
QUARTERLY RESULTS AND INSIGHTS

Q1 2013/14

1 July to 30 September 2013



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PERFORMANCE OVERVIEW



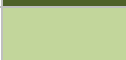







Q1 A high level view of progress against the components of our four performance dimensions

Achieving the aims of our six key result areas	1 Customers	2 Urban network capacity [2 milestones to watch]	3 Freight [1 milestone to watch]	4 Safer speeds [1 milestone to watch]	5 Efficient road maintenance [3 milestones to watch]	6 Long-term goals [3 milestones to watch]	
Strong financial performance	NLTF revenue		NLTP expenditure [4% over budget]	A&U revenue [8% over budget]	A&U expenditure [1% over budget]	NZTA operating expenditure [1% over budget]	Borrowing [as planned]
	[2012-15 NLTP revenue is \$300m lower than the published NLTP]						
	[\$500m lower than the October 2012 forecast]						
	[on budget against 2013-16 SOI]						
Strong service delivery performance	Delivery targets						
	[29 service delivery results are on track to achieve targets]			[13 service delivery results need to be watched]			
Commitment to health and safety	Health and safety [2 serious harm injuries on contractors' work sites, 1 fatality and 5 serious harm injuries on the rail network]						

- Very good progress against plan – achieved all our targets and milestones for this quarter.
- Good progress against plan – achieved most of our targets and milestones for this quarter. Issues to be resolved indicated in box.
- Significant issues to be resolved to enable achievement of our targets and milestones for 30 June 2014.

OPERATING CONTEXT

Continuing focus on improving cost effectiveness defines our current operating context

Initiative		Rating
Resource management reforms		
Local government reforms		
Privacy Act review		
Consolidation of and collaboration with local government		
Negative	Neutral	Positive
	 	  

Managing revenue and expenditure uncertainty

Revenue in the quarter ended 30 September 2013 is tracking close to the March/April 2013 revised forecast, but is down against earlier forecasts. The estimated size of the funding gap at the end of this 2012-15 NLTP depends on the starting point. We have three starting points, which makes it complex:

- the published NLTP (Aug 2012) based on GPS revenue target - this is very similar to the 2012-15 SOI - estimated shortfall approximately \$300m

- the budget revision (Oct 2012) - where Government committed three x 3 cent increases in FED and RUC and revised the GPS revenue target accordingly - estimated shortfall approximately \$500m
- the 2013-16 SOI - which is based on the March/April 2013 re-forecast - we are on target.

The reasons for the revenue tracking below forecast are complex. Analysis by the Ministry of Transport indicates the primary driver is a drop in discretionary car travel, thus reducing FED income, less heavy vehicle travel and the new RUC regime reducing RUC income. There are signs that the economy, especially truck movements, has improved in the last few months but this is not yet reflected in revenue. Notwithstanding any possible revenue up-turn, this will not make up the forecast shortfall against earlier forecasts.

We are managing this forecast shortfall in the short term by balancing under-claiming for maintenance and renewals expenditure, particularly for local roads, against the need to keep the priority work streams of the Roads of National Significance, Auckland initiatives, and Christchurch roading recovery on schedule. Expenditure is running \$108 million under budget, so we are managing at the moment. However, this tends to disguise the overall 2012-15 programme shortfall.

We are also working to reduce the funding gap through making choices about the right balance of maintenance and renewal expenditures. These efficiencies were already included in the original NLTP (in that sense they are "banked" but still require considerable effort to actually achieve). In the medium and longer term, the Roothing Efficiency Group (formerly the Maintenance and

Operations Review and the Road Maintenance Taskforce) and implementation of the Operations and Maintenance outcome contracts should begin to generate examples of improved cost efficiency and sustainable savings.

We have prepared a business case to revise the terms and amount of our short term borrowing facilities. This will involve simplifying the current \$250 million facility into a single overdraft facility and establishing a further \$100 million facility to help us respond to unexpected shortfalls against the revenue forecast so we can continue to give effect to the government's priorities and expenditure targets set out in the GPS.

In the medium term, given the size of the forecast shortfall, investment efficiencies and short term borrowing will not be adequate to address it. To keep the NLTP on budget and also meet government priorities, decisions will be required on adjustments to major project timing - this will affect the start up of some RONS and other state highway projects (including medium-sized R funded projects important in some regions). We have also reviewed other activity classes (e.g. local roads and public transport) and some savings can be made by not commencing lower priority projects signalled as "reserve" in NLTP and "banking" operational underspend (e.g. public transport services). No deferral decisions have been made on major projects yet and we will provide further advice to the Board on these choices in February.

In the longer term, we are exploring ways to diversify revenue sources. The Board has already made a policy decision to maximise the use of tolling revenue.

Improving the efficiency of the planning process

The 2012 package of resource management reforms was enacted in August 2013 as the Resource Management Amendment Act 2013, Local Government (Auckland Transitional Provisions) Amendment Act 2013, and Local Government Official Information and Meetings Amendment Act 2013. The key amendments include streamlining the delivery of Auckland's first unitary plan, a new six-month timeframe for decision-making on notified resource consent applications, changes to section 32 which deals with evaluation reporting requirements, and improvements to the direct referral process.

In February 2013 the Minister for the Environment released a discussion document called *Improving our resource management system* outlining proposals to make the system more predictable with less duplication and cost, while more effectively safeguarding environmental, social and cultural outcomes.

The proposals include fewer and better resource management plans, more efficient and effective consenting, better natural hazard management, more effective and meaningful Maori participation and working with councils to improve information provision on resource management practices.

Consultation on the discussion document closed in April 2013 and a further reform bill incorporating the proposals is likely to be introduced to Parliament in mid to late October.

Impact: The proposed reforms are likely to have a positive impact on the Transport Agency's ability to progress designations and consents, with other positive gains made through improved national decision-making consistency, quicker decisions and reduced planning churn.

Providing better value for money

The Government is steadily advancing its "Better Local Government" reform programme aimed at improving local government's ability to operate efficiently and integrate planning and investment activities. The reforms are part of the Government's broader programme for building a more productive, competitive economy and better public services.

The proposed reforms have been informed by the findings of an expert advisory group, which looked at improving local government infrastructure planning, provision and maintenance. The group's report focused on how to reduce the whole-of-life cost of local infrastructure, improving project selection, the setting of levels of service and improving local government benefit/cost analysis.

Phase two of the reform programme will be progressed via a second local government reform bill scheduled to be introduced to Parliament in October 2013 and enacted in May 2014. This is expected to provide for:

- efficiency improvements to local government consultation, decision-making, and long-term and annual planning requirements
- more efficient and collaborative delivery arrangements, including better allocation of functions between territorial authorities and regional councils
- more transparent and consistent costing regimes for development contributions
- development of 30-year infrastructure strategies and asset management plans for core infrastructure, which includes roads and footpaths.

Impact: Overall, the proposed reforms to local government should have a positive impact on long-term infrastructure planning and investment by providing greater integration between the Resource

Management Act, the Land Management Act and the National Infrastructure Plan. In addition, increased delivery efficiencies should reduce infrastructure maintenance costs.

Consolidation of and collaboration with local government

Auckland: There are multiple, complex issues relating to the implementation of the Auckland Plan, particularly through the Unitary Plan. Feedback on the draft Unitary Plan closed on 31 May 2013 and an updated plan was notified for formal input on 30 September 2013. We are working closely with KiwiRail and Auckland Transport to review the notified Unitary Plan from a transport perspective and will need to provide a detailed submission by 28 January 2014. In parallel we are working with Auckland Council and other infrastructure providers on planning for growth and special housing areas.

The scale of Auckland's growth challenges continues to be a significant issue for us and other infrastructure providers. The Auckland Plan identifies that there is greater demand for transport investment in Auckland than can be funded through the NLTF. We are working with Auckland Transport on the next version of the Auckland Integrated Transport Programme.

On 28 June 2013 the Prime Minister announced a transport package for Auckland that would provide additional funding to accelerate motorway and local road projects. We are working with the Ministry of Transport to provide advice to Cabinet on the package and funding.

Hawkes Bay: The Local Government Commission is currently considering proposals for reorganisation of local government in Hawkes Bay. It has signalled that it will seek submissions on the draft reorganisation proposal early in 2014.

Wellington: The Local Government Commission has issued a summary of the proposals for reorganisation of local government in the Wellington region. It will consider the proposals before issuing and seeking submissions on a draft reorganisation proposal, which is expected in early 2014.

The reorganisation of local government structures in the Wellington region could have a significant impact on planning and operation of the region's land transport network. To date, we have adopted a principle-based approach to the outcomes we seek from reorganisation, remaining neutral in respect of any particular proposal to ensure that we both protect our reputation, and we maintain our existing relationships.

Christchurch: We continue to work closely with other central government agencies and the Canterbury Earthquake Recovery Authority on a number of transport initiatives, including the draft Land Use Recovery Plan. The plan will provide a land use planning response for recovery and improve integration between infrastructure and land use. The draft Land Use Recovery Plan for Greater Christchurch has been through public consultation and is awaiting ministerial approval to become operative before the end of the year.

We continue to support the Greater Christchurch Transport Statement along with all the other signatory partners (Christchurch City Council, Waimakariri District Council, Selwyn District Council, Environment Canterbury, KiwiRail, Lyttelton Port Company, and Christchurch International Airport). The Transport Statement provides a transport framework for Greater Christchurch and is the foundation for a "one network" approach for transport programmes and investment

strategies. We are leading the Lyttelton Access Study, and the Greater Christchurch Freight Study. We are also a key partner on the south-west and northern Christchurch transport network reviews.

KEY OPERATING ASSUMPTIONS

2013/14 assumption: Revenue inflows remain below NLTP forecast, but in line with revised SOI forecast

Result: National Land Transport Fund in line with revised SOI forecast; lower than NLTP forecast

- 2012-15 NLTP revenue is \$300m lower than the published NLTP and \$500m lower than the October 2012 forecast, but
- Revenue is tracking the 2013-16 SOI forecast closely

Result: Fare revenue picking up

- Fare increases and/or growth in public transport boardings pushes up revenues in 2012/13 Q4
- Wellington reports patronage increases after consecutive decreases

Result: Local government financial health deteriorating

- Altman Z-Scores suggest that the financial health of local councils has been good
- Altman Z-Scores based on long term plans suggest a decline in financial health over the next couple of years
- Auckland is financially constrained and further deterioration is expected in the near future

2013/14 assumption: Strong \$ and industry competition to keep input *prices* in check

Result: Construction prices benign

- Civil construction prices rose by 0.3% in 2012/13 Q4 (compared to a year ago)
- Construction services output prices rose by 1.0% in 2012/13 Q4
- Reseals cost per square metre down 4.5% in 2012/13 (compared to the previous year)

Result: Steel prices softening

- US\$ global carbon steel prices were 4.5% lower in September 2013 (compared to a year ago)
- NZ\$ primary steel prices were 0.6% lower in 2012/13 Q4 (compared to a year ago)

Result: Oil prices flat

- US\$ crude oil prices are slightly weaker
- NZ\$ maintains strength against the US\$, but NZ retail petrol prices rise by 0.5% in September 2013 (when compared to a year ago)

2013/14 assumption: Consumer confidence to boost demand for personal travel

Result: Auckland confidence declining, but signs of a turnaround now evident

- VKT fell by 4.5% for the year ended 30 June 2013
- *But* passenger vehicle counts rose 1.3% for the three months ended August 2013

Result: Wellington reversing a downward trend

- VKT rose by 2.5% for the year ended 30 June 2013
- Vehicle counts increased by 0.8% for the three months ended August 2013

Result: Christchurch flat but starting to soften

- VKT flat-lined at 0% for the year ended 30 June 2013
- *However*, vehicle counts increased by 3.8% for the three months ended August 2013 (4.8% in the preceding three months)

Result: Rest of New Zealand – flat and sluggish (in line with slower income growth)

- VKT eased by 0.2% for the year ended 30 June 2013
- *But* vehicle counts rose by 0.1% for the three months ended August 2013 (after contracting 2.6% in the preceding three months)

2013/14 assumption: Freight demand to be boosted by economic growth and better regulations

Result: Auckland - late turnaround in freight activity now evident

- Freight travel fell by 5.1% for the year ended 30 June 2013
- *But* heavy vehicle counts rose by 7.7% for the three months ending August 2013

Result: Wellington starting to build momentum from low base

- Freight travel rose by 3.4% for the year ended 30 June 13
- Heavy vehicle counts rose by 5.2% for the three months ended August 2013

Result: Canterbury reflecting post quake revival

- Freight travel grew by 4.5% for the year ended 30 June 2013
- Vehicle counts rose by 10.1% for the three months ended August 2013

Result: Rest of New Zealand shows signs of weakness

- Travel fell by just under 0.1% for the year ended 30 June 2013
- Vehicle counts fell by 4.2% for the three months ended August 2013

2013/14 assumption: Public transport patronage to increase

Result: Auckland patronage shows tentative signs of a recovery

- Public transport patronage fell by 0.2% in 2012/13 Q4 (compared to the same period in the previous year) - a fourth consecutive quarterly decline
- Bus patronage dropped by 0.9%, while rail patronage grew by 3.2% during the same period

Result: Wellington recovery reflects service level improvements

- Public transport patronage rose by 3.6% during 2012/13 Q4 (compared to the same period in the previous year) - this follows five consecutive quarters of decline
- Both bus and rail patronage showed positive growth during the quarter

Result: Canterbury reflects settling down in post earthquake period

- Public transport patronage rose by 9.8% during 2012/13 Q4 - marginally down on the previous quarter and significantly lower than the double digit growth achieved a year ago

2013/14 assumption: Vehicle and driver licence transaction volumes to increase

Result: Motor vehicle licence volumes reflect shortening frequency of purchases

- Transaction volumes rose by 4.9% in 2013/14 Q1 (compared to the same period last year) and by 4.0% when compared to the preceding quarter

Result: Road user charges (RUC) licence volumes reflect changes to the RUC system

- Transaction volumes fell by 0.7% in 2013/14 Q1 (when compared to same period last year), *but* still grew by 3.0% compared to the previous quarter

Result: Driver licence volumes reverse a previously declining trend

- Transaction volumes grew by 12.4% in 2013/14 Q1 compared to the same quarter in the previous year.

