
QUARTERLY RESULTS AND INSIGHTS

Q2 2014/15

1 October to 31 December 2014



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EXECUTIVE SUMMARY AND OUR KEY OPERATING ASSUMPTIONS

EXECUTIVE SUMMARY

This quarterly report takes us to the halfway mark in our financial year, and the Transport Agency is pleased to report that we're making steady progress – excellent progress in some cases – on the nine Key Result Areas and stretch targets that guide our focus on delivering cost-effective transport solutions that help New Zealand thrive.

We're also making very good progress against most of our 43 annual service delivery and investment targets that we measure on a quarterly basis.

Highlights from our results for the period 1 October to 31 December 2014 include:

- Putting customers at the heart of our business – We continue to take steps to make it easy for customers to do business with us. In December we launched a revamped, easy-to-use driver licensing section of our public website. This is the initial stage of a comprehensive website redesign that reflects customer feedback.
- Urban network capacity – Public transport patronage in our three largest centres continues to gain traction. In Auckland, patronage increased 8.5% compared to the same quarter in the previous year. In Wellington, patronage posted its fourth consecutive quarterly increase. In Christchurch, patronage increased for the 11th consecutive quarter.
- More freight on fewer trucks – We're making good progress toward our goal of delivering a high productivity national freight network. In the process we're seeing a new generation of safer, more fuel-efficient trucks that require fewer trips to carry the same amount of freight.
- Safer speeds – We're working closely with our road safety partners to develop a new national direction and guidance on speeds that are right for road function, design, safety and use. Consultation on a draft speed management guide is now underway. Speed indicators indicate a significant reduction in the number of vehicles that exceed posted speed limits.
- Efficient road maintenance – By the end of December, 57 of the 67 local road networks have been classified using the new One Network Road Classification, which will help ensure value-for-money investment decisions that deliver the right level of service for our roads.
- Our capital programme – We're on schedule with planning and delivery for the Auckland Accelerated Transport Programme and for the Regional Roads and Urban Cycleway programmes. And we're on track or ahead of schedule on four of the six remaining Roads of National Significance.
- Our financial performance – Revenue for the quarter closely reflected our forecast. Although NLTP expenditures are slightly under budget at the mid-year point, our focus continues to be on expenditures that deliver the best value for money for New Zealand.
- Our operating environment – lower crude oil prices was a headline story in the quarter. Although it remains to be seen whether this signals a long-term trend, the short-term impact has been a 13.3% decrease in our bitumen cost index. Bitumen is a core component of road construction and road maintenance costs.

PERFORMANCE OVERVIEW

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

ACHIEVING THE AIMS OF OUR ELEVEN KEY RESULT AREAS

<p>1 CUSTOMERS</p> <p>Good progress.</p> <p>Areas to watch relate mostly to scheduling delays. Customer insight work has led to the development of a Smart Comms and Easy Online proposal that will make vehicle licensing easier for customers. It also underpinned the development of a beta- version of the driver licensing section of the NZTA website http://beta.nzta.govt.nz/driver-licences/) Our annual success indicator will be update in Q3.</p>	<p>2 URBAN NETWORK CAPACITY</p> <p>Variable progress with three areas to watch.</p> <p>Network Operating plans for major urban centres have been developed, but there have been mixed progress on applying these to optimisation activities within transport plans. The benefits of optimisation will be seen in the NLTP 2015 – 18. Business continuity plans exist for each of the TOC, but more work need be done on a nationally integrated fall-over capacity between them. Procurement of PT services in our major centres is on track to improve network capacity utilisation. Our annual success indicator will be update in Q4</p>	<p>3 FREIGHT</p> <p>Good overall progress, with one area to watch.</p> <p>2,680km of HPMV Investment routes has been opened up and we continue make progress on providing access to 50MAX heavy vehicles on suitable roads. We continue to make good progress on reducing average turnaround times on non-complex permits and expect to make substantial reductions in the time take to complete complex permit applications following the successful conclusion of a pilot project. Our success indicator shows that HMPV travel accounted for 23% of total heavy travel in Q2</p>	<p>4 SAFER SPEEDS</p> <p>Variable progress, with two areas of watch</p> <p>A NZ Police Policing Investment proposal to ensure transport plans give effect to a national speed management programme will be submitted in February 2015. A terms of reference has been agreed on developing an automated enforcement strategy to enhance road safety and ACC had approved investment in strategy development. Our success indicator shows a fall in DSI to 1237 in Q1</p>	<p>5 EFFICIENT ROAD MAINTENANCE</p> <p>Variable progress, with three areas to watch</p> <p>There are timing issues with the development of ONRC performance measures and the associated assessment of RLTPs. There are resourcing and timing issues, which have impacted on how the ONRC has been applied to the AO networks. These issues are likely to impact on how much ONRC can influence the funding allocations for renewals, maintenance and operations Our success indicator result shows estimated programmed cumulative savings on renewal, maintenance and operations activities of \$163m in Q2.</p>
<p>6 INTEGRATE ONE NETWORK</p> <p>Variable progress with four areas to watch.</p> <p>Significant progress made on transport planning as part of the development of RLTPs in preparation for the 2015-18 NLTP. The transfer of back office process for integrated ticketing from AT to NZTTL has commenced.</p>	<p>7 SHAPE SMART CHOICES</p> <p>Variable results, with four areas to watch.</p> <p>Development of signature projects adversely impacted by inability to secure investment. Delays have occurred in incorporating the safe system approach within the EEM and developing a speed management business case.</p>	<p>8 DELIVER HIGHWAY SOLUTIONS</p> <p>Variable progress, with two RoNS projects to watch.</p> <p>Converting existing contracts to NOC is ongoing. Two of the RONS projects have experienced slight delays. This section now includes the regional road and urban cycleway programmes</p>	<p>9 MAXIMISE RETURNS FOR NZ</p> <p>Variable progress, with six areas to watch.</p> <p>The HNO procurement review has been completed. Financial Assistance Rates for individual Approved Organisations been confirmed and communicated. Investment Assessment Framework aligned to GPS has now been completed. PTOM implementing for Christchurch City Council pushed out to 2018.</p>	

FINANCIAL PERFORMANCE

NLTF revenue

[1% ahead of budget]

NLTP expenditure

[14% under budget]

A&U revenue

[8% over budget]

A&U expenditure

[1% over budget]

NZTA operating expenditure

[1% under budget]

Borrowing

[as planned]

SERVICE DELIVERY PERFORMANCE

DELIVERY TARGETS

We are making good progress against our 44 annual service delivery and investment targets, but eleven 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 Licensing and Regulatory Compliance customer satisfaction, Road User Charges unit transaction costs, Management of the Funding Allocation System operational assurance activities, Transport Planning activities and Public Transport passenger numbers.

STRONG ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

The FTE count, which includes active vacancies, was under the cap of 1,372 at 31 December 2014.
Annual leave liability has been increasing, although it remains lower than at the same time last year.

HEALTH AND SAFETY

NZTA employees: There were three first aid and three medical treatment injuries in the second quarter.

NZTA contractors' worksites: There were no serious injuries or fatalities on our contractors' work sites this quarter or in quarter one.

Very good progress against plan – achieved all our targets and milestones for this quarter

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

Good progress against plan – achieved most of our targets and milestones for this quarter. Issues to be resolved indicated in box

KEY OPERATING ASSUMPTIONS

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

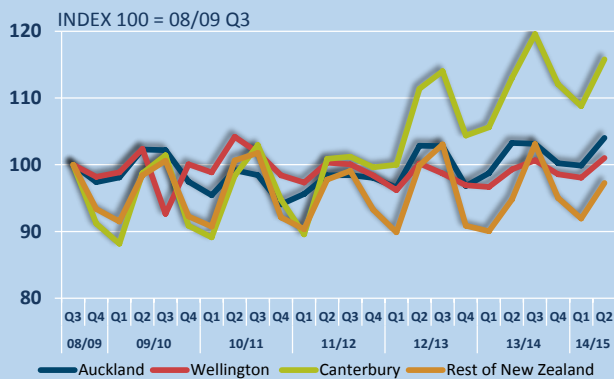
REVENUES	TRANSACTION VOLUMES	STATE HIGHWAY TRAFFIC VOLUMES
<p>INCREASED TRAVEL UNDERPINS GROWTH IN REVENUES</p>	<p>VOLUMES CONTINUE ON THEIR GROWTH TRAJECTORY</p>	<p>TRAVEL REFLECTS SEASONAL UPSWING UNDERLYING TREND IS POSITIVE</p>
<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; flex-direction: column; justify-content: center; align-items: center; margin-right: 20px;"> <p style="font-size: 24px; font-weight: bold; margin: 0;">\$1.577b</p> <p style="font-size: 12px; margin: 0;">flows into the National Land Transport Fund</p> </div> <div> <p>Revenues for 2014/15 Q2 were 1% or \$12.5m ahead of budget. The primary contributor was RUC and other revenue, which came in 2% higher than budget. FED revenue is now just 1% ahead of budget.</p> </div> </div>	<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; flex-direction: column; justify-content: center; align-items: center; margin-right: 20px;"> <p style="font-size: 24px; font-weight: bold; margin: 0;">2.3m</p> <p style="font-size: 12px; margin: 0;">licence transactions were completed</p> </div> <div> <p>The number of licence transactions rose by 5.2% in 2014/15 Q2 when compared to the corresponding quarter in the previous year. RUC, MVR and driver licences, rose by 4.9%, 5.0% and 5.2%, respectively.</p> </div> </div>	<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; flex-direction: column; justify-content: center; align-items: center; margin-right: 20px;"> <p style="font-size: 24px; font-weight: bold; margin: 0;">1.8%</p> <p style="font-size: 12px; margin: 0;">increase in total vehicle counts</p> </div> <div> <p>Total vehicle and heavy vehicle counts rose by 1.8% and 4.6% respectively for the three months ended November 2014 compared to the corresponding period in 2013. Vehicle counts have now risen for four consecutive quarters.</p> </div> </div>
<p>INDEX 100 = 07/08 Q1</p>	<p>INDEX 100 = 08/09</p>	<p>INDEX 100 = 08/09 Q3</p>

REGIONAL STATE HIGHWAY TRAFFIC VOLUMES

VOLUME GROWTH IS BROAD-BASED, WITH ALL REGIONS SHOWING GAINS

2.5%
increase in total vehicle counts in Canterbury

Vehicle counts in Canterbury, Wellington and Auckland rose by 2.5%, 1.7% and 0.8%, respectively in 2014/15 Q2. Other regions posting strong growth included Northland (5.8%), Southland (5.1%), West Coast (4.7%), Manawatu (4.2%) and Waikato (4.0%).

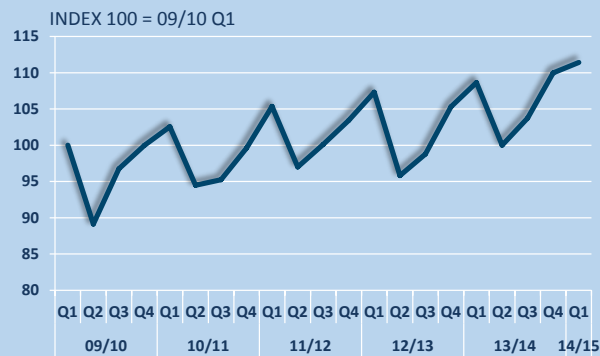


PUBLIC TRANSPORT VOLUMES

INVESTMENT IN PUBLIC TRANSPORT SUPPORTS SEASONAL PATRONAGE GROWTH

36.3m
boardings on public transport

Public transport patronage increased by 2.6% in 2014/15 Q1 compared to the corresponding quarter in the previous year. This is the sixth consecutive quarter where positive growth has been recorded.

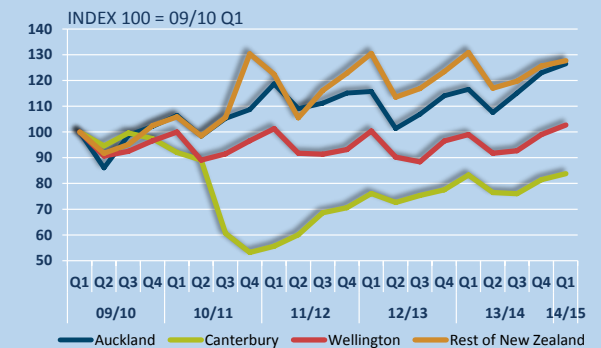


REGIONAL PUBLIC TRANSPORT VOLUMES

PATRONAGE IN CANTERBURY SEEMS TO BE STABILISING

8.5%
increase in PT patronage in Auckland

Patronage in Auckland, Wellington and Canterbury grew by 8.5%, 3.8% and 0.7% respectively in 2014/15 Q1 compared to the same quarter a year earlier. By contrast, public transport use in the rest of New Zealand fell by 2.5%.

