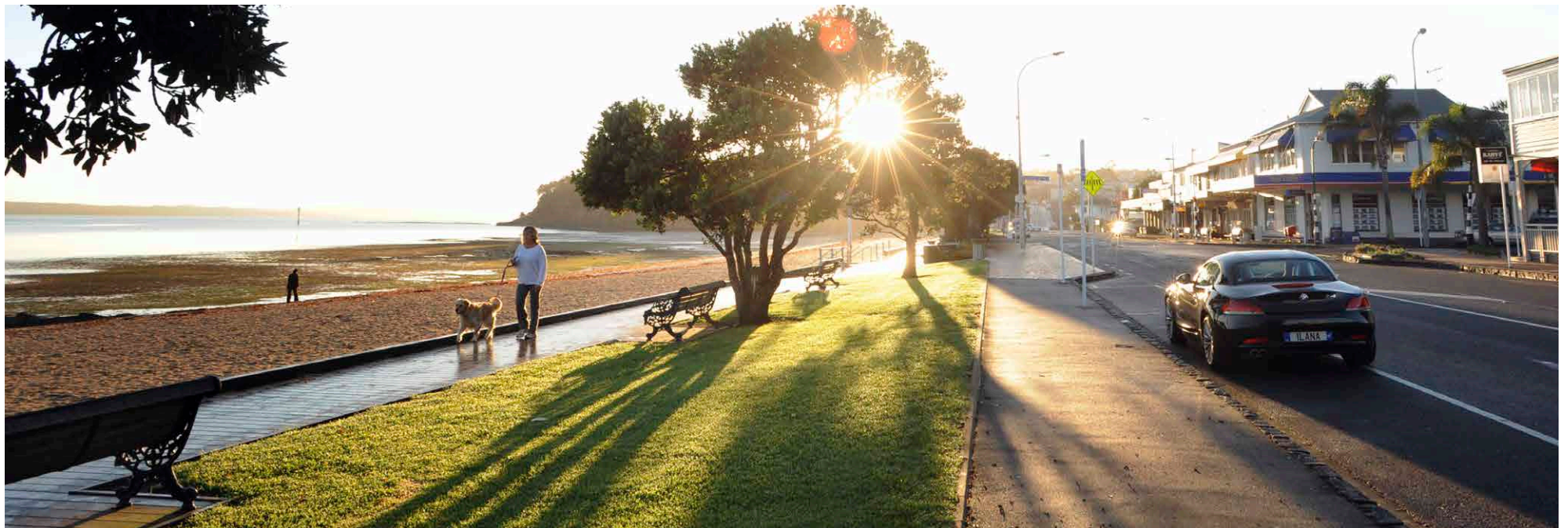

QUARTERLY RESULTS AND ASSURANCE

Q1 2015/16

1 July to 30 September 2015



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1 July to 30 September 2015



PERFORMANCE OVERVIEW

PERFORMANCE OVERVIEW

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

ACHIEVING THE AIMS OF OUR FOUR GOALS AND SIX PRIORITIES				
<p>GOAL 1 INTEGRATE ONE NETWORK Good progress, with all eight milestones on track.</p> <p>Collaboration with Auckland Council and Auckland Transport on the co-ordination of land use and transport plans is progressing well, and transport action plans for four other regions are being developed. Regional freight plans are also progressing well. Work has commenced on developing a 30-40 year investor's view. Work on the Auckland ITP II has been overtaken by the Auckland Transport Alignment Project (ATAP).</p>	<p>GOAL 2 SHAPE SMART CHOICES Variable progress, with three areas to watch.</p> <p>The visiting drivers programme business case is being expedited for investment approval. However, a crash indicator for this project is yet to be developed. Delays have been experienced on developing the business case for a public conversation on the effects of behaviour and choices on road safety outcomes, confirmation of critical risk areas for rail safety, the review of aspects of National Rail System standards, the change programme for a high quality rail safety regulatory service and implementation of a compliance monitoring framework.</p>	<p>GOAL 3 DELIVER HIGHWAY SOLUTIONS Variable progress, with six areas/projects to watch.</p> <p>The six RONS are progressing as expected, The four projects in Auckland's Accelerated Transport Programme that are being delivered by the Transport Agency are on schedule, and 12 of 14 projects making up the Regional Roads Programme are either on schedule or complete. Delivery of the GNS Science hazard assessment tool has been delayed and the development of a mapping tool for Journey Managers is behind schedule. Auckland's resilience strategic case will be scoped up in Q2.</p>	<p>GOAL 4 MAXIMISE RETURNS FOR NZ Good progress, with all eleven milestones on track.</p> <p>The NLTP investment decision making review is progressing well. NLTP processes, systems and tools are currently being reviewed and we are now in a position to apply a first set of network performance measures. The design phase of the research coordination platform to optimise the ability of public entities to meet their accountabilities is still to be signed off. Auckland Transport has released the first tranche of its bus contracts for PTOM units, while Greater Wellington is evaluating tenders for its metro rail contract.</p>	<p>PRIORITY 1 CUSTOMERS Variable progress, with two areas to watch.</p> <p>The Zero Harm roadshow is capturing Small-Medium Enterprise insights on high impact processes. The third party and supplier contract process has been reviewed and realigned. A new driver testing provider is in place and work is underway to improve the test experience. Delays have been experienced in developing a case for changing the driver licence experience for customers facing barriers not addressed by the Driver Licensing Review. There have also been delays with the business case for the Reusable Services approach.</p>
<p>PRIORITY 2 PREDICTABLE JOURNEYS Good overall progress, with one area to watch.</p> <p>Key journeys and multi-modal key routes have been identified for our three main centres and signature projects to demonstrate how the TOCs can manage these journeys are underway. Baseline monitoring of travel time reliability has been implemented. Procurement of a National Intelligent Transport Management System (NITMS) has been stopped due to tenders exceeding budget; this is now being re-scoped. Service level continuous improvement activities are tracking to plan and the Application Life Cycle Roadmap is now available for selected critical systems.</p>	<p>PRIORITY 3 INTEGRATE ROAD AND RAIL Good progress, with all three milestones on track.</p> <p>Work on a framework for working with KiwiRail prior to developing multi-disciplinary safety action plans and a repeatable methodology to measure the benefits of integrating road and rail is currently underway. Transport Agency and KiwiRail CEs have agreed a work programme to progress the integration of road and rail.</p>	<p>PRIORITY 4 SAFER SPEEDS Good progress, with all three milestones on track.</p> <p>The Speed Management Guide has been published for national application and will be demonstrated in the Waikato region over the next year. Development of the geospatial tool to assist Road Controlling Authorities (RCAs) to implement the Safer Speeds Programme is progressing well, with testing already having taken place in the top of the South Island. Work is also being undertaken on defining urban high risk arterial routes to enable targeted interventions.</p>	<p>PRIORITY 5 DRIVING VALUE THROUGH SMART ROAD MAINTENANCE Good progress, with all four milestones on track.</p> <p>LGNZ Equip is undertaking a range of activities to help develop RCA capability with respect to the ONRC. Work has commenced on developing an investment approach that takes into account the ONRC framework. The Q1 SH customer survey has been realigned and expanded to meet the needs of NOC, TOC and Journey Management. The REG is working on its programme of good practice case studies on the benefits of collaborative working.</p>	<p>PRIORITY 6 URBAN CYCLING Good progress, with all four milestones on track.</p> <p>Priority network investment in our major centres has been identified for the next six years and an action plan has been developed in response to the Cycle Safety Panel's report on cycling. Urban Cycleways Programme delivery plans have been received for all main centres and the strategic case for collaborative development of a behaviour change programme has been substantively completed.</p>

SERVICE DELIVERY PERFORMANCE

DELIVERY TARGETS

We are making good progress against the 34 annual service delivery and investment targets that we measure on a quarterly basis. At the end of the first quarter, six results are not on target, however we expect all but one of these to be on target by year end. The exception is completion of Programme Business Cases in the Transport Planning area, where there is a risk that the 90% completion target will not be reached at year end.

FINANCIAL PERFORMANCE

NLTF revenue [7% ahead of budget]	NLTP expenditure [12% under budget]	A&U revenue [11% over budget]	A&U expenditure [3% under budget]	NZTA operating expenditure [4% under budget]	Borrowing [as planned]
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STRONG ORGANISATIONAL CAPABILITY & HEALTH

<p>CAPABILITY Overall progress against our organisational agility projects is good, with one area to watch. Knowledge culture and behaviour programme is underway and we will leverage off the proposed All-of-Government work soon to be released. Staffing changes have delayed the launch of our data catalogue to make it easier to find and understand Transport Agency data. Risk assessment workshops have been held with P&C and HNO, but OS and P&I workshops are yet to start.</p>	<p>PEOPLE METRICS Actual FTE count, excluding vacancies, was under the cap of 1,372 at 30 September 2015. Annual leave liability is at the same level as last quarter, although it remains slightly lower than at the same time last year.</p>	<p>HEALTH AND SAFETY</p> <table border="1"> <tr> <td data-bbox="1305 767 1787 1093"> There were no lost time or medical treatment injuries this quarter. Although eight employees needed first aid during the quarter. </td> <td data-bbox="1787 767 2152 1093"> There were four serious harm injuries on NZTA contractors' worksites during the first quarter (down from seven in the previous quarter). </td> </tr> </table>		There were no lost time or medical treatment injuries this quarter. Although eight employees needed first aid during the quarter.	There were four serious harm injuries on NZTA contractors' worksites during the first quarter (down from seven in the previous quarter).
There were no lost time or medical treatment injuries this quarter. Although eight employees needed first aid during the quarter.	There were four serious harm injuries on NZTA contractors' worksites during the first quarter (down from seven in the previous quarter).				

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



KEY OPERATING ASSUMPTIONS

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	TRANSACTION VOLUMES	STATE HIGHWAY TRAFFIC VOLUMES
<p>ACCRUED REVENUES REFLECT GROWTH TREND FOR TRAVEL DEMAND</p>	<p>TRANSACTION VOLUMES INCREASE AS PURCHASING BEHAVIOUR CHANGES</p>	<p>TRAVEL DEMAND STILL GROWING BUT THERE ARE INITIAL SIGNS OF A SLOWING MOMENTUM</p>
<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; flex-direction: column; justify-content: center; align-items: center; margin-right: 20px;"> <p style="font-size: 24px; font-weight: bold; margin: 0;">\$844m</p> <p style="font-size: 12px; margin: 0;">flows into the National Land Transport Fund</p> </div> <div> <p>Year-to-date revenue for the three months ended 30 September 2015 was \$56m or 7% ahead of budget. RUC and FED revenue came in higher than budget (10% and 5% respectively), while other revenue came in under budget.</p> </div> </div>	<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; flex-direction: column; justify-content: center; align-items: center; margin-right: 20px;"> <p style="font-size: 24px; font-weight: bold; margin: 0;">3.1m</p> <p style="font-size: 12px; margin: 0;">licence transactions were completed</p> </div> <div> <p>The number of licence transactions increased by 36.4% in 2015/16 Q1, compared to the corresponding quarter in the previous year. Changes in purchasing behaviour as a result of a reduction in ACC levies resulted in a 53.6% rise in MVR transactions. RUC licence transactions rose by 7.5%, while DL transactions fell by 4.7% over the period.</p> </div> </div>	<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; flex-direction: column; justify-content: center; align-items: center; margin-right: 20px;"> <p style="font-size: 24px; font-weight: bold; margin: 0;">3.7%</p> <p style="font-size: 12px; margin: 0;">increase in total vehicle counts</p> </div> <div> <p>Total vehicle and heavy vehicle counts rose by 3.7% and 4.9% respectively for the three months ended August 2015, compared to the corresponding period in 2014. That said, the pace of growth - measured on a quarter-on-quarter basis - seems to show weakening, with the trajectory of vehicle counts starting to flatten off.</p> </div> </div>

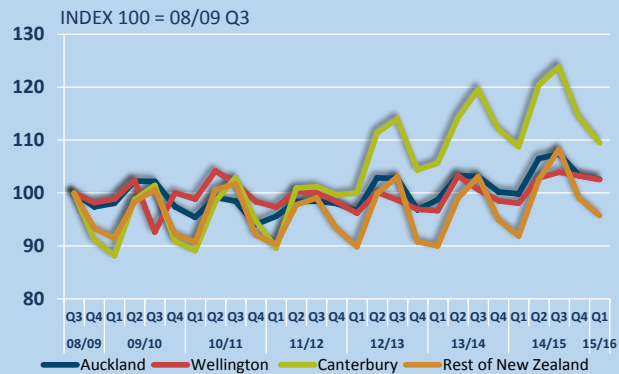
REGIONAL STATE HIGHWAY TRAFFIC VOLUMES

ALL REGIONS REFLECT SEASONAL DIP, BUT TREND REMAINS POSITIVE

3.8%

increase in total vehicle counts in Auckland

Vehicle counts in Auckland, Wellington and Canterbury rose by 3.8%, 4.0% and 0.7% respectively for the three months ended August 2015. Vehicle counts in the rest of New Zealand rose by 4.2%, with all regions managing to post positive growth for the second consecutive quarter.



PUBLIC TRANSPORT VOLUMES

PATRONAGE ON PUBLIC TRANSPORT CONTINUES TO GROW

36.8m

boardings on public transport

Public transport patronage is estimated to have increased by 2.1% in 2014/15 Q4 compared to the corresponding quarter in the previous year. Although slower than in previous quarter, this is the ninth consecutive quarter of positive growth.



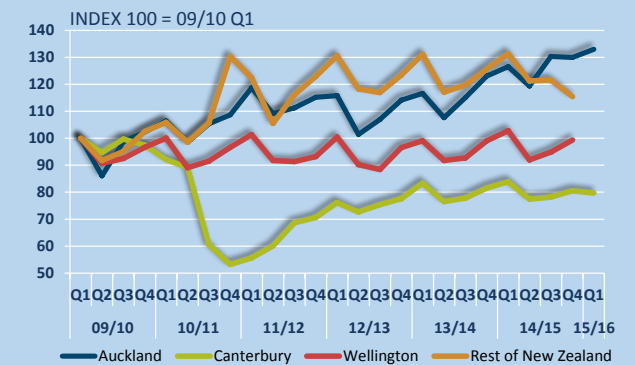
REGIONAL PUBLIC TRANSPORT VOLUMES

PATRONAGE IN AUCKLAND GROWS BUT PACE HAS SLOWED

5.1%

increase in PT patronage in Auckland

Preliminary estimates suggest that patronage in Auckland rose by 5.1%, but fell by 4.9% in Canterbury in 2015/16 Q1. The most recent available figures for Wellington show a 0.3% increase, while patronage in the rest of New Zealand is estimated to have fallen by 8.1% in 2014/15 Q4.

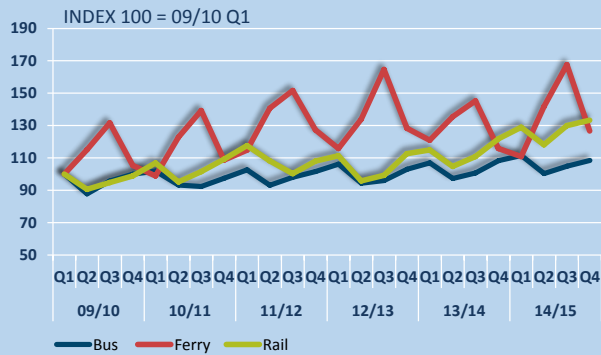


PUBLIC TRANSPORT VOLUMES BY MODE

PATRONAGE GAIN BY MODE ARE BROAD BASED, WITH RAIL SHOWING THE BIGGEST IMPROVEMENT

9.5%
increase in rail patronage

Rail patronage is estimated to have increased by 9.5% in 2014/15 Q4 compared to the same quarter last year, after posting a 17.3% increase in the previous quarter. Patronage on buses and ferries rose by 0.2% and 9.3%, respectively during the same period.

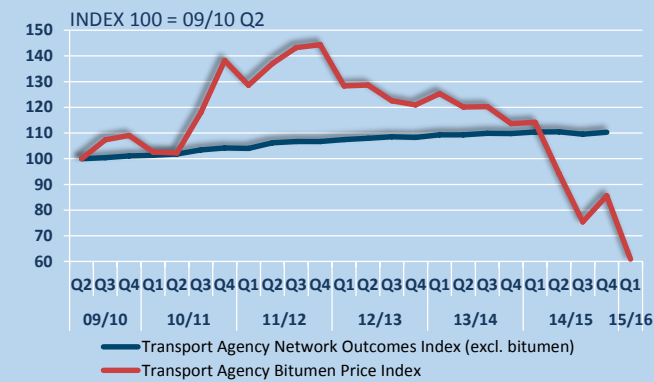


TRANSPORT AGENCY COST ADJUSTMENT INDICES

BITUMEN PRICES FALL DESPITE A WEAKER NZ\$

46.7%
decrease in our bitumen cost index

Despite a weakening NZ\$, our bitumen price index was still 46.7% lower in 2015/16 Q1 than for the same period last year. By contrast, our network outcomes index shows a 0.5% increase in 2014/5 Q4 as rising labour costs continued to offset benign material and plant prices.

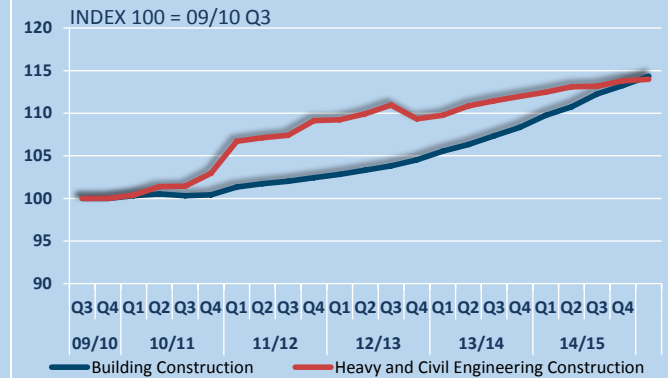


MARKET PRICES

BUILDING AND CONSTRUCTION COSTS CONTINUE TO OUTPACE CIVIL ENGINEERING COSTS

4.2%
increase in building and construction costs

Building and construction costs rose by 4.2% in 2014/15 Q4 compared to the same period last year. In comparison, heavy and civil engineering prices grew by 1.4% over the same period (down on the 1.6% recorded for the previous quarter).





PROGRESS ON OUR STRATEGIC DIRECTION

PERFORMANCE SUMMARY FOR OUR GOALS AND PRIORITIES

OUR GOALS AND PRIORITIES	NUMBER OF MILESTONES THAT ARE ON TRACK OR ACHIEVED	NUMBER OF MILESTONES THAT HAVE MINOR ISSUES	NUMBER OF MILESTONES THAT HAVE SIGNIFICANT ISSUES
Goal: Integrate one effective and resilient network for customers	8		
Goal: Shape smart, efficient, safe and responsible transport choices	9	3	
Goal: Deliver efficient, safe and responsible, and resilient highway solutions for customers	27	6	
Goal: Maximise effective, efficient and strategic returns for new Zealand	11		
Priority 1: Make it easy for customers to do business with us	7	2	
Priority 2: Predictable journeys for urban customers	5		1
Priority 3: Integrate road and rail to improve freight network productivity	3		
Priority 4: Safer speeds that are right for the road	3		
Priority 5: Driving value through smart road maintenance	4		
Priority 6: Make urban cycling a safer and more attractive transport choice	4		

 No issues / on-track / achieved

 Issues but active mitigation in progress

 Significant issues or risks / off-track / not achieved

GOAL: INTEGRATE ONE EFFECTIVE AND RESILIENT NETWORK FOR CUSTOMERS

OUR AIM IS TO INTEGRATE ONE EFFECTIVE AND RESILIENT NETWORK FOR CUSTOMERS

In this quarter

- Action plans for pursuing economic growth opportunities in four regions are being progressed
- Progress on collaborating with Auckland Council (AC) and Auckland Transport (AT) on the coordination of land use and transport plans, we are still developing success measures
- Work has commenced on developing a 30-40 year investor's view of transport
- Resourcing requirements for the Auckland Transport Alignment Project (ATAP) has meant an reprioritisation of some work
- Significant progress has been made on regional freight plans
- Zonal fares included in an amended RPTP have been adopted by the AT Board


Q1: Good progress, with all eight milestones on track.

OBJECTIVE 1: INTEGRATE LAND USES AND TRANSPORT NETWORKS TO SHAPE DEMAND AT NATIONAL, REGIONAL AND LOCAL LEVELS

Programme summary

The Auckland Transport Alignment Project (ATAP) is a joint project involving Auckland Council, the Ministry of Transport, Auckland Transport, the NZ Transport Agency, the Treasury and the State Services Commission, this work will identify a preferred approach for developing Auckland's transport system over the next 30 years. This project, established in August 2015, will influence our approach to our work in this area.

Significant items within this programme include:

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
	Refer to Priority 2: Predictable journeys for urban customers on page 27.	
	Refer to Priority 6: Make urban cycling a safe and more attractive transport choice on page 34.	
We have agreed a shared view with our investment partners of what successful integration of long-term growth plans into land use and transport plans look like.	As a result of our collaboration with Auckland Council and Auckland Transport we are resourcing up to improve the coordination of land use and transport plans.	

OBJECTIVE 2: INTEGRATE NATIONAL AND LOCAL TRANSPORT NETWORKS TO SUPPORT STRATEGIC CONNECTIONS AND TRAVEL CHOICE

MILESTONES FOR 2015/16

Q1 PROGRESS

RESULT

Refer to Priority 2: Predictable journeys for urban customers on page 27.

Refer to Priority 3: Integrate road and rail to improve freight network productivity on page 30.

Refer to Priority 6: Make urban cycling a safer and more attractive transport choice on page 34.

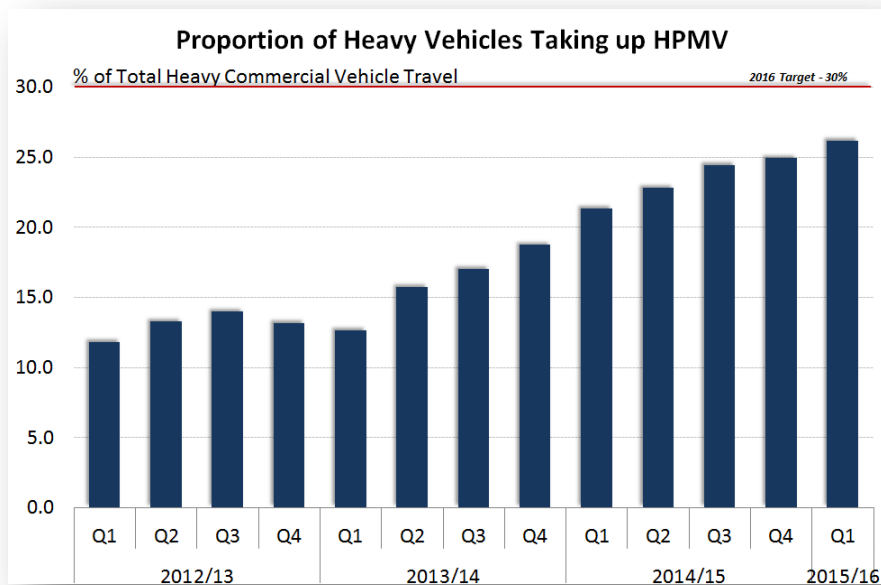
Key journeys have been identified and expected benefits and outcomes defined.

We are developing a 30-40 Year Investor's View. The project to undertake this work has been initiated and we are preparing to trial measures of network performance, which will measure expected benefits and outcomes on key Upper North and Auckland journeys.



FEATURE

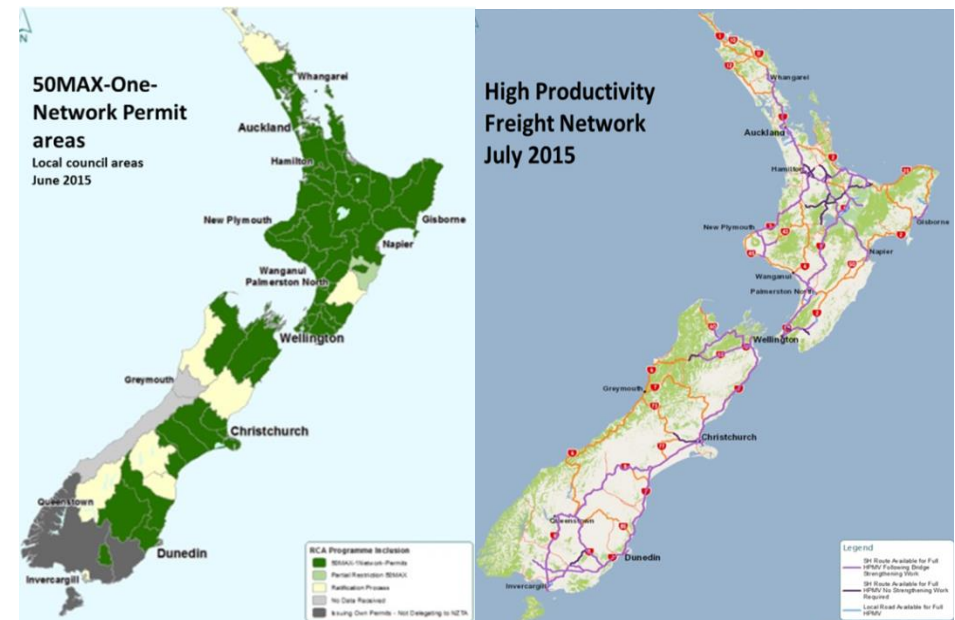
MORE FREIGHT IS BEING MOVED ON FEWER TRUCK TRIPS



Uptake of high productivity motor vehicles (HPMV) continued during Q1 as part of our ongoing efforts to improve the efficiency of freight movements. The proportion of HPMV travel compared with total heavy truck travel, has now risen to 26%. This equates to over 110 million kilometres of HPMV travel in the last three months, avoiding an estimated 10-15 million kilometres of heavy truck travel (if standard trucks had been used to move the freight). As a result, there has been a corresponding decline in non-HPMV heavy truck travel, which is down over 20 million kilometres from this time last year and 25 million kilometres from Q1 two

years ago. The availability of over 5,000 kilometres of the high productivity freight network (see map) will encourage further HPMV uptake on the country's busiest heavy freight routes. Overall heavy truck trips are up, reflecting the current level of increased economic activity.