OPERATING RISKS

Q1 The key high risks that may affect our performance and progress in the future, and how we are managing them

	Risk description Cause of risk and consequences of risk	Likelihood	Impact	Actions and controls already in place to address risk	Planned risk treatment actions
1	<p>New risk: NLTF revenue and commitments</p> <p>Revenue forecast uncertainty is growing in both short and long term. The risk is compounded by the growing proportion of revenue that is tied to long term commitments, including debt financing.</p>	Likely	Substantial	<p>Flexible management of whole programme</p> <p>Maximising tolling revenue</p>	<p>Explore further revenue diversity</p> <p>Develop NLTF debt management strategy</p> <p>Explore methods of hedging risk</p>
2	<p>Road network outage</p> <p>Network outage/delays or significant hazard created due to poor management of response to accident, slip or weather event</p>	Unlikely	Substantial	Professional competency, emergency response procedures and linkage to contracts, risk management.	Network resilience project; significant work underway to test understanding of issues and to ensure the controls are adequate
3	<p>Large project costing</p> <p>There is a risk that one of a number of large highway projects may overrun the contract price and compromise the overall programme</p>	Unlikely	Substantial	Business processes, risk management	Retain focus on value for money to minimise costs
4	<p>Maintenance and operations review</p> <p>Desired maintenance and operations outcomes may be compromised if the new model is not implemented and embedded in a timely manner.</p>	Possible	Major	<p>Communities of interest established to ensure role consistency across the Highways group.</p> <p>Clear accountabilities in place for making the new model work (Tier 2 Highway Managers and Regional Performance Managers)</p> <p>Maintenance and operations champions established to maintain the integrity of key roles in the new model</p> <p>Maintenance and operations specific induction being designed to ensure successful recruitment process</p>	Refreshed risk; update to be provided in quarter two.

	Risk description Cause of risk and consequences of risk	Likelihood	Impact	Actions and controls already in place to address risk	Planned risk treatment actions
5	<p>Rail safety regulation</p> <p>There is a risk that the Agency's role as the rail safety regulator in securing the safe operation of the rail transport network is not effective.</p>	Possible	Major	A review of the Rail Safety Function has been initiated to assess current performance against best practice.	Develop and implement an action plan to improve the effectiveness of the rail safety function. Actions will be focused on immediate improvement through to medium and long term (3 to 6 months).
6	<p>New risk: network classification</p> <p>There is a risk the policy implementation work including performance measures to optimise investment based on the one network classification will not be completed / accepted for inclusion in the 2015-18 National Land Transport Programme.</p>	Likely	Moderate	Develop an investment policy approach to respond to one network classification	<p>Support the engagement process on one network classification in the regions</p> <p>Implement the one network classification customer levels of service and determine associated performance measures</p> <p>Develop investment policy approach to respond to one network classification</p> <p>Align the understanding of the one network classification system with Road Controlling Authority partners, Local Government New Zealand, the Society of Local Government Manager and the Institute of Public Works Engineering Australasia, and its use in investment decisions</p>
7	<p>Canterbury rebuild - governance and management</p> <p>The lack of effective governance and management controls, timely decision making and monitoring could significantly affect the ability to maintain rebuild momentum and confidence</p>	Likely	Moderate	Continue working with the Client Governance Group and key stakeholders to develop and implement effective governance structures, management frameworks including audit and monitoring procedures, and value for money metrics.	<p>Working with the Client Governance Group and the independent reviewer to establish a sound base to measure the Alliance / rebuild of value for money metrics and performance monitoring.</p> <p>Governance change has been approved by the Minister for Canterbury Earthquake Recovery.</p> <p>Detailed management structure changes are still being resolved with CERA and CCC.</p> <p>We need to continue to work with CERA and Treasury to ensure our interests are appropriately provided for.</p>

	Risk description Cause of risk and consequences of risk	Likelihood	Impact	Actions and controls already in place to address risk	Planned risk treatment actions
8	<p>Business continuity plans (BCP) <i>(includes disaster recovery)</i></p> <p>There is a risk of an ineffective business continuity and disaster recovery (DR) response due to a lack of integrated planning. This risk is elevated in Palmerston North due to possible delays in restoring the call centre and motor vehicle register operations, and in our 24x7 operations (e.g. traffic operations centres) where we may not meet current business operating needs.</p> <p>This risk also includes possible business failures at transaction service providers (agents) which may affect our service levels and could result in non collection of revenue.</p>	Possible	Substantial	<p>A refreshed business continuity framework focusing on critical business activities has been developed. The organisation is setting the pace for this work.</p> <p>The Board receives regular updates on the status of business continuity and disaster recovery.</p> <p>Agent BCP risks are being given more emphasis through procurement, management and performance monitoring of agent contracts.</p>	<p>A review of current DR plans is required to ensure alignment with the business impact analysis information gathered through the wider business continuity work. This will be run as an IS project. A business case is due in February 2014.</p> <p>System DR testing is being extended to include actual testing at a transaction provider's site (previous tests used simulation only). The first test will be conducted in quarter two. Further practice exercises and cross training of staff is planned.</p> <p>Technology support requirements are currently being discussed to agree timelines with the business. Risk certificates will be issued to the business in quarter three if their DR expectations cannot be met.</p> <p>Business continuity is now a consideration when agent contracts come up for review or procurement in the next 24 months.</p>
9	<p>New risk: information security</p> <p>There is an on-going risk of unauthorised access from cyber-attacks to information used by systems hosted by NZTA or by vendors using external sites.</p>	Possible	Substantial	<p>Security architect reviews IS project managed designs for security controls.</p> <p>Two external sites per year undergo security vulnerability tests.</p> <p>Monthly scan of external facing systems to ensure known security vulnerabilities are not introduced.</p> <p>Password security has been strengthened to meet GCSB recommendations.</p> <p>Monthly and urgent security patching/fixes applied to Transport Agency systems and firewalls.</p>	<p>Complete the security framework, which includes a full set of policies, standards and guidelines and ensure information security is designed into solutions and included in vendor contracts.</p> <p>Security programme will advance awareness and education, reducing the likelihood of this risk.</p> <p>Where relevant, project implementation will be delayed until security reviews and privacy impact assessments are completed.</p>

	Risk description Cause of risk and consequences of risk	Likelihood	Impact	Actions and controls already in place to address risk	Planned risk treatment actions
10	<p>Privacy breaches</p> <p>People's privacy could be breached through the accidental release of information or through unauthorised or illegal access to our systems which would result in reputational damage</p>	Possible	Major	<p>Information Services (IS) penetration testing has been undertaken and we are confident the risk of unauthorised parties accessing our sensitive data is very low.</p> <p>Automated systems are being developed where possible to reduce the risk of inadvertent release of private information. For example, Intellidox enables the automated merging of data within letter templates.</p> <p>Ongoing communication to ensure people are aware and are self managing risk, and there is knowledge of clear management process when a breach occurs.</p>	<p>The IS security programme is under continuous improvement and being reviewed by IS in the light of the GCIO recommendations.</p> <p>Assurance and Risk are maintaining an assurance overview of all the work.</p>
11	<p>Document management system - fitness for purpose</p> <p>There is a risk that our document management system will not meet the Transport Agency's Information Strategy requirements. Users will not see the value in using our document management system and will store documents elsewhere and the benefits of purchasing the product will not be realised.</p>	Possible	Major	<p>Subject matter experts and champions at all sites.</p> <p>Dedicated IS resource to support stabilisation.</p> <p>Dedicated vendor support to ensure stabilisation.</p>	<p>JSymmetric and IBM have visited to provide targeted remediation activities from September 2013.</p> <p>All of Govt options are being considered as well as other options (including piloting a managed shared drive). This will provide the information we need to make a decision about our future content management platform.</p> <p>A risk certificate may be presented for what cannot be mitigated.</p>
12	<p>Threats to a strong reputation and public profile</p> <p>Limited visibility of depth and breadth of the Transport Agency activities and offering to customers and stakeholders. The risk is exacerbated by inconsistent engagement with the local authority partners with whom we deliver transport activities.</p> <p>The realisation of the risk would detract from our ability to influence stakeholders as we integrate one network for customers and shape smart choices.</p>	Possible	Moderate	<p>Key stakeholder relationships and memorandum of understandings.</p> <p>Annual stakeholder survey.</p> <p>Proactive communications and media plan on broader range of activities and investments.</p> <p>New initiative to ensure the Government and the Transport Agency are acknowledged for contributions across transport.</p> <p>Negotiating dual branding with certain partners.</p> <p>Annual General Meetings.</p>	<p>Logo use an expectation of funding for Approved Organisations in the 2015-18 National Land Transport Programme.</p> <p>Co-branding for capital projects and new contracts.</p> <p>Co-branding with agents.</p>

OUR 6 KEY RESULT AREAS

- No issues / on-track / achieved
- Issues but active mitigation in progress
- Significant issues or risks / off-track / not achieved

Key result area	Number of objectives that are on track or achieved	Number of objectives that have minor issues	Number of objectives that have significant issues
1. Priority 1: Putting customers at the heart of our business	3		
2. Priority 2: Making the most of urban network capacity	3	1	1
3. Priority 3: Moving more freight on fewer trucks	3	1	
4. Priority 4: Safe speeds to reduce deaths and serious injuries	1	1	
5. Priority 5: Efficient road maintenance investment and delivery	3	3	
6. Long-term goals	41	2	1

The following pages present the detail on the objectives, focusing on those that have issues, i.e. those that are amber or red in the above table.

PRIORITY 1: PUTTING CUSTOMERS FIRST

Our aim is to put customers at the heart of our business.

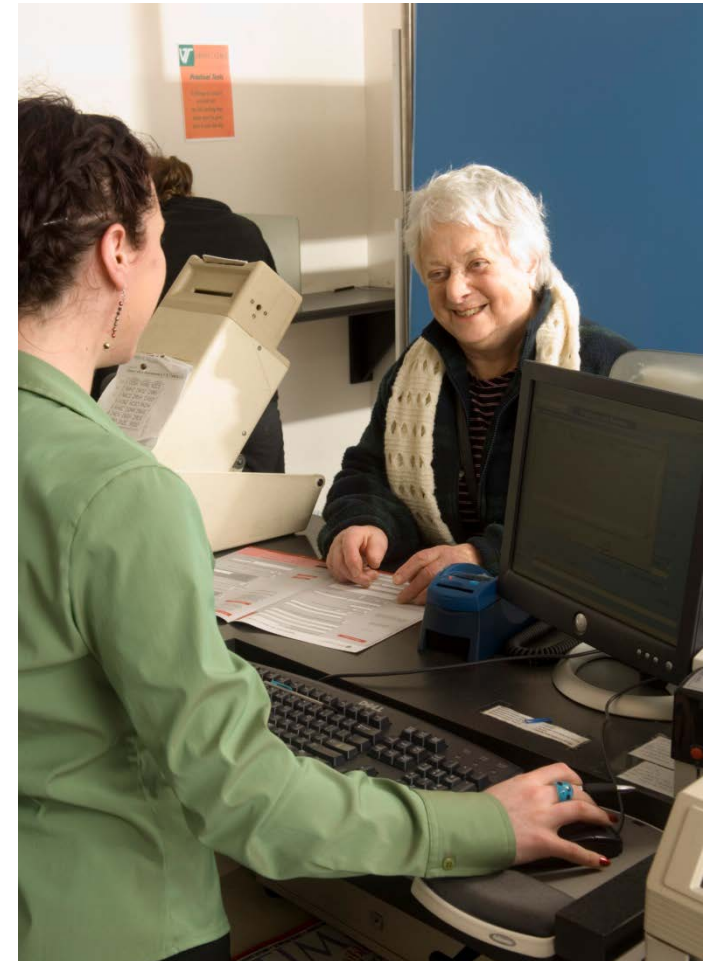
Q1: Good progress has been made against all three milestones

In this quarter we have:

- made good progress on all three of our milestones

A number of capability building initiatives are being explored and key communication messages around the 'NZTA Way' are under development. There is agreement on the scope of the initiatives and the direction of the communications plan. While the resource implications still remain unclear, it is expected that this should not pose a major problem since it is a continuation of the status quo.

