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## NZ TRANSPORT AGENCY STATEMENT OF PERFORMANCE EXPECTATIONS 2015/16

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This *Statement of performance expectations* sets out our non-financial and financial performance expectations for the next three years that will contribute to the delivery of the NZ Transport Agency *Statement of intent*.

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# CREATING TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND



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## **NZ Transport Agency**

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NZ Transport Agency



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<b>STATEMENT OF RESPONSIBILITY</b>	<b>2</b>
<b>STATEMENT OF INTENT MILESTONES</b>	<b>3</b>
<b>STATEMENT OF KEY OPERATING ASSUMPTIONS AND RISKS</b>	<b>26</b>
<b>NZ TRANSPORT AGENCY STATEMENT OF NON-FINANCIAL PERFORMANCE EXPECTATIONS</b>	<b>37</b>
<b>NATIONAL LAND TRANSPORT FUND STATEMENT OF NON-FINANCIAL INVESTMENT PERFORMANCE EXPECTATIONS</b>	<b>53</b>
<b>STATEMENTS OF FINANCIAL PERFORMANCE EXPECTATIONS</b>	<b>57</b>
<b>APPENDIX: SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASURES</b>	<b>87</b>

The purpose of an SPE is to:

1. enable the responsible Minister to participate in setting the annual performance expectations of the Transport Agency
2. enable Parliament to be informed of those expectations
3. provide the public with transparency on the performance they can expect from the Transport Agency service delivery and investment activities
4. provide a base against which a review of the Transport Agency's actual performance can be assessed.

# STATEMENT OF RESPONSIBILITY

The information contained in the *Statement of performance expectations* for the NZ Transport Agency has been prepared in accordance with the Crown Entities Act 2004.

In signing this statement, we acknowledge our responsibility for the information contained in this *Statement of performance expectations*, and confirm the appropriateness of the assumptions underlying the prospective operations and financial statements of the NZ Transport Agency.

## Signed on behalf of the Board



**Chris Moller**  
Chair  
4 JUNE 2015



**Dame Patsy Reddy**  
Deputy Chair  
4 JUNE 2015

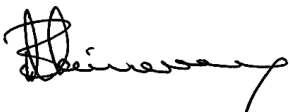
## Countersigned by



**Geoff Dangerfield**  
Chief Executive  
4 JUNE 2015



**Paul Laplanche**  
Chief Financial Officer  
4 JUNE 2015



**Brandon Mainwaring**  
National Manager  
Accountability and Performance  
4 JUNE 2015

# STATEMENT OF INTENT MILESTONES



## GOAL

# Integrate one effective and resilient network for customers



**Our objectives**  
**What we are aiming to deliver by 2022**

- 1 Integrate land uses and transport networks to shape demand at national, regional and local levels**
- 2 Integrate national and local transport networks to support strategic connections and travel choice**
- 3 Improve freight supply chain efficiency**

For further information on these objectives refer to the *Statement of intent 2015-19*.

**Key results**  
**What we are aiming to deliver by 2019**

For the objectives under this goal there are four results. Some results are prioritised. These priorities are outlined in detail on pages 32-43 in the *Statement of intent 2015-19*.

**Milestones**  
**What we expect to deliver in 2015/16**

For each result there are a number of specific milestones that outline what is planned to be completed in 2015/16 to make progress towards achieving our results by 2019.

**Function**  
**What we do for New Zealanders**

PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK

**Services and investment**  
**How we make a difference to the transport system**

- Investment management
- Public transport
- Road safety promotion
- Local road improvements
- Walking and cycling

## OBJECTIVE 1

### Integrate land uses and transport networks to shape demand at national, regional and local levels

#### Results by 2019

#### Milestones for 2015/16

Priority **2** *Predictable journeys for urban customers* PAGE 20

Priority **6** *Make urban cycling a safer and more attractive transport choice* PAGE 23

- |  |   |
|--|---|
| 1.1 Land use and transport plans for the top five growth areas demonstrate improved coordination of land use development with transport infrastructure investment. | We have agreed a shared view with our investment partners of what successful integration of long-term growth plans into land use and transport plans look like. |
| 1.2 Transport plans for government's four regional development plan areas are developed and integrated with land use plans.  | Transport investment proposals for four regions have been evaluated.  |

## OBJECTIVE 2

### Integrate national and local transport networks to support strategic connections and travel choices

#### Results by 2019

#### Milestones for 2015/16

Priority **2** *Predictable journeys for urban customers* PAGE 20

Priority **3** *Integrate road and rail to improve freight network productivity* PAGE 21

Priority **6** *Make urban cycling a safer and more attractive transport choice* PAGE 23

- |  |  |
|--|--|
| 2.1 The benefits and outcomes from key journeys in major centres are being delivered.<br><i>(Note: this is also a result for objectives 8 and 10.)</i>       | Key journeys have been identified and expected benefits and outcomes defined.  |
| 2.2 We expect public transport boardings to increase by 10-16% (from a 2013/14 baseline) in the main urban centres of Auckland, Wellington and Christchurch. | Public transport boardings increase by 3-7% in 2015/16 in the main urban centres of Auckland, Wellington and Christchurch. |

#### Results by 2016 (from our *Statement of intent 2014-18*)

- |  |  |
|--|--|
| 2.3 The strategy set out in Auckland's Integrated Transport Programme is given effect to in the 2015-18 National Land Transport Programme. |  |
| 2.4 Modern, fully integrated ticketing and fares are being implemented in Auckland, Wellington, Christchurch and main provincial centres.  |  |

## OBJECTIVE 3

### Improve freight supply chain efficiency

#### Results by 2019

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#### Priority **3** *Integrate road and rail to improve freight network productivity* PAGE 21

#### Results by 2016 (from our *Statement of intent 2014-18*)

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- 3.1 Smarter, more comprehensive, enforcement of illegally overloaded trucks encourages operator uptake of high productivity motor vehicle permits.

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- 3.2 A series of freight plans that improve access to markets and productivity for major freight routes through targeted investments are guided by the upper North Island, Central and South Island freight plans.

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## GOAL

# Shape smart, efficient, safe and responsible transport choices

**Our objectives**  
What we are aiming to deliver by 2022

- 4** Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability
- 5** Incentivise and shape safe and efficient travel choices using a customer-focused approach
- 6** Reduce costs for transport users through better regulation and willing compliance

For further information on these objectives refer to the *Statement of intent 2015-19*.

**Key results**  
What we are aiming to deliver by 2019

For the objectives under this goal there are 10 results. Some results are prioritised. These priorities are outlined in detail on pages 32-43 in the *Statement of intent 2015-19*.

**Milestones**  
What we expect to deliver in 2015/16

For each result there are a number of specific milestones that outline what is planned to be completed in 2015/16 to make progress towards achieving our results by 2019.

**Function**  
What we do for New Zealanders

PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK

**Services and investment**  
How we make a difference to the transport system

- Licensing and regulatory compliance
- Road tolling
- Motor vehicle registry
- Road user charges collection, investigation and enforcement
- Refund of fuel excise duty
- Investment management
- Public transport
- Administration of SuperGold cardholder scheme and enhanced public transport concessions for SuperGold cardholders
- Road safety promotion
- Road Policing Programme (NLTF investment, but NZ Police output)
- Walking and cycling

## OBJECTIVE 4

### Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability

#### Results by 2019

#### Milestones for 2015/16

**Priority 4** *Safer speeds that are right for the road* [PAGE 21](#)

**Priority 6** *Make urban cycling a safer and more attractive transport choice* [PAGE 23](#)

4.1 The successful elements of the safety signature programme are replicated elsewhere in New Zealand where appropriate.	Learnings from the delivery of projects within the signature programme are published.
4.2 All relevant Transport Agency staff, community and business leaders and transport practitioners understand and apply the Safe System approach and decision-making frameworks and partnerships support the successful implementation of a safe road system in New Zealand.	We have created a benchmark for where we need to be and what we need to do to get there so that stakeholders and the community understand and apply the Safe System approach.
4.3 The public conversation about how individual behaviour and choices affect road safety outcomes is strong (as measured by attitude surveys) and is contributing to a positive road culture.	A business case will be developed and implementation of the business case will commence.
4.4 The Transport Agency-led actions from the 2013-15 action plan have been implemented.	Contribute to the development of the 2016-19 action plan.
4.5 Transport Agency monitoring and interventions are supporting and encouraging a strong safety culture in rail operator organisations.	<p>Enhanced rail safety monitoring is in place and is sharpening risk targeting and risk reducing activities.</p> <p>Improved rail safety monitoring is in place and being widely communicated.</p> <p>The governance and operation of National Rail System Standards has been reviewed.</p>
4.6 Transport Agency staff, community leaders and stakeholders are working together and making demonstrably good progress on reducing deaths, serious injuries and near misses for road users and pedestrians interacting with the rail corridor.	A multidisciplinary safety action plan is complete and priority actions are being implemented as planned.

## OBJECTIVE 5

### Incentivise and shape safe and efficient travel choices using a customer-focused approach

#### Results by 2019

#### Milestones for 2015/16

Priority **1** *Make it easy for customers to do business with us* PAGE 19

Priority **2** *Predictable journeys for urban customers* PAGE 20

Priority **4** *Safer speeds that are right for the road* PAGE 21

Priority **6** *Make urban cycling a safer and more attractive transport choice* PAGE 23

5.1 Increased levels of compliance with safe vehicle and safe road user requirements are contributing to reduced safety risk and to reduced disruption on the land transport network.

A framework for monitoring compliance levels and outcomes is established and being used to set targets.

5.2 Information to inform travel mode and travel time choice is readily available to customers using high-demand networks and corridors, and this is measurably improving journey predictability.

A national travel information programme business case is complete.

*(Connected to the predictable journeys for urban customers priority result 1 milestone 2.)*

## OBJECTIVE 6

### Reduce costs for transport users through better regulation and willing compliance

#### Results by 2019

#### Milestones for 2015/16

Priority **1** *Make it easy for customers to do business with us* PAGE 19

6.1 Reviews of the Vehicle Dimension and Mass and Driver Licensing rules have reduced compliance costs for customers, making it easier for customers to meet their transport requirements.

Policy work on legal changes required to enable both review objectives to be met is complete and a Land Transport Act Amendment Bill is being considered by Parliament.

6.2 The opportunities in the annual regulatory programme to improve incentives for customers to operate efficiently and safely on the network are being identified and progressed without increasing costs.

Incentives to comply with vehicle dimension and mass (VDAM) requirements will be enhanced as part of VDAM reform.

## GOAL

# Deliver efficient, safe and responsible, and resilient highway solutions for customers



**Our objectives**  
**What we are aiming to deliver by 2022**

- 7 Greater resilience of the state highway network**
- 8 Deliver consistent levels of customer service that meet current expectations and anticipate future demand**
- 9 Provide significant transport infrastructure**

For further information on these objectives refer to the *Statement of intent 2015-19*.

**Key results**  
**What we are aiming to deliver by 2019**

For the objectives under this goal there are 30 results. Some results are prioritised. These priorities are outlined in detail on pages 32-43 in the *Statement of intent 2015-19*.

**Milestones**  
**What we expect to deliver in 2015/16**

For each result there are a number of specific milestones that outline what is planned to be completed in 2015/16 to make progress towards achieving our results by 2019.

**Function**  
**What we do for New Zealanders**



**Services and investment**  
**How we make a difference to the transport system**

- State highway improvements
- State highway maintenance
- Road tolling
- Investment management
- Public transport
- Road safety promotion
- Road Policing Programme (NLTf investment, but NZ Police output)

## OBJECTIVE 7

### Greater resilience of the state highway network

#### Results by 2019

#### Milestones for 2015/16

Priority **2** *Predictable journeys for urban customers* PAGE 20

Priority **4** *Safer speeds that are right for the road* PAGE 21

Priority **5** *Driving value through smart road maintenance* PAGE 22

7.1 A framework is in place that allows us to invest in resilience work where required on the network.

Hazards have been assessed on 4,000km of state highway using the GNS Science hazard assessment tool to ensure nationwide consistency, and potential works have been identified to support achievement of One Network Road Classification levels of service. All works proposals warrant funding under the investment framework.

7.2 We have collaborated with local authority partners to agree alternative routes on the local road network, and can demonstrate a joined-up approach to resilience in all areas.

- All current alternative routes and their potential role and traffic demand have been collated consistently nationwide.
- Conversations regarding suitability and how to address any performance gap have commenced with partners for each state highway that has had a hazard assessment.
- Business continuity plans are in place and actionable for each state highway office and its support systems, and for each maintenance contractor.
- Emergency response plans and escalation procedures are in place and actionable for each network, region and nationwide.

7.3 We have identified the corridors that require physical improvements, and these are included in the State Highway Activity Management Plan and the 2018-21 National Land Transport Programme.

Indicative business cases have been initiated for high priority works on corridors.

## OBJECTIVE 8

### Deliver consistent levels of customer service that meet current expectations and anticipate future demand

#### Results by 2019

#### Milestones for 2015/16

Priority **1** *Make it easy for customers to do business with us* PAGE 19

Priority **2** *Predictable journeys for urban customers* PAGE 20

Priority **4** *Safer speeds that are right for the road* PAGE 21

Priority **5** *Driving value through smart road maintenance* PAGE 22

8.1 The State Highway Activity Management Plan clearly demonstrates value for money through:

- the benefits and outcomes of our operations
- the condition of the network and the levels of risk we are currently taking in maintenance and renewals
- our future investment needs for improvements and their return on investment.

The interim success of the aggressive pavement renewals process has been reviewed and is informing future plans.

8.2 Based on data from our current contracts:

- levels of service are consistent with the One Network Road Classification framework
- we have confirmed our future operating model for asset management
- we have reviewed the lessons learned and formalised principles for the next round of maintenance and operations procurement, including healthy market analysis.

The indicative business case for the Transforming Asset Management project has been approved and is being actioned.

## OBJECTIVE 9

### Provide significant transport infrastructure

Road of national significance	Milestones for 2015/16	Milestones for 2016/17	Milestones for 2017/18	Milestones for 2018/19
Puhoi to Wellsford	Milestones to be determined following evaluation of procurement options			
Western Ring Route	Open to traffic: Lincoln Road Interchange St Lukes Interchange Te Atatu Interchange	Open to traffic: Waterview Connection SH16 Causeway widening	Construction start: Lincoln to Westgate	
Waikato Expressway	Construction start: Huntly and Hamilton sections	Construction start: Longswamp section Under construction: Huntly and Hamilton sections	Open to traffic: Longswamp section Under construction: Huntly and Hamilton sections	Under construction: Huntly and Hamilton sections
Tauranga Eastern Link	Project open to traffic			
Wellington Northern Corridor	Consenting process: Airport to Mount Victoria Tunnel* Otaki to Levin		Under construction: Peka Peka to Otaki Consenting process: Terrace Tunnel Duplication	
Christchurch Northern Corridor	Construction start: Southern Motorway Stage 2 Western Belfast Bypass Harewood to Avonhead Park	Construction start: Northern Arterial with QE2 Open to traffic: Groynes to Sawyers Memorial Ave interchange	Open to traffic: Western Belfast Bypass	Open to traffic: Northern Arterial with QE2

\* note: this is dependent on the outcome of the Basin Reserve Bridge Board of Inquiry appeal.

<b>Accelerated Auckland Transport Programme</b>	<b>Milestones for 2015/16</b>	<b>Milestones for 2016/17</b>	<b>Milestones for 2017/18</b>	<b>Milestones for 2018/19</b>
Northern Corridor (three projects)	Consenting and property acquisition commence	Construction start: SH1/18 Grade separation Greville Interchange improvements		Open to traffic: SH1/18 Grade separation
Southern Corridor (five projects)	Construction start: Hill Road to Takanini Takanini on-ramp improvements Takanini to Papakura Takanini Interchange SH20 to Hill Road		Open to traffic: Hill Road to Takanini and Takanini on-ramp improvements Takanini to Papakura, Takanini Interchange SH20 to Hill Road	
State Highway 20A	Construction start		Construction complete and open to traffic	
Auckland Manukau Eastern Transport Initiative	Open to traffic: Sylvia Park bus lanes Construction start: Stage 2a (Panmure to Pakuranga)	Panmure Bridge opens	Construction start: Stage 2a (Busway to Pakuranga, Pakuranga Bus Station Panmure Roundabout signalisation)	
East West Link	Milestones to be determined following completion of the business case			



<b>Accelerated Regional Transport Programme</b>	<b>Milestones for 2015/16</b>	<b>Milestones for 2016/17</b>	<b>Milestones for 2017/18</b>	<b>Milestones for 2018/19</b>
Kawarau Falls Bridge (Otago)	Construction start	Construction complete and open to traffic		
Mingha Bluff to Rough Creek Realignment (Canterbury)		Construction complete and open to traffic		
Akerama Curves Realignment and Passing Lane (Northland)		Construction complete and open to traffic		
Panikau Hill and Wallace Hill Slow Vehicle Bays (Gisborne)	Construction complete and open to traffic			
Normanby Overbridge Realignment (Taranaki)		Construction complete and open to traffic		
Whirokino Trestle Bridge Replacement (Manawatu-Wanganui)	Milestones to be determined following completion of the business case			
Motu Bridge Replacement (Gisborne)	Milestones to be determined following completion of the business case			
Opawa and Wairau Bridges Replacement (Marlborough)	Milestones to be determined following completion of the business case			
Taramakau Road/Rail Bridge (West Coast)	Milestones to be determined following completion of the business case			
Loop Road North to Smeatons Hill Safety Improvements (Northland)	Milestones to be determined following completion of the business case			
Mt Messenger and Awakino Gorge Corridor (Taranaki)	Milestones to be determined following completion of the business case			
Napier port access package (Hawkes Bay)	Work on detailed business case and pre-implementation continues			
Nelson Southern Link	Work on detailed business case and pre-implementation continues			
Rotorua Eastern Arterial	Work on detailed business case and pre-implementation continues			

## GOAL

# Maximise effective, efficient and strategic returns for New Zealand



## OBJECTIVE 10

### Align investment to agreed national, regional and local outcomes, and improve value for money in all we invest in and deliver

#### Results by 2019

#### Milestones for 2015/16

Priority **2** *Predictable journeys for urban customers* PAGE 20

Priority **4** *Safer speeds that are right for the road* PAGE 21

Priority **5** *Driving value through smart road maintenance* PAGE 22

Priority **6** *Make urban cycling a safer and more attractive transport choice* PAGE 23

<p>10.1 Identify and describe a comprehensive planning and investment decision-making process for the Transport Agency (including the use of our Investment Assessment Framework) that provides stakeholders with confidence that our investments are prioritised transparently and optimally (as measured through the stakeholder survey).</p>	<p>Completed the NLTP investment decision-making review.</p>
<p>10.2 The recovery of Canterbury's transport networks is substantially complete and the National Land Transport Programme contributions to Canterbury's recovery achieve best value for money.</p>	<p>Deliver the agreed 2015/16 recovery programme.</p>
<p>10.3 Urban network capacity investments in the next NLTP are consistent with the One Network Road Classification. <i>(Note: This is also a result for Objective 2.)</i></p>	<p>There is no 2015/16 milestone. Work begins in 2017/18.</p>
<p>10.4 We have clearly identified national and inter-regional issues that drive our medium and long-term opportunities.</p>	<p>Progress the national and inter-regional long-term transport view (LTTV) project from the investigation phase into the implementation phase.</p>

#### Results by 2016 (from our *Statement of intent 2014-18*)

<p>10.5 A transport research framework exists that optimises the ability of public entities to meet their accountabilities while ensuring the total transport research investment supports required functions and outcomes.</p>
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## OBJECTIVE 11

### Ensure effective and efficient co-investment with our partners

Results by 2019	Milestones for 2015/16
<b>Priority 2</b> <i>Predictable journeys for urban customers</i> <small>PAGE 20</small>	
<b>Priority 4</b> <i>Safer speeds that are right for the road</i> <small>PAGE 21</small>	
<b>Priority 5</b> <i>Driving value through smart road maintenance</i> <small>PAGE 22</small>	
<b>Priority 6</b> <i>Make urban cycling a safer and more attractive transport choice</i> <small>PAGE 23</small>	
11.1 The network monitoring framework to measure customer benefits is in place for selected key routes/journeys.	Identify key journeys and define expected benefits and outcomes.
11.2 We have increased the satisfaction level of our investment partners by 10% through our tools, systems, policies and procedures.	There is no milestone for 2015/16. Work will begin on this result in 2017/18.
11.3 Network performance measures have been implemented and are being used by investment partners.	Establish network performance measures.

