183	193	193	193
Interest income	616	950	950	950
Other revenue	14,700	14,439	14,350	14,096
Total revenue from third parties	87,920	93,518	93,479	93,225

a. These are activities that the NZTA will undertake, which are not funded from the National Land Transport Programme but where operating costs are covered by the income generated from these activities.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Bailey bridging	101	216	216	216
Canterbury accelerated pavement testing indoor facility	460	619	418	37
Training and education	408	397	397	397
	969	1,232	1,031	650

7 Personnel costs

The NZTA has a total cap of 1,372 staff. This cap includes 122 staff who are employed to manage state highway projects, which is more cost effective than employing contractors. These project management staff are charged directly to the projects.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Gross personnel costs	109,660	114,102	110,754	109,461
Less project staff	(9,325)	(9,956)	(10,155)	(10,358)
Total personnel costs	100,335	104,146	100,599	99,103

8 Expenses relating to the delivery of outputs

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Regulatory implementation and enforcement	32,357	31,691	31,735	31,732
Licensing activities	53,663	52,230	52,239	52,242
Motor vehicle registry	52,043	50,541	50,509	51,213
RUC collection, investigation and enforcement	17,456	17,391	16,857	16,682
Refund of fuel excise duty	531	417	417	417
Maintenance and operation of state highways PLA ^a	308,400	309,151	314,054	320,481
New and improved infrastructure for local roads PLA	175,000	154,000	136,000	175,000
Renewal of local roads PLA	218,000	237,000	241,000	240,000
Maintenance and operation of local roads PLA	215,000	235,000	238,000	265,000
Public transport services PLA	200,000	210,000	220,000	235,000
Public transport infrastructure PLA	110,000	49,008	57,008	45,000
Road user safety PLA	40,599	40,464	39,564	40,000
Walking and cycling facilities PLA	20,000	15,000	14,000	17,000
Sector training and research PLA	6,000	6,054	6,000	6,000
Rail and coastal freight PLA	2,000	1,000	1,000	0
Transport planning PLA	30,000	33,071	33,072	31,000
Management of the funding allocation system PLA	35,240	30,960	29,009	27,000
Canterbury transport project	14,500	14,000	5,000	0
Regional development transport funding	9,000	11,409	0	0
Enhanced public transport concessions SuperGold card	19,300	17,460	17,300	17,300
Administration of the SuperGold cardholders scheme	800	832	700	700
	1,559,889	1,516,679	1,503,464	1,571,767
State highway depreciation	377,433	388,869	394,468	399,223
State highway asset write-off	15,000	15,000	15,000	15,000
	392,433	403,869	409,468	414,223
Total expenses relating to the delivery of outputs	1,952,322	1,920,548	1,912,932	1,985,990

a. This output class expenditure includes these business unit activities that the NZTA undertakes, where operating costs are covered by the income generated from these activities.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Bailey bridging	251	152	152	152
Canterbury accelerated pavement testing indoor facility	151	619	417	37
Training and education	751	287	290	292
	1,152	1,058	859	481

9 Expenses relating to the merger

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Expenses	2,053	6,586	70	0
Total expenses relating to the merger	2,053	6,586	70	0
Property, plant and equipment	2,509	1,885	744	0
Intangible assets	807	0	0	0
Capital expenditure	3,316	1,885	744	0
Total expenses relating to the merger/ includes capital	5,369	8,471	814	0

10 Crown receivable

The Crown receivable reflects the level of funding held by the Crown at year-end that will be drawn by the NZTA.

11 State highway network

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Balance at 1 July	24,059,505	25,325,372	26,595,662	27,899,290
Increase/(decrease) in asset				
Additions – Capital expenditure ^a	1,208,300	1,194,119	1,203,136	1,242,313
Revaluation increase	450,000	480,000	510,000	540,000
Less Depreciation	(377,433)	(388,869)	(394,468)	(399,223)
Less Asset write-off	(15,000)	(15,000)	(15,000)	(15,000)
	1,265,867	1,270,250	1,303,668	1,368,090
Total state highway network	25,325,372	26,595,622	27,899,290	29,267,380

a. Below are the output classes with capital expenditure.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Accelerated state highway construction	78,700	33,700	0	0
New infrastructure for/renewal SH (NZTA operations)	36,835	40,105	38,617	39,253
New infrastructure for and renewal of state highways	1,092,765	1,120,314	1,164,519	1,203,060
	1,208,300	1,194,119	1,203,136	1,242,313

12 Loan to Auckland Regional Council

The Board has agreed to provide the Auckland Regional Council with a loan facility totalling \$32.800 million, to fund the upgrade of Auckland's rail carriages. This loan will be repaid by 30 June 2013.

