
QUARTERLY RESULTS AND INSIGHTS

Q2 2013/14

1 October to 31 December 2013



Cover picture is an image of the Ngaruawahia section of the Waikato Expressway, which is now open to traffic.

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PERFORMANCE OVERVIEW

Q2 A high level view of progress against the components of our four performance dimensions

Achieving the aims of our nine key result areas	<p>1</p> <p>Customers</p> <p>Good progress against our 2013/14 milestones as we continue to put customers at the heart of our business.</p>	<p>2</p> <p>Urban network capacity</p> <p>Variable progress, with three areas to watch. Completed network operating plans now being used in the major centres. There are challenges ahead in implementing some public transport system initiatives in Wellington and Canterbury.</p>	<p>3</p> <p>Freight</p> <p>Variable progress, with one area to watch. HPMV network enhancements are on track and the permitting of 50MAX vehicles is going well. The time taken to process permits has been reduced, but remains above target.</p>	<p>4</p> <p>Safe speeds</p> <p>Good progress is being made on the safer speed programme with deaths and serious injuries in open road crashes continuing to decrease.</p>	<p>5</p> <p>Efficient road maintenance</p> <p>Good overall progress, with one area to watch. Early investment signals indicate that we need to work closely with local government to ensure our asset management plan requirements are met for the 2015-18 NLTP.</p>
	<p>6</p> <p>Integrate one network</p> <p>Good overall progress, with one area to watch. Working alongside our partners, solid progress has been made on long-term transport planning in Auckland and Christchurch across infrastructure, housing, land use recovery, regional master planning, multi-modal planning and integrated ticketing for public transport, and road and rail freight</p>	<p>7</p> <p>Shape smart choices</p> <p>Variable progress, with four areas to watch. Safety, investments, intelligent transport system and regulatory reform activities on track. Specific project issues remain, but mitigations measures are in place.</p>	<p>8</p> <p>Deliver highway solutions</p> <p>Good progress against our 2013/14 milestones. Delivery of highway solutions continues to focus on delivering improvements to resilience and asset management. All RoNS projects are on track, with the Ngaruawahia section of the Waikato Expressway are now open.</p>	<p>9</p> <p>Maximise returns for NZ</p> <p>Variable progress with two areas to watch. More flexible short term debt facility has been obtained, FAR consultation document and early investment signals released. There are a number of issues concerning shared milestones with CERA and Christchurch City Council with respect to performance metrics and work programme delivery.</p>	

Strong financial performance	NLTF revenue	NLTP expenditure [4% under budget]	A&U revenue [10% over budget]	A&U expenditure [2% over budget]	NZTA operating expenditure [2% over budget]	Borrowing [as planned]
	[2012-15 NLTP revenue is \$300m lower than the published NLTP]					
	[500m lower than the October 2012 forecast]					
	[year end projection in line with SOI budget]					
Strong service delivery performance	Delivery targets					
	<p>We are making good progress against our 47 annual service delivery and investment targets, but 13 require attention. Our current forecast of year end status is that there is a risk that we will be unable to meet our target for Road Tolling % of transactions completed online, and our Management of the Funding Allocation system operational assurance post implementation review programme (PIR) has yet to start. We will need to complete significant numbers of PIRs to get back on track.</p>					
	[34 service delivery and investment results are on track to achieve targets]			[13 service delivery or investment results need to be watched]		
Strong organisational capability & health	People metrics [FTE numbers and annual leave balances the two areas to watch]			Health and safety		
				[NZTA employees: 14 injuries and 1 near miss]		
				[NZTA contractors worksites: no serious harm incidents]		
				[Rail sector employees: 0 fatalities and 1 serious harm incident] ¹		

- 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
- Significant issues to be resolved to enable achievement of our targets and milestones for 30 June 2014

¹ Members of the public in the rail corridor: 4 fatalities and 2 serious harm incidents.

OPERATING CONTEXT

Sharpened focus on improving efficiencies defines our current operating context

Initiative	Rating	
Revenue		
Local government efficiency		
Health and Safety at Work Reforms		
Intelligent Transport Systems		
Auckland - Unitary Plan		
Christchurch - Greater Investment Certainty		
Hawkes' Bay - Re-organisation		
Wellington - Consolidation		
Negative	Neutral	Positive
■	■	■

Managing revenue and expenditure uncertainty

Revenue to 31 December 2013 is \$60m (4%) ahead of the SOI budget, the end of year projection remains in line with the SOI. Therefore revenue is still tracking close to the March/April 2013 revised forecast, but is down against earlier forecasts. The latest update of the revenue forecast (October 2013) is very close to the March/April 2013 forecast.

We are continuing to manage this forecast shortfall in the short term by balancing under-claiming for maintenance and renewals expenditure, particularly for local roads, against the need to keep the priority work streams of the Roads of National Significance, Auckland initiatives, and Christchurch roading recovery on schedule. Expenditure is running \$58 million under budget. However, this tends to disguise the overall 2012-15 programme shortfall.

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

Local government efficiency

Phase two of the Government's "Better Local Government" legislative programme was introduced in Parliament in November 2013 as the Local Government Act 2002 Amendment Bill (No. 3). The Bill is currently in Select Committee with a report scheduled for May 2014.

Impact: Overall, the proposed reforms to local government should have a positive impact on long-term infrastructure planning and investment by providing greater integration between the Resource Management Act, the Land Transport Management Act and the National Infrastructure Plan. In addition, increased delivery efficiencies should reduce infrastructure maintenance costs.

We are currently exploring the potential impact that these changes might have on the Transport Agency's operating environment and how the infrastructure strategies might align to a 'one-network' approach.

Health and Safety at Work Reforms

In August 2013, the Government announced major reforms of the current workplace health and safety regime. The current Health and Safety in Employment Act 1992 (HSE Act) will be replaced with a new Health and Safety at Work Act based on Australian law. There will be an increased focus on high risk areas, occupational harm and hazardous substances, as well as stronger penalties, enforcement tools and Court powers.

It is expected that the new Act will be introduced early in 2014 with the new law and supporting regulations beginning to come into force in late 2014. The reforms are expected to be fully implemented by December 2016.

Impact: The Transport Agency has health and safety responsibilities as an employer and as a principal to contracts. Our regulatory roles in the commercial road transport sector and the rail sector also impact

on workplace health and safety. While it is still not clear what the implications of changes to the health and safety regime will be for our health and safety obligations in some areas, work is being undertaken with the Ministry of Business, Innovation and Employment to clarify this during the coming year.

Intelligent Transport Systems

In November 2013 the Government released its Intelligent Transport Systems Action Plan 2014-2018. Intelligent transport systems involve the application of information and communication technologies to support and optimise all modes of transport by cost-effectively improving how they function.

The action plan indicates a number of areas in which government is considered to have an essential role. These include: providing leadership, direction setting and coordination; providing a supportive regulatory environment; funding and procuring solutions the market cannot provide; and maximising the information and opportunities provided by intelligent transport systems.

Impact: Intelligent transport systems offer practical opportunities to enable dramatic improvements in: the way we gather and use data on traffic flows and the state of the network; the amount and quality of that data; our ability to communicate with travellers; our ability to respond to operational issues; vehicle and road user safety; and the way we manage our network ownership, operation, and investment.

The Transport Agency is developing an intelligent transport systems framework that maps the expected benefits of intelligent transport systems to our goals, strategic objectives, and priorities to

identify key interventions, roles, and investment opportunities.

Consolidation of and collaboration with local government

Auckland: There are multiple, complex issues relating to the implementation of the Auckland Plan, particularly through the Unitary Plan. Submissions on the notified Unitary Plan close on 28 February 2014. The Transport Agency is working closely with KiwiRail and Auckland Transport to review the notified Unitary Plan from a transport perspective and will provide a detailed submission. There will be significant effort required during 2014 to seek to resolve the outstanding matters of concern, as well as support Auckland Council on many issues. In parallel, the Transport Agency is working with Auckland Council, Auckland Transport and other infrastructure providers on planning for growth and special housing areas which will accelerate growth in areas over and above those changes sought through the Unitary Plan.

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

Northland: The Local Government Commission (LGC) released its draft proposal for reorganisation of Northland on 12 November - for a unitary authority with a second tier of seven community

boards and a Māori Board. A deadline of 21 February 2014 has been set for submissions.

Hawkes Bay: On 26 November, the LGC released its draft proposal for Hawke's Bay - a new unitary authority supported by five community boards and a Māori Board. A deadline of 7 March 2014 has been set for submissions.

Wellington: The LGC has issued a summary of the proposals for reorganisation of local government in Wellington region and held a series of public meetings during October and November. The LGC will continue its consideration of the proposals before issuing and seeking submissions on a draft reorganisation proposal, which is expected in early 2014.

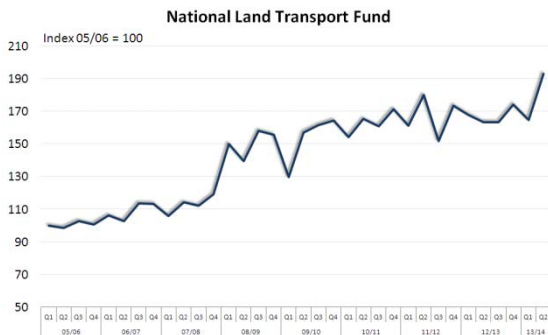
Christchurch: We continue to work closely with other central government agencies and the Canterbury Earthquake Recovery Authority (CERA) on a number of transport initiatives, including the Land Use Recovery Plan, the Central City Recovery Plan, the District Plan review and a number of working groups alongside our partners.

The Land Use Recovery Plan was approved by the Minister on 6 December and provides a permissive urban development regime. The plan provides for development of more greenfield areas which increases the need for strong integrated planning to minimise the investment risk for the Transport Agency.

KEY OPERATING ASSUMPTIONS

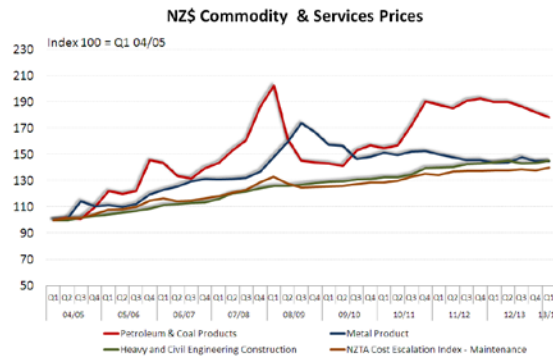
All growth rates in this section are expressed as a year on year %.

Revenues set to increase as economy improves



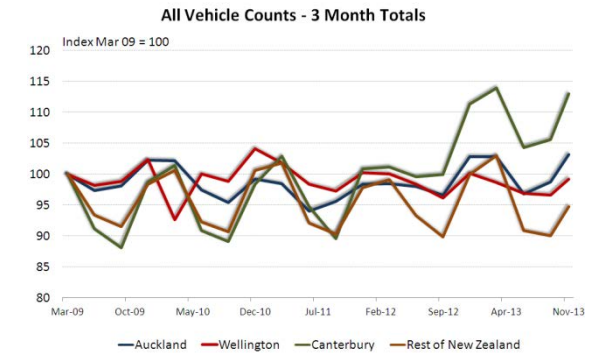
- **NLTF Revenues - Slightly higher than expected.** Despite stronger Q2 performance, year-to-date revenues generated from Fuel Excise Duties and Road User Charges were only 6% and 3% respectively higher than planned.

Domestic cost pressures starting to build, albeit from a low base



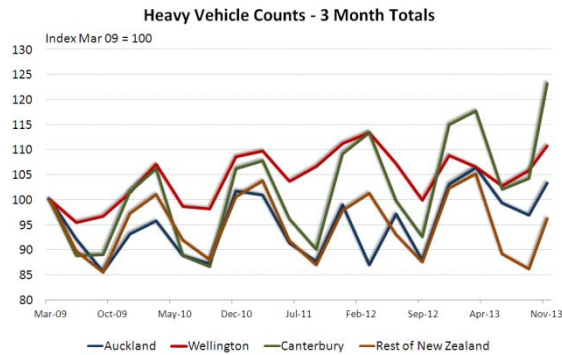
- **Steel Prices - Flat.** NZ\$ metal prices rose by 1% in 2013/14 Q1 while US\$ carbon steel prices remained unchanged.
- **Oil Prices - Benign.** US\$ crude oil prices eased by -1.9% in 2013/14 Q1. NZ\$ retail petrol rose slightly over the period.
- **Construction Prices - Slowly increasing.** Domestic civil construction prices rose by 0.8% in 2013/14 Q1.
- **Cost Escalation Index - Slowly increasing.** The Transport Agency's cost escalation index for maintenance related projects grew by 1.5% during 2013/14 Q1.

Travel demand starting to grow as consumer and business optimism improves



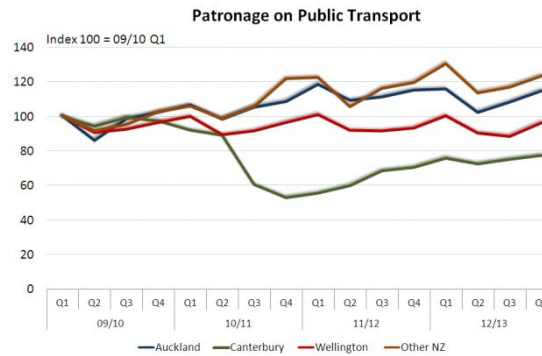
- **New Zealand - Growing.** Total vehicle counts increased by 2.2% in the three months ended November 2013.
- **Auckland - Gathering pace.** Total vehicle counts rose by 2.9% over the same three month period.
- **Wellington - Improving slowly.** Total vehicle counts increased by a marginal 0.5% over the reporting period.
- **Canterbury - Sustained recovery.** The number of counted vehicles jumped by 6.0%.
- **Rest of New Zealand - Volatile.** Total vehicle counts outside of the major centres fell by 3.1%.

Heavy vehicle travel boosted by growing economic momentum and reconstruction efforts



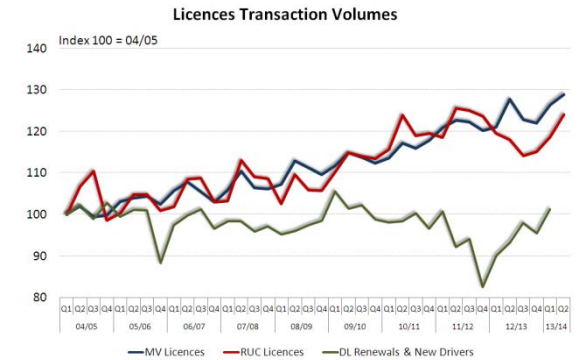
- **New Zealand - Growing.** Heavy vehicles counts rose by 2.9% in the three months ended November 2013.
- **Auckland - Ramping up.** Heavy vehicle counts grew by 4.3% over the same three month period.
- **Wellington - Gradual improvement off low base.** Heavy vehicle counts rose by 2.8% after having fallen for a number of consecutive quarters.
- **Canterbury - Boosted by reconstruction.** Heavy vehicle counts jumped by 7.2% over the period concerned.
- **Rest of New Zealand - Marginally Up.** Heavy vehicle counts increased by just 0.9%.

Public transport patronage patterns reflect mixed picture across regions and modes



- **New Zealand - Recovering.** Public transport patronage rose by 1.2% in 2013/14 Q1.
- **Auckland - Reversing a negative trend.** Public transport patronage grew by 1.4% in 2013/14 Q1 driven by a 6.6% jump in rail boardings.
- **Wellington - Patchy recovery.** Public transport patronage eased by 1.4% during the quarter - mainly due to a 1.9% reduction in bus boardings.
- **Canterbury - Slowing, but impressive growth.** Public transport patronage grew by 9.4% during 2013/14 Q1.
- **Rest of New Zealand - Sluggish.** Public transport patronage rose by 0.1% during the quarter.

Transaction volumes reflect stronger demand for transport



- **RUC Licences - Growing demand.** Volumes grew by 5.1% in 2013/14 Q2.
- **Driver Licences - Continuing growth.** Transactions volumes jumped by 12.4% in 2013/14 Q1.
- **Motor Vehicle Licences - Increasing frequencies.** The number of motor vehicle licence transactions increased by 1.0% in 2013/14 Q2.

EXTERNALLY FOCUSED RISKS

Q2 The key risks that may affect our performance and progress in the future and how we are managing them

	Risk Description Cause of Risk & Consequences of Risk	Likelihood	Impact	Actions and Controls Already in Place to Address Risk	Planned Risk Treatment Actions
1	Road network outage There is a risk of a network outage/delays or significant hazards created due to poor management or accident response, slip or weather event.	Unlikely	Substantial	Professional competency, emergency response procedures and linkage to contracts, risk management.	Network resilience project: significant work underway to test understanding of issues and to ensure the controls are adequate.
2	Large project costing There is a risk that one of a number of large highway projects may overrun the contract price and compromise the overall programme.	Unlikely	Substantial	Business processes, risk management.	Retain focus on value for money to minimise costs.
3	Information security There is an ongoing risk of unauthorised access from cyber-attacks to information used by systems hosted by the Transport Agency or by vendors using external sites.	Possible	Major	Security architect reviews and IS project managed designs for security controls; Regular scans of external facing systems are conducted to ensure known security vulnerabilities are not introduced; Password security has been strengthened to meet GCSB recommendations; Monthly and urgent security patching/fixes are applied to the Transport Agency's systems and firewalls.	Complete the security framework which includes a full set of policies, standards and guidelines and ensure information security is sufficiently designed into solutions and included in vendor contracts; Security programme will advance awareness and education, reducing the likelihood of this risk; Where necessary, project implementation will be delayed until security reviews and privacy impact assessments are completed.
4	Rail safety regulation There is a risk that the Agency's role as the rail safety regulator in securing the safe operation go-live rail transport network is not effective.	Possible	Major	A review of the rail safety function has been initiated to assess current performance and best practice.	Develop and implement an action plan to improve the effectiveness of our rail safety function. Actions will be focused on immediate improvement through the medium and long term of 12-18 months.