Next steps include identifying selected initiatives for further exploration, communicating the 'NZTA Way' key messages and developing the 'NZTA Way' portion of the induction programme.



Feature

Learning from and helping our customers

The Transport Agency has been walking the talk when it comes to 'Putting customers at the heart of our business'.

Access and Use delivery leaders hit the streets to talk with our customers to understand what our customers thought about using our transaction site for online vehicle licensing, finding out what was working, and what wasn't.



Priority 1 | Putting customers at the heart of our business

The day covered a lot of ground, but one of the most interesting parts was when the group went out and actually asked our customers what they thought – and then reported back on their findings. They had just three hours to canvas three different demographic groups:

- customers under 25 years old
- customers between 25 and 59 years old
- customers over 60 years old.

The group broke up into teams and approached the task with gusto, ranging far and wide as they talked to nearly 300 people on the streets of Palmerston North, and via our contact centre. Instead of brushing us off, customers were thrilled to be asked for their ideas and were generous with their feedback.

“Learnings from the day provided input into key projects for Access and Use, including the Access and Use Roadmap. They also helped with identifying what we need to do to create something the customer can use more easily, and to shape smaller changes that were already underway, such as improving our online services.” says Robyn Elston, National Manager Delivery.

It was also a great opportunity for the busy delivery leadership team to talk with a cross-section of New Zealanders about the services we offer.

Gathering customer feedback and complaints

In September we took a major step towards better understanding the needs and concerns of our customers with the introduction of an easy to use agency-wide customer feedback and complaints process.

Customers are now able to submit their comments by completing an online form on the Transport Agency website, or by filling in a form at one of our reception areas. The Customer Response team in Palmerston North forward these complaints (via business group contacts) to the person best suited to handle them.

Why the new process?

Customer feedback is one of the greatest sources of learning we have as an organisation and the new process seeks to actively capture this invaluable source of information. These insights will help us to continuously improve, helping to bolster the organisation's reputation and the trust customers have in us.

Several key principles underpin the new process:

- **There is no wrong door** – Customers can lodge a complaint or comment with us through any contact point.
- **Early triage** – If you are the customer's first contact and you can resolve the issue immediately, then do it.
- **Ownership** – As an agency we are pledging to have the person best able to address a complaint contact the customer within two working days of receiving it.

PRIORITY 2: URBAN NETWORK CAPACITY

Our aim is to make the most of urban network capacity

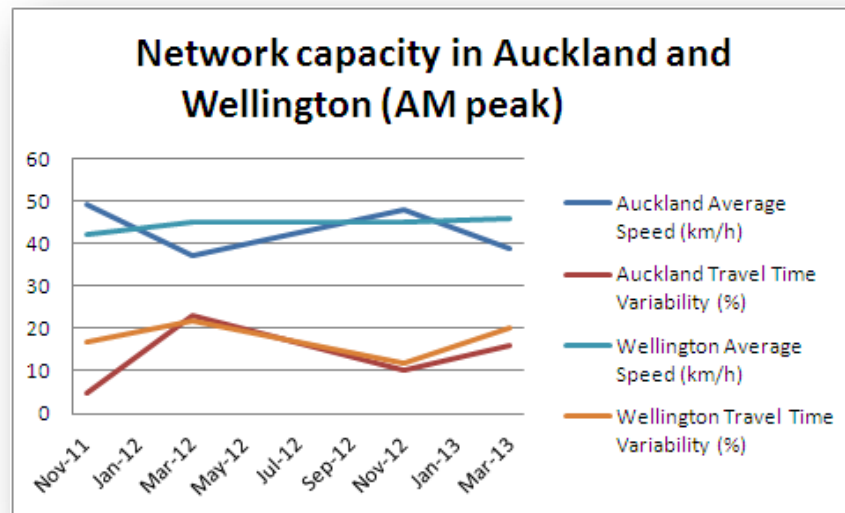
Q1: Variable progress, with two areas to watch.

In this quarter we have:

- made good progress on three of our deliverables
- made variable progress on two of our deliverables

Success indicator

Milestones for 2013/14	Q1 progress	Status
Network operating plans completed in Auckland, Wellington and Christchurch (including public transport)	Good progress on completing network operating plans by Christmas 2013. The work needed now is to use the plans so that we can identify the key parts of the network to address. We need to continue to work hard with our partners to keep this "one network" work progressing.	●
Wellington Transport Operating Centre is operational between Wellington City Council and NZ Transport Agency, with all councils committed to join	We are making better progress due to improved relationships. However, we are behind our programme which was implementation by 1 July 2013. We expect this will now occur by 1 July 2014.	●



Feature

Christchurch's new Transport Operations Centre launched.



Environment Canterbury Acting Chief Executive Jill Atkinson, left, Christchurch City Council Acting Chief Executive Jane Parfitt and Transport Agency Chief Executive Geoff Dangerfield have launched the Christchurch Transport Operations Centre to make it easier for everyone to move around the city.

A partnership between the Transport Agency, the Christchurch City Council and Environment Canterbury, the Christchurch Transport Operations Centre (CTOC) will monitor and better manage Christchurch's roading network.

The three organisations have signed a partnership agreement to work together to make it easier for everyone to move around the city by improving traffic flows on both local roads and the state highways. This will minimise delays and detours, thereby reducing congestion and driver frustration.

Based at the Civic Building in Hereford Street, CTOC will monitor what is happening on the road from live video links across the network, they will undertake a range of real-time traffic surveys to identify hotspots and map network improvements, review and map temporary traffic management plans to get the city moving better and continually be looking to new innovations to improve traffic flows.

Road users can keep informed with what is happening on the network and easily plan their journeys by going online at transportforchristchurch.govt.nz. It has all the latest, most up-to-date and reliable traveller information. And if wanting to stay updated while on the move, road users can download the free app on the website.

A range of new initiatives is being developed, including being able to sign up for email and text alerts for the roads they regularly use.

PRIORITY 3: MORE FREIGHT ON FEWER TRUCKS

Our aim is to move more freight on fewer trucks

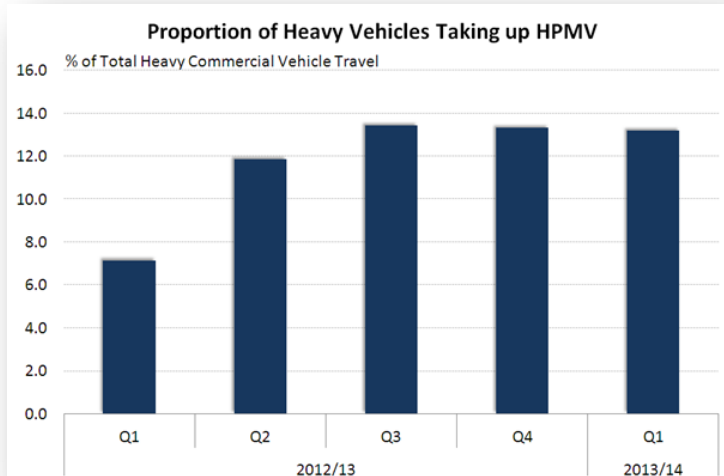
Q1: Good progress, with one area to watch.

In this quarter we have:

- made good progress on three of our milestones
- not met one of our quarter one milestones

Success indicator

Milestones for 2013/14	Q1 progress	Status
All HPMV permits for state highways are approved within five working days	<p>There is still work to do here as our attention has been on developing a streamlined 50Max area-wide permitting process that takes less than five working days.</p> <p>Performance benchmark:</p> <ol style="list-style-type: none"> Lead time as at 30/6/13 - 7 weeks Lead time as at 30/9/13 - 5 weeks Average daily demand has increased over the last 12 to 18 months from a level of 4 to 5 per day to the current level of 11 per day These numbers are an average for the country as a whole. <p>For non-50 MAX HPMV permits while current performance of the permitting process has improved slightly, significant variations are experienced throughout the country. To respond to these regional variations a business case has been prepared for a National Permit Manager to oversee the permit process performance and drive performance improvements.</p>	●



2016 target: 30%

Feature

50MAX roll-out

50MAX are a new generation of high productivity motor vehicle (HPMV) that allows safer and more efficient freight transport. In many ways 50MAX exemplifies how we are achieving our goal of creating transport solutions for a thriving New Zealand.

50MAX combinations have an additional axle compared to conventional 44 tonne combinations, meaning the payload is spread further so there is no additional wear for the extra five tonnes of freight. 50MAX gives operators an option to carry increased payloads on the wider network that, while economically important to New Zealand, carry lower volumes of freight. The productivity benefits from reduced trips, will lead to economic benefits for producers, consumers and our communities.

These productivity benefits are around ten percent per trip. 50MAX also offers road users and communities improved road safety because of the reduction in truck trips. Fewer truck trips reduce the crash risk.

In Q1 we launched a 50MAX trial, with area-wide 50MAX permits available for state highways and some Bay of Plenty local roads. Our 50MAX regional champions are now seeking delegation from local councils for access to their local road networks.

High productivity motor vehicle: 23-25 metre trial

During Q1 there were some media coverage about the introduction of these “monster trucks” and by implication the safety risks longer HPMVs pose. As part of the *moving more freight on fewer trucks* priority we are halfway through a two-year trial into the operation of 23 to 25-metre combinations (23-25 metre HPMVs). This includes communicating with the New Zealand public about what the trial is doing and what the safety and efficiency benefits are.

These longer HPMVs differ from those measuring up to 23 metres (known as proforma HPMVs), which have been operating since 2010 across the network without any safety problems. 23-25 metre HPMVs can only access specific routes where safety is not compromised. They must meet strict performance standards to ensure their safe operation. Each route has been assessed by a professional engineer or industry specialist and operators need a travel plan.

The trial is looking at any benefits and problems that emerge to determine a final access framework for 23-25 metre HPMVs. While these vehicles are unsuitable for much of the network, there will be routes where they can operate safely and productively.



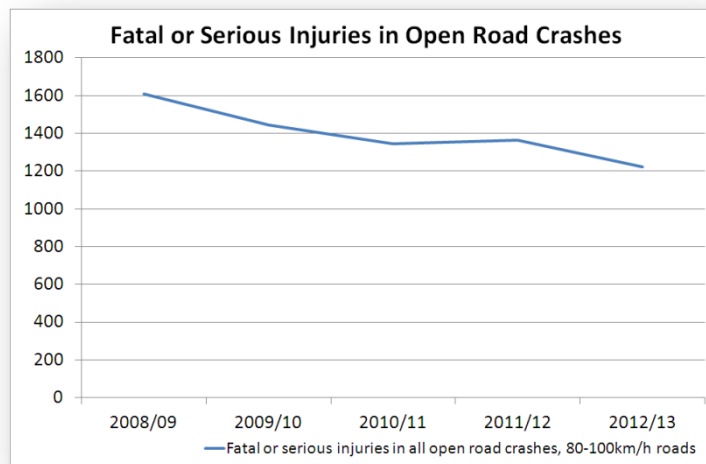
PRIORITY 4: SAFER SPEEDS

Our aim is that safe speeds reduce deaths and serious injuries

In this quarter we have:

- made good progress on one of our deliverables
- made variable progress on one of our deliverables

Success indicator



2016 target: 1,107

Q1: Variable progress with one area to watch.