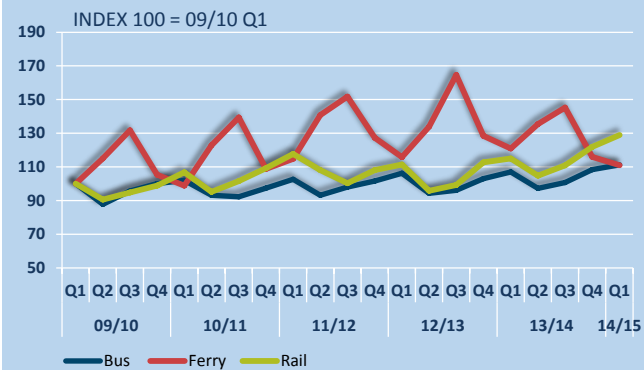


PUBLIC TRANSPORT VOLUMES BY MODE

IMPROVED SERVICE OFFERING SUPPORTS GROWING DEMAND FOR PUBLIC TRANSPORT

12.2%
increase in rail
patronage

Patronage on rail increased by 12.2% in 2014/15 Q1 when compared to the same quarter a year earlier, while boardings on buses rose by 4.0%. By contrast, patronage on ferry fell 8.3% over the same period.

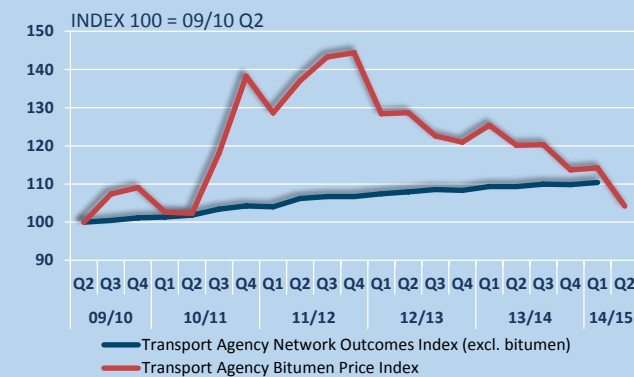


TRANSPORT AGENCY COST ADJUSTMENT INDICES

BITUMEN PRICES REFLECT SHARP DROP IN CRUDE OIL PRICES

13.3%
decrease in our
bitumen cost
index

The network outcomes index for 2014/15 Q2 continues to show an increasing, but slowing trend. Our bitumen index, which was 13.3% lower in 2014/15 Q2 than for the same period last year, reflects the decline in US\$ crude oil prices

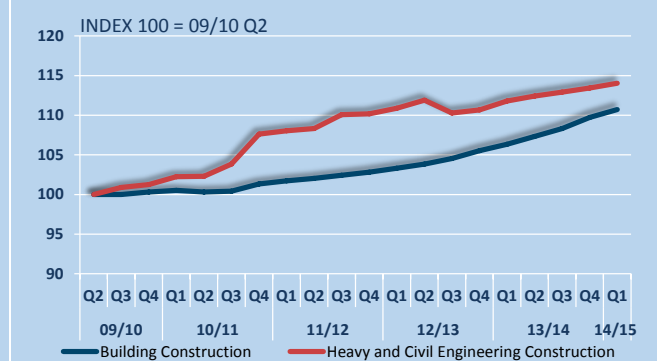


MARKET PRICES

INCREASED DEMAND FOR HOUSES IN CHRISTCHURCH AND AUCKLAND PUSHES UP BUILDING COSTS

4.2%
increase in
building and
construction
costs

Building costs continue to increase at an increasing rate. In contrast, heavy and civil engineering prices, which rose 2.0% in 2014/15 Q2 compared to the same period a year earlier, show an increasing, but slowing trend.






PROGRESS ON OUR 9 KEY RESULT AREAS

OUR 11 KEY RESULT AREAS

KEY RESULT AREA	NUMBER OF OBJECTIVES THAT ARE ON TRACK OR ACHIEVED	NUMBER OF OBJECTIVES THAT HAVE MINOR ISSUES	NUMBER OF OBJECTIVES THAT HAVE SIGNIFICANT ISSUES
1. Putting customers at the heart of our business	4		
2. Making the most of urban network capacity	4	3	
3. Moving more freight on fewer trucks	4	1	
4. Safe speeds to reduce deaths and serious injuries	2	2	
5. Efficient road maintenance investment and delivery	4	3	
6. Integrate one network for customers	9	4	
7. Shape smart transport choices	16	4	
8. Deliver highway solutions for customers	12	2	
9. Maximise returns for New Zealand	10	6	

 No issues / on-track / achieved

 Issues but active mitigation in progress

 Significant issues or risks / off-track / not achieved

KEY RESULT AREA 1: CUSTOMERS

OUR AIM IS TO PUT CUSTOMERS AT THE HEART OF OUR BUSINESS

Summary

- Initiatives aimed at making us more customer focused have made good progress
- Customer complaints and feedback processes together with reporting requirements are being reviewed
- A beta version of the driver licensing section of the new Transport Agency website has gone live (<http://beta.nzta.govt.nz/driver-licences/>)
- A proposal for implementing Smart Comms and Easy Online to make vehicle licensing easier has been submitted

Q2: Good progress.

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Increase the level of capability and understanding that all Transport Agency staff have of what an exceptional customer experience looks like and how this relates to their role.	Delivery of the Customer Foundations workshop continued and work is under way to evolve the workshop into distinct capability building modules, which can be run in-house at the team level. The goal is to include these modules as part of the transferable skills programme on customer focus. Improving customer outcomes is also an important element of the innovation workstream, which includes a capability building course.	●
Ensure a consolidated Transport Agency-wide articulation and understanding of our customers, their needs, and their expectations by harnessing ongoing customer insight techniques and identifying any gaps.	<p>A stocktake of customer surveys and engagement initiatives was scoped and undertaken by the Insights Cluster. The stocktake found a predominance of project-specific, one-off research and only a few repeating surveys focused on the Agency's impact on customers' experiences and perceptions. Elements of the repeating surveys will be used as input for future work on surveying customer perceptions, with a focus on avoiding oversampling of certain customers and stakeholders.</p> <p>A stocktake of customer definitions from across the business has been conducted.</p>	●
Customer feedback is actively solicited and directed to the relevant teams and used for continuous improvement.	<p>An initial review of the complaints and feedback processes has been conducted. We will be working with the appropriate business owners to embed the findings of the review in the third quarter and continue to identify opportunities to improve how we capture and incorporate the voice of the customer in our processes.</p> <p>A new complaints and feedback reporting output is being trialled by Access and Use, with the intention of expanding it in quarter three to form the basis of an Agency-wide reporting regime.</p>	●

MILESTONES FOR 2014/15

Q2 PROGRESS

RESULT

New online transaction capabilities and usability improvements are implemented, and business cases developed for services to migrate online.

Customer priority work streams/channels strategy: The Transport Agency project to implement a new customer focused user tested design and content, and a new technology that manages the website is progressing to plan. A Beta website was launched in December with Driver Licensing content and will be added to as new sections are created. The new website is mobile responsive. The design compliments an easy to use intuitive process for customers to access and complete online transactions. The build work to reskin the transaction centre in-line with the website commences in January 2015.

Annual vehicle licensing update: Business case for implementation of Smart Comms (email and text reminders) and Easy Online (introduction of temporary label) has been completed.



KEY RESULT AREA 2: URBAN NETWORK CAPACITY

OUR AIM IS TO MAKE THE MOST OF URBAN NETWORK CAPACITY




Summary

- Network Operating Plans for key corridors in major urban centres have been developed
- Optimisation activities in the Network Operating Plans are still to be included in the SHAMP and AO programmes
- There are issues with Christchurch Network Operating Plan that may result in it not updating its programme before the next NLTP
- Significant work required to develop a national integrated fall-over capability between TOCs
- TOCs have developed KRAs and KPIs have been established
- Auckland Transport's bus services and rail operator procurement strategies have been approved
- Expressions of interest for Wellington metro rail contracts have been reviewed

Note: The next update for the success indicator for this priority will be in Q4.

Q2: Variable progress, with three areas to watch.

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Auckland, Wellington and Christchurch optimisation activities have been considered for inclusion in the 2015-18 National Land Transport Programme.</p>	<p>Network Operating Plans (NOPs), which will inform network optimisation for the 2015-18 NLTP period for high benefit corridors in major urban centres, are in place. In Wellington, appreciation of this tool has increased since it was used by the Wellington Traffic Operations Centre (WTOC), resulting in initiatives to upgrade the tool.</p> <p>Inclusion of NOP optimisation activities into the State Highway Activity Management Plan (SHAMP) and Approved Organisations' (AO) programmes is delayed pending business case approval in the third quarter.</p>	●
<p>All network operating plans are aligned and consistent for easy integration within the transport planning activity – eg regional freight plans, Highways and Network Operations, Public Transport Operating Model and critical journeys.</p> <p><i>(Note: this is a shared milestone with these local authorities)</i></p>	<p>Our planning documents include input from key external transport stakeholders and we are working with stakeholders to test and identify the way forward.</p> <p>A new NZ Network Operating Framework tool is being developed which will be GIS based and allow multiple users within different organisations to use thereby making it more accessible to AOs' transport planning, regional performance and resource planning teams. We have agreed with HNO and Christchurch City Council (CCC) to await further development on version two of the network operating plan until the new tool is available. We may need to review this if the implementation timeline of the new tool is unable to be confirmed within a reasonable period.</p>	●
<p>The Wellington Transport Operations Centre (WTOC) is operating as a joint one network entity with participation from Wellington, Hutt, Upper Hutt, and Porirua councils.</p> <p><i>(Note: this is a shared milestone with these local authorities)</i></p>	<p>Kapiti District Council's Network Operating Plan is being developed and the WTOC Board will consider including Kapiti in its membership.</p> <p>Porirua's membership is not fully established, but we are comfortable with progress made to bring them on board.</p> <p>Our main focus remains the partnership with Wellington City Council.</p>	●

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Implement the Transport Operations Centres' (TOCs') key performance indicator reporting regime and capture in the quarterly reports.</p>	<p>Operational key result areas and key performance indicators have been established and are available.</p> <p>We will run with the initial set of measures for a period to ensure we bed them in at the Joint TOC Governance Boards and internal operational performance meetings before developing them further.</p>	
<p>Transport Operations Centres' business continuity plans allow for fall over between centres and simulated disaster event carried out.</p>	<p>A gap analysis has been completed for incident management and business continuity plans for state highways, and quick wins have been identified and are being scheduled as a key activity in Highways and Network Operation's (HNO's) quarter three 90-Day Plan.</p> <p>TOCs have made progress on their local business continuity plans. However, there is still work to be done on a national integrated fall-over capability between TOCs, which is mainly related to system access.</p>	
<p>Clearly differentiate Auckland and Wellington bus routes into types and levels of service, with a focus on efficient and effective commuter services.</p>	<p>Auckland Transport has reviewed the network design for units that are the next stage of Public Transport Operating Model (PTOM) contracting, including levels of service for different routes.</p> <p>Auckland Transport has begun to implement its bus network review in south and west Auckland, and has made significant route and service changes in those areas by variation prior to PTOM contracting commencing. The simplification of the network makes it more coherent and efficient for commuters and other users.</p>	