Results by 2016 (from our <i>Statement of intent 2014-18</i> )	Milestone for 2015/16
11.4 Effective public transport network design and management delivers progressively increased returns per NLTF dollar invested.  <i>(Note: this is a shared desired result with regional councils, local authorities and public transport operators)</i>	Auckland, Wellington and Christchurch tranches of bus contracts for Public Transport Operating Model Units are being/have been tendered and negotiated, with increased confidence that services are priced efficiently and there is access to public transport markets for competitors.

## OBJECTIVE 12

### Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments

Results by 2019	Milestones for 2015/16
12.1 A Transport Agency revenue and financing framework has been developed.	We are applying an agreed internal framework while work on the external framework is progressed.
<b>Results by 2016</b> (from our <i>Statement of intent 2014-18</i> )	
12.2 The Transport Agency's tolling and public private partnership policies are successfully applied to new state highway road development where appropriate.	

## PRIORITIES

# 1 Make it easy for customers to do business with us

### Results by 2019

### Milestones for 2015/16

#### GOAL *Shape smart efficient, safe and responsible transport choices*

RELATES TO OBJECTIVES **5** **6**

#### GOAL *Deliver efficient, safe and responsible and resilient highway solutions for customers*

RELATES TO OBJECTIVE **8**

The reduced cost of doing business with us helps our small-medium enterprise commercial customers increase their productivity.

1. Prioritised improvement programme to reduce small and medium-sized enterprises' (SME) costs (aligned to Better Public Services result 9 - *Improving interaction with government*) is enabled by development of customer experience maps providing insight into SME critical pain points.
2. Third-party partner and supplier contract processes are reviewed and improvement areas are identified.

The end-to-end driver licensing experience improves safety and makes it easier for everyone to be a safe driver.

1. The changes required to support the creation of a more flexible and resilient driver licensing rule are included in the Land Transport Amendment Bill.
2. New driver testing provider and approach is implemented.
3. A prioritised work programme has been developed to improve the driver licensing experience for customers who face barriers that cannot be addressed solely by the Driver Licensing Review.
4. The experience for visiting drivers has been improved through better information and education.

Our customers find it easy to interact with us digitally - they find the right information when they need it, in the form they need it and they can transact with us effortlessly.

1. A strategy has been developed and a prioritised programme of investment is in place that identifies our critical systems, timing, cost and the required design to make it easier for customers to interact with us.
2. Increase online transactions by 40%.
3. The online experience for customers seeking information or wanting to interact with us digitally has improved.

**BY 2019,  
MORE THAN  
90% OF OUR  
CUSTOMERS  
SAY IT IS EASY  
TO ENGAGE  
WITH US**

# 2 Predictable journeys for urban customers

Results by 2019

Milestones for 2015/16

GOAL *Integrate one effective and resilient network for customers*

RELATES TO OBJECTIVES 1 2

GOAL *Shape smart efficient, safe and responsible transport choices*

RELATES TO OBJECTIVE 5

GOAL *Deliver efficient, safe and responsible and resilient highway solutions for customers*

RELATES TO OBJECTIVES 7 8

GOAL *Maximise effective, efficient and strategic returns for New Zealand*

RELATES TO OBJECTIVES 10 11

Key urban transport routes are planned and actively managed within and across modes to improve journey time predictability for customers.

1. We have benchmarked customer understandings of travel time predictability and mode choice in Auckland, Wellington and Christchurch.
2. Business cases and annual programmes to improve journey time predictability have been developed for Auckland, Wellington and Christchurch.  
*(Note: This is a shared milestone with result 5.2.)*

Our network operations are better integrated with key partners to manage multi-modal urban networks as a single system.

1. There is better integration of Transport Operation Centres to manage multi-modal journeys, particularly in Auckland.
2. A national system to allow sharing of transport operations information across regions and modes is designed.
3. An agreed level of service for technology support services is implemented.
4. Predictability measurements are extended to include urban national, high volume, regional and arterial roads under the One Network Road Classification.

**BY 2019 WE WILL INCREASE JOURNEY TIME PREDICTABILITY, IMPROVING UP TO 390,000 TRIPS TRAVELLED PER MONTH BY URBAN CUSTOMERS**

## 3 Integrate road and rail to improve freight network productivity

### Results by 2019

### Milestones for 2015/16

#### GOAL *Integrate one effective and resilient network for customers*

RELATES TO OBJECTIVES 2 3

The road and rail networks are planned and managed in a more complementary way that maximises overall freight network productivity.

1. A measurement system to monitor the benefits of integrating road and rail has been developed.
2. A collaborative framework for working across the sector is established.
3. A multidisciplinary safety action plan is complete and priority actions are being implemented.

BY 2019 THE ROAD AND RAIL NETWORKS ARE PLANNED AND MANAGED IN A MORE COMPLEMENTARY WAY THAT OPTIMISES OVERALL FREIGHT NETWORK PRODUCTIVITY

## 4 Safer speeds that are right for the road

### Results by 2019

### Milestones for 2015/16

#### GOAL *Shape smart efficient, safe and responsible transport choices*

RELATES TO OBJECTIVE 4 5

#### GOAL *Deliver efficient, safe and responsible and resilient highway solutions for customers*

RELATES TO OBJECTIVES 7 8

#### GOAL *Maximise effective, efficient and strategic returns for New Zealand*

RELATES TO OBJECTIVES 10 11

All road controlling authorities are working to one network speed management plans, applying the tools and methodologies in the *Speed management guide*, including routes identified in the state highways speed business case.

1. A baseline of mean speed data (eg the % of the network within the safer speeds framework) is established to determine the evidence base for speed management plans and prioritise 2016-19 actions.
2. A geospatial tool is developed to assist road controlling authorities to implement the Safer Speeds Programme and develop their speed management plans.

Reduced deaths and serious injuries by 10% on the highest risk urban arterials.

1. A business case has been developed for treatments for a prioritised list of the highest risk urban arterial routes.

Demonstrated improvement in community understanding of speed risk and attitudes to speed management.

1. A baseline measure for community understanding of speed risk and attitudes to speed management is developed.

BY 2019 WE WILL DECREASE THE NUMBER OF SERIOUS INJURIES AND DEATHS ON HIGH-RISK ROADS BY 135 (10%) AND REDUCE SOCIAL COSTS BY \$130 MILLION

## 5 Driving value through smart road maintenance

### Results by 2019

### Milestones for 2015/16

**GOAL** *Deliver efficient, safe and responsible and resilient highway solutions for customers*

RELATES TO OBJECTIVES **7 8**

**GOAL** *Maximise effective, efficient and strategic returns for New Zealand*

RELATES TO OBJECTIVES **10 11**

Road controlling authorities have improved capability to make maintenance decisions that deliver efficiencies through use of improved data and collaborative working arrangements.

1. Road controlling authorities' capability development is facilitated by the services which local government and New Zealand Equip are contracted to provide for the Transport Agency.
2. The final Transport Agency audit for 2015/16 demonstrates a significant improvement in data quality.

Customer understanding and experience of levels of service and costs shapes our delivery of consistent customer levels of service.

1. A mechanism for gathering state highway customer feedback is developed to shape the delivery of consistent customer levels of service.
2. The relationship between investment and One Network Road Classification levels of service are clearly understood and has been communicated with partners and customers.

Road controlling authorities increasingly demonstrate advanced activity management planning and procurement capability through collaborative working arrangements to deliver maintenance efficiencies.

1. The benefits of collaborative working arrangements are shared through case studies, eg Road Asset Technical Accord.

**BY 2019 WE WILL ENSURE THAT 70-75% OF ROADS MEET CUSTOMER LEVELS OF SERVICE ENSURING THAT INVESTMENT IS DIRECTED TO THE RIGHT ROADS AT THE RIGHT TIME**



## 6 Make urban cycling a safer and more attractive transport choice

### Results by 2019

### Milestones for 2015/16

#### GOAL *Integrate one effective and resilient network for customers*

RELATES TO OBJECTIVES **1** **2**

#### GOAL *Shape smart efficient, safe and responsible transport choices*

RELATES TO OBJECTIVES **4** **5**

#### GOAL *Maximise effective, efficient and strategic returns for New Zealand*

RELATES TO OBJECTIVES **10** **11**

Degree of development of the planned urban cycleway networks across Auckland, Wellington and Christchurch.

1. Strategic cycleway networks have been identified in Auckland, Wellington and Christchurch.

Lower rate of fatal and injury crashes involving cyclists on the road network.

1. Key recommendations from the Cycling Safety Panel are embedded into the Transport Agency's cycling programme.

Cycling is given appropriate priority in the planning and management of urban transport networks and urban systems.

1. Councils in main urban areas have a cycling programme aimed at increasing uptake and safety and their funding commitments to cycling programmes are included in their regional long-term plans.
2. An improved measurement and monitoring framework to measure cycling benefits has been developed.

Complete Urban Cycleways Programme.

1. **AUCKLAND**
  - Nelson Street Cycleway
  - Glen Innes to Tamaki Drive Cycleway design
  - Glen Innes to Meadowbank Cycleway
  - Airport to CBD National Cycle Trail
  - Central Park Drive Cycleway
  - Don Buck Road Cycleway
2. **WAIKATO**
  - Te Awa Cycleway (Hamilton to Ngaruawahia)
3. **PALMERSTON NORTH**
  - Longburn Cycleway
4. **WELLINGTON**
  - Wainuiomata Hill Cycleway
5. **CHRISTCHURCH**
  - Matai Street East Cycleway
  - Papanui Parallel Cycleway
  - Rolleston to Lincoln Cycleway
6. **DUNEDIN**
  - South Dunedin Cycleway enhancements

**BY 2019 WE WILL INCREASE TOTAL ANNUAL CYCLING TRIPS BY 10 MILLION TO INCREASE TRANSPORT CHOICES FOR URBAN CUSTOMERS**

## GROWING AGILITY

### HARNESS KNOWLEDGE

...to make timely, well considered and aligned decisions to better respond to the needs of our colleagues, customers and stakeholders by:

- developing 'trusted sources of the truth', and
- effectively using and sharing data, information and knowledge to make smart and aligned decisions.

#### Results by 2019

#### Milestones for 2015/16

Our people value information as a shared asset.

- Expand our knowledge professional programme to understand the importance of information as an asset.
- Enhance our people skills required to transform information into knowledge and business decisions.

Our information tools and processes make it easy to find integrated information and we continually strive to simplify and rationalise them.

- Harness our knowledge in business decision making through using new collaboration and information tools. We will complete our refresh of our knowledge management system, continue our investment in geospatial technology and understand the value/benefit from further investment in business intelligence capability.
- Make it easier to use knowledge and collaborate with others by refreshing our information and knowledge strategy, and embedding our new information governance.

We effectively balance an open information culture with robust processes to ensure appropriate information security and privacy.

- Ensure our information, building and people security programme is resilient and raise awareness of the importance of security and privacy in the workplace.
- Ensure our information security programme addresses the key Government Communications Security Bureau recommendations.
- Deliver on privacy improvements, ensuring they are a key part of our customer promise.

We have a robust and fit-for-purpose business continuity planning framework.

Ensure continuity of business operations to our customers by delivering a robust, fit-for-purpose business continuity framework including disaster recovery and emergency event management.

The website is meeting the needs of customers and stakeholders.

Make it easier for customers to transact online, undertake driver licensing and make choices about their journeys through a refresh of our website.

## CREATE VALUE WITH OTHERS

...with each other, our customers and stakeholders by:

- operating as a trusted advisor that is an integral part of a wider transport sector that generates solutions together
- empowering our colleagues customers and stakeholders to create their own value from our work and information that supports the transport sector's goals.

### Results by 2019

### Milestones for 2015/16

Relationships with key sector partners improved	Continue to strengthen our relationships with key sector partners.
The Transport Agency is a great place to work that anticipates and responds well to change, is recognised as high performing and has outstanding, agile people.	Implement the second year of our People Plan - focusing on driving high performance, consistent leadership and being recognised as a great place to work both internally and externally.
We have created an environment where our people are highly engaged recognising the correlation between high engagement and high performance in organisations.	Engagement principles continue to be embedded in our people practices.
The principle underlying the Transport Agency's Zero Harm strategy is that by 2020 or sooner all our people, regardless of employer will go home safe and healthy, every day, no exceptions.	Continue to implement the Zero Harm Strategy 2014-20 which results in better transport industry collaboration and standards to ensure our people go home safe every day, no exceptions. Greater employee awareness of and commitment to the principles of ZeroHarm.
Our workplace allows our people to work where, when and how they need to by integrating technology, space and people to deliver greater performance.	Develop and implement the Better Ways of Working Programme which provides the environment and tools and resources that enable our people to be high performing.

## ENCOURAGE CONTINUOUS IMPROVEMENT AND INNOVATION

...that builds on what already works as we deliver ambitious outcomes for the transport sector by strengthening our ability to identify, prioritise and implement ways of doing things better.

### Results by 2019

### Milestones for 2015/16

We have a reputation as an innovator, where innovative thinking and behaviours underpin agile systems and processes creating solutions that deliver outcomes for customers and stakeholders.	Ongoing implementation of the #giveitago programme resulting in more value placed on innovation as a key lever to drive high performance.
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# STATEMENT OF KEY OPERATING ASSUMPTIONS AND RISKS



# Key operating assumptions and risks

This section outlines the key assumptions under which the NZ Transport Agency operates and key decisions are made. Assumptions fall into two categories - those that affect funding and those that affect procurement. All assumptions are made on the basis of a going concern.

The key operating assumptions (and dimensions) that follow focus on the factors that drive demand for the transport solutions that we provide to New Zealanders as well as those that shape the supply of products, services and co-funding to the Transport Agency.

By understanding these factors better, we are more able to identify future impacts on our procurement and revenue/co-funding activities and respond accordingly to adverse circumstances.

There are currently 15 key operating assumptions, with each having a four-year forecast and one or more scenarios associated with it.

## KEY

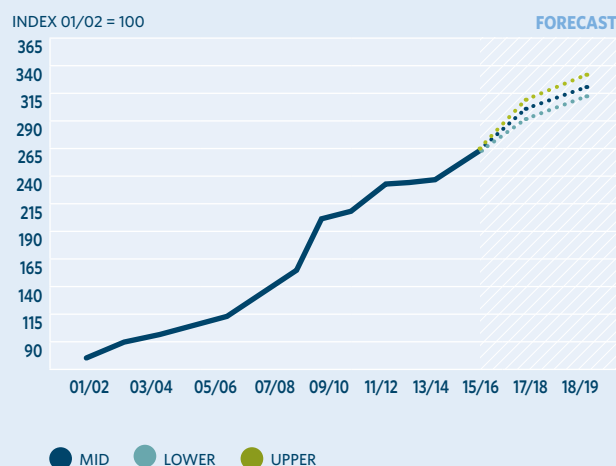
<b>REVENUES</b>	● No adverse impact on performance expectations
<b>NATIONAL</b>	● Slight adverse impact on performance expectations
<b>REGIONAL</b>	● Noticeable adverse impact on performance expectations
<b>PROCUREMENT</b>	● Significant adverse impact on performance expectations
<b>NATIONAL</b>	
<b>DETAIL</b>	

## NATIONAL LAND TRANSPORT FUND (NLTF) REVENUES TO GROW STRONGLY

NLTF revenues to grow by an average 3.9% per year

2013/14 BASELINE: \$3.0bn  
 2018/19 FORECAST:  
 Lower - \$3.5bn  
 Mid - \$3.6bn  
 Upper - \$3.7bn

### REVENUES FLOWING INTO THE NATIONAL LAND TRANSPORT FUND



**ASSUMPTION** Growth in travel demand associated with improving economic fortunes coupled with adjustments to rates and levies for inflation are expected to increase revenues from road user charges and fuel excise duties by an average 4.9% and 3.5%, respectively over the forecast period.

### DOWNSIDE RISK ASSESSMENT ●

LIKELIHOOD: Likely  
 ADVERSE CONSEQUENCE: Moderate

**RATIONALE** The projected revenue performance is based on a broad range of macro assumptions about the future. Lower than expected revenue growth would constrain the ability to deliver on performance expectations across output classes and increase our use of short-term borrowing for cashflow management.

## MOTOR VEHICLE TRANSACTION VOLUMES TO INCREASE

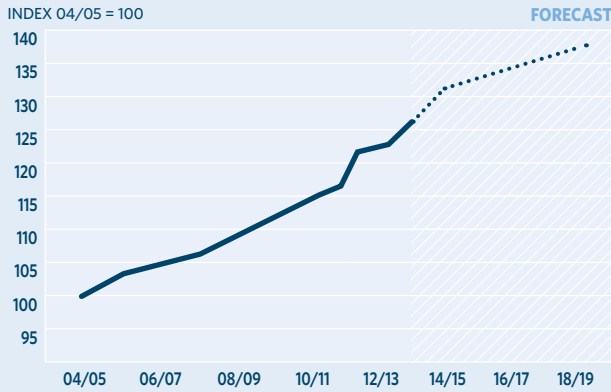
Transaction volumes to grow by an average 2.1% per year

2013/14 BASELINE: 8.9m\*

2018/19 FORECAST: 9.7M\*

\* excludes driver licensing and road user charges transactions

### VEHICLE LICENCE TRANSACTION VOLUMES



**ASSUMPTION** Increases in travel demand associated with improving economic fortunes, changes in vehicle registration levies and a sharpened focus on improving the ease with which customers are able to transact with the Transport Agency is expected to result in an 8.5% increase in transaction volumes over the forecast period.

#### DOWNSIDE RISK ASSESSMENT

LIKELIHOOD: Possible

ADVERSE CONSEQUENCE: Insignificant

**RATIONALE** The projected trajectory for transaction volumes is based on a number of macro-assumptions and expectations about future pricing and activities undertaken by the Transport Agency. In the unlikely event that these expectations are not realised and that motor vehicle licensing transaction forecasts undershoot, the impact, beyond a reduction in fee income (with corresponding expenditure offset), is likely to be minimal.

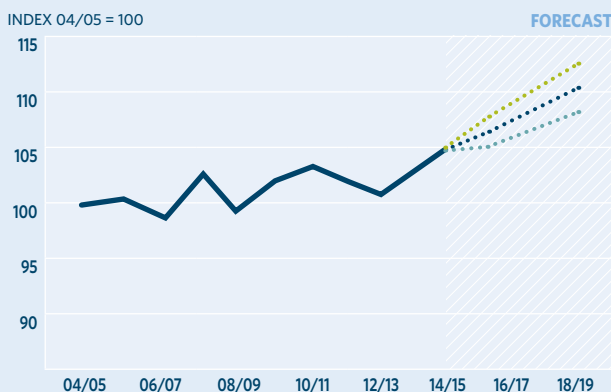
## LIGHT VEHICLE TRAVEL ON THE STATE HIGHWAY NETWORK TO INCREASE

Our mid-point scenario says light vehicle travel will grow by an average 1.4% per year

2013/14 BASELINE: 18.0bn VKT

2018/19 FORECAST:  
Lower - 19.0bn VKT  
Mid - 19.3bn VKT  
Upper - 19.6BN VKT

### LIGHT VEHICLE TRAVEL ON STATE HIGHWAYS



- AVE PETROL PRICE - \$2.1/L
- AVE PETROL PRICE - \$1.8/L
- AVE PETROL PRICE - \$2.4/L

**ASSUMPTION** Stronger economic growth and an average petrol price of \$2.10 per litre is expected to result in a 7.1% increase in light vehicle travel over the forecast period.

#### DOWNSIDE RISK ASSESSMENT

LIKELIHOOD: Possible

ADVERSE CONSEQUENCE: Minor

**RATIONALE** Light vehicle travel demand is based on a mid-point scenario which assumes an averaged petrol price of \$2.10 per litre over the forecast period. Our lower-point scenario assumes that if petrol prices averaged \$2.40 per litre over the forecast period then travel demand would still grow by an average 1.1%. This slightly lower growth rate would have a minimal impact on revenues flowing into the NLTF or on investment made in the state highway network or on road safety.