Milestones for 2013/14	Q1 progress	Status
Develop a comprehensive, long-term communication and engagement programme to increase partner, stakeholder and public understanding of, and support for, safe speeds. This will have a strong education focus	<p>The first phase of stakeholder and partner engagement and communications is well underway (refer above).</p> <p>Public engagement and communications planning is behind schedule due to Transport Agency/MoT resource constraints (now resolved).</p> <p>The Assignment Group has recently been brought onboard to ensure sufficient momentum and expertise is focused on this critical task from now on.</p>	●

PRIORITY 5: EFFICIENT ROAD MAINTENANCE

Our aim is efficient road maintenance investment and delivery

In this quarter we have:

- made good progress against three of our six deliverables
- made variable progress the remaining three deliverables

Q1: Variable progress, with three areas to watch

Milestones for 2013/14	Q1 progress	Status
Conversations with and between all roading controlling authorities (RCAs) and business cases for the 4 to 5 early adopters	Business cases are in development for four RCAs. The Gisborne business case has been accepted by the Agency and Gisborne District Council. Progress in other areas has been slower than anticipated.	●
Asset management plans (AMPs) developed and implemented consistently throughout NZ Differences in AMPs identified and remedial measures explored	The work programme for the development of asset management plans (AMPs) is partly covered by a Roding Efficiency Group (REG) approved asset management best practice working group terms of reference, but needs to be made more transparent. Internally, our Planning & Investment and Highways & Network Operations groups have joined forces on the strategic business cases for the SHAMP. We are targeting October 2013 for signing off the strategic business case for the SHAMP prior to Board engagement in accordance with the NLTP timeframe. Expectations of engagement in regions have been discussed but yet to be rolled out fully.	●
The long term programme of investment is clarified	The work required for the development of the long term programme of investment is partly covered by a REG approved asset management best practice working group schedule. The focus in quarter two will be on progressing the work undertaken by REG.	●

Feature

OMC is go in Marlborough

The new Outcome Maintenance Contract is now operating across Marlborough's entire road network.



Marlborough's roads now operate under the new Outcome Maintenance Contract (OMC) thanks to the dedicated efforts of a combined regional and national team working alongside our contractors.

As the Maintenance and Operations (M&O) review developed, the Marlborough Transport Agency office decided to use it as an opportunity to work collaboratively and land the new OMC in the region.

In December last year, Marlborough Roads, HEB and Opus signed a "Heads of Agreement" document which provided the framework to convert the existing contracts.

Wayne Oldfield (Maintenance Contract Manager, Marlborough) and the National Office procurement team then worked together to write the Marlborough version of the OMC and manage contract conversion negotiations, and following a great teamed-up effort, the new contract came into place, as planned, on 1 July.

Under the new OMC, HEB and Opus signed a joint venture and will deliver the OMC across both the Marlborough District and Marlborough state highway network.

This process is all about outcomes, and the desired outcomes for the Marlborough conversion process is to achieve savings of around 5% (or \$600,000 per annum), have no reduction in the levels of service, and to prove that the OMC is viable for use in a "one network" environment.

After three months the relationship Wayne now has with our supplier (a joint venture between HEB and Opus) is establishing respect all round, the contractors understand the network outcomes contract, the first claim is in and things seem to be ticking along nicely.

The work of our Journey Manager, Steve Murrin is a "work in progress". The recent earthquakes were an opportunity for further development when Steve became our main contact in the emergency ops centre. He had an information flow to the council, which ran an up-to-the-minute public information website - a great example of using a one-network approach to communicate the impacts on our Marlborough networks.

Since the earthquakes, Steve has liaised with the Road Transport Association of NZ and has experienced first-hand the impacts earthquake damaged roads have on freight movements by getting out there in one of their trucks. What is okay in a car will not necessarily be acceptable in a large truck and Steve's initiative has enabled us to pick up sections of our state highways that may need work as a result of the earthquakes.

KEY RESULT AREA 6: LONG-TERM GOALS

In this quarter:

- we have made great progress with 41 of our 44 quarter one milestones achieved
- we have not met three of our quarter one milestones



Q1: Great progress toward our long-term goals this quarter, with 41 of our 44 first quarter milestones met; however, the following three need to be watched.

Objective 7: Greater resilience of the state highway network

Milestones for 2013/14	Q1 progress	Status
Business case for national interventions for natural disasters on the State Highway network is completed	We have completed the strategic case, which is the first stage in preparation for the business case. The strategic case focuses on the problems we are trying to solve and the opportunities for improved performance. However, we are behind schedule.	●



Objective 10: Align investment to agreed national, regional and local outcomes, and improve value for money in all we invest in and deliver

Milestones for 2013/14	Q1 progress	Status
<p>Adjust 2012–15 NLTP investment to match revenue to deliver maximum returns</p>	<p>Regular meetings have been held by the Cash Flow Management Group (including representation from our Planning and Investment and Highways and Network Operations groups, and Finance) to discuss changes in revenue, forecast issues and expenditure.</p> <p>To mitigate the impact of reduced revenue, we have adjusted down our activity class allocations for the three years and confirmed priority order 3 as the investment threshold for improvement activities. Also, some projects previously signalled in the State Highway Plan (issued in April/May 2013) will no longer be delivered.</p> <p>We are working with the Ministry of Transport to move from operating the revenue model to a revenue modelling approach.</p> <p>As a result of revised revenue forecast, Highways have reviewed their programme and are making adjustments to stay within acceptable levels of over programming. This will mean that we will not deliver some projects previously signalled in the State Highway Plan issued in April/May 2013. This will also impact some R-funded projects important to regions.</p>	
<p>Complete the prioritised 2013/14 work programme on time and within budget <i>(Note: shared milestone with CERA, SCIRT and CCC)</i></p>	<p>The prioritised implementation programme has been approved by the Client Governance Group (CGG) and is being implemented by SCIRT (some minor delay on pressure sewage installations). However the Crown/Council cost sharing agreement requires the programme to be reviewed and further savings to be found. The cost sharing agreement should mitigate our risk by capping our costs. Governance review completed and awaiting Minister / Mayor approval.</p>	

FINANCIAL & SERVICE DELIVERY RESULTS

FINANCIAL PERFORMANCE

National Land Transport Fund (NLTF)

In this quarter:

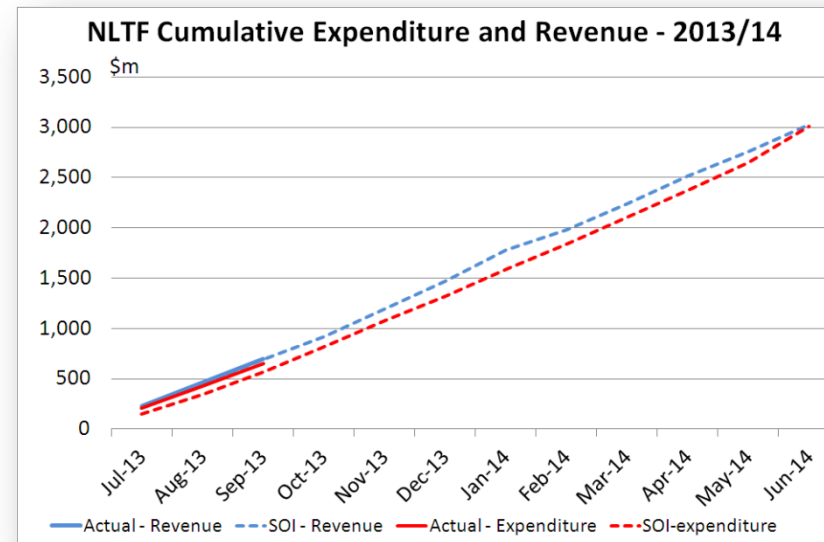
● **Revenue is in line with the SOI.** This is a net result of RUC revenue being 2% higher than planned (mainly due to unbudgeted recovery of identified "RUC evasion" revenue) offset by management of Crown land and interest (\$1.4m less than anticipated) and FED revenue being lower than originally modelled (by less than 1%).

There is a degree of uncertainty around FED revenue, which is currently oscillating around our SOI projection. The current SOI budget is lower than the published NLTP, which is itself lower than the October 2012 forecast factoring in the three cents per litre increases. Refer to page 4, under "Managing revenue and expenditure uncertainty", for further detail on this.

Future revenue trends will be reviewed as part of the current October baseline update.

● **The most significant outflow**, the distributions to the National Land Transport Programme, is **\$77m higher than budget**. In addition to NLTP expenditure being ahead of budget, this variance is attributable to an assumption made in the budget that the \$120m Tauranga eastern link borrowing facility would be partly in use at the end of the first quarter. As this facility has not been drawn upon yet, all of the NLTP expenditure to date is funded from the NLTF.

● **The result of the above is a current net surplus of \$47m (\$70m lower than expected).**



National Land Transport Fund - Statement of comprehensive income for the three months ended 30 September 2013

	Year to date			%	Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000		\$000
Income inflows					
Land transport revenue - FED	347,255	348,331	(1,076)	(0%)	1,589,895
Land transport revenue - RUC and other revenue	329,081	323,166	5,915	2%	1,344,348
Management of Crown land and interest	17,745	19,150	(1,405)	(7%)	90,600
	694,081	690,647	3,434	0%	3,024,843
Outflows					
NZ Transport Agency/NLTP	573,245	496,190	(77,055)	(16%)	2,692,890
NZ Police	71,816	75,202	3,386	5%	306,667
Search and rescue	1,760	1,752	(8)	(0%)	7,009
	646,821	573,144	(73,677)	(13%)	3,006,566
Net surplus/(deficit)	47,260	117,503	(70,243)	(60%)	18,277

New Zealand Transport Agency (NZTA) expenditure

In this quarter:

- Total NZTA expenditure is \$8.7m (1%) over budget.
- NZTA operating expenditure is in line with the SOI.

The \$0.2m under-spend on NZTA operating expenses is the net result of project delays and savings partly offset by higher commission and personnel costs.

- **Delays in projects \$0.9m.**
 - Mainly from IT costs relating to the RUC trade plates project (\$0.6m)
 - Professional services \$0.3m under budget mainly due to National Integrated Ticketing programme
- **Savings of \$0.4m.** Largely due to IS licensing cost efficiencies
- **Commissions \$1.4m over-budget.** These costs are driven by higher than budgeted driver testing volumes and are associated with higher revenue (see Access & Use section).
- **Personnel costs** are \$0.4m above budget as a result of an adverse leave balance of \$0.4m (where leave earned exceeds leave taken)

● Outturns

The year-end outturn has been adjusted to reflect:

- Commission and transaction cost trends (\$4.1m higher than budget), which will be offset by higher volume-related revenue.
- A lower spend in personnel costs (\$1.8m) reflecting a lower forecast FTE count than was budgeted for. We anticipate the lower personnel costs will be offset by higher spend in professional services (\$1.8m)

Q1: Overall expenditure is 1% higher than budgeted

Total expenditure on land transport including NZTA operating expenditure for the three months ended 30 September 2013

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
NZTA contributes to:								
Managing state highways	387,268	378,665	(8,603)	(2%)	1,708,465	1,693,865	(14,600)	(1%)
Planning and investing in land transport	193,275	193,482	207	0%	1,194,969	1,203,659	8,690	1%
Access to the land transport system	38,353	38,065	(288)	(1%)	154,001	149,872	(4,129)	(3%)
Total expenditure	618,896	610,212	(8,684)	(1%)	3,057,435	3,047,396	(10,039)	(0%)

This table shows the expenditure the Agency incurs managing the delivery of its output classes:

NZTA operating expenditure for the three months ended 30 September 2013

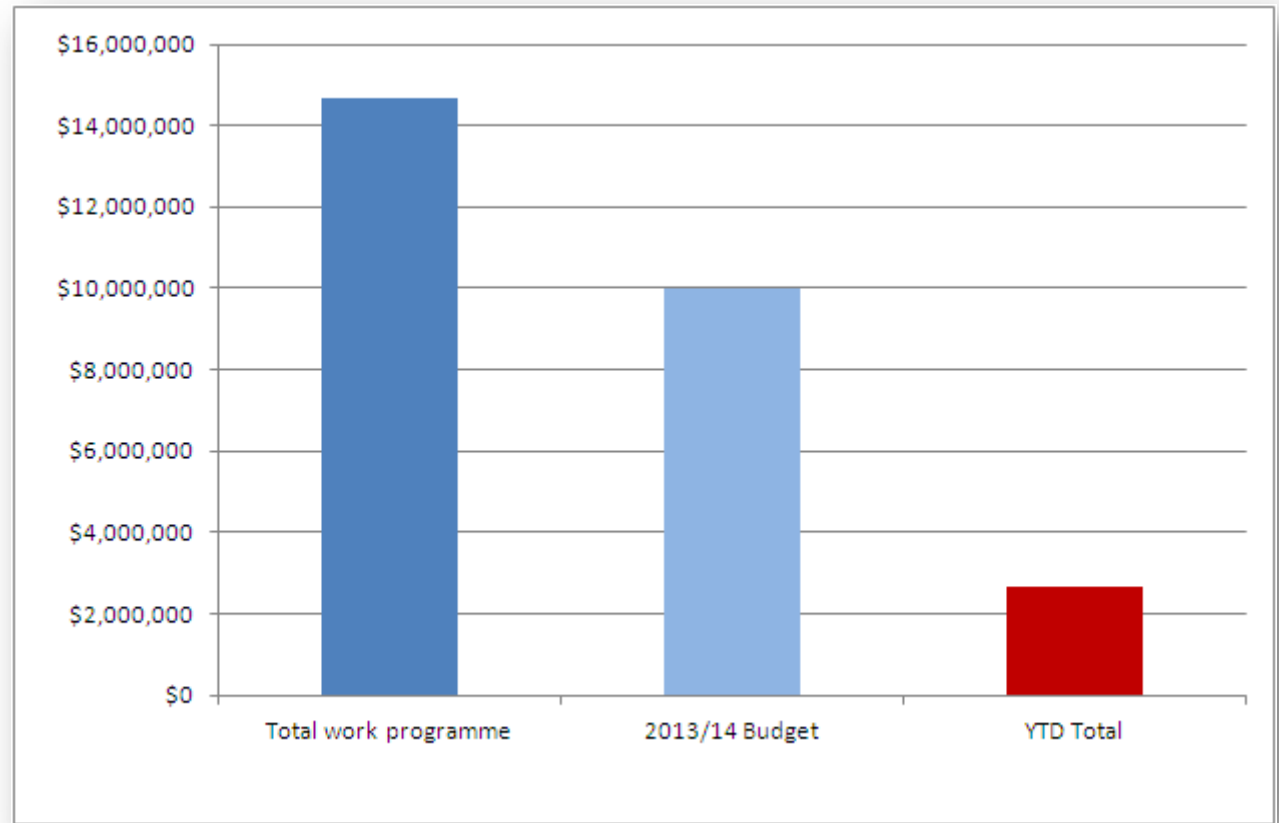
	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
Our expenses classified by:								
Personnel costs	29,448	29,060	(388)	(1%)	115,094	116,920	1,826	2%
Operating expenses	36,268	36,474	206	1%	148,850	142,895	(5,955)	(4%)
Depreciation and amortisation expense	2,100	2,351	251	11%	8,566	8,566	0	0%
Total expenditure	67,816	67,885	69	0%	272,510	268,381	(4,129)	(2%)

●

Capital programme

- The 2013/14 budget is \$10.6m. Subsequent to the approval of this budget, carry forwards of incomplete but approved projects from the 2012/13 year (\$4.1m) have been taken into account. The work programme is therefore \$14.7m.
- The larger projects in the \$14.7m spend include:
 - SAP - \$3.1m
 - Geospatial - \$2.3m
 - The IS Refresh programme (keeping hardware current) - \$2.3m
 - RUC assessment payment module - \$1.7m
 - VLR reform - \$1.3m
- At the end of the first quarter, we have spent \$2.7m, which is significantly ahead of the level we have historically been able to achieve at the end of quarter 1.

This graph shows capital programme spend for the three months ended 30 September 2013 and forecast for the year.



Access & Use

In this quarter:

The \$2m surplus puts A&U ahead of its budgeted deficit of \$0.6m.



Access & Use revenue is \$3m (8%) over budget.

- **Driver licensing and testing:** Revenue is \$1.6m ahead of budget and is driven by greater driver testing volumes than planned (learner tests are 23% ahead of plan while practical tests for restricted and full licences are running 42% ahead of plan). This trend looks likely to continue and we estimate the year-end outturn could be as high as \$50.2m, i.e. \$5.1m ahead of budget.
- **Motor vehicle registration:** Revenue is \$0.6m ahead of budget. While slightly higher volumes than budgeted drive higher revenue, most of the variance to budget is attributable to project cost recoveries and is not volume related.
- **RUC:** Revenue is \$0.3m ahead of budget at the end of September. Revenue is appropriated based on the expenditure incurred against this output class. The increase in transaction costs (see expenditure section) has been reflected in the revenue (RUC fee review paper is to be submitted to Cabinet before the end of December 2013). In line with this trend, the year-end outturn is estimated to be \$1.2m higher than budget.
- **Standards development levy and transport licensing fees:** Revenue is \$0.2m ahead of budget mainly due to higher than expected volumes of annual levies processed from passenger and goods transport service licence holders. This variance is due to timing only and is expected to subside as the year progresses.
- **Vehicle certification and other memo accounts:** Revenue is in line with budget. This is the net result of higher than forecast border inspection volumes partly offset by lower WoF and CoF pass rates (revenue recognition occurs when tests are passed and a label is issued).

Access to the land transport system – Financial results for the three months ended 30 September 2013

	Year to date				Year end			
	Actual	Budget	Variance	%	Outturn	SOI Budget	Variance	%
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Income								
Motor vehicle registration	13,961	13,349	611	5%	53,700	53,700	0	0%
Driver licensing & Driver testing	12,932	11,352	1,580	14%	50,200	45,100	5,100	11%
Standard development levy & Transport licensing	3,570	3,363	206	6%	13,700	13,700	0	0%
Vehicle certification - WoF	1,296	1,304	(8)	(1%)	5,452	5,452	0	0%
Vehicle certification - CoF & Other	442	537	(96)	(18%)	1,948	1,948	0	0%
Other	601	455	146	32%	1,820	1,820	0	0%
Subtotal - Memo accounts	32,801	30,361	2,440	8%	126,820	121,720	5,100	4%
RUC collection, investigation, and enforcement	5,127	4,865	262	5%	18,200	17,046	1,154	7%
Tolling	1,299	1,246	53	4%	5,696	5,696	0	0%
Other	1,171	966	205	21%	5,382	5,382	0	0%
Subtotal - Other	7,598	7,078	520	7%	29,278	28,124	1,154	4%
Total income	40,399	37,439	2,960	8%	156,098	149,844	6,254	4%
Expenditure								
Staff	8,817	9,285	468	5%	35,700	37,526	1,826	5%
Commissions	11,814	10,406	(1,408)	(14%)	44,500	41,594	(2,906)	(7%)
Transactions	4,826	4,596	(230)	(5%)	19,600	18,392	(1,208)	(7%)
Information Technology	3,863	4,427	564	13%	15,277	15,277	0	0%
Advertising, PR & Media	110	212	102	48%	962	962	0	0%
Professional Services	1,619	1,311	(308)	(23%)	5,770	3,929	(1,841)	(47%)
Other	1,671	2,227	556	25%	9,457	9,457	0	0%
Overhead - Accommodation costs	987	962	(25)	(3%)	3,818	3,818	0	0%
Overhead - Corporate	4,044	4,009	(35)	(1%)	16,412	16,412	0	0%
Overhead - Regional office	566	604	38	6%	2,393	2,393	0	0%
Overhead - Regional Directors	36	26	(10)	(38%)	112	112	0	0%
Total expenditure	38,353	38,065	(288)	(1%)	154,001	149,872	(4,129)	(3%)
Net surplus/(deficit)	2,046	(626)	2,673	(427%)	2,097	(28)	2,125	(7589%)

Outturns revised at the end of September 2013



Access & Use expenditure is \$0.3m (1%) over budget.

- **Commission** charges are over budget mainly due to higher driver testing volumes than budgeted (see revenue section). As volumes are expected to stay ahead of budget, the year-end outturn is now \$44.5m, i.e. \$2.9m over budget. This will be offset by additional revenue.
- **Information technology** spend is lower than budgeted by \$0.6m. This is mainly attributable to planned projects such as the RUC trade plates project being deferred to 2014/2015 and other slight delays in project expenditure.

Access & Use [continued]

- **Personnel costs** are under budget by \$0.5m due to lower than budgeted staffing levels. This has been reflected in the year-end outturn (anticipated to be \$1.8m lower than budget).
- Expenditure on **professional services** is over budget by \$0.3m, offsetting the under-spend in personnel costs. We expect to keep seeing this type of offset between personnel costs and professional costs until the end of the year as pressure remains on FTE levels. The year-end outturn for professional services costs is \$1.8m higher than budget.
- **Transaction costs** are \$0.2m over budget due to higher than budgeted credit card fees. The recent increase to credit card limits for RUC has meant that customers are able to make larger one-off payments which then incur higher merchant fee costs. The impact on the year-end outturn is estimated to be \$1.2m.

The net memorandum account balance shows a favourable variance against budget due to higher than budgeted revenue.

The difference in the closing balance of the memorandum accounts compared to budget is mainly attributable to the following:

- **Driver testing:** The account balance is above budgeted levels by \$1.6m, due primarily to volume changes as described on the previous page.
- **Motor vehicle licensing:** The current balance is \$1.5m better than budget. While slightly higher volumes than budgeted drive higher revenue, most of the variance to budget is attributable to project cost recoveries and is not volume related. The remainder of the variance (\$0.9m) is attributable to the prior year balance being higher than expected when the budget was set.
- **Certification review fees:** The account balance is \$1.7m further in deficit than budgeted. This is mainly driven by heightened activity in relation to the Vehicle Licensing Reform programme. This deficit is expected to grow as the year progresses. The year-end outturn is still being reviewed but is likely to be significantly further in deficit than budgeted. The current fee review anticipates recovering these costs over a five year period.

Access to the land transport system – indicator volumes

	Year to Date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	000	000	000	%	000	000	000	%
Driver licences - New drivers	47	38	9	24%	152	152	0	0%
- Reinstatements	12	11	1	9%	44	44	0	0%
- Renewals	58	60	(2)	(3%)	239	239	0	0%
- Older drivers	17	16	1	6%	66	66	0	0%
- Overseas conversions	16	12	4	33%	47	47	0	0%
- Replacements	24	26	(2)	(8%)	102	102	0	0%
Driver testing - Theory	39	30	9	30%	120	120	0	0%
- Practical	51	37	14	38%	148	148	0	0%
Certification - WoF passes	1,407	1,440	(33)	(2%)	5,762	5,762	0	0%
- CoF passes	88	91	(3)	(3%)	363	363	0	0%
MVR - Registrations	72	64	8	13%	265	265	0	0%
- Licences	1,734	1,704	30	2%	6,954	6,954	0	0%
RUC - Licences	566	611	(45)	(7%)	2,468	2,468	0	0%
Toll - Trips	1,256	1,199	57	5%	5,336	5,336	0	0%

Memorandum accounts

Funding Source	Revenue					Expenditure				Balance as at			
	Actual	YTD	YTD	YTD	Full Year	YTD	YTD	YTD	Full Year	30/09/2013		30/06/2013	
	1 July	Actual	Budget	Variance	Budget	Actual	Budget	Variance	Budget	YTD	YTD	Full Year	Full Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Border inspection fees	2,316	338	105	233	420	79	127	48	480	2,575	1,838	2,256	1,800
Certification review fees	(3,667)	1,738	1,841	(103)	7,400	3,113	2,044	(1,068)	7,900	(5,042)	(3,303)	(4,167)	(3,600)
Driver licensing fees	(1,479)	7,627	7,672	(45)	30,300	7,456	7,893	438	31,100	(1,308)	279	(2,279)	(300)
Driver testing fees	4,209	5,305	3,680	1,625	14,800	4,668	3,614	(1,055)	14,800	4,846	3,266	5,609	3,200
Motor vehicle licensing	2,500	13,961	13,349	611	53,700	13,430	13,298	(132)	52,000	3,030	1,551	4,200	3,200
Over dimension permits	492	41	50	(8)	200	81	63	(18)	300	453	487	392	400
Rail licensing fees	(2,431)	222	300	(78)	1,200	404	382	(22)	1,500	(2,613)	(2,382)	(2,731)	(2,600)
Standard development fees	2,766	1,435	1,352	83	5,500	1,636	1,502	(135)	5,800	2,565	2,151	2,466	2,000
Transport licensing fees	(3,687)	2,134	2,011	123	8,200	1,800	2,215	414	8,300	(3,353)	(3,903)	(3,787)	(3,800)
Memo Account - Total	1,018	32,801	30,361	2,440	121,720	32,666	31,137	(1,529)	122,180	1,153	(17)	1,959	300

Planning & Investment *and*

State Highways

In this quarter:

- NLTP expenditure is \$22.9m (4%) over budget.

Expenditure is ahead of budget for maintenance and operations both local roads and state highway and renewals for local roads, while being behind budget for public transport.