The star performer continues to be 50MAX, which we introduced two years ago. This type of HPMV was designed by the Transport Agency as a solution to the infrastructure restrictions faced by other types of heavier HPMVs. In 24 months 50MAX has gone from concept to having over 5,700 permits issued, with most local councils providing access (see map) and clocking up around 280 million kilometres of travel to date. The rate of 50MAX travel growth continues to increase with 65 million kilometres travelled in the last three months; more than double what it was twelve months ago. Freight operators using 50MAX report productivity improvements of up to 15%, which suggests that demand for new 50MAX compliant vehicles will continue. Bringing these new trucks into the fleet and retiring older ones will be good for all of New Zealand, as these vehicles are more efficient, more productive and have newer safer features than the trucks they replace.



GOAL: SHAPE SMART TRANSPORT CHOICES

OUR AIM IS TO SHAPE SMART, EFFICIENT, SAFE AND RESPONSIBLE TRANSPORT CHOICES

Q1: Variable progress, with nine of the twelve milestones on track.

OBJECTIVE 4: IMPLEMENT THE SAFE SYSTEM APPROACH TO CREATE A FORGIVING LAND TRANSPORT SYSTEM THAT ACCOMMODATES HUMAN ERROR AND VULNERABILITY

In this quarter

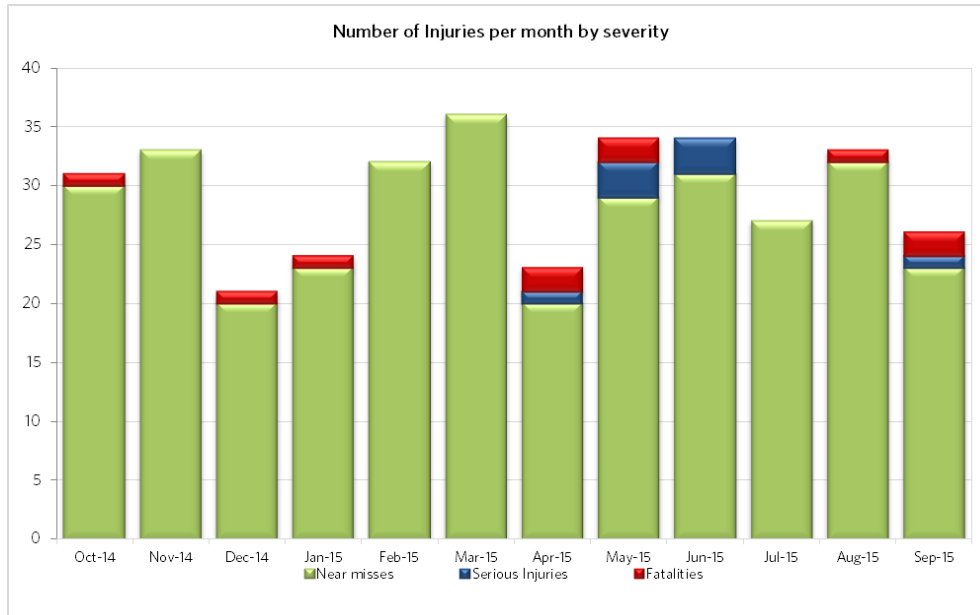
- Visiting drivers programme business case is being expedited for investment approval
- Developing a crash indicator for visiting drivers projects has been slower than expected
- Detailed business case for a public conversation on how individual behaviour and choices affect road safety outcomes is slightly behind schedule
- Confirmation of critical risk areas for the monitoring of rail safety will be available in early Q3
- Review of the governance and operation of National Rail System standards postponed by urgent reactive rail issues
- Change programme for the plan to deliver a high quality regulatory service for rail safety regulation will be completed in Q2.
- Implementation of framework for monitoring and reporting safe vehicle and safe road user requirements compliance levels to be completed in Q2

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
Refer to Priority 4: Safe speeds that are right for the road on page 32.		
A business case on changing the conversation on speed will be developed and implementation of the programme will commence	Detailed business case on track for completion Oct 2015. Funding decisions will follow. Implementation initiatives commencing in support of the Waikato Demonstration Project. This is amber because the detailed business case was due to be completed in Q1.	●
Enhanced rail safety monitoring is in place and is sharpening risk targeting and risk reducing activities.	Critical risks for focus in 2015/16 have been identified and are being progressed. In addition, a research project is underway to improve risk monitoring and identification. The research result will be available in Q3 to inform future critical risk programmes. This is amber because this is behind schedule.	●
Improved rail safety monitoring is in place and being widely communicated	Rail safety monitoring using available data has been put in place. Further analytical work, targeted capability building of rail safety staff, and a research project are underway to further enhance data collection, aggregation, reporting and analysis practices and risk assessment methodologies. This is amber because this is behind schedule.	●
The governance and operation of National Rail System Standards has been reviewed	Draft terms of reference have been developed and will be tested with stakeholders in Q2. Potential reviewers identified. It is expected that the review will get underway in Q3.	●
A multidisciplinary safety action plan is complete and priority actions are being implemented as planned.	A draft three-year plan has been developed. Finalisation and approval is expected in Q2.	●

How we are tracking with the Rail Safety Action Plan

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 2015/2016 financial year, Q1 (1 July - 30 September 2015):

Total occurrences (accidents and incidents) reported to the NZTA this quarter: As of 1 October 2015, the Rail Information System (RIS) database records **1,098** occurrence reports.


Of the **1,098** occurrences reported to the Agency during the quarter, a total of **99** involved collision or near collision. These included;

- 3 fatalities: All three fatalities related to trespassers who should not have been on the track.
- 1 occurrence categorised as a serious injury, which resulted from a level crossing collision between a train and a car.
- 17 occurrences categorised as collisions.
- 82 occurrences categorised as near collisions.

The definition of 'serious injury' is taken from the HSE Act.

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

OBJECTIVE 5: INCENTIVISE AND SHAPE SAFE AND EFFICIENT TRAVEL CHOICES USING A CUSTOMER-FOCUSED APPROACH

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
A framework for monitoring safe vehicle and safe road user requirements compliance levels and outcomes is established and being used to set targets.	Framework completed. Overview of project implementation developed but not tested and finalised due to increased demand on analytical resources. This will be completed in Q2. Work to support commercial operation monitoring and reporting is also on track to meet Q2 milestone.	

GOAL: DELIVER HIGHWAY SOLUTIONS

OUR AIM IS TO DELIVER EFFICIENT, SAFE AND RESPONSIBLE HIGHWAY SOLUTIONS FOR CUSTOMERS

In this quarter

- Delivery of GNS Science hazard assessment tool is expected towards the end of Q2
- Development of a mapping tool for Journey Managers is behind programme
- Partner engagement on addressing performance gaps in respect to state highway hazards to be framed up in Q2
- Business continuity plans are not in place for each state highway office and emergency response plans have not been scheduled
- The six RONS are progressing as expected, although some utility relocation work on the Christchurch Northern Corridor is still to be completed
- The four Transport Agency-delivered projects in the Accelerated Auckland Transport Programme are on schedule
- 12 of 14 projects making up the Regional Roads Programme are either on schedule or complete

Q1: Variable progress, with 27 of the 33 milestones on track.





OBJECTIVE 7: GREATER RESILIENCE OF THE STATE HIGHWAY NETWORK

Programme summary

The Highways Resilience project has continued to progress on a number of fronts, with workshops in regional offices on Business Continuity Plans, development of the structure and relationship of Emergency Response Planning documentation (and escalation processes) from national through to individual NOC levels, and ongoing work to support project business case analysis and programme development where resilience issues are being addressed. We have a number of contracts developing tools to improve project analysis which will be ready for roll out in the coming quarter, some of which are presenting challenges in timely delivery. Several new collaborations and technical connections with internal and external partners (Treasury, MoT, LGNZ) are developing positively. A new communications strategy will raise understanding and buy-in to the project both internally and externally. Overall, the project is regaining momentum with refreshed resourcing.

The exceptions and significant items within this programme include:



MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
Hazards have been assessed on 4,000km of state highway using the GNS Science hazard assessment tool to ensure nationwide consistency, and potential works have been identified to support achievement of One Network Road Classification levels of service. All works proposals warrant funding under the investment framework.	The GNS tool is under development including a pilot study in the Wellington region. A prioritised corridor list has been compiled for assessment in the Programme Business Case. Steps have been put in place to place to improve GNS delivery and expedite completion for this phase of the project, which is now expected to be the end of Q2.	●
All current alternative routes and their potential role and traffic demand have been collated consistently nationwide.	Journey Managers are engaged with the Emergency Response Plan (ERP) work stream, which covers identification and development processes for Alternative Routes. We are about a quarter behind programme for the development of the mapping tool, with the brief to be agreed following the demonstration of the information the GNS tool will provide.	●

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
<p>Conversations regarding suitability and how to address any performance gap have commenced with partners for each state highway that has had a hazard assessment.</p>	<p>Communications strategy is complete and partner engagement will be framed up in Q2.</p>	
<p>Business continuity plans (BCPs) are in place and actionable for each state highway office and its support systems, and for each maintenance contractor.</p>	<p>BCP workshops have been undertaken in Wellington, Hamilton, Christchurch and Dunedin, with plans complete or near complete for Wellington and Hamilton. Napier also has a developed plan.</p> <p>By the end of December 2015, we expect all state highway offices will have plans nearing completion.</p> <p>The Maintenance Contract Managers have confirmed the status of their roles within the BCPs through the Network Outcome Contracts.</p> <p>Corporate Support has followed up Kiosk emergency contacts.</p>	
<p>Emergency response plans (ERPs) and escalation procedures are in place and actionable for each network, region and nationwide.</p>	<p>We are slightly behind schedule due to a change in work stream lead midway through the quarter.</p> <p>ERPs are available in INFOHUB, and other plans from NOC's and for specific routes and locations being collated and migrated into INFOHUB.</p> <p>We have not yet scheduled ERPs in each state highway office, but planning is underway.</p>	
<p>Indicative business cases have been initiated for high priority works on corridors.</p>	<p>Wellington Strategic Case is complete. Auckland's is to be scoped in Q2.</p>	

OBJECTIVE 9A: PLAN FOR AND DELIVER THE ROADS OF NATIONAL SIGNIFICANCE (RONS)

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
Puhoi to Wellsford	Milestones to be determined following evaluation of procurement options.	Registration of Interest completed and three consortiums have been short listed for next phase. Request for Proposal documents issued on time.	●
Western Ring Route (WRR)	Lincoln Road Interchange open to traffic St Lukes Interchange open to traffic Te Atatu Interchange open to traffic	Draft Completion Plan completed. Monthly combined reporting has been established to track progress leading up to WRR opening. Project milestones continue to be tracking well with Lincoln close to practical completion, and the Well Connected team on track for the tunnel break-through in October.	●
Waikato Expressway	Construction start: Huntly and Hamilton sections	Hamilton section tenders received on 21 July 2015 and the preferred tenderer has been identified. A successful Huntly section sod turning was held on 28 August 2015.	●
Tauranga Eastern Link (TEL)	Project open to traffic	The toll road opened to the public on 1 August 2015 and tolls are successfully working. A great opening event.	●

**OBJECTIVE 9A: PLAN FOR AND DELIVER THE ROADS OF NATIONAL SIGNIFICANCE (RONS)
(CONTINUED)**

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
Wellington Northern Corridor	Consenting process: Airport to Mount Victoria Tunnel Otaki to Levin	No target for Q1.	
Christchurch Motorways	Construction start: Southern Motorway Stage 2 Western Belfast By-Pass Harewood to Avonhead Park	Relocation work for Groynes to Sawyers not completed, but no longer delaying progress. Following VAC approval for Northern Arterial full documentation only required for tendering on 23 November 2015.	

OBJECTIVE 9B – PLAN FOR AND DELIVER THE ACCELERATED AUCKLAND TRANSPORT PROGRAMME

PROJECT	MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
Northern Corridor (three projects)	Consenting and property acquisition commence	Draft detailed business case was delivered on 1 September 2015 as per programme. The Board has approved pre-implementation funding and endorsed, including the busway component as part of the base scope. On track for Board approval of detailed business case at their October meeting.	●
Southern Corridor (five projects)	Construction start: Hill Road to Takanini Takanini on-ramp improvements Takanini to Papkura Takanini Interchange SH20 to Hill Road	Contract Awarded to Leightons Contractors, with Opus as the lead designer at a cost of approximately \$190m. Project programme remains on-track with the sod turning planned for October and block of rail line work in December.	●
State Highway 20A	Construction start	Full construction underway with project on programme, service relocations and first major switches implemented during this quarter. SMART variation now approved with Auckland Transport and in the Regional Land Transport Plan. Key works underway to prepare for construction of the trench. Property purchase progressing with the key risk property being the Pacific Inn. Designation has now been confirmed for the property and the team are working on negotiating a settlement agreement.	●
East west link	Milestones to be determined following completion of the business case.	Procurement strategy for planning and consenting approved, and Request for Proposals issued. The funding approval for the planning and consenting is programmed for the December 2015 Board meeting to coincide with the detailed business case approval. The project team continues to look at the broader strategic issues and potential interactions and opportunities with the Auckland-Manukau Eastern Transport Initiative (AMETI) project.	●

OBJECTIVE 9C – PLAN FOR AND DELIVER THE REGIONAL ROADS PROGRAMME




The Regional Accelerated Projects have been packaged up into three Tranches:

TRANCHE	PROJECT	RESULT
1. Projects in construction phase	<p>a. Kawarau Falls Bridge (Otago) Design and construct contract awarded to McConnell Dowell.</p>	●
	<p>b. Mingha Bluff to Rough Creek Realignment (Canterbury) River protection work not yet commenced as originally planned due to change in programme. Culverts delivery well underway and ahead of schedule. Pipe and wall panel pre-casting started and earthworks on Section 1 is continuing.</p>	●
	<p>c. Akerama Curves Realignment and Passing Lane (Northland) Contract is currently on programme. Ground is settling as predicted over the winter shut down.</p>	●
	<p>d. Panikau Hill and Wallace Hill Slow Vehicle Bays (project complete) (Gisborne) Transport Minister Simon Bridges and East Coast MP Anne Tolley joined Transport Agency staff to officially open two kilometres of passing lanes on Panikau Hill and Wallis Hill. Construction complete and opened to traffic early in May 2015.</p>	●
	<p>e. Normanby Overbridge Realignment (Taranaki) On the weekend of the 5 September KiwiRail halted trains to enable the stock underpass to be installed, however unfortunately the earthworks were not sufficient for it to fit and hence the delay. The new target completion is the end of October. This does not affect the overall target completion dates of the project.</p>	●

OBJECTIVE 9C – PLAN FOR AND DELIVER THE REGIONAL ROADS PROGRAMME (CONTINUED)

TRANCHE	PROJECT	RESULT
2. Projects where we have completed the initial investigation stages for and are reporting back to the Minister in Q1 of 2015/16.	a. Whirokino Trestle (Manawatu-Wanganui) Consent has been lodged and all is proceeding as planned.	●
	b. Motu Bridge Replacement (Gisborne) Met the target date to report back to Ministers office. Currently awaiting Government decision on next steps.	●
	c. Opawa and Wairau Bridges Replacement (Marlborough) The strategic case and indicative business case have been approved. Currently awaiting Government decision on next steps.	●
	d. Taramakau Road/Rail Bridge (West Coast) Design contract awarded to Novare Design. Critical geotech in riverbed completed.	●
	e. Loop Road to Smeatons Hill (Northland) The updated evidence base for Loop Road has demonstrated that the perceived safety issues are more significant than actual trends indicate. A wider corridor approach is now being investigated with the aim of achieving a viable option.	●
	f. Mt Messenger and Awakino Gorge Corridor (Taranaki) Currently awaiting Government decision on next steps.	●

OBJECTIVE 9C – PLAN FOR AND DELIVER THE REGIONAL ROADS PROGRAMME (CONTINUED)

TRANCHE	PROJECT	RESULT
3. Projects still in Investigation and we are due to report back to the Minister in 2016	a. Napier Port Access Behind schedule. The Programme Business Case is now due to be approved in Q2.	
	b. Nelson Southern Link The Strategic Case (SBC) is being refined and updated following review/feedback of the initial SBC developed in April/May 2015 (by P&I and the project team). The purpose of the update is to ensure that the problem statements are correctly articulated and supported by the relevant evidence.	
	c. Rotorua Eastern Corridor No target for Q1.	

GOAL: MAXIMISE RETURNS FOR NZ


OUR AIM IS TO MAXIMISE EFFECTIVE, EFFICIENT AND STRATEGIC RETURNS FOR NZ

In this quarter

- The NLTP investment decision making review is progressing well
- Scoping of the design phase of the research coordination plan has yet to be signed off
- NLTP processes, systems and tools are currently being reviewed
- First set of network performance measures to be applied to achieve some quick measurement wins in the Upper North Island and Auckland
- Auckland Transport (AT) has released the first tranche of bus contracts and Greater Wellington is already evaluating tenders for its metro rail contract

Q1: Good progress, with all eleven milestones on track.

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 2015/16	Q1 PROGRESS	RESULT
A transport research framework exists that optimises the ability of public entities to meet their accountabilities while ensuring the total transport research investment supports required functions and outcomes.	Scoping for the design phase is to be considered by the project board on 19 November 2015. Overall the work is progressing well.	

FEATURE

TRANSPORT AGENCY PRIORITIES 2015-19



Jannette Farley, Lisa Rossiter and Lynne Batty from the Strategy team in SCP

In a nutshell, our priorities provide specific areas of focus to help us achieve our medium-term objectives and the Government's long-term goals for the transport sector. To be successful in grappling with these complex problems, we must collaborate within the Transport Agency and with other organisations across the sector.

SENSE CHECK - In late 2014, led by SCP's Strategy team, we began reflecting on our existing priorities. We asked how close we were to achieving them and if they were still relevant?

We agreed there have been some changes in our operating environment, but it remains mostly stable. So, the priority focus areas—customers, urban journeys, freight, safer speeds and road maintenance—remain relevant and important.

We concluded that while a lot had been achieved, there was still room to achieve more (to achieve enduring change) or to extend and broaden the focus.

BROADER FOCUS - A great example is safer speeds. We need to continue to focus on reducing deaths and serious injuries on open roads—but our focus now extends to high risk urban arterial routes and changing the conversation on speed—*safer speeds that are right for the road.*

The road maintenance priority will continue to bed-in the One Network Road Classification and will now also focus on lifting sector capability, to make smarter and more consistent asset and activity management decisions—*driving value through smart road maintenance.*

NEW DIRECTION FOR SOME - We made great progress delivering more freight on fewer trucks within the freight priority. While freight remains a priority, we've refocused—*integrating road and rail freight to improve overall freight network productivity.*

The customer priority focus has shifted from mostly internal to *making it easier for customers to do business with us.* It's all about driving improvements for specific sets of external customers.

The urban network capacity priority now also has a sharper customer focus—*delivering predictable journeys for urban customers.*

NEW KID ON THE BLOCK - A brand new priority reflects shifts in our operating environment - significant growing interest in cycling safety and choices and the Government's \$100m investment in cycling over the next four years. It's the right time to prioritise *urban cycling safety and make it a more attractive transport choice,* particularly in Auckland, Wellington and Christchurch.



WHAT'S NEXT? - Our six priorities are gnarly challenges for us and our partners. Priority teams are busy developing their work programmes. Stay tuned.

PRIORITY 1: MAKE IT EASY FOR CUSTOMERS TO DO BUSINESS WITH US

Q1: Good overall progress, with seven of the nine milestones on track.

In this quarter

- Zero Harm roadshow is capturing small-medium enterprise insights on high impact processes
- Third party partner and supplier contract processes have been reviewed and realigned
- A new driver testing provider is in place and a joint project to improve the test experience is underway
- The case for changing the driver licence experience for customers facing barriers not addressed by the Driver licensing review has been delayed
- Travel agent self-drive modules have been launched
- The business case for the reusable services approach to be presented to the Transport Agency's senior leadership team in Q2.
- Significant improvements have been made to the online experience for customers seeking to interact with us

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
A prioritised work programme has been developed to improve the driver licensing experience for customers who face barriers that cannot be addressed solely by the Driver Licensing Review.	The case for change will not be generated by the innovation lab until December 2015/January 2016 due to delays in commencement.	
A strategy has been developed and a prioritised programme of investment is in place that identifies our critical systems, timing, cost and the required design to make it easier for customers to interact with us.	In principle endorsement of the approach by SLT. Business case for reusable services to be presented to SLT in Q2.	

PRIORITY 2: PREDICTABLE JOURNEYS FOR URBAN CUSTOMERS

In this quarter

- Key journeys and multi-model key routes have been identified for our three main centres
- Signature projects that demonstrate how the TOCs can manage multimodal journeys and establish target outcomes are underway in our three main centres
- Procurement of the National Intelligent Transport Management System (NITMS) is currently being re-scoped
- The Application Life Cycle Roadmap framework is in place for selected critical systems
- Baseline monitoring of travel time reliability has been implemented

Q1: Good overall progress, with five of the six milestones on track.

Programme summary

Travel times and variances are reported for key road journeys in Auckland, Wellington and Christchurch. Review and refinement of these measurements is required, to ensure focus on journeys where there is the most potential to contribute to improvements in travel time predictability. Multi-modal reporting is yet to be implemented nationally.

Insight into customer travel information requirements has progressed, with completion of research into requirements of travel information services, and the effectiveness of current channels.

There is a delay in a national incident management project which enables sharing of transport operations information across regions and modes. This delay is due to the tender process failing to deliver a satisfactory outcome, resulting in the project being re-scoped. In parallel with the re-scoping exercise, short term improvement initiatives will be progressed.

The exceptions and significant items within this programme include:

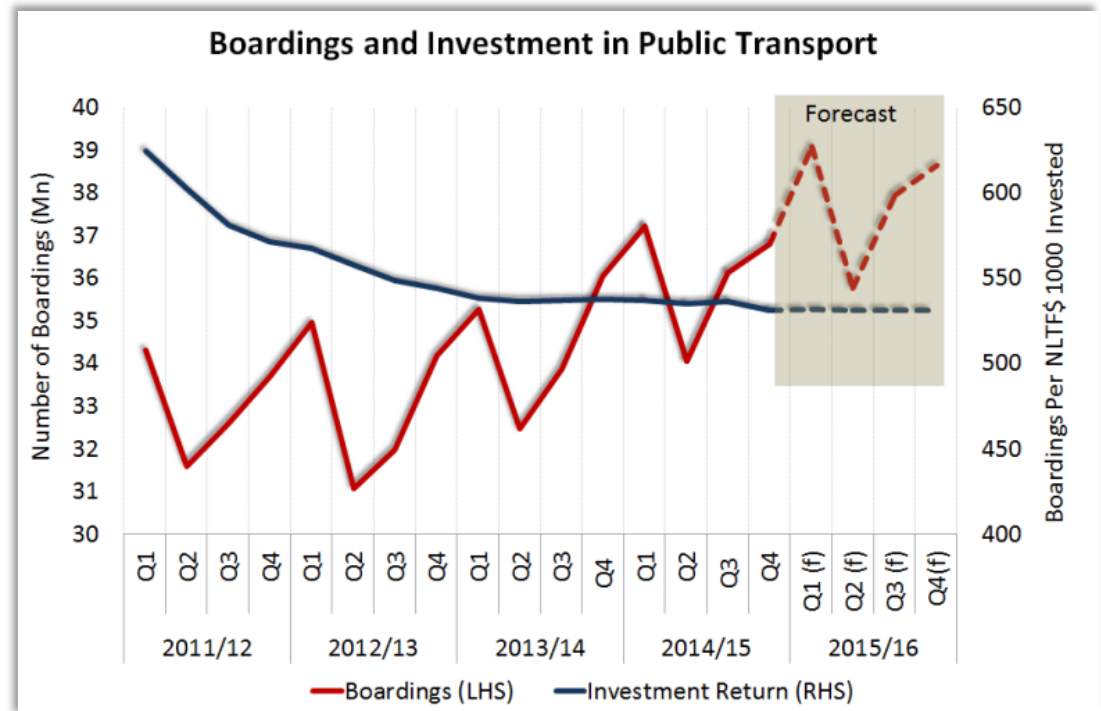
MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
A national system to allow sharing of transport operations information across regions and modes is designed.	Following the National Intelligent Transport Management System (NITMS) procurement being stopped due to tenders far exceeding budget, the programme is being re scoped to provide a tactical incident and event management system which will be available for ATOC, Central and possibly CTOC, which do not currently have any available system. The main NITMS programme will then be split into core and strategic requirements to enable more certainty of cost and budget.	

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. Forecasts are based on recently revised patronage projections and investment allocations approved for inclusion in the 2015-18 NLTP.

The recent trend in the number of boardings per NLTF\$ invested largely reflects a strong patronage response to improvements made to public transport services in Auckland, resulting from ongoing investment. .

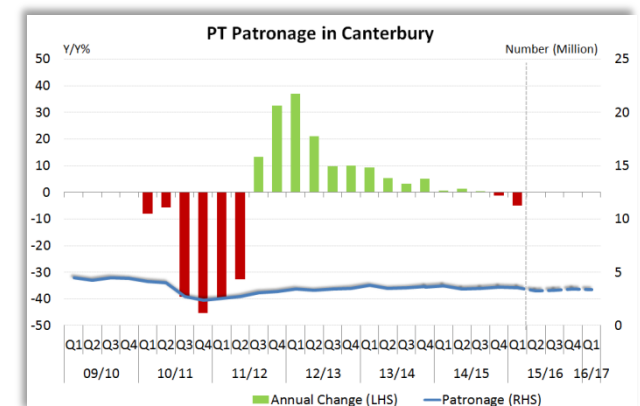
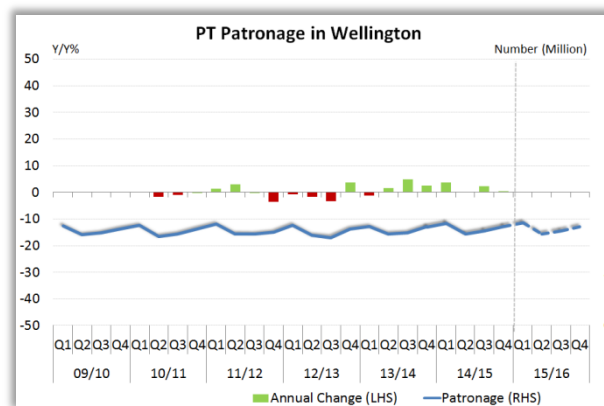
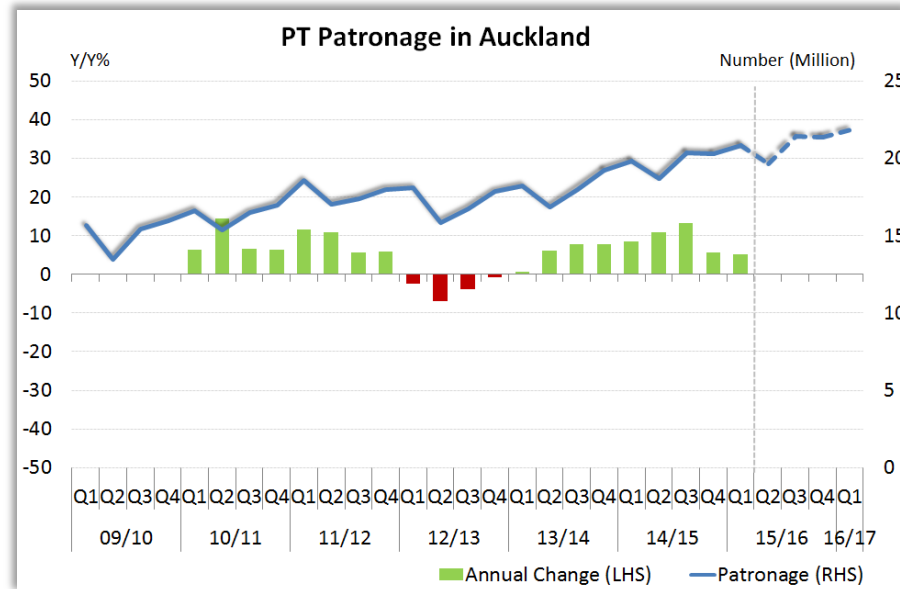
Patronage is forecast to grow over the next 3 year period. We expect to see real benefits from our investments now that the new Auckland electric rail fleet is fully installed and running smoothly, and further benefits will be realised once the bus network reconfiguration in Auckland has been fully implemented in 2017/18.