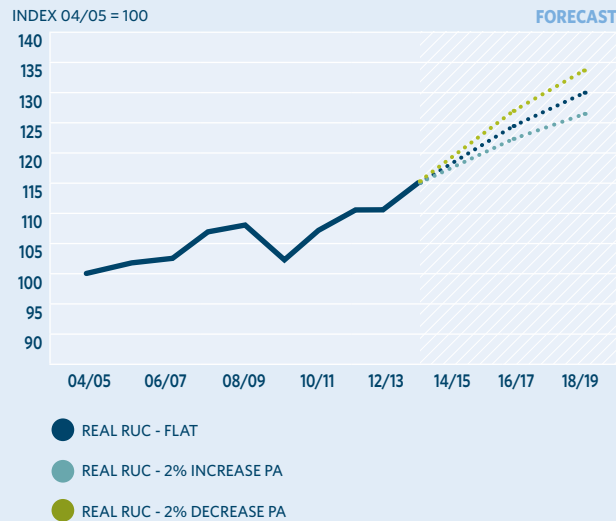
## HEAVY VEHICLE TRAVEL ON THE STATE HIGHWAY TO RISE FASTER THAN TREND

Our mid-point scenario says heavy vehicle travel will grow by an average 2.5% per year

2013/14 BASELINE:  
2.1bn VKT

2018/19 FORECAST:  
Lower - 2.28bn VKT  
Mid - 2.34bn VKT  
Upper - 2.40bn VKT

### HEAVY TRAVEL ON STATE HIGHWAYS



**ASSUMPTION** Stronger economic growth and inflationary adjustments to road user charges are expected to result in a 12.4% increase in heavy vehicle travel over the forecast period.

#### DOWNSIDE RISK ASSESSMENT

LIKELIHOOD:

Possible

ADVERSE CONSEQUENCE:

Moderate

**RATIONALE** Heavy vehicle travel is based on a mid-point scenario which assumes that the price of road user charges is adjusted only for inflation. Our lower-point scenario suggests that if the price of road user charges rises by 2% more than inflation, then heavy vehicle travel demand will increase by an average 1.9% over the forecast period. This slightly lower growth rate would have a minimal impact on revenues flowing into the NLTF or on investment made in the state highway network.

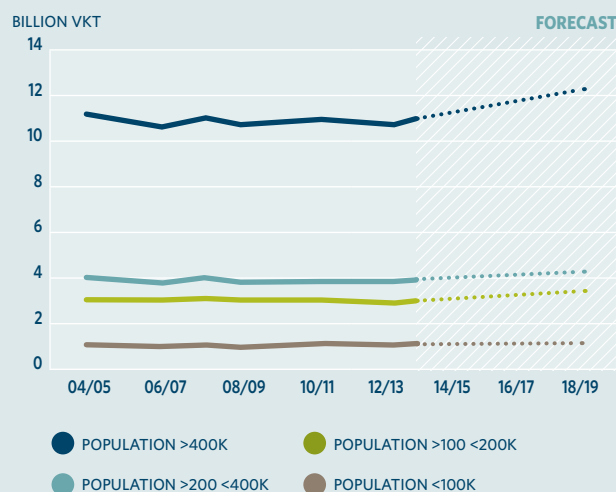
## TOTAL VEHICLE TRAVEL IN LARGER CENTRES TO INCREASE MORE THAN SMALLER CENTRES

Vehicle travel in our major centres to grow by 0.9bn km per year

2013/14 BASELINE:  
Major: 11.6bn VKT

2018/19 FORECAST:  
Major: 12.5bn VKT

### VEHICLE TRAVEL BY REGIONAL BREAKDOWN



**ASSUMPTION** By virtue of having the largest populations and being the major centres of economic activity, New Zealand's major cities are expected to experience the largest nominal increases in travel demand.

#### DOWNSIDE RISK ASSESSMENT

LIKELIHOOD:

Unlikely

ADVERSE CONSEQUENCE:

Severe

**RATIONALE** Most travel demand takes place in New Zealand's major centres and it is reasonable to expect that this trend will continue in the future. However, if this was not to occur, then investment in maintenance, operations and renewals on state highways, as well as in new and improved infrastructure, would be adversely impacted.

## FINANCIAL HEALTH OF LOCAL GOVERNMENT TO SHOW A MARKED IMPROVEMENT

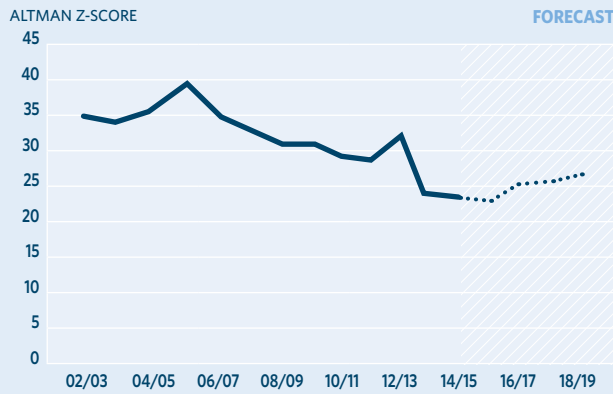
Financial health of local councils to improve by an average 3.1% per year

2013/14 BASELINE:  
Altman Z-Score: 23.6\*

2018/19 FORECAST:  
Altman Z-Score: 26.8\*

\* composite measure of financial health based on published local government financial data.

### FINANCIAL HEALTH OF COUNCILS



**ASSUMPTION** A sharpened focus on cost containment is expected to lead to a better operating performance and a gradual improvement in the financial health of local councils.

#### DOWNSIDE RISK ASSESSMENT

LIKELIHOOD:

Unlikely

ADVERSE CONSEQUENCE:

Moderate

**RATIONALE** An inability to maintain fiscal discipline could result in a re-prioritisation of spending patterns both within and across asset classes. This could potentially have an adverse impact on the investment that the Transport Agency makes in local roads and public transport.

## FINANCIAL HEALTH OF LOCAL GOVERNMENT TO DIFFER BY REGION

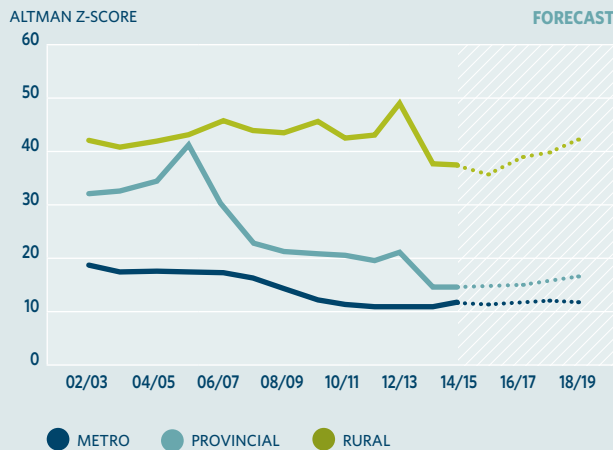
The financial health of rural local councils to rise by an average 2.6% per year

2013/14 BASELINE:  
Rural: Z-Score: 36.8\*

2018/19 FORECAST:  
Rural: Z-Score: 42.5\*

\* composite measure of financial health based on published local government financial data

### FINANCIAL HEALTH OF COUNCILS BY REGION



**ASSUMPTION** Improving cost efficiencies are expected to support an improvement, or at the very least a stabilisation, of the financial health of metropolitan, provincial and rural councils over the forecast period.

#### DOWNSIDE RISK ASSESSMENT

LIKELIHOOD:

Unlikely

ADVERSE CONSEQUENCE:

Moderate

**RATIONALE** The financial health of rural councils is closely linked to regional economic fortunes and these will differ by region. For rural councils expecting a deterioration in their financial circumstances, the inability to co-invest will adversely affect investment in local roads and public transport in rural areas.



## FARE REVENUE TO INCREASE

Revenues from public transport fares to rise by an average 5.4% per year

**2013/14 BASELINE:**

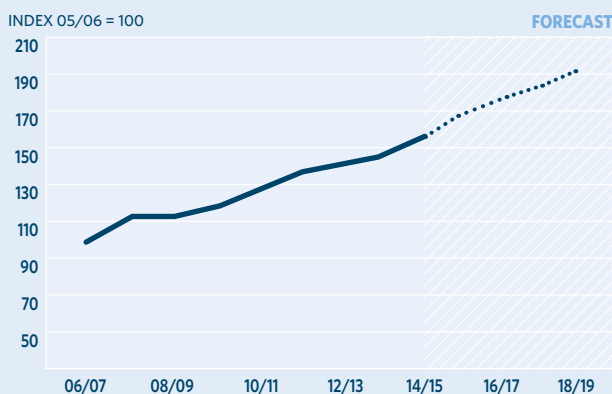
Fares revenue: \$295m\*

**2018/19 FORECAST:**

Fares revenue: \$381m\*

\* Excludes SuperGold card fare substitutes

### FARE REVENUE CONTRIBUTIONS TO THE NLTP



**ASSUMPTION** Inflationary adjustments to unit fares, increases in patronage due to service and capacity improvements as well as tighter labour markets (linked to stronger economic growth) are expected to boost fare revenues over the forecast period.

**DOWNSIDE RISK ASSESSMENT**

LIKELIHOOD:

Possible

ADVERSE CONSEQUENCE:

Minor

**RATIONALE** Fare revenues could underperform should patronage forecasts not be realised. While this may adversely affect farebox recovery ratios, lower than expected fare revenues are not likely to have a substantial impact on the investment that the Transport Agency makes in public transport.

## PATRONAGE ON PUBLIC TRANSPORT TO INCREASE

Public transport patronage to grow by an average 3.4% per year

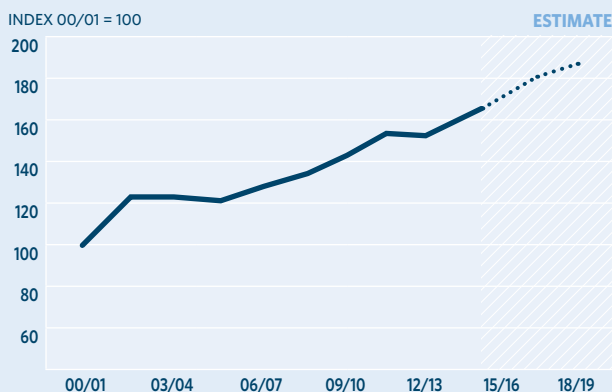
**2013/14 BASELINE:**

138m boardings

**2018/19 FORECAST:**

162m boardings

### PUBLIC TRANSPORT PATRONAGE



**ASSUMPTION** Public transport patronage is expected to grow. In part this is due to the positive impact of ongoing investment (and other initiatives) to make public transport an attractive travel choice.

**DOWNSIDE RISK ASSESSMENT**

LIKELIHOOD:

Unlikely

ADVERSE CONSEQUENCE:

Moderate

**RATIONALE** Although improvements to the public transport system are expected to result in higher patronage, there remains a margin of error for predicting growth rates. Slower than anticipated increases in patronage would impact on investment returns, but not on levels of public transport investment.

### RAIL AND BUS PATRONAGE TO INCREASE

Bus use to grow by an average 2.7% per year

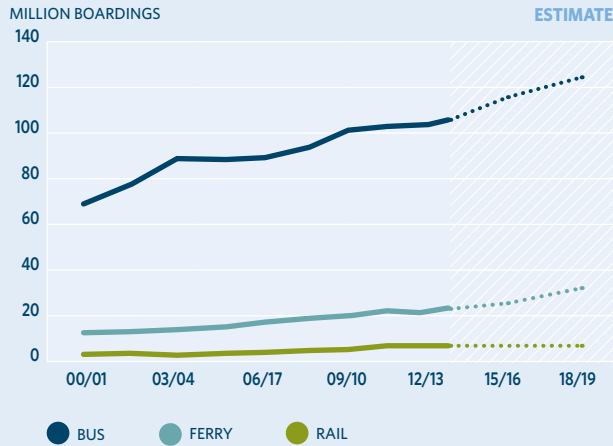
**2013/14 BASELINE:**

Bus: 109.1m  
Rail: 23.1m  
Ferry: 5.4m

**2018/19 FORECAST:**

Bus: 123.6m  
Rail: 31.5m  
Ferry: 6.5m

**PUBLIC TRANSPORT BY MODE**



**ASSUMPTION** Public transport patronage on both bus and rail is expected to grow on the back of substantial investment in services and infrastructure and a supported economic environment. This is particularly true in Auckland where rail and bus patronage is expected to grow by an average 9.9% and 2.6%, respectively over the forecast period.

**DOWNSIDE RISK ASSESSMENT**

LIKELIHOOD:  
Unlikely

ADVERSE CONSEQUENCE:  
Moderate

**RATIONALE** Ongoing investment in public transport services should translate into an increase in patronage numbers across all modes over the forecast period. This is likely to be particularly true for Auckland’s metro rail system which continues to be the beneficiary of significant levels of investment and is growing off a low patronage base. Despite these expectations, patronage forecasts for individual modes do incorporate a margin of error. Slower than anticipated increases in patronage would impact on investment returns, but are unlikely to have any real impact on investment.

### ALL REGIONS TO SEE PATRONAGE INCREASES

Patronage in Auckland to grow by an average 4.2% per year

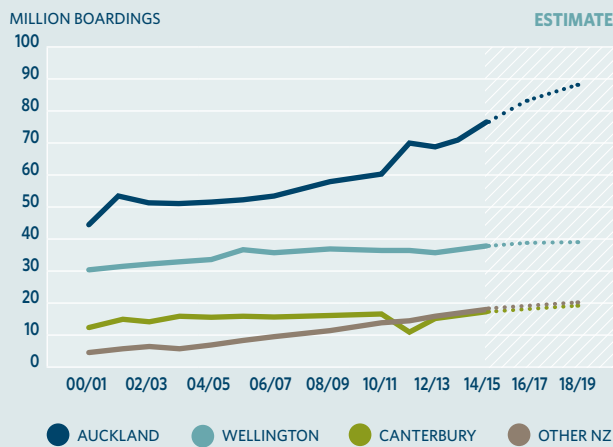
**2013/14 BASELINE:**

Auckland: 72.4m  
Wellington: 35.8m  
Christchurch: 14.3m

**2018/19 FORECAST:**

Auckland: 87.8m  
Wellington: 38.4m  
Christchurch: 18.2m

**PUBLIC TRANSPORT BY REGION**



**ASSUMPTION** Patronage growth rates to differ by region. These differences primarily relate to population demographics, the level and composition of regional economic activity, the maturity of the regional public transport system, investment in infrastructure and services, attractiveness of alternative travel choices, operating models and disruptive regional events, such as the Christchurch earthquakes.

**DOWNSIDE RISK ASSESSMENT**

LIKELIHOOD:  
Unlikely

ADVERSE CONSEQUENCE:  
Moderate

**RATIONALE** Significant lead investment in infrastructure and services, to cater for growth and renew ageing infrastructure, has been required in recent years in Auckland, Wellington and Christchurch. This investment is nearly complete, or planned in the near future. However, typically there are lags between the investment required in creating fit for purpose networks and subsequent patronage increases. Nevertheless, patronage growth is already occurring in Auckland, Wellington and Christchurch, as service improvements are implemented.

CONTRACT COST ADJUSTMENTS TO REMAIN MUTED

Bitumen prices to partially recover and increase by an average 3.5% per year

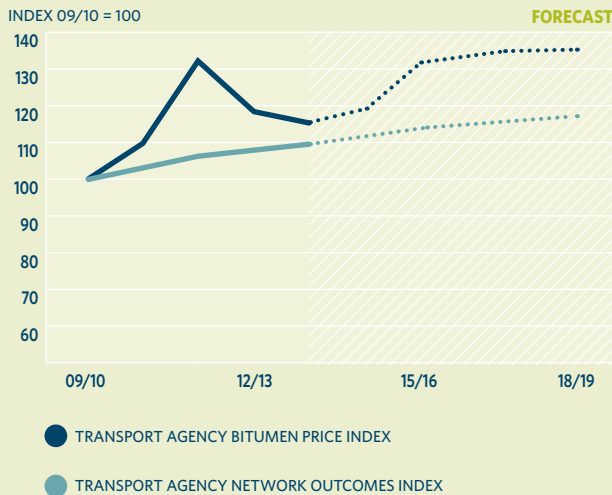
2013/14 BASELINE:

Bitumen index: -4.4%y/y  
 NOC index: 1.1%y/y

2018/19 FORECAST:

Bitumen index: 0.5%y/y  
 NOC index: 1.3%y/y

TRANSPORT AGENCY COST ADJUSTMENT INDICES



**ASSUMPTION** A 15% recovery in NZ\$ crude oil prices before the end of 2015/16 has been incorporated into the forecasts for our bitumen price and network outcome indices (which includes the cost of diesel as part of plant costs). *Note: Because the network outcome index incorporates a broader set of input costs, the assumed recovery of crude oil prices (and with it diesel prices) is not as evident as is the case for the bitumen price index.*

**DOWNSIDE RISK ASSESSMENT**

**LIKELIHOOD:** Likely  
**ADVERSE CONSEQUENCE:** Moderate

**RATIONALE** Our expectation of a partial recovery in crude oil prices rests heavily on what might happen to commodity prices and the NZ\$/US\$ exchange rate over the forecast period – both of which are difficult to forecast. If crude oil prices, for example, rise much faster and are more volatile than we anticipate, the adverse impact on maintaining the network will be significantly higher than currently budgeted for.

CIVIL CONSTRUCTION PRICES TO INCREASE

Civil construction prices to increase by an average 3.1 % per year

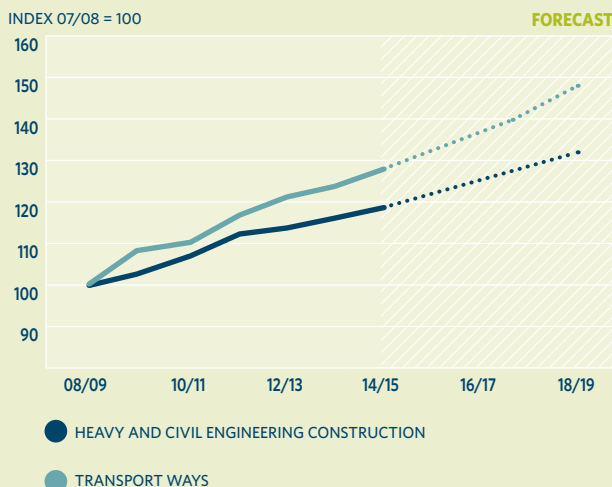
2013/14 BASELINE:

Transport ways index: 2.2% y/y  
 HCEC index: 1.5% y/y

2018/19 FORECAST:

Transport ways index: 3.4% y/y  
 HCEC index: 2.9% y/y

PRODUCER PRICES AND CAPITAL GOODS INDEX



**ASSUMPTION** Continued strong demand within and across related sub-sectors, eg other civil construction, residential and non-residential building – as well as increasing material (aggregate and bitumen), plant (including diesel) and labour input costs are expected to drive construction related prices higher over the forecast period.

**DOWNSIDE RISK ASSESSMENT**

**LIKELIHOOD:** Likely  
**ADVERSE CONSEQUENCE:** Minor

**RATIONALE** Construction and asset prices reflect a broad range of demand and supply factors which are difficult to forecast. However, changes in market prices are of minor consequence because they do not accurately reflect changes in costs faced by the Transport Agency. This is because of existing contractual arrangements, the establishment of network outcome contracts and the Transport Agency's strong position as a bulk buyer.

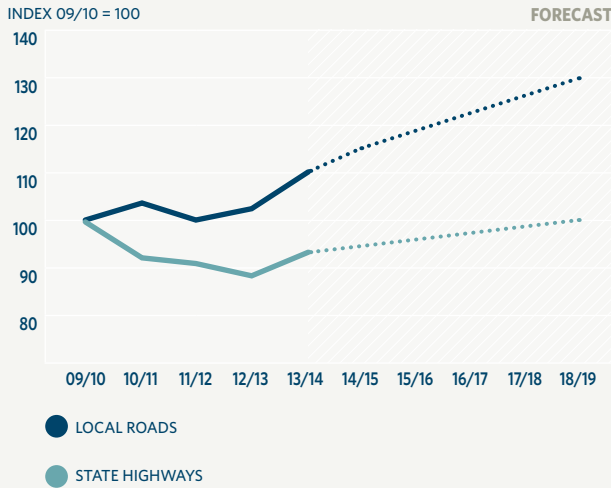
UNIT MAINTENANCE, OPERATIONS AND RENEWAL COSTS TO INCREASE

Unit maintenance costs for local roads to grow by an average 3.1% per year

2013/14 BASELINE:  
 Local roads index: 7.5%  
 State highway index: 5.5%

2018/19 FORECAST:  
 Local roads index: 3.2%  
 State highways index: 1.2%

COSTS PER NETWORK LANE KILOMETRE



**ASSUMPTION** A combination of increased wear and tear due to higher travel demand and rising costs will result in higher unit costs over the forecast period. These increases will, at least in part, be mitigated by our continued focus on maximising cost efficiencies through revised procurement processes and contracts as well as the application of the One Network Road Classification.