Operating risks

	Risk Description Cause of Risk & Consequences of Risk	Likelihood	Impact	Actions and Controls Already in Place to Address Risk	Planned Risk Treatment Actions
5	<p>NLTF revenue and commitments</p> <p>Long term revenue uncertainty is compounded by the growing proportion of revenue that is tied to long term commitments, including debt financing.</p>	Possible	Moderate	Ongoing whole of programme management.	<p>Explore further revenue diversity;</p> <p>Develop NLTF commitments and financial liabilities management strategy for a February 2014 Board discussion.</p>
6	<p>Canterbury rebuild – governance and management</p> <p>The lack of effective governance and management controls, timely decision making and monitoring could significantly affect the ability to maintain rebuild momentum and confidence.</p>	Possible	Moderate	Continue working with the Horizontal Infrastructure Governance Group and key stakeholders to develop and implement effective governance structures, management frameworks including audit and monitoring procedures, and value for money metrics.	<p>Continue to work with the Horizontal Infrastructure Governance Group to establish an affordable programme and monitor the Alliance – rebuild, value for money and performance;</p> <p>Respond to the Office of Auditor General review recommendations.</p> <p>We continue to work with CERA and Treasury to ensure our interests are appropriately provided for.</p>
7	<p>One network road classification</p> <p>We don't realise the full one network road classification outcomes and benefits due to a lack of understanding, buy-in, sector capability, and approved organisations' data systems to support effective investment conversations for the upcoming 2015-18 NLTP programme.</p>	Possible	Moderate	Develop an investment policy approach to respond to the one network road classification.	<p>Develop and align the understanding, capability, resourcing, data implications and practical roll out of the one network road classification system in the development of the 2015-18 NLTP, in partnership with Local Government New Zealand and Road Controlling Authority partners.</p> <p>Align the messaging of the one network road classification, Funding Assistance Rates Review and NLTP 2015-18 development process.</p>

	Risk Description Cause of Risk & Consequences of Risk	Likelihood	Impact	Actions and Controls Already in Place to Address Risk	Planned Risk Treatment Actions
8	<p>Threats to a strong reputation and public profile</p> <p>Limited visibility of the depth and breadth of the Transport Agency's activities and offerings to customers and stakeholders. The risk is exacerbated by inconsistent engagement with local authority partners with whom we deliver transport activities.</p> <p>The realisation of the risk would detract from our ability to influence stakeholders as we integrate one network for customers and shape smart choices.</p>	Possible	Moderate	<p>Key stakeholder relationships and memorandums of understanding;</p> <p>Annual stakeholder survey;</p> <p>Proactive communications and media plan on broader range of activities and investments;</p> <p>New initiative to ensure the Government and the Transport Agency are acknowledged for contributions across transport;</p> <p>Negotiating dual branding with certain partners;</p> <p>Annual General Meetings.</p>	<p>Logo use an expectation of funding for Approved Organisations in the 2015-18 National Land Transport Programme;</p> <p>Co-branding for capital projects and new contracts;</p> <p>Co-branding with agents.</p>
9	<p>New risk: Funding Assistance Rates Review (FAR)</p> <p>There is a risk that the Transport Agency will come under pressure to adjust the FAR review proposals to make the transition longer or maintain a higher FAR for councils.</p>	Possible	Moderate	<p>The <i>Funding assistance rates (FAR) review options discussion document</i> is out for feedback. The closing date for submissions is 3 March 2014;</p> <p>Councils have been asked for feedback on the best way to implement the provisional funding assistance rates (FAR) framework.</p>	<p>Decisions on how to set funding assistance rates (and how to transition in any changes to funding assistance rates) will occur in May 2014;</p> <p>Discussion will be had with individual approved organisations about what their specific rates will be for the 2015-18 investment period. Final decisions on those investment rates will be made by July 2014.</p>

INTERNALLY FOCUSED RISKS

Q2 The key enabler risks that may affect our performance and progress in the future, and how we are managing them

	Risk Description Cause of Risk & Consequences of Risk	Likelihood	Impact	Actions and Controls Already in Place to Address Risk	Planned Risk Treatment Actions
1	<p>Business continuity plans (BCP)</p> <p>There is a risk of an ineffective business continuity and disaster recovery (DR) response due to a lack of integrated planning. This risk is elevated in Palmerston North due to possible delays in restoring the call centre and motor vehicle register operations, and in our 24x7 operations (e.g. traffic operations centres) where we may not meet current business operating needs.</p>	Possible	Major	<p>A refreshed business continuity framework focusing on critical business activities has been developed;</p> <p>The Board receives regular updates on the status of business continuity and disaster recovery.</p>	A review of current business continuity / DR plans is required to ensure alignment with the business impact analysis information gathered through the wider business continuity work. This will be run as an IS project. A business case is due in February 2014.
2	<p>Document management system - fitness for purpose</p> <p>There is a risk that our document management system will not meet the Transport Agency's information strategy requirements. Users will not see the value in using our document management system and will store documents elsewhere and the benefits of purchasing the product will not be realised.</p>	Possible	Major	<p>Subject matter experts and champions at all sites;</p> <p>Dedicated IS resource to support stabilisation</p> <p>Dedicated vendor support to ensure stabilisation.</p>	All of Government options are being considered as well as other options (including piloting a managed shared drive). This will provide the information we need to make a decision about our future content management platform.
3	<p>Privacy breaches</p> <p>There is a risk that people's privacy could be breached through the accidental release of information or through unauthorised illegal access to our systems (internally or externally sourced) which would result in reputational damage.</p>	Possible	Moderate	<p>Information Services (IS) penetration testing has been undertaken and we are confident the risk of unauthorised parties accessing our sensitive data is very low;</p> <p>Automated systems are being developed where possible to reduce the risk of inadvertent release of private information. For example, Intellidox enables the automated merging of data within letter templates. Risk cannot be fully removed and mitigation is in place in terms of ongoing communication to ensure people are aware and self-managing risk, and in terms of clear management process when a breach occurs.</p>	The IS security programme is under continuous improvement and being reviewed by IS in the light of the GCIO recommendations.

OUR 9 KEY RESULT AREAS

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

Key result area	Number of objectives that are on track or achieved	Number of objectives that have minor issues	Number of objectives that have significant issues	Quarter two progress compared to quarter one
1. Putting customers at the heart of our business	3			=
2. Making the most of urban network capacity	2	3		↓
3. Moving more freight on fewer trucks	3	1		=
4. Safe speeds to reduce deaths and serious injuries	3			↑
5. Efficient road maintenance investment and delivery	5	1		↑
6. Integrate one network for customers	8	1		↓
7. Shape smart transport choices	10	4		↓
8. Deliver highway solutions for customers	13			↑
9. Maximise returns for New Zealand	8	2		=

The following pages present progress against our key result areas in detail.

KEY RESULT AREA 1: CUSTOMERS




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

Success indicator	2012 baseline	2013/14 result	2016 target	Result
Average Gallup score for staff who identify their team uses feedback from customers to improve our services	3.68	Gallup result available in Q4	4.05	-

In this quarter:

- we are sharpening customer focus through a range of initiatives
- we are directing customer feedback to relevant staff
- we are making it easier to transact online with the NZTA

Q2: Good progress against our 2013/14 milestones.

Milestones for 2013/14	Q2 progress	Status
<p>Customer capability training rolled out across the NZ Transport Agency</p> <p><i>Key result by 2016</i></p> <p><i>We better understand customer preferences for service provision and are adapting our business models to reflect this</i></p>	<p>Capability initiatives throughout the business continue to be explored, specifically around increasing confidence about how to deal with customer complaints and increasing exposure to the design thinking process.</p>	
<p>Customer insight techniques are being applied in all relevant business improvement projects</p> <p><i>Key result by 2016</i></p> <p><i>Every NZ Transport Agency team identifies and uses customer feedback as a fundamental feature of how they operate</i></p>	<p>A comprehensive programme of internal communications to highlight customer centric successes is underway.</p> <p>The customer complaints and feedback process is continuing, providing the relevant teams with customer insights that they can use to improve the Agency's service offerings.</p>	
<p>Work programme underway to make it easier for customers to transact online</p> <p><i>Key result by 2016</i></p> <p><i>More services are available through digital channels</i></p>	<p>Common services to support easy online transactions (e.g. payment service) have been identified. A roadmap showing which change projects will be used to roll out the common services over the next three years has been developed. For example, the RUC Assessments Project will build the payment and vehicle services, and the Tolling Project will build the customer service.</p>	

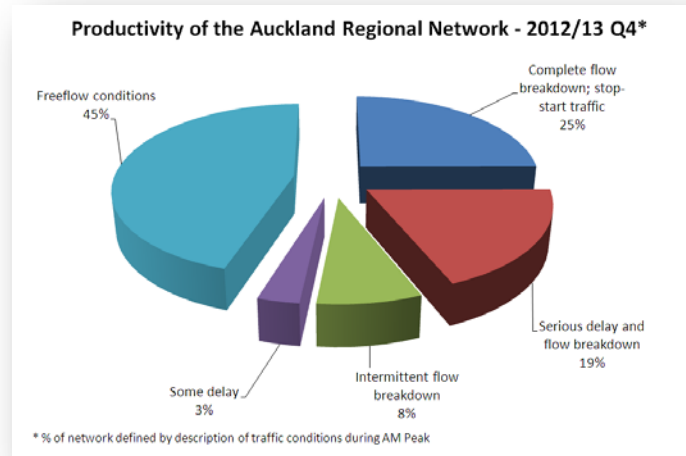
KEY RESULT AREA 2: URBAN NETWORK CAPACITY

Our aim is to make the most of urban network capacity

Success indicator

In this quarter:

- we are using completed network operating plans to improve networks in major centres (page 14)
- Auckland Transport is working its way through the procurement elements of the Public Transport Operating Model approach (page 15)
- we faced some challenges in our relationships with Greater Wellington Regional Council and Environment Canterbury as they do not appear to be taking an appropriately strategic view of their public transport networks (page 15)
- the business case for Christchurch transport interchange and key hub/spokes has been delayed to quarter three (page 15)



This chart shows the proportions of the Auckland Regional Network operating within different productivity levels. This can then be used to identify areas of the network where congestion and flow breakdown have resulted in a drop in the utilisation of the network.

These results are from the first use of Commercial GPS data and will enable ongoing monitoring of network productivity and to understand where projects are making a difference.

These initial results show that, while 45 percent of the network was operating in optimal "freeflow" conditions, parts of the network experienced delays illustrating the need for the ongoing attention focused on our urban networks.





Current result: 63%

2016 target: 68-70%

Q2: Variable progress, with three areas to watch.

Milestones for 2013/14	Q2 progress	Status
Network operating plans completed in Auckland, Wellington and Christchurch, including public transport	<p>Auckland: the current Network Operating Plan primarily covers how the state highway network is operating with the local road system. Auckland Transport is working with partners including ourselves to develop network operating plans for key corridors based around network areas (which informs arterial corridor operations), key public transport routes, main freight network and the walking and cycling strategic network.</p> <p>Wellington: the Wellington network operating plan is complete and is being used to develop a programme of incremental improvements for Wellington network.</p>	●

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

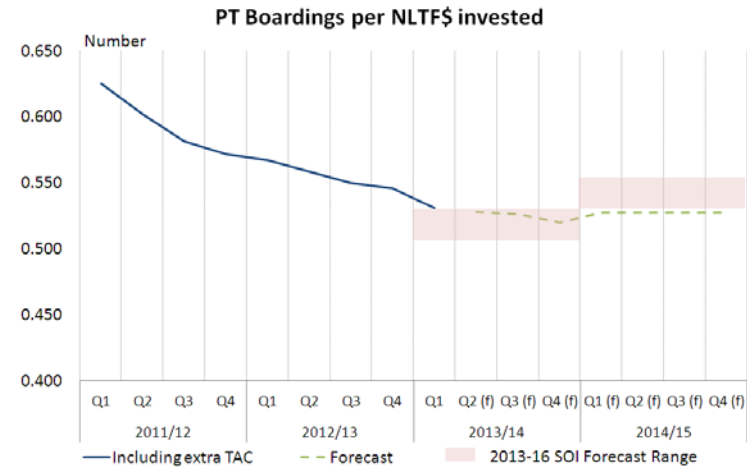
Milestones for 2013/14	Q2 progress	Status
Network operating plans completed in Auckland, Wellington and Christchurch, including public transport (continued)	Southern: the Christchurch network operating plan is complete. This is being used for development of the first corridor optimisation study and two further studies are commencing based upon findings.	
Christchurch Transport Operating Centre (CTOC) is fully operational	The CTOC Journey Planner was delivered to schedule on 25 November.	
Wellington Transport Operating Centre is operational between Wellington City Council and NZTA, with all councils committed to join	<p>We continue to work on getting alignment on how our Auckland, Wellington and Christchurch transport operations centres are operating and sharing best practice, while in Wellington we have made progress on the establishment of a governance board with the first meeting held in December. We are targeting to have a joint centre operational before the end of the financial year.</p> <p>The Joint Transport Operating Centre operating model is in development and is being challenged by business model uncertainty and overall resourcing. We now have a draft that is being finalised for review.</p>	
Through the implementation of the public transport operating model, public transport activities in Auckland, Wellington and Christchurch are being refocused so that they are making a measurable contribution to improved network capacity utilisation	<p>Auckland Transport is developing the procurement elements of the Public Transport Operating Model and is intending to discuss details of the proposed approach with public transport operators during quarter three. The Auckland Transport Board agreed its general procurement approach at its meeting of 9 December.</p> <p>Greater Wellington Regional Council and Environment Canterbury are developing a strategic view of their public transport networks ahead of developing regional public transport plans and procurement strategies. We are working closely with these regional councils.</p>	
Develop business case for Christchurch transport interchange and key hubs/spokes <i>(Note: shared result with CERA, ECAN and CCC)</i>	Business case completion has been delayed due to an inability to get agreement and alignment with ECAN, CERA and CCC regarding the proposed approach. The business case is now scheduled for delivery in quarter three.	

Quarterly summary of public transport outcomes:

The chart shows the number of boardings achieved for each NLTF \$ invested. It is estimated using a four quarter moving average for both patronage and expenditure, where the latest quarterly forecast of both is added to the previous three quarters' actual returns.

The slightly steeper decline shown for 2013/14 Q1 reflects higher levels of investment and sluggish patronage growth over the past year.

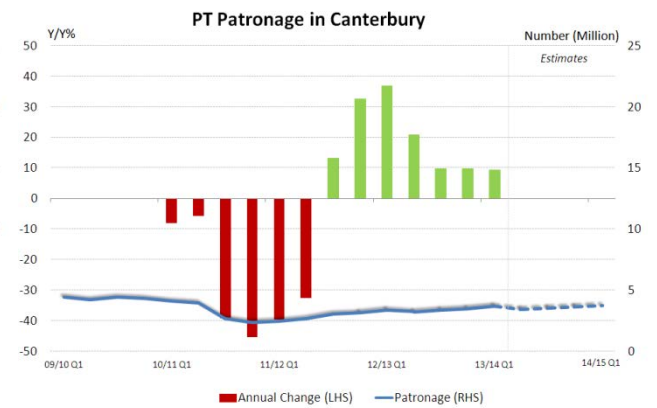
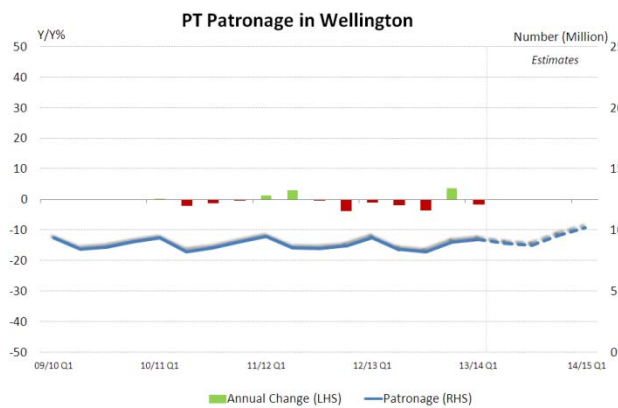
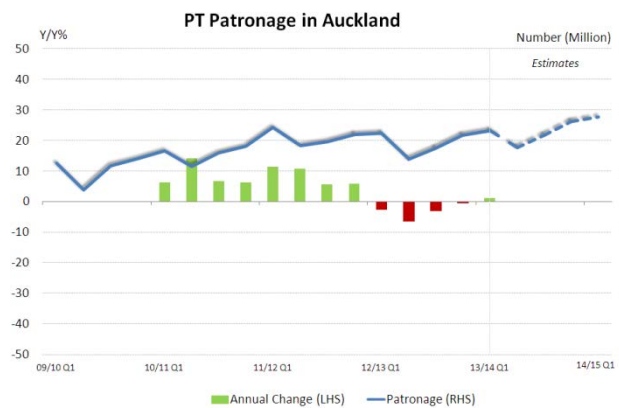
However, with patronage numbers showing some improvement recently, fare revenues are expected to grow, effectively slowing the rate of decline in boardings per NLTF\$ invested with a further flattening off forecast in 2014/15.



Public transport patronage trends (with annual percentage change) for the three largest regions (Auckland, Wellington and Canterbury)

Public transport outcome measures shown in the following charts are provided up to the December 2013 quarter. The data was obtained from the Transport Agency's Transport Investment Online database. Key points include:

- Public transport patronage in Auckland is returning to positive growth after the downturn in patronage seen in the second and third quarters of 2012/13. It is too early to say if this upswing is a return to the sustained growth in patronage seen over the last few years following significant levels of investment in service delivery improvements. Further service level improvements such as a fully integrated fare system, new electric trains and a major bus route reconfiguration have yet to come to pass, and these improvements should positively impact patronage levels once fully established.
- Public transport patronage in Wellington remains relatively flat. The introduction of the Matangi train fleet and substantial track upgrades has led to major improvement in journey reliability and punctuality, therefore train patronage is probably now relatively stable.
- The patronage trend in Canterbury continues to be positive, at around ten percent year-on-year. Total patronage for the 2012/13 year is still twenty percent below 2009/10, the year before the major earthquake events that seriously disrupted life for many Christchurch residents.



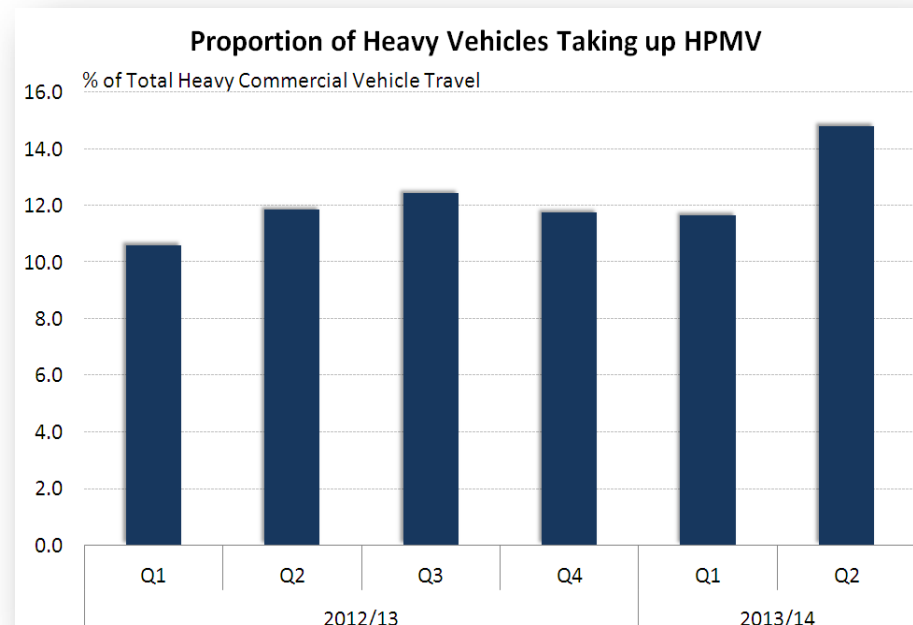
KEY RESULT AREA 3: MORE FREIGHT ON FEWER TRUCKS

Our aim is to move more freight on fewer trucks

In this quarter:

- Strategic HPMV freight network development on track (page 19)
- 22 local councils have approved 50MAX HPMV access, allowing the Transport Agency to process their 50MAX permits (page 19)
- 50MAX permits are currently being turned around in 1-2 days (page 19)
- Processing times for granting HPMV permits are being streamlined (page 20)
- More work needed on progressing the Weigh Right Action Plan (page 20)
- More work needed on handling complaints (page 20)

Success indicator



Current result: 14.8%

2016 target: 30%

Cost savings in the movement of freight transport through the greater use of high productivity motor vehicles (HPMV) in 2013/14 Q2 are estimated to be **\$16 million**, when compared against the 2012 baseline. Most of these savings took place in latest quarter, with the increase in uptake by freight transport operators.



HPMVs are 14-20% more efficient in delivering the same amount to freight than standard heavy trucks. As such, estimated cost savings are calculated by multiplying the number of truck kilometres that were avoided as a result of the greater use of HPMVs with a unit cost saving of \$3.06 per avoided kilometre. Unit cost savings were estimated in a Monitoring and Evaluation Review in 2011.

Q2: Variable progress, with one area to watch.