PUBLIC TRANSPORT PATRONAGE TRENDS* (WITH ANNUAL PERCENTAGE CHANGE) FOR THE THREE LARGEST REGIONS (AUCKLAND, WELLINGTON AND CANTERBURY)

Estimates of public transport patronage up to 2015/16 Q1 for Auckland and Canterbury are shown in the accompanying charts. The most recent patronage numbers for Wellington are for 2014/15 Q1. While historic data patronage data comes from the Transport Agency's Transport Investment Online (TIO) database, the most recent estimates have been sourced directly from Auckland Transport and Environment Canterbury. Greater Wellington Regional Council confirmed the accuracy of regional patronage data retrieved from TIO. Key points include:

- Auckland public transport patronage totalled 80.3 million passengers for the 12 months to September 2015, an increase of 8.5% on the 12 months to September 2014. It also increased by 5.1% in 2015/16 Q1 compared to the corresponding period in the previous year – the 9th quarter in a row where patronage growth has been recorded. Improving service levels, the addition of new capacity and the knock-on effect of a still growing regional economy continue to be supporting factors.
- Public transport patronage in Wellington totalled 36.4 million passengers for the 12 months to June 2015, an increase of 1.7% on the previous year's estimate. In 2014/15 Q4, total boardings in the region rose by 0.3% when compared to the corresponding period in the previous year, with an 1.8% rise in rail patronage offsetting an -0.3% fall in bus patronage..
- Public transport patronage in Canterbury totalled 14.2 million passengers for the 12 months to September 2015, a decrease of 1.2% on the previous year's estimate. Public transport patronage growth in the region has recently turned negative, with 2 consecutive quarters posting a contraction.



PRIORITY 3: INTEGRATE ROAD AND RAIL TO IMPROVE FREIGHT NETWORK PRODUCTIVITY

Q1: Good progress, with all three milestones on schedule.

In this quarter

- Putting together a collaborative framework for working with KiwiRail before developing a multi-disciplinary safety action plan, as well as a system to measure the benefits of integrating road and rail
- Transport Agency and KiwiRail CEs have agreed a work programme to progress the integration of road and rail

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
A measurement system to monitor the benefits of integrating road and rail has been developed.	Note: We're in the relationship-building stage. We'll begin developing a measurement system once we have developed a collaborative framework for working with KiwiRail.	●
A collaborative framework for working across the sector is established. <i>(Note: Sharing case studies between RCAs is not relevant here - proper location is road maintenance; Collaborative framework for road/rail work is what is envisaged)</i>	The Chief Executives of KiwiRail and the Transport Agency have agreed a work programme.	●
A multidisciplinary safety action plan is complete and priority actions are being implemented.	Note: We're in the relationship-building stage. We'll begin developing a multidisciplinary safety action plan once we have agreed how we are going to work together with KiwiRail.	●

FEATURE

TOKOROA ROAD-RAIL TERMINAL OPENS FOR BUSINESS



A new terminal in Tokoroa will be using road and rail to serve the growing and changing freight needs of the South Waikato.

The Tokoroa Road Rail Terminal is a joint venture between the South Waikato District Council and logistics firm RJ Lincoln, with support from KiwiRail and the Transport Agency.

The multi-million dollar terminal consists of a siding added to the Kinleith rail line with a tarmac hardstand, a container loading and unloading area, and a new local road connection to the highway. An 8,400 square metre storage facility is currently under construction, being built by RJ Lincoln.

The Council owns the infrastructure of the terminal through a community trust and has granted an access and handling contract to RJ Lincoln, who donated the land.

“This terminal is well located to handle import and export freight in the central North Island,” says Gavin O’Donoghue, General Manager of RJ Lincoln. “We’re confident this terminal will bring environmental, social and economic benefits to the region.”

Already the terminal has created a number of jobs for the Tokoroa community while reducing the number of truck trips needed between the town and Tauranga, improving safety and travel times for other road users.

Gavin says there has already been strong interest for the bulk handling and storage of freight both to and from the Port of Tauranga through the rail terminal from a number of different firms and he is confident the terminal will become an important freight hub for the district over the next few years.

The Transport Agency’s Freight Portfolio Director and Regional Director for Waikato/Bay of Plenty Harry Wilson says the terminal is a fantastic initiative that will improve freight efficiency in the South Waikato and also have some wider network benefits for the Waikato and the Bay of Plenty.

“This year we introduced the strategic priority of integrating road and rail to improve freight efficiency. We were lucky in that the year leading up to this we had the Tokoroa proposal with a local council wanting to make road-rail work for them and their community. So we had the opportunity to test and develop our ideas.” Harry says.

“For us it’s about looking at the whole of the land transport system and seeing how we can get road and rail working together to move freight safely and efficiently. Most importantly it is about responding to the needs of New Zealand businesses and communities that want to develop freight supply chains that meet their needs. In this case rail to the port and road for local distribution.”




“This terminal ticks those boxes as it makes best use of the existing rail infrastructure which reduces the number of truck trips needed, bringing safety and congestion benefits to other road users,” Harry says. These measurable benefits, along with the demonstrated freight supply chain benefits, were the reasons the Transport Agency invested in the publically-owned components of this project.

PRIORITY 4: SAFER SPEEDS THAT ARE RIGHT FOR THE ROAD

Q1: Good progress, with all three milestones on schedule.

In this quarter

- The Speed Management Guide was published for national application
- The geospatial tool to assist RCAs to implement the Safer Speeds Programme has been tested
- SCP is working on defining high risk urban arterials to enable target interventions

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
A baseline of mean speed data (eg the % of the network within the safer speeds framework) is established to determine the evidence base for speed management plans and prioritise 2016-2019 actions.	The Speed Management Guide was published in September for national application, and will be demonstrated in the Waikato region over the next twelve months. We have published key messages for RCAs encouraging them to hold off any non-urgent speed limit reviews until the Waikato demonstration project has been completed. Baseline data is being generated to support the demonstration project, and to enable the process for creating this data to eventually be automated for the rest of the country. Then RCA's can be provided with a draft speed management plan in time for their 2018-21 AMPs.	
A geospatial tool is developed to assist RCAs to implement the Safer Speeds Programme and develop their speed management plans.	The geospatial tool is progressing well. It has been tested on a sample area of the top of the South Island, and will next be applied to the Waikato region demonstration project.	
A business case has been developed for treatments for a prioritised list of the highest risk urban arterial routes.	We are defining the urban high risk arterials and base data to enable targeted interventions. Other work streams such as safe speeds and the implementation of the one network road classification will contribute to it in the future.	

PRIORITY 5: DRIVING VALUE THROUGH SMART ROAD MAINTENANCE

Q1: Good progress, with all four milestones on schedule.

In this quarter

- Local Government New Zealand Equip are undertaking a range of activities to help develop RCA capability with respect to the ONRC
- State highway customer survey has been realigned and expanded to meet the needs of three communities of interests
- Work has commenced on developing an approach to investment that takes into account the ONRC framework
- The REG working group continues work on its programme of good practice case studies

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
Road Controlling Authorities' (RCA) capability development is facilitated by the services which Local Government New Zealand Equip are contracted to provide for the Transport Agency.	Equip have delivered a One Network Road Classification (ONRC) Masterclass at the Local Government NZ (LGNZ) conference, focused at the governance level, and a series of ONRC regional Implementation Workshops around the country to help develop Road Controlling Authority (RCA) capability through updating on implementation progress, sharing stories, experiences and jointly working through issues. One-on-one coaching support has also been provided to individual RCAs.	●
A mechanism for gathering State Highway customer feedback is developed to shape the delivery of consistent customer levels of service.	Q1 survey was realigned and expanded to meet the needs of the three communities of interest. The survey visualisation portal has also been updated to reflect the changes and bespoke report presentations produced.	●
The relationship between investment and One Network Road Classification Levels of Service are clearly understood and has been communicated with partners and customers.	Project plans have been developed and work has commenced on developing our investment decision making policy for road maintenance.	●
The benefits of collaborative working arrangements are shared through case studies (for example Road Asset Technical Accord (RATA)).	Road Efficiency Group (REG) working group has an ongoing programme of good practice case studies with completed studies published on its website. The RATA case study was published late June and sets out the benefits already delivered at this early stage, further updates are expected to follow. Other examples in the pipeline include, the Horowhenua/ Manawatu/ Rangatikei collaborative maintenance arrangements and the Tairāwhiti arrangement in Gisborne.	●

PRIORITY 6: MAKE URBAN CYCLING A SAFER AND MORE ATTRACTIVE TRANSPORT CHOICE

In this quarter

- Priority network investment in our major centres have been identified for the next six years
- An action plan has been developed in response to the recommendations of the Cycle Safety Panel's report
- Urban Cycleways Programme delivery plans have been received for all main centres and the strategic case for collaborative development of a behaviour change programme has been substantively completed

Q1: Good progress, with all four milestones on track.

MILESTONES FOR 2015/16	Q1 PROGRESS	RESULT
Strategic cycleway networks have been identified in Auckland, Wellington and Christchurch.	We have identified the priority network investment for the next six years in the three main centres. Investment for the next three years has been identified and prioritised through the NLTP and Urban Cycleways Programme (UCP). Further refinement of this investment focus will continue as we work to support the network planning and business cases in Auckland, Wellington and Christchurch.	●
Key recommendations from the Cycling Safety Panel are embedded into the Transport Agency's cycling programme.	The Cycle Safety Panel's final report 'Safer Journeys for people who cycle' was completed in December 2014. We have developed an action plan in response to this and incorporated this into our programme of work and new priority to make urban cycling a safer and more attractive transport choice. The report has been supported by the Associate Minister of Transport, who has asked the Agency and MoT to investigate two of the more complex recommendations and their feasibility - mandatory minimum passing distances and side underrun protection in large vehicles. We have also completed Stage 1 of the national cycleway design network guidance project and are underway with stage 2.	●
Councils in main urban areas have a cycling programme aimed at increasing uptake and safety and their funding commitments to cycling programmes are included in their regional long-term plans.	This quarter we received delivery plans for all main centres, which provide an assurance overview for the delivery of key cycling programmes. The strategic case is substantively completed and will be finished in the second quarter. We have made urban cycling a Transport Agency priority and a focus on cycling is a commitment of all councils in main urban areas through the Urban Cycleways Programme. We are supporting this through our programme of work, including development of a national strategic case to focus on encouraging more people to ride and on all road users to share the road safely.	●

MILESTONES FOR 2015/16

Q1 PROGRESS

RESULT

An improved measurement and monitoring framework to measure cycling benefits has been developed.

We have made good progress with the development of a draft framework for monitoring network use and will test and confirm this over the next quarter along with developing a consistent framework for measuring user perceptions.



FEATURE

URBAN CYCLEWAYS PROGRAMME



This is a key priority for the Government as demonstrated by their establishment of the Urban Cycleways Fund.

The Urban Cycleways Programme contributes to 'Making urban cycling a safer and more attractive transport choice'. The programme is designed to pull together a range of funding sources to build the best possible cycling network that benefits all New Zealanders. Over the next three years \$333 million of shared funding from the Urban Cycleways Fund, the National Land Transport Fund and local government, will enable 54 world-class cycleway projects from Whangarei to Dunedin to get underway much sooner than may otherwise have been the case.



Matai Street East cycleway opening
(Photographer Pam Carmichael)

This is the single biggest investment in cycling in New Zealand's history helping more people to cycle more safely, to more places, more often. The first four cycleways, funded through the programme are now ready to ride.

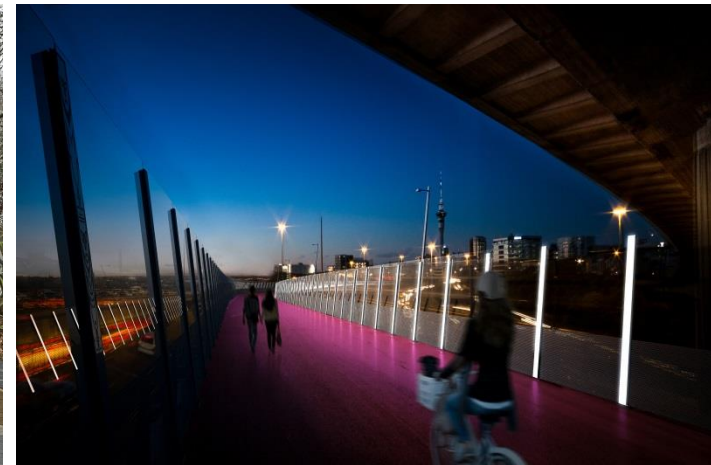
The Longburn Shared Pathway in Palmerston North, running along the busy State Highway 56 and linking the Longburn community and commercial area with the rest of Palmerston North, opened in June - six years ahead of when it would otherwise have been completed without assistance from the Urban Cycleways Programme.

In Canterbury, the Matai Street East section of the Uni-Cycle route, a section of the Papanui Parallel and the Lincoln to Rolleston cycleways were also completed.

The Matai Street East cycleway will deliver improved cycle safety, significantly increasing the appeal of cycle journeys to and from the university, schools and into the CBD.

Many school children currently commute to Lincoln from Rolleston to attend Lincoln High School and many people also travel between the towns for work, education or leisure. This new cycleway provides a safe link to these townships and will encourage more people to travel by bike.

Other landmark projects which have made significant progress include bridges (which will no doubt become iconic in the future) - two that were recently lifted into place on the first phase of the Nelson Street cycleway in Auckland and the bridge for the Wainuiomata Hill cycleway in Lower Hutt.





















Construction Nelson Street cycleway, Auckland







RISK REPORT




NZ TRANSPORT AGENCY RISK DASHBOARD





RISK CATEGORY	Q4	Q1	RISK TARGET	TREATMENT EFFECTIVENESS	RISK DESCRIPTION
1. Rail Regulatory Scope & Effectiveness				»	<ul style="list-style-type: none"> There is a risk that the Transport Agency's role as the rail safety regulator in securing the safe operation of the rail network is not effective
2. Canterbury Rebuild				+	<ul style="list-style-type: none"> There is an ongoing challenge with Canterbury Earthquake Recovery Authority to actively manage the programme while accounting for available funds under the cost share agreement.
3. Business Continuity				»	<ul style="list-style-type: none"> There is a risk of an ineffective business continuity and disaster recovery (DR) response due to incomplete planning, lack of readiness or lack of familiarity.
4. Privacy Breaches				+	<ul style="list-style-type: none"> There is a risk that process failure, system failure or human error will result in loss or unauthorised disclosure of personal information. This may result in a privacy breach, possible penalties and consequential reputational damage.
5. Health and Safety				»	<ul style="list-style-type: none"> There is a risk that we don't embed our Zero Harm culture to keep our people safe and well or meet our obligations under H&S legislation
6. Information Security				+	<ul style="list-style-type: none"> There is a risk that 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 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

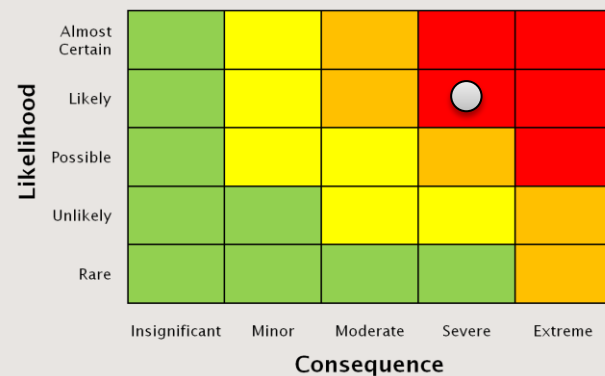
RISK CATEGORY	Q4	Q1	RISK TARGET	TREATMENT EFFECTIVENESS	RISK DESCRIPTION
7. Best Value Integrated Ticketing	New			New	<ul style="list-style-type: none"> There is a risk that the large number of players, tight time frames and complex procurement decisions mean there is no clear path to obtain both best value for money and a low risk implementation of regional integrated ticketing schemes.
8. Auckland Transport Alignment	New			New	<ul style="list-style-type: none"> There is a risk of failing to deliver the Auckland Transport Alignment Project to the quality and timeframe required due to pressure on internal and external resources, scope change, changes in other plans rendering project recommendations uncertain, lack of alignment of parties, and maintaining confidentiality while balancing stakeholder engagement.

1 RAIL: REGULATORY SCOPE AND EFFECTIVENESS

Risk description

There is a risk that the Transport Agency's role as the rail safety regulator in securing the safe operation of the rail network is not effective

Risk Response Leader: Access & Use



Challenge/Insight

- There is a need for further resource (capability and budget) to effectively reduce the risk.

Actions and controls already in place to address risk

- A plan for future options to build the Rail Safety function has been developed.
- Options for increased investment to build capacity and capability of Rail Team are currently under consideration.
- Engagement with the SLT, Board and Minister to ensure continued visibility of the challenges and opportunities associated with improved regulatory effectiveness
- Teaming up across the Transport Agency to improve focus and outcomes.
- Priority risk areas are identified and being monitored
- TAIC recommendation process improving standards
- Tunnels work with KiwiRail and WorkSafe

Planned risk treatment action

- Define regulatory outcomes
 - Implement "best practice" regulatory framework
 - Implement plan for Service Delivery Model
 - A&U - Regulatory framework and capability building programme
- The treatments to reduce this risk are planned to be in place by Oct 2016*

2 CANTERBURY REBUILD – GOVERNANCE AND MANAGEMENT

Risk description

There is an ongoing challenge with Canterbury Earthquake Recovery Authority to actively manage the programme while accounting for available funds under the cost share agreement.

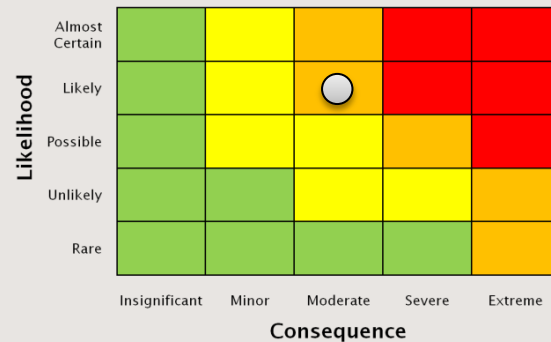
Risk Response Leader: Planning and Investment

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. We have been successful through the first tranche of decisions on the District Plan reviews in ensuring the Principles and Objectives sections have captured our integrated land use and transport planning principles and approach to strategic infrastructure management.
- The Infrastructure Recovery Technical Standards and Guidelines document has been reviewed, three new water standards agreed to and all projects have been reviewed against revised standards.
- The programme financial reconciliation model is complete; enabling monthly updates of the programme forecast cost and each funder's share. The model informed the Independent Assessor report which has been submitted to clients. Each client is working through funding implications; for the Transport Agency the forecast is a reduction in NLTF share under all scenarios (note we have a \$37m misalignment with CCC on eligible costs).

Challenge/Insight

- There is an on-going challenge with Christchurch City Council (CCC) and the community to model and demonstrate that the level of service delivered through the rebuild is consistent with the One Network Road Classification expectations for an urban network and is affordable in the medium to long term.
- There is an on-going challenge with Canterbury Earthquake Recovery Authority (CERA) to actively manage the programme while accounting for available funds under the cost-share agreement.



Planned risk treatment action

- Programme has been optimised – the issue of resolving points of difference with CERA and CCC on funding shares has now been escalated to the Minister and Mayor for resolution. (Nov 2015)
- Continue to work with the CERA, CCC and Treasury to ensure our interests are appropriately provided for including our suggested option to assist crown CERA contribution to NLTF. (Nov 2015)
- Continue to work with CCC and the Horizontal Infrastructure Governance Group (HIGG) to resolve the \$37m eligibility issue.
- In conjunction with CCC we have commissioned an independent review to model the likely end state level of service of the transport network post rebuild. The final report was completed in July and we are now reviewing CCC's reviewed programme of works to maintain the network.
- Communications strategy for October HIGG approval is under development to ensure there is strong client alignment on messaging to community on levels of service at the completion of the rebuild.

3 BUSINESS CONTINUITY PLANS (BCPS)

Risk description

There is a risk of an ineffective business continuity and disaster recovery (DR) response due to:

- Incomplete planning
- Lack of readiness
- Lack of familiarity

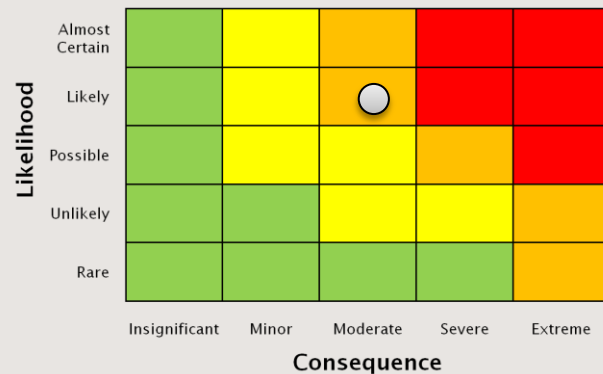
Risk Response Leader: *Organisational Support*

Actions and controls already in place to address risk

- Campaign Manager training has been delivered to members of all incident management teams.
- The Foundation Disaster Recovery project has commenced.
- A business continuity framework is complete and resources are widely used and undergo constant improvement.
- The Incident Management Plan has been introduced and discussed at SLT and with SCP GLT, and exercised in Wellington Regional Office and Christchurch office.

Challenge/Insight

- The foundation Disaster Recovery project has begun, the agency's top 30 critical system's will have an effective response in place by the end of the financial year.



Planned risk treatment action

- Development/finalisation of BCPs for the Agency is on-going.
- Exercising of the Incident Management Plan is to occur in all outstanding offices by the end of Q3 2015/16.
- Introduction sessions will be held with each GLT on the Incident Management Plan in Q2.
- The Office Business Continuity Plan templates will be populated and completed as business continuity progresses. This plan provides information to support initial actions as well as consolidated resource and response priorities for each office this is time dependent on the completion of group critical function plans.
- Refresh of Transport Agency Emergency Communications Plan under action by SCP and will be completed by the end of Q4 2015/16.
- A series of activities and resources are being rolled out to our people as part of 'Get Ready' week (11-17 Oct 15). These include a Staff Emergency Information card, and resources to support our people leaders to familiarise our teams with knowledge of the Transport Agency's incident management and business continuity planning.
- Reporting template created for regular updating of GLTs on business continuity planning progress within their business group, this will be reported bi-monthly.

4 PRIVACY BREACHES

Risk description

There is a risk that process failure, system failure or human error will result in loss or unauthorised disclosure of personal information. This may result in a privacy breach, possible penalties and consequential reputational damage.

Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

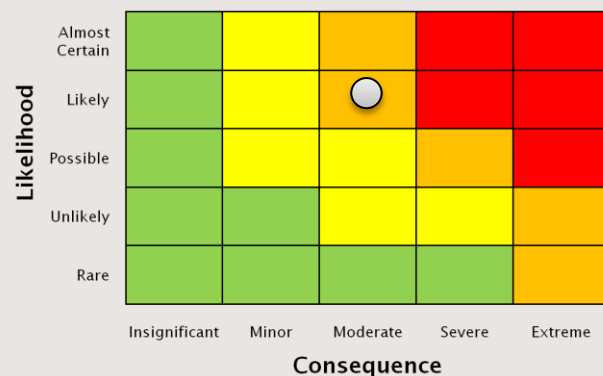
- Transport Agency staff induction programmes now include a privacy component.
- Increasing awareness of requirement for privacy to be considered early in projects.
- Procedures for reporting incidents have been implemented and privacy reports are provided to relevant management groups.
- An interactive guide to privacy is now available on the Transport Agency intranet (OnRamp).

Challenge/Insight

- The Transport Agency has undertaken a review of its privacy programme based on the Government Chief Privacy Officer's Privacy Maturity Assessment Framework.
- A full time resource has been seconded to develop a work programme to address identified gaps between the current and desired maturity levels.
- A further report on the work programme will be presented to the Senior Leadership Team in November and to the Board in December

Planned risk treatment action

- Agency-wide work programme currently being developed as an outcome of the Privacy Maturity Assessment.
- A draft Privacy Management Framework (including Privacy Strategy and Roadmap) has been finalised and will be socialised with the Organisational Support Leadership Team and presented to the Senior Leadership Team in the second quarter of 2015/16.
- A monthly Privacy Management Report has been developed to provide targeted and meaningful reporting, and will be presented to the Organisational Support Leadership Team in October for discussion and feedback.
- Privacy Incident Case Notes are being developed and will be published on OnRamp in quarter 2 of 2015/16 to provide staff with real life examples of privacy breaches and share lessons learned.
- Privacy incident reporting procedures are currently under review.
- A personal information inventory is being created in order to provide a single view of what personal information we collect and hold, how, why and for how long we hold that information, and the associated risks.
- Privacy policies, guidance, and resources will be reviewed and refreshed in quarters two and three of 2015/16.
- The development and delivery of role-based training to increase awareness and understanding amongst staff in the Contact Centre has been requested and is currently being discussed with A&U Customer Information.
- The majority of reported privacy breaches continue to be the result of human error. Automating aspects of our business processes (e.g. paper to digital) is likely to reduce this risk by addressing elements of human error.