**DOWNSIDE RISK ASSESSMENT**

LIKELIHOOD:  
 Local roads - Possible  
 State highways - Possible

ADVERSE CONSEQUENCE:  
 Local roads - Moderate  
 State highways - Moderate

**RATIONALE** Providing accurate forecasts for the unit cost of maintaining roads is particularly difficult given the range of factors that contribute to their estimation, including volatile bitumen prices. Higher than forecast unit costs can have significant impacts on the volume of roads that can be maintained for the same level of investment.

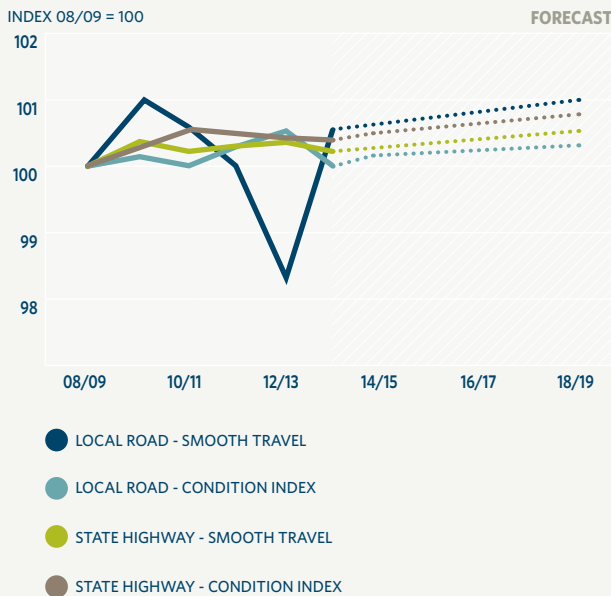
CONDITION OF LOCAL ROADS AND THE STATE HIGHWAY NETWORK TO IMPROVE SLIGHTLY

Smooth travel and pavement condition indices to improve marginally over the next four years

2013/14 BASELINE:  
 Local roads - condition index: 98.1  
 State highway - condition index: 97.5

2018/19 FORECAST:  
 Local roads - condition index: 98.1  
 State highway - condition index: 97.9

ASSET CONDITION



**ASSUMPTION** State highway asset management practices and improved procurement processes are expected to result in the asset condition of the state highway network being maintained over the forecast period. The application of the One Network Road Classification to the local road network is also expected to focus investment where it is needed.

**DOWNSIDE RISK ASSESSMENT**

LIKELIHOOD:  
 Unlikely

ADVERSE CONSEQUENCE:  
 Moderate

**RATIONALE** Despite higher treatment volumes, better asset management practices should ensure that the condition of road networks remains relatively constant over the forecast period. A significant deterioration is thus unlikely. However, if asset condition were to decline markedly, this would have some implication for maintenance and renewal activities on both state highway and local road networks.

# Key operating assumptions: downside risk implications for our core functions

The Transport Agency monitors 15 key operating assumptions that underpin the delivery of our 17 outputs.

The following table details the 13 key operating assumptions that have downside risks which could materially and adversely impact the outputs that we produce.

KEY OPERATING ASSUMPTIONS	FUNCTION			DOWNSIDE RISK IMPLICATIONS ● Noticeable ● Material ● Significant
	Planning and investing in the land transport network	Providing access to and use of the land transport system	Managing the state highway network	
<b>REVENUES</b>				
National Land Transport Fund revenues	●	●	●	
Light vehicle travel on the state highway network	●	●	●	
Total vehicle travel by region	●	●	●	
Financial health of local government	●			
Financial health of local government by region	●			
Fare revenue contributions to the National Land Transport Programme	●			
Total public transport patronage	●	●	●	
Public transport patronage by mode	●	●	●	
Public transport patronage by region	●	●	●	
<b>PROCUREMENT</b>				
Contract cost adjustments	●		●	
Construction related output prices	●		●	
Unit maintenance, operations and renewal costs	●		●	
Physical condition of the network	●		●	

## How our outputs contribute to our long-term goals

The Transport Agency produces 17 outputs, each of which contributes to our desired long-term goals in different ways. The following table sets out the contribution of our outputs to our desired long-term goals.

FUNCTION	OUTPUT	GOAL 1 Integrating one network	GOAL 2 Shaping smart transport choices	GOAL 3 Delivering highway solutions	GOAL 4 Maximising returns for New Zealand
<b>Providing access to and use of the land transport system</b>	Licensing and regulatory compliance		●		
	Road tolling		●	●	●
	Motor vehicle registry		●		
	Road user charges collection, investigation and enforcement		●		●
	Refund of fuel excise duty		●		●
<b>Planning and investing in the land transport network</b>	Investment management	●	●	●	●
	Public transport	●	●	●	●
	Administration of SuperGold cardholder scheme and enhanced public transport concessions for SuperGold cardholders		●		●
	*Walking and cycling	●	●		●
	Road safety promotion	●	●	●	●
	*Road Policing Programme (NZ Police output)		●	●	●
	*Local road improvements	●			●
	*Local road maintenance				●
	Regional improvements	●		●	●
<b>Managing the state highway network</b>	State highway improvements			●	●
	State highway maintenance			●	●

\*The Transport Agency does not deliver these goods or services directly. These output classes receive NLTP investment funds. Actual outputs are delivered by approved organisations. Measurement of Transport Agency performance, in relation to investment output classes, can be found in the management of the funding allocation system.

## KEY



Major/primary contribution



Minor/secondary contribution

NB: Where there is no dot, there may still be a small contribution

# NZ TRANSPORT AGENCY STATEMENT OF NON-FINANCIAL PERFORMANCE EXPECTATIONS

The Transport Agency *Statement of performance expectations* sets out the services and investment activities the Transport Agency is funded to provide and the standards against which we assess our performance. It is divided into the following three functions:

**38 PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM:** regulatory activities associated with accessing the road network and ensuring compliance with access conditions of use.

**42 PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK:** influencing transport planning and partnering with approved organisations to invest in the transport system for desired outcomes.

**51 MANAGING THE STATE HIGHWAY NETWORK:** development and management of the state highway network.



## PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

### LICENSING AND REGULATORY COMPLIANCE

#### WHAT WE DO

Under this output class, the Transport Agency:

- › develops land transport rules (under contract to the Ministry of Transport)
- › develops clear and well-understood standards for:
  - vehicle inspection and certification
  - transport service licensing operations
  - rail safety operations
  - vocational driver licensing
- › monitors and audits compliance with regulatory standards/requirements for vehicles, drivers, operators and transport systems providers
- › provides ministerial services
- › 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
- › provides licensing information and advice.

Funding is from fees and charges and from the Crown, including from Crown contracts for specific activities.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Licensing and regulatory compliance primarily contributes to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries through regulation of drivers, vehicles and commercial operators and the associated influence on drivers and driver behaviour. A secondary contribution is also derived from regulatory activities through the support of efficiency of freight supply chains, vehicle fleet efficiency and reducing adverse environmental effects.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
Unit transaction costs <sup>1</sup>	\$9.70	≤\$11	≤\$11	≤\$11
% of transactions completed online <sup>2</sup>	26%	≥25%	≥27%	≥30%
% accuracy of registers <sup>3</sup>	94%	≥93%	≥93%	≥93%
% of operational assurance activities completed <sup>4</sup>	90%	100%	100%	100%
% of activities that are delivered to agreed standards and timeframes <sup>5</sup>	88%	≥90%	≥90%	≥90%
Number of products/services delivered or processed <sup>6</sup>	6.4m	≥6.0m	≥6.0m	≥6.0m

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	82,507	88,472	88,222	92,459
Net surplus (deficit)	3,463	1,051	(628)	(4,288)

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80



## PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM *CONTINUED*

### ROAD TOLLING

#### WHAT WE DO

Under this output class, the Transport Agency:

- › manages the tolling roadside and back office systems, customer interfaces and payment channels
- › undertakes the collection of toll revenues and disbursements to the Crown
- › provides information and advice to the public.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Road tolling supports the long-term goal of shaping smart transport choices. This is achieved by supporting the impacts provided from new infrastructure investment through the collection of fees for infrastructure investment repayments.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
Unit transaction costs <sup>7</sup>	\$0.62	≤\$0.75	≤\$0.75	≤\$0.75
% revenue compliance	97%	≥98%	≥98%	≥98%
Number of products/services delivered or processed	6.3m	6–6.5m	9.8–11m	10–12m

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	6,067	10,197	10,259	10,760
Net surplus (deficit)	183	256	1,302	1,576

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM *CONTINUED*

### MOTOR VEHICLE REGISTRY

#### WHAT WE DO

Under this output class, the Transport Agency:

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

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Motor vehicle registry services contribute to the long-term goal of shaping smart transport choices. This is achieved by reducing deaths and serious injuries from road crashes, more transport mode choices and reducing adverse environmental effects, through first registration of vehicles into the New Zealand fleet. At first registration vehicle safety and environmental standards have to be met before the vehicle can be licensed for access to the road network.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
Unit transaction costs	\$5.80	≤\$6.00	≤\$6.00	≤\$6.00
% of transactions completed online <sup>8</sup>	27%	≥35%	≥40%	≥45%
% accuracy of registers <sup>9</sup>	95%	≥95%	≥95%	≥95%
% revenue compliance	99%	≥98%	≥98%	≥98%
Number of products/services delivered or processed	9.8m	≥9.5m	≥9.5m	≥9.5m
% customer satisfaction <sup>10</sup>	85%	≥87%	≥88%	≥89%

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	57,465	57,684	55,390	54,722
Net surplus (deficit)	535	(2,005)	(1,196)	(1,205)

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PROVIDING ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM *CONTINUED*

### ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

#### WHAT WE DO

Under this output class, the Transport Agency:

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

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

RUC collection, investigation and enforcement contributes to the long-term goal of shaping smart transport choices through revenue collection for the NLTF and therefore supports Transport Agency investment in the land transport system.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
Unit transaction costs	\$5.38	≤\$5.50	≤\$5.50	≤\$5.50
% of transactions completed online <sup>11</sup>	53%	≥55%	≥60%	≥65%
Number of products/services delivered or processed <sup>12</sup>	2.75m	≥3m	≥3m	≥3m

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	17,702	15,821	15,558	13,934
Net surplus (deficit)	(968)	(750)	(830)	936

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

### REFUND OF FUEL EXCISE DUTY

#### WHAT WE DO

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

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Refund of excise duty is a Transport Agency function performed on behalf of the Ministry of Transport as an adjunct to collection of fuel excise duty (FED), and as provided for under the Land Transport Management Act 2003. This output makes no direct contribution to the Transport Agency's desired goals.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
Average number of days taken to deliver <sup>13</sup>	8	10	10	10
Number of products/services delivered or processed <sup>14</sup>	52k	≥54k	≥56k	≥56k

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	399	612	618	632
Net surplus (deficit)	0	(93)	(99)	(113)

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK

### INVESTMENT MANAGEMENT

#### WHAT WE DO

Under this output class, the Transport Agency invests in and/or influences the following activities:

- › The development and management of regional land transport plans.
- › The development and update of transport models.
- › The preparation and improvement of land transport activity management plans, regional public transport plans, road safety action plans and procurement strategies.
- › The preparation of programme business cases for land transport investments of approved organisations or for the state highway network.
- › Land transport research.

The Transport Agency contributes to operating costs to:

- › efficiently develop and manage the National Land Transport Programme
- › develop a shared view of planning and investing with our investment partners
- › provide policy advice to government on policy framework

- › encourage closer integration of stakeholders' land use and transport planning
- › monitor and audit land transport activities and the performance of organisations that we invest with
- › provide investment and procurement advice on land transport activities including public transport
- › monitor and report on the national Road Policing Programme.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Investment management helps deliver on our long-term goal of integrating one network for customers by:

- › providing greater certainty for regional land transport plans, infrastructure development and activity management, and investment in the New Zealand transport system
- › managing the National Land Transport Fund investments to maximise the overall benefit for New Zealand's transport system.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
Total cost of managing the funding allocation system as a % of the NLTP expenditure <sup>15</sup>	1%	≤1%	≤1%	≤1%
% of activities completed to agreed standards and timeframes (management of funding allocation system (MOFAS)) <sup>16</sup>	100%	100%	100%	100%
% of operational assurance activities completed <sup>17</sup>	100%	100%	100%	100%
% of activities that are delivered to agreed standards and timeframes (transport planning) <sup>18</sup>	90%	≥90%	≥90%	≥90%
% of activities that are delivered to agreed standards and timeframes (sector research) <sup>19</sup>	100%	≥90%	≥90%	≥90%
Average number of days taken to deliver <sup>20</sup>	10	20	20	20
% customer satisfaction (approved organisations/stakeholders) <sup>21</sup>	74%	≥70%	≥75%	≥80%

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	52,475	59,821	60,775	61,775
Net surplus (deficit)	(25)	(46)	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### PUBLIC TRANSPORT

#### WHAT WE DO

Under this output class, the Transport Agency and approved organisations (in conjunction with third parties and operators where appropriate), invests in bus, ferry and rail public transport services, technology, facilities and infrastructure to achieve increased patronage with reduced reliance on subsidy. This includes investment in subsidised door-to-door transport for people with mobility impairments.

Rail infrastructure is generally excluded from this activity class as the intention is to fund this outside the National Land Transport Fund.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Public transport primarily contributes to the long-term goal of maximising return for New Zealand through providing more mode choices, easing urban congestion and the reduction in adverse environmental effects. Public transport has secondary contributions to better use of existing transport system capacity, resilience and security. It can also contribute to reducing deaths and serious injuries from road crashes. These contributions are supported by administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders.

#### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management for service delivery performance measures.

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	298,000	331,000	340,000	349,000
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix (pages 90-93) for measurement details

\* Full output class financials are set out on pages 74-80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS SCHEME AND ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS

#### WHAT WE DO

Under the first output class (administration of the SuperGold cardholders' scheme), the Transport Agency and regional councils administer the SuperGold cardholders scheme. Under the second output class (enhanced public transport concessions for SuperGold cardholders) the Transport Agency provides funding to regional councils for the provision of enhanced public transport concessions for SuperGold cardholders. Both outputs are funded as specific projects by the Crown. The Transport Agency manages the scheme on behalf of the Ministry of Transport. The local authorities participating in the scheme are mostly (but not all) regional councils. All are referred to here as 'regional councils'.

#### HOW THESE OUTPUTS CONTRIBUTE TO DESIRED TRANSPORT GOALS

SuperGold cardholders concessionary fares scheme contributes to the long-term goal of maximising return for New Zealand by providing more transport mode choices for the elderly and improving the utilisation of public transport capacity during off-peak hours.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
Average number of days to deliver	≤20	20	20	20
% of activities that are delivered to agreed standards and timeframes <sup>22</sup>	100%	100%	100%	100%

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	26,595	28,224	28,700	30,700
Net surplus (deficit)	(400)	0	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### WALKING AND CYCLING

#### WHAT WE DO

Under this output class, the Transport Agency invests in new and improved walking and cycling infrastructure for transport purposes and model community education and promotion activities. Walking and cycling facilities include cycle paths, cycle lanes, new footpaths, facilities for crossing roads, shelters and bicycle parking facilities. New walking and cycling facilities that are a component of a roading improvement project are funded as part of investments to improve roading networks rather than through the walking and cycling activity class.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Walking and cycling infrastructure contribute to the long-term goal of maximising return for New Zealand through facilitating more transport choices in urban environments where walking or cycling is offered to the community. This contribution indirectly supports better use of transport capacity, reducing adverse environmental effects, congestion relief and reduction in deaths and injuries from road crashes.

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTf investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	28,000	31,000	31,000	32,000
Net surplus (deficit)	0	0	0	0

° Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### ROAD SAFETY PROMOTION

#### WHAT WE DO

Under this output class, the Transport Agency 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.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Road safety promotion's primary contribution to the long-term goals of shaping smart transport choices and maximising return for New Zealand is through the reduction in deaths and serious injuries from road crashes by influencing the behaviour of drivers and other road users.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
% of activities that are delivered to agreed standards and timeframes <sup>23</sup>	100%	100%	100%	100%
% of road safety advertising campaigns that meet or exceed their agreed success criteria <sup>24</sup>	≥75%	≥75%	≥75%	≥75%

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	36,047	35,242	34,724	35,224
Net surplus (deficit)	0	(418)	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80



## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### ROAD POLICING PROGRAMME

#### WHAT WE DO

The Transport Agency prepares the Road Policing Programme and recommends it to the Minister of Transport for approval. The Transport Agency also monitors and reports on delivery of the programme, as designated by the Chief Executive of the Ministry of Transport.

The Road Policing Programme is funded through Vote Police but the investment source is the National Land Transport Fund.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

The Road Policing Programme contributes to the long-term goals of shaping smart transport choices and of maximising return for New Zealand through a reduction in deaths and serious injuries from road crashes, by enforcing the law applying to road users. This has a secondary contribution to more efficient freight supply chains and improving the resilience and security of the transport network, through the protection of the roading asset by enforcing the law applying to road users.

#### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management for service delivery performance measures.

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	303,700	321,700	318,000	320,300
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### LOCAL ROAD IMPROVEMENTS

#### WHAT WE DO

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

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

New and improved infrastructure for local roads primarily contributes to the long-term goal of maximising return for New Zealand by improving the efficiency of freight supply chains, increasing the resilience and security of the local road network, easing severe congestion, and consequently reducing deaths and serious injuries from road crashes.

#### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management for service delivery performance measures.

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	188,000	148,800	153,450	162,750
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### LOCAL ROAD MAINTENANCE

#### WHAT WE DO

Under this output class, the Transport Agency invests, in conjunction with investment from approved organisations, in local road maintenance and operations, including the maintenance of pavements, structures, drains, and traffic services.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Maintenance of local road infrastructure contributes to the long-term goal of maximising return for New Zealand. It helps ensure that the impacts the established network has on the transport system are sustained. Sound management of maintenance activities and of the operation of the network have a broad impact including better use of transport capacity, ensuring network resilience and security and freight supply chain efficiency as well as reducing urban congestion and the risk of road crashes, by ensuring that surface condition standards are maintained and traffic flow and incidences are effectively managed.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
% of activities that are delivered to agreed standards and timeframes	100%	100%	100%	100%
<ul style="list-style-type: none"> <li>Reinstatement of earthquake damaged local roads in Canterbury - loan</li> </ul>	See investment management for service delivery performance measures.			

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	533,700	555,000	568,000	537,000
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## PLANNING AND INVESTING IN THE LAND TRANSPORT NETWORK *CONTINUED*

### REGIONAL IMPROVEMENTS

#### WHAT WE DO

Under this output class, the Transport Agency plans and invests in regionally important state highway and local road projects outside the main metropolitan areas that address regional safety, resilience, and/or economic productivity through the movement of freight and tourists.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

Regional improvements help deliver on our long-term goal of maximising return for New Zealand through maintaining the resilience and security of the whole road network, efficient and reliable freight supply chains as well as easing the risk of road crashes.

#### HOW WE ASSESS SERVICE DELIVERY PERFORMANCE<sup>o</sup>

See investment management for service delivery performance measures.

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	0	65,000	75,000	85,000
Net surplus (deficit)	0	0	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## MANAGING THE STATE HIGHWAY NETWORK

### STATE HIGHWAY IMPROVEMENTS

#### WHAT WE DO

Under this output class, the Transport Agency manages and invests in state highway network infrastructure to reduce the number and severity of crashes and improve the time and reliability of travel between destinations connected by the network. The Transport Agency does this in a socially and environmentally responsible way.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

New and improved infrastructure for state highways helps deliver on our long-term goal of delivering highway solutions for customers through contributing to more efficient freight supply chains, a resilient and secure transport network, easing severe urban congestion, as well as helping to reduce deaths and serious injuries from road crashes. This is achieved through capital investment in the state highway network.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
% of activities that are delivered to agreed standards and timeframes <sup>25</sup>	≥90%	≥90%	≥90%	≥90%

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	1,430,125	1,303,040	1,355,976	1,412,984
Net surplus (deficit)	3,837	7,941	13,017	11,105

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

## MANAGING THE STATE HIGHWAY NETWORK *CONTINUED*

### STATE HIGHWAY MAINTENANCE

#### WHAT WE DO

Under this output class, the Transport Agency manages and invests in the maintenance and operation of the state highway network infrastructure to ensure that it is in as safe a condition as possible and provides a reliable travel journey for customers. The infrastructure is maintained to meet skid resistance and rutting standards, and to ensure interventions occur at the optimal time to reduce exposure to future maintenance costs arising from wear and tear on our roads.