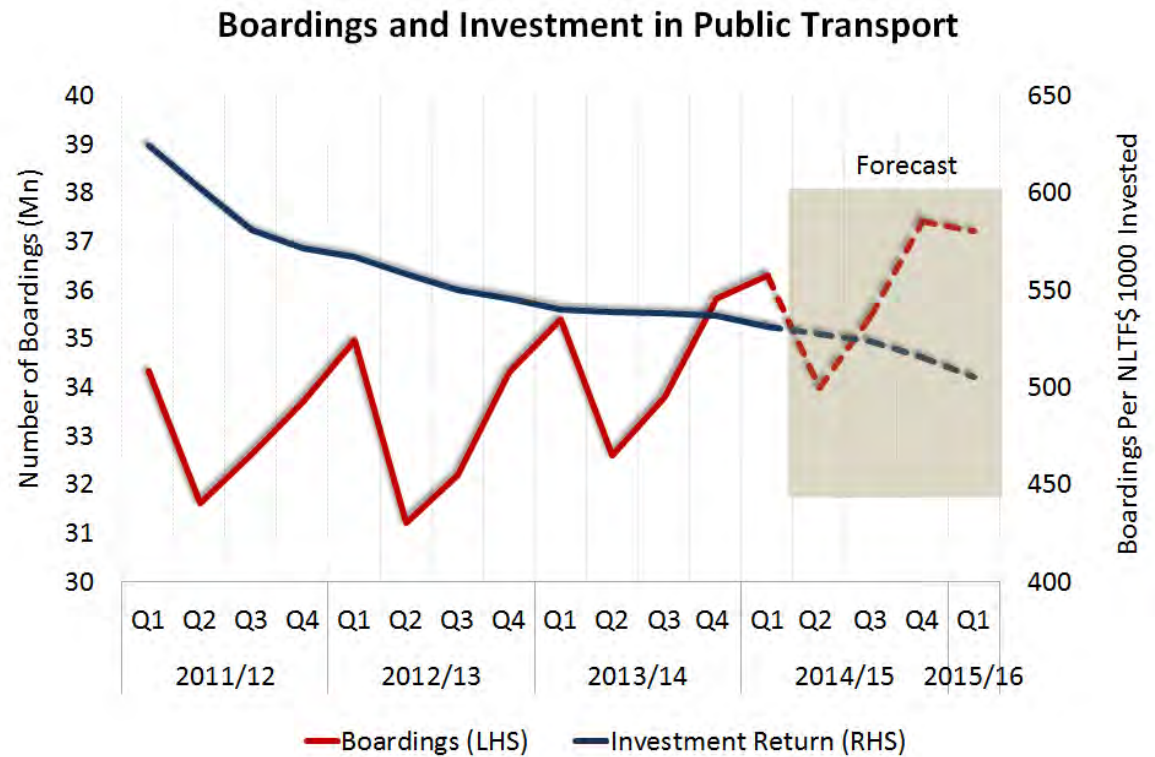
MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Improve network capacity utilisation in Auckland, Wellington and Christchurch as a result of establishing good partnering relationships between public transport service operators and regional councils/Auckland Transport.</p> <p><i>(Note: this is a shared milestone with regional councils, public transport operators and territorial local authorities)</i></p>	<p>Auckland/Northland region: We recently endorsed Auckland Transport's (AT's) bus services procurement strategy, and approved AT's rail operator procurement strategy and procedure, and its rail operator Expression of Interest. AT released its bus services contract for industry feedback and held six workshops with operators to discuss their feedback. AT is now finalising its Request for Tender (RFT) (including the contracts) and we expect to be asked to consider these in the next quarter. We have given Northland Regional Council preliminary feedback on its draft regional Public Transport Plan which will be released for consultation shortly.</p> <p>Central region: Over the last quarter, we strengthened our working relationship with Greater Wellington Regional Council (GWRC) on rail procurement. GWRC has reviewed responses to its call for Expressions of Interest for the Wellington metro rail contracts and advised respondents on the outcome prior to Christmas. In February 2015, the Agency will approve the Rail Request for Tender documentation, and GWRC will release this to successful respondents. The Agency is continuing to assist and advise GWRC as it develops its approach to procurement of bus service contracts, and in particular, as it seeks to confirm the like for like units that will be offered to incumbent operators and commence engagement with operators on transitional issues and the contracting approach. GWRC has been attending the Auckland Transport bus workshops as an observer and will be incorporating lessons from that into its engagement process.</p> <p>Southern region: We recently endorsed Environment Canterbury's (ECan) procurement strategy for public transport. The Procurement Strategy enables a two-stage transition to full tendering of all services from 2018. We are investigating a complaint in relation to ECan's urban public transport tender processes from 2006 to 2010. Submissions closed in October on ECan's draft Canterbury Regional Public Transport Plan that implements the transition to the Hub and Spoke services model. The Mayoral Forum has asked the Minister of Transport to consider reviewing the governance of Public Transport in Christchurch.</p>	

QUARTERLY SUMMARY OF PUBLIC TRANSPORT OUTCOMES:

The accompanying chart shows the number of boardings per NLTF\$ invested in public transport services over time. Historic estimates are based on four quarter rolling totals of actual public transport patronage and apportioned investment. Forecast estimates are based on recently revised patronage and investment projections made in late 2014. The projected figure for 2015/16 Q1 is based on draft expenditure estimates based on what was submitted by Approved Organisations in December 2014.

The decline in the number of boardings per NLTF\$ invested in recent quarters has been driven by the lagged response of patronage to improved services in Auckland that have resulted from ongoing investment.

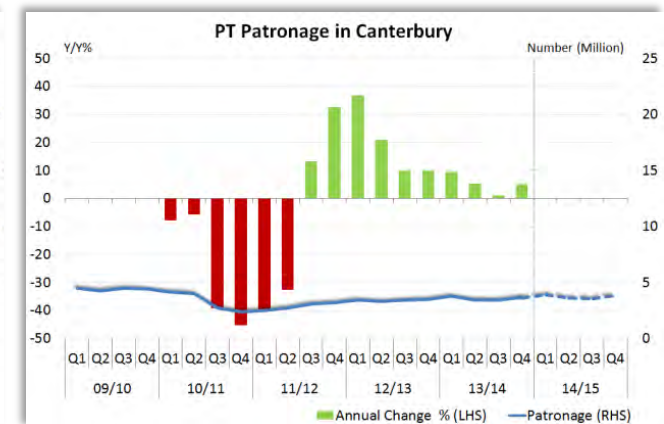
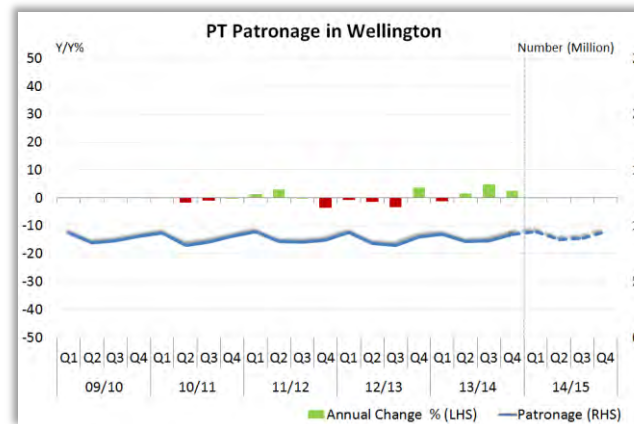
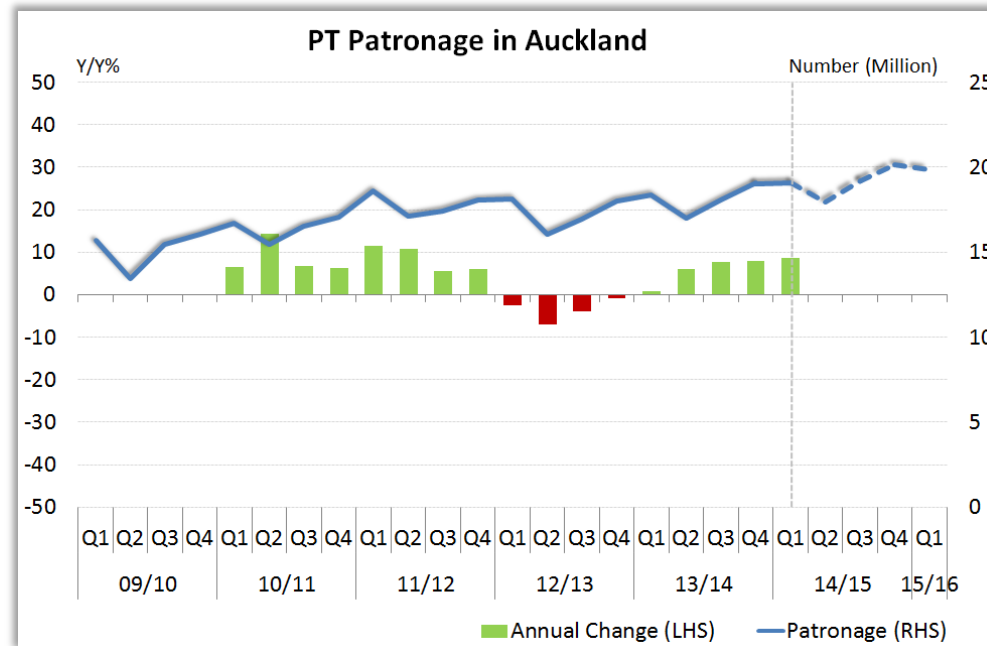
Although patronage numbers in Auckland are showing strong growth, it is expected that the real benefits of investment commitments already made will not be fully realised until the planned bus network reconfiguration has been fully implemented in 2017/18.



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

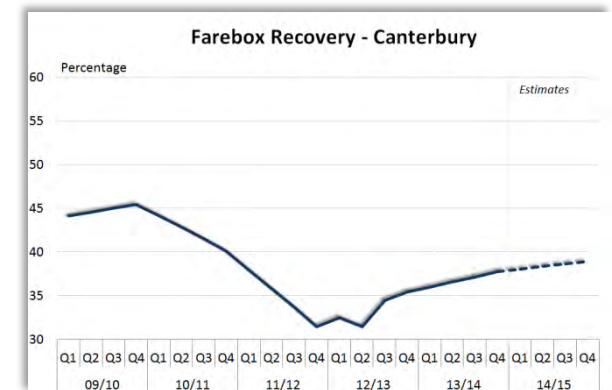
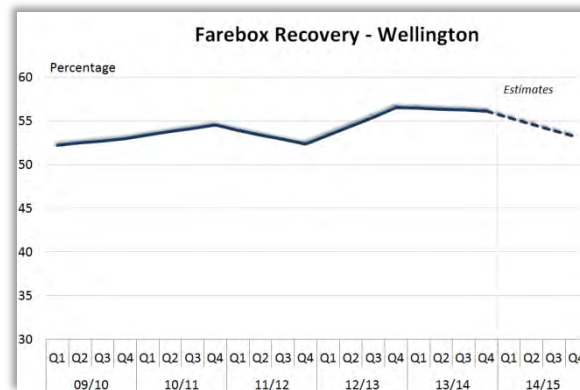
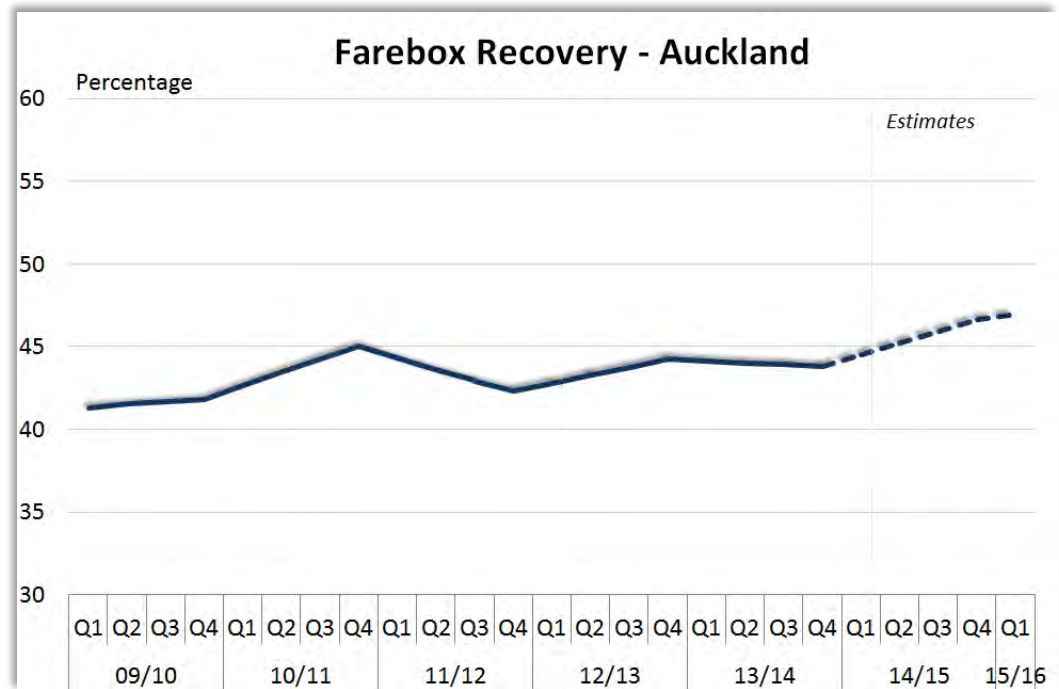
Public transport patronage numbers shown in these charts are provided up to 2014/15 Q1, a quarter in arrears. The data was obtained from the Transport Agency's Transport Investment Online database. Key points include:

- Auckland public transport patronage totalled 73.96 million passengers for the 12 months to September 2014, an increase of 7.6% on the 12 months to September 2013. Public transport patronage in Auckland continued its positive growth trajectory with boardings growing for a 5th consecutive quarter. This trend reflects the positive impact of investment on service delivery and a stronger regional economy, evidenced in part by falling unemployment.
- Public transport patronage in Wellington has also shown gains, posting its fourth consecutive quarterly increase. Patronage grew by 3.7% in 2014/15 Q1 and 3.8% when compared to 2013/14 Q4. Service level improvements have helped to grow rail patronage numbers by 7.6% over the same period.
- Public transport patronage in Canterbury continued to grow, although the pace of growth has moderated. Patronage grew by 0.7% in 2014/15 Q1 and 2.9% when compared to 2013/14 Q4. Public transport patronage is still about 10% lower than that recorded prior to the earthquake in 2010/11.