13 Tolling funds held in trust

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Tolling funds held in trust for toll road customers	905	941	979	1,018
Tolling funds held in trust for the Crown	1,596	1,662	1,731	1,803
Tolling funds held to be used for expense disbursement	742	776	810	846
Total tolling funds held in trust^a	3,243	3,379	3,520	3,667

a. Tolling funds held in current assets.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Tolling funds held in cash and cash equivalents	3,050	3,172	3,299	3,431
Tolling debtors (including provision for doubtful debts)	193	207	221	236
	3,243	3,379	3,520	3,667

14 Total equity

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
General funds				
Balance at 1 July	25,785	4,791	4,791	4,791
Transfer to memorandum account ^a	(20,994)	0	0	0
Balance at 30 June	4,791	4,791	4,791	4,791
Retained funds – NZTA Operations				
Balance at 1 July	23,926	25,289	19,752	21,271
Surplus/(deficit) from Operations	1,363	(5,537)	1,519	1,769
Balance at 30 June	25,289	19,752	21,271	23,040
Memorandum account – Third party fees and charges				
Balance at 1 July	(14,929)	(3,171)	(3,471)	(3,774)
Surplus/(deficit) from Operations	(9,236)	(301)	(303)	(301)
Transfer from general funds ^a	20,994	0	0	0
Balance at 30 June	(3,171)	(3,471)	(3,774)	(4,076)
State highway investment				
Balance at 1 July	15,320,804	16,136,671	16,926,921	17,720,589
Transfer from NLTP ^b	815,867	790,250	793,668	828,090
Balance at 30 June	16,136,671	16,926,921	17,720,589	18,548,679
State highway revaluation reserve				
Balance at 1 July	8,771,745	9,221,745	9,701,745	10,211,745
Revaluation gains/(losses)	450,000	480,000	510,000	540,000
Balance at 30 June	9,221,745	9,701,745	10,211,745	10,751,745
Retained funds – National Land Transport Programme				
Balance at 1 July	183,500	22,717	(0)	(0)
Capital contribution	629,805	751,032	777,352	780,936
Surplus/(deficit) from Operations	3,274	0	0	0
Surplus/(deficit) from Investment in land transport	46,805	24,501	16,316	14,354
Transfer to state highway investment ^b	(815,867)	(790,250)	(793,668)	(828,090)
Funds loan to Auckland Regional Council	(24,800)	(8,000)	0	32,800
Balance at 30 June	22,717	(0)	(0)	0
Retained funds – Specific projects funded by the Crown				
Balance at 1 July	1,569	1,701	0	0
Surplus/(deficit)	132	(1,701)	0	0
Balance at 30 June	1,701	0	0	0
Loan to Auckland Regional Council				
Balance at 1 July	0	24,800	32,800	32,800
Funds from NLTP	24,800	8,000	0	(32,800)
Balance at 30 June	24,800	32,800	32,800	0
Total equity	25,434,543	26,682,537	27,987,421	29,324,179

a. The Board agreed to write-off from General Funds, the accumulated deficit of \$20.994 million derived from driver licensing and testing operations in the memorandum account.

b. Below is a breakdown of the movement of the funds invested in land transport relating to the state highway network (see note 11).

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Total capitalised expenditure	1,208,300	1,194,119	1,203,136	1,242,313
State highway depreciation and asset write-off	(392,433)	(403,869)	(409,468)	(414,223)
	815,867	790,250	793,668	828,090

15 Capital contribution

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Accelerated state highway construction	78,700	33,700	0	0
New infrastructure for/renewal SH (Operations)	36,521	40,105	38,617	39,253
New infrastructure for and renewal of state highways	514,584	677,227	738,735	741,683
Total capital contribution	629,805	751,032	777,352	780,936

Supplementary information

This supplementary information is provided to give a better understanding of the NZTA's business.

Operations				
<i>Operations</i> refers to output class activities the NZTA is accountable for, and either delivers in house or contracts out the service.				
	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the Crown (note 3)				
Regulatory implementation and enforcement	548	720	723	726
Licensing activities	2,475	2,563	2,565	2,567
Motor vehicle registry	41,686	38,727	38,583	39,160
Administration of the SuperGold cardholders scheme	648	248	248	248
	45,357	42,258	42,119	42,701
Revenue from the Crown for contracted services (note 4)				
Regulatory implementation and enforcement	813	723	726	729
RUC collection, investigation and enforcement	17,344	17,394	17,395	17,396
Refund of fuel excise duty	429	431	431	431
	18,586	18,548	18,552	18,556
Revenue from the National Land Transport Fund (note 5)				
Maintenance and operation of state highways PLA	10,900	8,308	8,153	8,409
Public transport infrastructure PLA	0	2,849	4,046	1,592
Road user safety PLA	22,220	19,006	17,201	17,609
Sector training and research PLA	6,000	6,054	6,000	6,000
Transport planning PLA	5,143	7,212	7,155	6,923
Management of the funding allocation system PLA	35,740	30,960	29,009	27,000
	80,003	74,389	71,564	67,533
Revenue from third parties				
Regulatory implementation and enforcement	30,078	30,790	30,840	30,840
Licensing activities	44,202	49,682	49,682	49,682
Motor vehicle registry	12,670	11,814	11,926	12,053
Maintenance and operation of state highways PLA	969	1,232	1,031	650
	87,920	93,518	93,479	93,225
Total operating income	231,866	228,713	225,714	222,015
Capital contribution from the NLTF (note 15)				
New infrastructure for and renewal of state highways	36,521	40,105	38,617	39,253
Total income	268,387	268,818	264,331	261,268