#### HOW THIS OUTPUT CONTRIBUTES TO DESIRED TRANSPORT GOALS

State highway maintenance helps deliver on our long-term goal of delivering highway solutions for customers through contributing to maintaining the resilience and security of the whole road network, efficient and reliable freight supply chains as well as easing congestion and the risk of road crashes. This is achieved by ensuring that the established state highway network asset condition is sustained by an ongoing capital investment programme.

HOW WE ASSESS SERVICE DELIVERY PERFORMANCE <sup>o</sup>	2014/15 estimated actual	TARGET		
		2015/16	2016/17	2017/18
% of activities that are delivered to agreed standards and timeframes <sup>26</sup>	≥90%	≥90%	≥90%	≥90%
Safe stopping: % of network meeting surface texture standards <sup>27</sup>	≥98%	≥98%	≥98%	≥98%
Network resilience: % of rutting >20mm over state highway network <sup>28</sup>	Approx 1%	≤2.5%	3%	3%
Safe stopping: % of network above skid threshold <sup>29</sup>	≥98%	≥98%	≥98%	≥98%
Smooth ride: % of travel on network classed as smooth <sup>30</sup>	99%	≥97%	≥97%	≥97%
Availability of state highway network: % of unplanned road closures resolved in 12 hours <sup>31</sup>	≥90%	≥90%	≥90%	≥90%
% customer satisfaction <sup>32</sup>	TBC	≥50%	≥50%	≥50%

#### HOW WE ASSESS OUR INVESTMENT PERFORMANCE

See NLTF investment indicators page 55.

HOW THE MONEY IS SPENT*	2014/15 projected \$000	2015/16 budget \$000	FORECAST	
			2016/17 \$000	2017/18 \$000
Expenditure	547,475	560,988	561,986	563,994
Net surplus (deficit)	1,880	0	0	0

<sup>o</sup> Refer to appendix (pages 90–93) for measurement details

\* Full output class financials are set out on pages 74–80

# NATIONAL LAND TRANSPORT FUND STATEMENT OF NON-FINANCIAL INVESTMENT PERFORMANCE EXPECTATIONS

## Maximising return for New Zealand - investing in land transport

To ensure that the Transport Agency continues to prudently invest National Land Transport Fund (NLTF) funds in activities where our approved organisations partners deliver the goods and services, we monitor a range of investment indicators. These indicators help us to tell the story of our investment performance and complement the performance measures contained within the investment management output class.

### 54 NATIONAL LAND TRANSPORT FUND - SPECIAL FUNDING INDICATORS

### 55 NATIONAL LAND TRANSPORT PROGRAMME - INVESTMENT INDICATORS



## NATIONAL LAND TRANSPORT FUND – SPECIAL FUNDING INDICATORS

### ROAD POLICING PROGRAMME\*

AREAS OF CONCERN	RESULTS TO WHICH POLICE SIGNIFICANTLY CONTRIBUTE
<b>Vehicle dimension and mass compliance</b>	Increased percentage of vehicles inspected by CVIU found to be in breach of VDAM rules
<b>Economic enforcement</b>	Reduction in RUC evasion rates
<b>Commercial vehicle operators</b>	Improved reporting of emerging areas of risk Improved compliance levels for passenger transport, heavy vehicles and fleet operators
<b>Traffic management</b>	Decrease in time to reinstate traffic flow after road or carriageway closure or crash Improved attendance and reporting of unplanned events Improved impact of policing activity on congestion Improved engagement with road controlling authorities
<b>Speed</b>	Increased percentage of vehicles complying with speed limits Reduced percentage of vehicles exceeding speed limits by 1-10km/h Reduced percentage of heavy vehicles exceeding 90 km/h on open road Reduced number of repeat speeding offenders Improved public attitudes to enforcement and speed limits
<b>High-risk drivers</b>	Decreased percentage of drivers driving while disqualified Decreased percentage of drivers detected for third or subsequent drink/drugged driving offences Decreased percentage of unlicensed or incorrectly licensed drivers
<b>Young drivers</b>	Increased youth expectation of being stopped and checked for alcohol/speed /correct licence class
<b>Motorcyclists</b>	Increased detection of speeding, unsafe lane-changing, alcohol and drug-impaired driving, and helmet wearing offences by motorcyclists
<b>Alcohol/drug-impaired driving</b>	Increased compliance with the zero youth and 50/250 adult alcohol limits Decreased percentage driving over 80 mg/100ml or 400 micrograms per litre Increased public expectation of being stopped and checked
<b>Restraints</b>	Improved restraint usage in low-use areas and times
<b>Commercial vehicle operators</b>	Decreased percentage of non-compliant operators
<b>Walking and cycling</b>	Increased percentage of vehicles complying with urban speed limits Increased safe behaviour by motorists, pedestrians and cyclists
<b>Fatigue and distraction</b>	Decreases in cell phone use while driving and distracting roadside furniture
<b>Older road users</b>	Decreased risky behaviours by all road users at times and places of greatest risk to older users
<b>Roads and roadsides</b>	Improved Police reporting to encourage improved Road Controlling Authority response times
<b>Motorcycles</b>	Decreased percentage of motorcycles on the road in unsafe condition or without a current WOF/COF
<b>Heavy vehicles</b>	Increased detection of levels 3, 5 and 6 and out-of service order in the Roadside Inspection Database
<b>Light vehicles</b>	Decreased percentage of vehicles on the road in unsafe condition or without a current WOF/COF
<b>Crash attendance and reporting</b>	All crashes attended by Police reported All crashes reported on prescribed forms Increase in Police activities targeted to high risk rural roads as identified using KiwiRAP and other tools Increase in timeliness and accuracy of traffic crash reports Accurate reporting of road, vehicle and environmental factors

\* Road safety measures have been focused around the high priority areas in the Safer Journeys strategy



## NATIONAL LAND TRANSPORT PROGRAMME INVESTMENT INDICATORS

This section includes progress indicators for the 2015-19 Government Policy Statement on Land Transport (GPS). They reflect our views on appropriate outcome indicators and take into consideration the direction of our planning and investment for outcomes approach, the One Network Road Classification and progress made with public transport information. Accordingly, they contain new indicators that are not yet fully in production but will come on stream during the GPS period. Progress on these indicators will be reported as information becomes available.

### PUBLIC TRANSPORT

ASSESSMENT OF INVESTMENT PERFORMANCE <sup>o</sup>	2014/15 estimate	Desired trend 2015-19
Number of passengers using urban public transport services (bus, train and ferry)	Approx 140m	Increasing
Fare revenue as a % of total expenditure	47%	Maintaining
Change in productivity (costs per passenger kilometre) where available by bus, train and ferry <sup>33</sup>	New measure	Increasing
Change in productivity (costs per passenger kilometre) where available by peak and off-peak <sup>34</sup>	New measure	Increasing

<sup>o</sup> Refer to appendix (page 93) for measurement details.

### ACTIVE MODES OF TRANSPORT

#### WALKING AND CYCLING

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 estimate	Desired trend 2015-19
Change in network kilometres of cycle lanes	Baseline 2013/14 12.3km	Increasing
Percentage increase in cycling trip legs per person across Auckland, Wellington and Christchurch <sup>35</sup>	32m	Increasing

### ROAD NETWORK - IMPROVEMENTS

#### LOCAL ROAD

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 estimate	Desired trend 2015-19
Change in travel times on key local roads serving our major metropolitan areas	New measure	Increasing
Change in the productivity of the local road network in major metropolitan areas	New measure	Increasing
Change in the proportion of local roads that are made available to high productivity motor vehicles (HPMVs) (Note: alternative measure used - % of approved organisations signed up to the SOMAX network.)	New measure Baseline 14/15 = approx. 85%	Increasing

#### STATE HIGHWAYS

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 estimate	Desired trend 2015-19
Change in travel times on key state highways serving our major metropolitan areas (Auckland, Wellington and Christchurch)	New measure	Maintaining
Change in productivity of the state highway network in major metropolitan areas (Auckland, Wellington and Christchurch - AM peak) <sup>36</sup>	Auckland: 63% Wellington: 66% Christchurch: 28%	Maintaining
Change in the proportion of state highways available to HPMV	New measure Baseline 2014/15 = 41%	Increasing

## ROAD NETWORK - MAINTENANCE

### LOCAL ROAD

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 Estimate	Desired trend 2015-19
Pavement integrity of sealed network	94%	
Surface condition of the sealed network	98%	Maintaining
Smooth ride - % of travel on smooth roads	86%	
Change in local road maintenance cost per lane kilometre expenditure by road classification	\$3,000	Maintaining (in real terms)

### STATE HIGHWAYS

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 Estimate	Desired trend 2015-19
Surface condition of the sealed network	93%	
Smooth ride - % of travel on smooth roads	98%	Maintaining
Change in state highway maintenance cost per lane kilometre expenditure by road classification	\$21,400	Maintaining (in real terms)

## ROAD NETWORK - REGIONAL IMPROVEMENTS

### REGIONAL

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 Estimate	Desired trend 2015-19
Change in kilometres of improved regional roading	New measure	Increasing

# STATEMENTS OF FINANCIAL PERFORMANCE EXPECTATIONS

NZ TRANSPORT AGENCY

NATIONAL LAND TRANSPORT FUND



# NZ TRANSPORT AGENCY

## Overview

We have budgeted revenue of \$10.8 billion for 2015-18 to fund:

- **Land transport** – \$10.0 billion which includes our investment in the state highway network and funding we provide to approved organisations for the delivery of services. We will be investing \$4.7 billion in new capital across the state highway network as well as maintaining our assets with \$1.1 billion of expenditure.
- **NZ Transport Agency operating activities** – \$980.0 million which includes activities that the Transport Agency is accountable for and delivers in-house or contracts out.

## FUNDING SOURCES AND EXPENDITURE 2015-18

FUNDING SOURCES			OPERATING AND CAPITAL EXPENDITURE						
			Investment in land transport			Transport Agency operating activities			
				MANAGING THE STATE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS	ACCESS TO & USE OF LAND TRANSPORT	PLANNING & INVESTING IN LAND TRANSPORT	MANAGING THE STATE HIGHWAY NETWORK	SPECIFIC CROWN PROJECTS
Funding from the National Land Transport Fund	Operating	\$6,205.151m	\$3,300.197m	\$1,113.308m		\$15.206m	\$224.066m	\$60.692m	
	Capital	\$3,223.751m		\$4,680.061m					
Revenue from other activities		\$509.551m				\$488.229m	\$45.391m	\$2.968m	
Funding from the Crown	Operating	\$185.940m			\$171.339m	\$13.855m	\$2.371m		\$0.285m
	Capital	\$207.500m			\$207.500m				
	Borrowing	\$511.000m			\$511.000m				
<b>Totals</b>		\$10,842.893m	\$3,300.197m	\$5,793.369m	\$889.839m	\$517.290m	\$271.828m	\$190.599m	\$0.285m
This table includes operating and capital			<b>Total \$9,983.405m</b>			<b>Total \$980.002m</b>			

The difference between funding and expenditure over the 2015-18 periods is covered by the proceeds of sale of surplus state highway properties.

## NZ TRANSPORT AGENCY GROUP OPERATING ACTIVITIES

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

	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
Personnel costs	89,648	98,072	99,194	102,567
Operating expenses	150,391	162,103	156,179	157,642
Depreciation and amortisation expense	10,097	14,485	16,520	17,499
<b>TOTAL EXPENDITURE</b>	<b>250,136</b>	<b>274,661</b>	<b>271,894</b>	<b>277,708</b>

The budgeted increase in personnel costs is a mix of planned increases in remuneration and planned increases in staff numbers to bring in-house some activities that were previously outsourced. The increase in depreciation and amortisation expense between 2014/15 and the out years is a result of increased investment that is planned for tolling infrastructure in 2014/15.

## MANAGING OUR ASSETS

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

	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
Computer hardware	2,000	3,050	2,623	2,480
Computer software	10,495	5,939	8,920	9,967
Leasehold improvements	150	1,423	1,424	1,736
Furniture and fittings	155	422	414	412
Office, plant and equipment	260	155	144	128
National integrated transport ticketing system	0	4,177	5,034	5,078
<b>TOTAL</b>	<b>13,060</b>	<b>15,166</b>	<b>18,559</b>	<b>19,801</b>

The focus of the capital programme is on upgrading our technology and making improvements to business critical systems and applications. From an infrastructure perspective, the assets purchased primarily relate to the replacement of assets that have exceeded their useful life or in the case of computer equipment and furniture are part of a planned replacement programme.

## OTHER FEES AND CHARGES FUNDED ACTIVITIES

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

OTHER FEES AND CHARGES BY FUNDING SOURCE				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>BORDER INSPECTIONS</b>				
Net surplus/(deficit)	254	184	130	90
Balance at 30 June	3,191	3,375	3,505	3,595
<b>CERTIFICATION REVIEWS</b>				
Net surplus/(deficit)	(2,005)	1,425	1,466	1,301
Balance at 30 June	(9,639)	(8,214)	(6,748)	(5,447)
<b>DRIVER LICENSING</b>				
Net surplus/(deficit)	3,346	1,146	(39)	(2,519)
Balance at 30 June	5,802	6,948	6,909	4,390
<b>DRIVER TESTING</b>				
Net surplus/(deficit)	461	(792)	(1,656)	(1,945)
Balance at 30 June	5,910	5,118	3,462	1,517
<b>MOTOR VEHICLE LICENSING</b>				
Net surplus/(deficit)	535	(2,005)	(1,196)	(1,205)
Balance at 30 June	5,762	3,757	2,561	1,356
<b>OVERDIMENSION PERMITS</b>				
Net surplus/(deficit)	103	73	78	67
Balance at 30 June	575	648	726	793
<b>RAIL LICENSING</b>				
Net surplus/(deficit)	(366)	(784)	(316)	(359)
Balance at 30 June	(3,326)	(4,110)	(4,426)	(4,785)
<b>ROAD USER CHARGES COLLECTIONS</b>				
Net surplus/(deficit)	(968)	(557)	(674)	1,244
RUC retained funds to memorandum account	1,500	1,400	0	0
Balance at 30 June	532	1,375	701	1,945
<b>STANDARDS DEVELOPMENT AND CERTIFICATION</b>				
Net surplus/(deficit)	(156)	(50)	(154)	(359)
Balance at 30 June	1,909	1,859	1,705	1,346
<b>TRANSPORT LICENSING</b>				
Net surplus/(deficit)	1,827	45	111	(194)
Balance at 30 June	69	114	225	31
<b>TOTAL MEMO ACCOUNT - OTHER FEES/CHARGES</b>	<b>10,785</b>	<b>10,870</b>	<b>8,620</b>	<b>4,741</b>

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

## LAND TRANSPORT FUNDING

The Transport Agency develops the three-year National Land Transport Programme (NLTP) based on the policy direction in the Land Transport Management Act and the Government Policy Statement on Land Transport (GPS) and regional priorities. This table below shows the activity classes which are funded from the National Land Transport Programme and associated activities funded from the Crown. The investment in land transport is net of the expenditure on new and renewal of state highways which is capitalised and the Transport Agency operating expenditure which is separately shown in the statement of comprehensive revenue and expense.

The three-year NLTP period covers 2015 to 2018. The budget for each year depends on the portion of the programme that is delivered in the previous years. The investment in local roads and public transport is the NLTP contribution only and does not include the significant contribution from local authorities.

LAND TRANSPORT FUNDING				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
Investment management	51,675	59,000	60,000	61,000
Public transport	298,000	331,000	340,000	349,000
Walking and cycling	28,000	31,000	31,000	32,000
Road safety promotion	33,000	33,900	33,800	34,300
Local road improvements	188,000	148,800	153,450	162,750
Local road maintenance	533,700	555,000	568,000	537,000
Regional improvements	0	65,000	75,000	85,000
State highway improvements	1,323,125	1,303,040	1,355,976	1,412,984
State highway maintenance	546,487	560,000	561,000	563,000
Interest on borrowings	3,837	7,941	13,017	11,105
<b>TOTAL NLTP EXPENDITURE</b>	<b>3,005,824</b>	<b>3,094,681</b>	<b>3,191,243</b>	<b>3,248,139</b>
<b>Activities funded on behalf of the Crown</b>				
State highway improvements (Tauranga Eastern Link)	107,000	0	0	0
SuperGold card concessions for cardholders	26,500	28,129	28,605	30,605
SuperGold card administration	95	95	95	95
Auckland accelerated package	0	50,000	213,000	112,000
Regional state highways	13,789	45,000	86,500	65,000
Reinstatement of damaged roads in Christchurch	35,000	68,000	68,000	0
Urban cycleways	5,000	31,000	32,000	32,000
Construction of passing opportunities on SH2	500	0	0	0
National war memorial park	10,000	0	0	0
Subtotal of activities funded on behalf of the Crown	197,884	222,224	428,200	239,700
	<b>3,203,708</b>	<b>3,316,905</b>	<b>3,619,443</b>	<b>3,487,839</b>
Less capital expenditure	(1,624,110)	(1,646,040)	(1,899,476)	(1,838,984)
Less NZTA operating activities funded from the NLTP	(78,784)	(93,939)	(94,866)	(96,238)
Less interest on borrowing	(3,837)	(7,941)	(13,017)	(11,105)
<b>TOTAL LAND TRANSPORT FUNDING</b>	<b>1,496,977</b>	<b>1,568,985</b>	<b>1,612,084</b>	<b>1,541,512</b>

## NEW ZEALAND TRANSPORT TICKETING LTD

New Zealand Transport Ticketing Limited has been established as a Crown Entity Subsidiary, under the governance of the NZ Transport Agency, to execute the operational plan for supporting a national integrated transport ticketing system and managing information services generated from such a system. Through New Zealand Transport Ticketing Limited, an infrastructure will be developed to support:

- the transport ticketing central system processing capability for all customers and related service delivery agreements, including national settlement services
- information management support services, including the information registrar function and security management
- other system services, including gateways and interfaces as required.

This table sets out the key forecast financial information of New Zealand Transport Ticketing Limited:

NEW ZEALAND TRANSPORT TICKETING LTD				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>COMPREHENSIVE REVENUE AND EXPENSE</b>				
Funding from the NLTF	1,675	4,596	4,965	4,896
Other revenue	0	5,843	6,209	8,740
Expenditure	1,605	12,439	13,890	15,872
	70	(2,000)	(2,716)	(2,236)
<b>FINANCIAL POSITION</b>				
Working capital	0	50	73	123
Non-current assets	14,247	16,401	18,697	21,516
	14,247	16,451	18,770	21,638
<b>EQUITY</b>				
Contributed capital	14,177	18,381	23,416	28,520
Accumulated deficit	70	(1,930)	(4,646)	(6,881)
	14,247	16,451	18,770	21,638
<b>NET CASH FLOWS</b>				
Cash from operating activities	70	(4)	22	23
Capital expenditure	(70)	(4,177)	(5,035)	(5,078)
Capital contribution	0	4,204	5,035	5,104
	0	23	22	49



## PROSPECTIVE FINANCIAL STATEMENTS

The consolidated financial statements include the parent NZ Transport Agency and its subsidiary NZ Transport Ticketing Limited.