5 HEALTH AND SAFETY (H&S)

Risk description

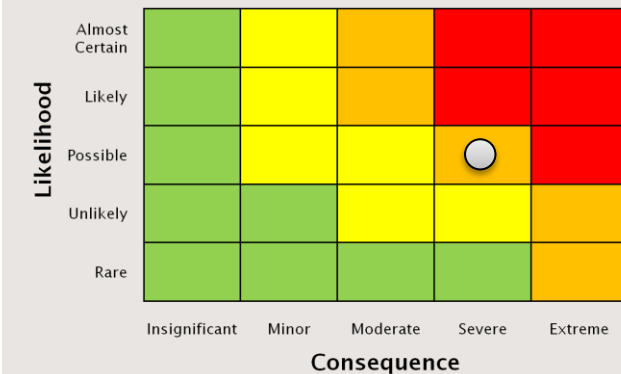
There is a risk that we don't embed our Zero Harm culture, systems and practices to keep our people safe and well or meet our obligations under H&S legislation.*

*(Legislation requires us to fulfil our duties as a Person Conducting a Business or Undertaking (PCBU) as defined in the Health and Safety Reform Bill).

Risk Response Leader: People and Capability

Actions and controls already in place to address risk

- A Zero Harm strategy has been developed and approved by the Board.
- New health and safety committee structures introduced and wellbeing programme launched.
- All Zero Harm roles filled.
- Health and safety reporting tool completed.
- Agency-wide risk assessment completed and action plan created.
- Directors' Due Diligence application and training provided to Board.
- New performance metrics have been embedded across the Agency and suppliers.
- Zero Harm Portal (internal/external website) has been launched.
- Driving Company Vehicles Policy and Procedures implemented to mitigate our most critical health and safety risk.



Challenge/Insight

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

Planned risk treatment action

- Zero Harm - Managing Safety and Working Safely training to be implemented across Highway and Network Operations and A&U before new H&S at work act comes into effect in April 2016.
- Directors' and Officers' Due Diligence schedule created and training programme in place for all officers (Board, CE and SLT)
- Minimum standards are in development for all high risk activities (92% complete).
- Management system certification to ISO:18001 by end of Q3..

6 INFORMATION SECURITY

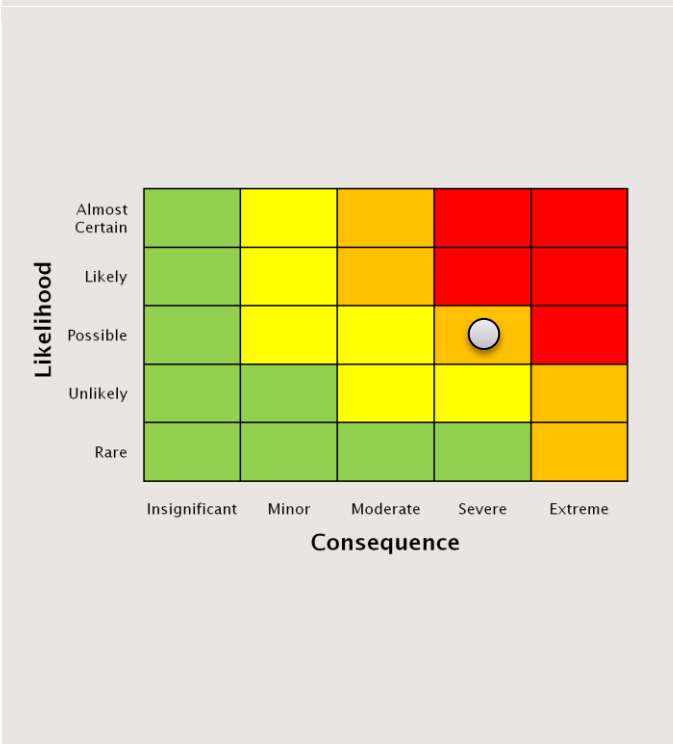
Risk description

There is a risk that 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 Response Leader: Organisational Support

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.
- Security framework complete.
- Much improved audit report for User Access Management received June 2015.



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.

Planned risk treatment action

- Security reviews and privacy impact assessment's stop/go gate implemented.
- Monitoring and reporting capability pilot extended due to lessons from GPS implementation. Policy updates and education will be advanced from October 2015 & system implementation to follow.
- Incident and Event Management business case in development for implementation during the fourth quarter of 2015/16.
- Technical security policy to align with current best practice, - completed and signed off September 2015.
- GCSB #1 recommendation for application whitelisting now in progress. Estimated completion October 2015.

Risk description

There is a risk that the large number of players, tight time frames and complex procurement decisions mean there is no clear path to obtain both best value for money and a low risk implementation of regional integrated ticketing schemes.

Risk Response Leader: Planning and Investment

Actions and controls already in place to address risk

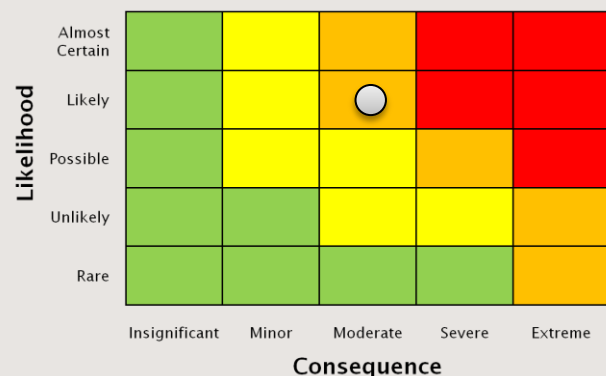
- Working very closely and openly with AT, GWRC and the consortium of 10 regional councils to understand this issue and develop a shared view of the VFM and technical risk.
- Briefed the Ministers of Transport and Finance about our thinking and approach in order to obtain best VFM and reduce risk
- Analysed the options for re-use of the Central System and what aspects of regional schemes can be contestable – cost and benefit, risks including timeframe, technical complexity and contestability.
- Briefed NZTTL Board, NZTA CE and GM P&I re the analysis and suggested way forward
- Preparing a Board paper to clarify the position on NLTF investment in regional integrated ticketing schemes
- Clarified the role of NZTTL (as a supplier to regions) and are managing clear transparent process to ensure any direct appointment procurement is transparently justified on VFM and risk grounds.

Challenge/Insight

- We may need to be quite prescriptive and directive about how the NLTF will be invested into the procurement and operations of regional ticketing schemes, in particular regarding the role of NZTTL as a ‘supplier’ to the regions.
- Such prescription potentially runs up against regional autonomy to make procurement decisions and Ministerial views about private sector and market contestability, and may not sit comfortably with the Agency Board.
- Maximising re-use of the Auckland scheme will enable inter-regional use of ticketing smart cards, allowing SuperGold card holders to easily access their off-peak free travel concession
- It is increasingly clear that an optimal approach to reduce potential business and technical risks will be through the national re-use of as much as possible of the proven and successful Auckland system - and a shared service approach for procuring, implementing and running the operations of regional integrated ticketing schemes.
- Individual regions need to make their independent decisions about procuring their regional integrated ticketing schemes, while the Agency is seeking minimal risk and maximum VFM through national re-use of the existing Auckland scheme and economies of scale. GWRC and a regional consortium (10 smaller councils) are at the early stages of procuring regional schemes. Regions have tight time constraints to roll out integrated ticketing systems (new networks and contracts for public transport services and failing legacy systems in some regions).

Planned risk treatment action

- Board decision and then communication with regional councils, vendors and NZTTL
- Identify and manage any financial risk carried by NZTA/NZTTL as a result of the timing of procurement decisions by regional councils
- Keep regional councils fully informed about and engaged on the NZTTL-supplied delivery model
- Keep Minister of Transport informed of developments – in particular regarding his expectations that SuperGold card holders will not experience barriers accessing their free off-peak travel concession



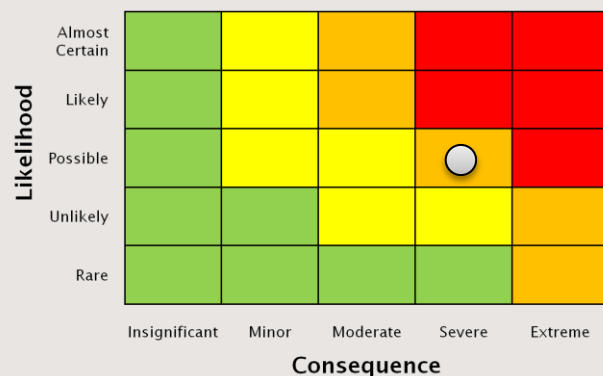
8 AUCKLAND TRANSPORT ALIGNMENT

Risk description

We are at risk of failing to deliver the Auckland Transport Alignment Project to the quality and timeframe required due to pressure on internal and external resources, scope creep, changes in other plans rendering project recommendation uncertain, lack of alignment of parties, and maintaining confidentiality while balancing stakeholder engagement.

A subset of this risk is that we may not be able to appropriately manage the complexities of the Auckland investment decision making process as we endeavour to get the right balance between process efficiency and robust decision making.

Risk Response Leader: Planning and Investment



Challenge/Insight

- This is an ambitious project with wide scope and a tight timeframe that needs to be managed across multiple parties (who haven't historically seen "eye to eye").
- The current and planned/forecast growth in the Auckland Region and in particular the housing supply/demand imbalance and associated enabling infrastructure/services needs require more timely and innovative responses.

Actions and controls already in place to address risk

- Project governance framework established
- Cross-agency working group
- Draft Project Plan developed and agreed
- Internal resource requests progressed.
- State Highway Auckland Accelerated Programme
- Proactive NZ Transport Agency role with partners in Proposed Auckland Unitary Plan.
- Auckland Transport Alignment Project.
- NZ Transport Agency input to and due diligence on Special Housing Areas.
- Future Urban Land Supply Strategy.

Planned risk treatment action

- ATAP project actions: Appointment of inter-agency Project Director (October 2015). Development of Project Risk Plan (December 2015). Development of Communications and Engagement Plan (October 2015). External consultants to be engaged to provide additional resources (November 2015). Regular internal reporting to SLT, PILT and Board (Quarterly)
- Fast lane business case approach with Auckland Council and Auckland Transport to address investment decision making in the four greenfields growth areas. This work is underway and due to be completed in March 2016.



SERVICE DELIVERY AND INVESTMENT PERFORMANCE

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*
8	18	1	1
2	4		

*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: Good progress against most of the 34 annual service delivery and investment targets that we measure on a quarterly basis, but the following six areas may require attention





ROAD TOLLING

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q1 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of revenue compliance	≥98%	92%	●	Road Tolling revenue compliance is below target this quarter for two reasons: <ul style="list-style-type: none"> The introduction of two new toll roads, which initially have lower levels of compliance. In 2015/16 YTD figures are being used rather than rolling 12 months. This means that in quarter 1 the lag time in toll payments being issued adversely affects the result. This was compounded by a system error that resulted in toll payment notices being issued late. 	●



ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q1 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	≤\$5.50	\$6.18	●	A new measurement of RUC volumes was put in place for 2015/16, however, we have not been able to identify the source of these new volumes in time to include in this report. Consequently the unit transaction costs are based on a lower volume and therefore showing as higher than target. This will be rectified for subsequent reports.	●
Number of products/services delivered or processed	≥3m	723,321	●		●

INVESTMENT MANAGEMENT

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q1 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Total cost of managing the funding allocation system (MoFAS) as a % of NLTP expenditure	≤1%	1.3%		At the start of the financial year (and in particular the start of an NLTP), MoFAS spend is typically ahead of NLTP spend. We are expecting NLTP spend to catch up later in the year.	
% of activities that are delivered to agreed standards and timeframes (transport planning)	≥90%	19%		A significant number of Programme Business Cases experienced delays, in particular in the Central region. This was due to a range of factors predominantly on our investment partners' part.	
% of activities completed on activity management planning improvement delivered to agreed standards and timeframes	Note: This is reported in a cumulative manner, with the >90% being the end of year target	23%		On track	
% of activities completed on programme business case development delivered to agreed standards and timeframes		17%		A significant number of Programme Business Cases experienced delays, in particular in the Central region. This was due to a range of factors, predominantly delays in procuring professional services.	

STATE HIGHWAY MAINTENANCE

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q1 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Availability of state highway network: - % of unplanned road closures resolved within 12 hours - % availability of state highway network - % of unplanned closures	≥90%	71%		The variance on this stat is due to weather events that struck the central North Island, Northland and Southland. A majority (32 out of 44) of which were snow and ice related, which is typical for this quarter.	

PROGRESS ON CURRENT NLTP CAPITAL PROJECTS

Q1: Of the projects monitored in this report 64 state highway projects, six local roads projects and six public transport infrastructure projects are on track and the following have issues to watch

STATE HIGHWAY PROJECTS	PHASE	ORGANISATION NAME	TOTAL COST ALL YEARS (CONSTRUCTION & PROPERTY ONLY)	TOTAL COST 2015-18 NLTP (CONSTRUCTION & PROPERTY ONLY)	PROGRESS			COMMENTS (REASON FOR EXCEPTION (RED/AMBER) AND CORRECTIVE ACTION UNDERTAKEN OR REQUIRED)
					SCHEDULE	BUDGET	OTHER RISKS	
Wellington RoNS (1) - SH1 Mt Victoria Tunnel Duplication	Investigation	HNO Wellington	525,045,036	30,139,147	Red	Red	Red	The High Court issued a ruling on 21 August dismissing the Transport Agency's appeal of last year's Board of Inquiry decision to cancel the notice of requirement and decline resource consents for the Basin Bridge proposal. Investigation work is underway to understand the implications of this decision. As a consequence, this project is on hold and the inner city sections of the Wellington RoNS are behind programme.
Wellington RoNS (2)-Wellington Inner-City (Tunnel to Tunnel)	Construction	HNO Wellington	138,769,355	24,925,644	Red	Red	Red	We are now working with our partners and stakeholders to identify, plan and deliver an integrated package of improvements for this section of the Wellington RoNS.
Wellington RoNS (3) - SH1 Terrace Tunnel Duplication	Design	HNO Wellington	282,501,000	23,900,000	Red	Red	Red	Some additional activity has been identified on the stage currently under construction, and the budget will be exceeded for this stage.
Wellington RoNS (4) Ngauranga to Aotea Quay:Active Traffic Management	Construction	HNO Wellington	57,683,497	21,980,494	Yellow	Orange	Orange	We are still working with Police on enforcement options, and there remains a risk that the project will open without active enforcement.
LOCAL ROADS								
East West Connections (Auckland Transport components)	Indicative Business Case	Auckland Transport	101,775,000	47,075,000	Orange	Yellow	Yellow	Indicative business case completed in June. Detailed business case is well advanced.
Lincoln Road Corridor Improvement	Investigation	Auckland Transport	46,564,324	25,181,114	Red	Yellow	Yellow	Investigation phase substantially completed although a cost scope adjustment is being considered by AT to allow the preliminary design rework and NOR procedure for the corridor to be carried out in a timely manner. This would have been done during the design phase, however the design funding application will now be delayed until at least next year since construction funding for the project has been deferred several years in AT's RLTP. If a CSA is sought by AT, we will need to contribute as the work will enable NOR to take place.

PROGRESS ON CAPITAL PROJECTS (CONSTRUCTION AND PROPERTY COST IS GREATER THAN \$10M) TO 30 SEPTEMBER 2015 (CONTINUED)

LOCAL ROADS	PHASE	ORGANISATION NAME	TOTAL COST ALL YEARS (CONSTRUCTION & PROPERTY ONLY)	TOTAL COST 2015-18 NLTP (CONSTRUCTION & PROPERTY ONLY)	PROGRESS			COMMENTS (REASON FOR EXCEPTION (RED/AMBER) AND CORRECTIVE ACTION UNDERTAKEN OR REQUIRED)
					SCHEDULE	BUDGET	OTHER RISKS	
Mill Road Corridor	Investigation	Auckland Transport	109,837,176	76,555,290				NOR hearings have commenced and Auckland Transport is very likely to have to respond to challenges requiring Environment Court. This will very likely result in some additional costs but this is still to be quantified. The future transport funding in Auckland has affected the timing and staging of this project. The latest Auckland Transport programme indicates \$9.5m of investment in the corridor in the next three years. The investigation phase of the southern section to consider planned growth changes to the south of Auckland is still to be confirmed. It may make sense to decouple the southern end of the Mill Road project and include it with the new Southern Growth area business case.
2012-15 Glen Innes to Tamaki Drive Cycleway	Design	Auckland Transport	22,700,000	22,700,000				Some time delays at the beginning of the first construction stage due to changes in the resource consenting process.
AMETI Stage 2A Panmure to Pakuranga Busway	Design	Auckland Transport	379,051,287	182,165,914				Design of Stage 2a is progressing on schedule although designation of Reeves Road flyover has been delayed due to AT's review of its delivery strategy for the Panmure to Botany busway - AT is now expected to recommend to its Board in March 2016 the construction of the flyover ahead of the Pakuranga to Botany section of the busway.
AMETI Stage 1 Panmure Upgrade	Construction	Auckland Transport	120,393,458	3,780,008				All construction completed. The property retention and disposal strategy is still being worked on. The main contractor (Fletchers) has activated a clause in its contract for additional payment relating to delays in completing the Panmure phase works - unknown at this stage what effect this might have on final costs. AT is yet to supply details of potential additional payment to Fletchers - we will have to discuss fully with AT to understand whether or not additional payment from NLTF is appropriate.
Te Atatu Road Corridor Improvements	Construction	Auckland Transport	18,812,976	18,143,726				Physical works commenced in August and are currently proceeding on schedule. A potential risk is the project being completed after the WRR upgrades at Waterview and the SH16 Causeway, which could result in evening peak hour traffic queues extending from Te Atatu Rd onto the motorway.
Tiverton-Wolverton Stage 2 Upgrade	Construction	Auckland Transport	39,905,870	5,275,419				The carriageway upgrade has been completed. Replacement of two major culverts has been delayed as no funding has been allocated for this in AT's 2015-18 programme.

PROGRESS ON CAPITAL PROJECTS (CONSTRUCTION AND PROPERTY COST IS GREATER THAN \$10M) TO 30 SEPTEMBER 2015 (CONTINUED)

LOCAL ROADS	PHASE	ORGANISATION NAME	TOTAL COST ALL YEARS (CONSTRUCTION & PROPERTY ONLY)	TOTAL COST 2015-18 NLTP (CONSTRUCTION & PROPERTY ONLY)	PROGRESS			COMMENTS (REASON FOR EXCEPTION (RED/AMBER) AND CORRECTIVE ACTION UNDERTAKEN OR REQUIRED)
					SCHEDULE	BUDGET	OTHER RISKS	
PCC Link Roads	Construction	Porirua City Council	39,499,442	25,130,265				Behind schedule. Some planning issues have been identified and are being worked through.
Public transport infrastructure								
Manukau Transport Interchange - Stage 3B Bus	Design	Auckland Transport	19,662,072	19,172,072				Auckland Transport's (AT) current programme schedule has construction of the interchange at Lot 59 in August 2016 and they have informed us that they will have a full construction application ready for review before the end of July 2016. AT has requested permission to carry out an intersection upgrade and interchange enabling work before a formal funding request is submitted without jeopardising its inclusion in a future construction funding application. We have requested further information and confirmation of the project delivery plan and are awaiting a response.
2012-15 PT EMU Capex - Rolling Stock Purchase-Financing Cost	Construction	Auckland Transport	1,044,988,689	98,262,208				This activity is for the repayment of interest / principal for the EMU rolling stock. The cost structure for this was reviewed in early 2015 and the activity updated to reflect current estimates. Lower interest rates will mean that actual costs will be less than currently planned as final rolling stock is received. This will continue to be monitored.
SMART (Rail to Airport)	Construction	Auckland Transport	30,768,302	22,992,611				An investigation phase cost/scope adjustment is currently on hold until the Transport Agency assesses future implications on the state highway network and NLTF.
Public Transport Programme of Improvements	Implementation	Otago Regional Council	26,049,784	3,762,432				Rolling out new PTOM contracts, one contract awarded and in place. Three month delay to tendered units and one unit to be negotiated.




PROGRESS ON CAPITAL PROJECTS (CONSTRUCTION AND PROPERTY COST IS GREATER THAN \$10M) TO 30 SEPTEMBER 2015 (CONTINUED)

WALKING AND CYCLING	PHASE	ORGANISATION NAME	TOTAL COST ALL YEARS (CONSTRUCTION & PROPERTY ONLY)	TOTAL COST 2015-18 NLTP (CONSTRUCTION & PROPERTY ONLY)	PROGRESS			COMMENTS (REASON FOR EXCEPTION (RED/AMBER) AND CORRECTIVE ACTION UNDERTAKEN OR REQUIRED)
					SCHEDULE	BUDGET	OTHER RISKS	
SH6 Rocks Rd Offroad Shared Pathway	Investigation	HNO Nelson	13,900,000	13,900,000				Overlap with the business case development of Nelson Southern Link will constrain progress.
Major Cycleway: Papanui Parallel (Grassmere Rte-Pap to City)	Construction	Christchurch City Council	10,610,362	10,030,159				Possible minor land acquisition risk; first section complete.

Key					
Schedule		Budget		Other risks	
	on schedule		on budget		no risks identified
	over schedule - up to three months		5-10% variance		minor risks identified
	over schedule - over three months		more than 10% variance		major risks identified

NLTF INVESTMENT ASSURANCE



OUR AIM IS TO PROVIDE ASSURANCE ABOUT THE PERFORMANCE OF THE TRANSPORT AGENCY'S LAND TRANSPORT INVESTMENTS



	Explanation of 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 (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Rotorua Lakes Council	\$17.3 million	<p>Rotorua Lakes Council outsources all its professional services and contract management to an external provider. The contract was recently awarded to a new provider at a price 39% below estimate. Council recognises this could present a risk but it has also achieved significant savings of more than \$1 million with the arrangement.</p> <p>The Council recently restructured, resulting in a significant reduction in staff. However, the impact on its land transport activities is limited as many of these activities are outsourced.</p> <p>A different external provider (than currently employed) managed professional services and contract management for the period covered by the audit. The arrangement worked well.</p> <p>Council's procurement processes and financial management met the Transport Agency's requirements.</p>	
Gisborne District Council (Tairawhiti Roads)	\$36.2 million	<p>Tairawhiti Roads is a joint collaboration between Gisborne District Council and the NZ Transport Agency to deliver management services across their networks in the region, including professional services. The recent physical separation of roading engineering services (Tairawhiti Roads) and the Council's financial services team could present some future logistical challenges with financial management procedures.</p> <p>A number of errors in administrative procedures were noted with: managing claims for professional services activities, monitoring of the contract retentions account, contract procurement, and with contract management processes. These issues are 'low risk' and non-critical to the successful delivery of the Council's land transport programme, but the Council should still look to resolve them as part of helping Tairawhiti Roads build and embed its own management procedures.</p> <p>Council's public transport and Total Mobility activities are generally well managed.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Department of Conservation Hawke's Bay	\$0.1 million	<p>The Transport Agency funded Hopuruahine Landing Road (in the Te Uruwera National Park) is operationally managed from DOC's Hawke's Bay regional office in Whakatane. Operational management consists almost entirely of desk-top administration, trusting the professional acumen of the maintenance supplier to deliver the modest programme of works agreed on the basis of an informal direct appointment arrangement. This arrangement would be better represented in a standard contractual agreement.</p> <p>Funding assistance claims were successfully reconciled. Financial management procedures are rudimentary but adequate. They could be enhanced by the development of a financial monitoring tool.</p> <p>DOC Hawke's Bay expressed an interest in and is encouraged to improve the proficiency of its programme management procedures.</p>	
Horowhenua District Council	\$10.1 million	<p>Horowhenua District Council has significantly improved how it manages and delivers its land transport programme since the previous audit (in 2012).</p> <p>Effective financial and recordkeeping audit trails are in place and value for money initiatives are evident.</p> <p>The Council continues to grow in-house capability and now shares its expertise with neighbouring road controlling authorities, including leading a combined network management contract with Manawatu and Rangitikei District Councils.</p> <p>Areas noted for ongoing improvement include ensuring compliance with qualified tender evaluator procedures and road safety audit requirements, and better communication with how professional services are procured in its procurement strategy.</p>	



FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE



NLTF revenue is \$55.8m (7%) over budget mainly due to higher revenue from Motor Vehicle Registrations following a peak of license renewals in July and August as the ACC levy was decreased on 1 July.



NLTP & Crown expenditure is \$84.1m (12%) under budget mainly due to slower claiming behaviour than expected.



Memorandum account combined balance is \$6.7m higher than planned, mainly due to a drop in ACC levy included in the Annual Vehicle Licences resulting in a peak of volumes over July and August.



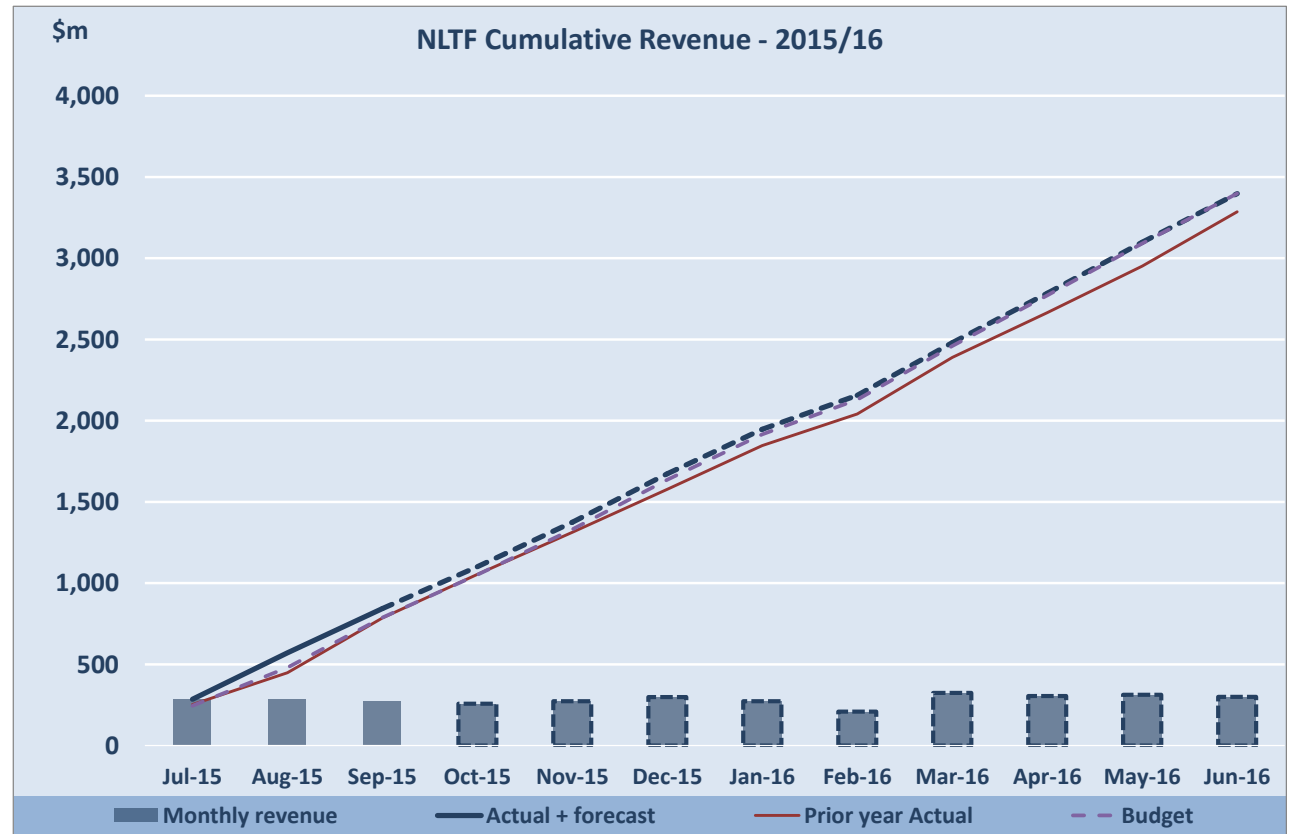
NZTA net operational expenditure has a \$10.0m (30%) favourable variance against budget as the combined result of higher revenue (mainly from Annual Vehicle Licensing) and lower costs (mainly from lower FTE count than budgeted).