PUBLIC TRANSPORT FAREBOX RECOVERY RATES (WITH ANNUAL PERCENTAGE CHANGE) FOR THE THREE LARGEST REGIONS (AUCKLAND, WELLINGTON AND CANTERBURY)

- Auckland – The slight reduction in farebox recovery rates seen in recent quarters reflects the fact that levels of investment made in service capacity improvements has outpaced patronage growth. Farebox recovery rates are set to improve as new electric trains become operational, HOP ticketing benefits are realised, and the new bus route configurations attract patrons while at the same time investment levels stabilise.
- Wellington – Farebox recovery rates are expected to decline over the next year as patronage growth on this mature public transport system remains modest (despite investment in new trains and improved bus services). However, they should improve over the long-term as initiatives like simplifying the bus network, redesign of train services, and the introduction of simpler fares are implemented to attract patronage.
- Canterbury – Farebox recovery rates are expected to rise, but at the pace is likely to ease as patronage gains slow.



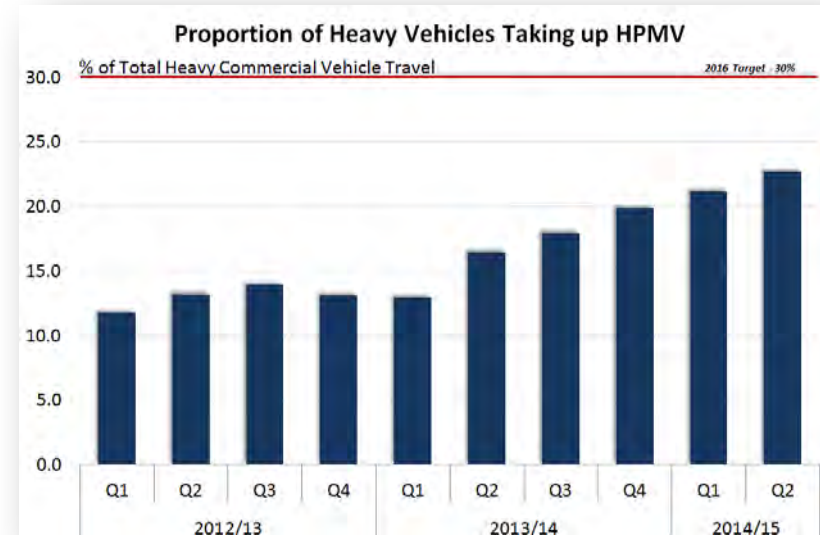
KEY RESULT AREA 3: FREIGHT

OUR AIM IS TO MOVE MORE FREIGHT ON FEWER TRUCKS

SUCCESS INDICATOR

Summary

- Approximately 15 million kilometres of standard truck travel was avoided during 2014/15 Q2
- Significant progress has been made on opening up HPMV routes, but continue to run slightly behind on an ambitious programme
- Progress on providing access to 50MAX heavy vehicles to all suitable state highway and local road network is largely on target
- Average turnaround times on non-complex permits is significantly lower than target
- A pilot project currently underway should improve turnaround times on complex permit applications



CURRENT RESULT: 23%

2015 TARGET 25% (30% BY 2016)

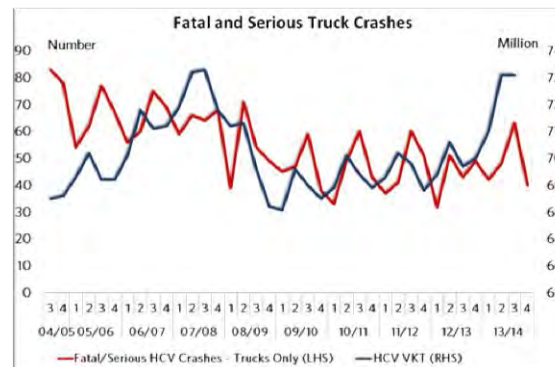
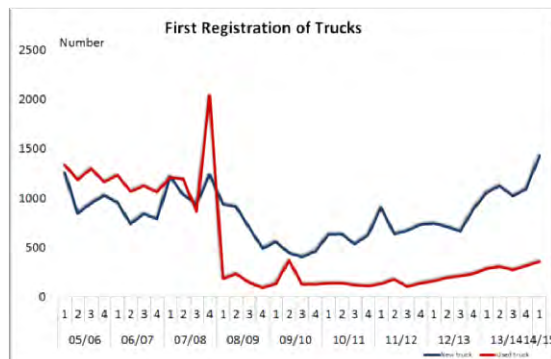
The increasing uptake of high productivity motor vehicles (HPMV) has continued in 2014/15 Q2, with the priority indicator meeting its expected mid-year point. We expect to reach, or be close to the 25% uptake target in 2014/15 Q3. The current result of 23% means that HPMVs travelled over 100 million kilometres in 2014/15 Q2 – out of a total of 446 million kilometres by all big/heavy trucks during the quarter.

The result also shows that the 50MAX, as the new standard heavy lifter for the road freight industry, remained popular in 2014/15 Q2 (see further comment below). Permits issued have almost reached 3,000 and the number of kilometres travelled has risen from 31 million in 2014/15 Q1 to almost 45 million in 2014/15 Q2. In 15 months, 50MAX vehicles have travelled over 100 million kilometres, and the term “50MAX” has now become a standard part of the road freight industry’s vocabulary.



Assuming the road freight industry is making the most of the productivity benefits of HPMVs (resulting in operator cost reductions of between 15-20% on average), the 100 million kilometres travelled would mean that about 15 million kilometres of standard truck travel was avoided during 2014/15 Q2. This equates to a commercial value to the industry, which is then passed on to the freight owners and the wider economy, of around \$30 million – assuming a \$2 value for every kilometre of truck travel saved.




Q2: QUARTERLY SUMMARY OF FREIGHT OUTCOMES:

- There are indications, from our data and anecdotal comments from industry that some vehicles formerly operating on other types of HPMV permits (such as longer and/or higher mass) have switched to 50MAX permits. This is suggested by the small drop in kilometres travelled for both longer and heavier HPMVs compared with the significant increase in 50MAX travel. This means in the case of longer HPMVs, that operators now can get more value out of their trucks in terms of greater cubic space as well as being able to now use the increased carrying weights. The switch to 50MAX is likely due to operators now being able to use their vehicles on more of the network as it is progressively opened up. During 2014 the Transport Agency opened up a number of do-not-cross bridges on the highway network that unblocked significant freight routes for many operators. Additionally, progress continues to be made with local road access, with South Taranaki District becoming the 51st council to sign up to the 50MAX single permit system. Significant progress was also made in the work to bring Whangarei, Wairoa, Horowhenua and Whanganui Districts into the system.
- The increased level of 50MAX travel is driving the increasing registration of new trucks, as the industry builds and buys trucks that are suitable for 50MAX. The data shows (see graph below) continued growth in new truck registrations as businesses invest in new and newer (used) gear, including HPMV vehicles. Industry sources suggest that demand for 50MAX 'builds' is exceeding available supply, so many operators have put in orders and are now waiting to take possession of their new equipment. These trends are expected to continue for the remainder of 2014/15. As a result of these new builds, there has been an increase in the trade-in of second-hand trucks, possibly standard trucks and trailers being disposed of by HPMV operators.
- Overall, road freight activity has increased as the economy improves, with total truck trips up 4.6% from this time last year (trucks over 3.5 tonnes – see graph below). Big and heavy truck trips, counted by the h-miles calculation, have increased by about 5% during the quarter. This amounts to 16 million kilometres of extra big/heavy truck trips since the corresponding period last year. This level of activity is the strongest recorded since before the global financial crisis during 2008/09 and reflects the impact of rising export volumes and the significant increase in truck trips supporting the Canterbury rebuild. However, the outlook looks a little more subdued for 2014/15 Q3 and 2014/15 Q4, with reduced demand for key commodities such as dairy likely to reduce export activity from its previous heights (see graph below). About a third of New Zealand's freight movements are estimated to relate to the production, processing, consolidation and movement of exports, so this may impact on travel activity of all trucks during 2015. Although, imports are up slightly and consumer spending also appears to have increased in 2014/15 Q2.
- Of concern is the continued rate of serious and fatal crashes involving trucks (being all trucks over 3.5 tonnes), with the number of crashes looking similar to 2011/12 levels, but within the context of much higher truck travel at the moment. This crash rate generally tracks the overall level of truck activity (see graph below). While only around a fifth of truck-related crashes are caused by the truck, the heavier mass involved and handling characteristics usually mean that mistakes are more likely to result in crashes, and the heavier mass compounds with the speed involved increasing the severity of any crash. A work-stream is underway to look at ways to improve truck safety, in particular roll-over crashes where New Zealand has a poor record with a truck rolling on average every two to three days.



Q2: Good overall progress, with one area to watch.

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Deliver the upgrade programme for the remaining North Island and South Island investment routes, providing access to 4500 kilometres on the strategic high productivity motor vehicle freight network, including first-last mile local road access.</p>	<p>We have opened 2,680km (60%) of the HPMV investment routes.</p> <p>The milestone relates mainly to the South Island investment routes and a few key bridges will unlock significant sections of the South Island's state highway network. Good progress has been made on the design statements for these bridges and further material testing has again negated the requirement for strengthening some bridges.</p> <p>We are signalling amber because we have been running behind on an ambitious programme, and some funding approvals have been delayed while we get NLTP alignment. However, all activities have now been funded and are progressing through procurement and delivery. While the remaining programme will be tight, we remain confident of achieving our 4,500km target. (Likely to become green next quarter.)</p>	
<p>50MAX high productivity motor vehicle access available on all suitable state highway and local road networks.</p>	<p>As at the end of December 71% of Road Controlling Authorities (RCAs) were signed up to the 50MAX network. This is 6-7 RCAs short of our quarter two target of 80%.</p> <p>Strategies are now being put in place to improve the sign-up rate by March.</p> <p>Auckland Transport (AT) has delegated 50 MAX. AT has no 'second tranche' full HPMV routes as such, but is approving applications where possible. AT's initial tranche of ten routes is now fully operational and successful.</p> <p>In Northland, 50 MAX remains a work in progress. Kaipara and Whangarei Districts should sign the MoU within three months. Northland is amber.</p> <p>All Waikato/BoP RCAs are signed up, but Southland will only sign up if satisfied that 50MAX can be enforced.</p>	