### CONSOLIDATED PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE

	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>REVENUE</b>				
Funding from the Crown	41,395	60,996	61,472	63,472
Funding from the National Land Transport Fund	1,996,399	2,025,574	2,065,173	2,114,404
Revenue from other activities	159,510	170,255	167,970	171,326
Total revenue	2,197,304	2,256,825	2,294,615	2,349,202
<b>EXPENDITURE</b>				
Personnel costs	89,648	98,072	99,194	102,567
Operating expenses	150,391	162,103	156,179	157,642
Land transport funding	1,496,977	1,568,985	1,612,084	1,541,512
Interest on borrowing	3,837	7,941	13,017	11,105
Depreciation and amortisation expense	475,097	484,485	491,520	497,499
State highway asset write-off	10,000	10,000	10,000	10,000
Total expenditure	2,225,950	2,331,587	2,381,995	2,320,325
<b>SURPLUS/(DEFICIT)</b>	<b>(28,646)</b>	<b>(74,762)</b>	<b>(87,380)</b>	<b>28,877</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
Loss on asset revaluations	(5,823)	0	0	0
Gain/(loss) state highway network revaluations	560,000	560,000	560,000	560,000
Total other comprehensive revenue and expense	554,177	560,000	560,000	560,000
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>525,531</b>	<b>485,238</b>	<b>472,620</b>	<b>588,877</b>

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## CONSOLIDATED PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	50,000	50,023	50,045	50,094
Debtor National Land Transport Fund	488,145	496,307	506,193	518,247
Debtor Crown	23,558	35,656	35,935	37,104
Receivables	34,429	36,223	35,714	36,097
Property assets held for sale	58,500	58,500	58,500	58,500
Prepayments	4,700	4,700	4,700	4,700
Inventories	200	200	200	200
Total current assets	659,533	681,609	691,287	704,942
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	16,132	17,249	17,954	18,742
State highway network	30,190,092	31,870,168	33,800,515	35,640,773
Transmission Gully (public private partnership)	180,806	465,221	726,093	941,532
Intangible assets	40,961	40,525	41,859	43,373
Loans and advances	855	855	855	855
Total non-current assets	30,428,846	32,394,018	34,587,276	36,645,275
<b>TOTAL ASSETS</b>	<b>31,088,379</b>	<b>33,075,627</b>	<b>35,278,563</b>	<b>37,350,216</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payables	512,009	483,094	280,408	185,987
Tolling funds held in trust	2,000	2,000	1,000	1,000
Employee entitlements	12,506	12,538	12,539	12,540
Total current liabilities	526,515	497,632	293,947	199,528
<b>NON-CURRENT LIABILITIES</b>				
Payables	200	200	200	200
Transmission Gully (public private partnership)	180,806	465,221	726,093	941,532
Employee entitlements	4,000	4,000	4,000	4,000
Borrowing <sup>a</sup>	143,760	268,932	556,873	623,873
Total non-current liabilities	328,766	738,353	1,287,166	1,569,605
<b>TOTAL LIABILITIES</b>	<b>855,281</b>	<b>1,235,985</b>	<b>1,581,113</b>	<b>1,769,133</b>
<b>NET ASSETS</b>	<b>30,233,098</b>	<b>31,839,641</b>	<b>33,697,450</b>	<b>35,581,084</b>

## CONSOLIDATED PROSPECTIVE STATEMENT OF FINANCIAL POSITION *CONTINUED* AS AT 30 JUNE

	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>EQUITY</b>				
General funds	5,606	5,606	5,606	5,606
Retained funds <sup>b</sup>	3,215	(65,817)	(136,105)	(88,850)
Memorandum account – other fees and charges	10,785	10,870	8,620	4,741
State highway network <sup>c</sup>	30,213,492	31,888,982	33,819,329	35,659,587
<b>TOTAL EQUITY</b>	<b>30,233,098</b>	<b>31,839,641</b>	<b>33,697,450</b>	<b>35,581,084</b>

a. Borrowing is for the Tauranga Eastern Link, Auckland accelerated package, and Christchurch earthquake funding.

b. Retained funds reflect mainly the deficits and surpluses associated with the increase in expenditure to fund the Christchurch recovery in the next two years, and subsequent decrease of that expenditure.

c. The state highway network includes the state highway investment and revaluation reserves.

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

<b>EQUITY – OPENING BALANCES</b>				
General funds	5,606	5,606	5,606	5,606
Retained funds	46,278	3,215	(65,817)	(136,105)
Memorandum account – other fees and charges	6,254	10,785	10,870	8,620
State highway network	28,668,982	30,213,492	31,888,982	33,819,329
Total equity – Opening balance	28,727,120	30,233,098	31,839,641	33,697,450
<b>CHANGES IN EQUITY</b>				
<b>Total comprehensive revenue and expense for the year</b>				
Retained funds	(31,677)	(73,447)	(85,130)	32,756
Memorandum account – other fees and charges	3,031	(1,315)	(2,250)	(3,879)
Surplus/(deficit)	(28,646)	(74,762)	(87,380)	28,877
Loss on asset revaluations	(5,823)	0	0	0
State highway network – gain/(loss) on revaluations	560,000	560,000	560,000	560,000
	525,531	485,238	472,620	588,877
<b>Capital funding</b>				
Crown	23,789	48,000	90,500	69,000
National Land Transport Programme	956,658	1,023,305	1,086,689	1,113,757
	980,447	1,071,305	1,177,189	1,182,757
Total changes in equity	1,505,978	1,556,543	1,649,809	1,771,634
<b>EQUITY – CLOSING BALANCES</b>				
General funds	5,606	5,606	5,606	5,606
Retained funds	3,215	(65,817)	(136,105)	(88,850)
Memorandum account – other fees and charges	10,785	10,870	8,620	4,741
State highway network	30,213,492	31,888,982	33,819,329	35,659,587
<b>TOTAL EQUITY – CLOSING BALANCES</b>	<b>30,233,098</b>	<b>31,839,641</b>	<b>33,697,450</b>	<b>35,581,084</b>

## CONSOLIDATED PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from the Crown	67,059	48,898	61,194	62,303
Receipts from the National Land Transport Fund	2,083,619	2,071,616	2,268,322	2,219,454
Receipts from other revenue	162,942	168,111	168,128	170,593
Interest received	374	350	350	350
Payments to suppliers	(1,549,794)	(1,779,003)	(1,990,949)	(1,812,576)
Payments to employees	(90,266)	(98,040)	(99,194)	(102,566)
Goods & services tax (net)	19,000	19,000	19,000	19,000
Net cash from operating activities	692,933	430,932	426,852	556,558
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts from sale of state highway held properties	57,600	50,550	44,129	68,726
Purchase of property, plant and equipment	(2,635)	(5,468)	(5,108)	(5,264)
Purchase of intangible assets	(10,495)	(9,698)	(13,451)	(14,537)
Investment in the state highway network	(1,730,785)	(1,696,040)	(2,107,476)	(1,950,984)
Net cash from investing activities	(1,686,315)	(1,660,656)	(2,081,906)	(1,902,059)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Capital contribution from the Crown	23,789	48,000	90,500	69,000
Capital contribution from the National Land Transport Fund	956,658	1,019,101	1,081,654	1,108,653
Receipts from borrowing	192,000	238,000	559,000	294,000
Repayment of borrowing	(150,000)	(70,000)	(71,000)	(115,000)
Interest paid on borrowing	(2,987)	(5,355)	(5,076)	(11,105)
Net cash from financing activities	1,019,460	1,229,746	1,655,078	1,345,548
<b>NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS</b>	26,078	23	22	49
Cash and cash equivalents at the beginning of the year	23,922	50,000	50,023	50,045
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>50,000</b>	<b>50,023</b>	<b>50,045</b>	<b>50,094</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

## NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

### PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

#### Use of information contained in these prospective financial statements

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

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

The Transport Agency has complied with financial reporting standard PBE FRS 42 Prospective Financial Statements in the preparation of these prospective financial statements.

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

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

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

#### Statement of significant underlying assumptions

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

Funding from the National Land Transport Fund	Revenue forecasts for fuel excise duty, road user charges and motor vehicle registrations are based on future performance and trends.
Fees and charges	Forecast revenues are influenced by transaction volumes. Assumptions are based on historical performance and trends.
Personnel costs	The forecast costs assume minor changes to the current organisational structure in order to resource previously outsourced services. Associated cost increases are expected to be offset by operating efficiencies.
Expenditure	The forecast costs assume the current range of activities will be in place throughout the period, and reflect the increasing pressures associated with delivering its programmes and services.
Capital	The Transport Agency is undertaking a programme of capital spending aimed at improving and renewing the state highway network. Projected costs and timing of expenditure are based on project plans and quotations current when these forecasts were prepared.
Asset revaluations	The state highway network is re-valued annually. These valuations are dependent on changes in the value of the land, properties and asset components of the state highway network.
Opening equity	Estimated opening equity assumes a 2014/15 year surplus of \$525.531 million. This impacts on estimated amounts of cash on hand and net assets.

**KEY ISSUES IMPACTING ON BUDGET****Estimates of appropriations for the year ending 30 June 2016**

This table shows the funding the Transport Agency receives from the government as disclosed in the *Estimates of appropriations*, and the movements to the revenue published in the *Statement of performance expectations*.

<b>Output class</b>	<b>Appropriations 2015/16 \$000</b>	<b>Funding movements \$000</b>	<b>SPE 2015/16 \$000</b>
Investment management	54,000	5,000	59,000
Public transport	314,000	17,000	331,000
Walking and cycling	30,000	1,000	31,000
Road safety promotion	32,000	1,900	33,900
Local road improvements	167,000	(18,200)	148,800
Local road maintenance	559,000	(4,000)	555,000
State highway improvements	470,000	0	470,000
State highway maintenance	380,000	0	380,000
National land transport programme (PLA)	2,006,000	2,700	2,008,700
NLTP - state highway renewals and improvements (PLA)	1,008,270	10,831	1,019,101
Licensing and regulatory compliance	3,098	0	3,098
Road user charges collection, investigation and enforcement	4,229	0	4,229
Refund of fuel excise duty	519	0	519
Investment management (crash analysis system)	775	0	775
SuperGold card public transport concessions for cardholders	28,129	0	28,129
SuperGold card administration	95	0	95
Auckland accelerated package	145,000	(95,000)	50,000
Regional state highways	74,000	(29,000)	45,000
Reinstatement of earthquake damaged roads in Christchurch	123,420	(55,420)	68,000
Urban cycleways	35,000	(4,000)	31,000
<b>TOTAL</b>	<b>3,428,535</b>	<b>(169,889)</b>	<b>3,258,646</b>

(PLA - Permanent legislative authority).

## STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

The Transport Agency is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing the Transport Agency's operations includes the Crown Entities Act 2004 and the Land Transport Management Act 2003. The Transport Agency's ultimate parent is the New Zealand Crown.

The Transport Agency's primary objective is to provide services to the New Zealand public. Its purpose is to deliver effective, efficient, safe responsible and resilient transport solutions that support a thriving New Zealand. The Transport Agency does not operate to make a financial return.

The Transport Agency has designated itself a public benefit entity (PBE) for financial reporting purposes.

### Consolidation of subsidiary

The consolidated financial statements include the parent NZ Transport Agency and its subsidiary NZ Transport Ticketing Limited.

The subsidiary is accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All inter-company transactions are eliminated on consolidation.

Consistent accounting policies are applied to the subsidiary's financial statements and are prepared for the same reporting period as the parent entity.

### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements of the Transport Agency have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

### Standards issued and not yet effective and not early adopted

The Transport Agency 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 2015.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue

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

### Funding from the Crown and the National Land Transport Fund

The Transport Agency 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 Transport Agency meeting its objectives as specified in the *Statement of performance expectations*.

Funding from the Crown and the National Land Transport Fund is recognised as revenue when earned and is reported in the financial period to which it relates.

### Interest

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

### Rental income

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

### Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

### Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### Cash and cash equivalents

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

### Debtors and other receivables

Short-term debtors and receivables are recognised initially at fair value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Transport Agency will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of amounts expected to be collected.

### Property assets held for sale

Property assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of property assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Property assets held for sale (including those that are part of a disposal group) are not depreciated while they are classified as held for sale.

### Property, plant and equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, furniture and fittings, plant and office equipment, and motor vehicles.

Property, plant and equipment are measured at cost, 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 Transport Agency and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost.

#### 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 reported net in the surplus or deficit. 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 Transport Agency 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 surplus or deficit as they are incurred.

### Valuation of the state highway network

State highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value. Borrowing costs have not been capitalised.

A cyclical basis is now being used so that each region is revalued at an interval not exceeding 3.5 years. Those regions that are not subject to full revaluation in a particular year will be subject to a valuation update through the use of price indices.

Increases in the carrying amount arising on revaluation of the state highway are credited to the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases are charged to other comprehensive revenue and expense. Each year the depreciation, based on the revalued carrying amount of the asset, is charged to other comprehensive revenue and expense. The gain or loss on the state highway revaluation reserve is also charged to other comprehensive revenue and expense.

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 Transport Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive revenue and expense 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 surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserve in respect of those assets are transferred to general funds.

An allowance is made in the valuation for Brownfield costs (as defined below). Brownfield cost is a generic term for the additional costs of constructing in a particular location because of the increased intensity of surrounding land use compared to the cost of constructing in a vacant Greenfield situation. A major component of brownfield costs are one-off costs necessary to make the land freely available to build the state highway, and are not part of the physical construction cost. They include capital works relating to relocation and refurbishment of assets owned by other parties, work to protect the privacy and environment of adjoining properties, and compensation to landowners.

Other components of brownfield cost result from the increased constraints or requirements imposed when constructing in an already developed location. Examples include increased traffic management and security, limitations on available contractor areas for storage, parking, buildings and general operations, noise and dust limitations, restricted hours of work etc.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, held properties, formation and the sub-base component of pavement (base), 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	69-103	0.97-1.4
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

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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### Intangible assets

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Costs associated with development and maintenance of the Transport Agency's website are recognised as an expense when incurred.

#### Amortisation

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

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	3-10	10-33.3

### Impairment of property, plant and equipment and intangible assets

The Transport Agency does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

#### Non-cash generating 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.

Property, plant and equipment and intangible assets held at cost that have a finite useful life, 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 service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

### 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.

### Payables

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

### Borrowing

Borrowing is initially recognised at their fair value plus transaction costs. After initial recognition, all borrowing is measured at amortised cost using the effective interest method.

### Employee entitlements

#### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

#### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, 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 entitlement information; and
- the present value of the estimated future cash flows.

#### *Presentation of employee entitlements*

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### Superannuation schemes

#### *Defined contribution schemes*

Obligations for contributions to the Government Superannuation Fund, Kiwisaver, National Superannuation Scheme, and Post Office Pension Fund are accounted for as defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

### Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure 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 an interest expense.

### Jointly controlled operations

The Transport Agency has interests in jointly controlled operations. These include the Auckland Motorway Alliance and Marlborough Roads. It recognises in its financial statements:

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

### Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- general funds
- retained funds
- memorandum account - other fees and charges
- state highway investment and revaluation reserve.

#### *State highway revaluation reserve*

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

### Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### Income tax

The Transport Agency is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

### Critical accounting estimates and assumptions

In preparing these financial statements the Transport Agency 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*

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Transport Agency, 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 surplus or deficit, and carrying amount of the asset in the statement of financial position. The Transport Agency minimises the risk of this estimation uncertainty by:

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

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

### Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies.

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 Transport Agency incurs expenditure on maintaining state highways and state highway infrastructure improvements. Professional judgement and engineering assessments are used to determine whether costs incurred on State highways should be capitalised or expensed
- the age, condition and remaining economic life of existing assets, including the impact of maintenance thereon
- determining the optimum level of Bailey bridging stock.

The asset base has been compiled over a number of years and has a degree of inaccuracy as some historic records are incomplete.

Brownfield construction costs include:

- temporary traffic management
- demolition and removal of displaced assets
- restoration of damaged/severed utility infrastructure
- re-establishment of the interface between the new and existing development (landscaping, footpaths, roads, fences, driveways etc.)
- environment compliance
- work restrictions (noise, hours, limitations on available site area for contractors, storage/plant/offices etc.).

An allowance is made in the valuation for Brownfield costs.

## OUTPUT CLASS INCOME AND EXPENDITURE

### Providing access to and use of the land transport system

LICENSING AND REGULATORY COMPLIANCE				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Crown (ministerial advice & official correspondence)	548	548	548	548
Crown (rules development)	899	899	899	899
Crown (drug and alcohol assessments)	1,238	1,030	1,030	1,030
Crown (driver licensing stop orders)	75	75	75	75
Crown (driver test subsidy)	1,445	1,445	1,445	1,445
Fees and charges	81,391	85,176	83,247	83,824
Other activities	374	350	350	350
Total inflows	85,970	89,523	87,594	88,171
<b>OUTFLOWS</b>				
Ministerial advice and official correspondence	848	874	865	892
Rules development	734	757	755	775
Drug and alcohol assessments	1,281	1,467	1,530	1,605
Fees and charges funded activities	79,372	85,374	85,072	89,187
Other (including driver licensing stop orders)	272	0	0	0
Total outflows	82,507	88,472	88,222	92,459
<b>NET SURPLUS/(DEFICIT)</b>	<b>3,463</b>	<b>1,051</b>	<b>(628)</b>	<b>(4,288)</b>
ROAD TOLLING				
<b>INFLOWS</b>				
Fees and charges	6,250	10,453	11,561	12,336
Total inflows	6,250	10,453	11,561	12,336
<b>OUTFLOWS</b>				
Transport Agency operating activities	6,067	10,197	10,259	10,760
Total outflows	6,067	10,197	10,259	10,760
<b>NET SURPLUS</b>	<b>183</b>	<b>256</b>	<b>1,302</b>	<b>1,576</b>

<b>MOTOR VEHICLE REGISTRY</b>				
	<b>Projected 2014/15 \$000</b>	<b>Budget 2015/16 \$000</b>	<b>Forecast 2016/17 \$000</b>	<b>Forecast 2017/18 \$000</b>
<b>INFLOWS</b>				
Fees and charges	58,000	55,679	54,194	53,517
Total inflows	58,000	55,679	54,194	53,517
<b>OUTFLOWS</b>				
Transport Agency operating activities	57,465	57,684	55,390	54,722
Total outflows	57,465	57,684	55,390	54,722
<b>NET SURPLUS/(DEFICIT)</b>	<b>535</b>	<b>(2,005)</b>	<b>(1,196)</b>	<b>(1,205)</b>
<b>ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT</b>				
<b>INFLOWS</b>				
Crown (RUC collection)	4,720	0	0	0
NLTF (RUC investigation and enforcement)	3,984	3,779	3,779	3,779
NLTF (RUC refund)	450	450	450	450
Fees and charges	7,580	10,842	10,499	10,641
Total inflows	16,734	15,071	14,728	14,870
<b>OUTFLOWS</b>				
Transport Agency (RUC investigation and enforcement)	3,984	3,795	3,769	3,900
Transport Agency (RUC refund)	450	627	616	637
Transport Agency (RUC collection)	13,268	11,399	11,173	9,397
Total outflows	17,702	15,821	15,558	13,934
<b>NET SURPLUS/(DEFICIT)</b>	<b>(968)</b>	<b>(750)</b>	<b>(830)</b>	<b>936</b>
<b>REFUND OF FUEL EXCISE DUTY</b>				
<b>INFLOWS</b>				
National Land Transport Fund	399	519	519	519
Total inflows	399	519	519	519
<b>OUTFLOWS</b>				
Transport Agency operating activities	399	612	618	632
Total outflows	399	612	618	632
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(93)</b>	<b>(99)</b>	<b>(113)</b>

## Planning and investing in the land transport network

INVESTMENT MANAGEMENT				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Crown (crash analysis system)	775	775	775	775
National Land Transport Fund	51,675	59,000	60,000	61,000
<b>Total inflows</b>	<b>52,450</b>	<b>59,775</b>	<b>60,775</b>	<b>61,775</b>
<b>OUTFLOWS</b>				
Transport Agency (crash analysis system)	800	821	775	775
Transport Agency operating activities	40,512	45,932	45,134	46,454
Funding to approved organisations	11,163	13,068	14,866	14,546
<b>Total outflows</b>	<b>52,475</b>	<b>59,821</b>	<b>60,775</b>	<b>61,775</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(25)</b>	<b>(46)</b>	<b>0</b>	<b>0</b>
PUBLIC TRANSPORT				
<b>INFLOWS</b>				
National Land Transport Fund	298,000	331,000	340,000	349,000
<b>Total inflows</b>	<b>298,000</b>	<b>331,000</b>	<b>340,000</b>	<b>349,000</b>
<b>OUTFLOWS</b>				
Transport Agency (NZTTL operating)	1,675	4,596	4,965	4,896
Transport Agency (NZTTL capital)	0	4,204	5,035	5,104
Transport Agency operating activities	2,225	200	0	0
Funding to approved organisations	294,100	322,000	330,000	339,000
<b>Total outflows</b>	<b>298,000</b>	<b>331,000</b>	<b>340,000</b>	<b>349,000</b>
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
WALKING AND CYCLING				
<b>INFLOWS</b>				
National Land Transport Fund	28,000	31,000	31,000	32,000
<b>Total inflows</b>	<b>28,000</b>	<b>31,000</b>	<b>31,000</b>	<b>32,000</b>
<b>OUTFLOWS</b>				
Transport Agency operating activities	0	119	69	72
Funding to approved organisations	28,000	30,881	30,931	31,928
<b>Total outflows</b>	<b>28,000</b>	<b>31,000</b>	<b>31,000</b>	<b>32,000</b>
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**ROAD SAFETY PROMOTION**