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Expenditure				
Operating activities				
Regulatory implementation and enforcement	32,357	31,691	31,735	31,732
Licensing activities	53,663	52,230	52,239	52,242
Motor vehicle registry	52,043	50,541	50,509	51,213
RUC collection, investigation and enforcement	17,456	17,391	16,857	16,682
Refund of fuel excise duty	531	417	417	417
Administration of the SuperGold cardholders scheme	480	248	248	248
	156,530	152,518	152,005	152,534
Operating activities (NLTP)				
Maintenance and operation of state highways PLA	9,801	8,308	8,153	8,409
Public transport infrastructure PLA	0	2,849	4,046	1,592
Road user safety PLA	21,475	19,006	17,201	17,609
Sector training and research PLA	6,000	6,054	6,000	6,000
Transport planning PLA	4,213	7,212	7,155	6,923
Management of the funding allocation system PLA	35,240	30,960	29,009	27,000
	76,729	74,389	71,564	67,533
Operating activities (Business units)				
Maintenance and operation of state highways PLA	1,152	1,058	859	481
Expenses relating to the delivery of outputs (note 8)	234,411	227,965	224,428	220,548
Expenses relating to the merger	2,053	6,586	70	0
Total operating expenditure	236,464	234,551	224,498	220,548
Capitalised operating activities (NLTP) (note 11)				
New infrastructure for and renewal of state highways	36,835	40,105	38,617	39,253
Total expenditure	273,299	274,656	263,115	259,801
Net surplus/(deficit) including capital	(4,913)	(5,838)	1,216	1,468

This is the net result of the NZTA's operations, which includes the activities funded from capital contributions.

Movement of operations net surplus/(deficit) to equity

This table shows the net result of the NZTA's operations, excluding the capital contribution and capitalised operating activities. The net surplus/(deficit)s are separated into three retained funds based on the source of funding:

- **Retained funds - NZTA Operations** refers to Crown funded (excluding the driver test subsidy), contracted services, non third party fees and charges activities, and expenses relating to the merger.
- **Memorandum account** refers to activities funded from third party fees and charges.
- **Retained funds - National Land Transport Programme** refers to activities that are funded from the National Land Transport Fund.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Net surplus/(deficit) (note 14)				
Retained funds - NZTA Operations	1,363	(5,537)	1,519	1,769
Memorandum account - Third party fees and charges	(9,236)	(301)	(303)	(301)
Retained funds - National Land Transport Programme	3,274	0	0	0
Net surplus/(deficit) excluding capital	(4,599)	(5,838)	1,216	1,468
Capital deficit excluded above	(314)	(0)	(0)	0
Total including capital	(4,913)	(5,838)	1,216	1,468

Investment in land transport

Investment in land transport refers to funding the NZTA provides to approved organisations for the delivery of services. Investment in land transport also includes the funding the NZTA receives for the maintenance and operation of the state highway network.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the National Land Transport Fund (note 5)				
New infrastructure for and renewal of state highways	415,515	420,370	425,784	428,577
Maintenance and operation of state highways PLA	297,100	299,785	305,042	311,591
New and improved infrastructure for local roads PLA	175,000	154,000	136,000	175,000
Renewal of local roads PLA	218,000	237,000	241,000	240,000
Maintenance and operation of local roads PLA	215,000	235,000	238,000	265,000
Public transport services PLA	200,000	210,000	220,000	235,000
Public transport infrastructure PLA	135,000	54,159	52,962	43,408
Road user safety PLA	19,124	21,458	22,363	22,391
Walking and cycling facilities PLA	20,000	15,000	14,000	17,000
Rail and coastal freight PLA	2,000	1,000	1,000	0
Transport planning PLA	24,857	25,859	25,917	24,077
Total income	1,721,596	1,673,631	1,682,068	1,762,044
Expenditure				
Investment in land transport				
Maintenance and operation of state highways PLA	297,447	299,785	305,042	311,591
New and improved infrastructure for local roads PLA	175,000	154,000	136,000	175,000
Renewal of local roads PLA	218,000	237,000	241,000	240,000
Maintenance and operation of local roads PLA	215,000	235,000	238,000	265,000
Public transport services PLA	200,000	210,000	220,000	235,000
Public transport infrastructure PLA	110,000	46,159	52,962	43,408
Road user safety PLA	19,124	21,458	22,363	22,391
Walking and cycling facilities PLA	20,000	15,000	14,000	17,000
Rail and coastal freight PLA	2,000	1,000	1,000	0
Transport planning PLA	25,787	25,859	25,917	24,077
	1,282,358	1,245,261	1,256,284	1,333,467
State highway network				
State highway depreciation	377,433	388,869	394,468	399,223
State highway asset write-off	15,000	15,000	15,000	15,000
	392,433	403,869	409,468	414,223
Total expenditure (note 8)	1,674,791	1,649,130	1,665,752	1,747,690
Net surplus/(deficit)	46,805	24,501	16,316	14,354

Net surpluses from the investment in land transport go to the Retained funds – National Land Transport Programme (note 14).

