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# QUARTERLY RESULTS AND INSIGHTS

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**Q1** 2014/15

1 July to 30 September 2014





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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 nine key result areas	<p><b>1</b></p> <p><b>Customers</b></p> <p><b>Good overall progress, with one area to watch.</b></p> <p>Progress has been made on developing an internally joined up view of customer needs, which should help us to improve service delivery.</p> <p>The surveys that inform the annual success indicator still have to be completed for 2014/15. The historic trend is positive, which suggests we are making progress on using customer feedback to improve our services.</p>	<p><b>2</b></p> <p><b>Urban network capacity</b></p> <p><b>Mixed progress with four areas to watch.</b></p> <p>Resourcing difficulties stalled the planned review of CTOC. TOC key performance indicators have proved challenging and will now be developed in Q2. TOCs have identified critical regional functions and a simulated exercise to identify gaps is due to be conducted in early October. Challenges remain working with CCC and ECan on the PT infrastructure Improvement Plan.</p>	<p><b>3</b></p> <p><b>Freight</b></p> <p><b>Good progress.</b></p> <p>Travel by HPMVs continued to grow in Q1. 46 councils are now included in the single 50MAX network access permit. Hamilton City is the latest to come on board. 2,060kms of HPMV investment routes have been opened up and a programme has been developed for a second tranche of HPMV routes.</p> <p>Our annual success indicator shows that HMPV travel accounted for 22.2% of total heavy vehicle travel in Q1.</p>	<p><b>4</b></p> <p><b>Safer speeds</b></p> <p><b>Mixed progress with two areas to watch.</b></p> <p>The Road Policing Investment Framework will be issued to NZ Police in October, after further engagement with NZ Police and the MoT.</p> <p>The strategic approach to deliver a long-term communication programme requires a workshop, which will delay the delivery of final briefs until Q2.</p>	<p><b>5</b></p> <p><b>Efficient road maintenance</b></p> <p><b>Good overall progress, with one area to watch.</b></p> <p>While Auckland Transport and the majority of the Southern region are already in the process of providing guidance to their AOs on how to use the Investment Assessment Framework (drafted in September), other regions are still working out how this will work in practice.</p> <p>Our annual success indicator result shows estimated programmed cumulative savings achieved on renewal, maintenance and operations activities remained at \$198m in the first quarter of 2014/15</p>
	<p><b>6</b></p> <p><b>Integrate one network</b></p> <p><b>Mixed results, with five areas to watch.</b></p> <p>Delivery of processes and costs for a national public transport ticketing back office processing system is delayed. Planning for an integrated fares and ticketing programme in Wellington is delayed by capacity constraints.</p> <p>Joint procurement of integrated ticketing with councils is proving challenging.</p>	<p><b>7</b></p> <p><b>Shape smart choices</b></p> <p><b>Variable results, with three areas to watch.</b></p> <p>Programme to improve safety at a target set of State highways intersections is now in place.</p> <p>The Speed Programme Business Case has been deferred until 2015/16.</p> <p>The review of the governance and operation of National Rail System Standards has been delayed.</p> <p>This is enabling an immediate focus on current risks.</p>	<p><b>8</b></p> <p><b>Deliver highway solutions</b></p> <p><b>Variable results, with three areas to watch.</b></p> <p>Converting existing contracts to NOCs is taking longer than expected.</p> <p>The Basin Reserve Flyover is now subject to an appeal to the High Court.</p> <p>The funding application for construction of the Sylvia Park interchange (part of the AMETI project) is delayed.</p>	<p><b>9</b></p> <p><b>Maximise returns for NZ</b></p> <p><b>Mixed results, with three areas to watch.</b></p> <p>The review of the effectiveness of our procurement framework is behind schedule.</p> <p>The analysis of final FAR policy matters are due for consideration at the October Board meeting.</p> <p>The screening and draft consultation plan for the programme business case for tolling will be completed in Q2.</p>	

Financial performance	<b>NLTF revenue</b> [6% over budget]	<b>NLTP expenditure</b> [17% under budget]	<b>A&amp;U revenue</b> [9% over budget]	<b>A&amp;U expenditure</b> [1% over budget]	<b>NZTA operating expenditure</b> [4% under budget]	<b>Borrowing</b> [as planned]
Service delivery performance	<p style="text-align: center;"><b>Delivery targets</b></p> <p><b>We are making good progress against our 44 annual service delivery and investment targets, but 8 require attention.</b> Our current forecast of year end status is that there is a risk that we will be unable to meet our target for Transport Planning activities and Public Transport passenger numbers.</p>					
Strong organisational capability & health	<p style="text-align: center;"><b>People metrics</b></p> <p>The FTE count, which includes active vacancies, was under the cap of 1,372 as at 30 September 2014.</p> <p>Unplanned turnover remains steady.</p>			<b>Health and safety</b>		
				<p>NZTA employees: There were no lost time or medical treatment injuries in the first quarter, although we had three first aid injuries.</p>		
				<p>NZTA contractors' worksites: There were no incidents on our contractors' work sites this quarter.</p>		

- Very good progress against plan – achieved all our targets and milestones for this quarter
- Good overall progress against plan – achieved all of our targets and milestones for this quarter, except one. Issues to be resolved indicated in box
- Good progress against plan – achieved most of our targets and milestones for this quarter. Issues to be resolved indicated in box

## LEGISLATIVE AND SECTOR DEVELOPMENTS

This table summarises the level of concern the Transport Agency has with respect to developments in the regulatory and legislative environment and identifies whether there have been any changes since the previous quarter.

Development	Importance	Level of Concern	Change
<b>Bills in Progress</b>			
Health and Safety Reform Bill 2014	High	None	No
Resource Management Reforms: Phase II	High	None	No
Electronic Data Safety Bill	Medium	None	Yes
Regulatory Standards Bill	Medium	None	No
Construction Contracts Amendment Bill	Low	None	No
<b>Policy Reviews</b>			
Funding Assistance Rate Review	High	None	No
Privacy Act Review	High	Some	No
Land Transport Act Amendments	High	None	Yes
Coroners Amendment Bill 2014	Medium	None	Yes
Better Public Services Programme	Medium	None	Yes
Customs and Excise Act 1996 Review	Low	None	No
MED Regulatory Programme to Support business and reduce risk	Low	None	No

Development	Importance	Level of Concern	Change
<b>Key Sector Strategies/Plans/Reviews</b>			
Government ITS Action Plan	Medium	None	No
<b>Watching Briefs</b>			
National Infrastructure Plan	High	None	No
Government Policy Statement on Land Transport	High	None	No
Local Government Act 2002 Amendment Act 2014	High	None	Yes
<b>Local Government Developments</b>			
Auckland Unitary Plan	High	None	Yes
Wellington Reorganisation	High	None	No
Christchurch Recovery	High	None	No

This section outlines areas of concern and key changes that have occurred in the regulatory and legislative environment in which the Transport Agency operates during the first quarter of 2014/15.

Development	Issue for the Transport Agency
<p><b>Privacy Act Review.</b> The Law Commission's recent report titled "Review of the Privacy Act 1993" made over 100 recommendations for reform and the Government will consider these as part of its wider reform of privacy.</p>	<p>The Transport Agency is one of a number of agencies that have suggested changes to the Law Commission report. There is no guarantee that these changes will be included in an amended Privacy Act.</p>
<p><b>Electronic Data Safety Bill.</b> The first reading of the Bill was completed in August 2014. It establishes an inquiry into various privacy breaches that have occurred in the past few years by and within various government agencies.</p>	<p>The Transport Agency's tolling operations and motor vehicle licensing register could be reviewed as part of the inquiry.</p>
<p><b>Land Transport Act Amendments.</b> The Ministry of Transport and the transport sector have begun exploring a cross-sector legislative bid for a package of reforms to the Land Transport Act, Railways Act, Civil Aviation Act and Maritime Transport Act.</p>	<p>If the bid is successful, the resulting reforms will have significant implications for activities undertaken by the Transport Agency, ranging from rule making, speed management, driver licencing to drink driving penalties.</p>
<p><b>Coroners Amendment Bill 2014.</b> The Bill was introduced into Parliament on 31 July 2014. It incorporates reforms that will provide better services to families and strengthens the focus in the Act on timeliness.</p>	<p>Requires coroners to consult with the Transport Agency prior to releasing recommendations that might affect it.</p>
<p><b>Better Public Services Programme.</b> The Government recently expanded the Better Public Service Result 10 – making it easier for people to do business with government in the digital environment – to all of the State Services.</p>	<p>Aligns to the Transport Agency's current and planned work programme and will facilitate greater inter-agency collaboration with respect to digital service delivery.</p>
<p><b>Local Government Act 2002 Amendment Act 2014.</b> This Act became law on 8 August 2014. It includes changes that make development contributions more consistent and transparent, introduces thirty-year infrastructure strategies, includes more measures to facilitate shared service provision, and introduces local boards outside of Auckland.</p>	<p>Local boards might expedite the amalgamation of local councils, while changes to the development contributions regime could impact on the ability of local authorities to raise revenue which may have co-funding implications for the Transport Agency.</p>
<p><b>Auckland Unitary Plan.</b> The Proposed Auckland Unitary Plan (PAUP) is entering into the pre-hearing mediation and hearing phase.</p>	<p>The PAUP will have significant implications for the Transport Agency's operations, maintenance and capital projects, and for its role as a co-funding partner to local government.</p>

# KEY OPERATING ASSUMPTIONS

This section tracks the key assumptions under which the NZ Transport Agency operates and key decisions are made. Assumptions fall into two categories - those that affect funding and those that affect procurement.

## Revenues

Increased travel pushes revenues higher



Revenues for 2014/15 Q1 were 6% or \$46.5m ahead of budget. The primary contributor was FED revenue, which came in 11% higher than budget. RUC and other revenue were 3% higher than budget.

## Transaction volumes

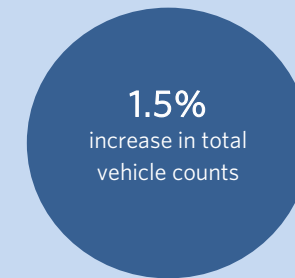
Licence transaction volumes rise



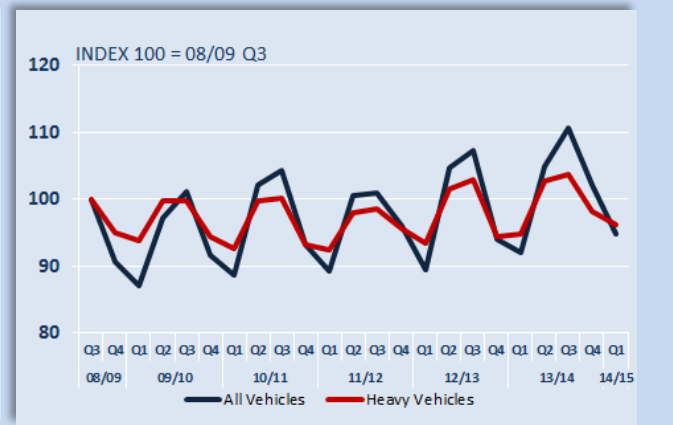
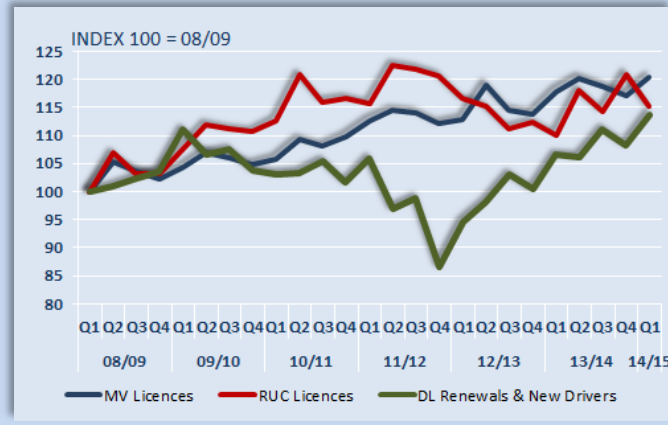
The number of licence transactions rose by 3.0% in 2014/15 Q1 when compared to the corresponding quarter in the previous year. RUC, MVR and driver licences, rose by 2.4%, 4.6% and 6.8%, respectively.

## State highway traffic volumes

Increased domestic economic activity supports demand for travel



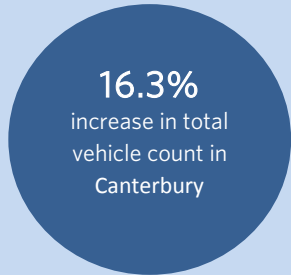
Total vehicle and heavy vehicle counts rose by 1.5% and 2.9% respectively for the 3 months ended August 2014 compared to the corresponding period in 2013. This is the 5<sup>th</sup> consecutive quarter of positive growth



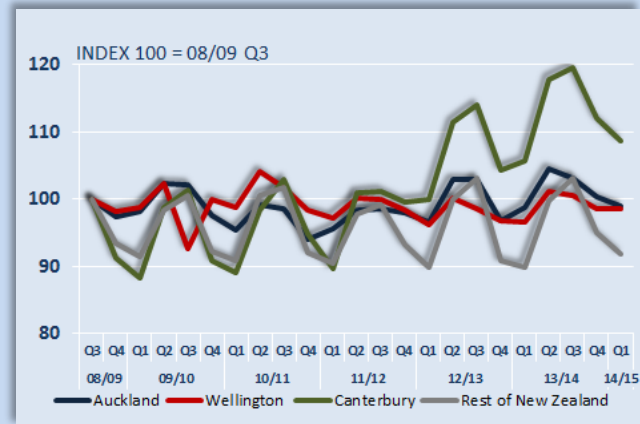


### Regional state highway traffic volumes

Re-build momentum pushes travel demand higher in Canterbury

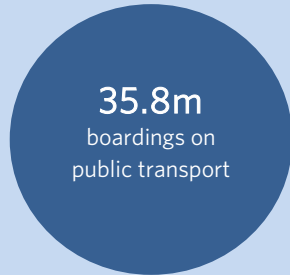


Total vehicle counts in all major centres increased during 2014/15 Q1. However, the regional picture remains mixed, with Otago (-10.9%), Taranaki (-9.6%), Northland (-3.1%) and Bay of Plenty (-2.6) showing a decline in traffic volumes.



### Public transport volumes

Improved services underpin growth in public transport patronage

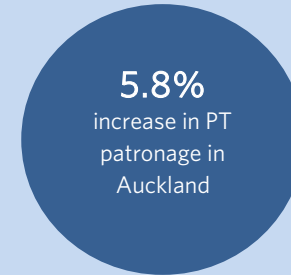


Public transport patronage increased by 4.4% in 2013/14 Q4 compared to the corresponding quarter in the previous year. This is the 5<sup>th</sup> consecutive quarter where positive growth has been recorded.

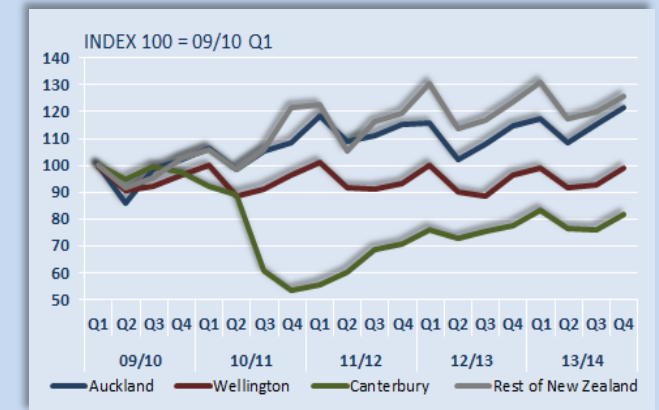


### Regional public transport volumes

Improved employment conditions supports broad based patronage growth

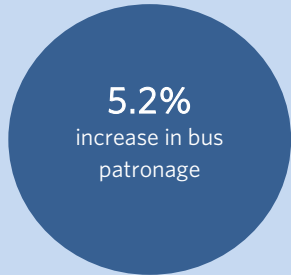


Public transport patronage grew fastest in the major centres in 2013/14 Q4. Boardings growth in Auckland (5.8%), Canterbury (5.0%) and Wellington (2.4%) was well above that for the rest of New Zealand (1.8%).



### Public transport volumes by mode

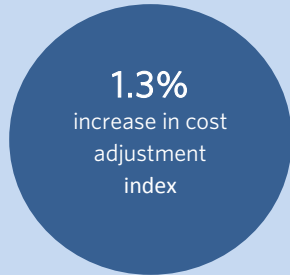
Improved service offering addresses growing demand for public transport



Patronage on bus and rail (8.1%) increased for the 5<sup>th</sup> consecutive quarter in 2013/14 Q4. By contrast, patronage on ferry fell 7.1% when compared to the same quarter in the previous year - a 2<sup>nd</sup> consecutive quarter of decline.

### Transport Agency cost adjustment indices

Slowing labour costs curb adjustments to network outcome reimbursements



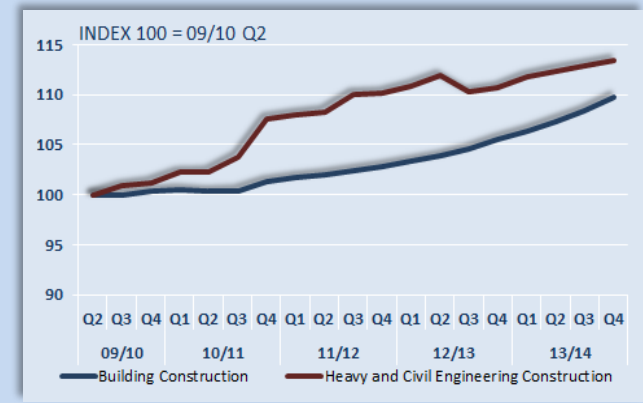
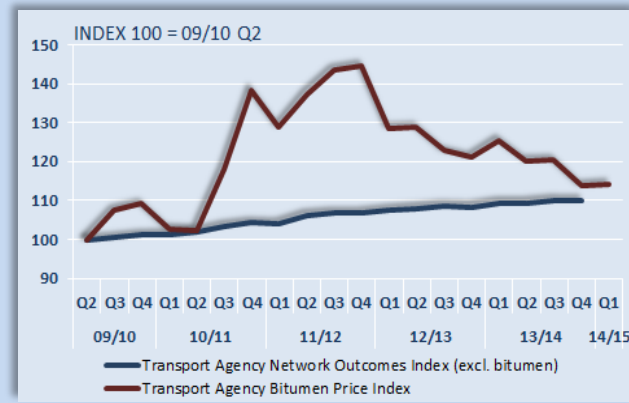
The network outcomes index for 2014/15 Q1 shows an increasing but slowing trend. Our bitumen index, which was 5.6% lower in 2013/14 Q4 than in the same period last year, reflects the impact of muted US\$ crude oil prices and a strong NZ\$.

### Market prices

Increased residential demand and Christchurch rebuild underpins building costs



Building costs continue to increase at an increasing rate. Heavy and Civil Engineering Construction costs, which rose 2.5% in 2013/14 Q4 compared to the same period in the previous year, show a flatter but increasing trajectory.



# NZ TRANSPORT AGENCY RISK DASHBOARD

Quarter ended 30 September 2014

Risk category	Q4	Q1	Risk target	Treatment effectiveness	Comments
1. Rail safety regulation				»	<ul style="list-style-type: none"> <li>Action plans are being implemented to address the most significant regulatory vulnerabilities.</li> </ul>
2. Network incident response and management	New Risk			»	<ul style="list-style-type: none"> <li>This risk has been reassessed and separated from network resilience, with greater consideration of current controls.</li> </ul>
3. Canterbury rebuild				+	<ul style="list-style-type: none"> <li>The challenge is to assess the balance of the non-committed works against the new standards, update cost estimates and agree the programme priorities within remaining funds.</li> </ul>
4. Business continuity				»	<ul style="list-style-type: none"> <li>Numerous business continuity and incident management planning activities are underway within the Transport Agency.</li> </ul>
5. One network road classification (ONRC)				+	<ul style="list-style-type: none"> <li>The challenge is to improve coordination around the implementation of the ONRC and ensure that clear expectations are provided to approved organisations around how the ONRC will be used both for the 2015-18 NLTP and beyond.</li> </ul>
6. Privacy breaches				+	<ul style="list-style-type: none"> <li>In quarter 1 an increasing number of incidents were reported and managed as a result of improved awareness and internal process.</li> </ul>
7. Health and safety	New Risk			»	<ul style="list-style-type: none"> <li>Systems are currently effective; however work is required to meet the new health and safety legislation prior to its implementation in April 2015; this is achievable.</li> </ul>
8. Information security				+	<ul style="list-style-type: none"> <li>Rapidly changing technology means this risk requires continuous monitoring.</li> </ul>
9. Payment card industry compliance	New Risk			»	<ul style="list-style-type: none"> <li>Visa have accepted the comprehensive remediation plan and moved the deadline for full PCI compliance from November 2014 to September 2015.</li> </ul>

## Risk assurance overview

Greater group engagement has clarified what our top Transport Agency risks are and how effective the current controls and planned treatments are; this is reflected in the prioritisation of risks and the dashboard.

This has resulted in three new risks this quarter. Five risks have been closed or redefined.

The public profile/strong reputation risk, which was on our risk profile in 2013/14, has been removed as it is reflected in all risks and we safeguard this through our business as usual activities and assessments.

## Risk Category

- Active management is required by the Risk Owner, SLT to review and confirm strategies
- Risk and controls require group management oversight, SLT are informed
- Effective internal controls and monitoring to occur within business groups
- Routine procedures to be used to manage the risk and controls

## Treatment Effectiveness

- Treatments are implemented and effective
- Treatments largely implemented,
- Some treatments implemented

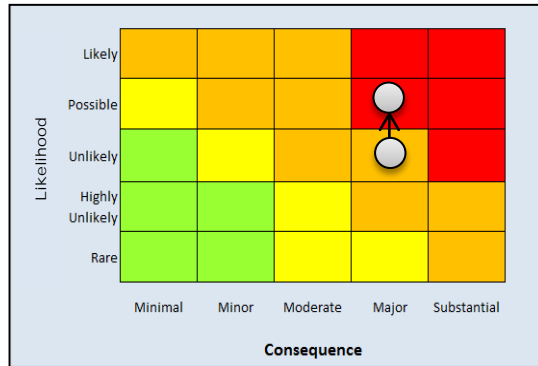
1

Risk description

**Rail safety regulation**

A significant rail safety incident could occur as a result of regulatory system failure.

Risk owner: Access and Use



Challenge/Insight

- Improved understanding of this risk has prompted the increase in likelihood.
- Recent safety assessments, actions and incidents indicate the safety culture and systems of some rail operators are not as strong as is desired.
- Trend analysis identified five high risk safety issues in the rail system (signals passed at dander (SPADs), Auckland electrification, control room, tunnels and level crossings).

Actions and controls already in place to address risk

- A Rail Action Plan has been developed in response to the independent review and the plan is being implemented, including appointment of an experienced regulator to lead the rail safety team, and increasing the capacity and capability of the team.
- Specific actions/action plans are underway or have been completed to address the five key risk areas.
- The Agency has completed safety case variation approvals for the initial trains running on the Auckland network.