	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
National Land Transport Fund	33,000	33,900	33,800	34,300
Other activities	3,047	924	924	924
Total inflows	36,047	34,824	34,724	35,224
<b>OUTFLOWS</b>				
Transport Agency (community road safety programme)	3,047	1,342	924	924
Transport Agency (vehicle impoundment)	200	200	204	208
Transport Agency operating activities	17,248	19,238	18,845	18,391
Funding to approved organisations	15,552	14,462	14,751	15,701
Total outflows	36,047	35,242	34,724	35,224
<b>NET SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(418)</b>	<b>0</b>	<b>0</b>

**LOCAL ROAD IMPROVEMENTS**

<b>INFLOWS</b>				
National Land Transport Fund	188,000	148,800	153,450	162,750
Total inflows	188,000	148,800	153,450	162,750
<b>OUTFLOWS</b>				
Funding to approved organisations	188,000	148,800	153,450	162,750
Total outflows	188,000	148,800	153,450	162,750
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**LOCAL ROAD MAINTENANCE**

<b>INFLOWS</b>				
National Land Transport Fund	533,700	555,000	568,000	537,000
Total inflows	533,700	555,000	568,000	537,000
<b>OUTFLOWS</b>				
Transport Agency operating activities	0	200	0	0
Funding to approved organisations	533,700	554,800	568,000	537,000
Total outflows	533,700	555,000	568,000	537,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**REGIONAL IMPROVEMENTS**

<b>INFLOWS</b>				
Capital contribution National Land Transport Fund	0	65,000	75,000	85,000
Total inflows	0	65,000	75,000	85,000
<b>OUTFLOWS</b>				
Transport Agency investment in the state highway network	0	65,000	75,000	85,000
Total outflows	0	65,000	75,000	85,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Managing the state highway network

STATE HIGHWAY IMPROVEMENTS				
	Projected 2013/14 \$000	Budget 2014/15 \$000	Forecast 2015/16 \$000	Forecast 2016/17 \$000
<b>INFLOWS</b>				
Capital contribution National Land Transport Fund	786,462	774,101	836,654	863,653
National Land Transport Fund	465,000	470,000	475,000	480,000
National Land Transport Fund (rental and interest revenue)	17,900	16,330	13,210	11,710
State highway disposals	57,600	50,550	44,129	68,726
Borrowing from the Crown (Tauranga Eastern Link)	107,000	0	0	0
<b>Total inflows</b>	<b>1,433,962</b>	<b>1,310,981</b>	<b>1,368,993</b>	<b>1,424,089</b>
<b>OUTFLOWS</b>				
Transport Agency operating activities	30,605	33,253	34,665	35,417
Transport Agency investment in the state highway network	1,292,520	1,269,787	1,321,311	1,377,567
Transport Agency investment (Tauranga Eastern Link)	107,000	0	0	0
<b>Total outflows</b>	<b>1,430,125</b>	<b>1,303,040</b>	<b>1,355,976</b>	<b>1,412,984</b>
<b>NET SURPLUS</b>	<b>3,837</b>	<b>7,941</b>	<b>13,017</b>	<b>11,105</b>

Net surpluses reflect the interest payable on borrowing.

STATE HIGHWAY MAINTENANCE				
<b>INFLOWS</b>				
Capital contribution National Land Transport Fund	170,196	180,000	170,000	160,000
National Land Transport Fund	376,291	380,000	391,000	403,000
Other (fees and contributions)	2,868	988	986	994
<b>Total inflows</b>	<b>549,355</b>	<b>560,988</b>	<b>561,986</b>	<b>563,994</b>
<b>OUTFLOWS</b>				
Transport Agency operating activities	26,206	28,105	29,229	29,930
Transport Agency investment in the state highway network	521,269	532,883	532,757	534,064
<b>Total outflows</b>	<b>547,475</b>	<b>560,988</b>	<b>561,986</b>	<b>563,994</b>
<b>NET SURPLUS</b>	<b>1,880</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Specific projects funded by the Crown

SUPERGOLD CARD PUBLIC TRANSPORT CONCESSIONS FOR CARDHOLDERS				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Crown	26,100	28,129	28,605	30,605
Total inflows	26,100	28,129	28,605	30,605
<b>OUTFLOWS</b>				
Funding to approved organisations	26,500	28,129	28,605	30,605
Total outflows	26,500	28,129	28,605	30,605
<b>NET SURPLUS</b>	<b>(400)</b>	<b>0</b>	<b>0</b>	<b>0</b>

SUPERGOLD CARD ADMINISTRATION				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Crown	95	95	95	95
Total inflows	95	95	95	95
<b>OUTFLOWS</b>				
Transport Agency operating activities	95	95	95	95
Total outflows	95	95	95	95
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

AUCKLAND ACCELERATED PACKAGE				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Borrowing from the Crown	0	50,000	213,000	112,000
Total inflows	0	50,000	213,000	112,000
<b>OUTFLOWS</b>				
Transport Agency investment in the state highway network	0	50,000	208,000	112,000
Funding to approved organisations	0	0	5,000	0
Total outflows	0	50,000	213,000	112,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

REGIONAL STATE HIGHWAYS				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Capital contribution Crown	13,789	45,000	86,500	65,000
Total inflows	13,789	45,000	86,500	65,000
<b>OUTFLOWS</b>				
Transport Agency investment in the state highway network	13,789	45,000	86,500	65,000
Total outflows	13,789	45,000	86,500	65,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

REINSTATEMENT OF EARTHQUAKE DAMAGED ROADS IN CHRISTCHURCH				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
National Land Transport Fund	0	0	0	44,000
Borrowing from the Crown	35,000	68,000	68,000	0
Total inflows	35,000	68,000	68,000	44,000
<b>OUTFLOWS</b>				
Funding to approved organisations	35,000	68,000	68,000	0
Repayment of borrowing	0	0	0	44,000
Total outflows	35,000	68,000	68,000	44,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The total value of road recovery work is \$85m, \$118m and \$118m (in 2014/15, 2015/16 and 2016/17 respectively) funding from the National Land Transport Fund under the Local road maintenance output class, as well as Borrowing from the Crown.

URBAN CYCLEWAYS				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Capital contribution Crown	0	3,000	4,000	4,000
Crown	5,000	28,000	28,000	28,000
Total inflows	5,000	31,000	32,000	32,000
<b>OUTFLOWS</b>				
Transport Agency investment in the state highway network	0	3,000	4,000	4,000
Funding to approved organisations	5,000	28,000	28,000	28,000
Total outflows	5,000	31,000	32,000	32,000
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CONSTRUCTION OF PASSING OPPORTUNITIES ON SH2 BETWEEN NAPIER AND GISBORNE				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Crown	500	0	0	0
Total inflows	500	0	0	0
<b>OUTFLOWS</b>				
Transport Agency investment in the state highway network	500	0	0	0
Total outflows	500	0	0	0
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

NATIONAL WAR MEMORIAL PARK				
	Projected 2014/15 \$000	Budget 2015/16 \$000	Forecast 2016/17 \$000	Forecast 2017/18 \$000
<b>INFLOWS</b>				
Capital contribution Crown	10,000	0	0	0
Total inflows	10,000	0	0	0
<b>OUTFLOWS</b>				
Transport Agency investment in the state highway network	10,000	0	0	0
Total outflows	10,000	0	0	0
<b>NET SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

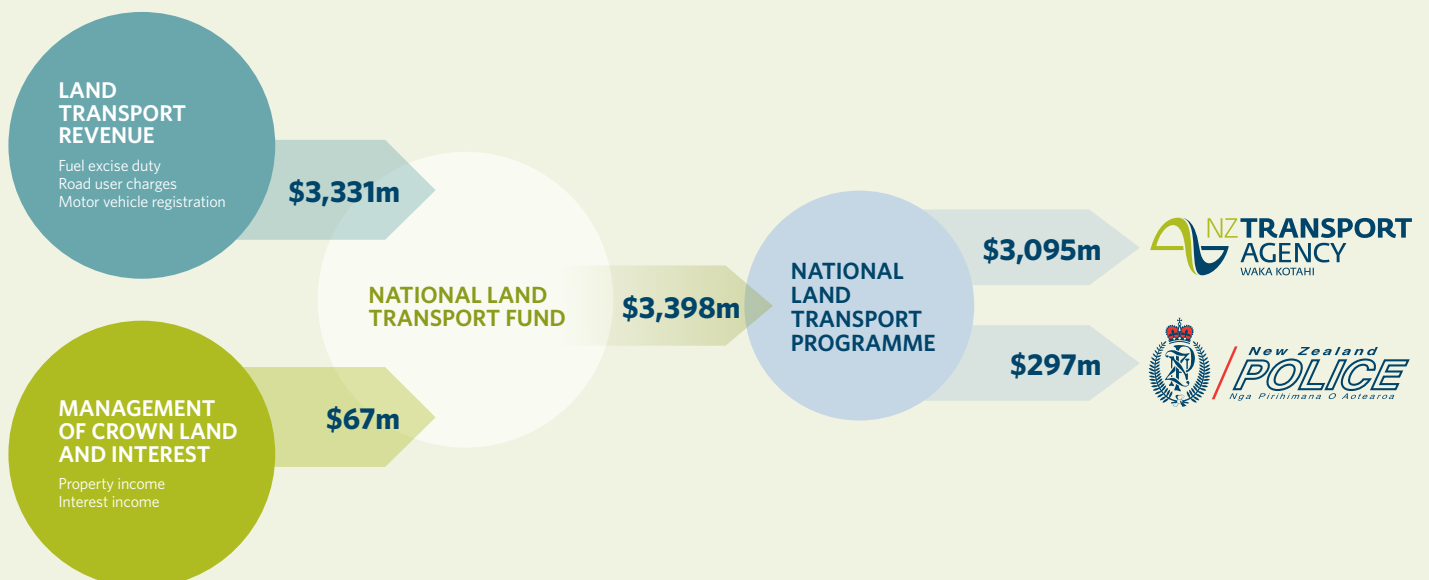
# NATIONAL LAND TRANSPORT FUND

## Financial overview

The National Land Transport Fund is a key tool to facilitate the government's investment on behalf of transport users. All revenue from fuel excise duty, road user charges, motor vehicle registration and licensing fees, revenues from Crown appropriations and management of Crown land, and interest are accounted for in the National Land Transport Fund. The National Land Transport Fund is used to manage:

- the funding of the NZ Police Road Policing Programme
- the funding of the National Land Transport Programme for:
  - activities delivered by an approved organisation
  - state highway activities
  - research
  - other Transport Agency activities, such as transport planning.

## FUNDING INFLOWS AND OUTFLOWS 2015/16



## PROSPECTIVE FINANCIAL STATEMENTS

### NLTF PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE

	Projected 2014/15 \$m	Budget 2015/16 \$m	Forecast 2016/17 \$m	Forecast 2017/18 \$m
<b>REVENUE INFLOWS<sup>a</sup></b>				
Land transport revenue	3,187	3,331	3,437	3,515
Management of Crown land and interest	79	67	57	80
Total revenue flows	3,266	3,398	3,494	3,595
<b>OUTFLOWS</b>				
National Land Transport Programme	3,006	3,095	3,191	3,292
Road Policing Programme	304	297	297	297
Fuel excise duty/road user charges administration	5	5	5	5
Forecasting and strategy	1	1	1	1
Total outflows	3,316	3,398	3,494	3,595
<b>SURPLUS/(DEFICIT)</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>0</b>

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

### NLTF PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Projected 2014/15 \$m	Budget 2015/16 \$m	Forecast 2016/17 \$m	Forecast 2017/18 \$m
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	92	86	90	97
Receivables	243	257	263	269
Total assets	<b>335</b>	<b>343</b>	<b>353</b>	<b>366</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payables	488	496	506	518
Total liabilities	<b>488</b>	<b>496</b>	<b>506</b>	<b>518</b>
<b>NET ASSETS</b>	<b>(153)</b>	<b>(153)</b>	<b>(153)</b>	<b>(153)</b>
General funds	(153)	(153)	(153)	(153)
<b>GENERAL FUNDS CLOSING BALANCE<sup>a</sup></b>	<b>(153)</b>	<b>(153)</b>	<b>(153)</b>	<b>(153)</b>

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

## NLTF PROSPECTIVE STATEMENT OF CHANGES IN GENERAL FUNDS BALANCE FOR THE YEAR ENDING 30 JUNE

	Projected 2014/15 \$m	Budget 2015/16 \$m	Forecast 2016/17 \$m	Forecast 2017/18 \$m
<b>GENERAL FUNDS OPENING BALANCE</b>	(103)	(153)	(153)	(153)
<b>CHANGES IN GENERAL FUNDS BALANCE</b>				
Surplus/(deficit)	(50)	0	0	0
Total changes in general funds balance	(50)	0	0	0
<b>TOTAL GENERAL FUNDS CLOSING BALANCE <sup>a</sup></b>	<b>(153)</b>	<b>(153)</b>	<b>(153)</b>	<b>(153)</b>

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

## NLTF PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE

	Projected 2014/15 \$m	Budget 2015/16 \$m	Forecast 2016/17 \$m	Forecast 2017/18 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from land transport revenue	3,252	3,384	3,487	3,589
Payments to suppliers	(3,296)	(3,390)	(3,483)	(3,582)
Net cash from operating activities	(44)	(6)	4	7
Net (decrease)/increase in amounts held by the Crown	(44)	(6)	4	7
Amounts held by the Crown at the beginning of the year	136	92	86	90
<b>AMOUNTS HELD BY THE CROWN AT THE END OF THE YEAR <sup>a</sup></b>	<b>92</b>	<b>86</b>	<b>90</b>	<b>97</b>

a. The National Land Transport Fund is a notional account only. There are no actual cash and cash equivalents as funds are held by the Crown. However, this statement has been provided to meet the requirements of section 11 of the Land Transport Management Act 2003.

## NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

### PROSPECTIVE FINANCIAL STATEMENTS AND ASSUMPTIONS

#### Use of information contained in these prospective financial statements

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

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

The Transport Agency has complied with financial reporting standard PBE FRS 42 Prospective Financial Statements in the preparation of these National Land Transport Fund prospective financial statements.

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

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

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

#### Statement of significant underlying assumptions

The Transport Agency has made a number of assumptions in preparing the National Land Transport Fund prospective financial statements. The most significant of these are outlined below.

Land transport revenue	Revenue forecasts for fuel excise duty, road user charges and motor vehicle registrations are based on future performance and trends.
Management of Crown land and interest	Forecast revenues are influenced by the management of rental properties and interest revenue on cash holdings. Assumptions are based on historical performance and trends.
National Land Transport Programme	<p>The Transport Agency has developed a National Land Transport Programme for 2015-2018. The expenditure for the forecasted out years are most likely to change depending on the progress of the programme.</p> <p>The Transport Agency is undertaking a programme of capital spending aimed at improving and renewing the state highway network. Projected costs and timing of expenditure are based on project plans and quotations current when these forecasts were prepared.</p>
Opening equity	Estimated opening equity assumes a 2014/15 year deficit of \$50 million. This impacts on estimated amounts of cash on hand and net assets.

### STATEMENT OF ACCOUNTING POLICIES

#### Reporting entity

The Land Transport Management Act 2003 includes a requirement for the Transport Agency to prepare at the end of the financial year an annual report on the National Land Transport Fund.

All revenue from fuel excise duty, road user charges, motor vehicle registration and licensing fees, revenues from Crown appropriations and management of Crown land, and interest are accounted for in the National Land Transport Fund. The National Land Transport Fund is used to manage:

- the funding of the NZ Police Road Policing Programme
- the funding of the National Land Transport Programme for:
  - activities delivered by an approved organisation
  - state highway activities
  - research
  - other Transport Agency activities, such as transport planning.

The National Land Transport Fund cash funds are held as part of the total Crown funds. The Ministry of Transport is responsible for authorising any payments from the National Land Transport Fund and administration of appropriations.

The National Land Transport Fund has designated itself a public benefit entity (PBE) for financial reporting purposes.

### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements of the National Land Transport Fund have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The financial statements comply with PBE accounting standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars (\$m).

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

The National Land Transport Fund 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 2015.

## SIGNIFICANT ACCOUNTING POLICIES

### Revenue inflows

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the National Land Transport Fund's business. Revenue is shown net of goods and services tax.

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 National Land Transport Fund 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.

### Interest

Interest revenue is recognised using the effective interest method.

### Outflows

The National Land Transport Fund accounts for the flow of funds to:

- The Transport Agency - for the funding of the National Land Transport Programme, and fuel excise duty/road user charges administration
- The Police - who provide the Road Policing Programme
- The Ministry of Transport - for forecasting and strategy

Under section 9(1) of the Land Transport Management Act 2003, the National Land Transport Fund funds search and rescue activities, and recreational boating safety and safety awareness.

The various activities are outlined in the statement of service performance.

### Assets

The National Land Transport Fund being a national account does not hold physical assets.

### Employee entitlements

The National Land Transport Fund has no employees.

### Goods and services tax (GST)

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis.

### Income tax

The National Land Transport Fund is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

## STATEMENT OF SERVICE PERFORMANCE - FINANCIALS

### OUTPUT CLASS FUNDING TO THE NZ TRANSPORT AGENCY

	Projected 2014/15 \$m	Budget 2015/16 \$m	Forecast 2016/17 \$m	Forecast 2017/18 \$m
Investment management	52	59	60	61
Public transport	298	331	340	349
Walking and cycling	28	31	31	32
Road safety promotion	33	34	34	34
Local road improvements	188	149	153	163
Local road maintenance	534	555	568	537
Regional improvements	0	65	75	85
State highway improvements	1,327	1,311	1,369	1,424
State highway maintenance	546	560	561	563
Reinstatement of earthquake damaged roads in Christchurch	0	0	0	44
<b>TOTAL OUTPUT CLASS FUNDING TO THE TRANSPORT AGENCY</b>	<b>3,006</b>	<b>3,095</b>	<b>3,191</b>	<b>3,292</b>



# APPENDIX: SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASURES



## APPENDIX: OUTPUT CLASS SCOPE STATEMENTS

OUTPUT CLASS	SCOPE
Licensing and regulatory compliance	Purchase of land transport regulatory implementation services, specialist land transport enforcement services, and licensing services, including driver licensing. Purpose of vote transport appropriation limited to ministerial servicing by NZ Transport Agency.
Road tolling	Collection of road tolling charges and enforcement activities to recover road tolling payment evasion.
Road user charges collection, investigation and enforcement	Collection and refund of road user charges, and the investigation and enforcement of evasion of road user charges.
Fuel excise duty	Receipt and processing of applications for, and the refunding of, fuel excise duty.
Motor vehicle registry	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.
Investment management	Managing, monitoring and advising transport sector stakeholders on the allocation of national land transport funds, developing plans for improving the transport network and systems, and developing transport sector capability and research, as authorised under the section 9 (3) and (4) of the Land Transport Management Act 2003.
Public transport	Renewal and improvement of infrastructure to support public transport and non-commercial public transport services are authorised under section 9 (3) and (4) of the Land Transport Management Act 2003. Non-commercial public transport services, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.
Administration of the SuperGold cardholders scheme <i>and</i> Enhanced public transport concessions for SuperGold cardholders	Administration of the scheme to provide enhanced public transport concessions for SuperGold cardholders.
Walking and cycling	New and improved walking and cycling infrastructure for transport purposes, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.
Road safety promotion	Promote safe and economic use of land transport networks and services, pursuant to section 9 of the Land Transport Management Act 2003.
Road Policing Programme	Developing plans for improving the transport network and systems, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

OUTPUT CLASS	SCOPE
Local road improvements	Management and delivery of improvement of local roads, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.
Local road maintenance	<p>Management and delivery of renewals to the existing local road infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.</p> <p>The reinstatement of local roads in Canterbury is limited to the reinstatements following the earthquakes as approved by the Transport Agency under relevant legislation.</p>
Regional improvements	Planning and investing in regionally important state highway and local road projects outside the main metropolitan areas.
State highways improvements	Capital works for new infrastructure for state highways, as authorised by section 9 (3) and (4) of the Land Transport Management Act 2003.
State highway maintenance	Activities that manage, maintain and operate state highway infrastructure, as authorised under section 9 (3) and (4) of the Land Transport Management Act 2003.