Milestones for 2013/14	Q2 progress	Status
Deliver access to 1500 kilometres on the strategic HPMV freight network	<p>We remain on track to meet our target of making 1,500km of state highway network available for high productivity motor vehicles (HPMV) this financial year.</p> <p>The upper North Island has been the focus of this work, due to higher freight volumes and more detailed bridge information being available for that part of the country.</p>	●
50MAX HPMV network available on 50% of road network	<p>QUARTERLY HIGHLIGHT:</p> <p>We are exceeding our quarter two target of having local councils opening their local road networks to 50MAX. Over 80% of local councils are now providing bridge/route data for their areas and 22 have allowed 50MAX access by way of MOUs that allow the Transport Agency to process their 50MAX permits. Permits are currently being turned around in 1-2 days.</p>	●



Key result area 3 | Moving more freight on fewer trucks

Milestones for 2013/14	Q2 progress	Status
<p>All HPMV permits for state highways are approved within five working days</p>	<p>There has been improvement, with current average turnaround time now 16 working days. Our focus has been on implementing the 50MAX roll-out and therefore we have delivered the same level of service for other HPMV permitting as we did last year. A National Permit Manager role is being established to focus on performance monitoring for permitting, developing a permitting improvement programme and being an escalation point for permitting issues.</p> <p>Lead time as at mid-December</p> <ul style="list-style-type: none"> Over-length HPMV - ten days, down from five weeks as at 30 September 2013. 50MAX HPMV - < 2 business days HPMV over-mass route permitting - stabilised at less than four weeks over the last two months <p>Daily demand rates for quarter:</p> <ul style="list-style-type: none"> Over-length = 6.5 per day - based on applications issued per day 50MAX = 7.8 per day - based on applications received per day that have correct information (more are received but are returned for correction prior to processing) HPMV over-mass = 11 per day. Demand has stopped growing and may have started to shrink since the introduction of 50MAX, although still significantly higher than the same time last year <p>Problems still exist with HPMV over-mass route permitting. National permitting is still being developed. Process work has commenced this quarter to streamline processing now 50MAX has been implemented with the initial focus to develop simpler processes for approving full HPMV permits for the investment routes when they start coming on stream from June 2014.</p>	
<p>Weigh Right Action Plan completed and agreed with key parties involved.</p> <p><i>(Note: this is a shared desired result with NZ Police)</i></p>	<p>A draft Strategic Business Case has been completed and was signed-off by the Freight Steering Committee on 17 January 2014. The business case will be completed in quarter three to be actioned in quarter four.</p> <p>The next steps involve working with CVIU to develop a Programme Business Case, which will identify options to advance the Weigh Right concept. Options likely to be considered could include a combination of monitoring, technology options, operator incentives, and enforcement activities.</p>	

Feature

Northland bridges ready for more freight on fewer trucks



This once ordinary truck can now operate as an HPMV

The first of a number of bridges in the upper North Island identified by the Transport Agency for improvement as part of a nationwide \$45 million investment programme to accommodate heavier loads have been upgraded on State Highway 1 near Whangarei.

The Otaika Stream Bridge No. 85 and the Kauri railway over-bridge have been improved so heavier loads can be carried by high productivity motor vehicles (HPMV). This includes trucks taking limestone from the Wilsonville quarry, north of Whangarei, to the Portland Cement works, south of the city.

These improvements are part of a national programme, being delivered through the National Land Transport Programme, to provide a strategic nationwide network of HPMV routes on the country's busiest freight routes.

Because HPMVs carry more freight per trip, they reduce the number of trips needed to improve productivity and cope with increasing freight volumes.

In the case of the Otaika Stream Bridge and the Kauri railway over bridge, 56 trucks currently cross the bridges to and from the quarry each day, six days a week. Opening up HPMV access over these bridges is expected to save 14 trips per day to the quarry. Other businesses will also be able to make use of the bridge to run HPMVs as the network available for HPMV access grows.

This will maximise load capacity on a key Northland route, which will lead to direct efficiency gains for industry as well as economic benefits for the local community.

The reduction in travel offers significant commercial advantages - including lower vehicle operating costs for the amount of freight moved, reduced driver hours and fuel - as well as safety benefits from the reduced crash risk that fewer truck trips provide.

With these routes opening up and offering the potential for productivity gains, industry is also being incentivised to invest in newer, safer truck combinations to operate on New Zealand's roads. This seems to be the case with Q2 showing an increase in the number of new trucks and trailers being registered. Many of these trucks are designed and built or capable of operating as HPMVs. These newer trucks and trailers tend to be quieter and cleaner than the vehicles they replace, while the fuel savings mean reduced carbon emissions for each tonne of freight moved.

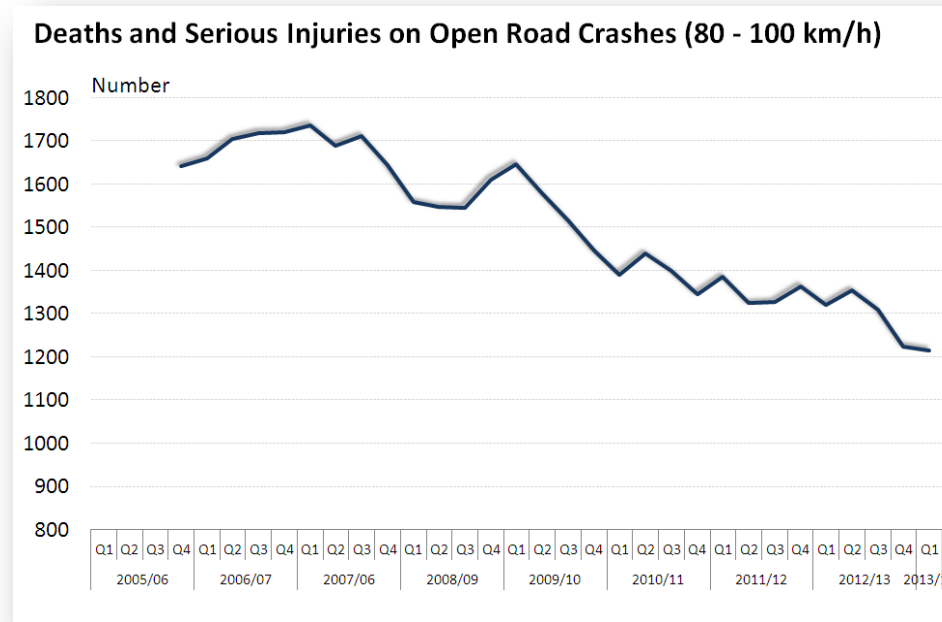
KEY RESULT AREA 4: SAFER SPEEDS

Our aim is that safe speeds reduce deaths and serious injuries

In this quarter:

- Progress made on linking speed to road function and design (page 23)
- Initiatives to increase broader understanding and support for safe speeds are progressing well (page 23)

Success indicator






Current result: 1,215

2016 target: 1,100

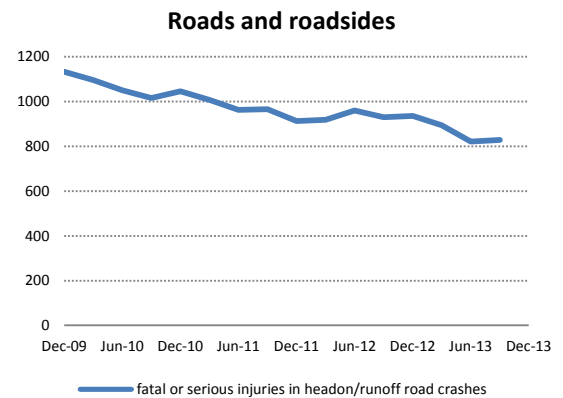
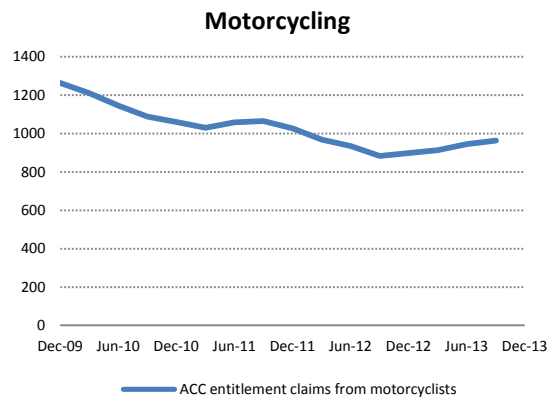
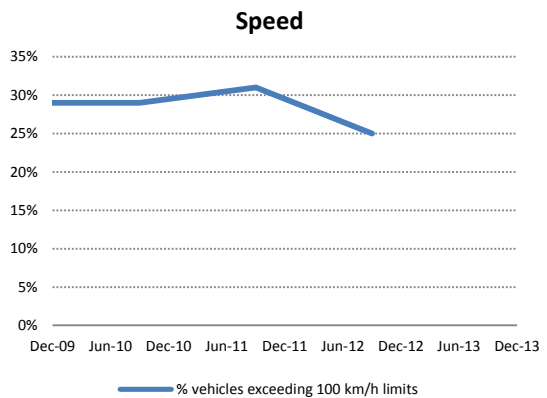
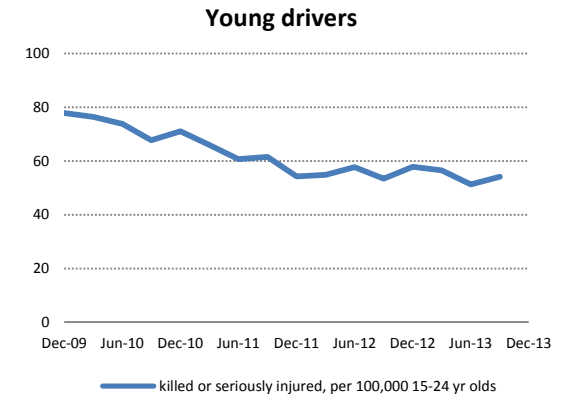
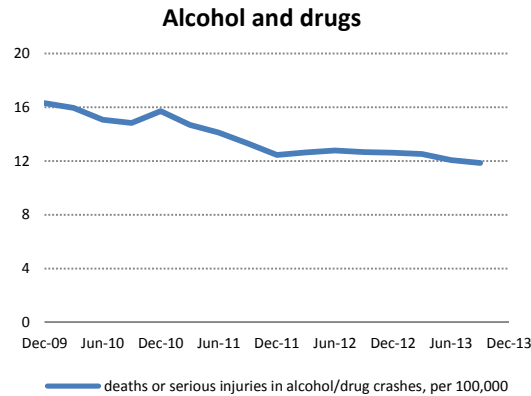
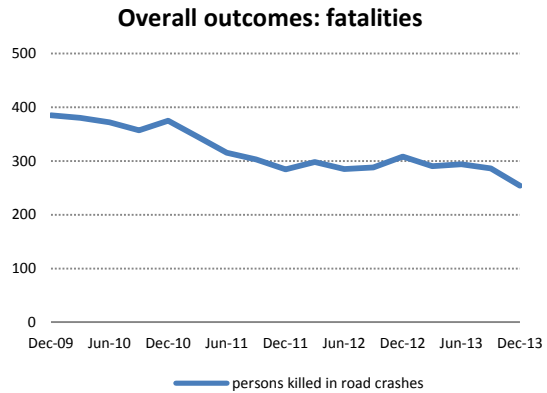
The value add from reducing deaths and serious injuries on open (80-100km/h) roads is estimated by comparing the short-term trend (starting in 2007) in deaths and serious injuries with its long-term equivalent (starting 1998) and multiplying the difference by \$1.2m (which is the social cost of each a death and serious injury).

Q2: Good progress.

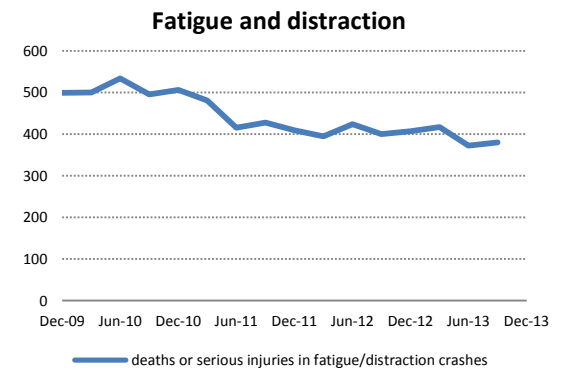
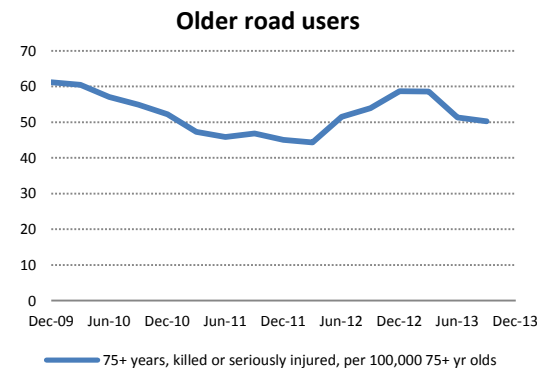
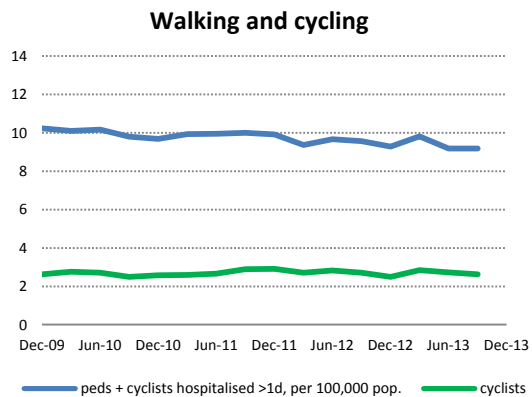
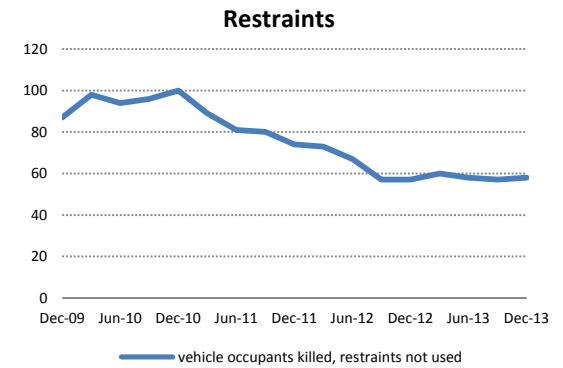
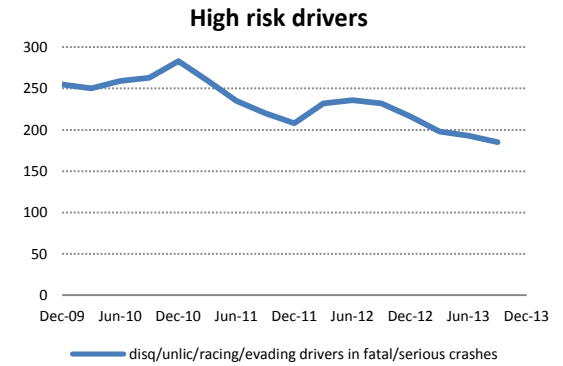
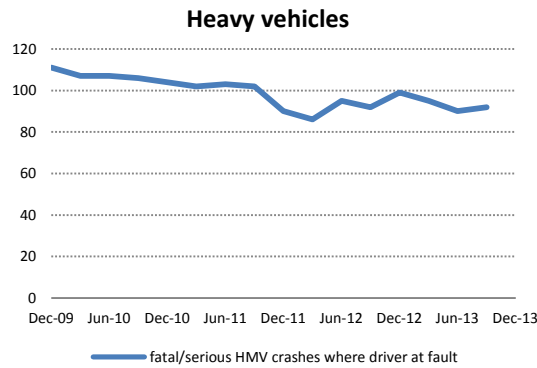
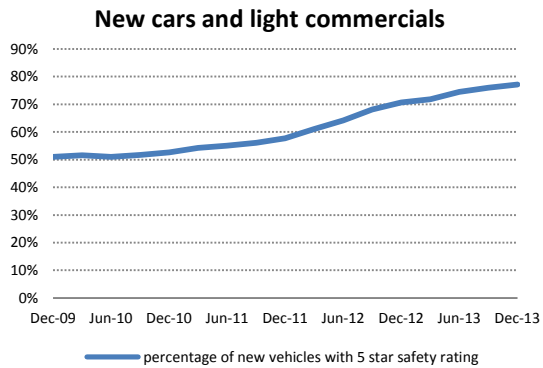
Milestones for 2013/14	Q2 progress	Status
Develop with road safety partners, a new national direction and guidance on speeds that are right for the road, the vehicle and the environment	A draft statement of leading practice, developed with input from local body officials, that links “optimal speed” (being speed that improves safety and maintains economic productivity) to road function, design and use, using the One Network Road Classification, was developed and presented to the National Road Safety Committee in November. Three international literature reviews identify where New Zealand is in relation to international leading practice in setting speed limits, enforcement, and optimal speeds.	
Develop a comprehensive, long-term communication and engagement programme to increase partner, stakeholder and public understanding of, and support for, safe speeds. This will have a strong education focus	We have developed an agreed approach to start changing the conversation, which now requires testing. Public engagement and communications planning has commenced, and a brief for a public relations campaign is under development.	
Develop a speed risk management guide to inform speed interventions across all parts of the road safety system and link application of the guide to investment	We have commenced developing the Terms of Reference for the guide, although much of the guide will be contingent on the national direction, which is still under development.	

Q2: Quarterly summary of Safer Journeys outcomes: High priority areas of concern

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



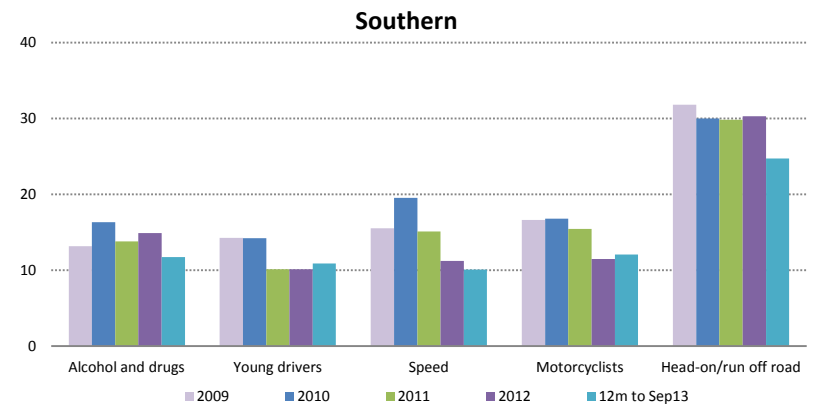
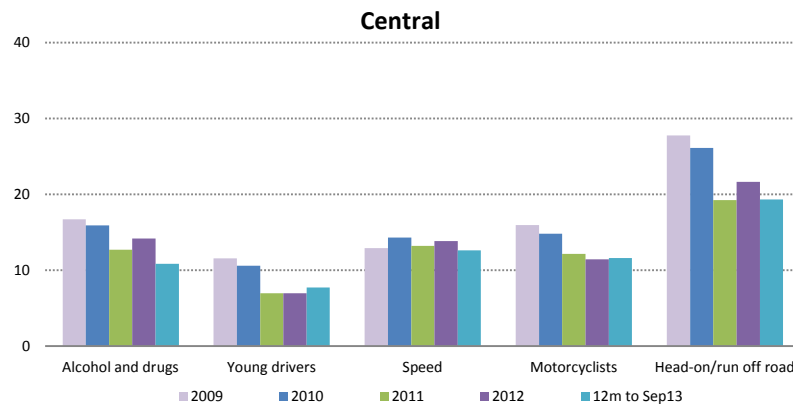
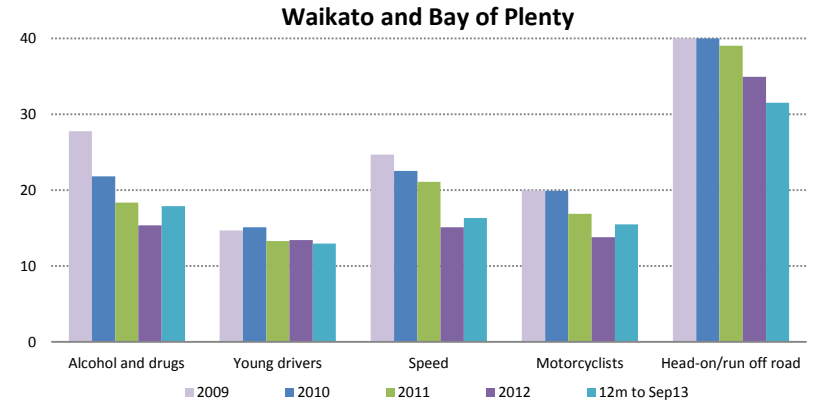
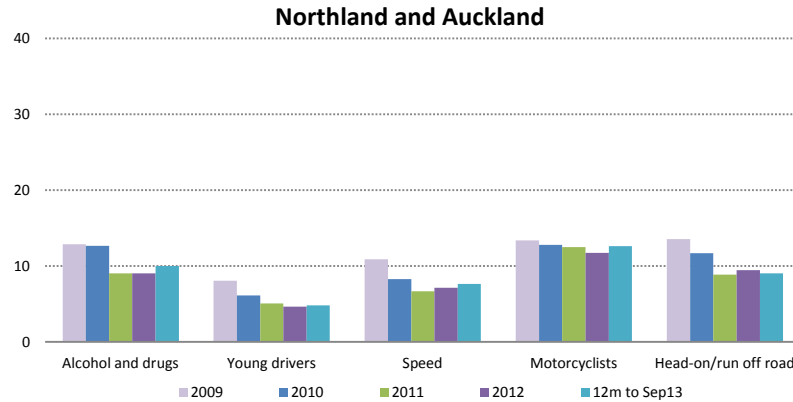
Q2: Quarterly summary of Safer Journeys outcomes: Medium and low priority areas of concern



Road safety outcomes by NZ Transport Agency region

The following charts and tables show trends over the past 5 years in the four NZ Transport Agency regions for the high priority road safety concerns in *Safer Journeys*. The final bar in each set shows the value for the 12 months to the end of the latest available quarter, to allow full-year comparisons with the preceding annual values.