Planned risk treatment action

- There is to be a stronger and more consistent focus on requiring operators to close out identified safety issues in a timely manner. Assessments of all safety incidents to determine actions to reduce future risks and priority of treatment
- Completion of special safety assessment of the KiwiRail control room.
- Industry-wide programmes to make progress on SPAD, Tunnels, and Level Crossings risks are underway in Quarter 2.
- The Agency expects to consider expanded operations for the Auckland network in Quarter 4.

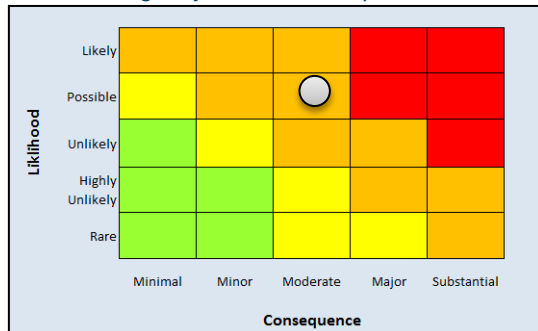
2

Risk description

**Network incident response and management**

There is a risk that we don't respond consistently to incidents that occur on the network and that roles and responsibilities of incident managers are unclear, which can result in a less efficient and effective response.

Risk owner: Highways and Network Operations



Challenge/Insight

- Journey managers have a work plan to enable the Transport Agency to be more effective in the management of this risk.

Actions and controls already in place to address risk

- Regional response plans and procedures are in place.

Planned risk treatment action

- Develop consistent response protocols and procedures nationwide.
- Gain clarity of roles and responsibilities across the Transport Agency and emergency response organisations.

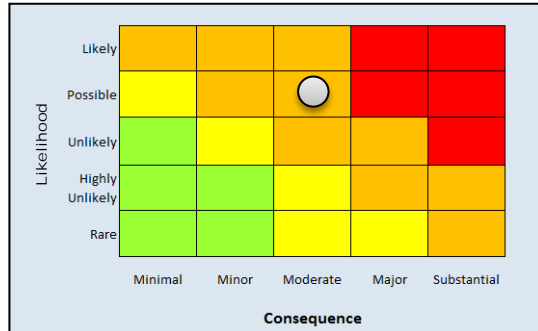
3

Risk description

**Canterbury rebuild – governance and management**

The lack of effective governance and management controls, timely decision making and monitoring could significantly affect the ability to maintain rebuild momentum and confidence.

Risk owner: *Planning and Investment*



Challenge/Insight

- The challenge is to reassess the balance of the non-committed works against the new standards, update estimates and agree the programme priorities within remaining funds.

Actions and controls already in place to address risk

- The Christchurch Land Use Recovery Plan (LURP) has been published and the Transport Agency is well embedded in the District Plan reviews to give effect to the LURP. The Infrastructure Recovery Technical Standards and Guidelines document has been reviewed, three new water standards agreed to and all projects are being reviewed against revised standards.

Planned risk treatment action

- Continue to work with the Horizontal Infrastructure Governance Group to confirm the optimal rebuild programme, the 2014/15 work programme and the forward rolling annual implementation programme and appropriations.
- Continue to work with the Canterbury Earthquake Recovery Authority and Treasury to ensure our interests are appropriately provided for.
- Development of a whole of programme financial reconciliation model is underway.

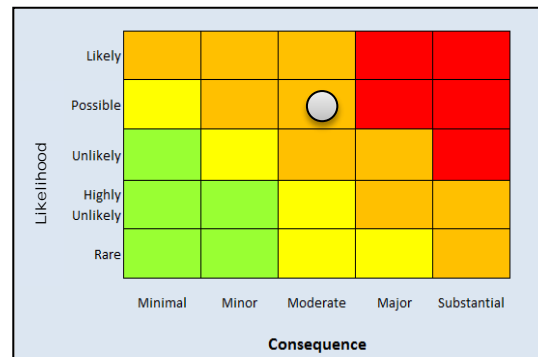
4

Risk description

**Business continuity plans (BCPs)**

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 (eg traffic operations centres) where we may not meet current business operating needs.

Risk owner: *Organisational Support*



Challenge/Insight

- Business impact analysis for the Transport Agency is complete, with critical functions and risks to these functions identified (excluding TOCs)
- Numerous business continuity and incident management planning activities are underway within the Transport Agency
- Risk assurance to create a road map of who is working on what to ensure taking advantage of each other's work

Actions and controls already in place to address risk

- Relocation of the Transport Agency's Contact Centre to the Palmerston North City Council building is being explored.
- DR requirements for the Transport Agency are with IS for DR business case development

Planned risk treatment action

- Test of Palmerston North BCP will be carried out in the second quarter.
- Business continuity responses for TOCs are to be developed in quarters 2 and 3.

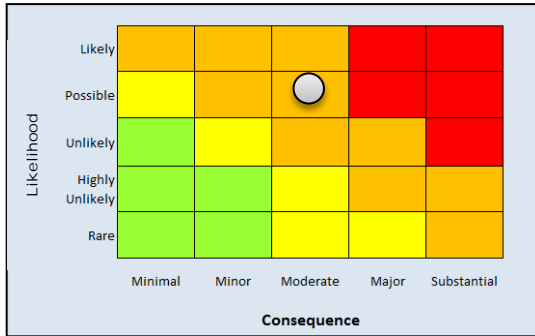
5

Risk description

**One network road classification (ONRC)**

We don't realise the full ONRC outcomes and benefits due to a lack of understanding, buy-in, sector capability and approved organisations' (AOs) data systems to support effective investment conversations for the upcoming 2015-18 National Land Transport Programme (NLTP).

Risk owner: *Planning and Investment*



Challenge/Insight

- The challenge is to improve coordination around the implementation of the ONRC and ensure that clear expectations are provided to approved organisations around how the ONRC will be used for the 2015-18 NLTP and beyond. Transition plans will need to provide clear implementation action plans.

Actions and controls already in place to address risk

- An investment policy approach has been developed.

Planned risk treatment action

- Investment signals to approved organisations clearly set out our expectations on incorporation of ONRC in Activity Management Plans (AMPs). Guidelines are being prepared for assessment of AMP business cases including ONRC.
- Road Controlling Authorities have conducted self-assessments, identifying capability gaps in their ability to apply the ONRC. Equip (the Local Government NZ centre of excellence for asset management) is responding to requests for assistance to address these deficiencies.

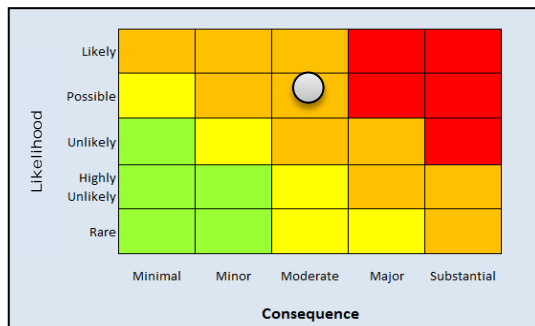
6

Risk description

**Privacy breaches**

There is a risk that people's privacy could be breached through the accidental release of information or through unauthorised illegal access to our systems (internally or externally sourced), which would result in reputational damage.

Risk owner: *Access and Use*



Challenge/Insight

- In quarter 1 an increasing number of incidents were reported and managed as a result of improved awareness and internal process. Human factors are the consistent incident cause.
- The toll payment website has an interim solution to safeguard trip information until the system upgrade is complete.

Actions and controls already in place to address risk

- Automated systems have been 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.
- All A&U Delivery staff have attended privacy training, with good feedback.
- Increasing awareness and education to drive behavioural change.

Planned risk treatment action

- Communication and training continues to further reduce this risk.
- Within MotoCheck, the Transport Agency has strengthened focus around contractual obligations concerning data and will offer extra support for our agents.
- An online tool is being developed to ensure ongoing education. An Intellidox twelve-month plan will be developed.

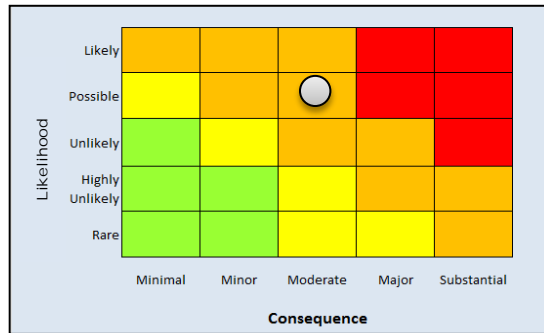
7

Risk description

**Health and safety (H&S)**

There is a risk that we may not understand or fulfil our duties as a Person Conducting a Business or Undertaking (PCBU) as defined in the Health and Safety Reform Bill.

Risk owner: People and Capability



Challenge/Insight

- Developing a consistent approach to health and safety issues to meet our obligations as an employer.

Actions and controls already in place to address risk

- A Zero Harm strategy has been developed and approved by the Board.
- A H&S leadership role has been created to drive change internally and with our suppliers.
- Zero Harm Advisor roles have been created to support the groups' activities and implement the Zero Harm strategy.

Planned risk treatment action

- Five new staff to be recruited in the second quarter
- New performance metrics and reporting tool to be established
- Transport Agency-wide H&S risk assessment and profiling to be conducted
- Dedicated communication channel to be established for Zero Harm
- Zero Harm Portal (internal/external website) in development
- Zero Harm - Managing Safely and Working Safely training courses to be conducted
- Minimum standards to be developed for all high risk activities
- Directors' due diligence training and reporting tool to be implemented in Q2
- Legal review against new legislation by third party specialist in Q4

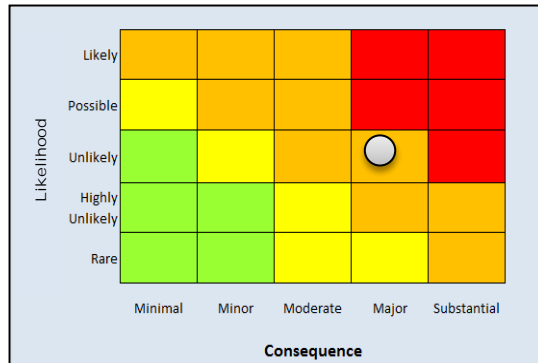
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Risk description

**Information security**

There is a risk of a security breach and/or data loss could occur to information used by systems hosted by the Transport Agency or by vendors using external sites.

Risk owner: Organisational Support



Challenge/Insight

- Rapidly changing technology where people can make mistakes or oversights in their use or management of information means this risk needs continuous monitoring.

Actions and controls already in place to address risk

- Security architect processes are implemented.
- Security vulnerability scanning conducted regularly.
- GCSB recommendations for password security and Windows 7 implemented.
- A security awareness and education programme was completed during April and May 2014.

Planned risk treatment action

- Complete the security framework.
- Security reviews and privacy impact assessment's stop/go gate implemented.

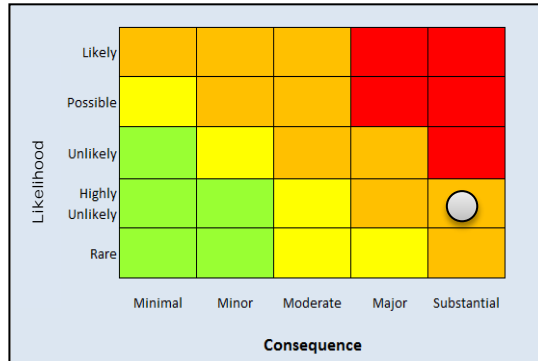
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Risk description

**Payment card industry (PCI) compliance**

PCI non-compliance could result in privacy, reputation and financial penalty risks for data loss breaches. Current revenue payments of \$400 million are collected through credit cards.

Risk Owner: Organisational Support



Challenge/Insight

- PCI compliance requirements are revised every three years, so this has moved from being a one-time upgrade to a programme of consistent upgrades.
- Visa have accepted the comprehensive remediation plan and moved the deadline for full PCI compliance from November 2014 to September 2015.
- An increase in resources may be required to ensure the deadline is met.

Actions and controls already in place to address risk

- A PCI Governance Group and work programme has been established to ensure compliance is achieved by September 2015.
- This risk impacts on the following projects: Transact, Common Payment Service, Tolling Phase 3 and Contact Centre upgrade.

Planned risk treatment action

- Agreed plan with Westpac was previously seen as a one off-risk; now this is an ongoing business practice that needs to be accounted for in future projects.
- PCI compliance programme has begun.
- Finance are working with customer-facing groups across the Transport Agency.



# OUR NINE 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. Putting customers at the heart of our business	2	1	
2. Making the most of urban network capacity	3	4	
3. Moving more freight on fewer trucks	5		
4. Safe speeds to reduce deaths and serious injuries	2	2	
5. Efficient road maintenance investment and delivery	6	1	
6. Integrate one network for customers	6	5	
7. Shape smart transport choices	12	3	
8. Deliver highway solutions for customers	12	3	
9. Maximise returns for New Zealand	10	3	

The following pages present the results and progress in detail.

# KEY RESULT AREA 1: CUSTOMERS




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

Success indicator	2012 baseline	2012/13 result	2013/14 result	2014/15 result	2016 target	Result
Average Gallup score for staff who identify their team uses feedback from customers to improve our services	3.68	3.80	3.89	Reported in quarter 4	4.05	-

In this quarter:

- Customer priority clusters focusing on culture, insight and quality have been formed and are linking up relevant business owners
- SLT Walking the Talk Programme to be back on track by the end of the second quarter
- October customer champions meeting to refine complaints process and improve communication into the business

**Q1: Good overall progress, with one area to watch.**

Milestones for 2014/15	Q1 progress	Result
Increase the level of capability and understanding that all Transport Agency staff have of what an exceptional customer experience looks like and how this relates to their role.	<p>The customer priority culture cluster has formed and is linking up the business owners of our brand strategy and people plan. These two streams are working together to build on our three behaviours to deliver a customer promise that is consistent with our internal culture.</p> <p>In response to the skills and capability survey results a customer-focus section was created for the transferable skills programme. Work is under way to look at ways to link this programme with the customer foundations workshop.</p> <p>Some aspects of the SLT Walking the Talk programme are slightly behind schedule, but due to be back on track by the end of the second quarter.</p>	
Ensure a consolidated Transport Agency-wide articulation and understanding of our customers, their needs, and their expectations by harnessing ongoing customer insight techniques and identifying any gaps.	<p>The customer priority insight cluster is linking up the business owners of substantial customer research programmes.</p> <p>A stocktake of customer surveys and engagement was scoped and the first phase of the stocktake is under way.</p>	
Customer feedback is actively solicited and directed to the relevant teams and used for continuous improvement.	<p>The customer priority quality cluster is also linking up the business owners of our customer feedback and complaints processes.</p> <p>A stocktake of the channels used to capture complaints and how the data is being used is underway in an effort to identify potential quick wins, understand what is currently happening and look at next steps to build on work that has been previously undertaken.</p> <p>The October customer champions meeting will be used to examine ways to refine the complaints process and find ways to communicate deep into the business the value of maximising the insights contained in customer complaints.</p>	



# KEY RESULT AREA 2: URBAN NETWORK CAPACITY

**Our aim is to make the most of urban network capacity**




In this quarter:

- Optimisation projects have been included in the Auckland Integrated Transport Programme and RLTP, and have been put forward for inclusion in the Wellington RTLP
- Christchurch's struggle to develop a prioritised programme is becoming an issue for the entire Land Transport Programme
- Our planning and investment signals clearly outline the relationship between key planning documents
- Resource pressures stall planned review of the Christchurch Traffic Operations Centre
- Transport Operation Centres' key performance indicators expected to be developed in the second quarter
- Critical regional functions have been identified by the Transport Operations Centres

**Q1: Mixed progress, with four areas to watch.**

Milestones for 2014/15	Q1 progress	Result
Auckland, Wellington and Christchurch optimisation activities have been considered for inclusion in the 2015-18 National Land Transport Programme.	High benefit corridors have been identified and agreed. Optimisation projects have been included in the development of the Auckland Integrated Transport Programme and the Regional Land Transport Plan (RLTP). This is still being developed in Wellington as approved organisations (AOs) in the Central region are putting forward key projects in their RLTPs. Christchurch City Council is struggling to develop a prioritised programme and this is an issue for the entire Land Transport Programme.	
All network operating plans are aligned and consistent for easy integration within the transport planning activity - eg regional freight plans, Highways and Network Operations, Public Transport Operating Model and critical journeys. <i>(Note: this is a shared milestone with these local authorities)</i>	The relationship of key planning documents has been outlined in our planning and investment signals. Building understanding internally and externally is ongoing through the work of Regional Advisory Groups and the Transport Agency/AO-led Network Operating Framework (NOF) national working group. The Christchurch City Council/Christchurch Traffic Operations Centre plan review has stalled due to staff resource pressures. As a result, the revised due date is December 2014. Christchurch is on track in its optimisation work streams for Greater Christchurch Transport Statement (GCTS).	
The Wellington Transport Operations Centre (WTOC) is operating as a joint one network entity with participation from Wellington, Hutt, Upper Hutt, and Porirua councils. <i>(Note: this is a shared milestone with these local authorities)</i>	Project Director (WTOC) commenced in August. The strategy for a collaborative approach to "One Network" is under development, with further opportunities being investigated.	
Implement the Transport Operations Centres' (TOCs) key performance indicator (KPI) reporting regime and capture in the quarterly reports.	We have signalled this amber as we have not yet developed national KPIs for the TOCs as it has been more challenging than expected due to a lack of clarity around the journey management outcomes we are seeking. We have only just completed a journey management framework, which will enable this milestone to be achieved in the second quarter.	

Key result area 2 | Making the most of urban network capacity

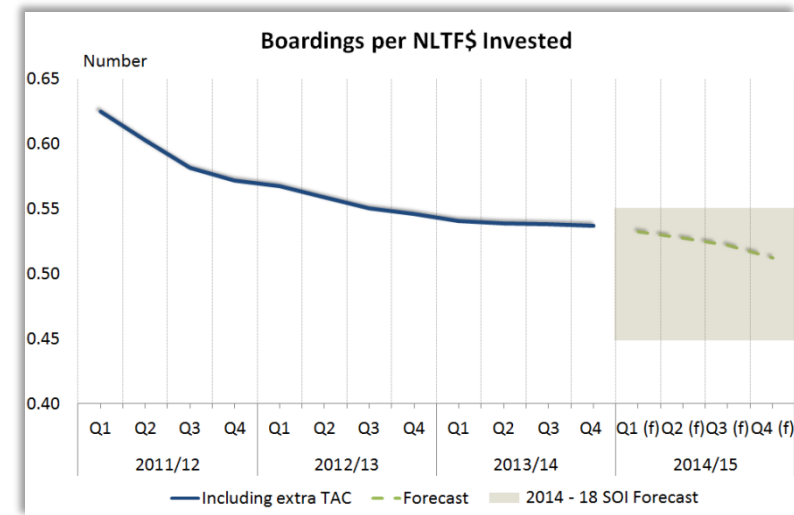
Milestones for 2014/15	Q1 progress	Result
<p>Transport Operations Centres' (TOCs) business continuity plans allow for fall over between centres and simulated disaster event carried out.</p>	<p>TOCs have identified critical regional functions and the simulated exercise to identify gaps was delayed and is now due to be conducted in early October.</p>	
<p>Clearly differentiate Auckland and Wellington bus routes into types and levels of service, with a focus on efficient and effective commuter services.</p>	<p>Principles of the network design have been agreed and endorsed through the Regional Public Transport Plan, which was adopted in June 2014.</p>	
<p>Improve network capacity utilisation in Auckland, Wellington and Christchurch as a result of establishing good partnering relationships between public transport service operators and regional councils/Auckland Transport.</p> <p><i>(Note: this is a shared milestone with regional councils, public transport operators and territorial local authorities)</i></p>	<p>We have been assisting Environment Canterbury (Ecan) to develop its draft Procurement Strategy and Regional Public Transport Plan (RPTP) review, including a meeting with operator representatives. The Procurement Strategy is being developed to facilitate a two-stage transition to full Public Transport Operating Model (PTOM) contracts. This will involve an initial renegotiation with the incumbent for a term through to 2018, with full PTOM-based contracts operating beyond that.</p> <p>We continue to work closely with Christchurch City Council and Ecan to develop and implement a coherent and timely passenger transport infrastructure improvement plan to support the direction of the RLTP. While a number of challenges remain, on the whole, the relationship is improving.</p>	

## Quarterly summary of public transport outcomes:

The accompanying chart shows the number of boardings per NLTF\$ invested in public transport services over time. Historic estimates are based on four quarter rolling totals of actual public transport patronage and apportioned investment. Recent actuals have been revised and forecast estimates are based on patronage and investment projections, which were revised in early 2014.

The slight decline in the number of boardings per NLTF\$ invested during 2013/14 is driven primarily by continuing investment in Auckland, and reflects the fact that the patronage response to service improvements is lagging investment.

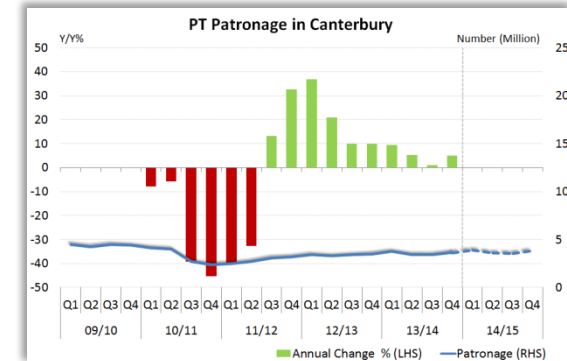
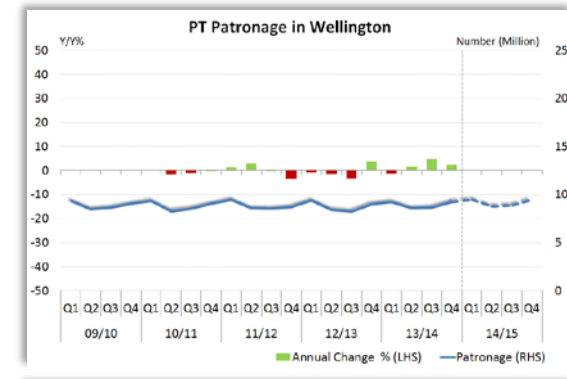
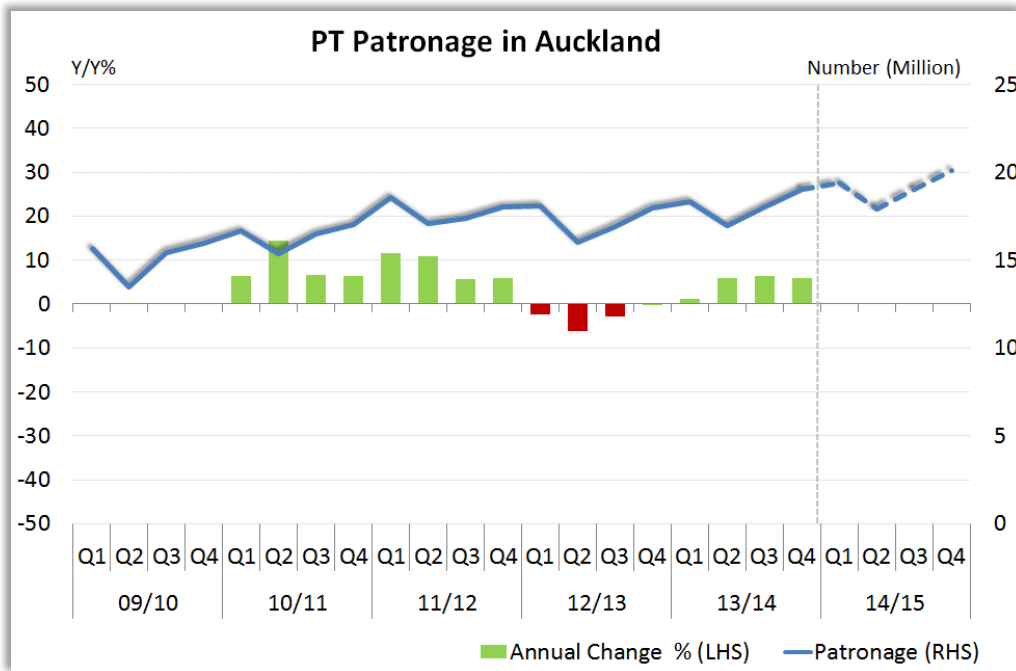
Despite patronage numbers in Auckland showing strong growth again, after a relatively flat year in 2012/13, the real benefits of investment commitments already made will not be fully realised until the planning bus network reconfiguration is fully implemented in 2017/18.