## APPENDIX: SUPPLEMENTARY INFORMATION FOR NON-FINANCIAL MEASURES

This section provides explanation and technical details for non-financial performance measures

### Shaping smart transport choices – providing access to and use of the land transport system

#### Licensing and regulatory compliance

1. *Unit transaction cost* measures the direct unit cost of delivering a driver licence/ driver testing transaction/ service as well as the warrants of fitness (WoF) and certificates of fitness (CoF).
2. The *% of transactions completed online* is the proportion of practical test bookings and rescheduled test bookings completed through the Transport Agency website divided by the total number of test bookings completed for motor vehicle and motorcycle licences.
3. The *% accuracy of registers* is a measure of the data input accuracy of the driver licence register (DLR) based on monthly audit checks from a random sample of 100 callers and a selection of agents' work processed against what's written on the form and recorded in DLR. The measure reflects the average of the audit results.
4. The *% of operational assurance activities completed* is an aggregate of three specific operational assurance activities (eg audits) of driver testing agents, transport operators, and certifying agents completed against planned. Aggregation is based on the weighted volume of activity in the given year.
5. The *% of activities that are delivered to agreed standards and timeframes* is an aggregate of six specific dimensions – four audit activities of driver testing agent officers and course providers, transport operators, certifying agents and regulatory compliance and agent service delivery (with targets of >90%); and two completion rates against standard of official correspondence and transport rules development programmes (with targets of 100%). Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
6. The *number of products and services delivered or processed* include warrants of fitness (WoF), certificates of fitness (CoF), new and renewed driver licences, issuing of driver and transport operator testing services, certification review, border inspection, over dimension permits and drug and alcohol assessments funded.

#### Road tolling

7. *Unit transaction cost* is the direct unit cost of delivering a toll service. Cost excludes write offs, bad debts and administration fees from toll payment notices. Future target ranges have remained consistent despite the forecast increase in tolling volumes as there is ongoing system investment to manage the increased volume and complexity associated with the introduction of additional toll roads (Tauranga Eastern Link and Route K).

#### Motor vehicle registry

8. The *% of transactions completed online* is the proportion of annual motor vehicle licensing (including reversals), New registrations and register maintenance actions including (vehicle licensing exemptions, change of ownership (buyer), change of ownership (seller), change of name/address, registered person name and address) purchased over the internet, direct connect and via an industry agent divided by the total number of motor vehicle registrations.
9. The *% accuracy of register* reflects the accuracy of the information entered into the motor vehicle registry (MVR). Data verification activities are focused on confirming vehicle attributes; vehicle ownership and address information in the MVR. It combines the result of regular audit checks by regional staff, unverified owner and address information returns.
10. The *% customer satisfaction* reflects the proportion of motor vehicle register customers who consider the internet transaction they undertook was easy to complete. It is sourced from a feedback survey open to all users of the online transaction service. Responses are based on the following online transactions – vehicle licence renewal, bought or sold a vehicle, a registered person or stolen vehicle check, an exemption from vehicle licensing, applying for registered person name and address and revoking access to personal details.

### Road user charges (RUC) collection, investigation and enforcement

11. The *% of transactions completed online* is the proportion of light and heavy vehicle RUC licences purchased online over the total number of RUC licences purchased. Online refers to transactions via Direct Connect, Transact, e-RUC and automatic tellers.
12. The *number of products/services delivered or processed* includes light and heavy vehicle RUC license purchases and off-road RUC rebate claims. This is an aggregate figure showing a total of assessment, enforcement and refund activities.

### Refund of fuel excise duty (FED)

13. *Average number of days taken to deliver* is determined by how long it takes, on average, to process and approve FED refunds. Days to deliver refers to the number of working days between the date of application to the date of approval recorded in the FED database system.
14. The *number of products/services delivered or processed* is the number of FED refund applications processed or delivered for the reporting period. The volume of application is based on the processing date.

## Integrating one network for customers – planning and investing in the land transport network

### Investment management

15. The *total cost of the management of the funding allocation system* is the Transport Agency service delivery cost for this output less the cost of crash analysis system (CAS) business activity which is not part of the management funding allocation system.
16. The *% of activities that are delivered to agreed standards and timeframes (Investment management)* is an aggregate of four specific measures to monitor the quality and efficiency of managing NLTP expenditure and forecast standards, including investment approval and decision activities. All components of the measure have targets of 100%. Aggregation to the overall result is based on weighted volume of activity across the components in the given year.
17. The *% of operational assurance activities completed* is an aggregate of three specific dimensions: lessons learned, audits and post-implementation review programmes. Operational assurance activities are assessed according to their effectiveness, economic efficiency and strategic fit (ie high, medium, low). Aggregation is based on the weighted volume of activity in the given year.
18. The *% of activities that are delivered to agreed standards and timeframes (Transport planning)* includes transport planning, model development, activity management planning and programme business cases. These components are individually assessed against targets of >90%. Aggregation of these results is based on the weighted volume of activity for each area. The Transport Agency works collaboratively with its local authority partners as they prepare strategies, plans and packages to help ensure that when they are formally received they are of high quality, meet the Transport Agency assessment criteria and are therefore suitable for support or endorsement by the Transport Agency. It provides an indication of how well the Transport Agency manages its transport planning activities to time and cost standards.
19. The *% of activities that are delivered to agreed standards and timeframes (sector research)* is a measure that compares planned time, cost and quality of research investment with actual performance. All aspects have targets of 100% and contribute equally to the overall result. It is a measure of the effectiveness of the Transport Agency as a programme manager.
20. The *average number of days taken to deliver* is determined by how long it takes, on average, to process and approve funding of a new NLTP activity. Days to funding approval is defined as the number of working days between the date of receipt to the date the approval was recorded in the transport information online system.
21. The *% customer satisfaction* demonstrates the percentage of approved organisations' stakeholders (regional, local and unitary authorities, Department of Conservation, Auckland Transport and the Waitangi National Trust) that were satisfied with the relationship between their organisation and the Transport Agency. This is measured through an independently conducted survey.

### Administration of the SuperGold cardholders' scheme

22. The % of activities that are delivered to agreed standards and timeframes is a measure of our speed of processing and approving SuperGold claims to regional councils. The component measure is the average number of days taken to process claims received from regional councils. Days to process is defined as the difference between the date the payment was made and the date the claim was submitted/recorded in the Transport Information Online (TIO) or Land Transport Programme (LTP) website by the regional council. Claims are received, validated and paid electronically.

### Road safety promotion

23. The % of activities that are delivered to agreed standards and timeframes is a measure of timeliness and effectiveness in delivering road safety education, advertising and promotion.

Components of this measure look at the percentage of the road safety education and advertising campaigns completed on time and the percentage of education and promotion programmes that meet forecast participation rates. All components have a 100% target and contribute equally to the overall result.

24. The % of road safety advertising campaigns that meet or exceed their agreed success criteria is a measure based on the success of road safety advertising campaigns. It is a composite measure reflecting the number and breadth of the advertising campaigns used, the varied media in which they are presented (including online) and the different aspects of the campaigns that are measured (including likeability, relevance, message takeout, likelihood to change attitude and prompted recall). These measures are collected from independently conducted surveys, media and website reporting.

## Delivering highway solutions for customers – managing the state highway network

### State highways Improvements

25. The % of activities that are delivered to agreed standards and timeframes compares time, cost and quality of large, block and property acquisition programmes (at the time that construction commenced). It is a measure of the effectiveness of the Transport Agency as a project manager. Within each programme, time, cost and quality are equally weighted with targets of >90%. Aggregation to the overall result is based on weighted programme expenditure across the components in the given year.

### State highway maintenance

26. The % of activities that are delivered to agreed standards and timeframes presents the physical achievement of maintenance and renewal activities (including progress of state highway pavement renewal programme) against baseline. It is a measure to keep track of the delivery of physical performance targets. The single component aspect of this measure examines the proportion of state highway maintenance and renewal work completed compared to the planned kilometres and budget.

27. Safe stopping: % of network meeting surface texture standards reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Maintenance of the state highway focuses on ensuring skid resistance (to ensure safe stopping). Minimum acceptable levels of skid resistant are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to maintain network skid resistance.

28. Network resilience: % of rutting >20mm over state highway network is the proportion of rutting above the 20mm threshold over the length of the state highway network. Rutting in the road surface (long shallow channels generally found in wheelpaths) is one of the key indicators of the health of the underlying pavement and the need for pavement renewal. Ruts often also hold water and thus lower skid resistance.

29. Safe stopping: % of travel on network above skid threshold reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Minimum acceptable levels of skid resistance are set in relation to the road environment. The annual programme of reseals (surface renewals) is driven (in part) by the need to improve skid resistance.

30. Smooth ride: % of travel on network classed as smooth is the proportion of travel (proportion of vehicles kilometres travelled on the network surveyed) that occurs on pavements smoother than a nominated surface texture standard over the length of the network surveyed.

31. The % availability of state highway network. It is expressed as the sum of all unscheduled road closure incidences (both urban and rural) which have a significant impact on road users addressed within standard timeframes (ie urban < 2 hours; rural <12 hours) and protocol over the total number of road closure incidences.

32. The % customer satisfaction reflects the proportion of the public who are satisfied with the availability of network information and the overall rating of the state highways in New Zealand. It is sourced from several customer surveys. These are computer aided telephone interviewing (CATI) design survey with quotas set for target audiences according to age, race, sex and residential region (prescribed numbers are set for each to ensure balance and fairness).

## Supplementary information for non-financial investment measures – NLTF

### Public transport

33. The *productivity (costs per passenger kilometre) where available by bus, train and ferry* indicator reflects a new GPS reporting requirement that examines changing costs of public transport provision (bus, train and ferry) by passenger use. This is an aspirational measure that leverages the introduction of integrated ticketing. Information is currently only available for Auckland, Wellington and Christchurch – as the coverage of integrated ticketing improves throughout the period of the current NLTP the reporting from other regions will be included. The indicator's overall desired trend over the period of the NLTP is for reduced costs per passenger kilometre across the public transport modes of bus, train and ferry.
34. The *productivity (costs per passenger kilometre) where available by peak and off-peak* indicator reflects a new GPS reporting requirement that examines changing costs of public transport provision (bus, train and ferry) by passenger use. This is an aspirational measure that leverages the introduction of integrated ticketing. Information is currently only available for Auckland – as the coverage of integrated ticketing improves throughout the period of the current NLTP the reporting from other regions will be included. The indicator's overall desired trend over the period of the NLTP is for reduced costs per passenger kilometre across the public transport modes of bus, train and ferry.

### Walking and cycling

35. The *percentage increase in cycling trip legs per person across Auckland, Wellington and Christchurch* reflects the number of annual trips made by bike as measured in the annual Household Travel Survey conducted by the Ministry of Transport.

### State highway improvements

36. The *productivity of the state highway network in major metropolitan areas* indicator measures lane capacity utilisation (network productivity) of the urban network. Productivity is measured in terms of the product of speed and flow compared to road lane optimal vehicle throughput. It demonstrates how effectively the current road network and operational management activities handles peak demand for vehicle movement. This indicator provides information to help deliver on our priority of making the most of urban network capacity. The higher the productivity percentage value, the more productive the road network is, due to both speed and flow being maintained near maximum values (ie near free flow speed and capacity respectively). The lower the productivity percentage value the less productive the road network is due to either or both low traffic flow and speed. It is noted that a low productivity may also occur in scenarios of low demand and therefore may not be due to poor network performance

## Types of performance measure

The Statement of non-financial performance expectations contains three types of measurement – value for money, service quality and customer satisfaction. Taken as a set, they provide a holistic picture of the Transport Agency’s service delivery performance.

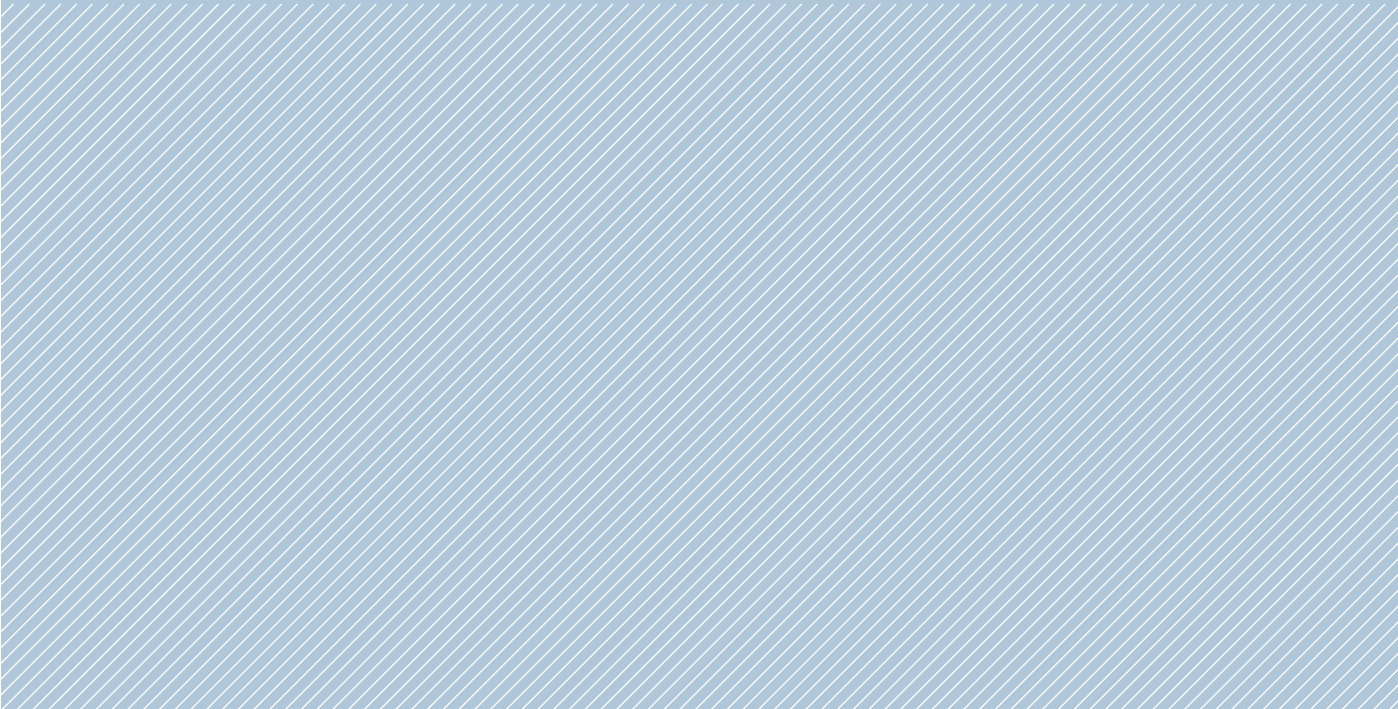
FUNCTION	TYPES OF MEASURES		
	VALUE FOR MONEY	SERVICE QUALITY	CUSTOMER SATISFACTION
<b>Planning and investing in the land transport network</b>	<p>Total cost of managing the funding allocation system as a % of NLTP expenditure</p> <p>% of activities delivered to agreed standards and timeframes</p> <ul style="list-style-type: none"> <li>local road improvements</li> <li>local road maintenance</li> </ul> <p>Public transport productivity – costs per passenger kilometre</p> <p>Local road maintenance cost per lane kilometre</p> <p>State highway maintenance cost per lane kilometre</p>	<p>% of activities delivered to agreed standards and timeframes</p> <ul style="list-style-type: none"> <li>Investment management</li> <li>Transport planning</li> <li>Sector research</li> <li>Road safety promotion</li> <li>SuperGold Card</li> </ul> <p>% of operational assurance activities completed</p> <p>Average number of days taken to deliver</p> <ul style="list-style-type: none"> <li>Investment management</li> <li>SuperGold card</li> </ul> <p>Public transport - Fare revenue as a % of total expenditure</p> <p>Road Policing Programme (refer to page 54)</p> <p>Strategic cycling networks - kilometres</p> <p>Number of passengers using urban public transport services (bus, train and ferry)*</p> <p>Pavement integrity of the sealed network</p> <p>Surface condition of the sealed network</p> <p>% of road safety advertising campaigns that meet or exceed their agreed success criteria</p> <p>Travel times on key local roads and state highways</p> <p>Network productivity of key local roads and state highways</p> <p>% of approved organisations signed up to the 50MAX network.</p> <p>% of state highways available to HPMV</p> <p>Kilometres of improved regional roading</p>	<p>% customer satisfaction</p> <ul style="list-style-type: none"> <li>approved organisations</li> </ul>
<b>Providing access to and use of the land transport system</b>	<p>Unit transactional costs:</p> <ul style="list-style-type: none"> <li>driver licensing</li> <li>motor vehicle registration</li> <li>road user charges</li> <li>road tolling</li> </ul> <p>% of transactions completed digitally</p> <ul style="list-style-type: none"> <li>driver licensing</li> <li>motor vehicle registration</li> <li>road user charges</li> </ul>	<p>% of operational assurance activities completed</p> <p>% accuracy of registers</p> <p>Number of products/services delivered or processed*</p> <p>% of activities delivered to agreed standards and timeframes</p> <p>% revenue compliance</p> <p>Average number of days taken to deliver</p>	<p>% customer satisfaction</p> <ul style="list-style-type: none"> <li>motor vehicle registration</li> </ul>
<b>Managing the state highway network</b>	<p>% of activities delivered to agreed standards and timeframes</p> <ul style="list-style-type: none"> <li>state highway improvements</li> <li>state highway maintenance</li> </ul>	<p>Safe stopping: % of travel on network above skid threshold</p> <p>Network resilience: % of rutting &gt;20mm over state highway network</p> <p>Smooth ride: % of travel on network classed as smooth</p> <p>Availability of state highway network: % of unplanned road closures resolved within 12 hours</p>	<p>% customer satisfaction</p> <ul style="list-style-type: none"> <li>network information customers</li> </ul>

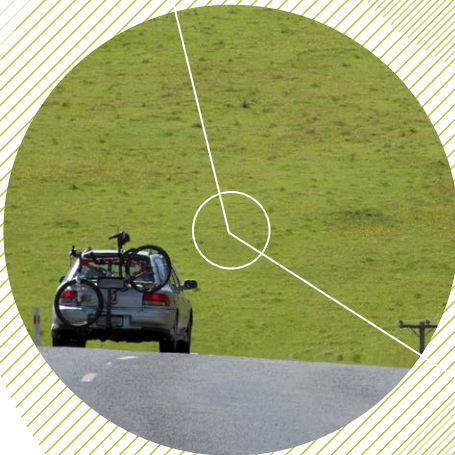
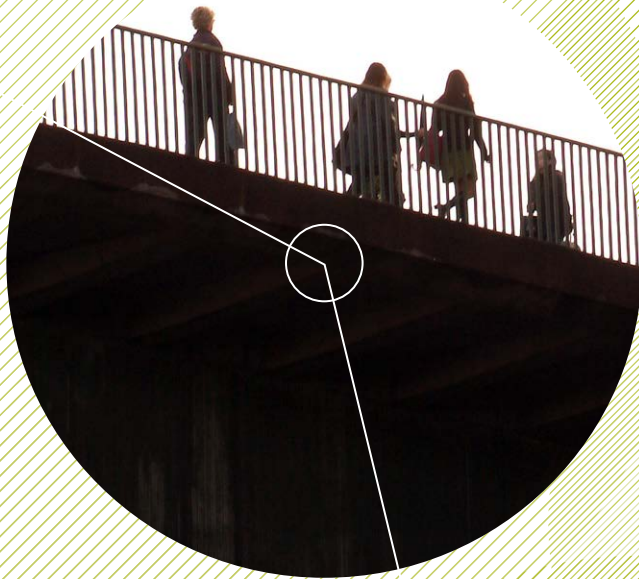
\*key operating assumptions











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