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



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

Feature

A Safer Summer



This quarter we supported the development and delivery of the NZ Police led *Safer Summer* campaign to reduce deaths and serious injuries over the December/January period.

As part of our sector leadership role on safe speeds we provided the evidence base behind the trial to reduce the speed tolerance for two months. Throughout the campaign we've been supporting the Police in the media, and in January we launched 'Mistakes', the new advertising campaign designed to change conversations on speed and support Police's zero tolerance approach to low level speeding. ACC provided funding for *Safer Summer* and the MoT is leading the sector work with us. It's a truly collaborative effort driven by the current *Safer Journeys* Action Plan and our Statement of Intent safe speeds priority, and its delivering results.

Safer Summer kicked off on 1 December 2013 and that month had the lowest December road toll since monthly records began in 1965. January looks equally encouraging. For the first time New Zealand has lost fewer than 30 people on the roads in December. While the loss of 23 people is nothing to celebrate, the reduction is encouraging and, when considered alongside the 2013 record low road toll of 254 people, reinforces that NZ is on the right path. By focusing on speed in the way *Safer Summer* does we're really getting serious about taking a safe system approach. Overseas experience confirms that tackling speed is essential to creating a safe system. Speed is what hurts people, regardless of what causes a crash. We're doing so much else in other parts of the system to make it safer that this focus on speed is overdue.

Anecdotally, public acceptance of the lowered speed tolerance is high, with Police reporting most people stopped for exceeding the limit are apologetic. The expected increase in infringement notices issued by Police has occurred, and Police expect this spike to pass once people adjust their behaviour. Media coverage and social media commentary shows an increasing understanding about why speed matters.

Whether we're at a tipping point of public support for safe speeds remains to be seen, but *Safer Summer* has helped put the issue on the public agenda. Going forward, there are important decisions ahead, such as what becomes of the tolerance long term, and how we go about a public awareness campaign to support the introduction of the long awaited new fixed speed cameras in 2014.

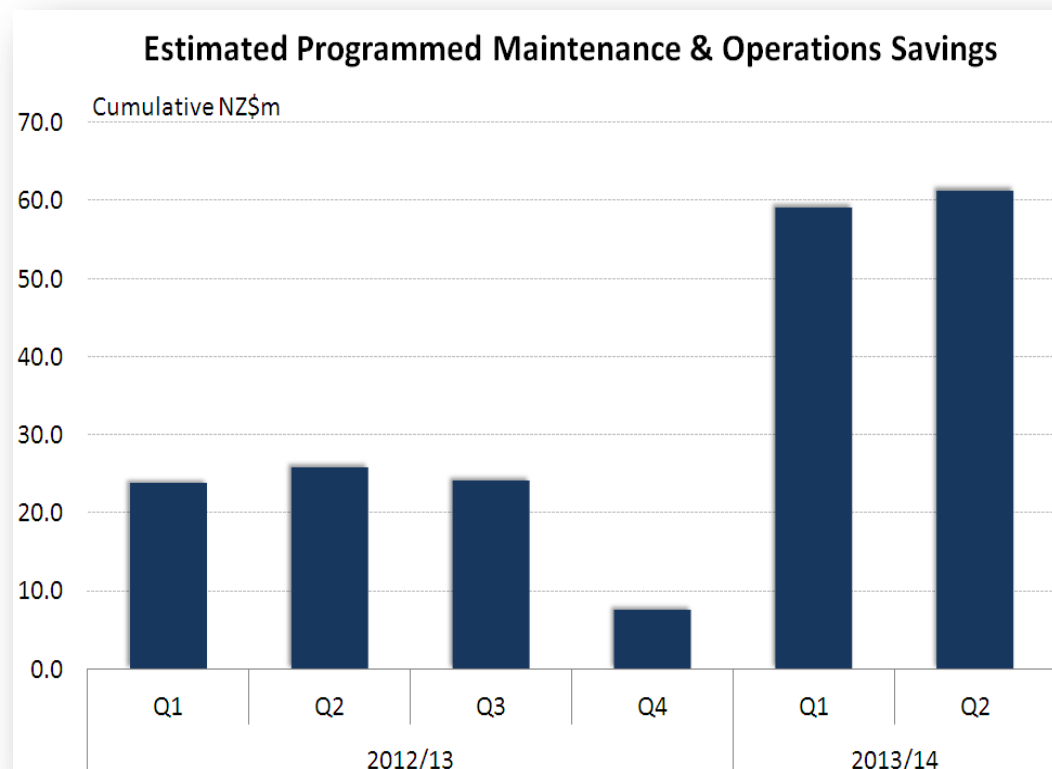
KEY RESULT AREA 5: EFFICIENT ROAD MAINTENANCE

Our aim is efficient road maintenance investment and delivery

In this quarter:

- Early planning and investment signals to inform development of activity management plans (page 29)
- Increasing emphasis on developing robust Approved Organisation asset management plans (page 29)
- SHAMP and related business cases progressing well (page 29)
- REG work progressing well (page 29)

Success indicator









Current result: \$61 million

2016 target: \$210 million

Estimated programmed savings on maintenance and operations of local roads and state highways suggests that we are on track to achieve targeted savings by 2016. Savings of \$61m are estimated to have been achieved for the period starting July 2012 and ending December 2013.

For the 2-year period ending June 2014, programmed savings in maintenance and operations activity of about \$97m are expected.

Q2: Variable progress, with one area to watch.

Milestones for 2013/14	Q2 progress	Status
<p>Develop a One Network Classification tool and determine associated levels of service</p> <p>Align the understanding of the One Network Classification System with RCA partners and its use in investment decisions</p> <p>Alignment on the Investment process</p>	<p>Early planning and investment signals developed and circulated that incorporate the one network road classification, customer levels of service and performance measures. The signals also set out our expectations on how these aspects are to be taken into account in the development of activity management plans that will form the basis of renewal, maintenance and operations programmes for 2015-18.</p>	
<p>Conversations with and between all RCAs and Business cases for the 4 - 5 early adopters</p>	<p>Discussions continue to progress across the country. We have clarified where the most value will come from and we believe the key value comes from focusing on operations and asset management initiatives.</p>	
<p>Differences in Asset Management Plans (AMPs) identified and remedial measures explored</p>	<p>Apart from those Approved Organisations (AOs) involved in the Roding Efficiency Group (REG) project, the majority of AOs are only just coming to terms with the requirement for asset management plans to support the next three-year bids for investment funding. We are exploring with Local Government NZ arrangements to assist it to develop a centre of excellence to support its members to develop robust asset management plans.</p> <p>Some guidance material on what is expected to be included in the strategy and programme business cases for asset management plans was set out in the early planning and investment signals. Further guidance material and advice around regional collaboration to share good practice, assessment frameworks and content under development will be progressively released.</p>	
<p>Asset management planning and procurement policy and guidance is aligned to promote value for money</p>	<p>Early investment signals have been provided for the highways and network operations functions.</p> <p>Good progress with the State Highway Asset Management Plan (SHAMP) business case and sub-programme business cases with most strategic cases supported and progress being made on the remainder. Work is underway on the development of programme cases.</p>	
<p>Streamlined procurement practices</p>	<p>With roll out of the network outcomes contract for South Canterbury, we are now in a position to monitor performance. In the first instance this will be achieved through the use of spreadsheets as we develop a new tool.</p>	
<p>The long term programme of investment is clarified</p>	<p>REG work progressing, albeit against an ambitious timeline, with network classification adopted after sector engagement, as well as draft customer levels of service. Work progressing on performance measures with these to be progressively 'socialised' with the bulk expected to be developed by June 2014.</p>	

KEY RESULT AREA 6: INTEGRATE ONE NETWORK

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

In this quarter:




- we are working collaboratively to clarify the impact of the Auckland Unitary Plan on key infrastructure (page 30)
- we are working with others to support planning for greenfield developments and special housing areas in Auckland (page 30)
- Christchurch Land Use Recovery Plan approved by the Minister for Canterbury Earthquake Recovery (page 30)
- increasing focus on establishing a regional master plan for the Auckland region (page 31)
- integrated ticketing initiatives in both Auckland and Wellington are progressing well (page 31)
- National Freight Action Plan agreed with representatives from across the freight sector (page 32)
- we are working with KiwiRail to develop 30-year view of the rail network within the context of the freight transport system as a whole (page 32)

Q2: Good overall progress, with one area to watch



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

Milestones for 2013/14	Q2 progress	Status
<p>Complete work with the Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Transport (MoT) on national and regional futures and scenarios and their land transport demand implications</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>We have completed our input to the Ministry of Business, Innovation and Employment's 2013 "Regional Economic Activity Report". The Ministry of Business, Innovation and Employment is working with the Transport Agency on the 2014 update document which is scheduled for completion in quarter three.</p>	●
<p>Auckland Council (AC) and Auckland Transport (AT) ensure that cost effective provision of infrastructure is recognised and facilitated by the Auckland Unitary Plan</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>We are drawing from Transport Agency expertise nationally and regionally to best understand the consequences of the Unitary Plan operationally and strategically. As part of this, we are (with our partners) clarifying further the draft Unitary Plan policy and strategy intent. From this we are further clarifying collaboratively with Auckland Transport and Auckland Council the impact on key infrastructure. Position to date is closely aligned with MoE.</p>	●
<p>The NZ Transport Agency works effectively with Auckland Council (AC) and Auckland Transport (AT) on the planning of infrastructure for brownfield and greenfield development and special housing areas identified through the Auckland Housing Accord</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>We are continuing to work with Auckland Council and other infrastructure providers to support planning for greenfield and special housing areas.</p> <p>The Special Housing Areas (SHAs) programme has been agreed. A second tranche of SHAs has been jointly announced by the Government and Auckland Council in late December.</p>	●
<p>The NZ Transport Agency will work with CERA, ECAN and Christchurch City Council to ensure that cost effective provision of infrastructure is recognised and facilitated by the Christchurch Land Use Recovery Plan</p> <p><i>(Note: this is a shared result)</i></p>	<p>QUARTERLY HIGHLIGHT:</p> <p>The final Land Use Recovery Plan was approved by the Minister for Canterbury Earthquake Recovery in December and includes appropriate direction and controls to optimise the provision of a co-ordinated, sequenced integrated programme of infrastructure in parallel with managing the release of new developments and incentivising brownfields redevelopment.</p>	COMPLETE!

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

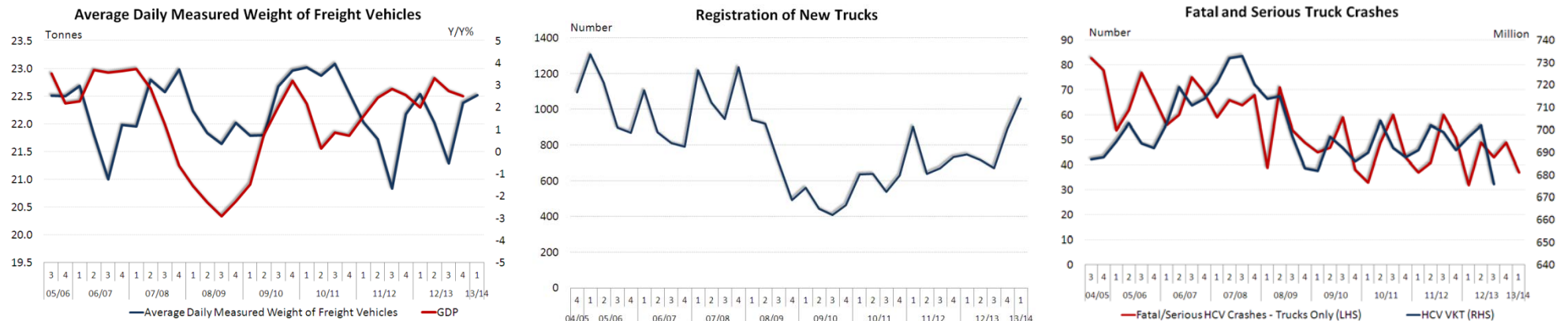
Milestones for 2013/14	Q2 progress	Status
Refer to Key Result Area 2: Making the most of urban network capacity on pages 14 and 15.		
<p>Initiate investment conversations with Auckland Transport (AT) for the 2015-18 NLTP, and specifically for 'one network' transport planning and the programme priorities around the multi-modal east-west corridor, the south-west multi-modal airport rapid transit and the Auckland-Manukau Eastern Transport Initiative (AMETI)</p>	<p>A regional master transport planning forum has been established with a view to establishing a regional master transport plan for the 2015-18 NLTP. Phase 1 of the Auckland-Manukau Eastern Transport Initiative (AMETI) is underway with an expected completion date of mid-2014. There is ongoing collaboration on how this work will contribute to the improvement of East-West Connections.</p>	
<p>A national road classification is successfully completed</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>Completed in December 2013.</p> <p>Refer to Key Result Area 5 on page 29 re implementation.</p>	
<p>Integrated ticketing procurement process commences in Wellington, and successful implementation of the Auckland Integrated Fare System</p> <p><i>(Note: these are a shared milestones with local government)</i></p>	<p>The Auckland integrated ticketing system development for buses is on track for completion in quarter three.</p> <p>Greater Wellington Regional Council continues to develop their regional ticketing business case.</p>	

Objective 3: Improve freight supply chain efficiency

Milestones for 2013/14	Q2 progress	Status
Refer to Key Result Area 3: Moving more freight on fewer trucks on pages 18-20.		
<p>Upper North Island freight plan accord is agreed with representatives from across freight sector</p> <p>South Island and Central New Zealand freight stories completed</p> <p>National Freight Action Plan agreed with representatives from across the freight sector</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>We are behind our planned milestones but should be able to make up time before the end of June.</p> <p>The draft Upper North Island Freight Plan will be completed by the end of February and will be shared with stakeholders for sign off by the sector in quarter four.</p> <p>The South Island regional team is engaging with the South Island Alliance on developing an action plan on the back of findings from the series of stakeholder engagements that have taken place over the last year.</p> <p>We are currently working through next steps for Central.</p> <p>A summary of all constraints and short and longer term investment options has been prepared for New Zealand. Each region now has to work on tailoring these for their respective areas.</p>	
<p>Long-term strategic freight network planning proposal developed for KiwiRail/NZ Transport Agency</p>	<p>We are developing an approach to long-term network planning for the national rail network. A meeting will take place with KiwiRail's leadership team in February 2014 to discuss and develop the concept further. The national rail network plan will take a 30 year view of the rail network within the wider context of the freight transport systems as a whole, including potential trade-offs or synergies with the road network.</p>	

Q2: Quarterly summary of freight outcomes:

- The increase in the proportion of heavy vehicles taking up HPMV recorded for the quarter ended December 2013 reflects a large increase in the over-mass HPMV permits approved during the last year. Since February 2013 over 2,400 over-mass HPMV permits have been approved and it appears the freight transport industry are making significant use of them.
- This increase in activity is most likely due to the priority's work programme which has been providing operators with improving operating conditions. This includes an improved compliance regime following the Memorandum of Understanding with the Commercial Vehicle Investigation Unit of the NZ Police, which came into effect in January 2014. The memorandum provides operators with more clarity and fairness around their permit conditions, specifically the implications of minor permit breaches. Previously operators did not use their HPMV permits because of significant fines given for minor permit breaches.
- There has also been a progressive increase in HPMV route availability, particularly in the upper North Island. This is mainly due to bridges being deemed suitable for HPMV use after a thorough engineering assessment and upgrade works have begun.
- The average time to process permit applications for over-mass HPMV (including the time spent by local councils on the permit) has gone from five weeks in Q1 down to 16 working days. While this is notable progress, industry expects a much improved turnaround time.
- In November issuing of 50MAX permits began for state highways and a trial area in the Western Bay of Plenty. There are now 22 local councils signed up to the delegated 50MAX approval process. As a result just over 300 permits for 50MAX HPMVs have been issued and industry is using them, with 2.18 million kilometres of travel undertaken by these combinations in Q2 alone. As more networks are opened up, the number of 50MAX trips should increase progressively with a resulting relative decline in the number of vehicle kilometres travelled by standard trucks.



KEY RESULT AREA 7: SHAPE SMART TRANSPORT CHOICES




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

In this quarter:





- Safety projects endorsed for the Eastern Bay of Plenty with the signature project already progressed to the scoping and definition stage
- Safe System in Practice courses well received by people from across the sector
- Stage 1 revisions to the economic evaluation manual are now complete and available online
- interventions to support safe and efficient travel are being progressed across a broad front
- A raft of vehicle licence reforms have been implemented

Q2: Variable progress, with four areas to watch





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

Milestones for 2013/14	Q2 progress	Status
Refer to Key Result Area 4: Safe speeds to reduce deaths and serious injuries on page 22.		
National signature projects are launched and a minimum of four projects are underway <i>(Note: this is a shared milestone with ACC, NZ Police and local government)</i>	The National Road Safety Committee has endorsed the Eastern Bay of Plenty signature project and has agreed to a pipeline of additional projects, including overseas drivers. The scoping and problem definition stage for Eastern Bay of Plenty is nearing completion and the project team will move into the project design phase in the new year.	
Relevant NZ Transport Agency staff and leaders trained in the Safe System approach	During quarters one and two six Safe System in Practice courses were delivered to 343 people from across the sector. 310 attendees (90%) completed evaluation forms. The average learning outcome score was 4.25 out of 5 across the eight learning outcomes. Transport Agency staff comprised approximately 35% (120) of attendees.	
Key NZ Transport Agency manuals, processes and decision making frameworks reviewed and changed to deliver a safe road system	Revisions to the Investment and Revenue Strategy have been prepared to incorporate predictions of risk rather than solely crash history. Completion expected mid February 2014. Stage 1 of the Economic Evaluation Manual (EEM) has been completed with a revised manual released through our website and training provided for both internal and external users; including council staff and consultants. The manual supports an integrated multimodal approach that must reflect current policy settings, including the safe system approach.	