## Public transport patronage trends (with annual percentage change) for Auckland, Wellington and Canterbury

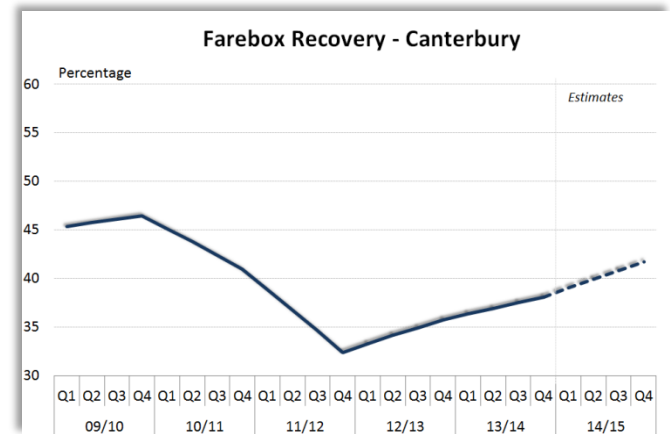
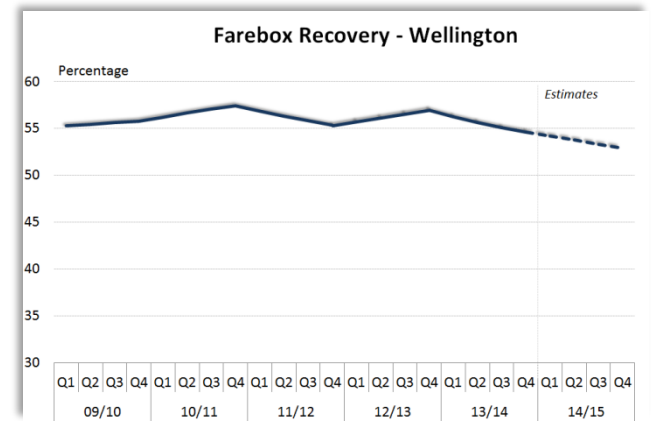
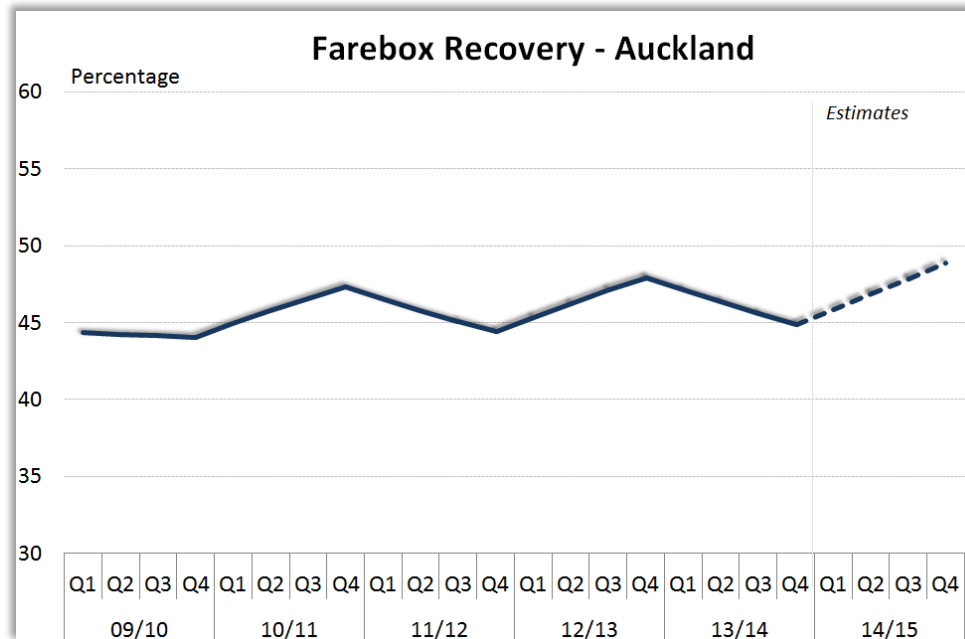
Public transport patronage numbers shown in the charts below are provided up to 2013/14 Q4, a quarter in arrears. The data was obtained from the Transport Agency's Transport Investment Online database. Key points include:

- Auckland public transport patronage totalled 72,396,155 passenger boardings for the twelve months to June 2014, an increase of 4.8% on the twelve months to June 2013. Public transport patronage in Auckland continued its positive growth trajectory with boardings growing for a fourth consecutive quarter. This improving trend reflects the positive impact of service improvements and the effects of a stronger regional economy, evidenced in part by increasing levels of employment.
- Public transport patronage in Wellington has also shown some gains, posting its third consecutive quarterly increase. Patronage grew by 2.5% in 2013/14 Q4 and 6.8% when compared to 2013/14 Q2. Service level improvements have helped to improve rail patronage numbers.
- Public transport patronage in Canterbury continued to grow, posting gains for the tenth consecutive quarter. Patronage grew by 5.0% in 2013/14 Q4 and 7.1% when compared to 2013/14 Q2. Despite these increases, public transport patronage is still about 12% lower than that recorded prior to the earthquake in 2010/11.



## Public transport farebox recovery rates (with annual percentage change) for Auckland, Wellington and Canterbury

- Auckland – The dip in farebox recovery rates seen in recent quarters reflects levels of investment in service capacity improvements outpacing increases in patronage. Farebox recovery rates are set to improve as new electric trains become operational, HOP ticketing benefits are realised and the new bus route configurations come into effect.
- Wellington – The downward trend in farebox recovery rates seen in recent years is expected to continue as patronage growth on this mature public transport system is expected to remain modest despite investment in new trains and improved bus services. A deliberate policy by the regional council to keep fare increases to a minimum in order to maintain customer loyalty should support patronage growth and help farebox recovery rates in the long-term.
- Canterbury – The farebox recovery rate is expected to rise over the coming year in line with patronage gains. However, as patronage growth starts to slow, fare box recovery rates should ease in the long-term.



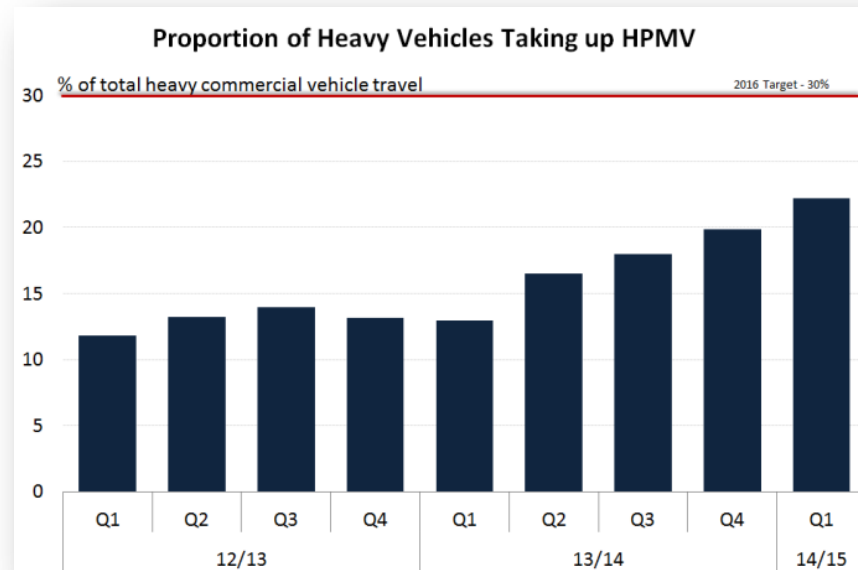
# KEY RESULT AREA 3: FREIGHT

**Our aim is to move more freight on fewer trucks**

In this quarter:

- Travel by HMPVs continued to increase during the first quarter
- The number of 50MAX permits has increased by 800 during quarter one
- 46 councils are now included in the single 50MAX network access permit, with Hamilton coming on board
- The number of Road Controlling Authorities signing up for 50MAX is ahead of target
- The number of 50MAX bridge restrictions on the state highway network declined from 31 to 24 this quarter
- 2,060kms of HPMV investment routes are now available
- A programme has been developed for the second tranche of HPMV routes
- 50MAX permits are issued in 1.9 days on average
- Over-length permits are issued in 2.6 days on average

**Success indicator**



**Current result: 22.2%**




**25% by 2015 (30% by 2016)**

This quarter's results show continued growth in high productivity motor vehicle (HPMV) uptake, with HPMV travel expressed as a % of big and heavy truck travel, increasing to 22.2%. The target set for 2014/15 of 25% is now likely to be achieved in the third quarter. Available data shows that while there is a continued uptake in most types of HPMV, growth in 50MAX travel is the key contributor. During Q1, 50MAX trips have grown from 20 million to over 30 million kilometres travelled in the quarter. Similarly the number of 50MAX permits issued by the Transport Agency has now reached 1,843, up almost 800 from last quarter. These permits also cover more of the road network, with 46 local councils having now signed up - one more than last quarter. This notable addition was Hamilton City Council. With Hamilton playing a major role in Waikato freight and logistics, many local roads in Hamilton are needed to access major places-for-freight. Opening up their network to 50MAX trucks will unlock significant network opportunities for businesses, including some of our major exporters.



Additionally, the Transport Agency and its local partners have been removing some of the 'do-not-cross' bridges from the approved network. During this quarter, the Upokongaro No.1 Bridge (SH4) and the Whirokina Bridge (SH1) over the Manawatu River have been opened to 50MAX access. This reduces the number of 50MAX bridge restrictions on the state highway network from 31 to 24. This progressive opening of the network serves to make 50MAX all the more attractive to industry, which are able to improve productivity by around 15% with each trip.



**Q1: Good progress.**

Milestones for 2014/15	Q1 progress	Result
<p>Deliver the upgrade programme for the remaining North Island and South Island investment routes, providing access to 4,500 kilometres on the strategic high productivity motor vehicle freight network, including first-last mile local road access.</p>	<p><b>QUARTERLY HIGHLIGHT:</b> We have opened 2,060kms of the HPMV Investment Routes.</p> <p>The final South Island design contracts have been awarded and we are making good progress accepting a number of bridge design statements.</p> <p>We continue to find more bridges that don't require strengthening, following detailed assessment.</p>	
<p>50MAX high productivity motor vehicle access available on all suitable state highway and local road networks.</p>	<p>69% of RCAs (46 local councils plus state highways) have signed up for 50MAX; this is ahead of target for the quarter. Rate of uptake has slowed with the next round of RCAs proving more difficult to sign formal delegation via MOU.</p> <p>Northland and Southland regions are now the focus of our attention in terms of convincing these regions to allow 50MAX without conditions.</p> <p>Next quarter's target will be challenging, however, we have increased our internal co-ordination within the Transport Agency to enable more focus on this in the second quarter.</p>	
<p>Develop second tranche of high productivity motor vehicle and 50MAX bridge upgrades for consideration for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: these are shared milestones with local authorities)</i></p>	<p>A programme has been developed for the second tranche routes and it has been submitted into the RLTP process.</p> <p>Work is in progress in Auckland/Northland as part of the RLTP formulation. We have worked to ensure the SHAMP is aligned with the pan area journey thinking.</p> <p>We have a few key local road connections on local authority programmes in the Waikato/BOP region (eg Cambridge low level bridge).</p> <p>The second tranche has been a key component of the SHAMP discussions in the Central region.</p> <p>A state highway improvement programme has been agreed at Environment Canterbury (ECan) RTC in September for implementation in 2014/15.</p> <p>Southern HPMV routes have been accelerated into current NLTP.</p>	

Key result area 3 | Moving more freight on fewer trucks

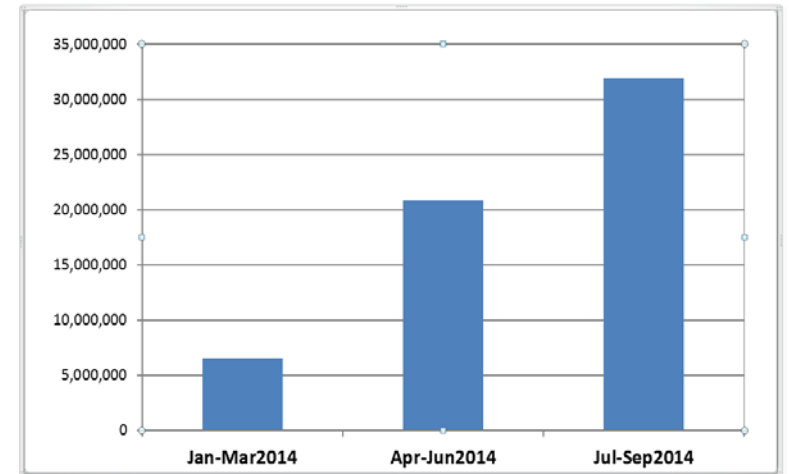
Milestones for 2014/15	Q1 progress	Result
<p>Non-complex* high productivity motor vehicle permits for state highways are issued within five working days.</p> <p>* Non Complex HPMV permits definition: Over-length, 50MAX and any other permits that are processed centrally and do not require a hand off to any other party</p>	<p>During the first quarter, we issued 50MAX permits in 1.9 days on average. This result is consistently met each month.</p> <p>For over-length we are currently tracking at 2.6 days turnaround for the quarter.</p>	
<p>90% of complex^ permits meet the customer turnaround commitment given to operators.</p> <p>^ Complex permits definition: Any HPMV permit that requires a handoff and input from other parties both internal and external.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The plan has been developed and stakeholders have been consulted regarding tracking tool options to manage permitting.</p>	

## Feature

From North Cape to Bluff - rollout of 50MAX access across New Zealand



50MAX - Kilometres Travelled



A significant breakthrough has been achieved for improving freight efficiency with the opening of the Whirokino Trestle Bridge on State Highway 1 in Horowhenua to 50MAX high productivity motor vehicles (HPMVs).

The restriction on the bridge, south of Foxton, was lifted after an extensive engineering assessment. This is excellent news for 50MAX operators and local communities, who stand to reap the benefits. The 1,100 metre reinforced concrete bridge, which runs across the Manawatu flood plain, was the last 50MAX restricted bridge along State Highway 1, meaning the length of the country from North Cape to Bluff is now 50MAX compatible.

Having the Whirokino Trestle available for 50MAX access is a significant time saver for current and future 50MAX operators and provides major efficiency gains, as it removes the need to divert these trucks via Shannon/Palmerston North. It also encourages those operators currently using standard Class One trucks to consider upgrading to 50MAX combinations.

The opening of this important national route coincides with the opening of more local road access, with Hamilton City joining up to 50MAX. This increasing network access along with big productivity savings is driving more and more 50MAX uptake. With operators moving from standard trucks to 50MAX, not only will this reduce the cost of doing business, but there will be public benefits, as these savings are passed on into the wider economy. The Transport Agency welcomes the fact that many operators are investing in even more safety features in these newer trucks, along with the safety measures required of HPMVs. Most of these newer trucks are fitted with devices such as speed limiting, GPS monitoring, weight load cells and electronic stability control (ESC), meaning they are more efficient and safer. Also, with around 15% fewer trips needed, there will be less of them on the road. So the transfer of freight from more standard trucks to fewer, safer 50MAX combinations will benefit everyone.

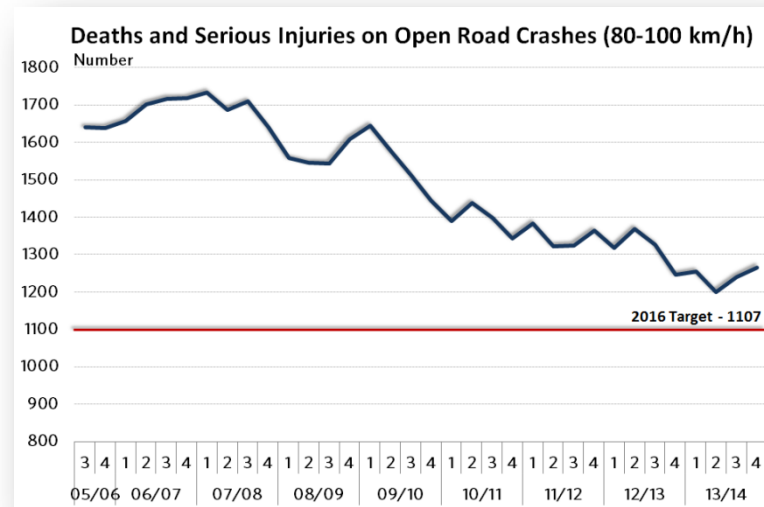
# KEY RESULT AREA 4: SAFER SPEEDS

**Our aim is that safe speeds reduce deaths and serious injuries**

**In this quarter:**

- The NLTP investment signals released in September 2014 embed speed management as part of Safer Journeys
- A Road Policing Investment Framework to guide the preparation of the 2015-18 Road Policing Programme has been developed
- Work on developing a Terms of Reference for an automated enforcement strategy has commenced
- A project plan and a draft communications approach to improve understanding of, and support for, safer speeds has been workshopped

## Success indicator







The key indicator showing the influence of speed on casualties in open road crashes is the number of fatal and serious injuries occurring in crashes on 80-100 km/h roads. This indicator reflects human vulnerability to crash forces, where death and serious injury are more likely with impacts at higher speeds. The number will be reduced by better vehicle occupant protection and collision avoidance features, more forgiving road environments and lower speeds.

**Current result: 1,225**

**2016 target: 1,107**

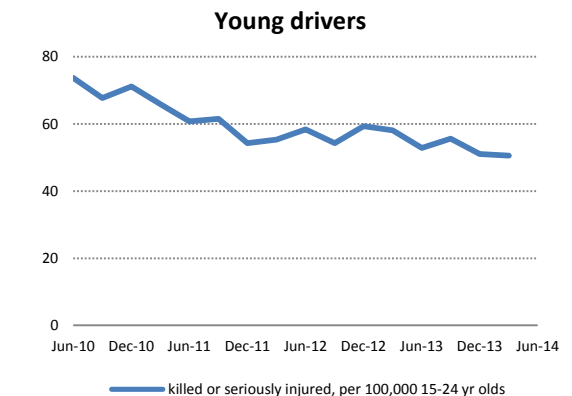
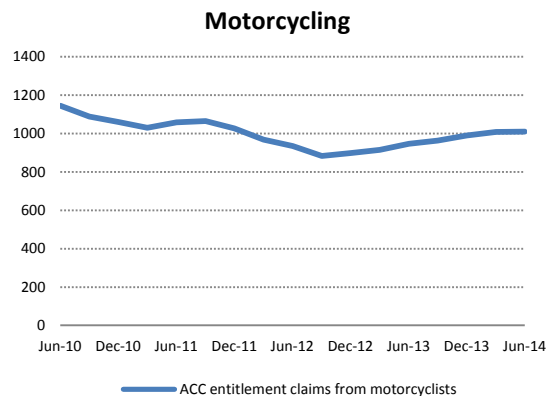
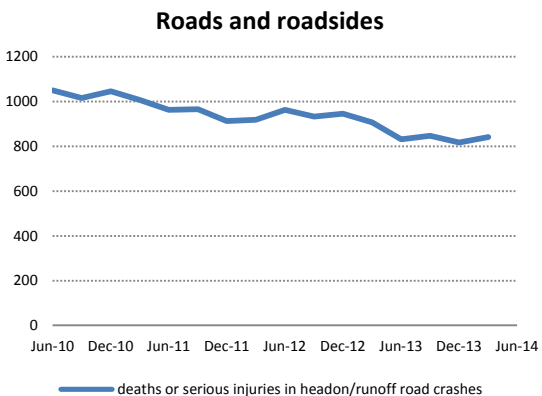
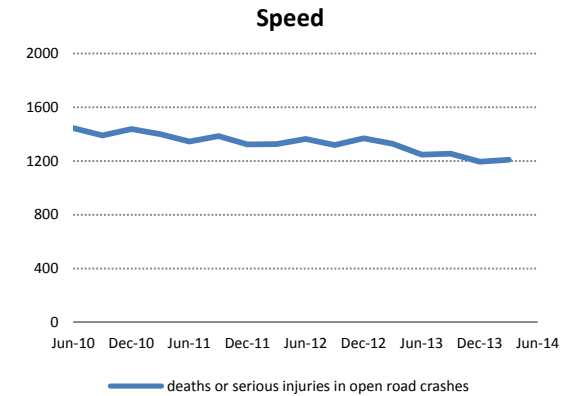
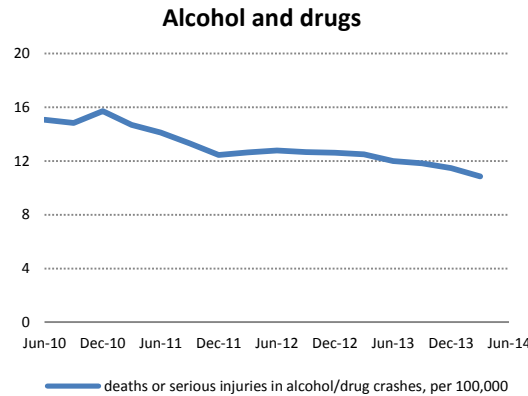
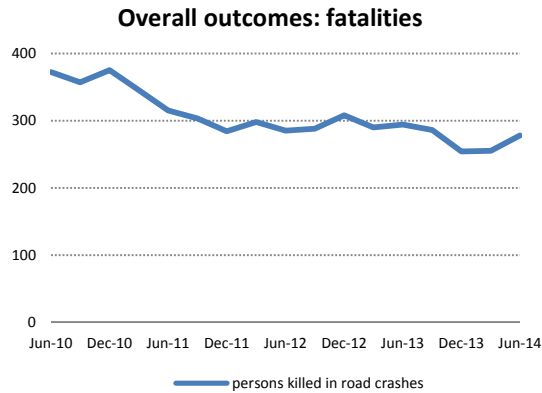
- The number of reported deaths and serious injuries in open road crashes over the past ten years reflects a downward trend.
- If this decreasing trend continues, the total is expected to fall below the specified target for 2016.
- The increase in deaths and serious injuries on open roads reported for 2013/14 is in line with an increase in the overall road toll.