Specific projects funded by the Crown

Specific projects funded by the Crown refers to funding provided by the Crown for specific activities, which are either delivered by the NZTA, or the NZTA allocates funding for the activity.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Revenue from the Crown (note 3)				
Canterbury transport project	14,500	14,000	5,000	0
Regional development transport funding	9,000	10,000	0	0
Enhanced public transport concessions SuperGold card	19,300	17,300	17,300	17,300
Administration of the SuperGold cardholders scheme	452	452	452	452
Total income	43,252	41,752	22,752	17,752
Expenditure				
Canterbury transport project	14,500	14,000	5,000	0
Regional development transport funding	9,000	11,409	0	0
Enhanced public transport concessions SuperGold card	19,300	17,460	17,300	17,300
Administration of the SuperGold cardholders scheme	320	584	452	452
Total expenditure (note 8)	43,120	43,453	22,752	17,752
Net surplus/(deficit)	132	(1,701)	0	0

These net deficits are covered by funds held in Retained funds – Specific projects funded by the Crown (note 14).

Third party fees and charges funded activities

This information is provided to show the products which make up the Memorandum account - Third party fees and charges.

	Projected 2010 \$000	Budget 2011 \$000	Budget 2012 \$000	Budget 2013 \$000
Revenue from the Crown (Driver test subsidy)				
Driver licensing	1,445	1,533	1,535	1,537
Revenue from third parties (Fees and charges)				
Regulatory implementation and enforcement output class				
Border inspections	1,516	1,262	1,262	1,262
Certification reviews	7,634	6,938	6,938	6,938
Driver licensing	857	948	948	948
Driver testing	905	1,924	1,974	1,974
Rail licensing	756	565	565	565
Standards development and certification	5,253	5,455	5,455	5,455
Tolling	5,226	5,523	5,523	5,523
Transport licensing	6,871	6,783	6,783	6,783
	29,018	29,397	29,447	29,447
Licensing activities output class				
Driver licensing	27,701	30,650	30,650	30,650
Driver testing	14,183	16,976	16,976	16,976
Over dimension and over weight permits	300	160	160	160
Rail licensing	407	304	304	304
Transport licensing	1,612	1,591	1,591	1,591
	44,202	49,682	49,682	49,682
Total revenue from third parties (Fees and charges)	73,220	79,079	79,129	79,129
Total income	74,665	80,612	80,664	80,666
Expenditure				
Regulatory implementation and enforcement output class				
Border inspections	1,579	778	778	779
Certification reviews	8,147	6,368	6,517	6,564
Driver licensing	564	566	574	576
Driver testing	796	972	985	1,000
Rail licensing	751	1,337	1,356	1,359
Standards development fee and certification	4,892	5,561	5,653	5,696
Tolling	5,226	4,284	4,290	4,386
Transport licensing	9,096	9,849	9,607	9,399
	31,051	29,715	29,760	29,759
Licensing activities output class				
Driver licensing	32,916	32,082	31,802	31,690
Driver testing	17,820	17,069	17,374	17,535
Over dimension and over weight permits	222	155	155	154
Rail licensing	447	371	369	372
Transport licensing	1,446	1,521	1,506	1,457
	52,850	51,197	51,206	51,209
Total expenditure	83,901	80,913	80,967	80,967
Net surplus/(deficit)	(9,236)	(301)	(303)	(301)

Memorandum account - Third party fees and charges

This table shows the balance of retained funds in the memorandum account.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Balance at 1 July	(14,929)	(3,171)	(3,471)	(3,774)
Net surplus/(deficit)	(9,236)	(301)	(303)	(301)
Movement from general funds	20,994	0	0	0
Balance at 30 June	(3,171)	(3,471)	(3,774)	(4,076)