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Develop second tranche of high productivity motor vehicle and 50MAX bridge upgrades for consideration for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: these are shared milestones with local authorities)</i></p>	<p>Discussions continuing with Auckland International Airport for 50MAX delegation. No bridge upgrades are required for 50MAX in Northland as the Mangakahia Road logging route is not suitable so there are now no second tranche full HPMV routes in Northland. In the Central region, these projects have been included in RLTPs for inclusion in the NLTP. We have also processed a number of variations to current RLTPs to enable projects to commence in this financial year. In Waikato/BoP, programme in RLTP reflects the second tranche route.</p>	
<p>Non-complex* high productivity motor vehicle permits for state highways are issued within five working days.</p> <p><i>* Non Complex HPMV permits definition: Overlength, 50MAX and any other permits that are processed centrally and do not require a hand off to any other party</i></p>	<p>Highlight:</p> <p>Average turnaround times for the quarter ended 31 December 2014:</p> <ul style="list-style-type: none"> • 50MAX permits are currently tracking at 2.2 days, a slight increase from the first quarter when turnaround averaged 1.9 days. • Over-length permits are currently tracking at 2.5 days, a slight decrease from the first quarter when turnaround averaged 2.6 days. 	
<p>90% of complex^ permits meet the customer turnaround commitment given to operators.</p> <p><i>^ Complex permits definition: Any HPMV permit that requires a handoff and input from other parties both internal and external.</i></p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>Piloting of a new technology solution and business process to centralise tracking and reporting of permits for the Auckland region was put in place in mid-December. If the Auckland pilot is successful, it is anticipated that this can be rolled out to the rest of NZ by mid-2015.</p>	

FEATURE

DELIVERING THE HIGH PRODUCTIVITY FREIGHT NETWORK ACROSS NEW ZEALAND

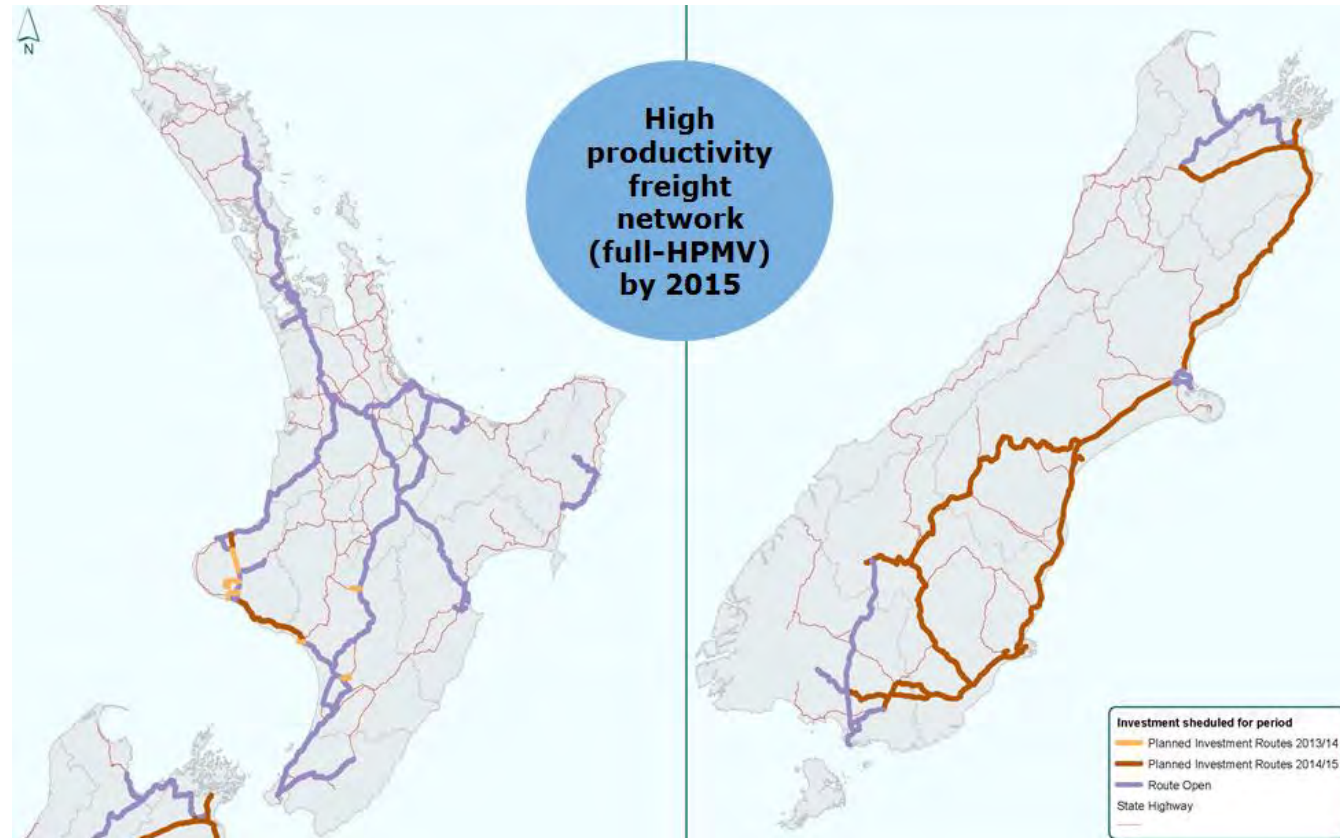


Our moving more freight on fewer trucks priority has achieved another significant milestone with 2680 kilometres of the High Productivity Freight Network, including the entire upper north Island, now open for business.

The network provides access for high productivity motor vehicles (HPMV) operating at up to 58 tonnes on some of New Zealand's busiest freight routes. Once completed, this 4,500 kilometre network will provide a near-contiguous access for heavier HPMVs to and from our country's major export and import ports, and areas of significant freight production, storage and distribution. The network will help boost productivity for high volume

freight flows both within regions and inter-regionally. While coastal shipping and rail are effective ways of moving freight long distances, a great deal of freight still needs to be moved considerable distances by road. The Ministry of Transport's National Freight Demand Study estimates that every year around 37 million tonnes of freight is moved between regions by road. As freight volumes grow, the availability of the High Productivity Freight Network to allow for the use of HPMVs will help reduce the required inter-regional road freight journeys by up to 20%.

Development of the High Productivity Freight Network is the result of \$45 million worth of investment through the National Land Transport Programme (NLTP) 2012/15. This investment included an assessment and bridge strengthening programme that has enabled these State highways, and a number of 'first and last mile' local roads, to carry heavier, and more productive HPMVs. Work is now underway to identify what further high volume freight routes should be added to the network through the next NLTP.



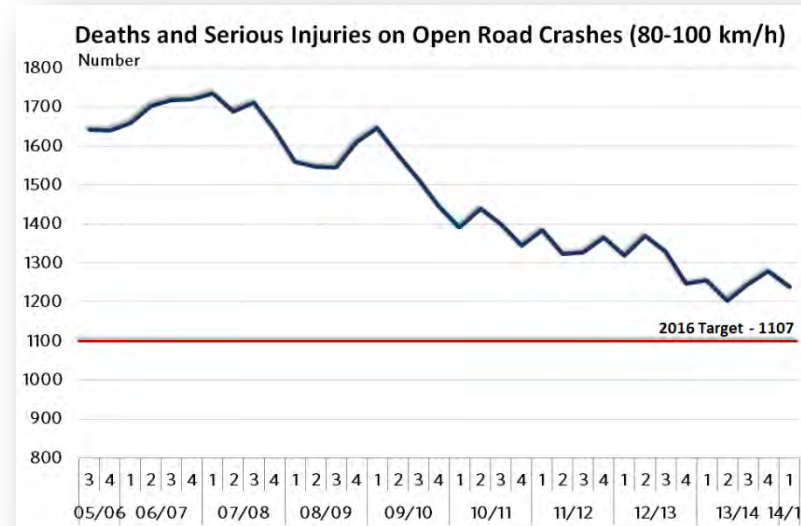
KEY RESULT AREA 4: SAFER SPEEDS

OUR AIM IS THAT SAFE SPEEDS REDUCE DEATHS AND SERIOUS INJURIES

Summary

- A draft of the speed management guide has been released to Road Controlling Authorities, enabling RCAs to change their approach to speed management.
- Road Policing Investment Proposal to be submitted in Q3
- Initial steps taken towards developing an automated enforcement strategy to enhance road safety
- Stakeholder strategy to increase understanding and support for safe speeds has been completed

SUCCESS INDICATOR







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

CURRENT RESULT: 1,237

2016 TARGET: 1107

- The number of reported deaths and serious injuries in open road crashes continues to show a declining long-term trend.
- The reduction deaths and serious injuries in 2014/15 Q1 comes after two successive quarters of increase.
- However, despite an improvement in 2014/15 Q2, there are signs that this trend is starting to bottom out, suggesting that without further safety intervention, we are not likely to reach the 2016 target.

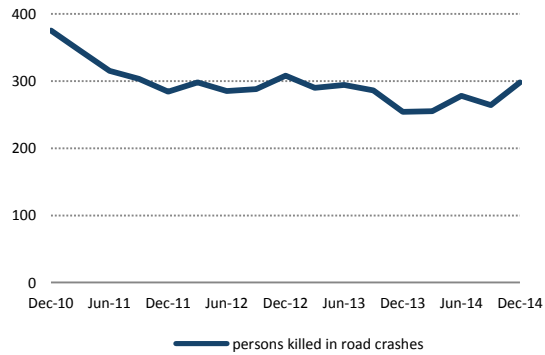
Q2: Variable progress, with two areas to watch.

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Develop a speed management guide to implement a new national direction and guidance on speeds that are right for the road, the vehicle and the environment.</p>	<p>Highlight:</p> <p>A draft of the speed management guide has been released to Road Controlling Authorities. Engagement and consultation is programmed through to quarter four this financial year. Public consultation is programmed for April onwards.</p>	
<p>Ensure the Road Policing Programme, State Highway Activity Management Plan and regional transport plans give effect to the national speed management programme - the proposals for which are considered for inclusion in the 2015-18 National Land Transport Programme.</p>	<p>Speed maps and One Network Road Classification maps are now available in MapHub to support discussions around appropriate speed limits.</p> <p>HNO will commence developing a programme business case for speed management on state highways during the third quarter.</p> <p>The NZ Police Road Policing Investment Proposal was due to be submitted to the Transport Agency in December, but NZ Police has signalled that it will now be submitting it in February 2015.</p>	
<p>Develop a cross-agency automated enforcement strategy to enhance road safety and network efficiency.</p>	<p>The terms of reference for an automated enforcement strategy have been agreed by the sector.</p> <p>ACC investment in developing the strategy has been approved. ACC will transfer its investment to the Transport Agency for project management and the procurement of international experts to provide advice.</p>	
<p>Deliver a long term communication and engagement programme to increase partner, stakeholder and public understanding of, and support for, safe speeds.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police, local government, ACC and road user groups)</i></p>	<p>Stakeholder Strategy developed. Good progress has been made on request for proposal for communications supplier, which will go to tender in January 2015. Also progressed investment logic mapping and signal of requirement for NLTP funds. Business case to be completed with selection of supplier.</p>	

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.