## Q1: Mixed progress, with two areas to watch.

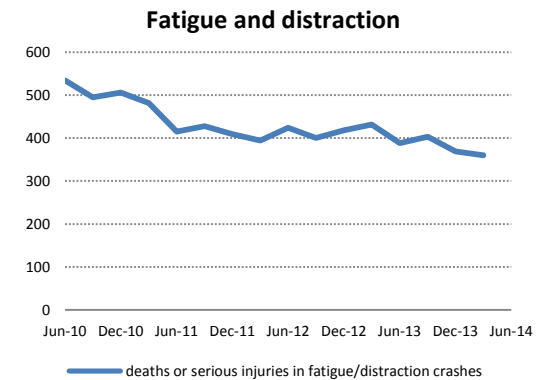
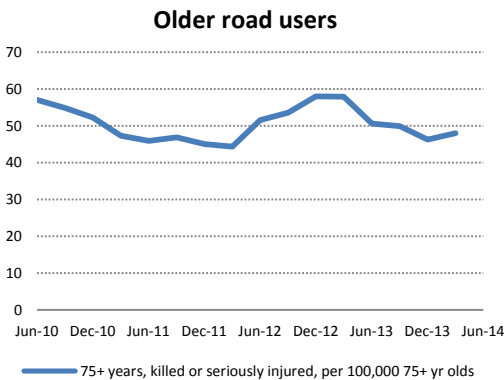
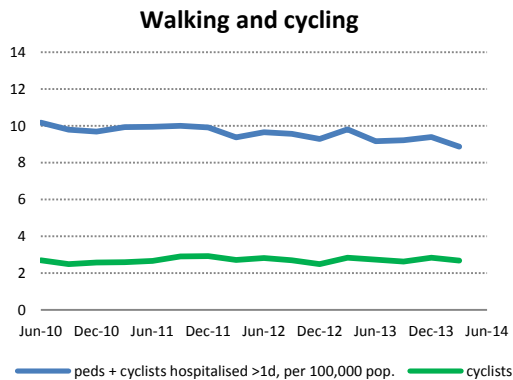
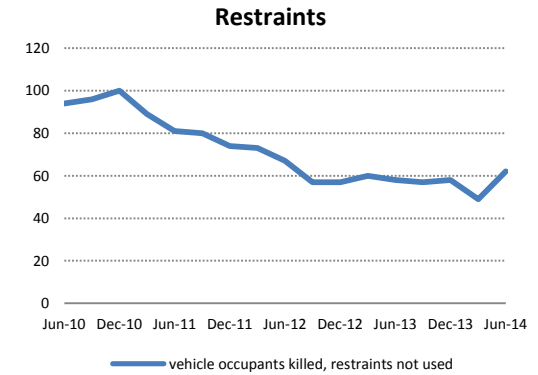
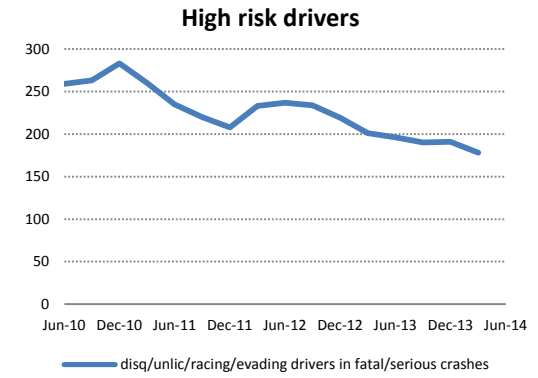
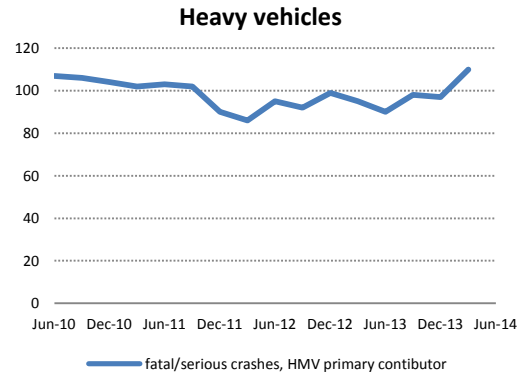
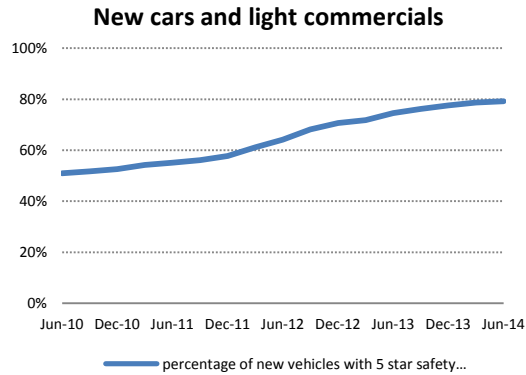
Milestones for 2014/15	Q1 progress	Result
Develop a speed management guide to implement a new national direction and guidance on speeds that are right for the road, the vehicle and the environment.	The speed management guide is progressing well as part of the safer speeds programme of work, with interim guidance being provided to our regional staff for their engagement with approved organisations. This guidance is based on the policy development workshops run earlier in the year. We are preparing for consultation on the draft speed management guide.	
Ensure the Road Policing Programme, State Highway Activity Management Plan and regional transport plans give effect to the national speed management programme – the proposals for which are considered for inclusion in the 2015-18 National Land Transport Programme.	NLTP investment signals released in September embed speed management as part of Safer Journeys and provide robust tools to guide planning, investment and improvements targeting safety risks and safer speeds.  We drafted the Road Policing Investment Framework to guide the preparation of the 2015-18 Road Policing Programme. It is providing for the NZ Police to give effect to the national speed management programme and will be issued in October after further engagement with NZ Police and the Ministry of Transport.	
Develop a cross-agency automated enforcement strategy to enhance road safety and network efficiency.	Early work to define the Terms of Reference for the automated enforcement strategy is under way, led by NZ Police. This includes a report by an international expert on opportunities for the long term expansion of automated technologies to improve safety - this is subject to ACC funding. A separate workstream will evaluate opportunities for enforcement and other technologies to improve network productivity. These reports are due in June 2015.	
Deliver a long term communication and engagement programme to increase partner, stakeholder and public understanding of, and support for, safe speeds.  <i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police, local government, ACC and road user groups)</i>	The project team has identified the need for an external workshop to test our strategic approach. This is well in hand, but will delay the delivery of final briefs until the second quarter.  The project plan and a draft communications approach (objectives, approach and channels) has been developed.  The communications strategy, key messaging and workstream briefs are due to be signed off by the steering group in December.	

## Q4: Quarterly summary of Safer Journeys outcomes: High priority areas of concern

Road safety outcome measures in the following charts and tables are provided for the last five years, up to the most recently available quarter. The measures are obtained from the Transport Agency's Crash Analysis System, ACC entitlement claims, Ministry of Health hospital discharge data, Ministry of Transport speed, restraint and public attitude surveys, Statistics NZ population data, and new vehicle registration figures.



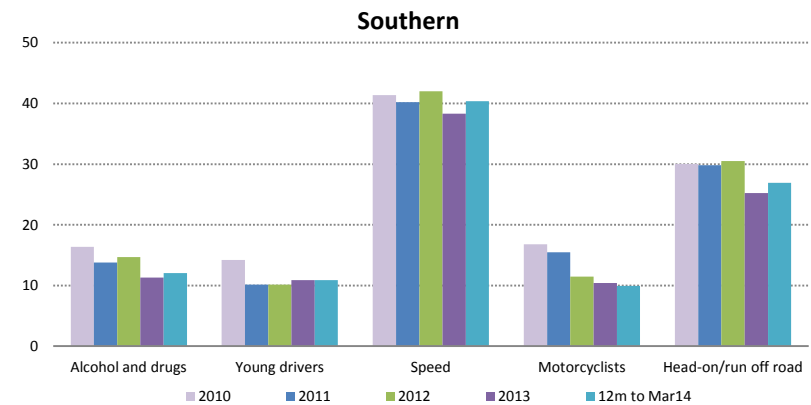
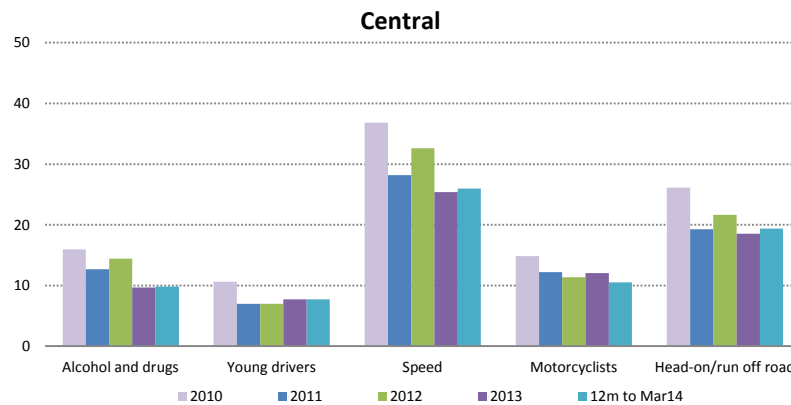
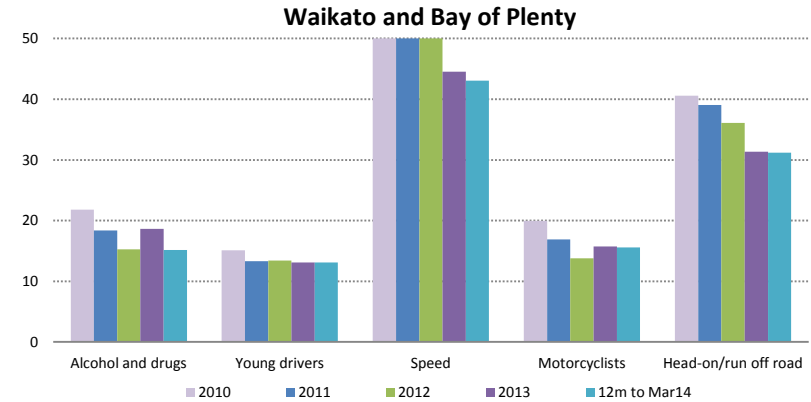
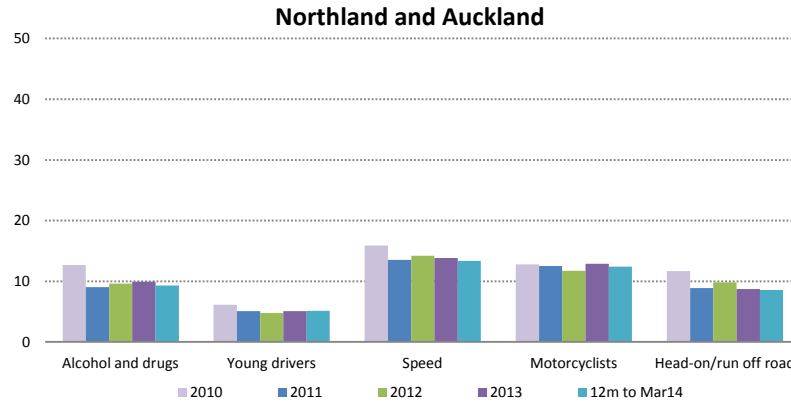
## Q4: Quarterly summary of Safer Journeys outcomes: Medium priority areas of concern and areas of continued focus



## Q4: Road safety outcomes by NZ Transport Agency region

The following charts and tables show trends over the past five years in the four NZ Transport Agency regions for the high priority road safety concerns in *Safer Journeys*. The final bar in each set shows the value for the twelve months to the end of the latest available quarter, to allow full-year comparisons with the preceding annual values.

Fatal and serious injuries\* in crashes, per 100,000 population



\* Motorcycle casualties = hospitalisations for more than 1 day; head-on and run-off road crashes are open road crashes (80-100 km/h).



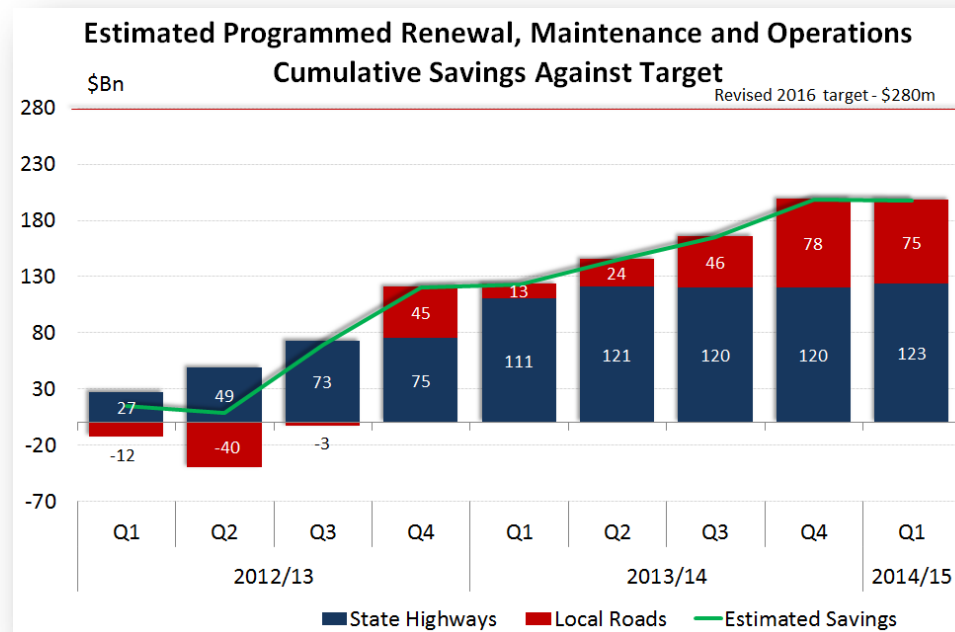
# KEY RESULT AREA 5: EFFICIENT ROAD MAINTENANCE

## Our aim is efficient road maintenance investment and delivery

### In this quarter:

- Cumulative programmed savings for both local roads and state highways remain on target despite no change in 2014/15 Q1
- A slight increase in savings on state highways was offset by a small reduction in savings from local roads
- Lower than expected work volumes have led to a situation where cumulative savings on local roads have exceeded target.
- Draft ONRC performance measures have been endorsed by the REG governance group and presented to the Board in 2014/15 Q1
- A number of regions are deciding how to provide guidance on the Investment Assessment Framework to AOs.
- LGNZ's Road Transport Unit (RTU) has been set up with the financial support of the Transport Agency
- A maintenance and operations factsheet is being prepared to ensure asset management plans align to ONRC
- REG and the Transport Agency have spent considerable effort promoting activity management best practice.

## Success indicator







**Current result: \$198m**

**2016 target: \$280m**




Latest estimates of cumulative programmed savings on renewals, maintenance and operation of state highways and local roads suggest that we have achieved just over 70% of our revised 2015/16 target at the end of 2014/15 Q1. Of a total estimated savings of \$198m, approximately \$123m was achieved in state highway related activities (up \$3m from the previous quarter), with the remainder coming from renewals, maintenance and operation of local roads.

Total estimated savings achieved on state highways remain on track, having made 77% of our 2014/15 target of \$160m and 58% of our revised 2015/16 target of \$280m. Although coming in slightly lower than in the previous quarter, total estimated savings on local road renewal, maintenance and operating activities of \$75m for 2014/15 Q1 remained above the target for 2015/16. The main reason for this is that the level of work undertaken on local roads has come in lower than previously anticipated.

## Q1: Good overall progress, with one area to watch.

Milestones for 2014/15	Q1 progress	Result
<p>Develop and adopt the One Network Road Classification (ONRC), including customer levels of service and performance indicators, as a basis for National Land Transport Programme investment in transport programmes.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The REG governance has endorsed draft ONRC performance measures for use by the sector. The methodology has been modified since the establishment of the ONRC project and while performance measures have been developed the level which is seen as being "fit for purpose" will not be confirmed until 2015. Current target date for reporting back to the full Board is first quarter 2015, but with an update to I&amp;O committee in October 2015.</p>	
<p>Approved organisations and Highways and Network Operations have quantified the impact of One Network Road Classification (ONRC) on their network requirements.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The result of the assessment of readiness to apply ONRC to their network by approved organisations (AOs) is expected to be received by 6 October. We expect these to be the subject of transition plans in AMPs.</p> <p>This has been completed in Auckland and in the majority of the Southern region, but is still a work in progress in the Waikato/BOP region, Wellington and Christchurch.</p> <p>Implementation of the safer speeds programme has yet to be promulgated.</p>	
<p>The 2015-18 National Land Transport Programme funding allocations for renewals, maintenance and operations, reflect the application of the One Network Road Classification (ONRC).</p>	<p>The draft Investment Assessment Framework (IAF) released in September reflects road classification and customer levels of service in both the assessment of strategic fit for road maintenance programmes and effectiveness factors of the assessment profiles for investment.</p> <p>While Auckland Transport and majority of the Southern region are already in the process of providing guidance to their AOs, other regions are still deciding how this will work in practice.</p>	
<p>We have facilitated collaborative arrangements between road controlling authorities through the establishment and ongoing support of the local government centre of excellence.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>LGNZ's Road Transport Unit (RTU) has been set up with the financial support of the Transport Agency. The RTU has been presented with a prioritised list of RCAs needing support based on an AO self-assessment and feedback from relevant planning and investment managers. This will be used to prioritise support given from the RTU.</p>	

Key result area 5 | Efficient road maintenance investment and delivery

Milestones for 2014/15	Q1 progress	Result
<p>The Highways and Network Operations centre of excellence for asset management has shared its lessons learnt from the network outcomes contracts roll-out and State Highway Activity Management Plan development with the wider transport sector.</p>	<p>We have published the SHAMP and have a schedule in place for submitting to RTCs through TIO.</p> <p>Annual Plan instructions have been published on the Transport Agency's website for network managers and their consultants to use to put together their annual plan submissions.</p> <p>Current maintenance and operation network outcome contract procurement reporting is available on the website, including contracts awarded and the tender programme.</p>	
<p>Investment decision making incentivises best practice Activity Management Planning and the application of the One Network Road Classification.</p>	<p>This has been achieved in part through the ONRC workshops held in August, where investment requirements were also discussed. A further maintenance and operations factsheet is being prepared for release in October to assist AOs when reviewing their AMPs to reflect the ONRC and business case approach.</p>	
<p>Asset management planning supports a less risk-averse approach to the renewal and maintenance of the network.</p>	<p>Significant effort was applied by both the Road Efficiency Group (REG) and ourselves to develop and share activity management best practice. Road Controlling Authorities (RCAs) have self-assessed their activity management capabilities and Local Government NZ has established a best practice group, Equip, to assist RCAs develop their own capability.</p>	

# KEY RESULT AREA 6: INTEGRATE ONE NETWORK


**Our aim is to integrate one effective and resilient network for customers.**

In this quarter:

- Auckland's Integrated Transport Programme (ITP) has been issued with a prioritisation process that aligns to the Investment Assessment Framework.
- We continue to work with RCAs to help them classify their roads to ensure alignment with ONRC and the development of activity management plans
- Good progress is being made on ensuring 2015-18 RLTPs apply the ONRC, although some rural regions are struggling to make NLTP deadlines
- Delivery of processes and costs for a national public transport ticketing back office processing system has been delayed
- Planning for an integrated fares and ticketing programme in Wellington has been delayed by capacity constraints
- Scoping of work needed to provide guidance on illegal overloading delayed by short-term priorities
- Joint procurement of integrated ticketing is proving challenging given difficulties in joining up separate councils and the Transport Agency's planning and budgeting processes.