- Transport planning:** Expenditure is \$0.6m below budget. This is largely a consequence of approved organisations being slow to apply for funding approvals. There is also uncertainty around the work programme for Auckland, Hamilton and Wellington regions.
- Public transport:** Expenditure is \$9m below budget. This is largely due to Greater Wellington indicating a \$5m under-spend against allocation. The end of year outturn has been reduced accordingly. This will contribute to managing the programme expenditure reduction as revenue forecasts indicate less revenue than initially anticipated.
- New and improved infrastructure for local roads:** Expenditure is \$3m (16%) under budget. At this stage of the year there is still \$29m to be allocated to new starts during the rest of the year, and the approved organisations' forecasts are indicating a lower overall spend. Provision was also made in this activity class for Christchurch rebuild work, but no funding requests have been received to date.
- Renewal of local roads:** \$6.7m (32%) above budget. This expenditure above budget in this quarter was not anticipated given historic performance and the approved organisations' forecasts for year-end and overall 3-year programme. We will closely monitor expenditure in this activity class over the coming months.

Planning & investing in land transport – Expenditure report for the three months ended 30 September 2013

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
Management of the funding allocation system	6,956	7,538	582	8%	30,775	30,775	0	0%
Transport planning	2,099	2,675	576	22%	16,300	15,990	(310)	(2%)
Sector research	1,565	1,519	(45)	(3%)	5,600	5,600	0	0%
Public transport	56,500	65,496	8,997	14%	311,000	316,000	5,000	2%
Road safety	5,684	6,277	593	9%	33,900	32,100	(1,800)	(6%)
New and improved infrastructure for local roads	16,627	19,690	3,063	16%	161,200	160,000	(1,200)	(1%)
Renewal of local roads	27,447	20,763	(6,683)	(32%)	250,000	246,000	(4,000)	(2%)
Maintenance and operation of local roads	67,622	46,474	(21,148)	(46%)	283,000	289,000	6,000	2%
Walking and cycling	1,214	1,000	(214)	(21%)	15,000	20,000	5,000	25%
Total expenditure	185,712	171,433	(14,279)	(8%)	1,106,775	1,115,465	8,690	1%

Managing state highways – Expenditure report for the three months ended 30 September 2013

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
New and improved infrastructure for state highways	275,399	276,969	1,570	1%	1,170,000	1,159,000	(11,000)	(1%)
Renewal of state highways	18,857	23,113	4,257	18%	187,900	222,000	34,100	15%
Maintenance and operation of state highways	93,013	78,582	(14,430)	(18%)	350,565	312,865	(37,700)	(12%)
Total expenditure	387,268	378,665	(8,603)	(2%)	1,708,465	1,693,865	(14,600)	(1%)

Specific projects funded by the Crown – Expenditure report for the three months ended 30 September 2013

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
SuperGold card transport concessions	4,578	5,976	1,398	23%	23,905	23,905	0	0%
Administration of SuperGold card	(16)	24	40	165%	95	95	0	0%
Construction of passing opportunities on SH2	0	875	875	100%	3,500	3,500	0	0%
National war memorial park	3,000	5,000	2,000	40%	20,000	20,000	0	0%
Reinstatement of local roads in Canterbury	0	10,174	10,173	100%	40,694	40,694	0	0%
Total expenditure	7,563	22,049	14,486	66%	88,194	88,194	0	0%

- **Maintenance and operation of local roads:** \$21.1m (46%) above budget. This includes half of our \$50m p.a. capped contribution to the Christchurch earthquake rebuild works, which largely accounts for the over-spend at the end of the first quarter. The SOI budget has these claims phased evenly throughout the year. Had these claims followed the same pattern as the rest of the expenditure against the output class, the over-spend would drop to \$8.6m, i.e. 18.6%.
- **Reinstatement of local roads in Canterbury:** Similarly to last year, the agreement is that expenditure claims will be made against the NLTP before the specific Crown funding starts to be used.
- **New and improved infrastructure for state highways:** There is considerable pressure on this output class due to a reduction in NLTF revenue.

The RoNS account for more than 80% of the planned spend this year with many of the projects under construction. As a consequence there is little room to progress other initiatives and accommodate any cash-flow changes. The results to date indicate we are on track to deliver the programme.

- **Renewal of state highways:** The GPS constrained funding for the Maintenance and Renewal output classes, combined with the Maintenance and Operations review means we are taking a more rigorous approach to asset renewal. By maximising the life of the pavement, and combining this with some new thinking on pavement renewal techniques, we are making savings.
- **Maintenance and operation of state highways:** As pavement lives are extended further (following the approach described above) the level of maintenance required increases, resulting in higher spend than initially planned on the Maintenance and operations output class. The overall net outcome for the combined Renewals and Maintenance & operations output classes is savings that should help manage within a tight programme across state highway output classes.

Regarding the emergency works budget, the recent slip at Haast pass on SH6 looks set to require significant amounts of work (this has not been factored into the outturn at this stage).

Note on **Renewal and Maintenance & operation of state highways:** The 2013/14 SH programme of Renewal and Maintenance activities is targeting a different out-turn figure in each activity class to the SOI Budget. However, across the combined programmes and for the 2012-15 period as a whole, we are forecasting expenditure within budget.

Expenditure is in line with expectations, except we have made an over accrual and brought forward some property management payments.

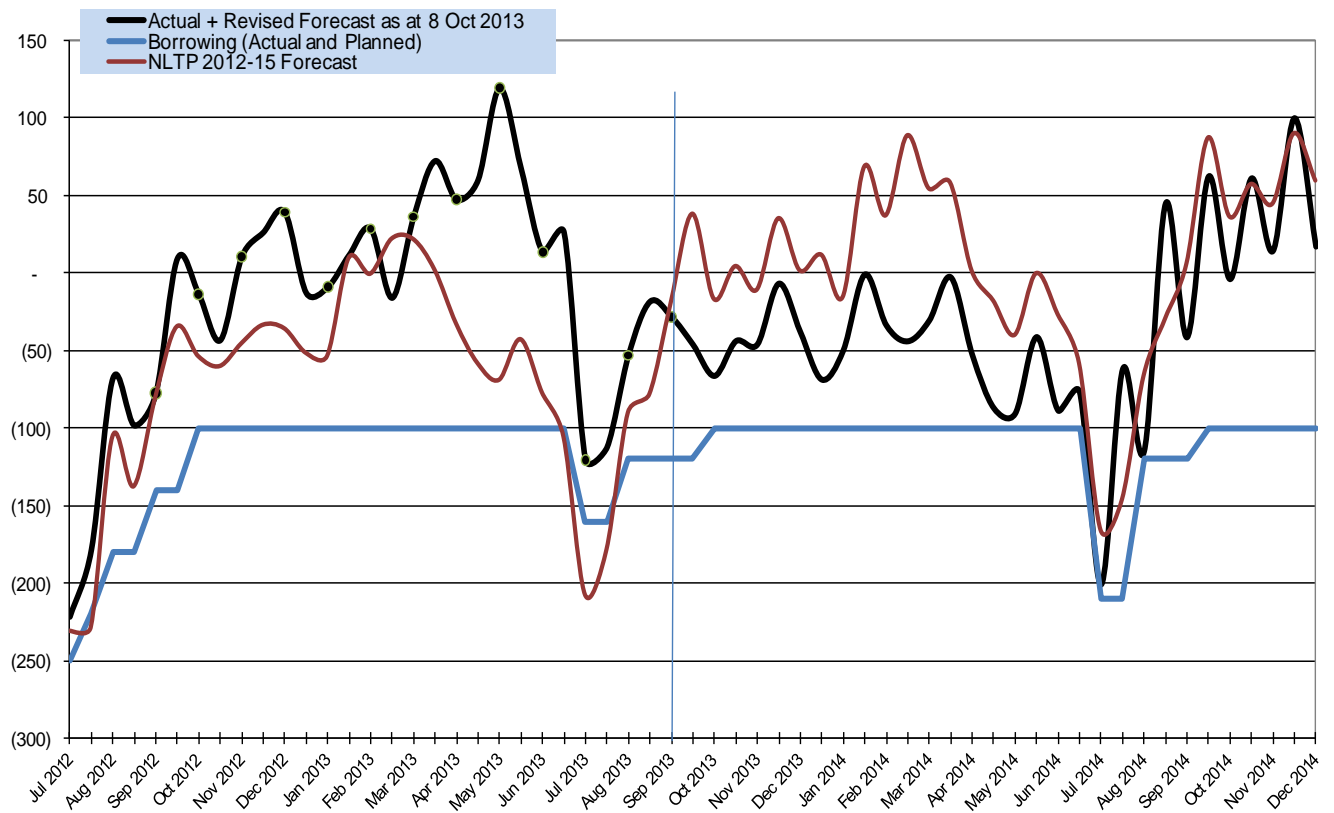
National Land Transport Programme (NLTF funded)

	Published	Actual/forecast spend	
	NLTP	2012/13	2013/14
	2012-2015	Actual	Forecast
	\$'000	\$'000	\$'000
Allocation of funds to activity classes:			
Transport planning	50,000	13,438	16,300
Road safety	97,000	27,592	33,900
Walking and cycling	53,000	8,449	15,000
Public transport	945,000	287,532	311,000
Maintenance and operation of local roads	878,000	279,379	283,000
Maintenance and operation of state highways	989,000	342,210	349,700
Renewal of local roads	738,000	204,410	250,000
Renewal of state highways	635,000	175,009	187,900
New and improved infrastructure for local roads	515,000	152,562	161,200
New and improved infrastructure for state highways	3,400,000	992,559	1,170,000
Sector research	15,000	3,194	5,600
Management of the funding allocation system	89,000	28,838	30,000
Total	8,404,000	2,515,172	2,813,600

Borrowing

- Borrowing peaked at \$160m in July 2013. Since then we have been able to repay \$40m, bringing debt down to \$120m. A further \$20m should be repaid by the end of October clearing the \$150m portion of the facility.
- The notional cash balance in the NLTF was approx \$92m as at 30 September 2013 with the Transport Agency balance at approx \$28m.
- The graph on the right reflects the result of the Budget Economic Forecast Update with revised revenue and the shift in expenditure into the second and third years of the programme following the underspend in the 2012/13 financial year. As can be seen, the next peak in borrowing is expected to be the seasonal peak in July 2014. The graph suggests that the \$150m portion of the facility should not be needed before then.
- However, this depends on revenue forecasts being confirmed. This will be the purpose of a meeting between the MoT, Treasury and the Transport Agency to be scheduled in October with a view to inform the October baseline update.
- The Transport Agency, the Ministry of Transport and Treasury are continuing with the business case and advice to Ministers around having the use of the existing borrowing facility amended to provide a more flexible arrangement.
- The Treasury, Debt Management Office and the Transport Agency are in the final stages of completing the loan documentation for the additional \$100m facility. Interest rate margins are yet to be determined.

NZTA Cash Requirements
(In \$'000'000)



Commitments

2012-15 NLTP

- 97% of the \$9.05 billion NLTF investment in the 2012-15 NLTP is committed to date. This leaves about \$240 million of discretionary funds available for new starts over the balance of 2013/14 and the 2014/15 years.