Third party fees and charges by funding source

This table shows the balance of the memorandum account by the source of funding.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Border inspections				
Balance at 1 July	89	26	511	994
Revenue	1,516	1,262	1,262	1,262
Expenditure	1,579	778	778	779
Net surplus/(deficit)	(63)	484	484	483
Balance at 30 June	26	511	994	1,478
Certification reviews				
Balance at 1 July	(1,874)	(2,388)	(1,818)	(1,397)
Revenue	7,634	6,938	6,938	6,938
Expenditure	8,147	6,368	6,517	6,564
Net surplus/(deficit)	(514)	570	421	374
Balance at 30 June	(2,388)	(1,818)	(1,397)	(1,023)
Driver licensing				
Balance at 1 July	(11,452)	0	483	1,240
Revenue	30,003	33,131	33,133	33,135
Expenditure	33,480	32,648	32,376	32,265
Net surplus/(deficit)	(3,477)	483	757	870
Transfer from general funds	14,929	0	0	0
Balance at 30 June	0	483	1,240	2,109
Driver testing				
Balance at 1 July	(2,537)	0	858	1,449
Revenue	15,088	18,900	18,950	18,950
Expenditure	18,616	18,042	18,359	18,536
Net surplus/(deficit)	(3,528)	858	591	414
Transfer from general funds	6,065	0	0	0
Balance at 30 June	0	858	1,449	1,864
Over dimension and over weight permits				
Balance at 1 July	(1)	77	83	88
Revenue	300	160	160	160
Expenditure	222	155	155	154
Net surplus/(deficit)	78	5	5	6
Balance at 30 June	77	83	88	94

Third party fees and charges by funding source continued...

This table shows the balance of the memorandum account by the source of funding.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Rail licensing				
Balance at 1 July	(1,531)	(1,566)	(2,404)	(3,261)
Revenue	1,163	869	869	869
Expenditure	1,197	1,708	1,725	1,731
Net surplus/(deficit)	(35)	(839)	(856)	(862)
Balance at 30 June	(1,566)	(2,404)	(3,261)	(4,123)
Standards development and certification				
Balance at 1 July	5,654	6,015	5,909	5,712
Revenue	5,253	5,455	5,455	5,455
Expenditure	4,892	5,561	5,653	5,696
Net surplus/(deficit)	361	(106)	(198)	(241)
Balance at 30 June	6,015	5,909	5,712	5,471
Tolling				
Balance at 1 July	(641)	(641)	598	1,830
Revenue	5,226	5,523	5,523	5,523
Expenditure	5,226	4,284	4,290	4,386
Net surplus/(deficit)	0	1,239	1,233	1,137
Balance at 30 June	(641)	598	1,830	2,967
Transport licensing				
Balance at 1 July	(2,636)	(4,695)	(7,691)	(10,430)
Revenue	8,483	8,374	8,374	8,374
Expenditure	10,542	11,370	11,113	10,856
Net surplus/(deficit)	(2,059)	(2,996)	(2,739)	(2,482)
Balance at 30 June	(4,695)	(7,691)	(10,430)	(12,912)
Total memorandum account - Third party fees/charges	(3,171)	(3,471)	(3,774)	(4,076)

National Land Transport Fund

This information is provided to show the capital appropriations and operating revenue the NZTA receives from the National Land Transport Fund, which funds the National Land Transport Programme.

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income inflows				
Land transport revenue				
Fuel excise duty	1,445,080	1,539,799	1,653,556	1,685,210
Road user charges	936,618	1,000,859	1,049,196	1,097,642
Motor vehicle registration fees	170,483	175,114	180,928	186,910
Fuel excise duty refunds	(36,398)	(38,312)	(41,097)	(43,224)
Road user charges refunds	(42,539)	(45,457)	(47,652)	(49,853)
Motor vehicle registration fee refunds	(551)	(566)	(585)	(604)
Bad debt write-off	(10,000)	(5,000)	(5,000)	(5,000)
	2,462,693	2,626,437	2,789,346	2,871,081
Government contribution to land transport revenue				
Contribution in lieu of interest	6,000	6,000	6,000	6,000
Accelerated state highway construction	78,700	33,700	0	0
New & improved infrastructure state highways – Crown	1,302	5,065	5,065	5,065
	86,002	44,765	11,065	11,065
Total income flows	2,548,695	2,671,202	2,800,411	2,882,146
Outflows				
NZTA National Land Transport Programme	1,766,084	1,711,257	1,715,447	1,792,606
NZTA National Land Transport Programme – Capital	629,805	750,651	776,964	780,540
NZ Police	288,000	290,200	308,000	309,000
Rail infrastructure	135,000	0	0	0
Other	900	0	0	0
Total outflows	2,819,789	2,752,108	2,800,411	2,882,146
Net surplus/(deficit)	(271,094)	(80,906)	0	0
Opening balance	352,000	80,906	0	0
Closing balance at the end of the year	80,906	0	0	0

The rail infrastructure funding is the balance of infrastructure commitments made under transitional provisions of the Land Transport Management Amendment Act 2008.