Key result area 7 | Shape smart transport choices

Milestones for 2013/14	Q2 progress	Status
<p>The remaining actions from the 2011/12 Safer Journeys Action Plan are completed <i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police, local government and ACC):</i></p>		
<p>1. Implement revised Road Safety Action Planning approach</p>	<p>Development of a new regional road safety model is progressing in Auckland.</p>	
<p>2. Complete Coromandel demonstration project and ready Maramarua demonstration project for construction</p>	<p>Investigation phase completed for Safer Rides Southern Coromandel project (project has been re-branded). Funding has been received for construction. Project remains on track for completion this financial year.</p> <p>Maramarua Demonstration project is running a quarter behind schedule. The two highest crash rate sections are in the investigation phase. The first section is targeted to be complete by June 2014 and the second section by September 2014. These sections of the corridor are where the safe system approach is focused and will be reported on in response to the safer journeys action plan.</p>	
<p>3. Complete and promulgate High Risk Intersection Guide</p>	<p>We have completed two, instead of three, training sessions. A programme is in place to complete six sessions by the end of quarter three to bring this back on track.</p>	
<p>4. Complete motorcycle licence changes, introduce maximum time licence limits and Child restraint age extension</p>	<p>Child Restraint</p> <p>The child restraint law change publicity campaign was completed – it involved radio and facebook advertising, with a key component being Google Search, which continued through until the end of December.</p> <p>Motorcycle Licence Changes</p> <p>In December 2013 a phased national rollout to the new service providers commenced in the Auckland / Northland regions.</p> <p>Time Limits</p> <p>Clarification by Cabinet has delayed the business case approval by one month and this is now planned for February 2014.</p>	

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

Milestones for 2013/14	Q2 progress	Status
<p>Immediate travel time and user information improvement projects are being successfully implemented</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>Development of ITS framework – intra Transport Agency and working with MoT and others in the sector. ITS framework – now ready for wider engagement with the transport sector (including targeting the 2014 ITS conference).</p> <p>We met with Councils during the quarter and Auckland, Wellington and Christchurch showed interest in greater collaboration; other authorities not at this time. We believe there is more work required to build the relationships before we can progress this.</p>	
<p>Options to encourage less-safe vehicles to exit from the fleet are developed, considered and the action plan agreed</p>	<p>Interim 'state-of-play' advice on options to accelerate the exit of less-safe vehicles is being developed and an update was provided to the Associate Minister of Transport in December. Stakeholder workshops were held in Auckland and Wellington in October and November. Key stakeholders have provided positive feedback on option investigation and development to date.</p>	
<p>The effectiveness of alcohol interlocks is reviewed and recommendations made for their future use</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport)</i></p>	<p>The Ministry of Transport provided a briefing to the Minister in December, including a progress report and updated figures for sentences issued and uptake of the programme. The briefing also noted that a more comprehensive review of the interlock programme will be undertaken in 2014.</p>	
<p>The '100 highest-risk intersection' programme for state highways and local roads is launched and progressed</p>	<p>Programme business case approved. It is on track to inform future programmes and State Highway Asset Management Plan II (SHAMP II).</p>	

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

Milestones for 2013/14	Q2 progress	Status
The vehicle licensing reform (VLR) changes are successfully implemented	<p>A significant VLR milestone occurred on 1 January 2014, with the first group of light vehicles (2004-2008) transitioning from six month to annual Warrants of Fitness.</p> <p>The Certificate of Fitness Service Delivery Model has been agreed by the Vehicle Licencing Reform Programme Board. The Minister has been briefed on the model.</p> <p>The Certificate of Fitness Fee Review Cabinet paper was approved for consultation. Consultation commenced in December and will conclude in early February.</p>	
The 2013/14 Rules Programme is delivered to agreed time, cost and quality standards	The Omnibus Amendment Rules 2013 were signed in November 2013.	
Our 'world class regulator' business plan is successfully completed, and the structures and resources set in place and committed to ensure successful realisation	Rollout of the strategy to wider staff and stakeholders is complete and "keeping the conversation going" workshops are now underway and due to be completed in February. The work programme is largely on track, but requires ongoing adaptation and reprioritisation.	

KEY RESULT AREA 8: DELIVER HIGHWAY SOLUTIONS



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

In this quarter:




- Operational network resilience policy adopted (page 38)
- Improving the resilience of the state highway network remains a key focus (page 38)
- Sharper focus on asset management, one network operations and customer service delivery (page 39)

Q2: Good progress

Objective 7: Greater resilience of the state highway network

Milestones for 2013/14	Q2 progress	Status
Operational network resilience policy adopted	QUARTERLY HIGHLIGHT: Operational network resilience policy adopted	COMPLETE!
Business case for national interventions for natural disasters on the state highway network is completed	We established the basis for considering the acceptable level of risk and the approach to prioritisation of responses. We have completed the strategic business case that will feed into the State Highway Asset Management Plan (SHAMP) planning process.	
The review of our Investment and Revenue Strategy incorporates the new operating frameworks around network resilience	Scoping is complete. This action is pending developments in the 2015-25 Government Policy Statement regarding resilience investment. It is likely that the 2012-15 Investment and Revenue Strategy will not incorporate resilience attributes until the publication of the 2015 GPS.	

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



Milestones for 2013/14	Q2 progress	Status
<p>The State Highways Asset Management Plan reflects agreed differentiated levels of service and realises the targeted cost efficiencies</p> <ul style="list-style-type: none"> • Optimisation – confirm the work activity trade-offs and reach board endorsement & SHAMP2 finalisation – a final optimised State Highways Asset Management plan • Change asset management plans and re-prioritise resources within these plans to reflect agreed differentiated levels of service and realise the cost efficiencies from this process 	<p>Early investment signals have been provided for the highways and network operations.</p> <p>Good progress with the State Highway Asset Management Plan (SHAMP) business case and sub-programme business cases, with most strategic cases supported and progress being made on the remainder. Work is underway on the development of programme cases.</p>	
<p>Maintenance and Operations (M&O) Review – implementing the change in highways structure to focus on the core functions of asset management, one network operations and customer service delivery and achieve a step change in the capability of delivery. Keep programming on the rollout of the new single supplier model</p>	<p>Very good progress is being made and the first tranche of appointments now in place. We have accelerated recruitment, which has put pressure on the FTE cap.</p>	
<p>The first phase of the ‘single supplier’ delivery model for asset management is successfully implemented and the supporting internal restructuring completed</p>	<p>Contract roll out programme remains on track.</p> <p>Marlborough and Manawatu Network Outcomes Contracts (NOCs) converted. South Canterbury awarded, and tendering underway for Taranaki and Eastern BoP.</p>	

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



In this quarter:

- good progress is being made on all individual corridor projects (pages 40 - 42)
- the Ngaruawahia section of the Waikato Expressway was opened by the Minister in December 2013 (pages 41 and 43)




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

Road of national significance	Milestones for 2013/14	Q2 progress	Status
Puhoi to Wellsford	Puhoi to Warkworth development	<p>The Further North Alliance is on track to obtain the designation and resource consents for the Puhoi to Warkworth section of the RoNS in August 2014.</p> <p>The public submission period was 16 November to 13 December 2013.</p> <p>A Board of Inquiry hearing is anticipated for March / April 2014.</p>	
Western Ring Route	WRR under construction including Waterview and Causeway	<p>All six of the Western Ring Route (WRR) corridor projects are progressing well without any delays to their critical paths.</p> <p>The overall WRR budget is the forecasts and is on track.</p> <p>Tunnel boring commenced in mid-November.</p> <p>Construction of the Great North Road interchange is progressing well.</p> <p>Lincoln Road interchange - The eastbound deck for the Henderson Creek bridge has been constructed and traffic was switched over in November.</p> <p>Te Atatu interchange - Fulton Hogan was awarded the physical works contract in October 2013.</p> <p>St Luke's interchange - We have completed the interactive meetings with potential bidders for the tender.</p>	

Key result area 8 | Deliver highway solutions for customers

Road of national significance	Milestones for 2013/14	Q2 progress	Status
Waikato Expressway	<p>Under construction: Rangiriri and Cambridge</p> <p>Ngaruawahia open</p>	<p>The programme is on track to deliver all sections of the Waikato Expressway by 2019/20 and the overall budget is tracking well within the constraints of the forecast out-turn costs.</p> <p>QUARTERLY HIGHLIGHT: Ngaruawahia – opened by the Minister on 14 December 2013, followed by a public open day. Refer to feature article on page 43.</p> <p>Huntly – Hearings for alterations to the designation for the central section have been partly completed.</p> <p>Longswamp – The tender for investigation and design has been awarded and services have commenced. Construction is planned to start in 2017.</p> <p>Rangiriri – Construction is well underway and good progress has been made.</p> <p>The 150th anniversary commemoration of the Battle of Rangiriri was held on 20 November 2013. This was a significant event for iwi and the project team was heavily involved in supporting this. 1,000 iwi and other visitors attended.</p> <p>Cambridge – HEB Construction is continuing clearing the designation. The visitor centre at the site office on Victoria Road was officially opened to the public on 8 and 9 November 2013, with hundreds attending over the two days. The project has enjoyed a positive high profile in local media over the past few months.</p>	
Tauranga Eastern Link (TEL)	Under construction	<p>Due to favourable progress, we are currently ahead of programme and on target to open to traffic at the end of 2015. Expenditure is tracking as expected, and we are forecasting a final out-turn below the original budget.</p> <p>Traffic is now using three sections of the new alignment between Te Maunga and Domain Road intersection. A staggered approach has been taken to road openings to allow reconstruction works on the old SH2.</p> <p>Three of the seven bridges are structurally complete: Kaituna River bridge, Maketu Road over bridge and the East Coast Main Trunk rail over bridge.</p> <p>Pavement construction is rapidly progressing, with a total of 100 lane kilometres required to be laid on the TEL.</p>	

Key result area 8 | Deliver highway solutions for customers

Road of national significance	Milestones for 2013/14	Q2 progress	Status
Wellington Northern Corridor	<p>Under construction: MacKays to Peka Peka. Transmission Gully enabling and procurement</p> <p>In design: Basin Reserve improvements Peka Peka to Otaki</p>	<p>Three of the eight sections are now in construction. Construction of Transmission Gully is expected to commence in mid-2014. The other sections are either in consenting or investigation phases.</p> <p>Tunnel to Tunnel – The Transport Agency submitted its Basin Bridge Project evidence to the Board of Inquiry. Efficiency and capacity upgrades to the existing Inner City Bypass (Karo Drive and Arthur Street) commenced in October.</p> <p>Transmission Gully – commenced commercial negotiations with PPP preferred bidder.</p> <p>MacKays to Peka Peka – Commenced construction on 18 November at the southern end of the project.</p> <p>Otaki to Levin – Public engagement on the preferred option for linking SH1 and SH57 is underway.</p>	
Buckle Street underpass	Under construction:	<p>Construction on Buckle Street is progressing well. A public open day was held in November, which was well attended. The underpass wall and floor slab construction is progressing as planned.</p> <p>The Memorial Park funding gap is being progressed with a Cabinet paper being prepared, but now delayed until 2014.</p>	
Christchurch Motorways			
Christchurch Southern Motorway Western Corridor	<p>Stage 2 in design</p> <p>Under construction : Harewood Road to Yaldhurst Road four-laning Sawyers Arms to Wairakei (Harewood) Road four-laning</p> <p>In design: Groynes to Sawyers Arms four-laning Western Belfast Bypass</p>	<p>The remaining six sections are progressing well and in accordance with the current programme.</p> <p>Northern Corridor – We expect both the Transport Agency and the Christchurch City Council applications for the Northern Arterial to be publicly notified early in the new year.</p> <p>Western Corridor – The final layer of low noise asphalt was completed on the east side of Russley Road between Avonhead Road and Avonhead Park in mid-October.</p> <p>On the Waterloo to Yaldhurst section, traffic between Buchanans and Yaldhurst is now running on the newly constructed western carriageway.</p> <p>Investigation of a better lower cost route for the Western Belfast bypass at the northern end of this project is holding up the lodgement of the notice of requirement. This should be resolved shortly so we can lodge the notice before Christmas 2013.</p> <p>Completion of the Sawyers Arms to Harewood section is expected in February 2014.</p>	

Feature

Second major milestone for Waikato Expressway

New Ngaruawahia section will save time and increase safety on SH1 near Hamilton.



Minister Gerry Brownlee and invited officials join Transport Agency and project staff in cutting the ribbon to officially open the new section.

The second section of the Waikato Expressway opened to traffic on Monday 16 December 2013, following a ceremony and community open day held on Saturday 14 December. A large crowd assembled to watch Minister Gerry Brownlee cut the ribbon, joining Transport Agency officials and project members along with local authority figures and iwi guests from Waikato-Tainui.

The new 12.3km section bypasses Ngaruawahia and stretches from Taupiri in the north to Horotiu in the south. Transport Agency Waikato Highways Manager, Kaye Clark, says the approximately \$200 million project, built by contractor Fletcher Construction, was completed for around \$50 million below its original cost estimate of \$250 million.

“This is a crucial piece of infrastructure for the Waikato region and for New Zealand, as it is central to providing safer and more efficient transport links between the business and freight hubs of Waikato, Auckland and Tauranga.”

The Ngaruawahia Section joins to the existing Te Rapa section of the Waikato Expressway, which opened in December 2012. The new section includes interchanges for the yet-to-be-built Huntly and Hamilton sections. The two sections together provide an estimated average saving of eight minutes to a peak time journey between Taupiri and Hamilton.

The new section features seven bridges, including a new Waikato River bridge (Te Rehu o Waikato) and six local road overbridges.

Find out more at www.facebook.com/waikatoexpressway or on the NZ Transport Agency website at www.nzta.govt.nz/Waikato-expressway.



During the open day thousands of keen walkers, cyclists and the local community enjoyed a chance to explore the expressway with the River Road bridge overhead.

KEY RESULT AREA 9: MAXIMISE RETURNS FOR NZ




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

In this quarter:

- more flexible overdraft conditions have been obtained (page 44)
- options analysis for re-build programme adversely impacted by a lack of sound information (page 44)
- Funding Assistance Rates Review Options Discussion document now available on the NZTA's website (page 46)
- Planning and investing for outcomes continues to make progress (page 46)

Q2: Variable progress, with two areas to watch

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




Milestones for 2013/14	Q2 progress	Status
Refer to Key Result Area 5: Efficient road maintenance investment and delivery on pages 28 and 29.		
Adjust 2012-15 NLTP investment to match revenue to deliver maximum returns	Regular monthly cash-flow management meetings held and position reported monthly to the NLTP advisory group and quarterly to the Board. Revised expenditure outcome set for the highways and network operations function, and discussions held to consider options to deliver optimally against various expectations. Good progress made to obtain more flexible overdraft conditions that will allow the best use of the NLTF.	
Deliver Stronger Christchurch Infrastructure Rebuild Team (SCIRT) value and report <i>(Note: shared milestone with CERA and CCC)</i>	The Horizontal Infrastructure Governance Group (HIGG) has reviewed the first reports and determined further work is required on performance metrics for the rebuild, noting the need to also respond to the Office of the Auditor General review of the performance of SCIRT - a target has been set to report back in February 2014.	
Complete the prioritised 2013/14 work programme on time and within budget <i>(Note: shared milestone with CERA, SCIRT and CCC)</i>	HIGG is striving to maximise the rebuild programme to achieve the financial targets within the Crown cost sharing agreement. Considerable delivery risk is likely over the next 3 - 6 months as HIGG works to optimise the programme, whilst ensuring an appropriate level of service is achieved and the whole of life infrastructure costs can be managed to an affordable level. Delays in obtaining a complete rebuild programme based on sound financial information from Christchurch City Council are limiting the ability to undertake thorough options analysis for HIGG. A further complication is the lack of a prioritised programme for Christchurch City Council's business as usual programme that must be co-ordinated and delivered in parallel with the rebuild works - we are pushing Christchurch City Council to develop this by February 2014.	

Key result area 9 | Maximise returns for New Zealand

Milestones for 2013/14	Q2 progress	Status
Contribute to the completion of the second version of the Auckland Integrated Transport Programme	Ongoing membership of the Steering and Project Control Group. An initial evaluation framework has been established and activities are currently in the process of being ranked by the functional working groups. A draft preliminary programme has been prepared and is going through the decision making process to become "preferred".	●
We provide effective support to the development of the 2015-18 GPS, drawing on lessons learnt from the 2012-15 NLTP development and delivery	We have had good engagement with the Ministry of Transport this quarter. The emphasis has been on responding to data requests and interrogating analysis provided by them on key performance indicators.	●



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

Milestones for 2013/14	Q2 progress	Status
Complete the review of the funding assistance rate system	In December the Board approved the Funding Assistance Rates Review Options Discussion Document. This document went live on our website on 17 December.	
<p>Ongoing implementation of the planning and investing for outcomes approach via an integrated focused programme of work</p> <p>Identified and documented key national and regional network issues</p> <p>Improved critical tools, processes and systems, including (but not limited to) assessment framework, business case approach, benefits realisation model, shared evidence base and review of the Economic evaluation manual</p>	<p>The high level planning and investment signals have been published online. Updated signals are to be released in March 2014.</p> <p>Guidance is being developed to help our staff assist Approved Organisations with the change and also for assessing asset management plans.</p> <p>The benefit modelling tool development continues, with a product ready for testing.</p>	
<p>Implementation of the Public Transport Operating Model (PTOM) is progressing to plan in major urban areas as networks are reviewed and new contracts established with service operators</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	Changes to the procurement manual have been completed and promulgated, and final regional public transport plan guidelines should be ready for circulation at the end of the quarter. Operational policy work to support the public transport operating model is largely complete, with just a few minor operational policy details still being worked on.	

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

Milestones for 2013/14	Q1 progress	Status
Develop and assess procurement of Transmission Gully as a PPP	Good progress. Currently 1-2 months ahead of schedule. The preferred bidder has been announced.	●
Assess business case for procurement of Puhoi to Wellsford (P2W) as a PPP	Auckland Transport progressing to Detailed Business Case for Penlink as part of the overall PPP contract.	●



Transmission Gully

FINANCIAL & SERVICE DELIVERY RESULTS

FINANCIAL PERFORMANCE

National Land Transport Fund (NLTF)

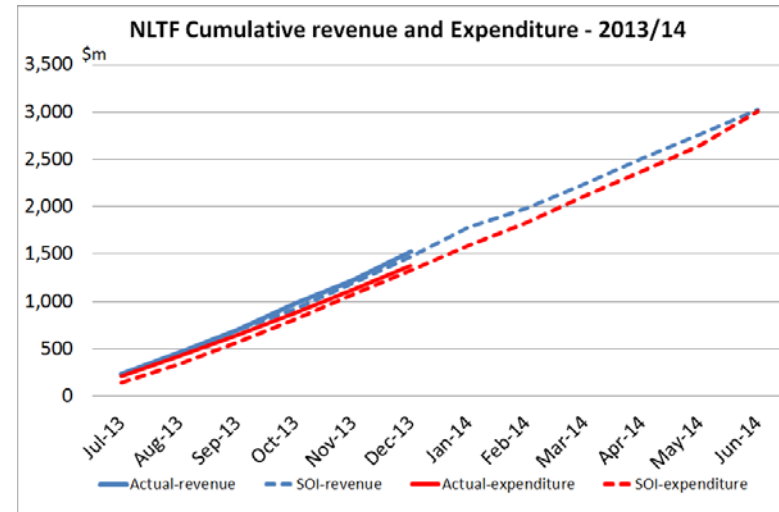
Year to date:

● **Revenue is 4% ahead of our SOI budget (\$60m).** This is the combined result of FED and RUC revenue being respectively 6% and 3% higher than planned, offset by property disposal revenue being \$10m lower than anticipated (-11%).

The end of year projection remains in line with the SOI. The current view is that FED revenue is likely to come back in line with budget, as was confirmed by the recent October Baseline Update.

● **The most significant outflow, the distributions to the National Land Transport Programme, is \$60m higher than budget.** This variance is attributable to an assumption made in the budget that the \$120m TEL borrowing facility would be partly in use at the end of the second quarter. As this facility has not been drawn upon yet, all of the NLTP expenditure to date is funded from the NLTF.