**Q1: Mixed results against milestones, with five areas to watch.**



**Objective 1: Integrate land uses and transport networks to shape demand at national, regional and local levels**

Milestones for 2014/15	Q1 progress	Result
<p>Deliver a national investor's perspective into regional land transport plans, regional public transport plans, freight plans and the transport component of transport activity management plans by improving the way in which our information and data is presented.</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>With the delay in the release of the final version of the Government Policy Statement (GPS), we are using the draft GPS to pitch messages to AOs as needed. We are on track in this.</p> <p>The availability of MapHub is helping our regional teams discuss our view of issues and opportunities on the network, and of existing and previous investments.</p> <p>Signals have been taken on board by Auckland Transport as part of the Integrated Transport Programme and RLTP development. There is an ongoing interaction with staff in the Northland Council and Territorial Local Authorities on the needs and priorities of the future programme.</p> <p>In the Waikato/BOP region, investors' perspective is being consistently projected into all regional conversations that we are able to resource. There is some risk around our inability to adequately resource input into regional spatial planning, but we are managing that risk by advocating connections across local authority workstreams.</p> <p>Internal workshops were held in the Central region in August and a summary of the draft Investment Assessment Framework, which has been developed based on the draft GPS, was provided to AOs in September.</p> <p>Investment signals have been circulated in the Southern region and plans are on track with all Regional Transport Committees (RTCs) through active engagement in advisory group meetings and the RTC table.</p>	
<p>Submissions on local government planning matters advocate a one network approach, in particular a coordinated approach to housing affordability, including special housing areas.</p>	<p>Report to be provided on all submissions for the six months ending 31 December 2014.</p>	-




Key result area 6 | Integrate one network for customers

Milestones for 2014/15	Q1 progress	Result
<p>Submissions on local government planning matters seek to minimise transport sector compliance costs through our ability to influence and shape planning documents and resource consents.</p> <p><i>(Note: these are shared milestones with local government, who take the lead on land use planning)</i></p>	<p>Report to be provided on all submissions for the six months ending 31 December 2014.</p>	<p>-</p>

## Objective 2: Integrate national and local transport networks to support strategic connections and travel choice

Milestones for 2014/15	Q1 progress	Result
Refer to Key Result Area 2: Making the most of urban network capacity on page 17.		
<p>Auckland Integrated Transport Programme priorities that give effect to the Government Policy Statement outcomes are considered for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: this is a shared milestone with Auckland Transport)</i></p>	<p>The Integrated Transport Programme (ITP) has been issued with a prioritisation process aligned with the Investment Assessment Framework. There is also an investment calculator that is aligned with the 2012-15 Investment Assessment Framework (IAF) and will be updated upon the release of the final IAF.</p> <p>The ITP2 is a work in progress as it is not yet final. It should be noted that the current regional and national outcomes are aligned. The evolving ITP has informed the draft RLTP and will be finalised in July 2015.</p>	
<p>Targeted support provided to road controlling authorities for the application of the One Network Road Classification and Activity Management Plan development.</p> <p><i>(Note: these are shared milestones with local government)</i></p>	<p>Self-assessments have been compiled and work now is underway to consolidate findings.</p> <p>Classification of roads using default criteria out of the Road Assessment Maintenance and Management (RAMM) system seems to have worked for local authorities with low volume access and collector roads. However, major centres of population with high volume roads have found the classifications more difficult to apply. We have worked successfully with Equip on workshops with Christchurch and Wellington. Auckland, Hamilton and Tauranga have yet to resolve their issues.</p> <p>We have assisted a number of local authorities with their activity management plans. We find they struggle with the difference between traditional asset management plans that focus on assets, and activity management plans that focus on the transport function. This will be an area of continuing demand.</p> <p>Some AO clusters, such as the Road Asset Technical Alliance (RATA) in the Waikato, are collaborating to share resources and develop good practice. A number of AOs and their consultants have approached both Equip and ourselves for support.</p> <p>The geospatial tool to assist regional moderation of One Network Road Classification (ONRC) is being developed to plan.</p>	

Key result area 6 | Integrate one network for customers




Milestones for 2014/15	Q1 progress	Result
<p>2015-18 regional land transport plans apply the One Network Road Classification to their network, identify differences in customer levels of service, and agree appropriate performance measures.</p> <p><i>(refer to NZ Transport Agency priority 5)</i></p>	<p>Work is currently underway at Auckland Transport (AT). AT has signalled that the timeframe is tight, but they are doing everything they can to meet it and we have offered assistance. Feedback has been provided on results of readiness assessment for our State Highways group and the Northland region.</p> <p>This has been achieved in the Waikato/BOP region, although there is angst, particularly at a metro level about applicability and granularity of ONRC in an urban environment. We are struggling to fully resource this conversation with our regional council partners due to capacity issues, but we believe we have done enough in early engagement to get us a product that meets an 80:20 test in terms of quality.</p> <p>In the Central region, delays in developing these tools have put pressure on delivery.</p> <p>Southern region is on track and workshops have been completed, including one-on-one workshops with Christchurch City Council on metro specific issues. There is good progress, although some rural areas are struggling to meet NLTP dates.</p>	
<p>The national public transport ticketing back office processing system is effectively servicing the Auckland ticketing scheme and is prepared for use by other regions as they introduce new integrated ticketing schemes.</p> <p><i>(Note: this is a shared milestone with NZ Transport Ticketing Ltd)</i></p>	<p>The Auckland Transport and Transport Agency pathway and plan are underway.</p> <p>The processes and costs for using back office processing system deliverable needs to shift out to quarter 2 or 3. The timing of the Greater Wellington (GW) integrated ticketing planning has been pushed out and we'll supply this cost information when GW requires it.</p>	
<p>Wellington is well advanced in its planning for an integrated fares and ticketing programme, with preparation for the procurement well developed.</p> <p><i>(Note: this is a shared milestone with Wellington local government)</i></p>	<p>There has been some recent good progress in early scoping, the development of the project approach and recruiting specialist project resources.</p>	

Key result area 6 | Integrate one network for customers

Milestones for 2014/15	Q1 progress	Result
<p>For the main provincial centres outside the three metros, agreement has been reached on a joint procurement for a new integrated ticketing system, using the national back-end processing system and interoperability standards.</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>Strong working group, governance group and goodwill are in place, however, it's proving tricky to join up all the separate councils and the NZTA planning and budgeting processes.</p> <p>We are probably looking at a targeted enhanced Funding Assistance Rate (FAR) to incentivise and keep the joint approach going. Policy analysis is underway.</p> <p>We have a good governance structure and a joint endeavour is underway, but this is going slower than anticipated.</p> <p>Otago Regional Council is leading the southern regions and is on track.</p>	



## Objective 3: Improve freight supply chain efficiency

Milestones for 2014/15	Q1 progress	Result
Refer to Key Result Area 3: Moving more freight on fewer trucks on page 22.		
Weigh-in-motion site proposals are considered for inclusion in the 2015-18 National Land Transport Programme.	<b>QUARTERLY HIGHLIGHT:</b> Programme business case complete and all weigh facilities have been submitted into the RLTP process.	ACHIEVED
Specific guidance on the incentives for reducing illegal overloading is provided in the beyond compliance framework. <i>(Note: this is a shared milestone with NZ Police)</i>	Scoping phase workshops and analysis to develop the beyond compliance framework have been completed, but a final scope proposal has not been drafted and agreed. This work has given way to short term priorities, but will be completed in the second quarter.	
Short to medium investment proposals for freight, including road/rail integration are considered for inclusion in the 2015-18 National Land Transport Programme.	<p>Freight activities mainly focused on HPMV, 50MAX and “first and last mile” have been signalled in relevant RLTPs.</p> <p>This is a work in progress in Auckland. A common view of the strategic freight network (including rail) is now being reflected as a result of our work with the Upper North Island Strategic Alliance RLTPs.</p> <p>Presentations on the draft Central Freight Story have been provided to RTCs as one of a number of information streams to consider in building the evidence base for their RLTPs. The draft document will be released for sector feedback next month.</p> <p>The programme is on track in Christchurch and freight remains a strategic priority for the RLTP in the Otago region.</p>	
Work with KiwiRail to develop an integrated long term freight plan as part of a wider safe and efficient national freight system. <i>(Note: this is a shared milestone with KiwiRail, local government, port operators and the freight sector)</i>	<p>Due to this work being overtaken by events and no longer being relevant, the quarterly milestones need to be amended. The work is now focused on supporting the strategic refresh of KiwiRail’s business strategy (known as Rail 2045). The Agency is providing network information to help inform the public value aspects of the strategy refresh.</p> <p>In the meantime, we are still working on the evidence base that is nearly complete to enable scenario testing.</p>	

# KEY RESULT AREA 7: SHAPE SMART TRANSPORT CHOICES





**Our aim is to shape smart, efficient, safe and responsible transport choices.**

In this quarter:







- Approach to delivering safe system training has been revised due to funding and other constraints
- Programme to improve safety at a target set of state highways intersections is now in place
- The Speed Programme Business Case has been deferred until 2015/16 due to capacity constraints
- Interim indicator monitoring for rail safety was completed ahead of time during the final quarter in 2013/14 and reporting has been initiated
- The review of the governance and operation of National Rail System Standards has been delayed by capacity constraints
- A Road User Charges Evasion plan has been established and approved
- A list of interventions to exit less safe vehicles from the fleet has been drafted
- Comparative real-time multi-modal journey times comparing public transport and vehicle travel times from North Auckland to the City are awaiting final technical input

**Q1: Variable progress against milestones, with three areas to watch.**

**Objective 4: Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability**

Milestones for 2014/15	Q1 progress	Result
Refer to Key Result Area 4: Safe speeds to reduce deaths and serious injuries on page 26.		
Two signature projects are developed, funded and are demonstrating the Safe System approach.  <i>(Note: this is a shared milestone with the Ministry of Transport, ACC, NZ Police and local government)</i>	Project briefs demonstrating the Safe System approach for the "Eastern Bay of Plenty" and the "Visiting Drivers" signature projects have been developed and approved. The main barriers to implementation are funding and resourcing. A business case for the Signature Programme is being prepared for the NLTP investment process. ACC funding for Eastern Bay of Plenty is dependent on partner investment. We are adding safety improvements to existing and planned projects where suitable.	
The Economic evaluation manual Stage 2 review reflects the Safe System approach.	Further research is underway on updating the value of safety used in the Economic Evaluation Manual (EEM). Recent research findings, such as treatment of safety at roundabouts, still need to be incorporated in the latest version of the manual.	
Deliver Safe System training to community and business leaders.	A new approach has been developed to meet this milestone (original plans now deemed unsustainable in light of ACC funding ceasing and Transport Agency staff and budget limitations.) The new approach is on schedule for delivery of a video resource for the target audience in the second quarter.	
Eight state highway and 12 local road intersections are improved (in addition to the 30 that are being completed).  <i>(Note: this is a shared milestone with local government)</i>	We have over-programmed to provide us with the best chance of achieving the target of completing eight state highway intersections. Treatments have been identified for the intersections and there is a programme for implementation for each site.  We are signalling amber as some of these sites have project delivery issues (including property) which could put our 2014/15 milestone achievement at risk. Looking to manage this within the existing programme.	

Key result area 7 | Shape smart transport choices

Milestones for 2014/15	Q1 progress	Result
Learner and restricted licences have time limits.	Signing, communication and publication of the amendment to the rule on driver licensing is complete.	
Implement government decisions for electronic stability control on new and used vehicles.	The required Electronic Stability Control rule changes have been signed, published, gazetted and communicated to stakeholders. Work to update operational processes and information materials is now underway.	
Develop vehicle safety standards map.	Version 1 of the Vehicle Standards Map has been completed, provided to the Minister and posted on the Safer Journeys website.	
Improve selected high risk rural roads and motorcycling routes.	<p>A draft Geographical Information System layer of what Safer Speeds may look like across the state highway network has been developed.</p> <p>This will help form the basis for discussions with regions and the commencement of a Speed Programme Business Case</p> <p>We have signalled amber as the Speed Management Business Case has been deferred until 2015/16 and we currently don't have any resource looking at the high-risk motorcycling routes beyond the Southern Coromandel project, putting achievement of the year-end target at risk.</p>	
Support efforts to strengthen drug driving enforcement.	A report of the multi-agency NZ Police-sponsored delegation to observe the Victorian random drug-testing regime has been submitted to the MoT and the National Road Safety Committee. The multi-agency impairment working group chaired by the MoT has commenced work on a review of drug-driving enforcement in New Zealand. A Transport Agency research project to investigate drug-driving prevalence and impairment has been awarded to Waikato University.	
<p>Cycling Safety Panel recommendations are considered and an implementation plan is developed for the sector.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police, local government and ACC)</i></p>	The Associate Minister of Transport has extended the deadline for submission of the panel's report to mid-November 2014. A consultation draft of the report and recommendations was sent to stakeholders on 25 September. A stakeholder summit will be held on 17 October and submissions close on 24 October.	

## Feature

### \$100 million boost for Urban Cycleways Programme








*Havelock North Pathway – Hastings opening day of the iWay path between Havelock North and Hastings City Centre. Photo courtesy of Hastings District Council*

In August, the Prime Minister announced that the government will boost the Urban Cycleways Programme by an additional \$100 million dollars over the next four years to accelerate cycleways in urban centres.

This funding boost will allow further development of our urban cycling networks, which in turn will help improve cycling safety, reduce congestion at peak travel times, provide more choice about how to travel, improve fitness, reduce carbon emissions and encourage more people to cycle more often. In the spirit of One Network this accelerated programme helps us deliver more in cycling in a more collaborative and coordinated way.

At the Transport Agency we have already done some great work for cyclists through our model communities approach in Hastings and New Plymouth, and our Cycle Safety Panel is currently developing recommendations for making cycling safer.

Key result area 7 | Shape smart transport choices

Milestones for 2014/15	Q1 progress	Result
Improved rail safety monitoring is in place and being widely communicated.	Interim lead and lag indicator monitoring was completed ahead of time in the final quarter of 2013/14 and reporting initiated. A Research Project "International Benchmarking of Rail Safety Indicators" has been initiated to identify best practice safety indicators and benchmark NZ rail industry performance. The selected provider is starting this work in October and has confirmed they will deliver the results, including an implementation plan, within this financial year.	
The governance and operation of National Rail System Standards has been reviewed.	The start date for this project is being reassessed to take into account stakeholder and Transport Agency capacity.	
The range of strategic relationships with other rail regulators and safety focused organisations has increased.	A range of stakeholder meetings have been held with key stakeholders - KiwiRail and Transdev. The meetings have provided an opportunity to articulate our regulatory role and expectations. We have also initiated a strategic meeting with KiwiRail and Transdev on signals passed at danger (SPAD) reduction, attended a joint industry Zero Harm leadership group, carried out a range of Rail Safety Seminars with a number of Rail Licensees attending from across the country, and continue field visits with licensees.	
Safety improvement strategies are in place for tunnels, signals passed at danger (SPADs), level crossings and unauthorised access.	SPAD strategies are in place for KiwiRail and Transdev, and progress up-dates have been provided by both organisations. We have been concerned about the spike in SPADs in the Auckland metro. In response to our concern, Transdev has implemented some specific and immediate actions. The research procurement process means research results will be available in March 2015.	
Discussions on complex and seemingly intractable rail safety issues are multidisciplinary and involve a wide range of internal and external stakeholders; Safe System thinking is being applied.	Lead up to the workshop clearly set the expectations and reasonably substituted the need for an agreement of Terms Of Reference. The SPAD strategy meeting with both TransDev and KiwiRail was held in September. Positive feedback was returned.	

## How we are tracking with the Rail Safety Action Plan

In December 2013 the Transport Agency agreed to a Rail Safety Action Plan, following an independent review of the Agency's performance in this area. Progress on this plan in the first quarter has been addressing priority safety areas and increasing capability.

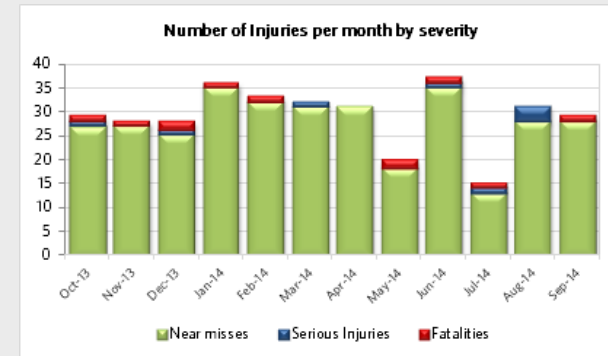
The priority safety areas include tunnel safety, level crossings and reducing the incidents of signals passed at danger (SPADs). Significant improvements in the safety of tourist and heritage excursions passing through tunnels are underway. The Transport Agency has worked with the industry to increase the current safety measures for excursions and supports a programme of longer-term enhancements to operations, trains and rail infrastructure. KiwiRail and TransDev have both developed SPAD reduction strategies, and we are presently working with both to develop a joint-approach to the issue, recognising the common issues for both companies and the gains that can be achieved through sharing learnings and capabilities in this area. Rail Safety Week (11 – 17 August) this year focused on level crossing awareness. Track Safe (supported by the Transport Agency, TransDev and KiwiRail) ran a nationwide campaign to improve pedestrian and motorist awareness of the dangers of level crossings. In addition, we continue our work with the rail industry and roading authorities to identify high-risk level crossings and implement safety enhancements.

The Transport Agency has also made progress in improving the strategic value of its relationships with Australian regulators, WorkSafe NZ and the Transport Accident Investigation Commission. These relationships will enhance our ability to access outside regulatory expertise.

There is a challenge to manage the relationship with rail licence holders as we exercise our powers under the Railways Act to ensure assurance of current safety practices in the rail industry. Balancing the management of day-to-day responsibilities, whilst building increased regulatory capability is also challenging. Activity in the second quarter will be focused on further incentivising a strong safety focus by operators, improving the internal frameworks we operate within and building capacity and capability.

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 data for the period 1 July – 30 September 2014:

Total occurrences (accidents and incidents) reported to the Transport Agency this quarter: The Rail Information System (RIS) database shows **989** occurrence reports were recorded in the period.






Of the 989 occurrences reported to the Agency during the quarter, a total of **75** involved near collisions, serious injury or death. There were:

- Two fatalities: One at a level crossing when a truck was hit by a train. The second fatality related to a pedestrian, struck by a train.
- Four serious injuries, each relating to separate level crossing incidents.
- Sixty nine near collisions.




There have been no fatalities of direct rail industry participants since 2008.

As has been indicated previously, the methodology for identifying a 'serious injury' is based solely on the written content of an occurrence report, received from a licensee.

## Objective 5: Incentivise and shape safe and efficient travel choices using a customer-focused approach

Milestones for 2014/15	Q1 progress	Result
Deliver changes to road user charges (RUC) services, including compliance and enforcement services, and provide incentives to transport users to comply with RUC requirements.	A Road User Charges Evasion plan has been established and approved for implementation throughout each quarter of the current financial year.	
Implement initiatives to support easy compliance with annual vehicle licence requirement.	The business case has been deferred until the second quarter, while additional customer testing of assumptions and a review of overseas jurisdictions' experiences with email and text channels was undertaken. In the interim, aspects of the quarter two milestone deliverable have been advanced, with customer testing of the new reminder notices complete, and implementation will occur from late October.	
All key regulatory change projects incorporate user-based design principles to support willing compliance. <i>(Note: this is a shared milestone with local government and transport information suppliers)</i>	A draft service design framework for significant regulatory change projects has been developed and components of this framework are currently being tested on a number of projects in our work programme. This includes a draft prototyping strategy on annual vehicle licensing and application of service design tools in the Driver Testing Procurement project.	
Options for exiting less safe vehicles tested and supported by key stakeholders. <i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police and ACC)</i>	Draft stakeholder materials and a draft list of interventions have been prepared. Project timelines slid due to resourcing challenges between partner agencies. These milestones will now be progressed with the aim of meeting the second quarter milestone in December.	
Implement government's decision to lower blood alcohol concentration limits. <i>(Note: this is a shared milestone with the Ministry of Transport and NZ Police)</i>	The education and communication plan to support the lower blood alcohol concentration limits is occurring as planned.  The NZ Police, in its quarterly reports to the Transport Agency on the delivery of the Road Policing Programme, includes reports on Police delivery of its alcohol-impaired driving activity. In its 2013/14 quarter 4 report Police outlined preparations it is making to implement the government decision to lower blood alcohol concentration limits which come into effect on 1 December 2014.	

## Objective 6: Reduce costs for transport users through better regulation and willing compliance

Milestones for 2014/15	Q1 progress	Result
<p>Review the driver licensing and vehicle dimension and mass systems, and consult on reform initiatives to improve productivity and reduce compliance costs.</p>	<p>Scopes for both the Driver Licensing (DL) and Vehicle Dimension and Mass (VDAM) reforms have been agreed and policy investigation phase project plans approved. Initial project actions are underway and on track.</p> <p>VDAM stakeholders are engaging positively, while non-government DL stakeholders are yet to be engaged.</p>	
<p>Deliver agreed 2014/15 programme of rule amendments in support of 'better regulation' objectives.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport)</i></p>	<p>Amendments to the rules on driver licensing, vehicle dimension and mass, and light-vehicle brakes were communicated and published following their signing.</p>	
<p>Multi-modal travel information is available in the three major urban areas encouraging greater customer choice for mode, route selection and time of travel.</p>	<p>Comparative real-time multi-modal journey times comparing public transport and vehicle travel times from North Auckland to the City are awaiting final technical input and should be available by the end of the second quarter.</p> <p>Public transport comparisons for Christchurch were approved at the recent Christchurch Transport Operations Centre (CTOC) Board meeting, but implementation will be challenging in relation to allocating resources to undertake the work.</p>	



# KEY RESULT AREA 8: DELIVER HIGHWAY SOLUTIONS

**Our aim is to deliver efficient, safe and responsible highway solutions for customers.**

**In this quarter:**

- The resilience programme business case has been included in the SHAMP, which has been approved by the Board
- The tender programme for network outcome contracts is on track, but converting existing contracts is taking longer than expected

**Q1: Variable results against milestones, with three areas to watch.**

## Objective 7: Greater resilience of the state highway network

Milestones for 2014/15	Q1 progress	Result
<p>Outcomes sought in the resilience programme business case are captured in the State Highway Activity Management Plan and are considered for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: this is a shared milestone with other national network operators and local authorities)</i></p>	<p>The programme business case has been included in the SHAMP.</p> <p>The project plan for the next NLTP has been developed by the working group.</p> <p>The SHAMP has been approved by the Board, which was a Q2 target.</p>	●

## Objective 8: Deliver consistent levels of customer service that meet current expectations and anticipate future demand






Milestones for 2014/15	Q1 progress	Result
<p>Maintenance and operations performance reporting demonstrates efficiency benefits against our State Highway Activity Management Plan objectives.</p>	<p>The maintenance and operations budget for 2014/15 includes the targeted cost savings, and we are tracking to budget.</p>	●
<p>Award nine state highway network outcome contracts.</p>	<p>The tender programme is on track, however the conversion of current contracts (West Waikato and Waikato) are taking longer than expected.</p> <p>Bay of Plenty West has been awarded.</p> <p>West Waikato, Central Waikato and Waikato will be awarded in Q2</p> <p>The existing Milford contract has been extended by six months, although we are continuing to progress.</p>	●

## Our aim is to deliver the six remaining projects on time and at or below budget

### In this quarter:

- In most respects, the RoNS are making good progress against plan
- The decision of the Board of Inquiry to decline our RMA application for the Basin Reserve Flyover is now subject to an appeal to the High Court
- The funding application for construction of the Sylvia Park interchange (part of the Auckland Manukau Eastern Transport Initiative) has been delayed due to property purchase issues

## Objective 9: Plan for and deliver the roads of national significance (RoNS)

Road of national significance	Milestones for 2014/15	Q1 progress	Result
<b>Puhi to Wellsford</b>	Confirm designation and consents and for Puhoi to Warkworth	Notice of Requirement and Resource Consents confirmed on 12 September 2014. Draft procurement business case has been prepared and the draft funding application is being prepared.	
<b>Western Ring Route (WRR)</b>	Construction start: St Lukes to Great North Road	St Lukes to Great North Road contract awarded and construction started. The four other WRR projects are all progressing to programme with significant progress during the first quarter.	
<b>Waikato Expressway</b>	Start construction on Huntly section  Complete construction on Ngaruawahia section	Huntly section tender documents issued. Two shortlisted contractors.	
<b>Tauranga Eastern Link (TEL)</b>	Construction continues	Construction continues on programme.	
<b>Wellington Northern Corridor</b>	Construction start: Transmission Gully; Basin Reserve improvements  Memorial Park open to traffic	Basin Reserve – Board of Inquiry final decision received (RMA applications declined). We have lodged an appeal to the High Court.  Transmission Gully - Contractual and financial close achieved on schedule. Sod-turning occurred on 8 September.  The Memorial Park underpass opened to traffic on Sunday 28 September.	
<b>Christchurch Motorways</b>	Sawyers Arms to Wairakei (Harewood) Road four-laning open to traffic  Construction start: Western Belfast Bypass; Memorial Ave Interchange; Groynes to Sawyers	Contract awarded and contractor establishing onsite. Sod turning arranged with Minister of Transport in attendance on 15 September.  The second quarter's target may not be met as one submitter has challenged it to the Environment Court. An Official Information Act request has also been served by the submitter regarding the agreement we have with Christchurch International Airport Ltd. A Public Works Act (PWA) sec 23 (intention to compulsory acquire land) has been served on them which has been challenged to the Environment Court. We are currently asking the Environment Court for urgency on a date for the hearing to hear both Resource Management Act and PWA. It is unlikely we will get a hearing before January 2015 so the project start will be delayed until the challenge is resolved.	