Business Initiatives Programme has spent 16% of the full year budget compared to a theoretical flat line completion rate of 25%.

NATIONAL LAND TRANSPORT FUND (NLTF)

- NLTF revenue is \$55.8m (7%) over budget.
- **FED revenue** is 5% (\$21.7m) over budget. This is due mainly to the timing of imported fuel shipments and is not expected to affect the year-end outturn.
- **RUC and Other** revenue is 10% (\$36.9m) over budget mainly as a result of MVR revenue being 60.4% (\$29.4m) higher than budget following the decrease in the ACC levy on 1 July.
- **Crown land & interest.** Disposal activity for September YTD is progressing to plan. The revised forecast outcome is \$52.5m which is 4% (\$1.9m) over budget. This is due to a number of additional disposals having been identified after the budget was set.

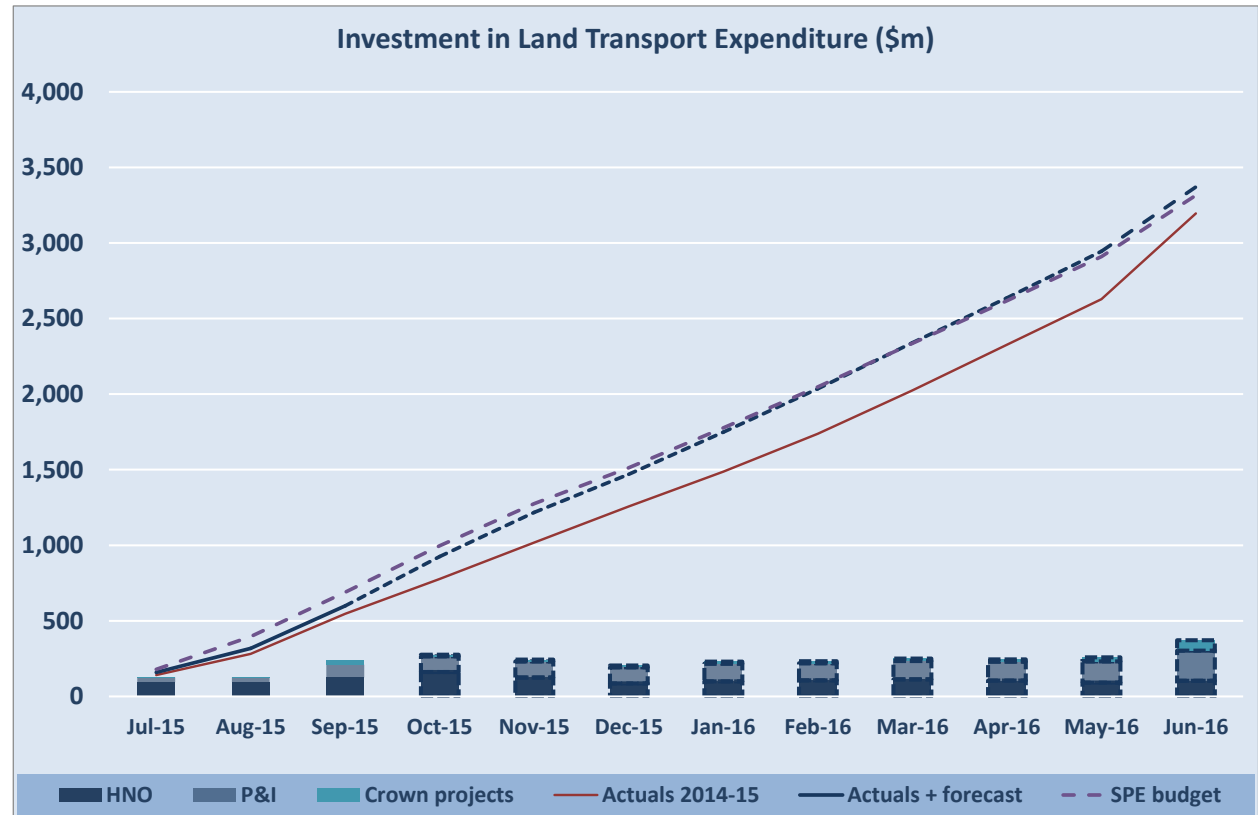


The 2015/16 NLTF revenue is expected to be higher than last year (by \$112m or 3.4%) due to the last of the 3 consecutive 3c/litre rise in fuel excise duty which came into effect on 1st July 2015 (the increase alone generates a 5.2% increase in revenue which is partly offset by a slight decline in volumes).

NLTP & CROWN INVESTMENT IN LAND TRANSPORT

- NLTP & Crown investment in land transport is 12% (\$84.1m) under budget.
- **Managing the state highway network** is \$66.4m under budget.
- **Planning & investing in land transport networks** is \$29.4m under budget.
- **Specific Crown funded projects** are \$11.7m over budget.

2015/16 is the first year of the 2015-18 NLTP. The 2015/16 budget is 3.5% (\$112m) higher than the expenditure incurred in 2014/15 with most of the increase coming from a number of projects funded by the Crown. They are: (a) Auckland Accelerated Package (\$50m), (b) Regional State highways (\$45m), (c) Urban Cycleways (\$31m) and (d) the Reinstatement of Local Roads in Canterbury (\$68m).

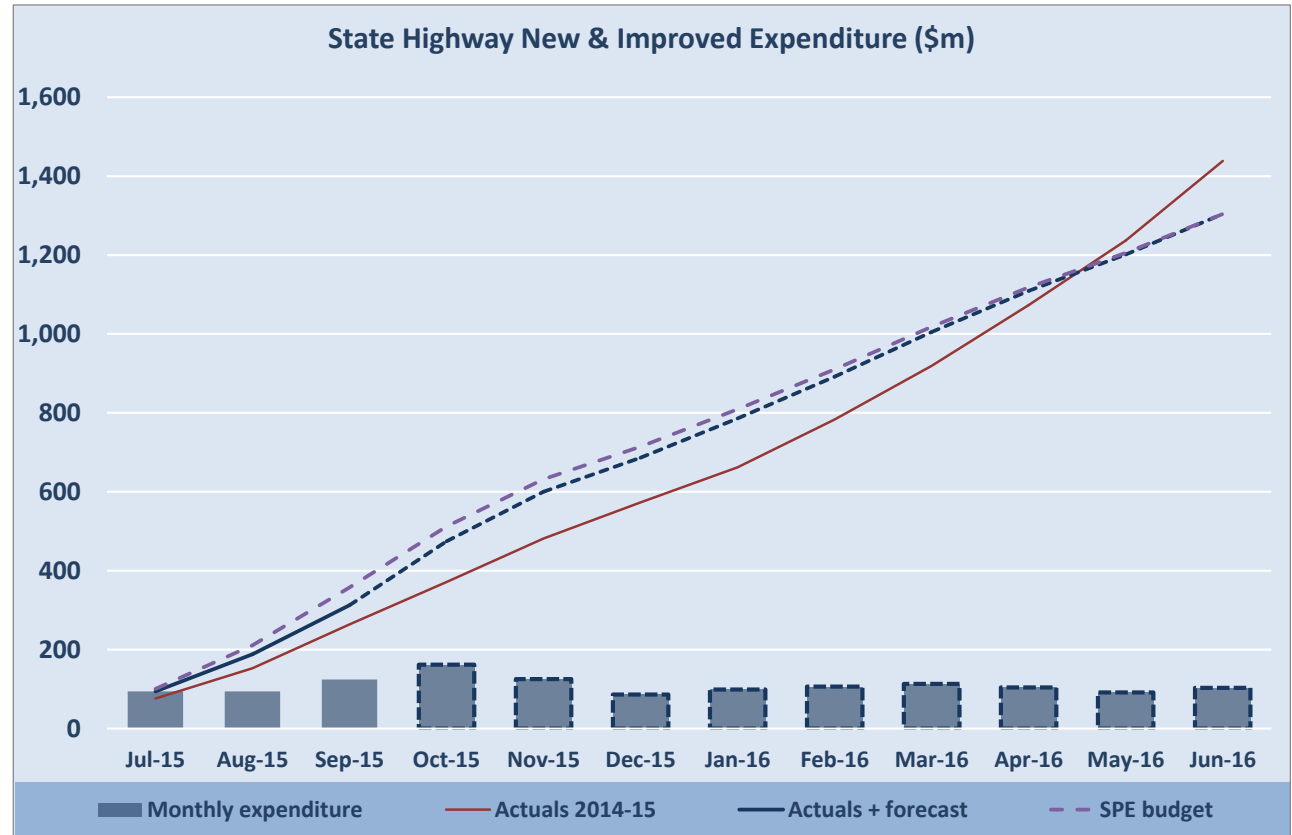


The graph shows the total expenditure on managing the state highway network, funding provided to Approved Organisations for the delivery of local services, and includes specific Crown projects.

- **Urban cycleways.** After three months only \$4.8m of projects (the tranche 1 projects) have been approved for funding from the Crown (the \$31m Urban Cycleways Programme is funded by the Crown, with another \$30.8m of Walking and Cycling projects funded by the NLTF, see commentary below) and \$1.2m has been effectively incurred (all by Approved Organisations). Both numbers are low relative to the plan and indicate a need for active monitoring in the months to come.
- **Accelerated Regional state highways programme.** 15 projects grouped in 3 tranches (packages) were identified as eligible for this programme. The 5 projects under tranche 1 are well under way (these are Mingha Bluff to Rough Creek, Normanby Realignment, Panikau and Wallis Hill Passing Lanes, Kawarau Falls Bridge, and Akerama Curves). Tranche 2 includes 3 projects yet to be approved for funding, with the exception of Whirokino Trestle. Tranche 3 has 3 projects in investigation and design phases towards a report due to Cabinet early 2016. The revised year-end outturn is anticipated to be \$44m.
- **Auckland accelerated.** This programme is progressing well and is currently \$15m ahead of budget. It includes the SH20A Airport project (under construction), the Southern Corridor contract which was awarded last month (construction to commence shortly) and the investigation activity on the Northern Corridor and East West Connection.

STATE HIGHWAYS EXPENDITURE

- State highways expenditure is 14% (\$66.4m) under budget.
- State highway improvements are 13% (\$44.8m) under budget at the end of the first quarter mainly due to slower progress than planned on the property acquisitions programme. While our current financial progress is under budget there are no major risks identified, and we remain confident of achieving our year-end financial targets.
- State highway maintenance is 17% (\$21.6m) under budget. This slow start to the year is a result of unfavourable weather conditions leading to delays in works as well as lower emergency works than anticipated. Even though we are behind we remain confident that our required levels of service will be provided as we target a financial outturn of \$534m which is 5% (\$26.8m) under budget.



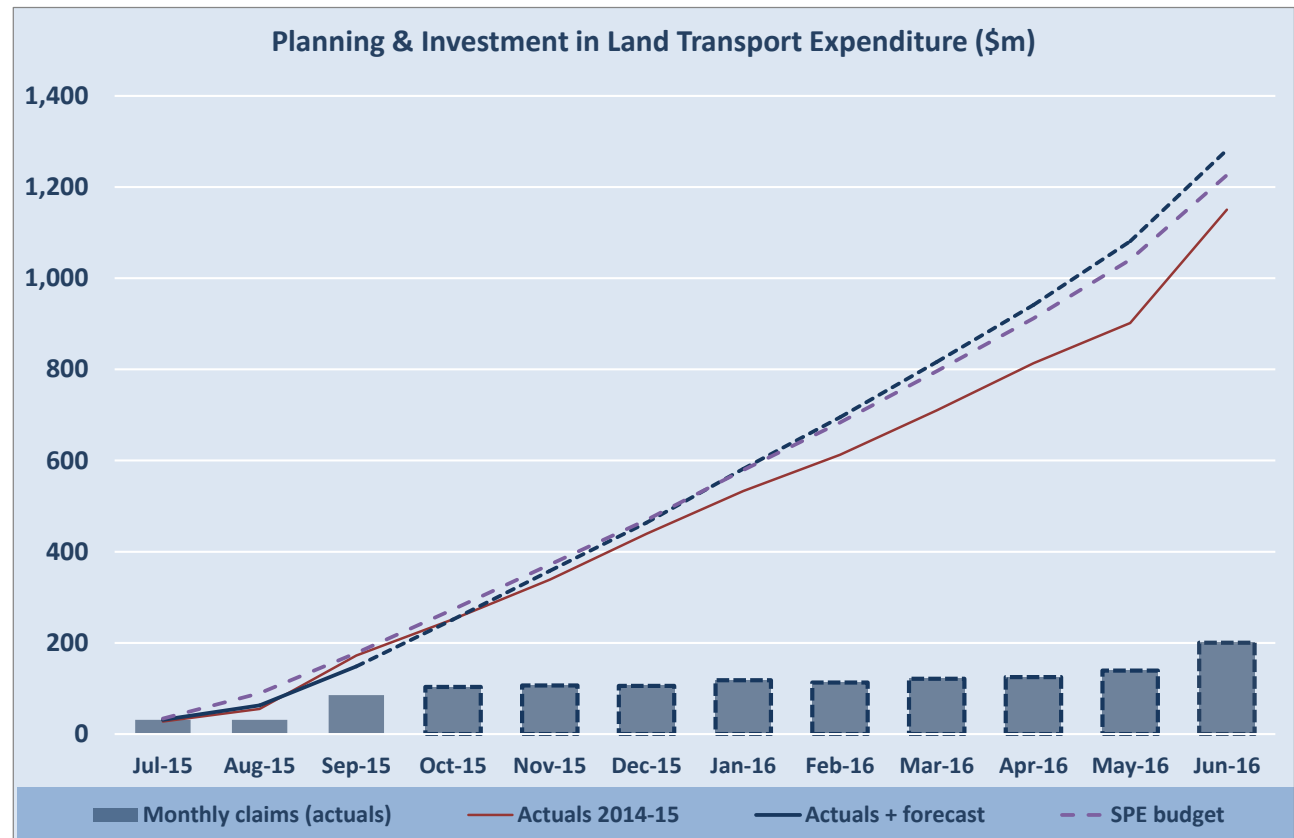
This year's improvements programme represents a level of investment similar to that achieved in 2014/15 with funding from the NLTF supplemented by the Crown for specific packages (including Auckland Accelerated and Regional State Highways initiatives).

PLANNING & INVESTMENT EXPENDITURE

- **Planning & investment expenditure is 17% (\$29.4m) under budget.**
- **Investment management** is under budget by 21% (\$3m) predominantly due to (a) expenditure on activity management planning and programme business case development not progressing as previously anticipated and (b) a slow start to the year on sector research activities. Efforts are being made to encourage approved organisations to progress more of their business case development this year to better inform their inputs to 2018-21 Regional Land Transport Plans. In addition to that both Sector Research and Management of the Funding Allocation System are expected to deliver close to budget. We forecast the year end outturn to be around \$60.2m, 1% (\$0.4m) higher than budget.
- **Public transport** spend is 26% (\$15.9m) under budget at the end of the quarter. However, the year-end outturn is forecast to be 3% (\$8.4m) higher than budget as NZTTL will bring forward some of its 2015-18 NLTP allocation and is now forecasting to spend \$5.3m more than budget in 2015-16. This is the result of a proposed change of strategy where the total national system solution will be funded by NZTTL as opposed to only the central component. In addition, a number of improvements projects have progressed better than anticipated and are expected to result in a combined \$3.1m over-spend against the full year budget.
- **Local road improvements** expenditure is under budget by 49% (\$8.4m). Minor Improvements claims are lagging the historic pattern by around \$3.5m (57%) with the remaining \$4.9m of the variance spread amongst larger projects. Wet weather and soil conditions at the start of the 2015/16 year appear to be a factor in the slow start. The forecast for the yearend outturn is \$152m i.e. 2% higher than budget. A survey of approved organisations suggests the full year expenditure could add up to \$192m (26% higher than our forecast).

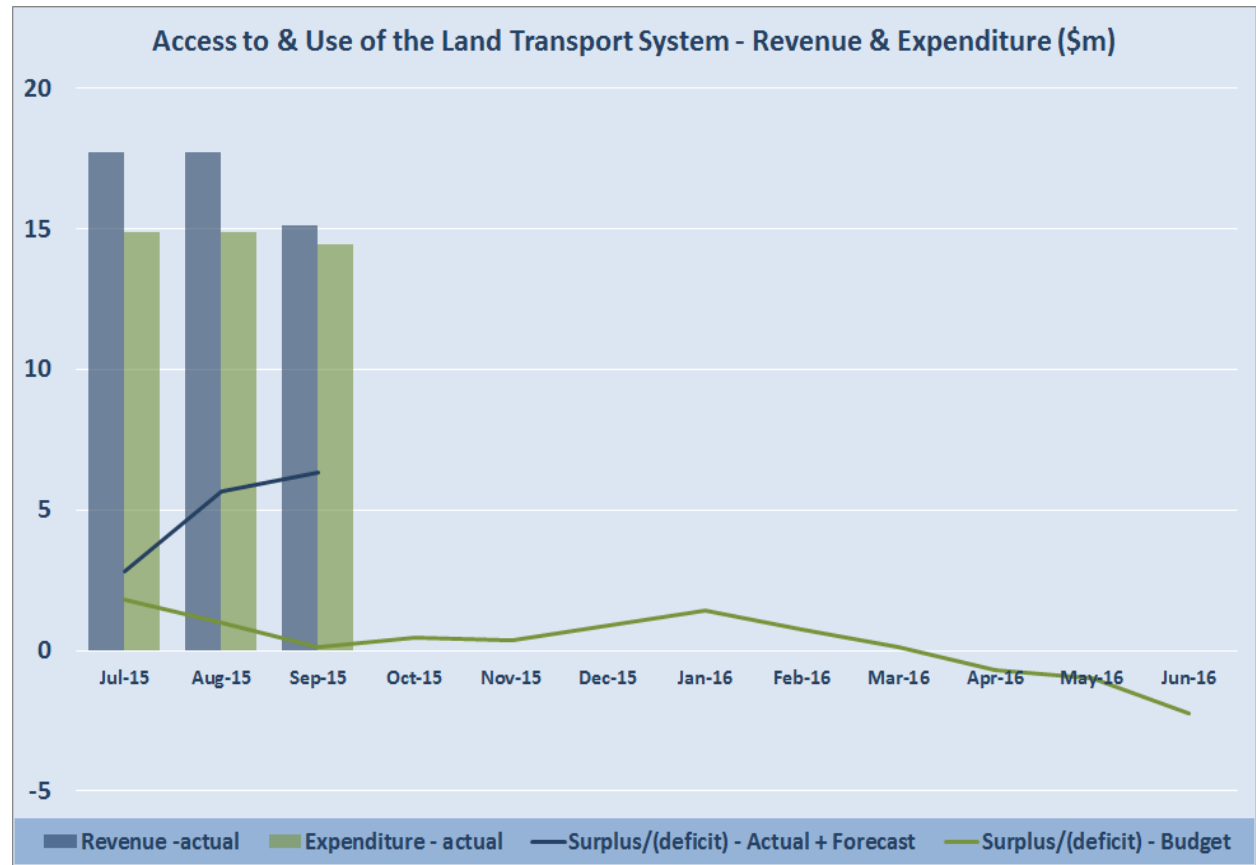
However, we believe this view is overly optimistic as funding approvals for 2015/16 currently only add up to \$154m.

- **Local road maintenance** expenditure is 31% (\$16.3m) over budget. The year-end outturn for the activity class is forecast to be 7% (\$41.2m) over budget, due to the estimated impact of the emergency works needed to address the Whanganui-Taranaki June 2015 floods.
- **Walking and cycling** spend is 53% (\$3.2m) over budget. The year-end forecast is \$32.8m, i.e. 6%, over the \$30.8m budget included in the SPE (but \$2m lower than the NLTP, as the NLTP was finalised after the SOI was published). Please note that the Walking and Cycling output class excludes the projects undertaken under the Urban Cycleways Programme (\$31m funded by the Crown, see commentary on page 61).
- **Regional Improvements.** State Highways have not spent any of the available funds in quarter one as planned. This programme is expected to get underway in the next quarter.



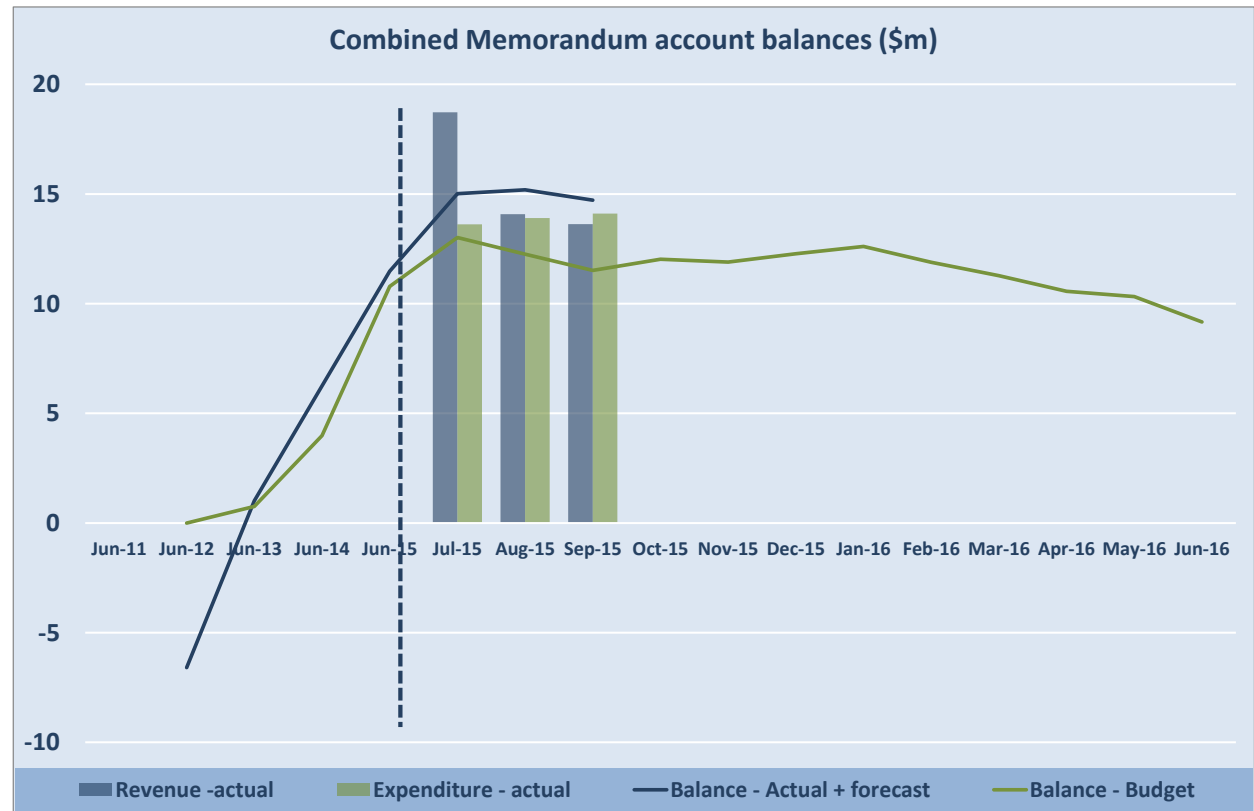
ACCESS TO & USE OF THE LAND TRANSPORT SYSTEM

- Access to & use of the land transport system surplus is \$6.1m higher than budget.
- **Memorandum accounts** operating surplus is \$6.0m favourable against budget. As the opening balance was \$0.7m higher than budgeted, the total balance of combined memorandum accounts is \$6.7m higher than expected. Most of the variance is due to higher revenue from vehicle licensing as a drop in the ACC levy on 1 July resulted in a peak of license renewals in July and August, which also had an impact on transport licensing and standard development fees collected at the same time the vehicle licence is renewed. Detailed analysis on memorandum accounts is provided further in this report.
- **Other activities** surplus is \$0.1m higher than budget due to Tolling activities. Tolling trips have recovered from 10% lower than expected in July and are now tracking 3% over budget for the year.



MEMORANDUM ACCOUNTS

- **Certification reviews** balance is \$1.1m higher than budget. See commentary on following pages.
- **Driver licensing** balance is \$1.0m lower than budget. The opening balance for 2014/15 was \$0.9m lower than budget.
- **Driver testing** balance is \$1.3m higher than budget. See commentary on following pages.
- **Motor vehicle licensing** balance is \$1.5m higher than budget. See commentary on following pages.
- **Rail licensing** balance is \$0.1m higher than budget. The balance is \$3.4m in deficit. A review of the funding model is under way.
- **RUC collections** balance is \$1.5m higher than budget. The opening balance was \$1.4m higher than budget.