● **The result of the above is a current net surplus of \$148m (\$3m higher than expected).**



National Land Transport Fund - Statement of comprehensive income for the six months ended 31 December 2013

	Year to date			%	Year end SOI Budget \$'000
	Actual \$'000	Budget \$'000	Variance \$'000		
Income inflows					
Land transport revenue - FED	792,990	748,954	44,036	6%	1,589,895
Land transport revenue - RUC and other revenue	691,298	669,562	21,736	3%	1,344,348
Management of Crown land and interest	44,864	50,200	(5,336)	(11%)	90,600
	1,529,152	1,468,716	60,436	4%	3,024,843
Outflows					
NZ Transport Agency/NLTP	1,229,665	1,169,567	(60,098)	(5%)	2,692,890
NZ Police	147,735	150,245	2,510	2%	306,667
Search and rescue	3,466	3,505	39	1%	7,009
	1,380,866	1,323,317	(57,549)	(4%)	3,006,566
Net surplus/(deficit)	148,286	145,399	2,887	2%	18,277

New Zealand Transport Agency (NZTA) Expenditure

Year to date:

- Total NZTA expenditure is \$70.7m (5%) below budget.
- NZTA operating expenditure is \$2.4m (2%) over budget mainly because of volume driven commission and transaction costs, which are offset by additional revenue.
- **Commissions and transactions \$2.8m over-budget.**
As previously reported, this over-spend is driven by higher driver testing volumes associated with higher revenue. This trend is expected to continue going forward (see Access & Use section).
- **Personnel costs** are in line with budget as the net result of lower permanent staff costs being offset by higher temp staff costs and redundancies (following internal restructures).
- **Outturns**
The **\$5.3m** overspend forecast for year-end reflects the trends highlighted above:
 - higher commission and transaction costs (\$4.1m)
 - a trade-off between permanent staff costs and other personnel costs (essentially temp staff and redundancies), as well as professional services costs, resulting in a projected net overspend of \$1.2m.

Q2: Overall expenditure is 5% lower than budgeted

Total expenditure on land transport including NZTA operating expenditure for the six months ended 31 December 2013

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
NZTA contributes to:								
Managing state highways	768,189	797,683	29,494	4%	1,732,200	1,693,865	(38,335)	(2%)
Planning and investing in land transport	464,424	507,294	42,870	8%	1,174,669	1,203,659	28,990	2%
Access to the land transport system	78,555	76,917	(1,638)	(2%)	154,001	149,872	(4,129)	(3%)
Total expenditure	1,311,168	1,381,894	70,726	5%	3,060,870	3,047,396	(13,474)	(0%)

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

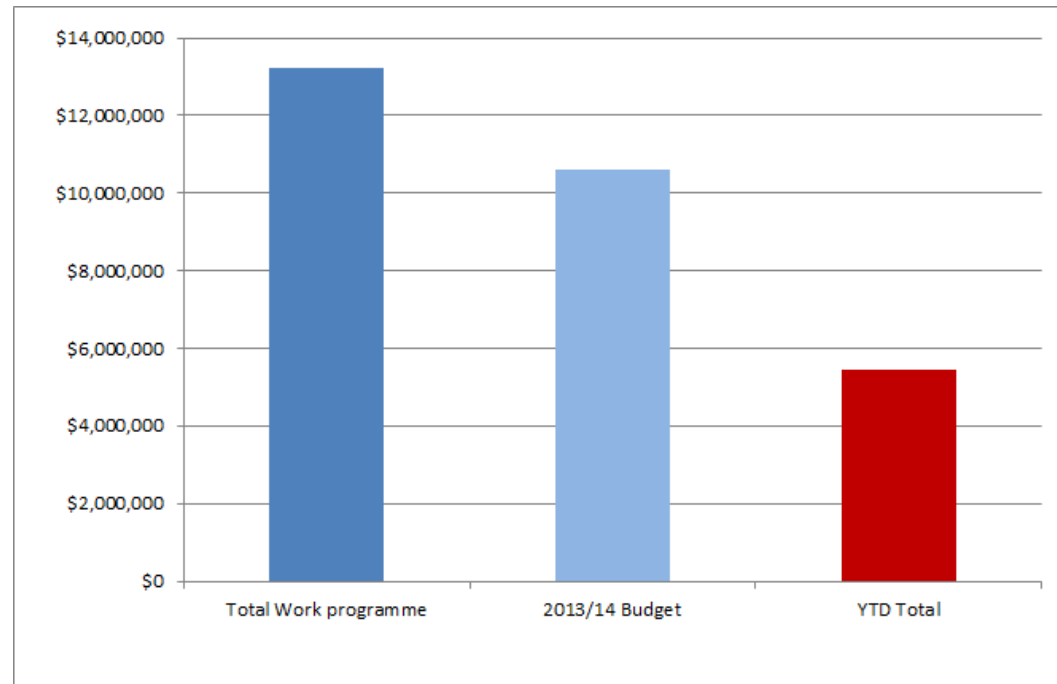
NZTA operating expenditure for the six months ended 31 December 2013

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
Our expenses classified by:								
Personnel costs	57,571	57,532	(39)	(0%)	116,294	116,920	626	1%
Operating expenses	75,323	72,496	(2,827)	(4%)	148,850	142,895	(5,955)	(4%)
Depreciation and amortisation expense	4,235	4,684	449	10%	8,566	8,566	0	0%
Total expenditure	137,129	134,711	(2,418)	(2%)	273,710	268,381	(5,329)	(2%)

Capital Programme


- The forecast for the 2013/14 work programme is now **\$13.2m**, \$1.5m down from the first quarter forecast of \$14.7m.
- In December, the Board approved a \$1.5m increase to the initial \$10.6m SOI budget. Carry forwards of incomplete but approved projects from the 2012/13 year further increase the work programme by \$1.1m.
- The larger projects in the **\$13.2m** spend include:
 - SAP - \$3.1m
 - The IS Refresh programme - keeping hardware current - \$2.3m
 - Geospatial - \$1.8m
 - VLR reform - \$1.8m
 - RUC assessments payments module - \$0.7m
- At the end of December, we have spent **\$5.4m**, which is significantly ahead of the level we have historically been able to achieve at the end of the first half-year in previous years.

This graph shows capital programme spend for the six months ended 31 December 2013 and forecast for the year. It also includes previous years' actual capital spend for comparison.



Access & Use

The year to date surplus of \$4.3m puts A&U ahead of forecast budget deficit of \$1.6m.

 **Access & Use revenue is \$7.6m (10%) above budget.**

- **Driver licensing and testing:** Driver Testing continues to drive the \$3.3m variance to budget due to higher volumes for practical and theory tests. Combined with a continuing high test to fail ratio, volumes of new drivers and overseas conversions is higher than expected and this is contributing to the variance to forecast.
- **Motor vehicle registration:** Revenue is \$1.3m ahead of budget with most of the variance to budget attributable to project cost recoveries. Volume related revenue is \$0.5m ahead of budget due to higher than expected volumes for motor vehicle registration of new and used car imports. The New Zealand vehicle fleet size is continuing to grow as a result of the strong New Zealand dollar, increased economic activity in Auckland and the rebuild in Christchurch after recent earthquakes. This has resulted in the vehicle ownership per person ratio to increase as monthly deregistrations have remained steady.
- **RUC:** Revenue is \$1.2m ahead of budget at the end of December. Revenue is appropriated based on the expenditure incurred against this output class.
- **Standards development levy and transport licensing fees:** Revenue is \$0.4m ahead of budget mostly due to higher than expected volumes of annual levies processed from passenger and goods transport service license holders. This growth is in line with Motor Industry reports of the highest recorded annual new commercial vehicle sales in December since 1981.
- **Vehicle certification and Other memo accounts:** Revenue is \$0.2m ahead of budget as a result of higher than forecast WoF pass rates (revenue recognition occurs when tests are passed and a label is issued). This is in line with higher than expected motor vehicle registrations and increased volumes of new and used car imports.

Access to the land transport system – Financial results for the six months ended 31 December 2013

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Income								
Motor vehicle registration	28,646	27,319	1,327	5%	53,700	53,700	0	0%
Driver licensing & Driver testing	26,195	22,853	3,341	15%	50,200	45,100	5,100	11%
Standard development levy & Transport licensing	7,331	6,905	426	6%	13,700	13,700	0	0%
Vehicle certification - WoF	2,826	2,608	218	8%	5,452	5,452	0	0%
Vehicle certification - CoF & Other	1,038	1,075	(37)	(3%)	1,948	1,948	0	0%
Other	1,105	914	191	21%	1,820	1,820	0	0%
Subtotal - Memo accounts	67,141	61,674	5,466	9%	126,820	121,720	5,100	4%
RUC collection, investigation, and enforcement	10,255	9,024	1,230	14%	18,200	17,046	1,154	7%
Tolling	2,857	2,695	161	6%	5,696	5,696	0	0%
Other	2,592	1,891	701	37%	5,382	5,382	0	0%
Subtotal - Other	15,703	13,611	2,093	15%	29,278	28,124	1,154	4%
Total income	82,844	75,285	7,559	10%	156,098	149,844	6,254	4%
Expenditure								
Staff	18,724	19,802	1,078	5%	35,700	37,526	1,826	5%
Commissions	23,762	21,198	(2,564)	(12%)	44,500	41,594	(2,906)	(7%)
Transactions	9,404	9,142	(262)	(3%)	19,600	18,392	(1,208)	(7%)
Information Technology	8,008	8,172	164	2%	15,277	15,277	0	0%
Advertising, PR & Media	195	452	257	57%	962	962	0	0%
Professional Services	3,045	2,445	(600)	(25%)	5,770	3,929	(1,841)	(47%)
Other	4,020	4,528	508	11%	9,457	9,457	0	0%
Overhead - Accommodation costs	2,095	2,003	(92)	(5%)	3,818	3,818	0	0%
Overhead - Corporate	8,145	7,915	(230)	(3%)	16,412	16,412	0	0%
Overhead - Regional office	1,100	1,208	108	9%	2,393	2,393	0	0%
Overhead - Regional Directors	57	52	(5)	(10%)	112	112	0	0%
Total expenditure	78,555	76,917	(1,638)	(2%)	154,001	149,872	(4,129)	(3%)
Net surplus/(deficit)	4,289	(1,632)	5,921		2,097	(28)	2,125	

Outturns revised at the end of September 2013

 **Access & Use expenditure is \$1.6m (2%) over budget.**

- **Commission** charges are over budget mainly due to a combination of higher motor vehicle registration and driver testing volumes than budgeted (see revenue section). Volumes are expected to stay ahead of budget until the year-end, **driving higher costs which will be offset by the additional revenue generated.**

Access & Use [continued]

- **Personnel costs** were under budget by \$1.1m due to lower than budgeted staffing levels. This has been reflected in the current year-end outturn (\$1.8m lower than budget)
- Expenditure on **professional services** was over budget by \$0.6m, offsetting the under-spend in personnel costs as work programme obligations are met in the project environment. The year-end outturn for professional services costs is currently \$1.8m higher than budget.
- **Transaction costs** are \$0.3m over budget due to a combination of higher than budgeted costs for MVR plates and labels, drug and alcohol assessments and RUC credit card fees. The higher transaction costs for MVR plates and labels are in line with trends seen in the motor vehicle industry with high vehicle imports.

All A&U outturns will be reviewed and updated during the third quarter.

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

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

- **Driver testing:** The account balance is above budgeted levels by \$1.8m, due primarily to the volume changes described on the previous page.
- **Motor vehicle licensing:** The current balance is \$1.9m better than budget. While higher volumes than budgeted drive higher revenue, most of the variance to budget is attributable to project cost recoveries and is not volume related. The remainder of the variance (\$0.9m) is attributable to the prior year balance being higher than expected when the budget was set.
- **Certification review fees:** The account balance is in deficit by \$2.4m compared to budget. This is mainly driven by heightened expenditure in relation to the VLR Programme. This deficit is expected to grow as the year progresses. The current fee review anticipates recovering these costs over a five year period.

1 October to 31 December 2013

Access to the land transport system – indicator volumes

	Year to Date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	000	000	000	%	000	000	000	%
Driver licences - New drivers	95	76	19	25%	167	152	15	10%
- Reinstatements	23	22	1	5%	45	44	1	2%
- Renewals	115	120	(5)	(4%)	236	239	(3)	(1%)
- Older drivers	33	33	0	0%	66	66	0	0%
- Overseas conversions	29	24	5	21%	53	47	6	13%
- Replacements	50	51	(1)	(2%)	101	102	(1)	(1%)
Driver testing - Theory	76	60	16	27%	133	120	13	11%
- Practical	102	74	28	38%	174	148	26	18%
Certification - WoF passes	2,962	2,881	81	3%	5,799	5,762	37	1%
- CoF passes	192	181	11	6%	371	363	8	2%
MVR - Registrations	152	131	21	16%	281	265	16	6%
- Licences	3,521	3,507	14	0%	6,959	6,954	5	0%
RUC - Licences	1,170	1,243	(73)	(6%)	2,407	2,468	(61)	(2%)
Toll - Trips	2,208	2,615	(407)	(16%)	5,452	5,336	116	2%

Memorandum accounts

Funding Source	Revenue					Expenditure				Balance as at			
	Actual	YTD	YTD	YTD	Full Year	YTD	YTD	YTD	Full Year	31/12/2013		30/06/2014	
	1 July	Actual	Budget	Variance	Budget	Actual	Budget	Variance	Budget	YTD	YTD	Full Year	Full Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Border inspection fees	2,316	526	210	316	420	162	252	90	480	2,680	1,818	2,256	1,800
Certification review fees	(3,667)	3,864	3,683	181	7,400	6,042	4,028	(2,014)	7,900	(5,846)	(3,446)	(4,167)	(3,600)
Driver licensing fees	(1,479)	15,611	15,399	213	30,300	14,443	15,730	1,286	31,100	(311)	169	(2,279)	(300)
Driver testing fees	4,209	10,583	7,455	3,128	14,800	9,606	7,260	(2,347)	14,800	5,186	3,395	5,609	3,200
Motor vehicle licensing	2,500	28,646	27,319	1,327	53,700	27,159	26,731	(428)	52,000	3,987	2,088	4,200	3,200
Over dimension permits	492	136	104	32	200	162	125	(37)	300	467	480	392	400
Rail licensing fees	(2,431)	443	600	(157)	1,200	726	758	32	1,500	(2,714)	(2,458)	(2,731)	(2,600)
Standard development fees	2,766	2,849	2,778	71	5,500	3,343	2,940	(403)	5,800	2,272	2,138	2,466	2,000
Transport licensing fees	(3,687)	4,483	4,127	356	8,200	3,599	4,269	670	8,300	(2,803)	(3,842)	(3,787)	(3,800)
Memo Account - Total	1,018	67,141	61,674	5,466	121,720	65,242	62,093	(3,149)	122,180	2,918	341	1,959	300

Planning & Investment and State Highways

- NLTP year to date expenditure is \$50m (4%) under budget (\$20.5m on planning and investing in land transport and \$29.5m on managing state highways).

Commentary on activity classes:

- **Transport planning:** Expenditure is tracking \$0.6m below YTD budget. Analysis suggests that we are observing a shift in the type of projects undertaken by AOs, with a decrease in studies and strategy projects gradually being offset by an increase in activity management planning. The latter seems to be picking up more slowly than anticipated, particularly in Auckland, Hamilton and Wellington regions, creating a degree of uncertainty around the expenditure level, but we still expect the year-end outturn to be \$2.5m higher than budget.
- **Public transport:** Expenditure YTD is \$22.7m (15%) below budget. The variance is mainly driven by the \$30m funding allocated for new services which is not really being used yet as AOs are slow in identifying activities for these funds. The end of year outturn has been reduced accordingly by \$13m. Also contributing to this revision is Greater Wellington indicating a \$5m under-spend against allocation due to more efficient service delivery (on existing public transport services).
- **New and improved infrastructure for local roads:** YTD expenditure is \$3.7m (7%) under budget. As previously reported, this output class is likely to be under-spent at year-end as reflected in the outturn (\$12.5m under budget for the 2013/14 year and approximately \$50m under budget across the full 2012-15 NLTP). This is due to proposed projects not progressing as rapidly as expected. In particular re-prioritising of expenditure in Auckland is reducing the investment in new infrastructure for local roads.

Provision was also made in this activity class for new work in Christchurch but no funding requests have been received to date.

Planning & investing in land transport – Expenditure report for the six months ended 31 December 2013

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Management of the funding allocation system	14,277	14,971	694	5%	30,775	30,775	0	0%
Transport planning	5,336	5,966	630	11%	18,500	15,990	(2,510)	(16%)
Sector research	2,093	2,432	340	14%	4,500	5,600	1,100	20%
Public transport	125,852	148,584	22,732	15%	303,000	316,000	13,000	4%
Road safety promotion	14,339	14,443	104	1%	34,200	32,100	(2,100)	(7%)
New and improved infrastructure for local roads	49,956	53,668	3,712	7%	147,500	160,000	12,500	8%
Renewal of local roads	83,050	81,165	(1,885)	(2%)	248,000	246,000	(2,000)	(1%)
Maintenance and operation of local roads	145,195	135,768	(9,427)	(7%)	285,000	289,000	4,000	1%
Walking and cycling	2,570	6,200	3,630	59%	15,000	20,000	5,000	25%
Total expenditure	442,668	463,197	20,529	4%	1,086,475	1,115,465	28,990	3%

Managing state highways – Expenditure report for the six months ended 31 December 2013

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
New and improved infrastructure for state highway	572,528	559,155	(13,373)	(2%)	1,205,000	1,159,000	(46,000)	(4%)
Renewal of state highways	50,974	81,584	30,610	38%	176,000	222,000	46,000	21%
Maintenance and operation of state highways	144,687	156,944	12,257	8%	351,200	312,865	(38,335)	(12%)
Total expenditure	768,189	797,683	29,494	4%	1,732,200	1,693,865	(38,335)	(2%)

Specific projects funded by the Crown – Expenditure report for the six months ended 31 December 2013

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
SuperGold card transport concessions	10,225	11,952	1,728	14%	23,905	23,905	0	0%
Administration of SuperGold card	32	48	16	34%	95	95	0	0%
Construction of passing opportunities on SH2	1,500	1,750	250	14%	3,500	3,500	0	0%
National war memorial park	10,000	10,000	0	0%	20,000	20,000	0	0%
Reinstatement of local roads in Canterbury	0	20,347	20,347	100%	40,694	40,694	0	0%
Total expenditure	21,756	44,097	22,341	51%	88,194	88,194	0	0%

Financial performance

- **Maintenance and operation of local roads:** \$9.4m (7%) over budget. This is fundamentally a timing difference. The budget phasing anticipated a slightly larger portion of the programme being delivered in the second half of the year. The year-end outturn is now expected to be slightly lower (\$4m, 1%) than the original SOI budget.

The budget and year-to-date claims include half of our \$50m p.a. capped contribution to the Christchurch earthquake rebuild works.

- **Reinstatement of local roads in Canterbury:** As was the case last year, the agreement is that expenditure claims will be made against the NLTP before the specific Crown funding starts to be used.
- **New and improved infrastructure for state highways:** YTD expenditure is \$13.4m (2%) over budget.

There is considerable pressure on this output class due to a reduction in NLTF revenue compared to the original forecasts in the GPS.

While the revenue situation has improved slightly since the start of the financial year, with some additional funding provided from the NLTF, we intend to draw down the majority of debt for the Tauranga Eastern Link project earlier than planned in order to cover the shortfall between revenue and planned expenditure. This additional revenue allows us to support a higher year end out-turn, and deliver our original planned programme of work, including RoNS, 1,500km of HMPV routes, and targeted safety works.

The RoNS account for more than 80% of the planned spend this year. To date all planned RoNS milestones have been achieved and the programme remains on track. Last quarter we opened a number of improvement projects including the Ngaruawahia section of the Waikato Expressway and the Papakura Interchange on the Auckland Southern Motorway. The small projects programme, which delivers a number of specific safety and HPMV related improvements is also progressing to plan.

All results to date indicate that we are on track to deliver the programme.

- **Renewal of state highways:** The current underspend in Renewals is \$30.6m (38%) below budget. As we move into the new M&O operating model of 'nationally planned, regionally delivered', we are taking a more rigorous approach to asset renewals. By maximising the life of pavements and combining this with some new thinking on pavement renewal techniques, we anticipate making savings.