National Land Transport Programme

	Projected 2010	Budget 2011	Budget 2012	Budget 2013
	\$000	\$000	\$000	\$000
Income				
Capital contribution from NLTF (Crown)	1,302	5,065	5,065	5,065
Capital contribution from NLTF (Accel. SH construction)	78,700	33,700	0	0
Capital contribution from NLTF (SH infrastructure)	549,803	712,267	772,287	775,871
Revenue from the National Land Transport Fund	1,766,084	1,711,650	1,715,848	1,793,000
Revenue from the National Land Transport Fund ^a	35,515	36,370	37,784	36,577
Total income for the National Land Transport Programme	2,431,404	2,499,052	2,530,984	2,610,513
Expenditure				
New and improved infrastructure for state highways	975,928	991,019	999,136	1,012,313
Renewal of state highways	232,372	203,100	204,000	230,000
Maintenance and operation of state highways	307,248	308,093	313,195	320,000
New and improved infrastructure for local roads	175,000	154,000	136,000	175,000
Renewal of local roads	218,000	237,000	241,000	240,000
Maintenance and operation of local roads	215,000	235,000	238,000	265,000
Public transport services	200,000	210,000	220,000	235,000
Public transport infrastructure	110,000	49,008	57,008	45,000
Road user safety	40,599	40,464	39,564	40,000
Walking and cycling facilities	20,000	15,000	14,000	17,000
Sector training and research	6,000	6,054	6,000	6,000
Rail and sea freight	1,000	1,000	1,000	0
Domestic sea freight development	1,000	0	0	0
Transport planning	30,000	33,071	33,072	31,000
Management of the funding allocation system	35,240	30,960	29,009	27,000
Total expenditure	2,567,387	2,513,769	2,530,984	2,643,313
Carry over into next year	(135,983)	(14,717)	0	(32,800)
Loan to Auckland Regional Council	(24,800)	(8,000)	0	32,800
Opening balance	183,500	22,717	(0)	(0)
Closing balance at the end of the year	22,717	(0)	(0)	(0)

a. NLTF revenue from the NZTA's management of Crown land and interest, and interest received from the loan to the Auckland Regional Council.

Appendix 1

Service delivery

Operating policies

Value for money

The NZTA's enabling legislation includes a specific operating principle for the Agency of 'using its revenue in a manner that seeks value for money', and this principle underpins our approach to all aspects of our work. Since establishment in mid-2008, we have made considerable progress on reviewing our operations to sharpen the focus and lift the efficiency of delivery. We will continue to make changes to drive costs down and improve value in line with the approach being taken in the core public sector.

Over the past 18 months we have worked to align the expenditure of the NLTF with the significant shift in the government's priorities as outlined in the GPS. This has been undertaken through a series of actions to sharpen the investment and evaluation policies, to review and reshape transport proposals and activities, and to improve asset management and procurement policies. We prepared the \$8.7 billion 2009-12 NLTP to give effect to the new GPS priorities and have continued to refine the investment profile to deliver best value for money.

Of the \$268 million NZTA operating budget, around \$152 million is for the registry services and regulatory enforcement outputs - with services costs met by fee payers and revenue collection funded by the Crown. Cost structures are driven by regulatory process requirements. The remaining \$116 million is for outputs funded from the NLTF and include all the state highway operations, asset management and development services, and the transport planning and investment services in conjunction with local government and other partners.

Our approach to increasing value for money for the NZTA's outputs has four targets, as follows.

COST PRESSURES MET FROM BASELINE

Our first target is to meet all cost pressures over the next three years within the 2008/09 'baseline level'. That is, we intend to hold our own operating costs to what they were at the time of the NZTA's establishment and against the assumption of a steady-state operating level. We are on track to achieve that target, even though the work programme has increased significantly in areas such as road safety, NLTP reviews and transport planning. The baseline work level in the state highways area is clearly increasing. We are reducing costs in the 'management of the funding allocation system' by \$2 million for the current financial year and a further \$2 million per year in each of the next two years (ie \$6 million below 2009 baseline level). This represents a reduction of 16 percent.

ABSORB THE MERGER COSTS

Our second target has been to meet the costs of the merger from within our operating costs or from reserves. We have done so.

EFFECTIVE PRICING OF SERVICES TO THE PUBLIC

Our third target is to make cost reductions in the delivery of services to fee payers in the motor vehicle register and driver licence activities that have been running at a deficit. Our expenses in this area are forecast to reduce - partly as a result of lower overheads and business efficiency gains - but the level of expenses is linked to volume of transactions. For each line of business the fee revenue should match the long-run efficient costs of delivery. There are further efficiency gains to be achieved (some will require investment in IT systems) and further fee adjustments are required to balance the memorandum accounts. In the medium term, cost savings can come from a review of the very prescriptive regulatory environment that governs much of this work to make it more outcome-focused and allow greater flexibility in business delivery.

EFFICIENCY TO REDUCE OVERHEADS

The fourth target is to drive down costs in back-office support functions. We have made savings of around \$3 million ongoing in this area that is being reflected in lower costs for other output areas. The NZTA is one of the participants in the Better Administrative and Support Services Project looking at the cost of services across a number of public sector agencies, which will enable us to benchmark our internal services against others and identify areas for further efficiencies.