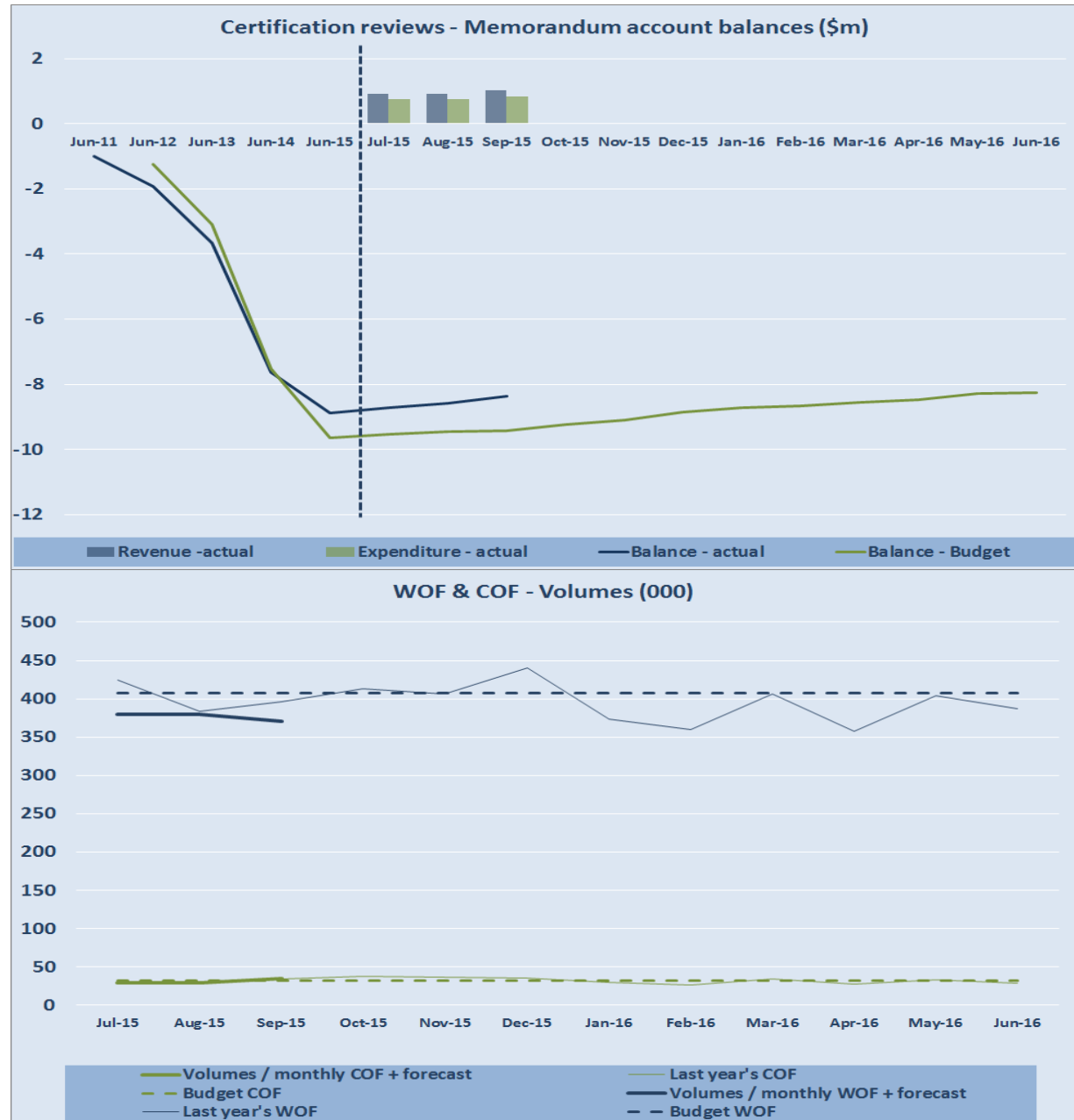


KEY MEMORANDUM ACCOUNTS

- **Certification reviews.** WOF and COF vehicle certification account balance is \$1.1m higher than planned mainly due to the opening balance being \$0.8m higher than budgeted.

The certification account balance deficit had been increasing by \$1m each year since June 2010 as revenue collected from certification fees did not adequately cover the costs incurred in running this activity. A new regime was introduced in November 2014, implementing higher fees and annual WOF. We are now seeing the effect of this with the deficit balance reducing gradually. We expect to continue to reduce the deficit balance at the current rate. The memorandum account is expected to recover within the next five years.

Note: WOF and COF revenue is recognised when labels are purchased. The introduction of the new regime in November 2014 resulted in a significant distortion in the historical patterns as a large number of labels were purchased upfront in anticipation of the change. However normal behaviours have resumed and the volumes of labels purchased is expected to mirror the pass rates.



KEY MEMORANDUM ACCOUNTS

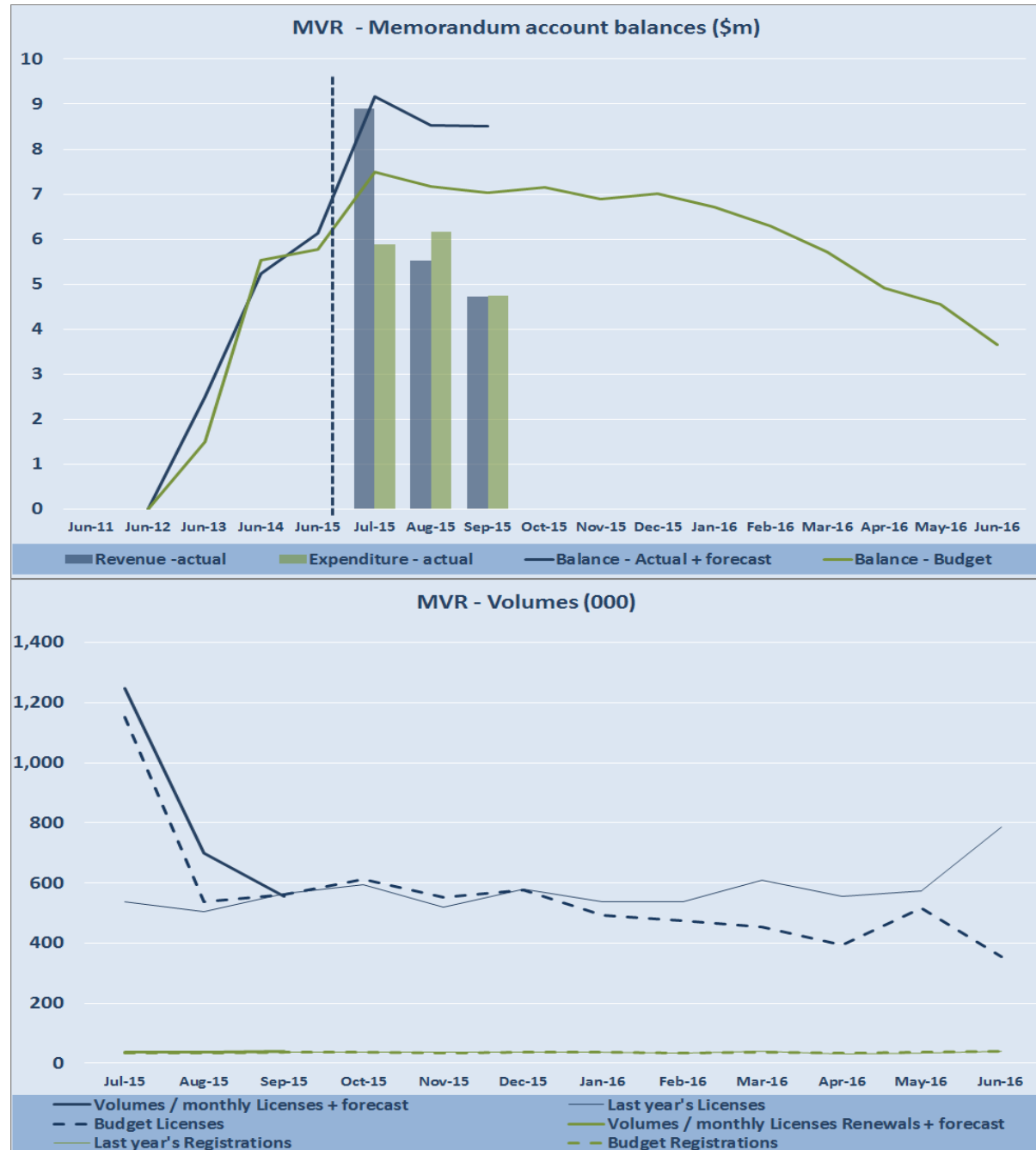
- **Motor vehicle licensing** – Motor vehicle licensing revenue is \$2.0m higher than budget at the end of September. Despite the higher than planned revenue, the memorandum account balance is only \$1.1m higher than budget.

The revenue surplus is the result of reduced ACC levies from 1 July which are now linked to vehicle risk ratings. The new rating has had a significant impact on the timing and duration of licence renewals with significant volumes of customers matching their licence term to coincide with the introduction of the reduced levies. It has been indicated that ACC may reduce their levy further in 2016. This could cause another behavioural change and will be monitored closely.

Despite current higher cumulative volumes, it is still expected that volumes for the year will be close to previous years.

Transport licensing fees and Standard Development fee revenue is collected at the same time as the motor vehicle licence is renewed. Both fees show a corresponding uplift and are expected to flatten out in line with licence renewals.

Customers have continued the shift to online transactions with numbers now up 8% when compared with the same stage last year. The impact of this shift on revenue and expenditure will be monitored closely.

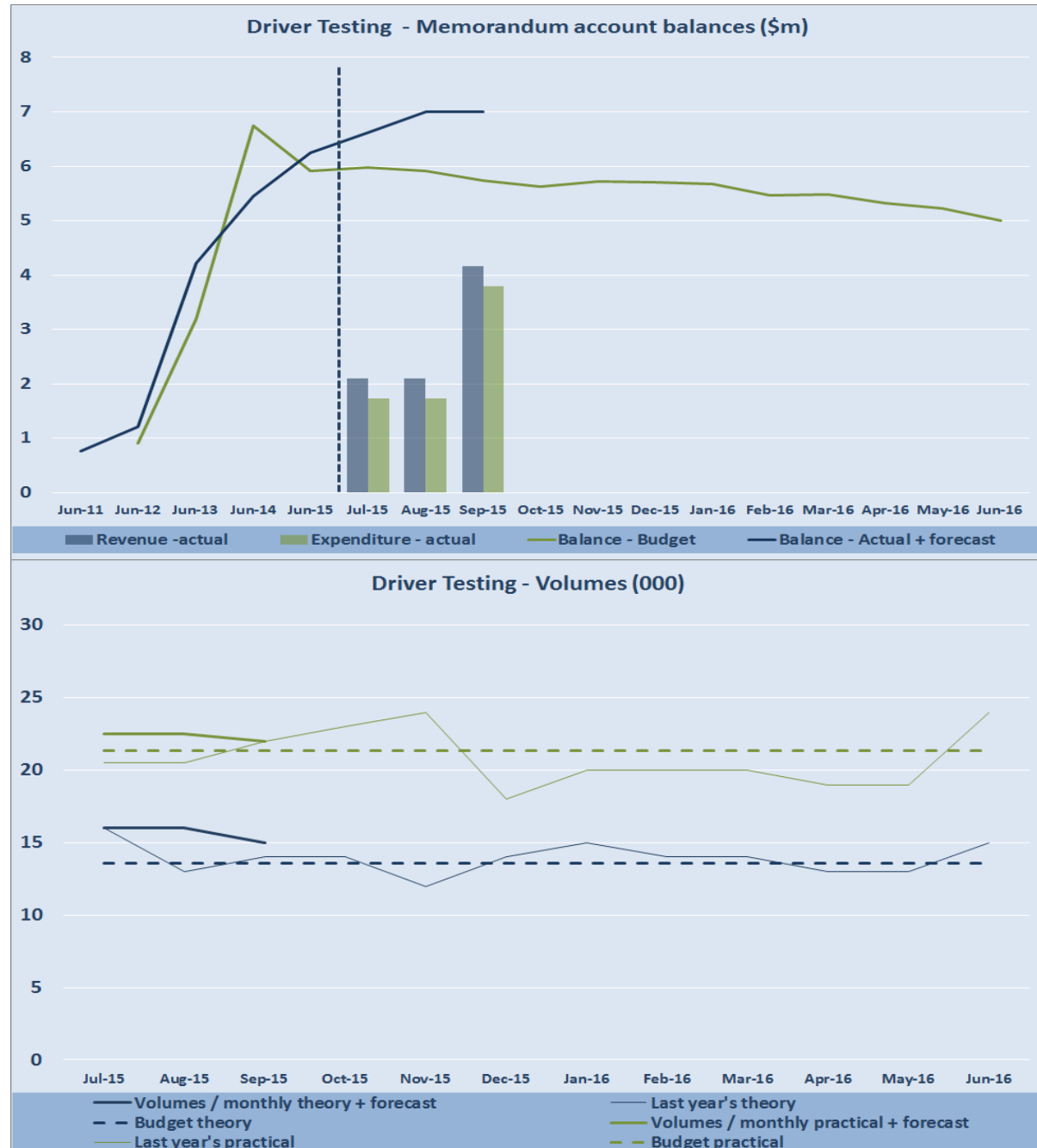


KEY MEMORANDUM ACCOUNTS

- **Driver testing.** Driver testing has generated a year to date surplus of \$0.8m (\$0.9m higher than budget). The surplus is mainly attributed to higher than planned demand in the Auckland region for both Learner and Restricted tests and lower than planned commissions' expenditure.

The Transport Agency has employed contractors who are delivering approximately 25% of practical tests and therefore not incurring commission expenditure. This arrangement ends in November with the backlog expected to be clear by then.

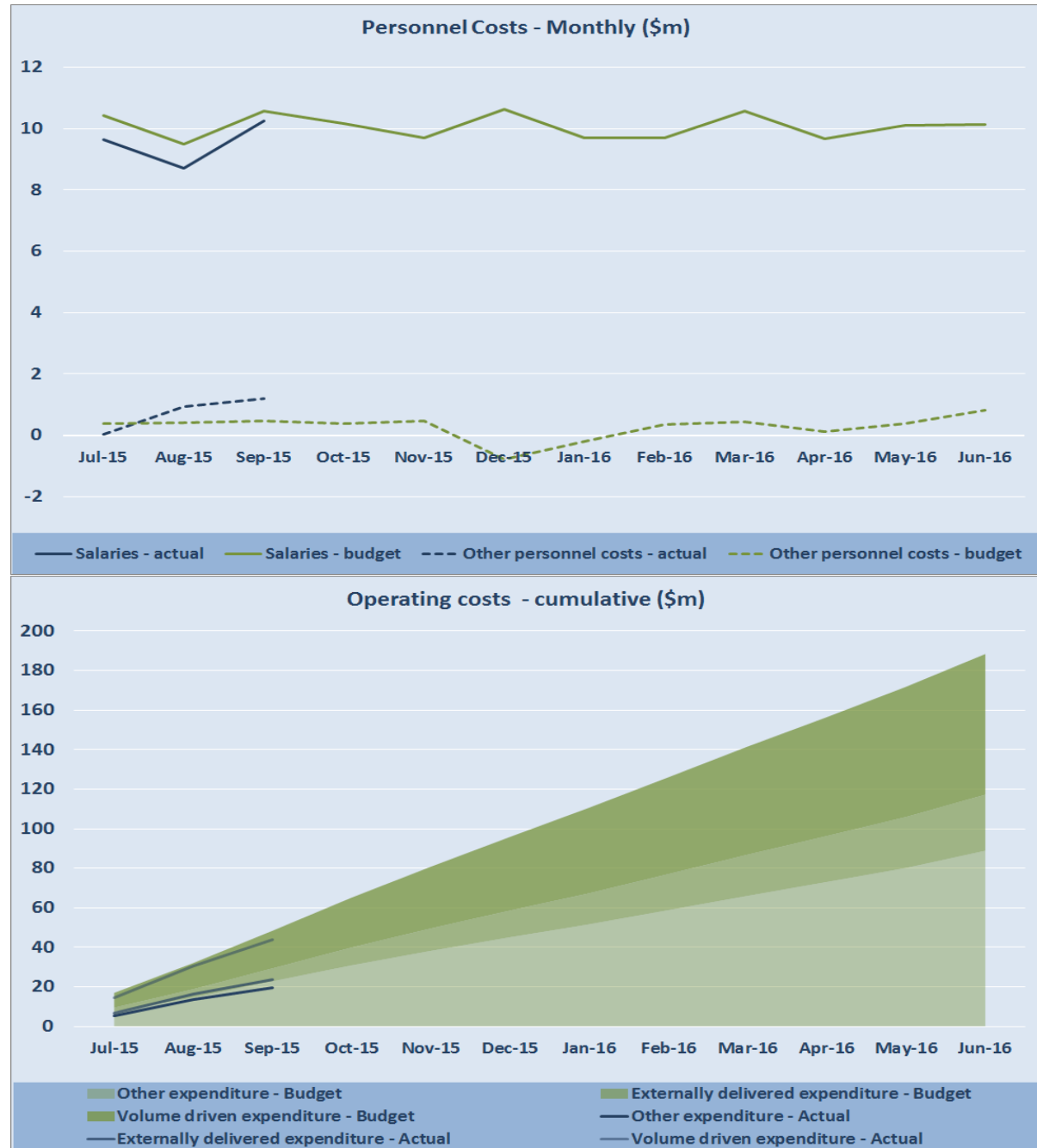
The surplus balance is currently being used to fund expenditure on the Driver Testing Step Change Project and will also be used to fund the driver licence review and costs associated with the new booking system and test data repository required to service the new practical test.



NEW ZEALAND TRANSPORT AGENCY (NZTA) EXPENDITURE

- The Transport Agency net operational expenditure is tracking \$10.0m under budget.

The Net Position is \$10.0m lower than budget with a \$3.4m underspend in expenditure combined with additional revenue from driver licensing & testing and motor vehicle registration.
- Revenue** is \$6.6m higher than budget mainly as a result of higher vehicle licensing and driver testing volumes than planned.
- Personnel costs** are under budget by 3% (\$1.0m). This is mainly due to a lower FTE count than budgeted (1,348 FTEs compared to a budgeted 1,400 FTEs i.e. 4% lower than budget). While recruitment is ongoing in a number of areas, it is highly unlikely that FTEs will reach the budgeted 1,400 mark before the end of December. By then savings could already add up to \$2m.
- Operating costs and depreciation** are under budget by 5% (\$2.4m) as the net result of project related underspends including tolling, the contact centre technology upgrade and the Sector Research Programme, offset partially by higher commissions & transactions costs and third party works (offset by additional revenue). A reforecasting exercise will be carried out in November/December and reported to the board in the second quarter quarterly report.



BUSINESS INITIATIVES PROGRAMME

- The Business Initiatives Programme has spent 16% of the full year budget.

The 2015/16 budget for business initiatives is \$20.7m. It includes \$1m of approved carry forwards. The full year forecast is currently \$21.8m as \$1.1m additional costs have been identified for the PSIS house relocation, PCI compliance project and Contact Centre Technology upgrade, offset by a forecast under-spend on the Analytics for Hyperion project.

At the end of September we have spent 16% of the full year plan (\$3.2m). This is well behind a theoretical completion rate of 25%. 3 projects are currently behind schedule:

- Payment Card Industry (PCI) compliance: The Board approved an initial \$2.9m for this multi-year project in 2014-15 which was to be funded from retained earnings. Only \$0.9m of the full \$2.9m required for the project was spent last year. The residual amount of at least \$1.9m will be required in 2015-16. Updated costings will not be known until late 2015. Westpac has indicated it will extend the deadline out by 2 years for this project to be completed, which will have budget implications for 2016 and beyond.
- Contact Centre Technology upgrade is dependent on the PCI project and has been delayed until early November. The project started last year and \$0.9m of under-spend was agreed to be carried forward to 2015-16. Both the scope and costing of this project are under review and likely to change.
- CAS replacement is currently going through a re-planning process, which will clarify the timing of delivery and budget required for this initiative.

Please note that these projects are reported and discussed at the Audit and Risk Assurance (ARA) committee.

SLT Approved Budget Initiatives

	Total Capex & Opex 000'\$					Project status	Business Case approved
	Actual YTD	SLT Approved Budget including Carry Fwds	% of Budget spent YTD	Full Year Forecast	Fiscal Risk		
OS							
	0	100	0%	100	0	●	
	139	1,100	13%	1,100	0	●	✓
	737	1,000	74%	1,900	900	●	✓
	216	2,000	11%	2,904	904	●	✓
	43	899	5%	899	0	●	✓
	0	40	0%	40	0	●	
	0	750	0%	750	0	●	
	32	1,150	3%	1,150	0	●	✓
	0	2,200	0%	2,200	0	●	✓
	0	200	0%	200	0	●	
	235	1,698	14%	1,698	0	●	✓
	0	21	0%	21	0	●	✓
	73	330	22%	330	0	●	
	79	100	79%	100	0	●	
A&U	0	300	0%	300	0	●	
	0	1,200	0%	1,200	0	●	
	228	1,294	18%	1,399	104	●	✓
	302	1,184	26%	450	-734	●	✓
	352	1,250	28%	1,250	0	●	✓
P&C							
	273	884	31%	884	0	●	✓
	245	830	30%	830	0	●	✓
	55	453	12%	453	0	●	✓
CE							
	0	537	0%	476	-61	●	
	0	10	0%	10	0	●	
SCP							
	138	800	17%	800	0	●	✓
	0	175	0%	175	0	●	
	3,147	20,505	15%	21,619	1,113		
OS							
	2	18	11%	2	-16	●	✓
	1	50	1%	30	-20	●	✓
A&U							
	174	165	105%	174	9	●	✓
	177	234	76%	206	-28		
	3,324	20,739	16%	21,825	1,086		

Project status	
●	Not started
●	On schedule
●	Behind schedule- up to 3 months
●	Behind schedule over 3 months

NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

Programme management overview

At this early stage of the 2015-18 NLTP the end of NLTP forecasts are at, or close to, the planned levels in the published NLTP. Local road maintenance is the exception, where the emergency works funding for the Whanganui-Taranaki floods in June 2015 currently are forecast to push the activity class toward the maximum of the GPS funding range.

The forecast for the Local road improvements activity class shows the end of NLTP spend dipping under the GPS funding range minimum. At this stage, we view the underspend as a risk rather than a certainty, and will continue to encourage approved organisations to progress their roading projects to land expenditure within the range.

While we are forecasting expenditure in the Regional improvements and Walking and cycling activity classes to be at the published NLTP, we have concerns around the low levels of funding approvals in the system, which raises a risk of slippage against plan.

National Land Transport Programme (NLTP)

	Published	Actual/forecast spend 2015-2018			
	NLTP 2015-2018 \$000	2015/16 Outturn \$000	2016/17 Forecast \$000	2017/18 Forecast \$000	Total 2015-2018 \$000
Allocation of funds to activity classes:					
State highway improvements	4,061,000	1,300,000	1,352,000	1,409,000	4,061,000
State highway maintenance	1,684,000	534,165	561,000	563,000	1,658,165
Local road improvements	465,000	152,000	153,000	163,000	468,000
Local road maintenance	1,704,000	596,200	567,000	579,000	1,742,200
Public transport	1,020,000	339,400	340,000	349,000	1,028,400
Walking and cycling	103,000	33,000	34,000	34,000	101,000
Regional improvements	225,000	65,000	75,000	85,000	225,000
Road safety promotion	102,000	34,000	34,000	34,000	102,000
Investment management	176,000	60,200	58,000	60,000	178,200
Total	9,540,000	3,113,965	3,174,000	3,276,000	9,563,965

BORROWING

Short term facilities

There was a drawdown of \$125 million on the short term facility on 20 July 2015 to cover the increased level of expenditure for the June claims being paid during the month of July. \$25m was repaid on the 31st July with the remaining \$100m repaid on the 31st August. This makes the Agency compliant with the requirement to repay this portion of the loan at least once in the financial cycle.

The notional balance in the NLTF was \$141.7m as at 30th September 2015.

The graph reflects the revenue and expenditure forecasts being used for the 2015-18 NLTP. This is based on the revenue forecasts used for the GPS and the corresponding published 2015-18 NLTP expenditure targets.

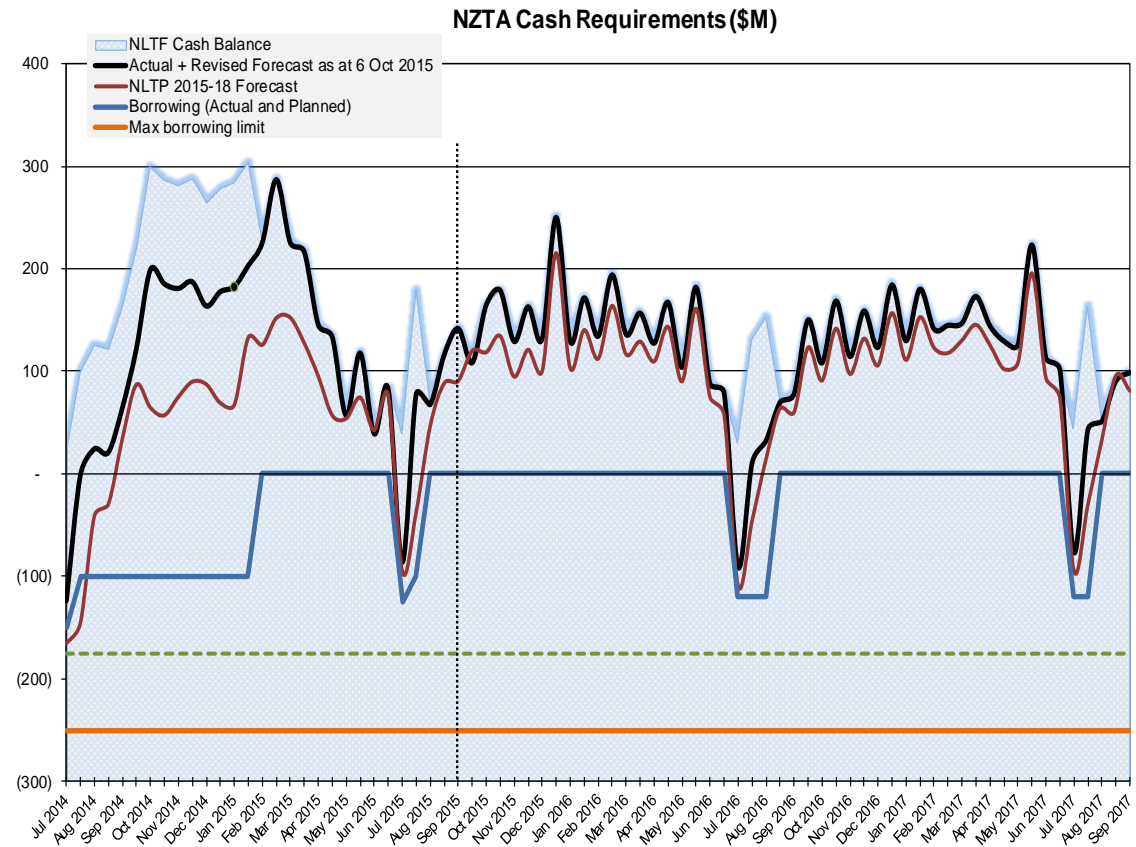
The borrowing limits on the graph now reflect the new split of the \$250 million facility to the \$175/\$75 split rather than the previous \$150/\$100 split.