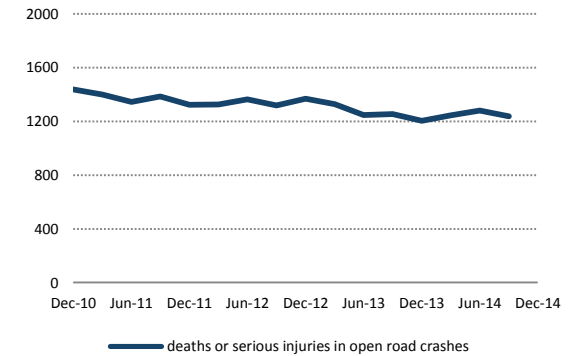
Overall outcomes: fatalities



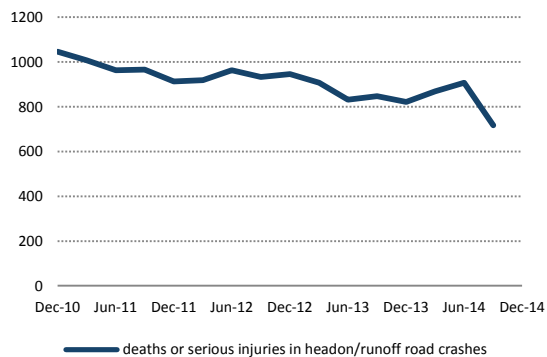
Alcohol and drugs



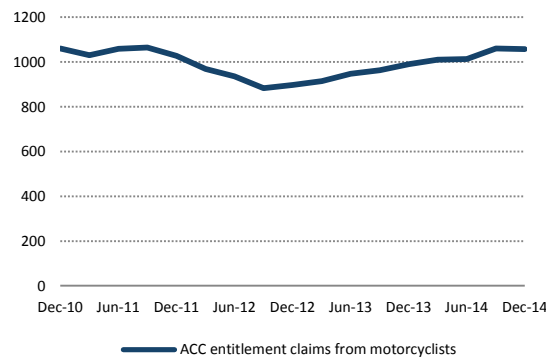
Speed



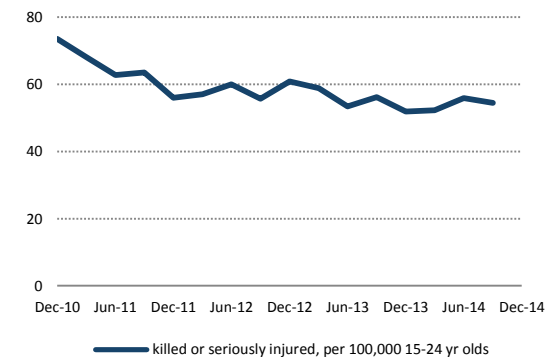
Roads and roadsides



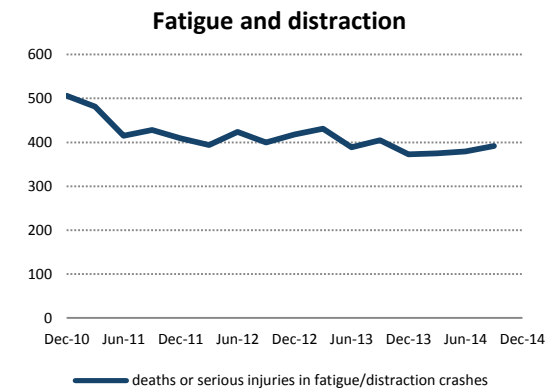
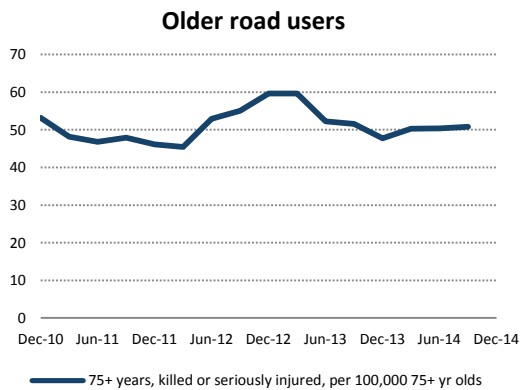
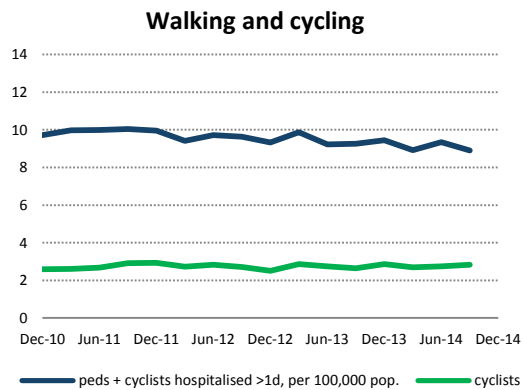
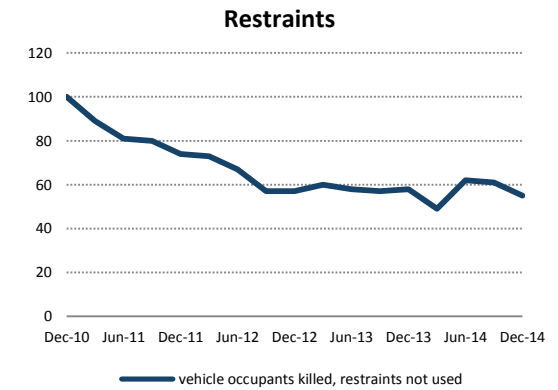
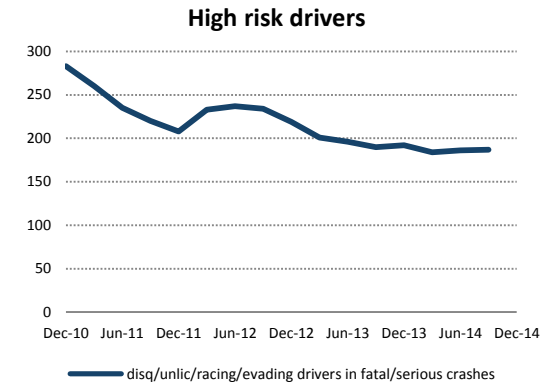
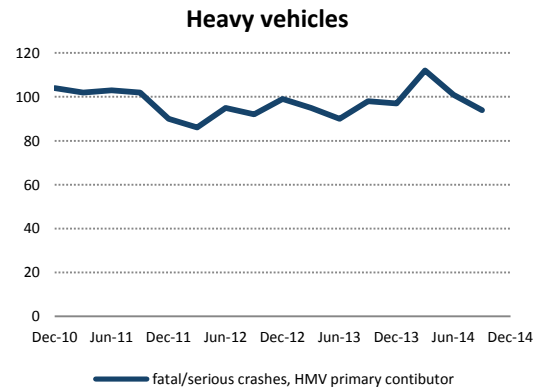
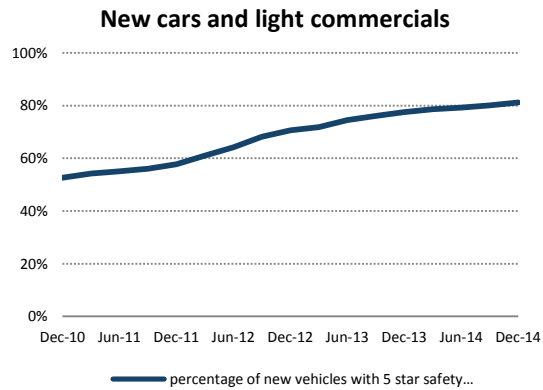
Motorcycling



Young drivers



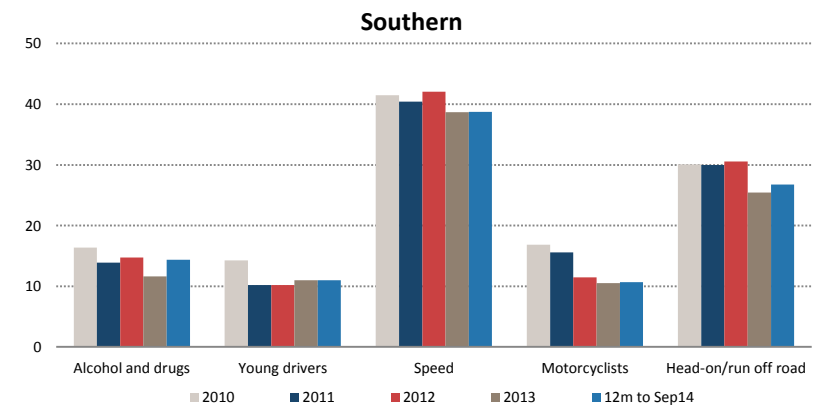
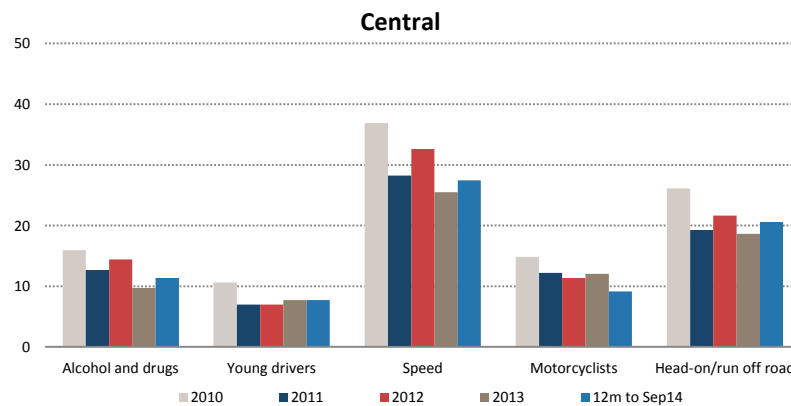
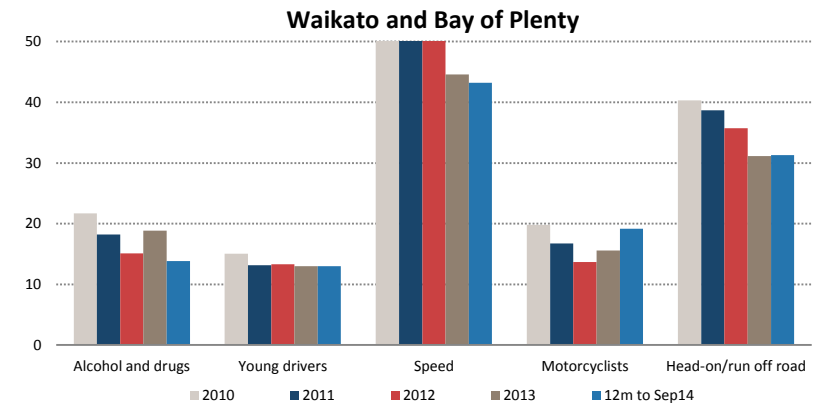
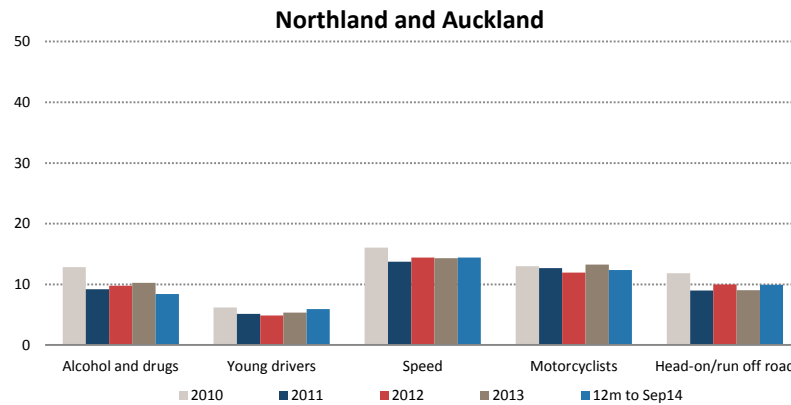
Q2: Quarterly summary of Safer Journeys outcomes: Medium priority areas of concern and areas of continued focus



Q2: 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).

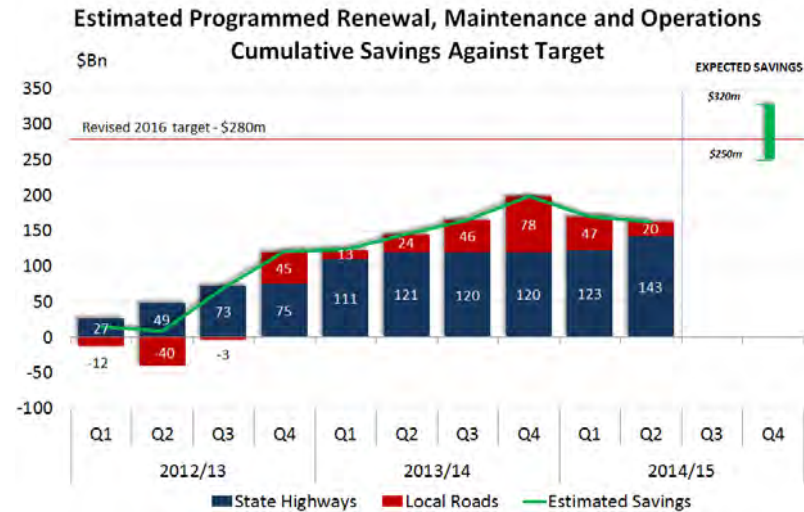
KEY RESULT AREA 5: EFFICIENT ROAD MAINTENANCE

OUR AIM IS EFFICIENT ROAD MAINTENANCE INVESTMENT AND DELIVERY

SUCCESS INDICATOR

Summary

- ONRC performance measures are to be submitted to the Board for approval in February
- Work on ensuring that the ONRC has been correctly applied to AO networks is progressing
- An initial set of performance measures have been established to ensure that ONRC has been applied correctly, but this is still to be done
- Local government centre of excellence is improving collaboration between local authorities
- 57 out of 67 local road networks have been classified under ONRC
- Review of the renewals programme was not completed by the end of December 2014



CURRENT RESULT: \$163M

2016 TARGET: \$280M

The pattern of claims with respect to maintenance and network operations work on local roads has changed, with Approved Organisations now claiming earlier on completed works than in previous years. This change has resulted in our actual cumulative expenditure on maintenance and network operations rising faster than previously budgeted, resulting in a reduction in cumulative savings for the period ending 2014/15 Q2.