Staff numbers have been reduced to below the FTE establishment set by the Board of 1398 at the time of establishment to a new level of 1372 - in the context of an increasing work programme. This compares to the total FTE establishment of the previous entities of 1427.

Scrutiny and transparency

Section 96 of the Land Transport Management Act 2003 contains a set of principles to which we must adhere. We must exhibit a sense of social and environmental responsibility, use our revenue in a manner that seeks value for money, ensure our revenue and expenditure are accounted for in a transparent manner, and ensure we maintain transparency in our decision-making, giving the same level of scrutiny to our own proposed activities as we would of approved organisations.

It is a statutory requirement that we must not favour our own activities over those of key stakeholders (principally local road controlling authorities and regional councils).

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

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 NZ Transport Agency to propose activities for inclusion in such a programme (s 16 and s 17)
- 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 NZ Transport Agency (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'.

We will ensure we do not favour our own activities over those of our funding partners by using the same assessment methodology for both, as set out by activity class in our *Planning, programming and funding manual*. Consistent with the scrutiny principle, we have included investment measures as part of this document's statement of service performance that show how we assess the quality of our investment decisions for services funded from the NLTF.

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 our website.

Risk management

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

Robust NZTA risk management:

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

Our approach to risk is set out in four documents:

- The NZTA Risk Management Framework describes the organisation's risk management system and meets the Board's requirements for ensuring appropriate processes and controls are in place to manage risks. This framework is consistent with the new AS/NZS ISO 31000: 2009 standard *Risk management: Principles and guidelines*.
- The NZTA Risk Management Strategy specifies the Board and executive mandate and commitment to risk management, and recognises the importance of organisational leadership, culture, integration and capability for successful implementation of risk management.
- The NZTA Risk Management Policy specifies the responsibilities and accountabilities for risk management.
- The NZTA *Risk management manual* provides staff and contractors with a range of risk management tools which can be applied in a variety of circumstances.

Our Risk Treatment Plan has been developed and is monitored, reviewed and updated at least quarterly through the quarterly reporting process, and all significant projects have risk plans that are regularly reviewed.

Procurement

We have an independent statutory function under section 25 of the Land Transport Management Act 2003 (LTMA) to approve procurement procedures that are 'designed to obtain the best value for money spent by approved organisations and persons, having regard to the purpose of this Act'. The LTMA takes a broader view of procurement than previous legislation and requires consideration of whole-of-life value for money, keeping in mind fair competition and encouraging competitive and efficient markets.

A new *Procurement manual* was published in July 2009 to help approved organisations and the NZTA to take a long-term, strategic approach to procurement by developing a procurement strategy for land transport activities funded through the NLTP, and to obtain the best value for money spent.

Appendix 2

Summary of performance measures for 2010-2013

These provide overview summaries of all the performance measures included in the statement of forecast service performance.

Service delivery measures

Output class	Reliability	Efficiency	Transformation	Customer orientation	Effectiveness
Transport planning	% of state highways studies and strategies programme completed	% of strategies and packages endorsed with no rework	All funds allocated in accordance with the State Highways Classification Project guidelines	% of stakeholders surveyed that are satisfied with the NZTA's contribution to regional transport strategies, studies and plans	% of New Zealand transportation network covered by supported strategies or endorsed packages or plans
Management of the funding allocation system	% of investment funds committed	Funding allocation costs as a % of the NLTP	% of NZ transportation network covered by supported strategies or endorsed packages or plans	% of stakeholders satisfied with policies, processes and systems used to develop, implement and review the NLTP	Days taken from submission of application to approval of application
Sector training and research	% of projects managed to time, cost and quality targets	Administration costs as a % of the training and research programmes	% of research recommendations applied by the sector (determined by post-implementation reviews)	% of transport decision-makers that agree the research funded meets their needs	% of research peer reviewers satisfied with the quality of the research conducted
Administration of the SuperGold cardholders scheme					Number of working days taken to process claims received from local authorities
Enhanced public transport concessions for SuperGold cardholders					Regional councils will implement enhanced public transport concessions for SuperGold cardholders
New and improved infrastructure for state highways	% of state highway programme completed (construction phases)	Efficiency gains across total programme without compromise to quality	% ahead of baseline programme for RoNS development	Degree of community satisfaction with engagement on large projects	% of construction projects delivered to time, cost, and quality as described pre-construction
Renewal of state highways	% of state highway renewals programme completed (actual km vs target km)	% of works completed by 1 April	% reduction in average construction times for projects	Degree of road user satisfaction in travelling through construction sites	Safe stopping: % of travel on network above skid threshold level % of rutting >20mm over state highway network
Maintenance and operation of state highways	Availability of state highways	Efficiency gains across total programme without compromise to quality	% of minor safety allocated in national order	% of road users satisfied with the quality of state highway information provided % of heavy commercial vehicle users satisfied with the operation of the state highway network	Condition of the network - smooth ride: % of travel on network classed as smooth - safer travel: % of network with texture <5% mean pavement depth