Longer term facilities

For the Christchurch Earthquake loan there was a drawdown on the facility of \$3m on the 31st July 2015. This brings the total drawn down on the facility to \$15m, which is lower than expected.

There was no activity on the Auckland Transport Package loan during the quarter. No drawdown for the Auckland Transport Package is expected until the middle of the 2015/16 financial year.

As noted last quarter, the Tauranga Eastern Link loan was fully drawn down on the 30th June 2015. This loan is a series of fixed rate loans ranging from 4.99% to 5.14% being repaid progressively during the 35 year period with a floating loan currently at 3.59% due to be repaid in year 35.



Note that the longer term borrowing facilities are not shown on the graph above.

LONGER-TERM FUNDING COMMITMENTS

Current NLTP

- Funding commitments for 2015/16 (approved and implied) represent 106% of the forecast revenue for the year.
- The over-commitment represents a deliberate over-allocation of funds to counter the historic optimism bias as delivery of improvement activities lags commitments.
- 91% of the \$10.5b NLTF investment in the 2015-18 NLTP is committed, leaving around \$1b for investment decisions in the three year period.

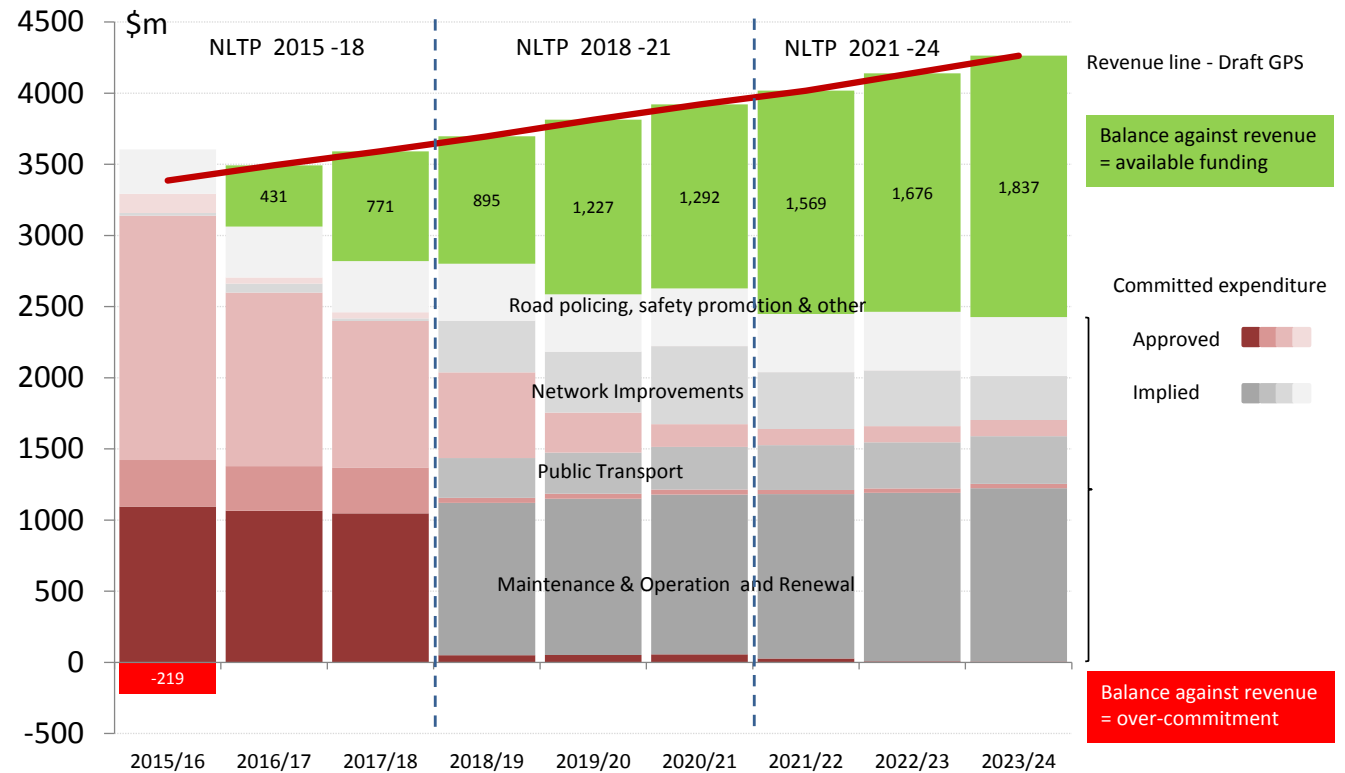
2018-21 NLTP

- The overall commitment for the three year programme is about 70%. The “committed” funding comprises approved and implied programme funding.
- A total of \$3.4b of discretionary funds is currently available for new approvals.

2021-24 NLTP

- “Committed” (approved and implied) funding for the 2021-24 NLTP is around 59% of forecast revenue, leaving about \$5.1b of discretionary funds for new approvals.

NLTF Funding Commitments & Balance for Investment Decisions



LONG TERM DEBT COMMITMENTS

The Agency continues to explore longer term funding options for projects that go beyond the short and medium-term financial reporting. This is particularly around the Public Private Partnerships (PPP) and to a lesser extent, debt funding.

The longer term commitments are being progressively recognised as liabilities as drawdown occurs. These have been in the form of loans from the Crown to the Agency.

Under the PPP arrangements, as the assets are being constructed, the Agency progressively recognises the growing asset through “work in progress” along with a corresponding financial liability representing the Agencies obligation to pay a unitary payment to the contractor. This is until completion when the unitary payments commence. The significant individual projects will be reported each quarter.

The table captures all current and known future facilities that the Agency is entering into. The current and future debt and interest payments are considered to be contributing towards the 10% max debt threshold approved by the Board for our long term commitments.

OTHER LONG TERM COMMITMENTS

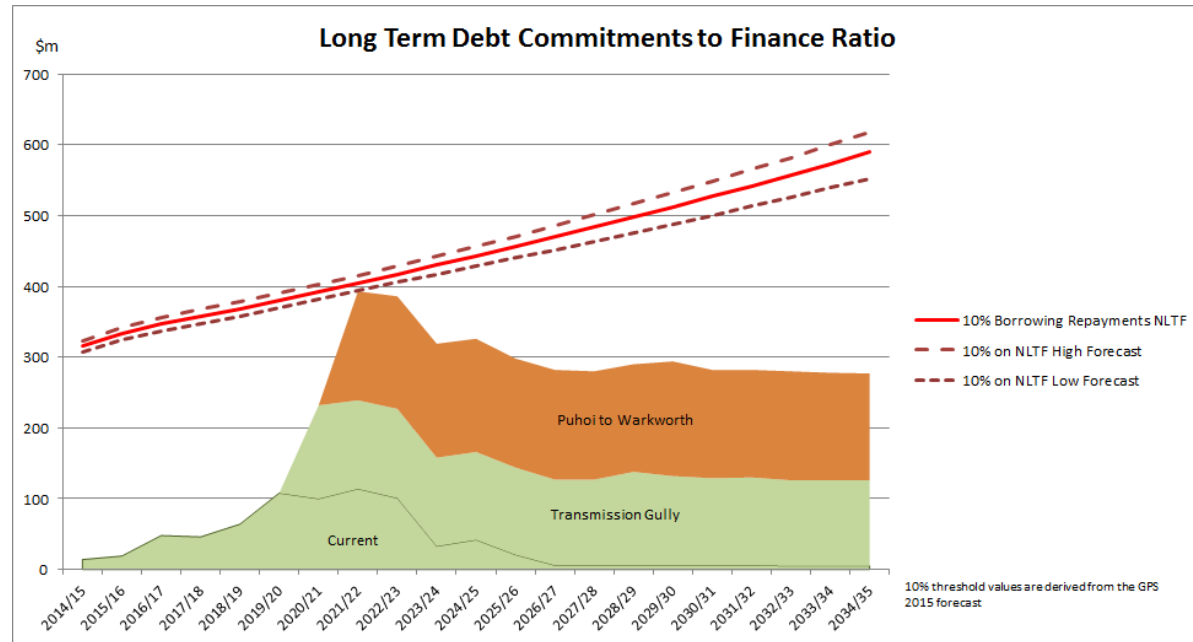
The remaining “Other Commitments” are funding arrangements covering cash flow management and the longer term commitments for Auckland and Wellington Rail, subject to future claims.

Project	Investment	Period	Notes
Debt			
Tauranga Eastern Link	\$107m	35yrs	Draw down of \$85m for the road and \$22m for the tolling infrastructure from the NZDMO occurred 30 June 2015. Repayment phased over the following 35 years from tolling revenue with a repayment scheduled established at the drawdown date. This is largely a series of fixed interest loans with a final loan that is on a floating rate.
Transmission Gully (PPP)	\$182m	31yrs	Costs incurred to date for the construction of transmission gully sit at \$182m, of which \$162m was incurred in 2014/15. NZTA are recognising a concessional asset and liability during this phase
Christchurch Rebuild	\$15m	9yrs	\$12m was drawn down in 2014/15 and \$3m this financial year to date
Debt Commitments			
Christchurch Rebuild	\$168m	9yrs	Borrowing from NZDMO for Christchurch Earthquake expenditure above the \$50m per annum NLTP funding in the next 3 to 4 years repaid over the subsequent 5 or 6 years. This will be a series of fixed interest loans of varying terms, to date \$12m was drawn down in 2014/15 and \$3m this financial year.
Auckland Accelerated Initiatives	\$375m	10yrs	Northern Corridor, Southern Corridor, SH20A. Funding to be by way of an advance on cash flows of \$375m from the NZDMO with the interest written off to the Crown. The loan funds all three of the current SH projects, however no borrowing activity has occurred for the initiatives to date. Further funding may be considered for additional accelerated works such as the East/West Corridor and AMETI. However this has not yet been committed to us.
Transmission Gully (PPP)	\$818m	31yrs	Construction to occur over the next 6 years with an operating phase of the following 25 years. The Agency has entered into an interest rate swap with the NZDMO to fix the interest rate obligation over the period of the PPP providing certainty over this period. The unitary payments are approx. \$120 m per annum (a total commitment over the 25 years of \$3b).
Other Commitments			
Auckland Electrical Multiple Units	\$200m	35yrs	Committed contribution over a 35 year period matching expected useful life of the assets.
Auckland Depots	\$50m	50yrs	Committed contribution over a 50 year period.
Wellington Matangi Electric Multiple Units	\$85m	28yrs	Committed contribution over a 28 year period matching expected useful life of the assets.

LONG TERM DEBT COMMITMENTS (CONTINUED)

The graph provides a 20 year profile of the longer term debt commitments contributing to the 10% threshold agreed by the Board. This is providing greater transparency of our long term liabilities, some of which have not yet been formally signed off. The potential impact of funding the long term commitment projects needs to be considered in the context of the long term liability finance ratio. The discussion around the 10% threshold was to ensure that unallocated funds remained available without locking up future governments for future transport commitments.

The revenue line indicating the 10% maximum borrowing repayments is based on the GPS revenues now also being used as the basis for the current 2015-18 NLTP.



TABLES

TABLE 1 – NATIONAL LAND TRANSPORT FUND REVENUE INFLOWS

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Land transport revenue - FED	420,555	398,769	21,786	5%	1,796,954	1,796,954	0	0%
LT revenue - RUC/other revenue	409,565	372,614	36,951	10%	1,534,324	1,534,324	0	0%
Management of Crown land and interest	13,895	16,809	(2,914)	-17%	68,780	66,880	1,900	3%
Total revenue inflows	844,015	788,191	55,824	7%	3,400,058	3,398,158	1,900	0%

TABLE 2 – TOTAL EXPENDITURE (NLTP & Crown land transport funding and Access & Use expenditure)

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Transport Agency's contribution to:								
Managing the state highway network	418,940	485,410	66,471	14%	1,834,165	1,864,028	29,863	2%
Planning & investing in land transport	148,201	177,630	29,429	17%	1,281,142	1,225,863	(55,279)	-5%
Specific Crown funded projects	32,595	20,811	(11,784)	-57%	216,224	222,224	6,000	3%
NLTP & Crown investment	599,735	683,852	84,116	12%	3,331,531	3,312,115	(19,416)	-1%
Access to and use of land transport	44,269	45,475	1,206	3%	172,786	172,786	0	0%
Total expenditure	644,004	729,327	85,322	12%	3,504,317	3,484,901	(19,416)	-1%

TABLES (CONTINUED)

TABLE 3 – MANAGING THE STATE HIGHWAY NETWORK

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
State highway improvements	304,059	349,232	45,174	13%	1,266,747	1,269,787	3,040	0%
State highway maintenance	90,262	107,075	16,813	16%	454,060	480,883	26,823	6%
SH maintenance - Emergency works	9,609	13,422	3,813	28%	52,000	52,000	0	0%
Managing state highways	403,930	469,729	65,799	14%	1,772,807	1,802,670	29,863	2%
State highway improvements	8,783	8,434	(349)	-4%	33,253	33,253	0	0%
State highway maintenance	6,227	7,248	1,021	14%	28,105	28,105	0	0%
Transport Agency operating activities	15,010	15,682	672	4%	61,358	61,358	0	0%
Total expenditure	418,940	485,410	66,471	14%	1,834,165	1,864,028	29,863	2%

TABLE 4 - PLANNING & INVESTING IN LAND TRANSPORT NETWORKS

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Investment management	665	2,493	1,828	73%	13,447	13,068	(379)	-3%
Public transport	43,041	58,576	15,535	27%	325,100	322,000	(3,100)	-1%
Walking and cycling	9,367	6,096	(3,271)	-54%	32,881	30,881	(2,000)	-6%
Road safety promotion	1,393	2,183	789	36%	14,562	14,462	(100)	-1%
Local road improvements	8,706	17,126	8,420	49%	152,000	148,800	(3,200)	-2%
Local road maintenance	69,056	52,706	(16,350)	-31%	596,000	554,800	(41,200)	-7%
Regional improvements	0	19,703	19,703	100%	65,000	65,000	0	0%
Approved organisation activities	132,228	158,883	26,655	17%	1,198,990	1,149,011	(49,979)	-4%
Investment management	10,554	11,760	1,207	10%	46,753	46,753	0	0%
Public transport	1,901	2,267	367	16%	14,300	9,000	(5,300)	-59%
Walking and cycling	14	30	16	55%	119	119	0	0%
Road safety promotion	3,504	4,639	1,135	24%	20,780	20,780	0	0%
Local road maintenance	0	50	50	100%	200	200	0	0%
Transport Agency operating activities	15,972	18,747	2,775	15%	82,152	76,852	(5,300)	-7%
Total expenditure	148,201	177,630	29,429	17%	1,281,142	1,225,863	(55,279)	-5%

TABLES (CONTINUED)

TABLE 5 - SPECIFIC PROJECTS FUNDED BY THE CROWN

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
SuperGold card PT concessions	7,100	6,877	(223)	-3%	28,129	28,129	0	0%
Auckland accelerated package	16,800	1,640	(15,160)	-924%	45,000	50,000	5,000	10%
Regional state highways	7,400	9,619	2,219	23%	44,000	45,000	1,000	2%
Reinstatement of Christchurch roads	0	0	0	0%	68,000	68,000	0	0%
Urban cycleways	1,271	2,651	1,380	52%	31,000	31,000	0	0%
Specific Crown funded activities	32,571	20,788	(11,784)	-57%	216,129	222,129	6,000	3%
Transport Agency operating activities								
SuperGold card administration	24	24	0	0%	95	95	0	0%
Total expenditure	32,595	20,811	(11,784)	-57%	216,224	222,224	6,000	3%

TABLES (CONTINUED)

TABLE 6 – ACCESS TO AND USE OF THE LAND TRANSPORT SYSTEM

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Income								
Motor vehicle registration	19,161	17,150	2,011	12%	55,679	55,679	0	0%
Driver licensing & Driver testing	15,246	14,833	413	3%	58,264	58,264	0	0%
RUC collection	2,848	2,467	381	15%	10,842	10,842	0	0%
Standard development levy & Transport licensing	5,741	3,783	1,958	52%	14,489	14,489	0	0%
Vehicle certification – WoF	1,960	1,963	(3)	0%	7,841	7,841	0	0%
Vehicle certification – CoF & Other	892	893	(1)	0%	3,717	3,717	0	0%
Other	582	532	50	9%	2,310	2,310	0	0%
Subtotal – Memo accounts	46,430	41,622	4,808	12%	153,142	153,142	0	0%
RUC investigation and enforcement	1,059	1,055	5	0%	4,229	4,229	0	0%
Tolling	1,912	2,168	(256)	-12%	10,453	10,453	0	0%
Other	1,183	830	353	43%	3,421	3,421	0	0%
Subtotal – Other	4,153	4,052	101	2%	18,103	18,103	0	0%
Total income	50,584	45,674	4,909	11%	171,245	171,245	0	0%
Expenditure								
Staff	10,927	10,797	(130)	-1%	41,875	41,875	0	0%
Commissions	14,211	13,577	(634)	-5%	49,243	49,243	0	0%
Transactions	6,152	5,413	(739)	-14%	21,707	21,707	0	0%
Information Technology	3,163	4,296	1,133	26%	15,956	15,956	0	0%
Advertising, PR & Media	51	161	110	68%	1,382	1,382	0	0%
Professional Services	2,131	1,731	(400)	-23%	5,135	5,135	0	0%
Other	1,759	3,285	1,526	46%	12,978	12,978	0	0%
Overhead – Accommodation costs	976	989	13	1%	3,960	3,960	0	0%
Overhead – Corporate	4,166	4,453	287	6%	17,728	17,728	0	0%
Overhead – Regional office	695	737	42	6%	2,669	2,669	0	0%
Overhead – Regional Directors	38	36	(2)	-6%	153	153	0	0%
Total expenditure	44,269	45,475	1,206	3%	172,786	172,786	0	0%
Net surplus/(deficit)	6,315	199	6,115		(1,541)	(1,541)	0	

TABLES (CONTINUED)

TABLE 7 – RESULTS FOR ACCESS & USE OUTPUTS

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Memorandum Accounts								
Income	46,430	41,622	4,808	12%	153,142	153,142	0	0%
Expenditure	40,804	40,886	82	0%	154,457	154,457	0	0%
Net surplus/(deficit)	5,626	736	4,890	664%	(1,315)	(1,315)	0	0%
Non Memorandum Accounts								
Income	4,154	4,052	102	3%	18,103	18,103	0	0%
Expenditure	3,465	4,589	1,124	24%	18,329	18,329	0	0%
Net surplus/(deficit)	689	(537)	1,226	228%	(226)	(226)	0	0%
Overall results for A&U outputs	6,315	199	6,115		(1,541)	(1,541)	0	

TABLE 8 – VOLUMES

Indicator volumes	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	000	000	000	%	000	000	000	%
Driver licences - New drivers (inc. Requals)	62	63	(1)	-2%	247	238	9	4%
Driver licences - Reinstatement	12	13	(1)	-8%	48	49	(1)	-2%
Driver licences - Renewals	54	58	(4)	-7%	215	235	(20)	-9%
Driver licences - Older drivers	18	18	0	0%	73	69	4	6%
Driver licences - Overseas conversions	14	12	2	17%	57	46	11	24%
Driver licences - Replacements	24	24	0	0%	97	96	1	1%
Driver testing - Theory	47	42	5	12%	186	163	23	14%
Driver testing - Practical	67	64	3	5%	269	256	13	5%
Certification - WoF passes	1,130	1,226	(96)	-8%	4,519	4,896	(377)	-8%
Certification - CoF passes	94	93	1	1%	375	394	(19)	-5%
MVR - Registrations	116	106	10	9%	463	433	30	7%
MVR - Licences	2,504	2,252	252	11%	6,679	6,679	0	0%
RUC - Licences	646	579	67	12%	2,582	2,492	90	4%
Toll - Trips	2,206	2,133	73	3%	10,182	10,109	73	1%

TABLES (CONTINUED)

TABLE 9 - KEY MEMORANDUM ACCOUNTS

		Year to date			Full year		
		Actual \$000	Budget \$000	Variance \$000	Outturn \$000	Budget \$000	Variance \$000
Border inspection	Opening balance	3,321	3,191	130	3,321	3,191	130
	Revenue	196	170	26	814	814	0
	Expenditure	135	162	(27)	630	630	0
	Surplus / (deficit)	61	9	53	184	184	0
	Closing balance	3,382	3,200	183	3,505	3,375	130
Certification reviews	Opening balance	(8,873)	(9,639)	766	(8,873)	(9,639)	766
	Revenue	2,853	2,856	(4)	11,558	11,558	0
	Expenditure	2,345	2,638	(293)	10,133	10,133	0
	Surplus / (deficit)	508	218	290	1,425	1,425	0
	Closing balance	(8,365)	(9,421)	1,056	(7,448)	(8,214)	766
Driver licensing	Opening balance	4,872	5,802	(930)	4,872	5,802	(930)
	Revenue	8,983	9,014	(30)	35,057	35,057	0
	Expenditure	8,697	8,663	34	33,911	33,911	0
	Surplus / (deficit)	287	351	(64)	1,146	1,146	0
	Closing balance	5,159	6,153	(994)	6,018	6,948	(930)
Driver testing	Opening balance	6,249	5,910	339	6,249	5,910	339
	Revenue	6,262	5,819	443	23,207	23,207	0
	Expenditure	5,509	5,992	(484)	23,999	23,999	0
	Surplus / (deficit)	754	(173)	927	(792)	(792)	0
	Closing balance	7,003	5,737	1,266	5,457	5,118	339
Motor Vehicle Licensing	Opening balance	6,140	5,762	378	6,140	5,762	378
	Revenue	19,161	17,150	2,011	55,679	55,679	0
	Expenditure	16,782	15,881	901	57,684	57,684	0
	Surplus / (deficit)	2,379	1,269	1,110	(2,005)	(2,005)	0
	Closing balance	8,519	7,031	1,488	4,135	3,757	378
Over dimension permits	Opening balance	517	575	(58)	517	575	(58)
	Revenue	137	103	34	399	399	0
	Expenditure	37	82	(45)	326	326	0
	Surplus / (deficit)	100	20	79	73	73	0
	Closing balance	617	595	21	590	648	(58)
Rail licensing	Opening balance	(3,301)	(3,326)	25	(3,301)	(3,326)	25
	Revenue	249	259	(10)	1,097	1,097	0
	Expenditure	395	473	(77)	1,881	1,881	0
	Surplus / (deficit)	(146)	(214)	67	(784)	(784)	0
	Closing balance	(3,447)	(3,540)	92	(4,085)	(4,110)	25
RUC collections	Opening balance	1,894	532	1,362	3,394	1,932	1,462
	Revenue	2,848	2,467	381	10,842	10,842	0
	Expenditure	3,497	3,249	248	11,399	11,399	0
	Surplus / (deficit)	(649)	(782)	133	(557)	(557)	0
	Closing balance	1,245	(250)	1,495	2,837	1,375	1,462
Standard development	Opening balance	1,223	1,909	(686)	1,223	1,909	(686)
	Revenue	2,551	1,548	1,002	5,589	5,589	0
	Expenditure	1,311	1,454	(143)	5,639	5,639	0
	Surplus / (deficit)	1,239	95	1,145	(50)	(50)	0
	Closing balance	2,462	2,004	459	1,173	1,859	(686)
Transport licensing	Opening balance	(561)	69	(630)	(561)	69	(630)
	Revenue	3,190	2,235	955	8,900	8,900	0
	Expenditure	2,096	2,292	(195)	8,855	8,855	0
	Surplus / (deficit)	1,094	(57)	1,151	45	45	0
	Closing balance	533	12	521	(516)	114	(630)

TABLES (CONTINUED)

TABLE 10 - NZTA OPERATIONAL EXPENDITURE

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Chief Executive's Office								
Personnel costs	775	855	80	9%	3,626	3,626	(0)	0%
Operating expenses	95	182	87	48%	1,136	1,136	0	0%
Depreciation/amortisation	0	0	0	0%	0	0	0	0%
Total expenditure	870	1,037	167	16%	4,762	4,762	0	0%

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Access and Use								
Personnel costs	9,780	9,600	(180)	-2%	37,389	37,389	0	0%
Operating expenses	28,393	30,021	1,628	5%	116,672	116,672	0	0%
Depreciation/amortisation	636	1,345	709	53%	6,155	6,155	(0)	0%
Total expenditure	38,810	40,966	2,157	5%	160,216	160,216	0	0%
Revenue	(50,302)	(45,674)	4,628	-10%	(171,145)	(171,145)	(0)	0%
Net position	(11,492)	(4,708)	6,785	-144%	(10,929)	(10,929)	(0)	0%

TABLES (CONTINUED)

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Highways & Network Operations								
Personnel costs	6,860	7,106	246	3%	27,769	27,769	0	0%
Operating expenses	3,557	2,843	(714)	-25%	11,446	11,446	0	0%
Depreciation/amortisation	52	52	(0)	0%	201	201	0	0%
Total expenditure	10,469	10,000	(469)	-5%	39,416	39,417	0	0%
Revenue	(1,484)	(349)	(1,135)	325%	(2,197)	(2,197)	0	0%
Net position	8,986	9,652	666	7%	37,219	37,220	0	0%

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Organisational Support								
Personnel costs	5,972	6,408	436	7%	24,727	24,727	0	0%
Operating expenses	5,834	6,007	173	3%	21,950	21,950	(0)	0%
Depreciation/amortisation	1,375	1,389	14	1%	5,481	5,481	(0)	0%
Total expenditure	13,182	13,805	623	5%	52,158	52,158	(0)	0%
Revenue	(906)	(422)	(483)	114%	(2,980)	(2,980)	0	0%
Net position	12,276	13,382	1,106	9%	49,178	49,178	(0)	0%

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Planning & Investment								
Personnel costs	4,797	5,106	309	6%	19,972	19,972	0	0%
Operating expenses	2,020	1,358	(662)	-49%	4,700	4,700	(0)	0%
Investment in Land Transport	1,978	3,436	1,458	42%	13,743	13,743	(0)	0%
Depreciation/amortisation	180	177	(3)	-2%	597	597	0	0%
Total expenditure	8,976	10,077	1,101	11%	39,012	39,012	(0)	0%
Revenue	(303)	(24)	(280)	1178%	(95)	(95)	(0)	0%
Net position	8,672	10,053	1,381	16%	38,917	38,917	(0)	0%

TABLES (CONTINUED)

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
People & Capability								
Personnel costs	969	1,038	69	7%	4,055	4,055	(0)	0%
Operating expenses	608	656	48	7%	2,322	2,322	0	0%
Depreciation/amortisation	0	0	0	0%	0	0	0	0%
Total expenditure	1,577	1,694	117	7%	6,377	6,377	(0)	0%