## Objective 9A: Plan for and deliver the Accelerated Auckland Transport Programme

Road of national significance	Milestones for 2014/15	Q1 progress	Result
<b>Northern Corridor (three projects)</b>	Constellation to Greville open to traffic	Investigation contract awarded to Beca/Opus and early work commenced. Construction of auxiliary lane progressing to programme.	●
<b>Southern Corridor (five projects)</b>	Complete full scheme design Application for NoR and consents lodged Construction contract awarded	Consultation complete and preferred option determined. There are project risks around cost estimate, scope control and stakeholder alignment.	●
<b>State Highway 20A</b>	Consenting and property acquisition commence	MHX Alliance iPAVA awarded. Detailed design, TOC development and consultation have begun. We have commenced the property acquisition process, with initial consultation underway with affected landowners. There is a risk regarding alignment with Auckland Airport and Auckland Transport over the final scope.	●
<b>Auckland Manukau Eastern Transport Initiative</b>	Design start: Stage 2a (Panmure to Pakuranga) and 2b (Pakuranga to Botany) Designation process underway for Reeves Road flyover Construction start: Sylvia Park bus lanes	The corridor between Panmure and Botany (Stages 2a and 2b) went through a rigorous optimisation process, which concluded that Stage 2a (Panmure to Pakuranga) was optimised and ready to go now, whereas Stage 2b (Pakuranga to Botany) needs considerable further work. Designation process is underway for Reeves Road flyover. Construction funding application for interchange for Sylvia Park is delayed (possibly until early next year) due to property purchase issues.	●
<b>East west link</b>	Complete indicative and detailed business case	Six shortlisted options have been identified. Business case is in draft; remaining peer review comments to be closed out before it is finalised. Consultation is commencing in the second quarter.	●

# KEY RESULT AREA 9: MAXIMISE RETURNS FOR NZ




**Our aim is to maximise effective, efficient and strategic returns for NZ.**

In this quarter:

- The number of approved procurement strategies continues to increase, although some regions are still outstanding
- The review of the effectiveness of our procurement framework is running behind schedule - final report due in 2014/15 Q3
- Collusion risks raised by the Commerce Commission will inform HNO's procurement improvement programme
- Analysis of final FAR policy matters has been undertaken and is due for consideration at the October Board meeting
- Resilience level of service concepts have been included in the published investment assessment framework
- The PTOM governance group has reviewed the GWRC transition plan for the implementation of PTOM contracts
- Regions have made progress on adopting new regional public transport plans
- The screening and draft consultation plan for the programme business case for tolling will be completed in 2014/15 Q2

**Q1: Mixed progress against milestones, with three areas to watch.**







**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 2014/15	Q1 progress	Result
Refer to Key Result Area 5: Efficient road maintenance investment and delivery on page 31.		
All approved organisations (AOs) have current procurement strategies approved by the Transport Agency.	All AOs in Northland, Christchurch and the Southern region have up-to-date procurement strategies.  The Christchurch City Council has commenced a review a year earlier than needed and we have a draft for comment. Environment Canterbury (ECan) has prepared a Public Transport Procurement Strategy that is currently under review for endorsement.  This is still a work in progress for the remaining regions.	
Review and update our procurement framework and manual to support transparency around value for money, market health and service provider performance.	The review of the effectiveness of procurement is underway but running behind schedule. A research project proposal has been received to explore the effectiveness of the current framework, including opportunities for improvement, such as approach to inflation and competition monitoring, as part of the review of the procurement framework. The research project final report, including recommendations, is due in February 2015.	
Complete the Highways and Network Operations procurement improvement programme and implement or programme improvement activities.	Profile now raised on collusion risk by: Commerce Commission presentation to suppliers' meetings, introduction of new contract clauses based on Commerce Commission recommended best practice, launch of a new Commerce Commission construction webpage and surveillance via our staff and the probity auditor.  Various works are well underway to improve our knowledge of market dynamics in general and monitor the evolving market situation under the NOC roll out. Study of the aggregate and bitumen supply market is nearly complete, with tools developed to monitor and react quickly when adverse market conditions develop.  Transparency improvements achieved via updated website published information (contracts awarded and tender programme).  Work with MBIE is well progressed over rules of sourcing. Opportunities for working more closely with local authorities, in conjunction with MBIE, are being developed.	

Key result area 9 | Maximise returns for New Zealand


Milestones for 2014/15	Q1 progress	Result
Stakeholder surveys indicate a greater level of confidence around the efficiency and effectiveness of our procurement practices.	No milestone this quarter. Stakeholder survey results will be available in Q4.	-
Complete construction of the new Christchurch bus interchange.	No milestone this quarter. Progress update to be provided in Q2.	-
Complete planning and design, and commence construction of Phase 1 central city transport projects.  <i>(Note: these are shared milestones with other central government agencies, local authorities and contractors)</i>	No milestone this quarter. Progress update to be provided in Q2.	-
Develop and implement a joint transport research information management plan with the Ministry of Transport and other key transport research entities.	A consultant has been engaged and the review has commenced.	●

## Objective 11: Ensure effective and efficient co-investment with our partners

Milestones for 2014/15	Q1 progress	Result
Implement the reviewed funding assistance rate system in the 2015-18 National Land Transport Programme.	Analysis has been undertaken on the final FAR policy matters, which are scheduled for consideration at the October Board meeting. Advice on these policy decisions including individual AO-based FARs will be communicated after that meeting.	
Develop the 2015-18 National Land Transport Programme using a 'planning and investment for outcomes' approach that maximises returns from National Land Transport Fund investment.	The Board has adopted an Investment Assessment Framework that incorporates a Planning and Investing for Outcomes approach and ensures returns on our investment are maximised.	
Our planning and investment signals ensure the National Land Transport Programme and the Road Policing Programme are optimised in line with key outcomes and priorities.	The draft Investment Assessment Framework has been developed and released externally.	
The 2015-18 Road Policing Programme supports the implementation of the cross-agency automated enforcement strategy to enhance road safety and network efficiency.	The Transport Agency drafted the Road Policing Investment Framework to guide the preparation of the 2015-18 Road Policing Programme. It provides for NZ Police to make a significant contribution to the cross-agency automated enforcement strategy to enhance road safety and network efficiency.	
Incorporate resilience into the investment assessment framework.	Resilience level of service concepts included in the draft assessment framework were approved by the Board at their August meeting. Issued as part of the investment signals to councils in mid-September.	
Auckland, Wellington and Christchurch tranches of bus contracts for Public Transport Operating Model Units are being/have been tendered and negotiated, with increased confidence that services are priced efficiently and there is access to public transport markets for competitors.	Auckland Transport is expected to go to market for the southern tranche of bus units in December. Consultation is progressing on draft contracts.  Greater Wellington has a transition plan for the implementation of PTOM contracts and this has been reviewed by the PTOM governance group.	

Milestones for 2014/15	Q1 progress	Result
Regions have reviewed and adopted new regional public transport plans that explain the transport needs of regional communities and set out how the regional public transport network and services will contribute to meeting the transport needs.	<p>Auckland Transport (AT) has an operative Regional Public Transport Plan (RPTP) that was adopted in September 2013 on the cusp of the new legislation, although compliance with it was assured. AT proposes updating its RPTP by mid-2015. Northland is currently preparing a new RPTP, which will be signed off by mid-2015.</p> <p>RPTPs are underway in the Waikato/BOP region. Our capacity to resource this work is limited and the quality of RPTPs may be impacted by this lack of capacity.</p> <p>RPTP has been adopted for Wellington region.</p> <p>Environment Canterbury (ECan) is on track to adopt their new RPTP by the end of 2014.</p> <p>Otago have heard submissions on their RPTP. Southland is preparing their RLTP.</p>	
<p>Partnering relationships are well established in Auckland, Wellington and Christchurch, between public transport service operators and regional councils/Auckland Transport, to facilitate improved network capacity utilisation.</p> <p><i>(Note: these are shared milestones with regional councils, local authorities and public transport operators)</i></p>	<p>Draft bus services partnering contracts in Auckland are currently with operators for feedback by the end of October.</p> <p>Greater Wellington has commenced discussions with operators through a market sounding event.</p> <p>Environment Canterbury (ECan) has also initiated a meeting with operator representatives. While a number of challenges remain, on the whole the relationship is improving.</p>	


## Objective 12: Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments




Milestones for 2014/15	Q1 progress	Result
Complete programme business case for tolling opportunities.	<p>National Tolling Strategic Case endorsed by the Value Assurance Committee and the NLTP Advisory Group in July.</p> <p>Screening and draft consultation plan underway (now programmed to be completed in the second quarter)</p>	

# NLTF INVESTMENT ASSURANCE

**Our aim is to provide assurance about the performance of the Transport Agency's land transport investments**

In this quarter we have:



-  completed all five investment audits planned for the quarter.  
 (One of these audits took place late in the quarter so its key findings will be reported next quarter.)

	Explanation of audit ratings:
	Result of audit generally good. Some areas for improvement may be noted, but they are not considered high risk.
	Some key issues raised which need to be addressed, but not considered a high risk to the Transport Agency.
	Significant issues raised, which are a high risk to the Transport Agency and need attention.

## Q1: Investment Audits



Providing assurance that the Transport Agency's investment in Approved Organisations' land transport programmes is being well managed and delivering value for money.

**Audit findings presented here may still be subject to review and comment from the relevant approved organisations before they are finalised. This may result in minor amendment to audit findings.**

Auditee	NZTA investment value (2012-15 NLTP)	Key findings summary	Result
Auckland Transport	\$1,041.4 million	<p>Final subsidy claims for periods ending 30 June 2013 and 2014 were reconciled to the general ledger. Good overall management procedures are in place and established systems are generally working well, although a few minor examples of administrative practices failing to support processes were found.</p> <p>Direct access to real-time electronic patronage and revenue data has substantially improved the timeliness and quality of public transport information. Some legacy council property acquisition issues are still jointly being worked through.</p> <p>Auckland Transport has good financial management procedures in place to support the delivery of its land transport programmes. However, there is growing concern that the geographical separation of some Auckland Transport resources away from its central hub at Henderson may affect its overall capacity to operate efficiently due to diminishing group interaction.</p>	
South Waikato District Council	\$7.8 million	<p>South Waikato District Council has good processes in place to ensure it is getting value for money from its two principal contractors, HEB Construction and Downer. There is evidence of a close working relationship. In-house management of the Road Assessment and Maintenance Management (RAMM) database is also a strength. Claims for funding assistance were successfully reconciled to Council's general ledger records. The Council intends to enhance its good management practices by putting in place an alliance contracting model. It has agreement from the Transport Agency to extend five existing physical works contracts to enable this move to an alliance.</p>	




NLTF investment assurance

Auditee	NZTA Investment value (2012-15 NLTP)	Key findings summary	Result
Tararua District Council	\$20.6 million	<p>Changes to Tararua District Council's financial management processes have been recommended to support claims for funding assistance.</p> <p>Claims were reconciled with some difficulty. Only 25% of work category claims to the Transport Agency matched Council's general ledger records. This is partly due to a complicated file structure and Council's practice of making claims to the Transport Agency before information was entered into its general ledger. There was enough qualifying expenditure overall not to necessitate recovery action. Council acknowledges the problem and is addressing it.</p> <p>The Council was in the process of moving to an alliance contract management model with Downer at the time of the audit. It needs to amend its procurement strategy to account for this new arrangement. The Council's challenge is to remain an 'intelligent buyer' to satisfy itself as to the performance of the alliance in delivering services to it.</p>	
Hutt City Council	\$21.1 million	<p>Hutt City Council's land transport programme is well managed and achieving good outcomes. There are long established contract management procedures in place being well run by experienced staff.</p> <p>Regular reviews of administration processes will help ensure best practice is maintained.</p>	

## Q1: Stronger Christchurch Infrastructure Rebuild Team (SCIRT) Audits

The Transport Agency's Investment Assurance team has led the development of an audit framework to provide assurance that the Christchurch infrastructure rebuild programme is being well managed and delivering value for money. The framework has allocated sixteen audits across Christchurch City Council, the Transport Agency, and the Canterbury Earthquake Recovery Authority (CERA). Findings for the first four audits finalised were reported in the previous quarter.

The key findings from the latest (fifth) audit to be presented to the Horizontal Infrastructure Governance Group (HIGG) are summarised below. The remaining audits have started and are at various stages of the review process.

Audit topic	Key findings summary	Result
<p>Non-SCIRT works and Non-Alliance works being assigned to SCIRT (Lead - Transport Agency)</p>	<p>The SCIRT alliance carries out work, which is outside the Horizontal Infrastructure rebuild programme. This includes business as usual and betterment for Christchurch City Council and state highway work for the Transport Agency.</p> <p>How this non rebuild work is incorporated into SCIRT's processes was reviewed to assess whether:</p> <ul style="list-style-type: none"> <li>controls are in place to ensure that the work is appropriately authorised and correctly accounted for, and</li> <li>existing decision making processes for assigning non-rebuild work are appropriate and being correctly followed.</li> </ul> <p>Eight projects representing 38% of the total non-rebuild work in the programme were reviewed.</p> <p>Issues were found with all projects sampled. While SCIRT has already addressed a number of the issues raised, processes around non-rebuild works need strengthening.</p> <p>Generally, management systems for non-rebuild work were poor. An absence of clear documented processes presents a risk of costs being incorrectly apportioned.</p> <p>There was a lack of evidence to demonstrate conditions of approvals for non-rebuild work had been met before work started. This undermines the approvals process.</p> <p>Since non-rebuild activity falls outside SCIRT's normal processes, SCIRT and Christchurch City Council staff access non-rebuild data from different sources. Instances were identified where this had resulted in differences with both the costs and number of non-rebuild projects depending on the source.</p> <p>A follow-up review in six to eight months has been recommended, due to the issues found.</p>	

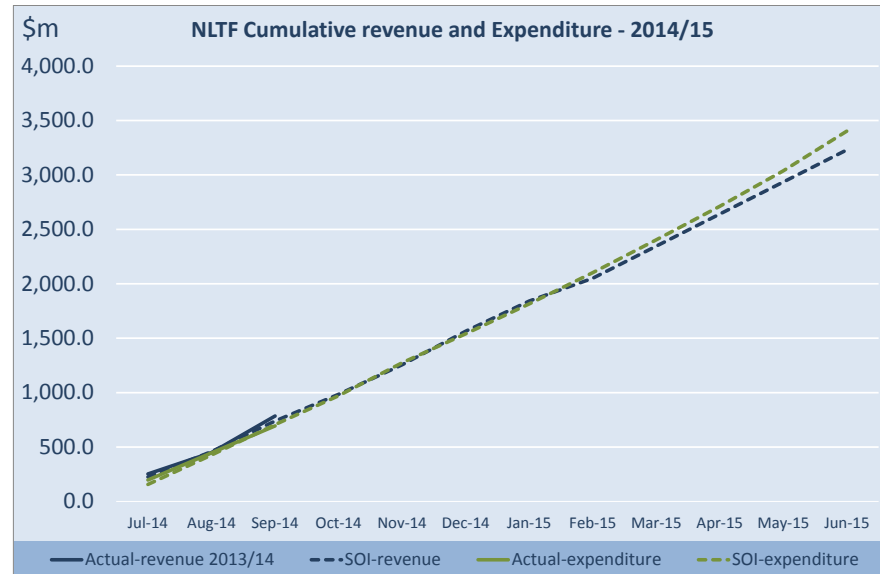
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# **FINANCIAL & SERVICE DELIVERY RESULTS**

# FINANCIAL PERFORMANCE

## National Land Transport Fund (NLTF)

- **Revenue is \$46.6m (6%) ahead of budget.** FED revenue is \$42m (11%) ahead of budget and is still volatile, but is expected to come back in line with budget in the next few months as imported fuel fluctuates from month to month. RUC revenue was higher than expected due to an increase in the volume of RUC transactions compared to what we anticipated as well as the decision to increase the charge back in July. **Property disposal** is under budget as a result of a number of forecast sales being delayed; in particular a large sale to CERA, which is now due in November. The year-end forecast has dropped from \$65m to \$59m as some properties are now being held due to the uncertainty around the Basin Reserve requirements following the Board Of Inquiry decision to reject the Flyover option.
- **The most significant outflow,** the distributions to the NLTP, is \$37m behind budget, as the programme is progressing slower than anticipated.
- **The result of the above is a net surplus of \$91.5m (\$83.3m above budget).**



### National Land Transport Fund - Statement of comprehensive income for the three months ended 30 September 2014

	Year to date			%	Year end SOI Budget \$000
	Actual \$000	Budget \$000	Variance \$000		
<b>Income inflows</b>					
Land transport revenue - FED	413,957	371,903	42,054	11%	1,695,507
Land transport revenue - RUC and other revenue	358,584	348,169	10,415	3%	1,459,068
Management of Crown land and interest	13,238	19,152	(5,914)	(31%)	74,950
	<b>785,779</b>	<b>739,224</b>	<b>46,555</b>	<b>6%</b>	<b>3,229,525</b>
<b>Outflows</b>					
NLTP	618,183	655,423	37,240	6%	3,098,862
Road Policing Programme	76,127	75,661	(466)	(1%)	296,667
	<b>694,310</b>	<b>731,084</b>	<b>36,774</b>	<b>5%</b>	<b>3,395,529</b>
<b>Net surplus/(deficit)</b>	<b>91,469</b>	<b>8,140</b>	<b>83,329</b>		<b>(166,004)</b>

## New Zealand Transport Agency (NZTA) Expenditure

- Total NZTA expenditure is \$113.2m (16%) under budget.
- NZTA operating expenditure is \$3.2m (4%) under budget.
- **Operating expenses are \$3.1m under budget**, a net result of higher volume related costs offset mainly by delays in projects.
  - Higher volumes of driver testing and vehicles registrations drive higher commission and transaction costs (\$1.2m over budget at the end of the first quarter). This trend is expected to continue and is reflected in the year-end outturn.
  - A number of **projects are experiencing delays**, including advertising campaigns (alcohol and speed, safety and young driver promotions), allocation of research grants and a number of smaller projects (e.g. Transport Agency website refresh, InfoHub)

### Outturns

It is expected that **higher volumes not foreseen in the budget will continue to drive higher commissions and transaction costs**. However, a driver testing procurement review is currently under way with a change in supplier being a likely outcome. We are expecting this change to cause some disruption of service later in the year, with the associated drop in volume-related costs and revenue.

## Q1: Overall expenditure is 16% lower than budgeted

(This table excludes state highway depreciation/asset write-off)

### Total expenditure on land transport including NZTA operating expenditure for the three months ended 30 September 2014

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
<b>NZTA contributes to:</b>								
Managing state highways	365,458	428,267	62,809	15%	1,938,700	1,960,824	22,124	1%
Planning and investing in land transport	181,915	232,588	50,673	22%	1,257,900	1,273,019	15,119	1%
Access to the land transport system	39,884	39,620	(264)	(1%)	159,170	156,771	(2,399)	(2%)
<b>Total expenditure</b>	<b>587,257</b>	<b>700,475</b>	<b>113,218</b>	<b>16%</b>	<b>3,355,770</b>	<b>3,390,614</b>	<b>34,844</b>	<b>1%</b>

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

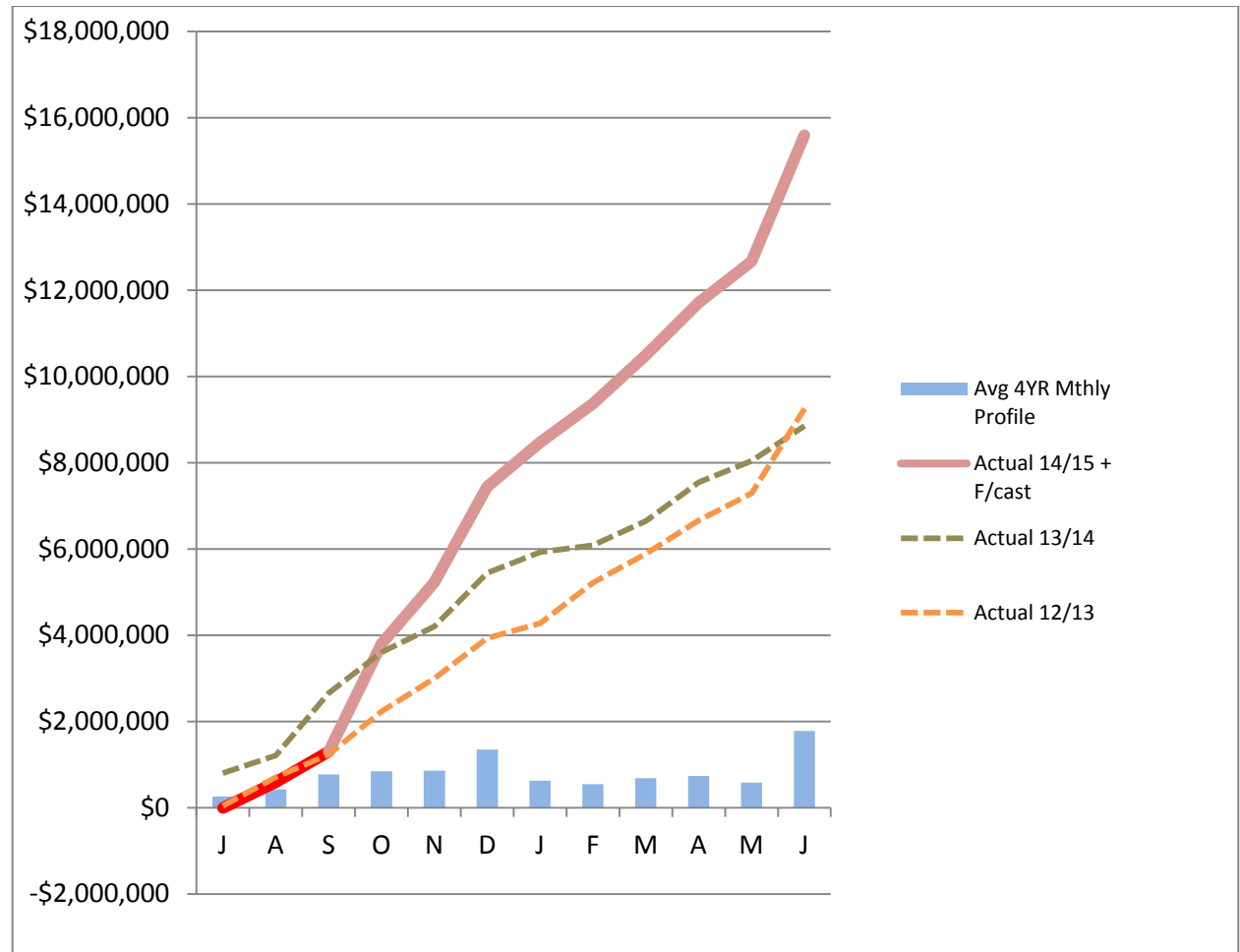
### NZTA operating expenditure for the three months ended 30 September 2014

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
<b>Our expenses classified by:</b>								
Personnel costs	29,411	29,445	35	0%	116,187	116,187	0	0%
Operating expenses	37,097	40,236	3,139	8%	158,406	155,597	(2,809)	(2%)
Depreciation and amortisation expense	2,474	2,451	(22)	(1%)	9,646	9,646	0	0%
<b>Total expenditure</b>	<b>68,982</b>	<b>72,133</b>	<b>3,151</b>	<b>4%</b>	<b>284,239</b>	<b>281,430</b>	<b>(2,809)</b>	<b>(1%)</b>

## Capital Programme

- The 2014/15 budget for capital projects is **\$10.9m**. Carry forwards of incomplete, but approved projects from the 13/14 year (\$4.7m) mean the work programme is **\$15.6m**
- The larger projects in the **\$15.6m** programme include:
  - Crash Analysis System (CAS) replacement project - \$2.7m
  - The IS maintenance refresh programme - \$2.2m
  - RUC Debt Assessment Payments - \$2.2m
  - Enterprise Geospatial Capability - \$1.8m
  - Time Limits on Driver Licences - \$0.8m
- At the end of the first quarter we have spent \$1.3m. This level is consistent with that observed in previous years at the end of the first quarter. At this stage, it is expected that project activity will increase in the second quarter so the forecast remains unchanged. Progress will be reassessed at the end of the second quarter.