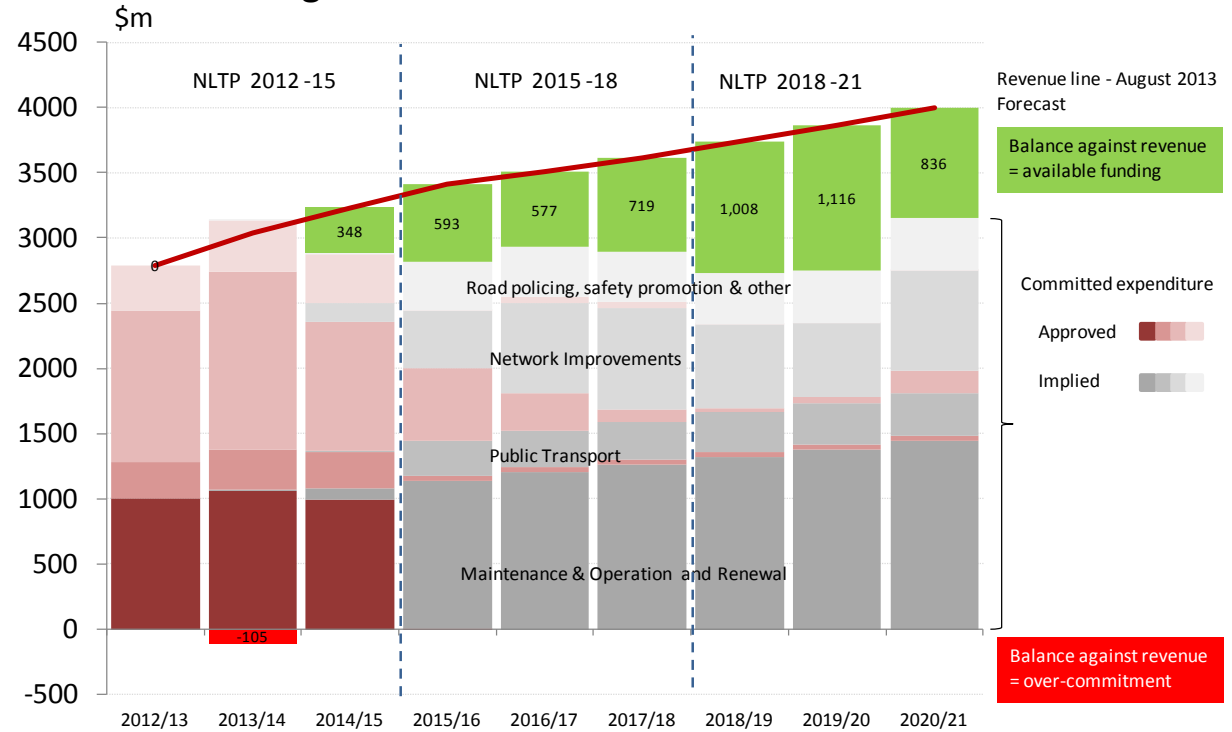
2015-18 NLTP

- 83% of the first year of the 2015-18 NLTP period is committed from:
 - approved improvement projects
 - implied commitments to:
 - maintain and renew the infrastructure
 - provide passenger transport services
 - 'police' and operate the transport system
 - complete the RONS programme
- 82% of the 2015-18 NLTP period is "committed" (approved or implied) leaving \$1.9b of discretionary funds available for new starts.
- Our current revenue forecasts indicate we can meet the commitments in the next NLTP.

2018-21 NLTP

- 74% of the 2018-21 NLTP period is "committed" (approved or implied) leaving \$2.9b of discretionary funds available for new starts.
- The commitments exclude the accelerated Auckland projects until Government has confirmed the additional funding.

NLTF Funding Commitments & Balance for Investment Decisions




Significant Projects	NLTF commitment (\$m)	Payment until
Wellington RoNS (5) - Transmission Gully - availability payments	3,675	From 2020/21 to 2045/46
Western Ring Route - RONS - construction and property	1,371	2020/21
Public Transport - Electric Mobile Units & Depot - loan repayments	630	2051/52
Wellington RoNS (6) - SH1 Mackays to Peka Peka Expressway - construction	586	2017/18
Tamahere-Cambridge Section (Waikato Expressway) - construction	171	2016/17
TEL Tauranga Eastern Link - construction	112	2015/16
Wellington RoNS (2)-Wellington Inner-City (Tunnel to Tunnel) - construction	95	2016/17
Waikato Expressway RoNS -Rangiriri Section - construction	84	2016/17
Public Transport - Matangi electric mobile units - loan repayments	80	2024/25
Waikato Expressway RoNS -Hamilton Section - property	50	2015/16
SH1 Warkworth to Wellsford RoNS - Detailed Design and Construction - property	44	2019/20
AMETI NZTA Pk1 AT Pk 1 Panmure (Phase 1) - construction & property	44	2014/15
Wellington RoNS (5) - Transmission Gully - property	40	2015/16
Waikato Expressway RoNS -Ngaruawahia Section - construction	36	2014/15
Puhoi to Wellsford RoNS Development - Investigation	35	2014/15
Auckland Integrated Fare Solution (AIFS) Opex - construction	35	2020/21
Wellington RoNS (1) - SH1 Mt Victoria Tunnel Duplication - property	34	2017/18
SH1 Puhoi to Warkworth RoNS - Property	24	2014/15

DELIVERY

Our aim is to deliver value for money in all that we do

In this quarter we have:

 made good progress against 69% of our year-end service delivery targets, with 13 areas to watch

Q1: Performance summary

Type of performance measure		
Value for money	Service quality	Customer satisfaction
9	19	1
4	7	2

Status key

	On track
	Risk of not achieving annual target; remedial action taken
	Will not achieve annual target

Q1: We are making good progress against most of our 42 annual service delivery targets that we measure on a quarterly basis, but the following 13 areas may require attention

LICENSING AND REGULATORY COMPLIANCE

Service delivery measures	2013/14 target	Q1 actual	Current status	Variance commentary	Outlook status
% customer satisfaction	>73%	65%		A trend analysis indicates customer satisfaction lessening from 72% in 1213 quarter 4 to 67 % in 1314 quarter 1. Customer issues with the Testing Online Booking system have been identified and are currently been examined. A workshop to create recommendations for short and long term fixes is scheduled for end of October.	

ROAD TOLLING

Service delivery measures	2013/14 target	Q1 actual	Current status	Variance commentary	Outlook status
% of transactions completed online	>65%	60%		Although it is currently below target, this is a year-end target. Ongoing trends indicate that it will meet target in future quarters. Projected increases are 1% to 2% each quarter.	
Number of products/services delivered or processed	6,000,000-6,500,000	1,379,241		Seasonal differences have affected Q1 volumes. These are expected to lift in Q2-Q3 due to the holiday season.	

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

Service delivery measures	2013/14 target	Q1 actual	Current status	Variance commentary	Outlook status
Unit transaction costs	\$5.80-\$6.50	\$6.88		A combination of reduced volumes and customer incentives to purchase online by credit cards (attracting credit card commissions) has increased expenditure. We are reviewing options to address unit transaction cost trend.	
Number of products/services delivered or processed	2,500,000-2,700,000	612,052		Overall purchasing transaction volumes have been steadily decreasing in this quarter when compared to Q4 12/13. We expect these to return to predictions during Q2.	

Service delivery performance

REFUND OF FUEL EXCISE DUTY					
Service delivery measures	2013/14 target	Q1 actual	Current status	Variance commentary	Outlook status
Average number of days taken to deliver	10	15.2		Third party agents for Fuel Excess Duty refunds have generated an increase in both claims and inquiries which has resulted in slower application turnaround times. Extra resources have been employed to assist with the increased workloads to ensure that the target of 10 days is met in the future. The ability to file FED claims online (pilot) is still scheduled for November and it is anticipated that this initiative will further assist in meeting future targets.	
MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM					
Service delivery measures	2013/14 target	Q1 actual	Current status	Variance commentary	Outlook status
% of operational assurance activities completed	100%				
% of lessons learned from assurance activities that are applied		100%			
% of approved organisation audit programme completed on time		83%		One planned audit was postponed to quarter 3 to fit the availability of an approved organisation	
% of post implementation review programme completed		n/a		Post implementation review programme not scheduled to start until quarter 2	

Service delivery performance

PUBLIC TRANSPORT					
Investment results indicator	2013/14 forecast	Q4 2012/13 actual	Current status	Variance commentary	Outlook status
Number of passengers using urban public transport services (bus, train and ferry) [this measure is reported a quarter in arrears]	141m-147m	132.7m		Patronage for the quarter is up 1.8% against the same quarter in the previous year. Key drivers are Wellington rail patronage (up 5.4%), and the ongoing improvement in Christchurch following the 2011 earthquake and the affects this caused to the network. Some regions experienced negative trends which we are monitoring if the trend is short term or not. Very little variance was experienced in Auckland patronage for the quarter.	
Public transport boardings per NLTF \$ invested on public transport services (including track access charges) [this measure is reported a quarter in arrears]	0.51-0.53	0.55		Public transport boardings per NLTF\$ is measured by a rolling average calculation. As patronage is relatively flat and we have budgeted (and allocated) for increases moving forward in operational costs for Auckland's public transport network, we are expecting a negative trend in the short term, with an expected improvement occurring at the end of this current NLTP. The expected turnaround is centred on a more efficient and expanded rail fleet being implemented in Auckland.	
ROAD SAFETY PROMOTION					
Service delivery measures	2013/14 target	Q1 2013/14 actual	Current status	Variance commentary	Outlook status
% of target audience aware of road user safety messages [this measure is reported a quarter in arrears]	≥70%	60%		This indicator measures the recall of our ads on television and is a measure of free recall only. As the advertising campaign has moved into areas that are not traditionally seen as 'road safety' advertising, such as Young Drivers, Drive Social, and Drugs, the free recall measure has slowly been dropping. Furthermore, it should be noted that late last year, the survey method changed from telephone based to online. It is currently too early to assess what, if any impact this may be having on the results.	

Service delivery performance

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS					
Service delivery measures	2013/14 target	Q1 actual	Current status	Variance commentary	Outlook status
% of state highway block projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		0%		No programmed completions in Q1. We were slow to finalise the programme for 2013/14 so it will be challenging for us to complete the whole programme.	
MAINTENANCE AND OPERATION OF STATE HIGHWAYS					
Service delivery measures	2013/14 target	Q1 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	>90%	70%		We are behind budget at the end of quarter one. Prior to the rollout of our new maintenance and operations contracts, this measure largely relates to performance against budget.	
% customer satisfaction	45%	43%		There has been a small decrease this quarter, which is a typical seasonal effect and driven by a slightly lower rating of in-journey information provision. Several significant weather events can adversely affect customers' satisfaction with information and we are designing an improved operating model to improve the quality and range of information delivered during such events.	

HEALTH AND SAFETY

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

At the Transport Agency we are committed to a safe and healthy working environment for everyone using our premises as a place of work or visiting on business.

We are guided by best practice and comply with the requirements of all relevant legislation and codes of practice.

Committing as an organisation to health and safety

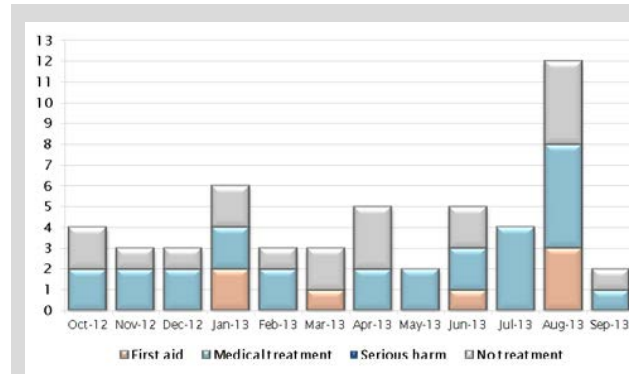
We are all committed to:

- providing an effective organisational programme to ensure that all workplace hazards are identified, reviewed and appropriate measures are implemented
- maintaining appropriate records of the hazard management programme
- giving staff and their representatives the opportunity to participate in the development and maintenance of health and safety practices
- ensuring all relevant documentation relating to occupational health and safety issues is made available to staff
- ensuring staff and contractors are provided with adequate induction, training, equipment, information, instruction and supervision where necessary
- ensuring our organisation is committed to continuous improvement in health and safety, including annually reviewing policies and procedures
- ensuring that all accidents and incidents (near misses) are recorded, reported and investigated appropriately
- providing staff who are injured or have an accident have access to a return to work programme so they can get back to work as soon as possible.

The Transport Agency's Health and Safety Committee includes senior manager and union representatives and elected health and safety representatives. The Committee is responsible for planning, implementing, monitoring, and reviewing health and safety policies, systems and practices.

As part of our commitment to organisational health and safety we monitor the number and severity of injuries suffered by Transport Agency employees on a monthly basis. By investigating these accidents and incidents we can identify areas for improvement.

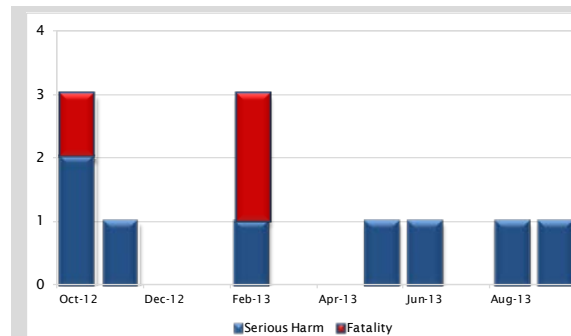
Health and safety - number of injuries per month by severity (NZTA employees only)



There were 33 injuries that required treatment in the year ending 30 September 2013 (an increase from 23 as at 30 September 2012). A further 19 incidents or near misses were reported that did not require treatment. While slips, trips and falls continue to be the main causes of injury, there has been an increase in reporting of incidents involving body stressing (e.g. muscle strain).

We also record Serious Harm incidents where the Transport Agency is an employer, a principal to contract or responsible for members of the public as a result of our work.