The programme for the current financial year is currently behind target. A number of regions have experienced significant rainfall and unsettled weather in December and suppliers have deliberately deferred their programmes until quarter three. However, our year end forecast remains static as we are confident all renewal works will be completed by year end.

- **Maintenance and operation of state highways:** The YTD underspend of \$12.3m (8%) is a result of adverse weather conditions, which have caused the programme to fall behind as all planned work could not be carried out. Full year outturn is still expected to be higher than budget due to pavement lives being extended further (following the approach described above), raising the level of maintenance required and resulting in higher spend than initially planned on the Maintenance and Operations output class.

The overall net outcome for the combined Maintenance & operation and Renewals output classes is savings that should help manage a tight programme across state highway output classes.

- **Walking and cycling:** YTD under spend is \$3.6m (59%). Performance continues to slip further behind with AOs' claims at 10% half way through the year. Analysis is under way to understand why this is happening and to work towards improving performance in this output class.
- It is worth noting that while we are 50% of the way through the year, AO claims amount to approximately 40% of the full year budget, with some activity classes significantly behind. We continue to work with AOs seeking to positively influence claiming behaviour.

NLTP



We have now managed reduced revenue and re-directed funds to state highway projects.

Programme management overview

Overall programme expenditure has had to be managed in response to revenue forecasts being down compared to the initial 2012-15 NLTF budget, hence the lower total forecast spend for the NLTP of \$8.26bn relative to the published NLTP forecast spend of \$8.40bn.

Expenditure in the activity classes that comprise the NLTP are dynamic and approved organisations have responded to adjustments in funding budgets, reprioritisation of activities and changes in the costs of delivering activities since the beginning of the current NLTP. Several activity classes, including new and improved infrastructure for local roads and walking and cycling are experiencing lower spends, which are not expected to recover by the end of the current NLTP. This has released funding to be directed to high priority activities in other activity classes, predominantly for new and improved state highway infrastructure, where the extra funding is being used on safety, freight and regional projects as well as delivering the RoNS.

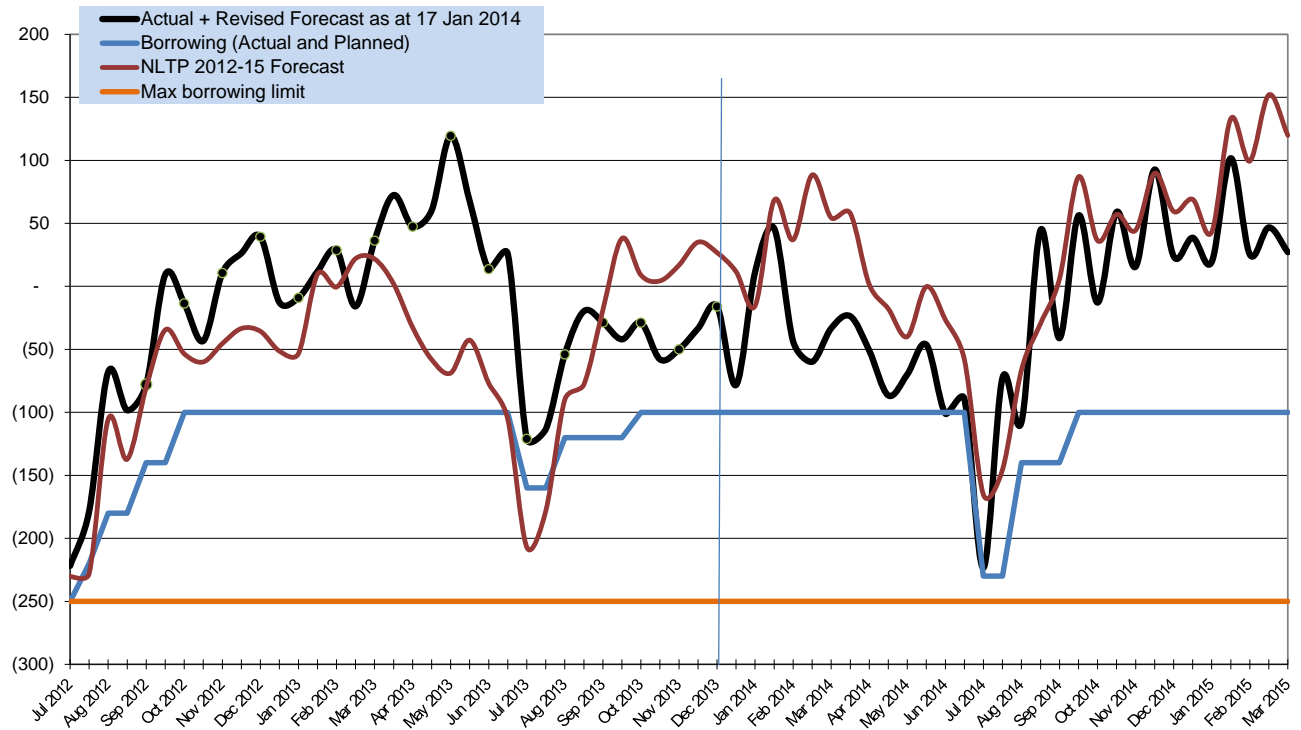
National Land Transport Programme (NLTF funded)

	Published	Actual/forecast spend 2012-2015			
	NLTP	2012/13	2013/14	2014/15	Total
	2012-2015	Actual	Forecast	Forecast	2012-2015
	\$000	\$000	\$000	\$000	\$000
Allocation of funds to activity classes:					
Transport planning	50,000	13,438	18,500	18,400	50,338
Road safety	97,000	27,592	34,200	32,100	93,892
Walking and cycling	53,000	8,449	15,000	16,000	39,449
Public transport	945,000	287,532	303,000	305,418	895,950
Maintenance and operation of local roads	878,000	279,379	285,000	285,000	849,379
Maintenance and operation of state highways	989,000	342,210	351,200	359,000	1,052,410
Renewal of local roads	738,000	204,410	248,000	249,000	701,410
Renewal of state highways	635,000	175,009	176,000	214,000	565,009
New and improved infrastructure for local roads	515,000	152,562	147,500	160,000	460,062
New and improved infrastructure for state highways	3,400,000	992,559	1,205,000	1,250,000	3,447,559
Sector research	15,000	3,194	4,500	6,100	13,794
Management of the funding allocation system	89,000	28,838	30,000	30,000	88,838
Total	8,404,000	2,515,172	2,817,900	2,925,018	8,258,090

Borrowing

- Borrowing peaked at \$160m in July 2013. Since then we have repaid \$60m, bringing the debt down to \$100m. This has cleared the \$150m portion of the facility keeping us compliant with the requirement to fully pay down this portion of the facility at least once in the cycle.
- The notional cash balance in the NLTF was \$84m as at 31 December 2013 with the Transport Agency balance at \$17m.
- The graph reflects the result of the Budget Economic Forecast Update revenue and the shift in expenditure into the second and third years of the programme following the underspend in the 2012/13 financial year. It shows that we are now forecasting to get close to the \$250m borrowing limit in July 2014 with a risk that we could go over. The assumption is that we would use the additional \$100m borrowing facility (see below) as a buffer if required.
- Along with the Ministry of Transport and Treasury, we are continuing discussions with Ministers in order to amend the conditions attached to the use of the existing borrowing facility with the aim of making it more flexible. A solution has been identified and is intended to go to Ministers during quarter three.
- The Treasury, Debt Management Office (NZDMO) and the Transport Agency have finalised the loan documentation for the additional \$100m facility. The additional supporting documentation is now being prepared. All documentation should be signed in the next few weeks. It remains unlikely that we will need to draw on this facility until later in the financial year.
- A master services agreement has now been prepared that will cover all future loans between the NZDMO and the Transport Agency. The first loan under the new arrangement will be the Christchurch earthquake loan.

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



Longer-Term Funding Commitments

Current NLTP

- During the quarter ended 31 December 2013 a further \$60m of funds were committed.
- **98% of the \$9.05 billion NLTF investment in the 2012-15 NLTP is now committed.** This leaves approximately \$184 million of discretionary funds available for new starts over the remainder of the 2013/14 and 2014/15 years.

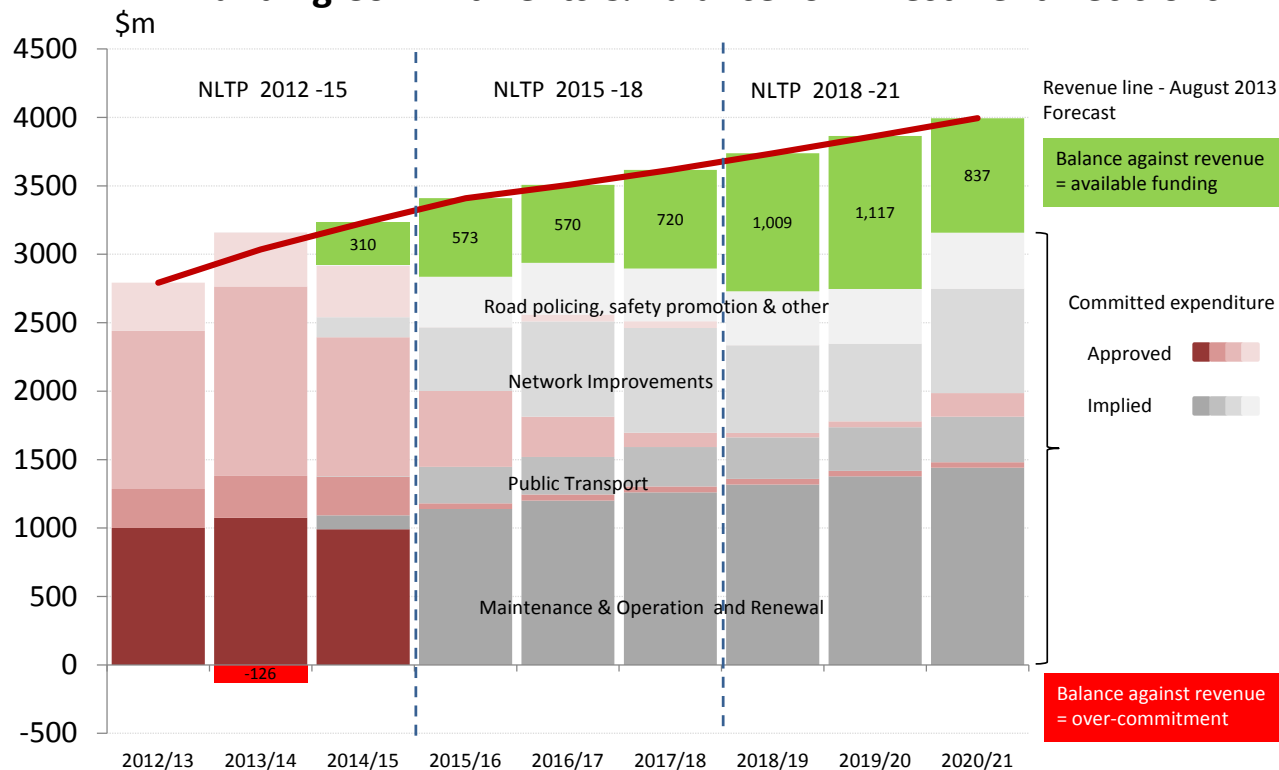
2015-18 NLTP

- The situation remains the same as at the end of the first quarter, with **83% of the first year of the 2015-18 NLTP period committed** and **82% of the entire three year programme of the 2015-18 NLTP "committed"** (approved or implied).
- This leaves \$1.9b of discretionary funds available for new starts.
- Our current revenue forecasts indicate we can meet the commitments in the next NLTP.

2018-21 NLTP

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

NLTF Funding Commitments & Balance for Investment Decisions



DELIVERY

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

Q2: Performance summary

Type of performance measure			
Value for money	Service quality	Customer satisfaction	Investment*
8	21	2	3
1	9	1	1
0	1	0	0

*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

Q2: We are making good progress against most of our 47 annual service delivery and investment targets that we measure on a quarterly basis, but 13 areas may require attention

LICENSING AND REGULATORY COMPLIANCE						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Unit transaction costs	\$36-\$39	\$34.19	\$33.11			
% of transactions completed online	>16%	16%	17%			
% of accuracy of registers	>93%	96.27%	93%			
% of operational assurance activities completed	100%	104%	95%		The resources committed to driver testing assurance activity were reallocated in quarter two due to a need to undertake complaint investigations in the driver testing service area, which presented a growing risk. At the conclusion of the investigations, which are expected early in quarter three, the resources will be reassigned to this target.	
% of assurance activities of driver testing agents officers and course providers completed against planned	100%	94%	84%			
% of assurance activities of transport operators completed against planned	100%	118%	118%			
% of assurance activities of certifying agents completed against planned	100%	101%	122%			
% of activities that are delivered to agreed standards and timeframes	>90%	94%	94%			
% of driver licensing tests that meet standards	94%	95%	97%			
% of vehicle certifications with a PRS rating greater than 2.3	92.2%	94%	92%			

Service delivery performance

LICENSING AND REGULATORY COMPLIANCE (continued)						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of licensed operators with a 4 or 5 star rating on the Operator Rating System (ORS)	92%	90%	90%		The improvement of a star rating for an operator occurs after at least twelve months. Various programmes are underway which are facilitating the improvements. Results will be visible in future quarters.	
% of rail license holders with no outstanding safety case conditions	91%	94%	96%			
% of Official Correspondence activities that meet statutory timeframes	100%				For the six months to 31 December 2013:	
Ministerials		89%	87%		140 of 161 Ministerials were completed on time, 87% on time completion. There were minimal delays on a small number of Ministerials.	
Parliamentary questions		100%	100%		90% of these Ministerials were accepted by the Ministers office. 95 of 95 PQ's completed on time, 100% on time completion.	
% of the transport rules development programme completed according to contract requirements	100%	100%	100%			
Number of products/services delivered or processed	826,000-1,090,000	236,664	482,687			
Number of new and renewed driver licences issued		145,797	292,194			
Number of driver and transport operator testing services delivered		89,297	178,125			
Number of certification review services delivered		593	537			
Number of border inspection services delivered		3,677	10,835		Note: Q1 actual has been revised from 412 to 3,677.	
Number of drug and alcohol driver assessments funded		499	851			
Number of over-dimension permits issued		66	145			

Service delivery performance

LICENSING AND REGULATORY COMPLIANCE (continued)						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% customer satisfaction	>73%	65%	69%		A customer workshop was undertaken and as a result customer enhancements were developed and released in November. The benefits of these are expected to increase our quarter three result. Longer term change plans are still being developed.	
ROAD TOLLING						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Unit transaction costs	\$0.65-\$0.70	\$0.58	\$0.58		Actual unit transaction cost is below the target due to delays in system developments over the last twelve months. We expect that the tolling business will start incurring these costs in Q3. Also, operating revenue is higher than forecast due to a larger number of trips on the Northern Gateway Toll Road than budgeted, actual trips are 5% higher than forecasted.	
% of transactions completed online [Note: In order to focus attention in the right area, this is a measure of <i>casual</i> transactions completed online. 93% of all tolling transactions are completed online.]	>65%	60%	60%		The focus is currently shifting online casual customers to online account payments. The measure is only taking into account casual payments made and does not take into account the increase in online account payments that is occurring. There will be significant development on the Tolling website during 2014, following which the focus will then be transitioning casual customers to online accounts, however this delay will result in a variance being reported for the 2013/14 financial year.	
% of revenue compliance	>96%	97%	97%			
Number of products/services delivered or processed	6,000,000-6,500,000	1,379,241	3,030,290			

Service delivery performance

MOTOR VEHICLE REGISTRY						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Unit transaction costs	\$5.50-\$6.00	\$5.68	\$5.01		A significant increase in the number of new and used vehicles entering the fleet has created a higher than forecast volume of transactions. This volume increase combined with project cost recovery revenue in quarter two has led to a lower than forecast unit transaction cost.	
% of transactions completed online	>25%	25%	25%			
% of accuracy of registers	>95%	95%	95%			
% of revenue compliance	≥98%	99%	99%			
Number of products/services delivered or processed	8,800,000-9,800,000	2,343,309	4,786,318			
% customer satisfaction	>95%	95%	96%			

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Unit transaction costs	\$5.80-\$6.50	\$6.88	\$6.40			
% of transactions completed online	>50%	50%	50%			
Number of products/services delivered or processed	2,500,000-2,700,000	612,052	1,258,655			

Service delivery performance

REFUND OF FUEL EXCISE DUTY						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Average number of days taken to deliver	10	15.2	13.6		The reduction from 15.2 to 13.56 days has been achieved despite a doubling in the number of third party agents applying on behalf of clients. Additional temporary staff are being deployed in Q3 to further improve application process performance. The ability to file FED claims online (pilot) has been deferred until early 2014 due to a defect found in testing that took time to resolve. It is anticipated that when this online tool is released, it will further assist in meeting this target through a more efficient process.	
Number of products/services delivered or processed	29,000-31,000	7,195	14,966			

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Total cost of managing the funding allocation system as a % of NLTP expenditure	1%≤	1%	1%			
% of operational assurance activities completed	100%					
% of lessons learned from assurance activities that are applied		100%	100%			
% of approved organisation audit programme completed on time		83%	87%		Two audits delayed due to auditee availability. Expect to complete full programme.	
% of post implementation review programme completed		n/a	n/a		Programme commenced in January due to delayed availability of supporting information. Now on track to meet target for Q3.	

Service delivery performance

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM (continued)						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	100%					
% of actual NLTP expenditure spent within budget cost standard		115%	104%		As a cumulative measure it is improving	
% of NLTP expenditure spent within forecast cost standards		114%	104%		As a cumulative measure it is improving	
% of investments that meet the NZTA's investment criteria benchmark level (aggregate of all investment output classes)		100%	99.4%		Two activities are below the threshold: 1. SH1 Alabama Road Intersection: Approved by HNO, although not in NLTP. A retrospective approval lessons learnt report is being prepared. 2. Johnsonville Triangle Roading Improvements: Given a very strict assessment profile, possibly too low. Only approved decision at this stage.	
% of NZTA investment decisions which meet required process standards (aggregate of all investment output classes)		n/a	100%			
Average number of days taken to deliver	25					
Average number of working days taken to process and approve payments to approved organisations		4	11			
Average number of working days taken to process a new NLTP activity		8	18.7			
% customer satisfaction	>55%	n/a	n/a			

Service delivery performance

TRANSPORT PLANNING						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	>90%	95%	69%		<p>Progress was slower than anticipated, mainly due to slower progress with state highways activity management plans as a result of a major restructuring in HNO and seasonal patterns.</p> <p>Another factor was slower progress of some studies, with the most common reason being other priorities taking precedence, in particular the need to programme resources into the Auckland acceleration package.</p>	
% of transport planning activity delivered to agreed standards and timeframes		95%	69%			
% of activities completed on strategic studies and models delivered to agreed standards and timeframes		93%	80%		<p>In a number of cases, there was less progress than anticipated.</p> <p>This was mostly because of a shift in focus or other priorities taking precedence (Tauranga Eastern link network plan, Corridor optimisation Waikato and Bay of Plenty). In Auckland, work on the government's acceleration package resulted in slower progress of other projects (SMART, SH22 corridor study).</p> <p>Freight studies and plans for the Upper North Island and South Island are currently being reviewed regarding their scope and delivery.</p> <p>Reviewing and prioritising also slowed down progress on corridor management plans in Auckland.</p> <p>In a few instances, outstanding work pushed out project completion (Waikato Expressway network plan, South-Western airport multi-modal project).</p> <p>A small number of projects required more resource input than anticipated because of the complexity of the work (Wellington PT spine study), or more engagement with external consultants (Transport studies for Northland).</p>	

Service delivery performance

TRANSPORT PLANNING						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities completed on activity management planning delivered to agreed standards and timeframes		97%	53%		<p>There are a number of reasons for the State Highways activity management planning being under budget and slower work progress, including:</p> <ol style="list-style-type: none"> 1. This is a normal pattern for this activity. The first quarter is normally slow because of the July to October weather not enabling works to be done. Usually the work programme is more active over the summer and autumn. 2. A major restructuring in HNO has meant that people have changed roles and people recruited to take on positions that are now only being filled. <p>We expect that it will be back on track by Q4.</p>	

SECTOR RESEARCH						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	100%	100%	98.3%		The publication of two research reports is currently on hold, pending further information.	