This graph shows capital programme spend for the 3 months ended 30 September 2014. It also includes previous years actual capital spend for comparison.



## Access & Use

The surplus of \$2.1m puts Access and Use ahead of its budget deficit of \$1.0m.

### ● Access & Use revenue is \$3.4m (9%) above budget.

- **Driver licensing and testing** revenue is \$2.1m ahead of budget due to higher than expected volumes for driver tests, which have also caused driver testing costs to be higher than budget.
- **Motor vehicle registration** revenue is \$0.7m ahead of budget mainly as a result of higher than planned revenue from licensing, plates and registration for new passenger and commercial vehicles. Healthy economic confidence combined with competitive pricing is fuelling strong demand for new vehicles.
- **Road User Charges** has a total of \$4.6m appropriated in the year to cover the ongoing administration costs associated with this output class. The collection of road user charges will become third party fee revenue on 1 November.
- **Standards development levy and transport licensing fees** revenue is \$0.4m ahead of budget mostly due to higher than expected volumes of drivers paying their annual licensing fees. This can in part be attributed to an increase in commercial transport activity.
- **Vehicle certification and other memo accounts** WOF and COF vehicle certification revenue is \$0.6m below plan due to Cabinet delays in approving changes to fees. The new fees will be implemented on 1 November 2014 and the expected loss of income will result in a permanent year-end variance to budget of \$1.5m in the certification revenue account.

### Access to the land transport system – Financial results for the three months ended 30 September 2014

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
<b>Income</b>								
Motor vehicle registration	14,273	13,536	736	5%	57,000	54,871	2,129	4%
Driver licensing & Driver testing	14,761	12,665	2,095	17%	56,200	49,865	6,335	13%
Standard development levy & Transport licensing	3,702	3,314	388	12%	13,701	13,345	356	3%
Vehicle certification - Wof	1,211	1,662	(451)	(27%)	5,948	7,448	(1,500)	(20%)
Vehicle certification - CoF & Other	639	825	(185)	(22%)	2,957	2,957	0	0%
Other	560	489	72	15%	2,279	1,983	296	15%
Subtotal - Memo accounts	35,147	32,492	2,654	8%	138,085	130,469	7,616	6%
RUC collection, investigation, and enforcement	4,600	3,839	760	20%	15,973	15,973	0	0%
Tolling	1,317	1,406	(90)	(6%)	6,694	6,694	0	0%
Other	922	884	38	4%	3,533	3,533	0	0%
Subtotal - Other	6,838	6,129	708	12%	26,200	26,200	0	0%
<b>Total income</b>	<b>41,985</b>	<b>38,622</b>	<b>3,363</b>	<b>9%</b>	<b>164,285</b>	<b>156,669</b>	<b>7,616</b>	<b>5%</b>
<b>Expenditure</b>								
Staff	9,530	9,569	39	0%	37,562	37,562	0	0%
Commissions	12,312	11,636	(677)	(6%)	47,900	46,707	(1,193)	(3%)
Transactions	5,574	5,017	(557)	(11%)	20,900	20,228	(672)	(3%)
Information Technology	2,935	3,770	835	22%	14,752	14,752	0	0%
Advertising, PR & Media	89	331	242	73%	1,422	1,422	0	0%
Professional Services	1,906	1,581	(325)	(21%)	6,600	6,066	(534)	(9%)
Other	2,420	2,269	(151)	(7%)	9,153	9,153	0	0%
Overhead - Accommodation costs	886	944	58	6%	3,731	3,731	0	0%
Overhead - Corporate	3,533	3,775	242	6%	14,240	14,240	0	0%
Overhead - Regional office	669	701	32	5%	2,792	2,792	0	0%
Overhead - Regional Directors	29	28	(1)	(5%)	118	118	0	0%
<b>Total expenditure</b>	<b>39,884</b>	<b>39,620</b>	<b>(264)</b>	<b>(1%)</b>	<b>159,170</b>	<b>156,771</b>	<b>(2,399)</b>	<b>(2%)</b>
<b>Net surplus/(deficit)</b>	<b>2,101</b>	<b>(998)</b>	<b>3,099</b>		<b>5,115</b>	<b>(102)</b>	<b>5,217</b>	

## Access & Use [continued]

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

- **Commission** charges are \$0.7m over budget mainly due to higher than budgeted driver testing volumes (see revenue section). These high volumes drive higher costs which are offset by the additional revenue generated. **Transaction** costs are over budget due to a combination of higher than budgeted costs for MVR plates, labels, postage and RUC credit card fees. The higher transaction costs for MVR plates and labels remain in line with high growth rates for vehicle sales in the passenger and commercial vehicle sectors.
- **Information technology costs** are \$0.8m under budget due to delays in project spending.

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 licensing** account balance is above budgeted levels by \$3.3m, primarily due to increased volumes.
- **Driver testing** account balance is below budgeted levels by \$0.5m, primarily due to the opening balance being lower than anticipated when the budget was set.
- **Motor vehicle licensing** account balance is higher than budgeted levels reflecting record sales for new vehicles. Registration volumes are 22% higher than budgeted with the Motor Industry Association reporting the highest vehicle sales on record since 1975.
- **Certification review** costs reflect the impact of delays in implementing new fees as a result of delayed Cabinet approval. The new fees will be implemented on 1 November this year.

### Access to the land transport system - indicator volumes To be updated

	Year to Date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	000	000	000	%	000	000	000	%
<b>Driver licences</b> - New drivers	59	51	8	16%	226	195	31	16%
- Reinstatements	12	12	0	0%	48	47	1	2%
- Renewals	57	57	0	0%	230	229	1	0%
- Older drivers	18	16	2	13%	69	65	4	6%
- Overseas conversions	12	11	1	9%	45	44	1	2%
- Replacements	24	24	0	0%	96	96	0	0%
<b>Driver testing</b> - Theory	42	35	7	20%	163	143	20	14%
- Practical	62	51	11	22%	232	198	34	17%
<b>Certification</b> - WoF passes	1,205	1,052	153	15%	4,743	4,400	343	8%
- CoF passes	91	86	5	6%	357	360	(3)	(1%)
<b>MVR</b> - Registrations	108	89	19	21%	415	384	31	8%
- Licences	1,609	1,592	17	1%	6,390	6,483	(93)	(1%)
<b>RUC</b> - Licences	597	591	6	1%	2,380	2,387	(7)	(0%)
<b>Toll</b> - Trips	1,318	1,322	(4)	(0%)	6,157	6,160	(3)	(0%)

### Memorandum accounts

Funding Source	Revenue					Expenditure				Balance as at			
	Actual	YTD	YTD	YTD	Full Year	YTD	YTD	YTD	Full Year	30/09/2014		30/06/2014	
	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	2,937	181	151	30	605	113	98	(14)	434	3,005	2,735	3,210	2,853
Certification review fees	(7,634)	1,851	2,487	(637)	10,405	2,881	2,539	(342)	9,820	(8,664)	(7,568)	(8,929)	(6,932)
Driver licensing fees	2,456	8,841	7,752	1,088	30,649	7,922	8,038	116	30,640	3,375	35	5,816	330
Driver testing fees	5,449	5,920	4,913	1,007	19,216	5,318	5,054	(264)	19,582	6,052	6,596	7,149	6,371
Motor vehicle licensing	5,227	14,273	13,536	736	54,871	14,014	13,798	(216)	56,152	5,486	5,273	5,227	4,254
Over dimension permits	472	118	67	52	294	259	85	(175)	447	331	374	497	239
Rail licensing fees	(2,960)	261	271	(10)	1,084	285	402	117	1,592	(2,984)	(2,978)	(3,468)	(3,355)
Standard development fees	2,065	1,480	1,424	56	5,701	1,381	1,358	(23)	5,241	2,163	2,532	2,266	2,926
Transport licensing fees	(1,758)	2,223	1,891	332	7,644	1,580	1,864	285	7,309	(1,115)	(3,761)	(1,067)	(3,452)
<b>Memo Account - Total</b>	<b>6,254</b>	<b>35,147</b>	<b>32,492</b>	<b>2,654</b>	<b>130,469</b>	<b>33,752</b>	<b>33,236</b>	<b>(515)</b>	<b>131,217</b>	<b>7,649</b>	<b>3,238</b>	<b>10,701</b>	<b>3,234</b>



## Planning & Investment and State Highways

- Expenditure is \$113.5m (17%) under budget (\$51.8m under budget on planning and investing in land transport, and \$62.8m under budget on managing state highways, offset by \$1.1m over budget on specific Crown funded projects).

Commentary on activity classes:

- Transport planning** expenditure is \$1.4m (35%) below budget at the end of the first quarter. While we expect an increase in the coming months that will recover some of the under-spend, we have reduced our year end forecast to 23% below budget. Expenditure on activity management planning and programme business case development remains below our earlier expectations of a ramp-up to prepare for the 2015-18 NLTP.
- Sector research** expenditure was \$0.6m (39%) below budget at the end of the first quarter due to a reduction in the amount paid to Austroads research and a delayed start to the efficiency and effectiveness research programme review. The year-end outturn is now expected to be \$0.4m below budget.
- Public transport** end of first quarter expenditure is \$2.1m (4%) ahead of budget. The claims for PT services are tracking slightly above budget, while the infrastructure spend has slipped behind with continued slower than planned delivery of infrastructure projects in Auckland. At the start of the final year of the 2012-15 NLTP, expenditure is down \$55m (or 9%) on the published NLTP budget and is expected to be about \$90m (9.5%) down by the end of the three year NLTP.
- New and improved infrastructure for local roads** at the end of September, expenditure is \$9.1m (47%) under budget resulting from very low investment in new Christchurch roads relative to budget (about \$15m) and slower than planned delivery of minor improvement programmes and Auckland infrastructure, the latter due to constraints on local funds. We expect expenditure to increase as we enter the final year of

the NLTP, given the \$18m approved funding for Christchurch central city redevelopment and the \$62m payment for Tauranga's Route K at the end of the year. Our forecast is for expenditure to be about \$50m (30%) over budget at the end of the year, although this will depend on Auckland continuing to spend around \$65m from the NLTF in 2014/15.

- Maintenance, operation and renewal of local roads** claims are tracking well against historic patterns. No drawdown has been made in 2014/15 against the Christchurch earthquake recovery loan. Expenditure at the end of the second year of the NLTP was around \$57m (5%) down on published NLTP and we expect it to remain 5% down by the end of the NLTP.
- Walking and cycling** is well ahead of budget by \$6.3m. Both State Highways and Approved Organisations have done very well in the first quarter of this year (see note (1) below). The year-end forecast of \$25m (a 40% increase on the 2013/14 actual) reflects the pressure being applied to deliver the programme, as we require. Many of the funding approvals for this increase are already in place.

### Planning & investing in land transport – Expenditure report for the three months ended 30 September 2014

	Year to date				Year end			
	Actual	Budget (1)	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Management of the funding allocation system	7,505	7,864	359	5%	31,575	30,775	(800)	(3%)
Transport planning	2,640	4,042	1,403	35%	18,100	23,356	5,256	23%
Sector research	1,002	1,649	647	39%	5,710	6,100	390	6%
Public transport	63,751	61,588	(2,162)	(4%)	296,500	319,391	22,891	7%
Road safety promotion	5,296	6,644	1,347	20%	35,000	36,397	1,397	4%
New and improved infrastructure for local roads	10,256	19,399	9,143	47%	219,000	167,000	(52,000)	(31%)
Renewal of local roads	23,291	31,063	7,773	25%	249,000	251,000	2,000	1%
Maintenance and operation of local roads (2)	51,668	91,285	39,616	43%	342,000	385,000	43,000	11%
Walking and cycling	6,762	439	(6,323)		25,000	18,000	(7,000)	(39%)
<b>Total expenditure</b>	<b>172,171</b>	<b>223,974</b>	<b>51,802</b>	<b>23%</b>	<b>1,221,885</b>	<b>1,237,019</b>	<b>15,134</b>	<b>1%</b>

- The budget has been phased according to the claiming patterns observed in previous years, which have historically been low at this point of the year.
- Maintenance and operation for local roads includes an amount of \$57m in the Outturn (\$100m in the SOI Budget) for Christchurch earthquake recovery.

## Financial performance

- **New and improved infrastructure for state highways** expenditure is \$50m (16%) under budget at the end of the first quarter. The financial outturn has been revised following a revision to the NLTP target and includes supplementary funding sources (\$107m for Tauranga Eastern Link and \$11m for Auckland Accelerated Programme). While our current financial progress is under budget, the targeted milestones have been achieved and we are confident of achieving our year-end outturn.
- **Renewal of state highways** is \$3.4m (15%) underspent to date. We are confident that we will achieve our revised, lower, year-end targets, whilst continuing with our aggressive approach to renewals using our strategy of "nationally planned and regionally delivered" which allows for a more rigorous approach to asset renewals.
- **Maintenance and operation of state highways** at the end of September is underspent by \$9.7m (11%). This is a result of reprogramming some of our asset management planning activities, together with a saving on our winter maintenance expenditure due to the mild winter. Our year end outturn is higher than SOI target as we continue to use the new approach to asset maintenance and renewals as previously reported.
- **Construction of passing opportunities on SH2** was planned in 2013/14. Construction is now complete and final costs were incurred and settled in the early part of 2014/15.
- **National war memorial park** is on track with the Arras Tunnel now open to traffic.

### Managing state highways – Expenditure report for the three months ended 30 September 2014

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
New and improved infrastructure for state highway	264,000	313,721	49,721	16%	1,387,000	1,383,500	(3,500)	(0%)
Renewal of state highways	19,347	22,717	3,370	15%	167,000	213,853	46,853	22%
Maintenance and operation of state highways	82,111	91,828	9,717	11%	384,700	363,471	(21,229)	(6%)
<b>Total expenditure</b>	<b>365,458</b>	<b>428,267</b>	<b>62,809</b>	<b>15%</b>	<b>1,938,700</b>	<b>1,960,824</b>	<b>22,124</b>	<b>1%</b>

### Specific projects funded by the Crown – Expenditure report for the three months ended 30 September 2014

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
SuperGold card transport concessions	4,220	6,333	2,113	33%	25,420	25,905	485	2%
Administration of SuperGold card	24	25	0	2%	95	95	0	0%
Construction of passing opportunities on SH2	500	0	(500)	(100%)	500	0	(500)	0%
National war memorial park	5,000	2,257	(2,743)	(122%)	10,000	10,000	0	0%
<b>Total expenditure</b>	<b>9,744</b>	<b>8,615</b>	<b>(1,129)</b>	<b>(13%)</b>	<b>36,015</b>	<b>36,000</b>	<b>(15)</b>	<b>(0%)</b>

## National Land Transport Programme (NLTP)

### Programme management overview

Most activity class forecasts are similar to the previous quarter. The exception is in new and improved infrastructure for local roads where the forecast has been revised to include a \$62m payment for Tauranga's Route K.

Expenditure outside of the NLTF is expected to increase markedly this year as debt and Crown appropriations are drawn down to fund activities. The forecast for Crown debt for the Auckland Accelerated Package is down 80% on the expected drawdown of \$55m due to delayed commencement of delivery.

### National Land Transport Programme (NLTF funded)

	Published	Actual/forecast spend 2012-2015			
	NLTP	2012/13	2013/14	2014/15	Total
	2012-2015	Actual	Actual	Forecast	2012-2015
	\$000	\$000	\$000	\$000	\$000
<b>Allocation of funds to activity classes:</b>					
Management of the funding allocation system	89,000	28,838	29,715	30,800	89,353
Transport planning	50,000	13,438	14,927	18,100	46,465
Sector research	15,000	3,194	4,197	5,710	13,101
Public transport	945,000	287,532	272,266	296,500	856,298
Road safety	97,000	27,592	31,811	35,000	94,403
New and improved infrastructure for local roads	515,000	152,562	125,043	219,000	496,605
Renewal of local roads	738,000	204,410	232,761	249,000	686,171
Maintenance and operation of local roads	878,000	279,379	290,445	285,000	854,824
Walking and cycling	53,000	8,449	18,197	25,000	51,646
Maintenance and operation of state highways	989,000	342,210	371,600	384,700	1,098,510
Renewal of state highways	635,000	175,009	168,593	167,000	510,602
New and improved infrastructure for state highways	3,400,000	992,559	1,230,309	1,269,000	3,491,868
Canterbury earthquake recovery fund	0	0	12,173	57,000	69,173
<b>Total</b>	<b>8,404,000</b>	<b>2,515,172</b>	<b>2,802,037</b>	<b>3,041,810</b>	<b>8,359,019</b>

## Borrowing

### Short term facilities

\$50m was drawn down on the \$150m portion of the revolving facility and was repaid by 31 July 2014, making us compliant with our obligation to repay this portion fully at least once during the year. The \$100m portion remains fully drawn down. There has been no further borrowing activity on the short term facilities during the remainder of the first quarter.

The notional balance in the NLTF was \$164.5m as at 30 September 2014 while the balance in the NZTA was \$22m.

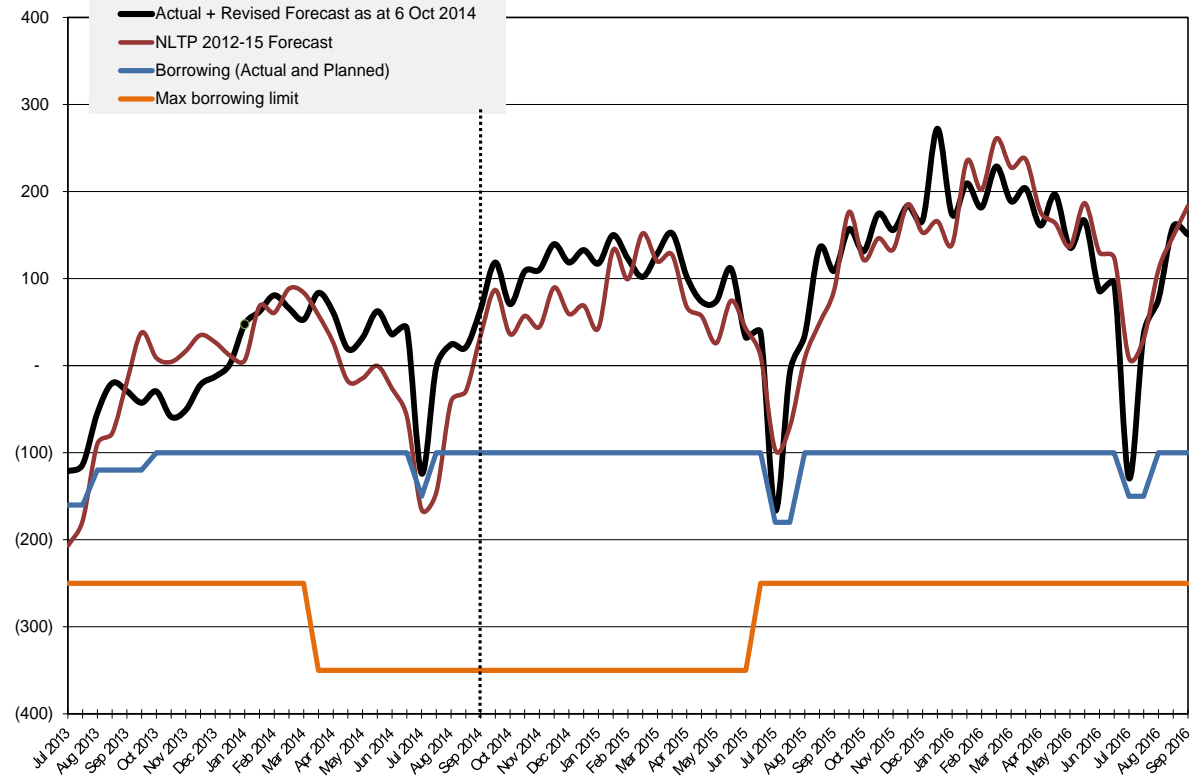
The proposed amendment to the conditions for use of the existing \$250m borrowing facility to make it more flexible has been on hold pending the outcome of the election. The proposal is now to be re-presented to joint ministers along with a proposed transition plan.

### Longer term facilities

The loan facility for the Christchurch earthquake (\$183.4m) was finalised in June 2014 and there was an initial drawdown of \$12m on 1 August to meet the June claim for Christchurch. This is an interest bearing facility.

The loan facility for the Auckland Accelerated Programme (\$375m) was also finalised in June 2014. There was no need to draw on this facility during the quarter. This facility is interest free to the Transport Agency.

NZTA Cash Requirements (\$M)



## Longer-term funding commitments

### Current NLTP

- A further **\$215m** of funds were committed for 2014/15 during the quarter ended 30 September 2014, 86% of which was in state highway improvements.
- **101% of the \$9.1 billion** NLTF investment in the 2012-15 NLTP is committed, which includes around \$100m deliberate over-commitment in state highway improvements for 2014/15. Historically, delivery of improvement activities lags commitment by around 5% hence the need for an over-commitment in order to achieve target expenditure.