Output class	Reliability	Efficiency	Transformation	Customer orientation	Effectiveness
Rail and coastal freight					% of programme delivered consistent with performance guidelines (refer conditions on use of appropriation)
Canterbury transport project					% of funds allocated to projects that meet the criteria set out in the Memorandum of Understanding between Environment Canterbury, Ministry of Transport and the NZTA
Regional development transport funding					Kilometres of forestry roading that is upgraded, maintained or built
Road user safety	% of NZTA work programme completed	Average cost per target audience member for national advertising activities	% of road safety programme aligned with our strategic intent	% of the target audience who rate the NZTA's road safety TV commercials as relevant to them (tested quarterly and averaged over 12 months)	Total unprompted recall of road safety TV advertisements to the target audiences (tested quarterly and averaged over 12 months)
Regulatory implementation and enforcement	Delivery of an agreed audit programme covering: <ul style="list-style-type: none"> regulatory compliance of rail licence holders and licensed transport operators, eg passenger services (including taxis) and goods and services agent service delivery (including driver testing, licence administration, and vehicle certification services) according to agreed standards 	Cost per tolling transaction	% increase of tolling payments made online	Rules development programme meets quality and timeliness requirements of the Ministry of Transport	% of audits of regulatory compliance and agent service delivery carried out according to agreed standards
Licensing activities	Number of new and renewed driver licences issued against forecast	Cost per driver licence transaction	% increase in proportion of tests booked online	% satisfaction level of driver licence contact centre callers	% accuracy of the driver licence register
Motor vehicle registry	% of transactions undertaken against forecast	Cost per motor vehicle transaction	% of licences paid online	% satisfaction level of contact centre callers	% accuracy of the motor vehicle register
Road user charges collection, investigation and enforcement	Number of road user charges transactions undertaken against forecast	Cost per road user charges transaction	% increase of licences paid online	% satisfaction level of contact centre callers	Identified evaded revenue recovered
Refund of fuel excise duty					% of refund applications that are audited, processed and paid within 20 working days

Investment performance measures

Measure	
Sector training and research	% of funds invested in research topics that address the research measures and objectives and are tested against strategic fit criteria that derive from the GPS and the IRS
New and improved infrastructure for state highways	% of activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 6 as described in the NZTA's <i>Planning, programming and funding manual</i> % of projects reviewed post-implementation that have an assessment profile within approved construction thresholds
Renewal of state highways	Allocation for renewals per network lane km Allocation for renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled) % of activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 6 as described in the NZTA's <i>Planning, programming and funding manual</i> % of projects reviewed post-implementation that have an assessment profile within approved construction thresholds
Maintenance and operation of state highways	The technical reviews (in aggregate) rate the network's condition good or better Allocation for maintaining and operating the network excluding emergency reinstatement (\$ per lane km) Allocation for maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled) Allocation for emergency reinstatement
Transport planning	% of investment targeted to studies directly supporting regional land transport strategies and high strategic fit % of strategies or packages that reach an investment profile for strategic fit and effectiveness of at least MM (medium, medium: as detailed in the NZTA's <i>Planning, programming and funding manual</i>)
Walking and cycling facilities	% of activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA's <i>Planning, programming and funding manual</i> % of projects with consistent assessment profiles - post-approval assessment and approval but pre-implementation % of projects reviewed post-implementation that have an assessment profile within approved construction thresholds
New and improved infrastructure for local roads	% of activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA's <i>Planning, programming and funding manual</i> % of projects with consistent assessment profiles - post-approval assessment and approval but pre-implementation % of projects reviewed post-implementation that have an assessment profile within approved construction thresholds
Renewal of local roads	Allocation for renewals per network lane km Allocation for renewal of the network excluding emergency reinstatement (cents per vehicle kilometres travelled) The technical reviews (in aggregate) rate the network's condition good or better
Maintenance and operation of local roads	Allocation for maintaining and operating the network (excluding emergency work) per network lane km Allocation for maintaining and operating the network excluding emergency reinstatement (cents per vehicle kilometres travelled) Allocation for emergency reinstatement The technical reviews (in aggregate) rate the network's condition good or better
Public transport infrastructure	% of activities invested in with an investment profile for strategic fit, effectiveness and efficiency of at least priority order 5 as described in the NZTA's <i>Planning, programming and funding manual</i> % of projects with consistent assessment profiles - post-approval assessment and approval but pre-implementation % of projects reviewed post-implementation that have an assessment profile within approved construction thresholds
Public transport services	Amount of NZTA subsidy per passenger Farebox recovery across networks The procedural audits (in aggregate) rate the relevant approved organisations' public transport management practices as good or better (Post-implementation) movement of people per lane km per hour in major urban areas



Our contact details

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

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