Number of serious harm incidents per month by severity (contractors where the Transport Agency was a principal to contract)



On our contractors' work sites this quarter there were two serious harm incidents. There were also two serious harm incidents in the previous quarter. Both incidents were machinery operation related.

Please refer to the next page to view our work site health and safety register for this quarter.

Work site health and safety incident register

This is a register of serious harm incidents where the Transport Agency is an employer, a principal to contract or responsible for members of the public as a result of our work.

Incident date	Contract no.	Contract name	Region	NZTA contract manager	Main contractor	Incident description (cause of accident and nature of injuries)	Investigation by		
							MBIE	Contractor	NZTA
29/07/2013	497N	Wellington Hybrid General Maintenance 2007-2013	Wellington		Fulton Hogan	FH Traffic Control called out to accident on northbound lane near Johnsonville, set up detour and cleared debris. Police office on motorbike parked behind attenuator - attenuator reversed and attenuator pad struck the bike and knocked the officer to the ground. Officer sustained a broken foot and injury to nose.		Yes	
15/08/2013	NZTA62124	General Maintenance Christchurch and Waimakariri Hybrid	Canterbury	Barry Stratton	Fulton Hogan	FH employee was struck by a trailer that became unhinged from the utility towing vehicle. CPR was performed and the person admitted to hospital in a critical condition with injuries to limbs, chest and head.	MBIE notified by FH - not investigating further as road accident under Police investigation	Yes	Yes

Below is the definition of serious harm from Schedule 1 of the Health and Safety in Employment Act 1992

Serious harm means death, or harm of a kind or description declared by the Governor-General by Order in Council to be serious for the purposes of the Act; and "seriously harmed" has a corresponding meaning.

Until such an Order in Council is made, the following types of harm are defined in Schedule 1 as "serious harm" for the purposes of the Act:

1. Any of the following conditions that amounts to or results in permanent loss of bodily function, or temporary severe loss of bodily function: respiratory disease, noise-induced hearing loss, neurological disease, cancer, dermatological disease, communicable disease, musculoskeletal disease, illness caused by exposure to infected material, decompression sickness, poisoning, vision impairment, chemical or hot-metal burn of eye, penetrating wound of eye, bone fracture, laceration, crushing.

2. Amputation of body part.

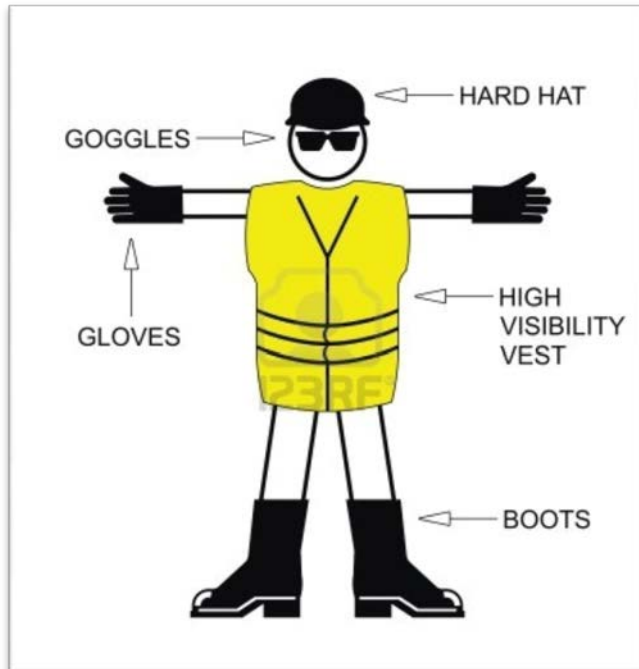
3. Burns requiring referral to a specialist registered medical practitioner or specialist outpatient clinic.

4. Loss of consciousness from lack of oxygen.

5. Loss of consciousness, or acute illness requiring treatment by a registered medical practitioner, from absorption, inhalation or ingestion of any substance.

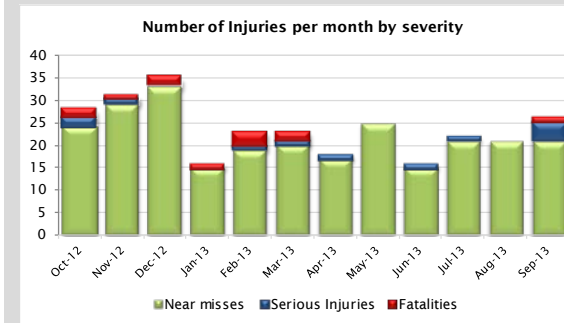
6. Any harm that causes the person harmed to be hospitalised for a period of 48 hours or more commencing within 7 days of the harm's occurrence.

The definition of serious harm is relevant to employers' duties to manage hazards, notification requirements, employees' rights to refuse to do dangerous work, and inspectors' powers to issue prohibition notices.



The Transport Agency's rail regulatory function seeks to ensure that the rail system is safe through approval, licensing and monitoring of rail participant safety management systems.

Number of fatalities, serious injuries and near misses by month
(rail operators and others who did not have cause to be on the rail corridor)



Occurrence data¹ for the period 1 July-30 September 2013:

Total occurrences (accidents and incidents) reported to the Transport Agency this quarter: 895.

Of the total occurrences reported, 69 involved actual or risk of death or serious injury.

Fatalities: 1. The fatality was a trespasser.

There have been no fatalities of direct rail industry participants since 2008. The deaths were of people who did not have cause to be at that point of the rail corridor.

¹ The Railways Act 2005 requires that rail participants report accidents and incidents to the Transport Agency as follows:

Any accident, where accident is defined as an occurrence associated with the operation of a rail vehicle or the use of railway infrastructure or railway premises that causes the death of, or serious injury to, individuals. Any other incident where incident is defined as an occurrence, other than an accident; that is associated with the operation of a rail vehicle or the use of railway infrastructure or railway premises that placed, or could have placed a person at risk of death or serious injury.

Feature

Keeping our staff safe in the field



Balancing customer service and safety is key – particularly in A&U’s world.

The health, safety and the wellbeing of our staff is important to us all, and was a hot topic recently in the Napier and Palmerston North offices.

A tea room conversation sparked an idea for Senior Transport Officer Darrin Fisher who saw an opportunity to team-up and capitalise on skills found in other parts of our organisation.

A&U Transport Officers have their fair share of face-to-face contact with customers that aren’t always aligned with the Transport Agency’s view of the world. This is particularly true when team members are working out in the field – often on their own.

Darrin says occasionally customers can become agitated and aggressive – especially when they are frustrated or nervous. We need to build the skills so we can get through these difficult and confrontational times.

Following this conversation, Manager Transport Officers Sean Cronin, invited HNO’s Simon Barnett to share some insights with the regional A&U team to help them protect themselves and at the same time improve the quality of service we can offer our customers.

Simon shared his experiences and engaged the staff in discussions on de-escalation strategies, drawing attention to the physiological responses our body goes through when we become frightened and how to manage those responses as well as the indicators of imminent assault.

Ultimately, this is all about how we both serve our customers and remove ourselves from harm before it happens. The ability to empathise with someone can really absorb tension and allow staff to support our customers through what might be to them, a really difficult time.

The feedback from the A&U team has been really positive and appreciative. Sean Cronin’s team saw this as a great teaming up exercise with the potential to expand organisation wide.



APPENDIX:

FINANCIAL REPORTING

NZTA FINANCIAL STATEMENTS

NZ Transport Agency – Consolidated statement of comprehensive income for the three months ended 30 September 2013

	Year to date				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Income					
Revenue from the Crown	15,435	23,543	(8,108)	(34%)	91,242
Revenue from the National Land Transport Fund	402,537	333,242	69,295	21%	1,864,290
Revenue from other activities	43,921	31,725	12,197	38%	130,915
	461,893	388,510	73,383	19%	2,086,447
Expenditure					
Investment in land transport	550,984	544,748	(6,237)	(1%)	2,783,586
NZTA operating activities	67,816	67,885	69	0%	272,510
State highway depreciation/asset write off	105,100	106,875	1,775	2%	427,500
	723,901	719,508	(4,393)	(1%)	3,483,596
Net surplus/(deficit)	(262,008)	(330,998)	68,991	(21%)	(1,397,149)
Capital expenditure	(281,700)	(305,957)	(24,258)	8%	(1,404,500)
Net surplus/(deficit) after capex	19,692	(25,041)	44,733		7,351

NZ Transport Agency - Consolidated statement of financial position

	As at 30 September 2013				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Assets					
Current assets					
Debtor National Land Transport Fund	337,772	369,479	(31,707)	(9%)	398,168
Other	86,170	101,948	(15,778)	(15%)	109,902
Non-current assets	26,392,056	27,119,219	(727,163)	(3%)	28,364,036
	26,815,998	27,590,645	(774,647)	(3%)	28,872,106
Liabilities					
Current liabilities					
Borrowing	120,000	175,014	55,014	31%	250,000
Other	226,726	237,857	11,131	5%	296,502
Non-current liabilities	4,653	4,700	47	1%	124,900
	351,379	417,571	66,192	16%	671,402
Net assets	26,464,619	27,173,074	(708,455)	(3%)	28,200,703
Equity					
General funds	5,606	5,606	(0)	(0%)	5,806
Retained funds	54,183	40,902	13,281	32%	45,221
Memorandum account	1,153	(17)	1,171	6813%	300
State highway network	26,403,677	27,126,583	(722,906)	(3%)	28,149,376
Total equity	26,464,619	27,173,074	(708,455)	(3%)	28,200,703

NZ Transport Agency – Consolidated statement of cash flows
for the three months ended 30 September 2013

	Year to date				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Cash flows from operating activities					
Receipts from Crown/NLTF revenue	574,909	458,739	116,170	25%	2,092,604
Receipts from other sources/interest revenue	95,774	40,379	55,395	137%	130,636
Payments to suppliers and employees	(560,693)	(426,092)	(134,601)	(32%)	(1,702,007)
	109,989	73,026	36,963	51%	521,233
Cash flows from investing activities					
Receipts from sale of state highway properties	8,537	14,000	(5,463)	(39%)	70,000
Purchase of assets	(2,121)	(2,650)	529	20%	(10,600)
State highway network (incl. property purchases)	(281,700)	(305,957)	24,258	8%	(1,623,983)
	(275,284)	(294,607)	19,323	7%	(1,564,583)
Cash flows from financing activities					
Capital contributions	158,370	150,423	7,947	5%	778,600
Borrowing	20,000	125,014	(105,014)	(84%)	370,000
NLTF debtor borrowing reduction/interest	(1,204)	(51,300)	50,096	(98%)	(105,200)
	177,166	224,137	(46,971)	(21%)	1,043,400
Net (decrease)/increase in cash	11,871	2,556	9,315	364%	50
Cash at the beginning of the period	16,580	50,000	(33,420)	(67%)	50,000
Cash at the end of the period	28,451	52,556	(24,105)	(46%)	50,050

NLTF FINANCIAL STATEMENTS

National Land Transport Fund - Statement of financial position

	As at 30 September 2013			Year end
	Actual	Opening	Movement	SOI Budget
	\$000	\$000	\$000	\$000
Current assets				
Cash and cash equivalents	91,857	113,662	(21,805)	16,830
Debtors	177,877	214,463	(36,586)	206,017
	269,734	328,125	(58,391)	222,847
Current liabilities				
Creditors and other payables	337,774	443,426	105,652	398,168
	337,774	443,426	105,652	398,168
Net assets	(68,040)	(115,301)	47,261	(175,321)
General funds	(68,041)	(115,301)	47,260	(175,321)
General funds closing balance	(68,041)	(115,301)	47,260	(175,321)

General funds: The increase in general funds of \$47m represents the surplus of the Fund as at 30 September (see NLTF Statement of comprehensive income).

Although the National Land Transport Fund has a negative equity, the Fund will continue to meet all its obligations over the next 12 months.

National Land Transport Fund – Statement of cash flows
for the three months ended 30 September 2013

	Year to date	Year end
	Actual	SOI Budget
	\$000	\$000
Cash flows from operating activities		
Receipts from land transport revenue	694,082	3,024,843
Payments to NZTA and NZ Police	(646,821)	(3,006,565)
	47,261	18,278
Net decrease/(increase) in Debtors	36,586	(13,479)
Net (decrease)/increase in Creditors	(105,652)	(26,320)
	(69,066)	(39,799)
Net (decrease)/increase in cash and cash equivalents	(21,805)	(21,521)
Cash and cash equivalents at the beginning of the period	113,662	38,351
Cash and cash equivalents at the end of the period	91,857	16,830