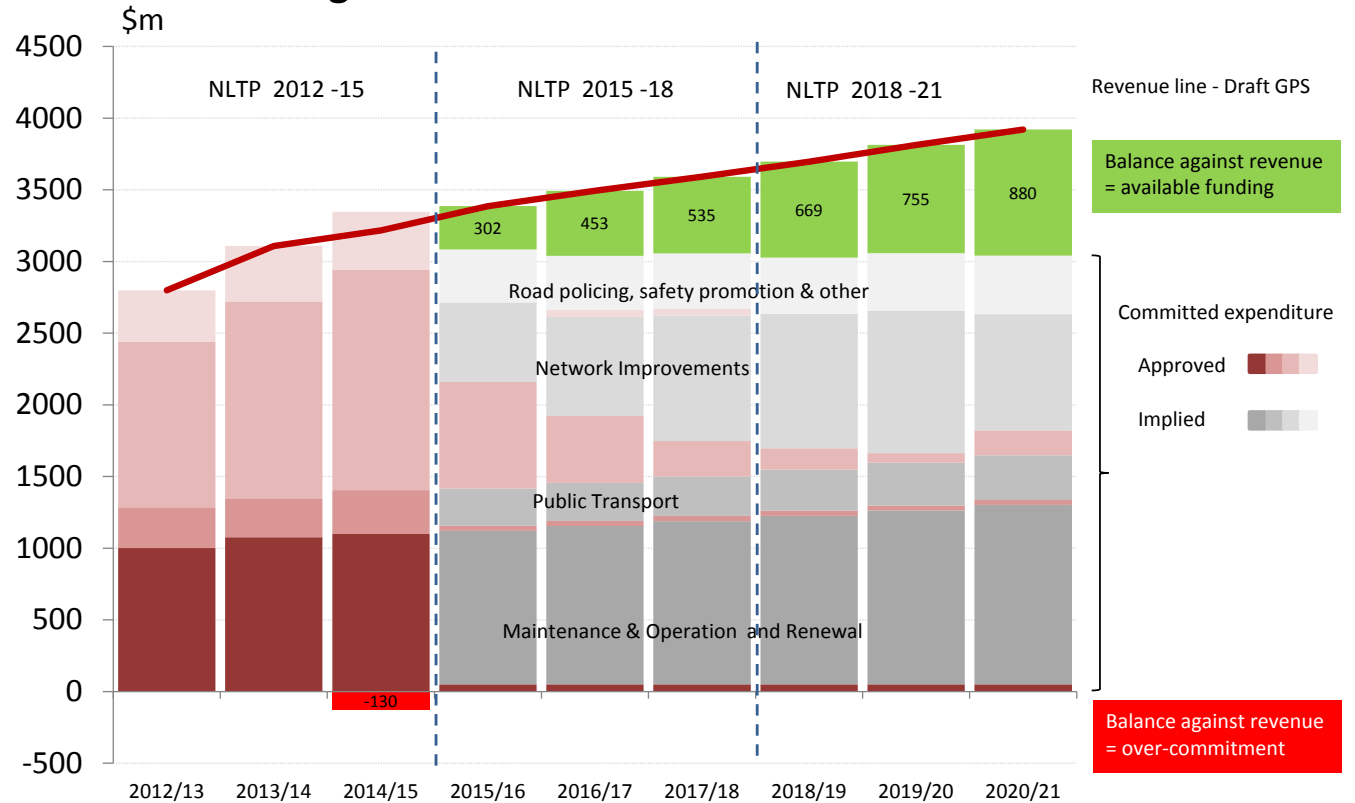
### 2015-18 NLTP

- Committed funding for the first year of the 2015-18 NLTP has increased from 88% to **95% of revenue** while the overall commitment for the three year programme is now 88%. The “committed” funding comprises approved and implied programme funding.
- A total of **\$1.3b of discretionary funds** is currently available for new approvals.

### 2018-21 NLTP

- “Committed” (approved and implied) funding for the 2018-21 NLTP has increased from 79% to **80%** of forecast revenue, leaving about \$2.3b of discretionary funds for new approvals.

## NLTF Funding Commitments & Balance for Investment Decisions



# DELIVERY

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

## Q1: Performance summary

Type of performance measure			
Value for money	Service quality	Customer satisfaction	Investment*
9	24	2	2
3	2		1
	1	1	

\*Note: 21 investment indicators are reported annually in Q4.

### Status key

	On track
	Did not achieve quarterly milestone result or risk of not achieving annual target
	Will not achieve annual target

**Q1: We are making good progress against most of our 44 annual service delivery targets that we measure on a quarterly basis, but the following eight areas may require attention**

### LICENSING AND REGULATORY COMPLIANCE

Service delivery measures	2014/15 target	Q1 actual	Current status	Variance commentary	Outlook status
% customer satisfaction	>73%	-	-	Measure unable to reported against due to insufficient customer survey feedback. The sample size was too small and the results were not statistically significant. Measurement improvement was flagged in 2013/14 Q3 for 2014/15 delivery, although a specific quarter has not been identified when it will be on-stream.	-

### ROAD TOLLING

Service delivery measures	2014/15 target	Q1 actual	Current status	Variance commentary	Outlook status
% of transactions completed online	>94%	93%		This target is new this year reflecting a combination of all tolling specific payment channels. Work is continuing to convert casual users to electronic accounts. Anticipated growth in the next few quarters is likely to meet year-end target.	

### REFUND OF FUEL EXCISE DUTY

Service delivery measures	2014/15 target	Q1 actual	Current status	Variance commentary	Outlook status
Number of products/services delivered or processed	29,000-33,000	14,724		Above range for the quarter due to applying more resources and process changes to put through increasing volumes and a backlog. It is expected that the full year range will be significantly higher than forecast. Work will be undertaken to revise the target for the second quarter..	

Service delivery performance

TRANSPORT PLANNING					
Service delivery measures	2014/15 target	Q1 actual	Current status	Variance commentary	Outlook status
<b>% of activities that are delivered to agreed standards and timeframes</b>	>90%	23%			
% of transport planning activity delivered to agreed standards and timeframes		23%		A number of studies and strategies incurred significant overspends, mainly because of the cost allocation method being used, while a similar number of activities had slight underspends, mostly due to less planning input being required to make the intended progress. In one instance, the project did not start as a flow on from the Board of Inquiry decision on the Basin Reserve.	
% of activities completed on strategic studies and models delivered to agreed standards and timeframes		20%		A number of activities incurred significant overspends, mainly due to the cost allocation method being used (South Western Multi-Modal Airport Rapid Transit, Rotorua Integrated Network Strategy, Canterbury integrated transport and land use studies, State Highway strategic studies). A similar number of activities had slight underspends, mostly due to less planning input being required to make the intended progress (Auckland Integrated Transport Programme and corridor management plans, Upper North Island and South Island freight planning). The Wellington PT spine Programme Business Case did not start due to the Board of Inquiry decision on the Basin Reserve project.  Activity management planning costs were lower due to some planned higher cost work now expected to happen in the next quarter.	
% of activities completed on activity management planning delivered to agreed standards and timeframes		25%		Costs incurred in this quarter were lower across all activities due to some higher cost work now expected to happen in the next quarter.	

Service delivery performance

PUBLIC TRANSPORT					
Investment results indicator	2014/15 forecast	Actual for the twelve months to 30/06/14	Current status	Variance commentary	Outlook status
<b>Number of passengers using urban public transport services (bus, train and ferry)</b> [this measure is reported a quarter in arrears]	147m-154m	138m		Although below target, this is a 5% increase in passenger boardings from last year. Growth was mainly driven from the main centres (Auckland 5%, Wellington 2% and Canterbury 6%).	
NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS					
Service delivery measures	2014/15 target	Q1 actual	Current status	Variance commentary	Outlook status
<b>% of activities that are delivered to agreed standards and timeframes</b>	>90%				
% of state highway small projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		2%		Progress to date in the small projects programme (which is predominantly safety related projects) is slower than expected. However, we do not see this as a risk, and are confident of meeting our year end targets.	
% of property acquisition programme completed to agreed standards and timeframes - Cost vs budget		19%		The property acquisition programme has been revised downwards in Q1. This is due to slower than expected progress on the Auckland Accelerated Programme, along with a significant reduction in requirements for the Wellington Northern Corridor Basin Bridge project. We will mitigate an underspend against target by surplusing cash flow for capital project expenditure.	



Service delivery performance

RENEWAL OF STATE HIGHWAYS					
Service delivery measures	2014/15 target	Q1 actual	Current status	Variance commentary	Outlook status
<b>% of activities that are delivered to agreed standards and timeframes</b> % of state highway renewals programme completed (actual km vs target km)	>90%	2%		Some of the planned works for Q1 have been deferred due to wet weather conditions. We expect to catch this up in Q2 and we remain confident of achieving the year-end target.	
MAINTENANCE AND OPERATION OF STATE HIGHWAYS					
Service delivery measures	2014/15 target	Q1 actual	Current status	Variance commentary	Outlook status
<b>Availability of state highway network:</b> % of unplanned road closures resolved within 12 hours	90%	75%		There were a number of significant weather-related events during the quarter which resulted in road closures of longer than the accepted timeframes. (ie greater than 12 hours). Slips and flooding in Northland, and snow and ice in the South Island.	

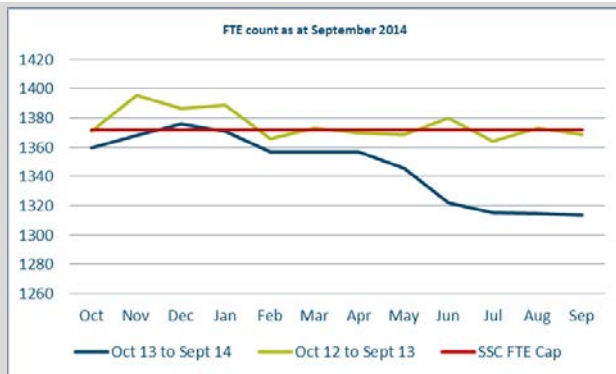
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# **ORGANISATIONAL CAPABILITY & HEALTH**

# PEOPLE METRICS

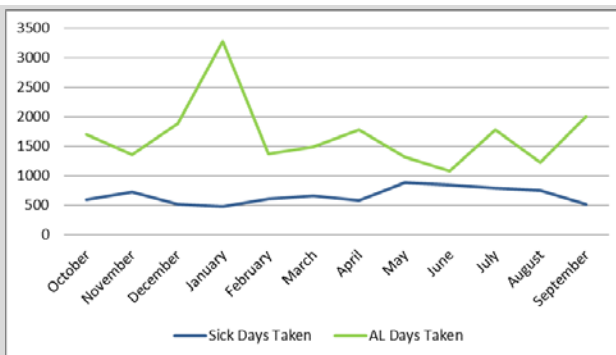
The Transport Agency's FTEs and active vacancies are currently within our cap. Our annual leave liability has been increasing, although it remains lower than at the same time last year.

## Full-time Equivalent (FTE) employees against cap



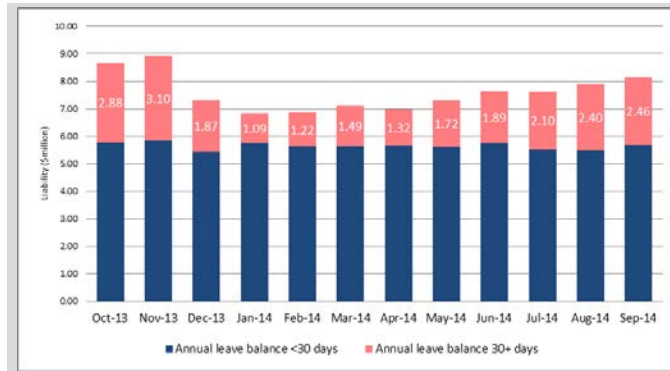
The Transport Agency's FTE cap is 1,372 FTEs. Actual FTEs as at September 2014 was 1,313 (down from 1,368 at 30 September 2013). As at 30 September 2014, there were 46 permanent roles in active recruitment, bringing our total positions to 1,359.

## Planned and unplanned leave taken



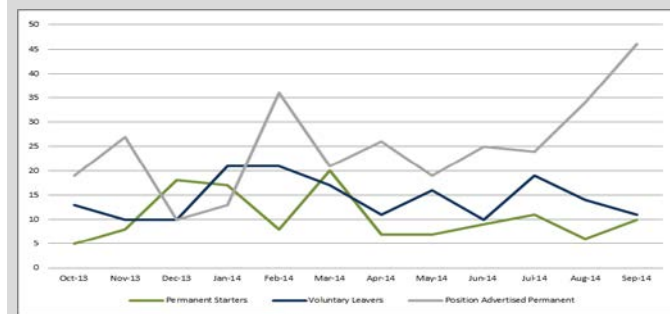
The average annual leave balance is 17.4 days - up from 16.4 at the end of the last quarter. The number of annual leave days taken has varied over the quarter; however our overall liability has increased. The number of sick days taken has remained steady.

## Annual leave liability



The Transport Agency is currently carrying an annual leave liability of \$8.15m (around \$6,000 per person). The 184 people who have annual leave balances of more than 30 days account for 30% of the total liability. The figures have increased since the last quarter; however they are lower than at the same time the previous year.

## Permanent comings and goings



As at 30 September 2014 there were 46 permanent roles going through the recruitment process, higher than we have had for some time, however we remain within our cap. Voluntary turnover sits at 11.7%, similar to 11.8% in September 2013, which remains within an appropriate turnover rate.

# ENSURING HEALTH AND SAFETY IN THE WORKPLACE

The Transport Agency's Zero Harm Strategy 2014-2020 objective is that "by 2020 or sooner, all our people<sup>1</sup>, regardless of employer will go home safe and healthy, every day, no exceptions'.

During the first quarter we failed to achieve a Zero Harm workplace due to the two work related medical treatment injuries. In our role as a principal for physical works and agents, we had two lost time incidents reported, although there were no serious injuries or fatalities.

The new Zero Harm reporting tool will replace the existing system in November and we'll be using it for reporting from quarter two. This will allow us to benchmark our performance internally using lead and lag indicators, and measure group, office and regional performance.

The same tool also allows us to capture and benchmark our suppliers using the same lead and lag indicators to measure capital and network outcomes projects against similar projects. In addition to this, we'll be able to measure our suppliers' H&S performance in comparison to each other, which will aid consistency and learning across the industry.

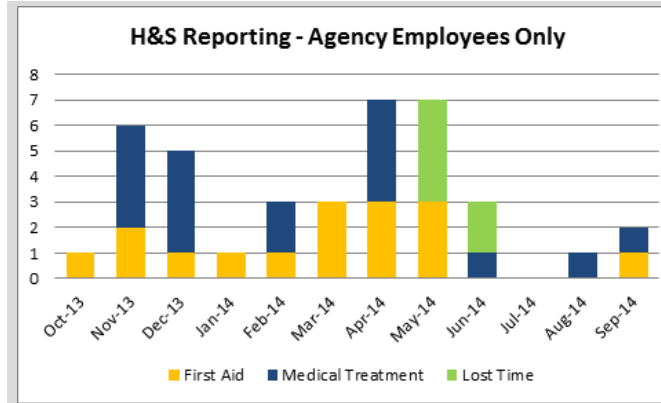
During quarter one a Transport Agency-wide risk assessment was carried out to identify our high-risk areas and people. Following those assessments, the Agency has determined its priorities as follows:

- i. Lone working
- ii. Working or visiting construction sites
- iii. Management of our supply chain
- iv. Driving at work
- v. Dealing with hostile people

These five high risk areas will become our critical risks. Actions on these will be supported in quarters two and three by a Transport Agency-wide action group that will develop a risk mitigation strategy and suggested control measures to reduce the risks associated with these activities.

<sup>1</sup> Employees, contractors, sub-contractors, agents and temporary staff engaged to work on behalf of the Transport Agency

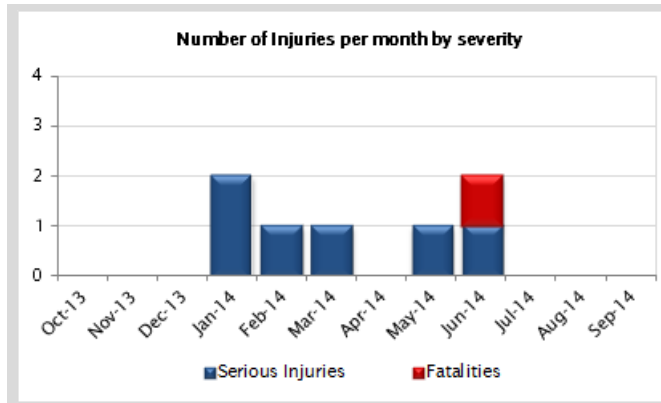
Health and Safety - Number of Injuries per month by severity (NZTA employees only)



There was one first aid and two medical treatment injuries in the first quarter. The medical treatment injuries to our own people in Hamilton and Auckland both resulted from slipping in the office. Lessons have been learnt from this and shared with the other offices.

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)



There were no serious injuries or fatalities on our contractors' work sites this quarter.

There were two serious harm incidents and one fatality in the previous quarter.

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# **APPENDIX:**

# **FINANCIAL STATEMENTS**

# NZTA FINANCIAL STATEMENTS

## Variance commentary

**Revenue from the Crown:** See Table “Specific projects funded by the Crown” and related commentary.

**Revenue from the NLTF:** See Planning & Investment and State Highways section.

**Revenue from third parties:** See Access & Use section.

**Investment in land transport:** See Planning & Investment and State Highways section.

**NZTA operating activities:** See NZTA Operating expenditure section.

### NZ Transport Agency – Consolidated statement of comprehensive income for the three months ended 30 September 2014

	Year to date				Year end SOI Budget \$000
	Actual \$000	Budget \$000	Variance \$000	%	
<b>Income</b>					
Revenue from the Crown	11,787	8,486	3,301	39%	30,980
Revenue from the National Land Transport Fund	406,516	434,395	(27,879)	(6%)	2,075,034
Revenue from third parties	41,658	37,350	4,308	12%	153,912
	459,961	480,232	(20,271)	(4%)	2,259,926
<b>Expenditure</b>					
Investment in land transport	504,586	630,931	126,345	20%	3,120,340
NZTA operating activities	68,982	72,133	3,151	4%	283,429
State highway depreciation/asset write off	115,000	114,999	(1)	(0%)	460,000
	688,568	818,063	129,495	16%	3,863,769
Net surplus/(deficit)	(228,607)	(337,831)	109,224	32%	(1,603,843)
Capital expenditure	(288,347)	(336,587)	(48,240)	(14%)	(1,607,353)
<b>Net surplus/(deficit) after capex</b>	<b>59,740</b>	<b>(1,245)</b>	<b>60,985</b>		<b>3,510</b>

## Variance commentary

### Assets:

**Debtor NLTF:** Debtor is higher than budget which reflects the funding due to the Transport Agency from the NLTF.

**Other:** Optimisation of cash management has resulted in less cash being held.

**Non-current assets:** the state highway valuation for 2013/14 was significantly higher than the projection used at the time the budget was prepared, hence the \$0.9b variance against budget.

### Liabilities:

**Other:** Creditors is lower than budget reflecting lower than anticipated claims from Approved Organisations in the month of September.

**Non-current liabilities:** Lower than budget as the borrowing facilities for TEL, Christchurch and Auckland have not been drawn upon.

**Retained funds:** See net surplus.

**Memorandum account:** See Access & Use section.

### NZ Transport Agency – Consolidated statement of financial position as at 30 September 2014

	As at 30 September 2014				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
<b>Assets</b>					
Current assets					
Debtor National Land Transport Fund	403,292	376,510	26,782	7%	652,263
Other	135,988	173,651	(37,663)	(22%)	206,991
Non-current assets	28,762,891	27,813,157	949,734	3%	29,260,088
	29,302,170	28,363,318	938,852	3%	30,119,342
<b>Liabilities</b>					
Current liabilities					
Borrowing	100,000	100,000	0	0%	100,000
Other	218,399	268,447	50,048	19%	518,182
Non-current liabilities	4,954	36,700	31,746	87%	290,888
	323,353	405,147	81,794	20%	909,070
<b>Net assets</b>	<b>28,978,818</b>	<b>27,958,171</b>	<b>1,020,647</b>	<b>4%</b>	<b>29,210,271</b>
<b>Equity</b>					
General funds	5,606	5,606	0	0%	5,606
Retained funds	147,630	43,838	103,792	237%	41,973
Memorandum account - Third party fees	7,649	3,238	4,411	136%	3,747
State highway network	28,817,933	27,905,489	912,444	3%	29,238,946
<b>Total equity</b>	<b>28,978,818</b>	<b>27,958,171</b>	<b>1,020,647</b>	<b>4%</b>	<b>29,290,272</b>

## Variance commentary

**Cash flows from operating activities:** Reduced payments to suppliers only partly offset lower NLTF receipts.

**Cash flows from investing activities:** Reduced cash flows from investing activities reflect the lower than planned capital expenditure on the state highway network.

**Cash flows from operating activities:** See Borrowing section.

### NZ Transport Agency – Consolidated statement of cash flows for the three months ended 30 September 2014

	Year to date				Year end
	Actual \$000	Budget \$000	Variance \$000	%	SOI Budget \$000
<b>Cash flows from operating activities</b>					
Receipts from Crown/NLTF revenue	496,669	613,999	(117,330)	(19%)	2,049,272
Receipts from third party/interest revenue	65,260	89,702	(24,442)	(27%)	153,671
Payments to suppliers and employees	(472,695)	(533,332)	60,637	11%	(1,702,023)
	89,234	170,369	(81,135)	(48%)	500,920
<b>Cash flows from investing activities</b>					
Receipts from sale of state highway properties	7,701	14,400	(6,699)	(47%)	57,600
Purchase of assets	0	(3,744)	3,744	100%	(15,000)
State highway network (incl. property purchases)	(288,347)	(338,821)	50,474	15%	(1,714,353)
	(280,646)	(328,165)	47,519	14%	(1,671,753)
<b>Cash flows from financing activities</b>					
Capital contributions	190,649	207,460	(16,811)	(8%)	975,404
Borrowing	0	42,000	(42,000)	(100%)	292,000
NLTF debtor borrowing reduction/interest	(1,166)	(91,664)	90,498	99%	(96,521)
	189,483	157,796	31,687	20%	1,170,883
Net (decrease)/increase in cash	(1,929)	0	(1,929)	(100%)	50
Cash at the beginning of the period	23,922	50,000	(26,078)	(52%)	50,000
<b>Cash at the end of the period</b>	<b>21,993</b>	<b>50,000</b>	<b>(28,007)</b>	<b>(56%)</b>	<b>50,050</b>



# NLTF FINANCIAL STATEMENTS

## Variance commentary

**Debtors** fluctuate typically between \$200m and \$250m, largely depending on the timing of FED shipments.

**Creditors and other payables** are in line with the level of funding due to the Transport Agency.

### National Land Transport Fund - Statement of financial position as at 30 September 2014

	As at 30 September 2014			Year end
	Actual \$000	Opening \$000	Movement \$000	SOI Budget \$000
<b>Current assets</b>				
Cash and cash equivalents	164,479	135,755	28,724	10,000
Debtors	227,472	229,800	(2,328)	239,000
	391,951	365,555	26,396	249,000
<b>Current liabilities</b>				
Creditors and other payables	403,292	468,365	65,073	652,263
	403,292	468,365	65,073	652,263
<b>Net assets</b>	<b>(11,341)</b>	<b>(102,810)</b>	<b>91,469</b>	<b>(403,263)</b>
General funds	(11,341)	(102,810)	91,469	(403,263)
<b>General funds closing balance</b>	<b>(11,341)</b>	<b>(102,810)</b>	<b>91,469</b>	<b>(403,263)</b>

## Variance commentary

The cash position reflects the combined higher than planned revenue (see NLTF section) and lower than planned expenditure on the NLTP.

### National Land Transport Fund - Statement of cash flows for the three months ended 30 September 2014

	Year to date	Year end
	Actual	SOI Budget
	\$000	\$000
<b>Cash flows from operating activities</b>		
Receipts from land transport revenue	785,779	3,229,525
Payments to NZTA and NZ Police	(694,310)	(3,395,529)
	91,469	(166,004)
Net decrease/(increase) in Debtors	2,328	(15,000)
Net (decrease)/increase in Creditors	(65,073)	167,004
	(62,745)	152,004
Net (decrease)/increase in cash and cash equivalents	28,724	(14,000)
Cash and cash equivalents at the beginning of the period	135,755	24,000
<b>Cash and cash equivalents at the end of the period</b>	<b>164,479</b>	<b>10,000</b>