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Strategy, Communications & Perform								
Personnel costs	1,615	1,682	67	4%	6,669	6,669	0	0%
Operating expenses	1,285	921	(364)	-40%	3,971	3,971	(0)	0%
Depreciation/amortisation	7	7	0	0%	28	28	0	0%
Total expenditure	2,907	2,610	(297)	-11%	10,668	10,669	0	0%
Revenue	(202)	(135)	(67)	49%	(548)	(548)	0	0%
Net position	2,706	2,475	(231)	-9%	10,120	10,121	0	0%

TABLES (CONTINUED)

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Our expenses classified by:								
Personnel costs	30,768	31,795	1,027	3%	124,163	124,163	0	0%
Operating expenses	43,770	45,423	1,653	4%	180,912	175,612	(5,300)	-3%
Depreciation/amortisation	2,251	2,970	719	24%	12,462	12,462	0	0%
Total expenditure	76,790	80,189	3,399	4%	317,538	312,238	(5,300)	-2%
Access and use revenue	(50,584)	(45,674)	4,910	11%	(171,245)	(171,245)	0	0%
Funding from the Crown/NLTF	(219)	(218)	1	0%	(870)	(870)	0	0%
Revenue from other activities	(2,395)	(712)	1,683	236%	(4,850)	(4,850)	0	0%
Net position	23,592	33,585	9,992	30%	140,573	135,273	(5,300)	-4%
Less Public transport - Integrated ticketing	1,901	2,267	367	16%	14,300	9,000	(5,300)	-59%
Less Road safety - Managed advertising	1,726	2,647	921	35%	12,782	12,782	0	0%
Less Road safety - CRSP	73	502	429	85%	1,342	1,342	0	0%
Less Road safety - Vehicle impoundment	46	50	4	8%	200	200	0	0%
Less Sector research	279	1,250	971	78%	5,000	5,000	0	0%
Total expenditure excluding externally delivered expenditure	19,567	26,868	7,301	27%	106,949	106,949	0	0%

TABLES (CONTINUED)

TABLE 11 – NZ TRANSPORT TICKETING LTD

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Revenue								
Funding from the NLTF	1,751	1,149	602	52%	4,596	4,596	0	0%
Revenue from other activities	1	1,461	(1,460)	-100%	5,843	5,843	0	0%
Total revenue	1,752	2,610	(858)	-33%	10,439	10,439	0	0%
Expenditure								
Personnel costs	227	192	(35)	-18%	768	768	0	0%
Operating expenses	1,197	2,516	1,319	52%	9,647	9,647	0	0%
Depreciation/amortisation	0	506	506	100%	2,023	2,023	0	0%
Total expenditure	1,424	3,214	1,790	56%	12,439	12,439	0	0%
Net surplus/(deficit)	328	(604)	932	-154%	(2,000)	(2,000)	0	0%

NZTA FINANCIAL STATEMENTS

NZ Transport Agency - Consolidated statement of comprehensive revenue and expense for the year ended 30 September 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Revenue								
Funding from the Crown	14,196	9,490	4,706	50%	60,996	60,996	0	0%
Funding from the National Land Transport Fund	335,174	381,393	(46,219)	(12%)	2,054,030	2,025,574	28,456	1%
Revenue from other activities	53,723	45,668	8,055	18%	170,255	170,255	0	0%
	403,093	436,551	(33,458)	(8%)	2,285,281	2,256,825	28,456	1%
Expenditure								
Investment in land transport	198,823	237,876	39,054	16%	1,562,505	1,539,349	(23,156)	(2%)
NZTA operating activities	76,790	80,189	3,399	4%	317,538	312,238	(5,300)	(2%)
State highway depreciation/asset write off	120,000	119,799	(201)	(0%)	480,000	480,000	0	0%
	395,613	437,864	42,251	10%	2,360,043	2,331,587	(28,456)	(1%)
Surplus/(deficit)	7,481	(1,313)	8,793	670%	(74,762)	(74,762)	0	0%

NZ Transport Agency - Consolidated statement of financial position as at 30 September 2015

	As at 30 September 2015				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Assets								
Current assets								
Debtor National Land Transport Fund	253,048	438,441	(185,393)	(42%)	496,307	496,307	0	0%
Other	134,663	155,603	(20,940)	(13%)	185,302	185,302	0	0%
Non-current assets	30,626,480	30,784,448	(157,968)	(1%)	32,386,878	32,394,018	(7,140)	(0%)
	31,014,191	31,378,492	(364,301)	(1%)	33,068,487	33,075,627	(7,140)	(0%)
Liabilities								
Current liabilities								
Payables	185,706	443,652	257,946	58%	483,094	483,094	0	0%
Other	15,163	14,506	(657)	(5%)	14,538	14,538	0	0%
Non-current liabilities	310,753	403,303	92,550	23%	733,353	738,353	5,000	1%
	511,622	861,461	349,839	41%	1,230,985	1,235,985	5,000	0%
Net assets	30,502,569	30,517,031	(14,462)	(0%)	31,837,501	31,839,641	(2,140)	(0%)
Equity								
General funds	5,606	5,606	0	0%	5,606	5,606	0	0%
Retained funds	69,147	2,248	66,899	-	(65,817)	(65,817)	0	0%
Memorandum account - Third party fees	17,107	11,520	5,587	49%	10,870	10,870	0	0%
State highway network	30,410,708	30,497,657	(86,949)	(0%)	31,886,842	31,888,982	(2,140)	(0%)
Total equity	30,502,569	30,517,031	(14,462)	(0%)	31,837,501	31,839,641	(2,140)	(0%)

NZ Transport Agency - Consolidated statement of cash flows for the year ended 30 September 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Cash flows from operating activities								
Receipts from Crown/NLTF	502,114	443,605	58,509	13%	2,148,970	2,120,514	28,456	1%
Receipts from other revenue/interest	125,315	59,867	65,448	109%	168,461	168,461	0	0%
Payments to suppliers and employees	(569,682)	(377,956)	(191,726)	(51%)	(1,886,499)	(1,858,043)	(28,456)	(2%)
	57,746	125,516	(67,770)	(54%)	430,932	430,932	0	0%
Cash flows from investing activities								
Receipts from sale of state highway properties	9,063	12,727	(3,664)	(29%)	52,450	50,550	1,900	4%
Purchase of assets	(1,441)	(3,810)	2,369	62%	(15,166)	(15,166)	0	0%
State highway network (incl. property purchases)	(337,798)	(418,331)	80,533	19%	(1,688,900)	(1,696,040)	7,140	0%
	(330,176)	(409,414)	79,238	19%	(1,651,616)	(1,660,656)	9,040	1%
Cash flows from financing activities								
Capital contributions	239,523	233,621	5,902	3%	1,063,061	1,067,101	(4,040)	(0%)
Receipts from borrowing	4,290	51,640	(47,350)	(92%)	233,000	238,000	(5,000)	(2%)
Repayment of borrowing/interest	(1,971)	(1,340)	(631)	47%	(75,355)	(75,355)	0	0%
	241,843	283,921	(42,078)	(15%)	1,220,706	1,229,746	(9,040)	(1%)
Net (decrease)/increase in cash	(30,587)	23	(30,610)	-	23	23	0	0%
Cash at the beginning of the period	43,281	50,000	(6,719)	(13%)	50,000	50,000	0	0%
Cash at the end of the period	12,694	50,023	(37,329)	(75%)	50,023	50,023	0	0%

NLTF FINANCIAL STATEMENTS

National Land Transport Fund - Statement of comprehensive revenue and expense for the year ended 30 September 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Revenue inflows								
Land transport revenue - FED	420,555	398,769	21,786	5%	1,796,954	1,796,954	0	0%
Land transport revenue - RUC and other revenue	409,565	372,614	36,951	10%	1,534,324	1,534,324	0	0%
Management of Crown land and interest	13,895	16,809	(2,914)	(17%)	68,780	66,880	1,900	3%
	844,015	788,192	55,823	7%	3,400,058	3,398,158	1,900	0%
Outflows								
National Land Transport Programme	579,907	664,310	84,403	13%	3,125,755	3,100,339	(25,416)	(1%)
Road Policing Programme	75,625	75,650	25	0%	296,667	296,667	0	0%
	655,532	739,960	84,428	11%	3,422,422	3,397,006	(25,416)	(1%)
Surplus/(deficit)	188,483	48,232	140,251	(291%)	(22,364)	1,152	(23,516)	2041%

National Land Transport Fund - Statement of financial position as at 30 September 2015

	As at 30 September 2015			Year end			
	Actual \$000	Opening \$000	Movement \$000	Outturn \$000	Budget \$000	Variance \$000	%
Current assets							
Cash and cash equivalents	141,667	39,134	102,533	64,217	86,581	(22,364)	(26%)
Receivables	209,001	267,287	(58,286)	257,583	257,583	0	0%
	350,668	306,421	44,247	321,800	344,164	(22,364)	(6%)
Current liabilities							
Payables	252,553	396,789	144,236	496,307	496,307	0	0%
	252,553	396,789	144,236	496,307	496,307	0	0%
Net assets	98,115	(90,368)	188,483	(174,507)	(152,143)	22,364	15%
General funds	98,115	(90,368)	188,483	(174,507)	(152,143)	(22,364)	(15%)
General funds closing balance	98,115	(90,368)	188,483	(174,507)	(152,143)	(22,364)	(15%)

National Land Transport Fund - Statement of cash flows for the year ended 30 September 2015

	Year to date	Year end			
	Actual \$000	Outturn \$000	Budget \$000	Variance \$000	%
Cash flows from operating activities					
Receipts from land transport revenue	844,015	3,400,058	3,398,158	1,900	0%
Payments to NZTA and NZ Police	(655,532)	(3,422,422)	(3,398,158)	(24,264)	(1%)
	188,483	(22,364)	0	(22,364)	(100%)
Net decrease/(increase) in receivables	58,286	(14,416)	(14,416)	0	0%
Net (decrease)/increase in payables	(144,236)	8,162	8,162	0	0%
	(85,950)	(6,254)	(6,254)	0	0%
Net (decrease)/increase in cash and cash equivalents	102,533	(28,618)	(6,254)	(22,364)	(358%)
Cash and cash equivalents at the beginning of the period	39,134	92,835	92,835	0	0%
Cash and cash equivalents at the end of the period	141,667	64,217	86,581	(22,364)	(26%)



NZ TRANSPORT TICKETING LIMITED

FINANCIAL PERFORMANCE AND COMMENTARY

- a) NZTTL has focussed on providing technical advice to the Agency on options for delivering integrated fares and ticketing schemes across the country. The focus of this work is to ensure that a preferred approach will deliver best whole of life value, minimise implementation timeframes and lower risk by removing complexity and technology integration. This advice has included review by international experts. This activity has been undertaken during Q4FY2015 and is supporting the Agency as it develops policy positions and recommendations for consideration by the NZ Transport Agency Board in October 2015, and as the Agency continues to work with regional councils on their approaches to procuring and implementing integrated ticketing schemes.
- b) This has been important work to assist the Agency in its role of assisting and advising regional councils. The originally planned NZTTL work schedule has been pushed out by approximately four months, as the procurement decision-making as taken longer than originally anticipated.

NZ Transport Ticketing Ltd - Statement of comprehensive revenue and expense for the year ended 30 September 2015

	Year to date				Year end			
	Actual \$'000	Budget \$'000	Variance \$'000	%	Outturn \$'000	Budget \$'000	Variance \$'000	%
Revenue								
Funding from the National Land Transport Fund	1,751	1,149	602	52%	4,596	4,596	0	0%
Revenue from other activities	1	1,461	(1,460)	(100%)	5,843	5,843	0	0%
	1,752	2,610	(858)	(33%)	10,439	10,439	0	0%
Expenditure								
Personnel costs	227	192	(35)	(18%)	768	768	0	0%
Operating expenses	1,197	2,516	1,319	52%	9,647	9,647	0	0%
Depreciation and amortisation expense	0	506	506	100%	2,023	2,023	0	0%
	1,424	3,213	1,790	56%	12,438	12,438	0	0%
Surplus/(deficit)	328	(604)	932	154%	(2,000)	(2,000)	0	0%

NZ Transport Ticketing Ltd - Statement of financial position as at 30 September 2015

	As at 30 September 2015				Year end			
	Actual \$'000	Budget \$'000	Variance \$'000	%	Outturn \$'000	Budget \$'000	Variance \$'000	%
Assets								
Current assets								
Cash and cash equivalents	1,101	23	1,078	4688%	23	23	0	0%
Receivables	981	1,217	(236)	(19%)	870	870	0	0%
Non-current assets	0	0	0	0%	21,701	16,401	5,300	32%
	2,082	1,240	842	68%	22,594	17,294	5,300	31%
Liabilities								
Current liabilities								
Payables	1,703	1,835	132	7%	804	804	0	0%
Employee entitlements	51	10	(42)	(440%)	38	38	0	0%
	1,754	1,845	90	5%	842	842	0	0%
Net assets	328	(604)	932	(154%)	21,751	16,451	5,300	32%
Equity								
Contributed capital	0	0	0	0%	23,681	18,381	5,300	29%
Accumulated surplus/(deficit)	328	(604)	932	154%	(1,930)	(1,930)	0	0%
Total equity	328	(604)	932	(154%)	21,751	16,451	5,300	32%

c) Significant progress has been made in preparation for the rebuild of the central system to accommodate upgrades to the Auckland integrated ticketing and fares scheme and the planned implementation of other regional schemes:

- Developing a more collaborative future mode of operation with Thales, the incumbent technology provider for the central system and the Auckland scheme. A project charter has been developed that supports a 'One Team, One Mission' approach. The Charter could be a precursor to forming a contractual construct for future arrangements.
- Working with Thales to develop high level requirements that will inform the detailed technology design
- Preliminary concepts design of customer and contact centre web portals
- Developing a concept-of-operations model for on-going support and administration of the scheme, and a technology road map, to support the deployment of schemes in regions beyond Auckland.
- Investigation into emerging value-added technologies, such as mobile applications and using credit cards instead of dedicated transport cards

d) Because of the need to focus efforts on supporting the Agency's policy processes, project costs have been localised around preparation work with specialist contractors and the incumbent system vendor. Overall expenditure is 44% of budget for the quarter and it is forecast that as the capital works programme commences there will be an uplift in capital over the upcoming quarters along with operating expenses.

NZ Transport Ticketing Ltd - Statement of cash flows for the year ended 30 September 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Cash flows from operating activities								
Receipts from the NLTF	976	1,149	(173)	(15%)	4,596	4,596	0	0%
Receipts from other revenue	1	1,697	(1,696)	(100%)	5,103	5,103	0	0%
Payments to suppliers and employees	(690)	(2,823)	2,132	76%	(9,703)	(9,703)	0	0%
	286	23	263	1137%	(4)	(4)	0	0%
Cash flows from investing activities								
Purchase of assets	0	0	0	0%	(9,477)	(4,177)	(5,300)	(127%)
Cash flows from financing activities								
Capital contributions	0	0	0	0%	9,504	4,204	5,300	126%
Net (decrease)/increase in cash	286	23	263	1137%	23	23	0	0%
Cash at the beginning of the period	815	0	815	100%	0	0	0	0%
Cash at the end of the period	1,101	23	1,078	4658%	23	23	0	0%

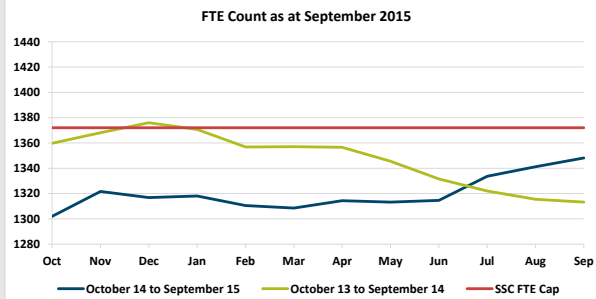


ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

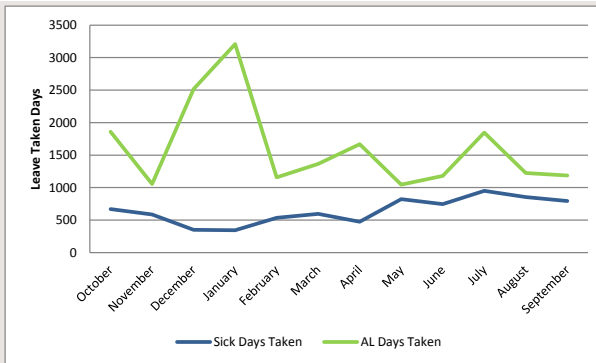
THE TRANSPORT AGENCY'S FTES AND ACTIVE VACANCIES REMAIN WITHIN AN ACCEPTABLE RANGE OF OUR CAP. OUR ANNUAL LEAVE LIABILITY HAS BEEN INCREASING, ALTHOUGH IT REMAINS LOWER THAN AT THE SAME TIME LAST YEAR.

FULL-TIME EQUIVALENT (FTE) EMPLOYEES AGAINST CAP



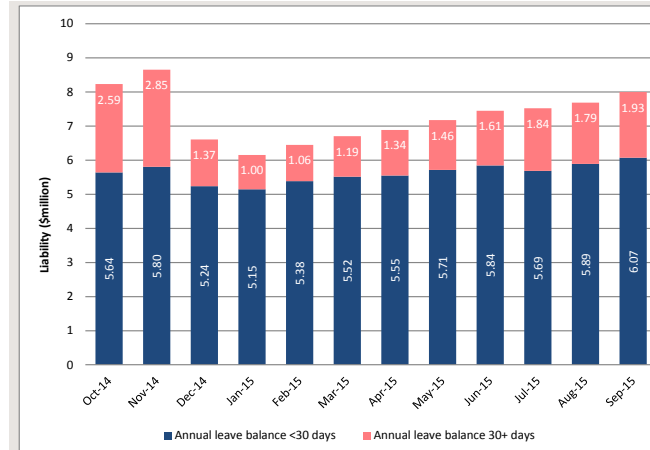
As at 30 September 2015 there were 1,348.14 FTE employees and 71 active vacancies, bringing our total FTE to 1,419.14. We continue to remain within an acceptable range of our current FTE cap of 1,372.

PLANNED AND UNPLANNED LEAVE TAKEN



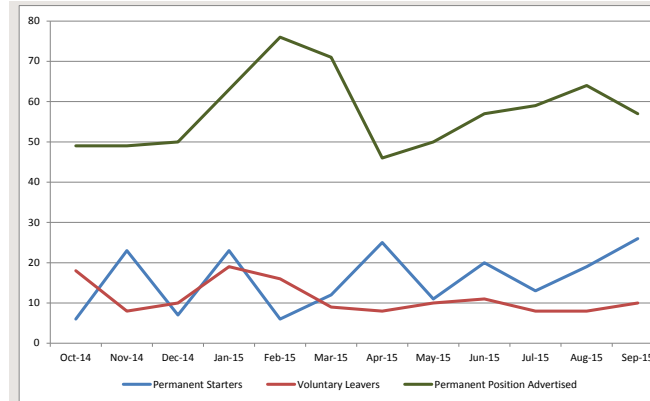
Our average annual leave balance as at 30 September 2015 was 16.0 days. This was higher than the previous quarter (15.9 days), and around 1.4 days less than at the same time last year (17.4 days). There was a 9.4% increase in the number of annual leave days taken this quarter when compared to the previous quarter. As expected the number of sick days taken has declined as we have moved through the colder winter season and into spring.

ANNUAL LEAVE LIABILITY



Our annual leave liability as at 30 September 2015 was \$8 million (approximately \$5,691 per person). This is 2% less than the liability of \$8.2 million reported at this time last year. There were 144 employees with an annual leave balance of more than 30 days and these employees accounted for 24% of the total liability. Our current liability is \$0.55 million higher than last quarter.

PERMANENT COMINGS AND GOINGS



As at 30 September 2015 there were 57 (permanent) active vacancies, the same as at 30 June 2015. Voluntary turnover sits at 10.3%, 0.6% less than as at 30 September 2014. This remains within an acceptable turnover range.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

The Transport Agency Zero Harm Strategy 2014-2020 objective is that “by 2020 or sooner, all our people¹, regardless of employer will go home safe and healthy, every day, no exceptions’.

During the first quarter we recorded eight first aid injuries. Two involved splashes with hot water, two involved hands being jammed in doors, two minor cuts to fingers and two slips, trips or falls. There were also four serious harm injuries to contractors this quarter. From quarter one it has become a contractual obligation that all physical works suppliers report health and safety data (project by project) through the Zero Harm reporting app.

Bill Hazelton joined the team this quarter as Zero Harm Advisor for the Highways and Network Operations Group (HNO). The Zero Harm HNO Business Transformation Group (BTG) was also refreshed during quarter one. This will allow us to support the development of a Zero Harm culture within HNO through targeted communication, working with our suppliers, and enabling training opportunities for all of our people.

Following the Safe Use of a Company Vehicle policy and procedure implementation, we are embedding safer driving within the Transport Agency. As part of this we have set clear expectations and we are educating our people so they can make safer decisions when driving our vehicles. We are sharing information, update our systems, educate and communicate our expectations, and provide Human Resources support for our People Leaders. We have an 84% reduction in speeding incidents over the past eight weeks.

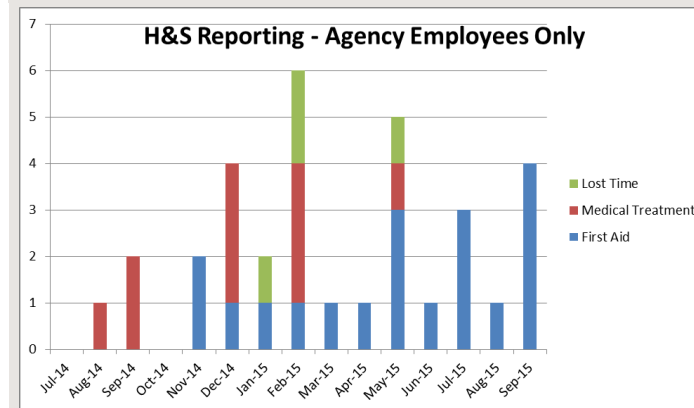
During quarter one the Zero Harm SME roadshow series began. This national roadshow is endorsed by Civil Contractors NZ and ACC. It allows us to share knowledge and tools with SMEs across the country to help further improve our health and safety performance. Topics covered include legislative updates, risk assessments, managing environmental challenges, and using new technology to make reporting easier for everyone. We also explore minimum operating standards such as working around mobile plant, safe practices when trenching, and working near utilities (service strikes).

We’ve worked together with Access & Use during these roadshows to carry out a pulse check on how easy it is to do business with the Transport Agency.

We have launched our new www.safetyapp.co.nz in quarter one, with promotion of the safety app during the Zero Harm SME roadshows.

Developed for Civil Contractors NZ, the Safety App is a free safety reporting system for small to medium businesses.

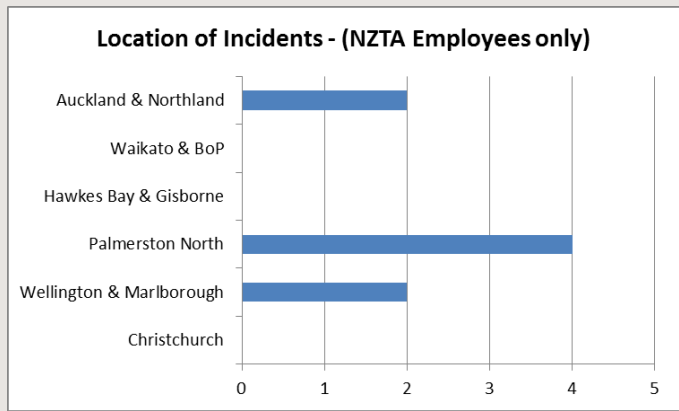
HEALTH AND SAFETY - NUMBER OF INJURIES PER MONTH BY SEVERITY (NZ TRANSPORT AGENCY EMPLOYEES ONLY)



There were eight first aid injuries reported during quarter one. Two involved splashes with hot water, two involved hands being jammed in doors, two minor cuts to fingers and two slips, trips or falls.

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

LOCATION OF OUR INCIDENTS IN Q4 (NZ TRANSPORT AGENCY EMPLOYEES ONLY)

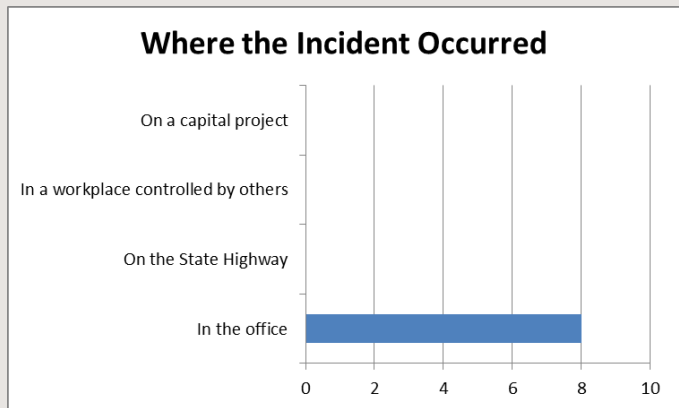


Two incidents with hot water splashes, one cut finger and one incident of hand jammed in door occurred in the Palmerston North office.

Auckland reported one cut finger and one fall. Wellington reported hand being caught in a door and one fall.

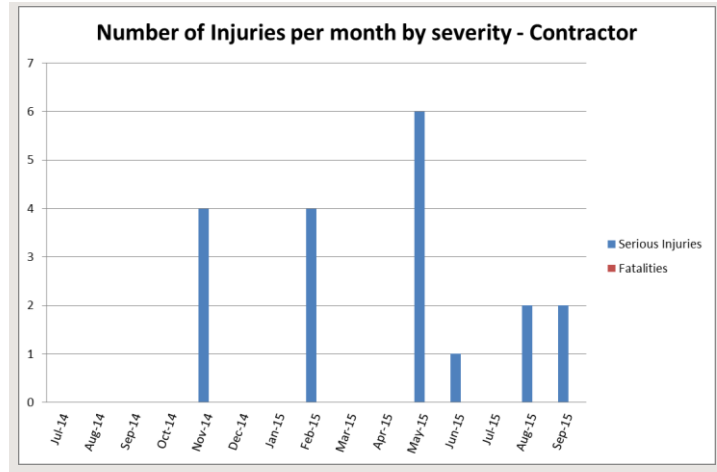
While we have a number of people whose roles take them out of the office, the majority of our people are primarily office based.

This is reflected in the number of incidents in an office environment.



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 (CONTRACTORS WHERE THE TRANSPORT AGENCY WAS A PRINCIPAL TO CONTRACT)



There were four serious harm injuries to contractors reported during quarter one.