Service delivery performance

PUBLIC TRANSPORT						
Investment results indicator	2013/14 forecast	Actual for the twelve months to 30/06/13	Actual for the twelve months to 30/09/13	Current status	Variance commentary	Outlook status
Number of passengers using urban public transport services (bus, train and ferry) <i>[this measure is reported a quarter in arrears]</i>	141m-147m	132.7m	133.1m		Result is marginally better than for the same quarter in 2012/13. Forecast for 2013/14 is optimistic however, especially based on recent trends across the last year from the Auckland network, a major contributor to both the forecast and the return. Expectation is for positive trends moving forward following the introduction of EMU fleet in Auckland and greater efficiencies gained.	
Public transport boardings per NLTF \$ invested on public transport services (including track access charges) <i>[this measure is reported a quarter in arrears]</i>	0.51-0.53	0.55	0.53		Result is within the forecast range and marginally down on recent trends. This is to be expected due to reasonably flat patronage and an increase in total operational cost incurred in 2013/14, primarily due to full operationalised costs of the Auckland and Wellington rolling stock and depot costs being realised.	

ADMINISTRATION OF THE SUPERGOLD CARDHOLDERS SCHEME AND ENHANCED PUBLIC TRANSPORT CONCESSIONS FOR SUPERGOLD CARDHOLDERS						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Average number of days to deliver	20	18	19			
% of activities that are delivered to agreed standards and timeframes	100%	100%	100%			

Service delivery performance

ROAD SAFETY PROMOTION						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	100%					
% of road safety education programme completed on time		100%	100%			
% of road safety advertising programme completed on time		100%	100%			
% of education and promotion programmes that meet forecast participation rates		100%	100%			
% of target audience aware of road user safety messages <i>[this measure is reported a quarter in arrears]</i>	≥70%	60%	61%		This indicator measures the recall of our ads on television and is a measure of free recall only. Taking into account the advertising campaign has moved into areas that are not traditionally seen as 'road safety' advertising, (Young Drivers, Drive Social, and Drugs) and that late last year the survey method changed from telephone based to online, the free recall measure has begun to increase this quarter (61% is the 12 month rolling figure). Recent new production of alcohol, drugs and speed campaigns are showing good indications of higher recall which will help in future quarters.	

MAINTENANCE AND OPERATION OF LOCAL ROADS						
Investment results indicator	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Cost of emergency reinstatement	\$85m	\$40m	\$41.6m			

Service delivery performance

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	>90%					
% of state highway large projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		0%	67%		The large projects programme is progressing as planned. In the last quarter we completed and opened a number of improvement projects including the Ngaruawahia section of the Waikato Expressway and the Papakura Interchange on the Auckland Southern Motorway. The RoNS account for more than 80% of this year's programme and to date all planned milestones have been achieved.	
% of state highway small projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		0%	35%		The programme for small projects is progressing well and a number of projects have completed early.	
% of property acquisition programme completed to agreed standards and timeframes - Cost vs budget		12.5%	31%		The programme continues on track.	
% of activities that are delivered to agreed standards and timeframes National War Memorial Park: Buckle Street undergrounding project	100%	22%	42%		Construction of the project continues to schedule.	
% of activities that are delivered to agreed standards and timeframes Construction of passing opportunities on SH2 between Napier and Gisborne	100%	16%	51%		Construction of the various passing lane projects continues to schedule.	

Service delivery performance

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS (continued)						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% customer satisfaction Supplier Stakeholders (satisfaction with relationship between suppliers and NZTA)	>50%	n/a	n/a		This is reported annually and will be reported on in Q4	
Investment measures	2013/14 forecast	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Length of road reconstruction and new roads completed (lane km)	120km-200km	n/a	n/a		This is reported annually and will be reported on in Q4	
Length of bridge replacements (lane km)	1.0km-1.5km	n/a	n/a		This is reported annually and will be reported on in Q4	
RENEWALS OF STATE HIGHWAYS						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes % of state highway renewals programme completed (actual km vs target km)	>90%	0%	26%		The renewals programme is lagging behind planned achievement. 26% of the annual planned total has been completed at half way through the year. A number of regions have experienced significant rainfall and unsettled weather during November and December and suppliers have deliberately deferred their programmes until quarter three.	
Safe stopping: % of travel on network above skid threshold	≥98%	n/a	n/a		This is reported annually and will be reported on in Q4	

Service delivery performance

RENEWALS OF STATE HIGHWAYS (continued)						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Network resilience: % of rutting >20mm over state highway network	<2%	n/a	n/a		This is reported annually and will be reported on in Q4	
Investment measures	2013/14 forecast	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of sealed network resurfaced (based on road length in lane km)	11%	n/a	n/a		This is reported annually and will be reported on in Q4	
% of network rehabilitated (based on road length in lane km)	1-2%	n/a	n/a		This is reported annually and will be reported on in Q4	
Pavement integrity of the sealed network	≥94	n/a	n/a		This is reported annually and will be reported on in Q4	
Surface condition of the sealed network	≥97	n/a	n/a		This is reported annually and will be reported on in Q4	
Cost of renewals (excluding emergency reinstatement) per network lane km	\$8,000-\$9,000	n/a	n/a		This is reported annually and will be reported on in Q4	

Service delivery performance

MAINTENANCE AND OPERATION OF STATE HIGHWAYS						
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	>90%	17%	46%		The value we are reporting quarterly is based on the proportion of the planned expenditure for the year to date. We are slightly behind programme due to the unsettled weather across the country. This has resulted in delays to planned work being carried out. We expect to recover this position in the next quarter.	
Safe stopping: % of travel on network above skid threshold	≥98%	n/a	n/a		This is reported annually and will be reported on in Q4	
Safe stopping: % of network meeting surface texture standards						
Smooth ride: % of travel on network classed as smooth	≥97%	n/a	n/a		This is reported annually and will be reported on in Q4	
% availability of state highway network	90%	90.3%	86.2%		There were a number of significant weather related events (slips, flooding, and snow) across the Central and Lower North Island, and South Island which resulted in Road Closures for longer than the accepted timeframes (<2 hours for urban and <12 hours for rural).	
% availability of state highway network						
% of unplanned closures		9.7%	13.8%			
% customer satisfaction	45%	43%	45%		Satisfaction levels have risen for both the provision of information (pre and in-journey) and overall rating of state highways. This is in line with normal seasonal fluctuations following poor weather periods and prior to the peak roadworks season.	

Service delivery performance

MAINTENANCE AND OPERATION OF STATE HIGHWAYS (continued)

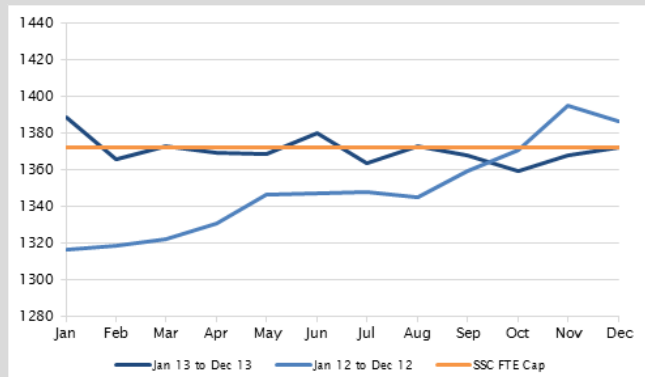
Investment measures	2013/14 forecast	Q1 actual	Q2 actual	Current status	Variance commentary	Outlook status
Network resilience - % of travel on smooth roads	≥98%	n/a	n/a		This is reported annually and will be reported on in Q4	
Cost of emergency reinstatement	\$60m	\$6.8m	\$24.9m		Through quarter one and two there have been a significant number of emergency events and incidents on the state highway network. The expenditure this year is ahead of this time last year. In 2012/13 we spent around \$55m on emergency reinstatement, and this year expect the year total to be around \$60m.	
Cost of maintaining and operating the network excluding emergency reinstatement (\$ per network lane-km)	\$11,000-\$12,000	n/a	n/a		This is reported annually and will be reported on in Q4	

ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

FTE cap, which includes vacancies, has been exceeded. Unplanned turnover has stabilised and there has been a decrease in excessive annual leave balances.

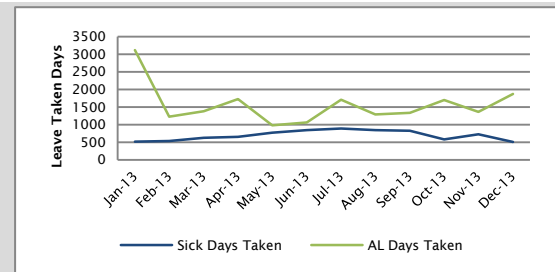
Full-time Equivalent (FTE) employees against cap



The Transport Agency's FTE Cap is 1372 FTEs. Actual FTEs at 31 December 2013 was 1372 (down from 1386 at 31 December 2012). At the start of January there were 15 roles being advertised and at least 16 staff that have been appointed to roles, but have not yet started.

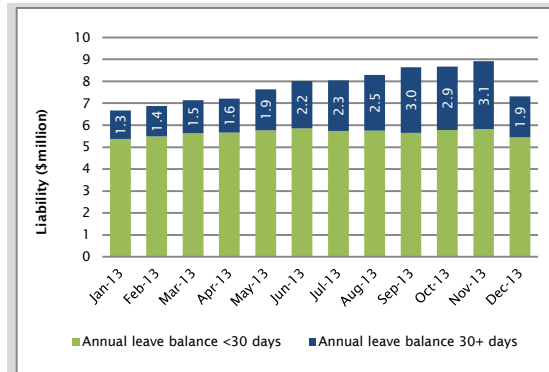
We are continuing to evaluate the findings of the efficiency reviews to determine whether the additional work we are undertaking can be done within the cap. Both the Minister and State Services Commission (SSC) have been informed.

Planned and unplanned leave taken



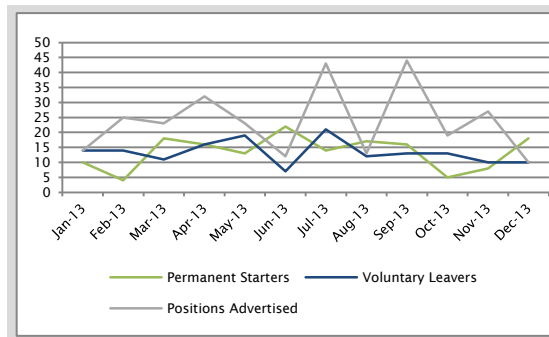
The average annual leave balance is 16.9 days - down from 17.6 at the end of the last quarter. The number of annual leave days taken is, as expected, rising in December with a corresponding drop in liability, and this trend will continue into next quarter as people take summer breaks. Sick leave levels remain constant.

Annual leave liability



The Transport Agency is currently carrying an annual leave liability of around \$7.2m (around \$5,000 per person). The 140 people who have annual leave balances of more than 30 days account for 26% of the total liability. The figures have decreased since last quarter as expected with the Christmas break, and are expected to drop further over the next two months.

Permanent comings and goings



At 31 December 2013 there were 22 roles going through a recruitment process, although the majority of these were to replace existing staff and will be FTE neutral. The changes in the maintenance and operations (M&O) space within the Highway Network Operations Group will continue to impact FTE numbers. Voluntary turnover sits at 11.7%, up from 10.2% in December 2012 which, while an increase, remains within an appropriate turnover rate.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

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

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

Committing as an organisation to health and safety

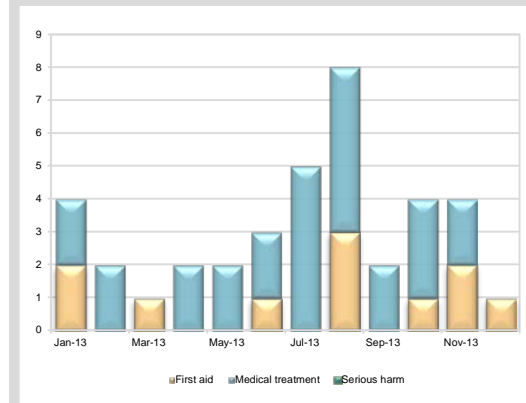
We're all committed to:

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

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

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

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

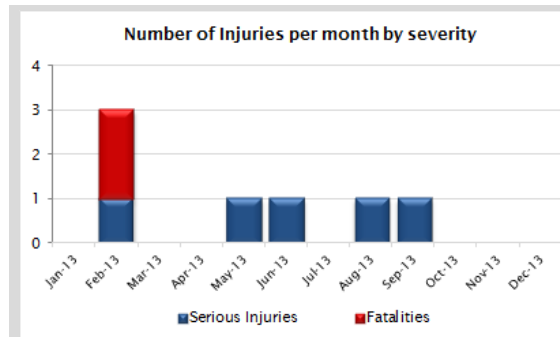


There were 14 injuries and one near miss in the quarter ended 31 December 2013. We have had an increased rate of reporting since bringing a new reporting system online in October. Most of the injuries can be attributed to scalds from hot water dispensers, cuts from kitchen implements or sprains and strains of various types.

The safety committees have put some effort into clearing trip hazards from the floors, and perhaps because of this there was only one trip injury in the quarter. Trips are usually our leading cause of injury.

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

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

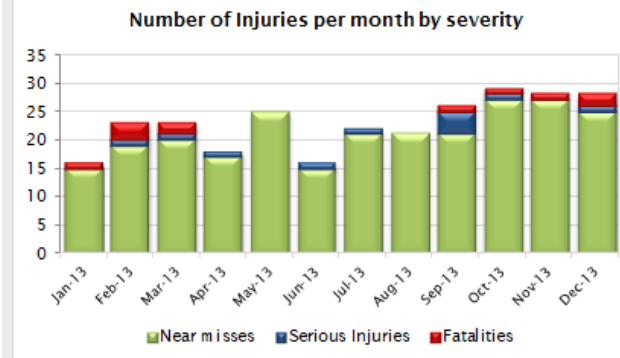


There were no serious harm incidents on our contractors' work sites this quarter. There were two serious harm incidents in the previous quarter.



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

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



Occurrence data for the period 1 October - 31 December 2013:

Total occurrences (accidents and incidents) reported to the Transport Agency this quarter: The Rail Information System (RIS) database shows **929** occurrence reports were recorded in the period.

Of the total occurrences reported **85** involved actual or risk of death or serious injury.

Fatalities: **4**. Of these fatalities, 3 occurred on level crossings (1 teenager allegedly playing chicken, 1 suspected suicide, 1 collision with a vehicle). The fourth occurrence was a trespasser on the track.

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

APPENDIX:

FINANCIAL REPORTING

NZTA FINANCIAL STATEMENTS

NZ Transport Agency – Consolidated statement of comprehensive income for the six months ended 31 December 2013

	Year to date				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Income					
Revenue from the Crown	36,530	46,380	(9,850)	(21%)	91,242
Revenue from the National Land Transport Fund	833,890	798,144	35,746	4%	1,864,290
Revenue from third parties	71,892	64,814	7,078	11%	130,915
	942,312	909,338	32,973	4%	2,086,447
Expenditure					
Investment in land transport	1,202,589	1,250,563	47,975	4%	2,783,586
NZTA operating activities	137,129	134,711	(2,418)	(2%)	272,510
State highway depreciation/asset write off	210,200	213,750	3,550	2%	427,500
	1,549,918	1,599,025	49,107	3%	3,483,596
Net surplus/(deficit)	(607,606)	(689,686)	82,080	(12%)	(1,397,149)
Capital expenditure	(622,448)	(652,411)	(29,963)	5%	(1,404,500)
Net surplus/(deficit) after capex	14,842	(37,275)	52,117		7,351

NZ Transport Agency - Consolidated statement of financial position

	As at 31 December 2013				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Assets					
Current assets					
Debtor National Land Transport Fund	303,928	397,765	(93,837)	(24%)	398,168
Other	70,325	103,214	(32,889)	(32%)	109,902
Non-current assets	26,609,730	27,338,116	(728,387)	(3%)	28,364,036
	26,983,983	27,839,095	(855,112)	(3%)	28,872,106
Liabilities					
Current liabilities					
Borrowing	100,000	138,425	38,425	28%	250,000
Other	210,673	240,326	29,654	12%	296,502
Non-current liabilities	4,653	64,700	60,047	93%	124,900
	315,326	443,451	128,126	29%	671,402
Net assets	26,668,657	27,395,643	(726,986)	(3%)	28,200,703
Equity					
General funds	5,606	5,606	(0)	(0%)	5,806
Retained funds	39,487	41,909	(2,421)	(6%)	45,221
Memorandum account - Third party fees	2,918	341	2,576	(755%)	300
State highway network	26,620,646	27,347,787	(727,141)	(3%)	28,149,376
Total equity	26,668,657	27,395,643	(726,986)	(3%)	28,200,703

NZ Transport Agency – Consolidated statement of cash flows
for the six months ended 31 December 2013

	Year to date				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Cash flows from operating activities					
Receipts from Crown/NLTF revenue	1,062,445	961,625	100,820	10%	2,092,604
Receipts from third party/interest revenue	126,791	72,930	53,861	74%	130,636
Payments to suppliers and employees	(953,786)	(845,281)	(108,505)	(13%)	(1,702,007)
	235,450	189,274	46,176	24%	521,233
Cash flows from investing activities					
Receipts from sale of state highway properties	27,216	35,000	(7,784)	(22%)	70,000
Purchase of assets	(4,924)	(5,300)	376	7%	(10,600)
State highway network (incl. property purchases)	(622,448)	(652,411)	29,963	5%	(1,623,983)
	(600,156)	(622,711)	22,555	4%	(1,564,583)
Cash flows from financing activities					
Capital contributions	367,222	341,265	25,957	8%	778,600
Borrowing	20,000	168,425	(148,425)	(88%)	370,000
NLTF debtor borrowing reduction/interest	(21,845)	(72,600)	50,755	(70%)	(105,200)
	365,377	437,090	(71,713)	(16%)	1,043,400
Net (decrease)/increase in cash	671	3,653	(2,982)	(82%)	50
Cash at the beginning of the period	16,580	50,000	(33,420)	(67%)	50,000
Cash at the end of the period	17,251	53,653	(36,402)	(68%)	50,050

NLTF FINANCIAL STATEMENTS

National Land Transport Fund - Statement of financial position

	As at 31 December 2013			Year end
	Actual	Opening	Movement	SOI Budget
	\$000	\$000	\$000	\$000
Current assets				
Cash and cash equivalents	83,998	113,662	(29,664)	16,830
Debtors	252,915	214,463	38,452	206,017
	336,913	328,125	8,788	222,847
Current liabilities				
Creditors and other payables	303,928	443,426	139,498	398,168
	303,928	443,426	139,498	398,168
Net assets	32,985	(115,301)	148,286	(175,321)
General funds	32,985	(115,301)	148,286	(175,321)
General funds closing balance	32,985	(115,301)	148,286	(175,321)

General funds: The increase in general funds of \$148m represents the surplus of the Fund as at 31 December (see NLTF Statement of comprehensive income).

The National Land Transport Fund no longer has negative equity.

National Land Transport Fund – Statement of cash flows
for the six months ended 31 December 2013

	Year to date	Year end
	Actual	SOI Budget
	\$000	\$000
Cash flows from operating activities		
Receipts from land transport revenue	1,529,152	3,024,843
Payments to NZTA and NZ Police	(1,380,866)	(3,006,565)
	148,286	18,278
Net decrease/(increase) in Debtors	(38,454)	(13,479)
Net (decrease)/increase in Creditors	(139,496)	(26,320)
	(177,950)	(39,799)
Net (decrease)/increase in cash and cash equivalents	(29,664)	(21,521)
Cash and cash equivalents at the beginning of the period	113,662	38,351
Cash and cash equivalents at the end of the period	83,998	16,830