By contrast, cumulative estimated savings on state highways remains on track reaching 90% of the 2014/15 target of \$160m.





Looking forward, the number of claims made with respect to maintenance and network operations and renewal work on local roads is expected to rise, but not at the same pace as in previous years. This means that the variance between actual and budgeted expenditure should widen over coming quarters and as a result cumulative savings generated from the beginning of the NLTP period should increase to between \$75 and \$100m by 2014/15 Q4.

Cumulative estimated savings on maintenance and network operations and renewal work on state highways are expected to increase, as our asset management activities, procurement practices and falling input prices, notably bitumen are reflected in lower unit costs, As a result, cumulative savings on state highways is expected to increase to between \$175m and \$220m by the end of 2014/15 Q4

As a result, total savings with respect to maintenance and network operations and renewal work are expected to amount to between \$250m and \$320m for the 3-year NLTP period ended 2014/15.

Q2: Variable progress, with three areas to watch.

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Develop and adopt the One Network Road Classification (ONRC), including customer levels of service and performance indicators, as a basis for National Land Transport Programme investment in transport programmes.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The ONRC has been developed with local government partners. It has customer levels of service and draft performance measures, which are to be reported back to the Transport Agency Board in February, then to LGNZ's Board.</p>	
<p>Approved Organisations (AOs) and Highways and Network Operations (HNO) have quantified the impact of One Network Road Classification (ONRC) on their network requirements.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The development of the performance measures took longer than expected. We are working with our partners on the impact of the ONRC on network investment requirements and performance targets. These will be included in transition plans.</p> <p>Implementation has been a particular challenge for metropolitan areas due to the complexity of their networks and challenges in aligning with district plan classifications.</p>	
<p>The 2015-18 National Land Transport Programme funding allocations for renewals, maintenance and operations, reflect the application of the One Network Road Classification (ONRC).</p>	<p>Progress has been made on implementing a long-term change project on how investment priorities are identified for maintenance and renewal activities. This has highlighted their need to enhance data collection quality and activity management practices. These are priority workstreams for the Road Efficiency Group.</p> <p>57 out of 67 local road networks have been classified and benchmarking between AOs is starting to take place in some areas, eg Hauraki and Southland.</p>	

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>We have facilitated collaborative arrangements between road controlling authorities through the establishment and ongoing support of the local government centre of excellence.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The Centre of Excellence is progressing well and there is currently deep engagement with ten councils. This progress is ahead of the agreed plan, which anticipated deep engagement with 10 to 15 councils by December 2015.</p>	
<p>The Highways and Network Operations centre of excellence for asset management has shared its lessons learnt from the network outcomes contracts roll-out and State Highway Activity Management Plan development with the wider transport sector.</p>	<p>We have completed a lessons learnt review of the 2013/14 programme. From these learnings, we have published on the Road Efficiency Group (REG) website some case studies on the development of the renewals programme, which include the Review and Prioritisation Team (RAPT) and NPV processes.</p> <p>These case studies have been used to help develop the 2014/15 renewals programme</p>	
<p>Investment decision making incentivises best practice Activity Management Planning and the application of the One Network Road Classification (ONRC).</p>	<p>57 of 67 networks have been classified under ONRC and submitted, and are currently being assessed, with issues being followed up on the remaining ten. The ONRC is being reflected in Activity Management Plans received to date.</p>	
<p>Asset management planning supports a less risk adverse approach to the renewal and maintenance of the network.</p>	<p>Moderation of programmes, including local road renewals, as part of the development of the 2015-18 NLTP are underway, which includes reviewing prior expenditure and condition ratings.</p>	

KEY RESULT AREA 6: INTEGRATE ONE NETWORK

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

Q2: Variable progress, with four areas to watch.

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




Summary

- Regional transport plans reflect our investment signals and associated programmes are largely aligned
- Transport Agency submissions on local government planning matters achieve stated milestones
- Auckland's Integrated Transport Programme priorities are on track to be included in their RLTP by end of Q3
- The transfer of the back office processing system for integrated ticketing to New Zealand Transport Ticketing Limited is underway
- Planning for an integrated fares and ticketing programme in Wellington is making progress, but deliverables have been pushed into 2015/16.
- Progress on providing guidance on incentives to reduce illegal overloading has been delayed as are result of other priorities
- Investment proposals for freight are on track to be included in the 2015-18 NLTP




MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Deliver a national investor's perspective into regional land transport plans, regional public transport plans, freight plans and the transport component of transport activity management plans by improving the way in which our information and data is presented.</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>Regional Land Transport Plans (RLTPs) and Regional Public Transport Plans (RPTPs) reflect our investment signals and evidence base. Programmes are largely aligned and Regional Transport Committees (RTCs) understand where they are not aligned. MapHub is being used to sift evidence for key business cases.</p> <p>There will need to be clarification and some minor re-work of the project assessments that feed into the RLTPs now that the Investment Assessment Framework (IAF) is finalised.</p> <p>Draft freight plans have been developed in the Upper North Island, Central and Southern regions. Relevant information and development work has been identified for the 2015-18 NLTP.</p>	●
<p>Submissions on local government planning matters advocate a one network approach, in particular a coordinated approach to housing affordability, including special housing areas.</p>	<p>Submissions advocated a one network approach. Significant effort has gone into ensuring transport outcomes are part of hearing processes and decision-making, including the strategic contexts for draft RLTPs, the Auckland Unitary Plan, the Christchurch City Council District Plan, Future Proof (Hamilton) and SmartGrowth (Western Bay of Plenty).</p> <p>We continue to work with the Auckland Policy Office in relation to Special Housing Areas.</p>	●
<p>Submissions on local government planning matters seek to minimise transport sector compliance costs through our ability to influence and shape planning documents and resource consents.</p> <p><i>(Note: these are shared milestones with local government, who take the lead on land use planning)</i></p>	<p>Submissions sought to minimise transport sector compliance costs by fully engaging in planning submission opportunities and resolving appeals. In addition to those mentioned above, other significant works include the Waikato Regional Policy Statement and Ruakura Plan Change.</p>	●

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

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Refer to Key Result Area 2: Making the most of urban network capacity on page 12.		
<p>Auckland Integrated Transport Programme priorities that give effect to the Government Policy Statement outcomes are considered for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: this is a shared milestone with Auckland Transport)</i></p>	<p>We are on track to incorporate the Auckland Integrated Transport Programme priorities that give effect to the Government Policy Statement outcomes into relevant Regional Land Transport Plans by the end of quarter three, although this is still happening at a basic level. The work currently being undertaken in taking the Auckland RLTP from draft to final will allow further necessary refinement.</p>	●
<p>Targeted support provided to road controlling authorities for the application of the One Network Road Classification and Activity Management Plan development.</p> <p><i>(Note: these are shared milestones with local government)</i></p>	<p>Most Approved Organisations (AOs) have classified their networks and these have been moderated. Support activities are to be developed internally and through Equip to complete remaining classifications. Reviews of Activity Management Plans (AMPs) are underway. Framework and guidelines for transition plans have been prepared and distributed to AOs.</p>	●
<p>2015-18 regional land transport plans apply the One Network Road Classification (ONRC) to their network, identify differences in customer levels of service, and agree appropriate performance measures.</p> <p><i>(refer to NZ Transport Agency priority 5)</i></p>	<p>We are working with our partners to agree on the application of ONRC and their transition plans.</p> <p>There is a risk around agreeing a simple set of performance measures for our partners that is consistent with the investment signals we've sent. We are using available data and our judgement to get an initial set of measures that is sufficient and necessary for our partners, and we expect to get increasing clarity in the third and fourth quarters once we have reviewed the RLTPs.</p> <p>Because of the changes in the programme, expectations have also changed and therefore the deliverables as earlier agreed are not fully achievable.</p>	●

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>The national public transport ticketing back office processing system is effectively servicing the Auckland ticketing scheme and is prepared for use by other regions as they introduce new integrated ticketing schemes.</p> <p><i>(Note: this is a shared milestone with NZ Transport Ticketing Ltd)</i></p>	<p>The transfer of the back office processing system and the associated operating contracts from Auckland Transport to New Zealand Transport Ticketing Limited is underway.</p> <p>We are consulting on two options for the technical architecture for extending the back office processing system to other regions beyond Auckland and these will be finalised by the end of January 2015.</p>	
<p>Wellington is well advanced in its planning for an integrated fares and ticketing programme, with preparation for the procurement well developed.</p> <p><i>(Note: this is a shared milestone with Wellington local government)</i></p>	<p>Substantially improved resource and governance in place, including a good planning approach.</p> <p>This is a major business case programme for Wellington and procurement preparation will begin in 2015/16.</p> <p>We are flagging this as amber as the deliverables for quarters three and four will need to be pushed into 2015/16, although we are comfortable that we are making good progress on this.</p>	
<p>For the main provincial centres outside the three metros, agreement has been reached on a joint procurement for a new integrated ticketing system, using the national back-end processing system and interoperability standards.</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>We are consulting on two options for the technical architecture for extending the back office processing system to other regions beyond Auckland and these will be finalised by the end of January 2015.</p>	

OBJECTIVE 3: IMPROVE FREIGHT SUPPLY CHAIN EFFICIENCY

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Refer to Key Result Area 3: Moving more freight on fewer trucks on page 18.		
Weigh-in-motion site proposals are considered for inclusion in the 2015-18 National Land Transport Programme.	Programme business case completed in Q1 and all weigh facilities have been submitted into the RLTP process.	Complete
Specific guidance on the incentives for reducing illegal overloading is provided in the beyond compliance framework. <i>(Note: this is a shared milestone with NZ Police)</i>	Short term priorities have delayed the drafting and agreeing of the scope and proposal. However, the next steps to progress this and future milestone development will occur in the third quarter.	
Short to medium investment proposals for freight, including road/rail integration are considered for inclusion in the 2015-18 National Land Transport Programme.	This is on track and we are optimistic that the deliverables for the succeeding quarters are achievable.	
Work with KiwiRail to develop an integrated long term freight plan as part of a wider safe and efficient national freight system. <i>(Note: this is a shared milestone with KiwiRail, local government, port operators and the freight sector)</i>	Network impacts and benefits paper completed. This has been used as an input to a Treasury report on rail to Ministers. Future deliverables will be identified once feedback is received from Ministers.	

KEY RESULT AREA 7: SHAPE SMART TRANSPORT CHOICES

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

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

Summary

- Investment for two signature projects that demonstrate the safe systems approach has not been secured
- Research to be completed before ensuring that the Safe System approach is reflected in the EEM
- Progress on state highway and local road intersection safety projects means that target set out in the Safer Journeys Action Plan are achievable.
- Progress on a speed management business case to improve high risk rural roads and motorcycling routes has been delayed
- Cycling Panel report on safer journeys as delivered to the Associate Minister
- Areas for improving rail safety identified after rail safety audit
- Transdev and KiwiRail presented a framework develop a joint strategy on signals passed at danger
- Revised reminder for annual licence renewals tested and will be implemented in Q3

MILESTONES FOR 2014/15

Q2 PROGRESS

RESULT

Refer to Key Result Area 4: Safe speeds to reduce deaths and serious injuries on page 23.

Two signature projects are developed, funded and are demonstrating the Safe System approach.

(Note: this is a shared milestone with the Ministry of Transport, ACC, NZ Police and local government)

NLTP Investment for the Eastern Bay of Plenty and Visiting Drivers signature projects has not been secured. Because of the nature of the signature programme and project location and issues being addressed, the standard investment process is not deemed applicable. This has delayed investment consideration and approval process.



The Economic Evaluation Manual (EEM) Stage 2 review reflects the Safe System approach.

Research project underway and to be completed by end of year. Changes to EEM to follow, depending on research outcome.









Deliver Safe System training to community and business leaders.

Highlight: Safe System video “The Difference between Life and Death” completed and published on the Safer Journeys website (<https://www.youtube.com/watch?v=mFcLUCtUAzc>). It is now available to Transport Agency regions for community engagement and training. Also circulated to wider communities of interest in NZ and internationally. Initial feedback has been very favourable. Supporting resources are now being developed.



MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Eight state highway and twelve local road intersections are improved (in addition to the 30 that are being completed).</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>We now have all eight state highway projects on track to be completed by the end of the year.</p> <p>Overall, the local road intersections are on track to achieve the targets contained in the Safer Journeys Action Plan. 59 of the top 100 High Risk Intersections are local road intersections. Thirteen have already been improved, with specific plans in place for another 30. Some planning has commenced for 12, and work is not programmed for four intersections.</p>	●
<p>Learner and restricted licences have time limits.</p>	<p>All phases of this project, including systems testing are complete. The Land Transport (Driver Licensing) Amendment Rule 2014 came into force on 1 December 2014.</p>	●
<p>Implement government decisions for electronic stability control on new and used vehicles.</p>	<p>Work underway. No milestone for Q2.</p>	-
<p>Develop vehicle safety standards map.</p>	<p>Review of the Vehicle Standards Map has been scheduled by the National Road Safety Management Group</p>	●
<p>Improve selected high risk rural roads and motorcycling routes.</p>	<p>Following on from the publication of the High Risk Rural Guide, the Transport Agency has developed a strategic safety programme business case for the state highway network, including a programme for addressing issues on high risk rural and motorcycling routes. This is being followed by further programming around implementing the new direction for speed management on high risk rural and motorcycling routes. Working closely with the Motorcycling Safety Advisory Council, we have agreed to supplement this work with a Safety Summit in Q4 which builds on the joint publication of a motorcycling safety road design guide in October 2014. More immediate improvement works to some high risk rural routes is proceeding to programme.</p>	●

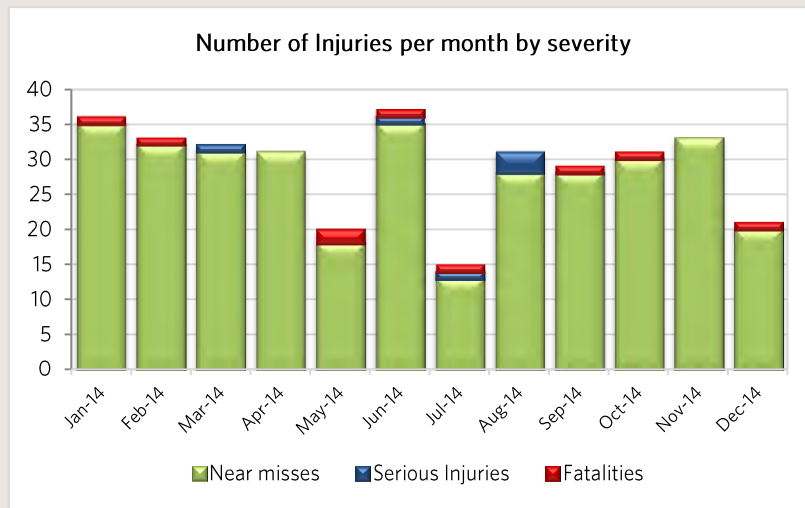
MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Support efforts to strengthen drug driving enforcement.</p>	<p>The multi-agency Impairment working group chaired by the MoT has prepared a briefing to the new Minister. The Transport Agency provided an up-to-date assessment of the current literature as part of the briefing.</p> <p>Terms of the Transport Agency research project to investigate drug-driving prevalence and impairment have been agreed with Waikato University and this work commences in January. This research will include a comprehensive literature review.</p>	
<p>Cycling Safety Panel recommendations are considered and an implementation plan is developed for the sector.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police, local government and ACC)</i></p>	<p>Highlight:</p> <p>The Cycling Safety Panel's final report "Safer Journeys for people who cycle" was delivered to the Associate Minister of Transport on 5 December 2014.</p> <p>The Associate Minister met the Panel Chair and indicated broad support for most of the 35 recommendations. NZTA and the Ministry of Transport will provide detailed advice by 31 March 2015.</p>	
<p>Improved rail safety monitoring is in place and being widely communicated.</p>	<p>A review of a sample of rail audits performed by our contracted auditors has been completed to identify areas for improvement. Several opportunities have been identified and are now being considered for implementation in the third quarter.</p>	
<p>The governance and operation of National Rail System Standards has been reviewed.</p>	<p>Implementation of the Rail Action Plan led by the newly appointed National Rail Safety Manager has led to a review of the original approach to this milestone. The scope of the review is now more fundamental and in depth, and will mean that the milestone completion will move into the 2015/16 reporting year.</p>	
<p>The range of strategic relationships with other rail regulators and safety focused organisations has increased.</p>	<p>No milestone for Q2.</p>	<p>-</p>

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Safety improvement strategies are in place for tunnels, signals passed at danger (SPADs), level crossings and unauthorised access.</p>	<p>A safety case variation was approved for KiwiRail on 17 November to enact interim measures for tourist and heritage excursions involving long tunnels. In addition, we have set up an oversight framework to monitor KiwiRail's progress in their broader tunnel improvement strategy.</p> <p>Research examining driver, cyclist and pedestrian attitudes to level crossings has been started, with a draft report now complete.</p>	
<p>Discussions on complex and seemingly intractable rail safety issues are multidisciplinary and involve a wide range of internal and external stakeholders; Safe System thinking is being applied.</p>	<p>Signals Passed at Danger (SPAD) workshops have been undertaken. In December, Transdev and KiwiRail presented to the Agency the framework for a joint, 24 month strategy to reduce the incidence of SPAD.</p> <p>Special Safety Assessments of the National Train Control Centre have been initiated, as a means of identifying the systemic issues at the core of a number of safety-related incidents over the last several years (including SPADs). The Assessments will continue into the third quarter.</p>	

How we are tracking with the Rail Safety Action Plan

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

NUMBER OF FATALITIES, SERIOUS INJURIES AND NEAR MISSES BY MONTH (RAIL OPERATORS AND OTHERS WHO DID NOT HAVE CAUSE TO BE ON THE RAIL CORRIDOR)



Occurrence data for the period 1 October – 31 December 2014:

Total occurrences (accidents and incidents) reported to the NZTA this quarter: The Rail Information System (RIS) database shows **1,014** occurrence reports were recorded in the period.





Of the 1,014 occurrences reported to the Agency during the quarter, a total of **85** involved near collisions, serious injury or death. There were:


- Two trespassing fatalities: One related to a 14 year old boy crossing tracks in front of a train. The second fatality related to a suspected suicide.
- No serious injuries.
- **83** near collisions.

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



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

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

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Deliver changes to road user charges (RUC) services, including compliance and enforcement services, and provide incentives to transport users to comply with RUC requirements.</p>	<p>The code of practice for RUC Electronic System Providers has been completed and is operational. Current providers have access to this document.</p>	
<p>Implement initiatives to support easy compliance with annual vehicle licence requirement.</p>	<p>Milestone partially completed. Revised reminder designed and tested. Implementation due early in quarter three.</p> <p>Business Case for implementation of Smart Comms (email and text reminders) and Easy Online (introduction of temporary label) was presented for approval, but a decision was deferred to quarter three.</p>	
<p>All key regulatory change projects incorporate user-based design principles to support willing compliance.</p> <p><i>(Note: this is a shared milestone with local government and transport information suppliers)</i></p>	<p>The service design framework is embedded in the annual vehicle licensing programme of work, where service design is considered and incorporated where appropriate. Testing against this framework has begun and will be completed in the third quarter.</p>	
<p>Options for exiting less safe vehicles tested and supported by key stakeholders.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police and ACC)</i></p>	<p>Project expectations have changed. Stakeholder engagement completed - with positive feedback and acceptance by stakeholders that only information provision options will be progressed. Project to be incorporated into a broader vehicle safety NLTP bid. Project update provided to the National Road Safety Committee (NRSC) and the Associate Minister via the Ministry of Transport.</p>	

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Implement government's decision to lower blood alcohol concentration limits.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport and NZ Police)</i></p>	<p>The internal business changes have been completed to support the lower limits. The communications to advertise the changes have been effective, and the public information campaign continues through to the end of December.</p> <p>The NZ Transport Agency has produced, after engagement with NZ Police, the Road Policing Programme 2013/14 quarter 4 report – which includes reporting on Police delivery of its alcohol-impaired driving activity.</p>	

OBJECTIVE 6: REDUCE COSTS FOR TRANSPORT USERS THROUGH BETTER REGULATION AND WILLING COMPLIANCE

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Review the driver licensing and vehicle dimension and mass systems, and consult on reform initiatives to improve productivity and reduce compliance costs.</p>	<p>A current state analysis has been completed and options identification has been initiated for the driver licensing review. Analysis of options will now occur in quarter three. Overall the project is on track to achieve major milestones.</p>	
<p>Deliver agreed 2014/15 programme of rule amendments in support of 'better regulation' objectives.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport)</i></p>	<p>No milestones for Q2.</p>	<p>-</p>
<p>Multi-modal travel information is available in the three major urban areas encouraging greater customer choice for mode, route selection and time of travel.</p>	<p>Estimated journey times are now available in Wellington.</p> <p>Environment Canterbury's public transport real-time journey information is referenced on the Transport for Canterbury website.</p> <p>Auckland Transport website is operational.</p>	

KEY RESULT AREA 8: DELIVER HIGHWAY SOLUTIONS

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

Summary

- Network Outcomes Contract conversions are still progressing
- On track to achieve the target of having awarded nine Network Outcomes Contract targets
- The Manawatu Network Outcomes Contract was awarded in Q2

Q2: Variable progress, with two RoNS projects to watch.

OBJECTIVE 7: GREATER RESILIENCE OF THE STATE HIGHWAY NETWORK

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Outcomes sought in the resilience programme business case are captured in the State Highway Activity Management Plan (SHAMP) and are considered for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: this is a shared milestone with other national network operators and local authorities)</i></p>	<p>The Board approved the SHAMP in quarter one.</p> <p>Regional Transport Committees (RTCs) have been engaged as part of this process and resilience proposals have been part of these conversations.</p> <p>In general the conversations have landed well, with one or two exceptions.</p>	●

OBJECTIVE 8: DELIVER CONSISTENT LEVELS OF CUSTOMER SERVICE THAT MEET CURRENT EXPECTATIONS AND ANTICIPATE FUTURE DEMAND

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Maintenance and operations performance reporting demonstrates efficiency benefits against our State Highway Activity Management Plan objectives.</p>	<p>The maintenance and operations budget for 2014/15 includes the targeted cost savings, and we are tracking to budget.</p>	●
<p>Award nine state highway network outcome contracts (NOC).</p>	<p>The tender programme remains on track. Manawatu NOC has been awarded this quarter.</p> <p>Negotiations are ongoing, and we are comfortable with how these are progressing. We have not seen any adverse impacts to the management of the affected networks as a result of the delays.</p>	●

OUR AIM IS TO DELIVER THE SIX REMAINING PROJECTS ON TIME AND AT OR BELOW BUDGET

Summary

- 4 of the 6 Roads of Significance are tracking on or ahead of schedule
- Delays at the remaining two Roads of National Significance are due to a range of issues - technical to environmental court challenges
- All five of the projects that make up the Auckland Accelerated Programme are progressing on schedule



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

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Puhoi to Wellsford	Confirm designation and consents for Puhoi to Warkworth	Final decision received from Environmental Protection Authority (EPA) Board of Inquiry, and designation and consents confirmed - achieved in the first quarter, ahead of schedule. Detailed Business Case complete. Public-Private Partnership (PPP) recommendation presented and endorsed at the December Board Meeting.	●
Western Ring Route (WRR)	Construction start: St Lukes to Great North Road	All WRR projects are tracking to Programme. Two major motorway closures during the quarter, with no major customer complaints received.	●
Waikato Expressway	Start construction on Huntly section Complete construction on Ngaruawahia section	The final surfacing has been delayed due to pavement concerns. There has been some evidence of failure and we are currently considering options to mitigate the issues. Cambridge section construction – progress has remained on track and ahead of programme in some areas. The contractor is still expecting to complete earlier than contract completion date.	●
Tauranga Eastern Link	Construction continues	The completion of the Parton Road Bridge has been slightly delayed, and is now due for completion in February 2015. This will not impact the proposed opening date of the project.	●

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Wellington Northern Corridor	<p>Construction start: Transmission Gully; Basin Reserve improvements</p> <p>Memorial Park open to traffic</p>	<p>All milestones for the quarter have been achieved.</p> <p>Transmission Gully construction (site office and enabling works) commenced in December.</p> <p>Construction and landscaping of Memorial Park is progressing ahead of programme.</p> <p>Memorial Park underpass opened to traffic, ahead of schedule, on 28 September 2014.</p> <p>The project is amber as the RMA applications for the Basin Reserve bridge have been declined by the Environmental Protection Authority's Board of Inquiry. We have lodged an appeal to the High Court.</p>	●
Christchurch Motorways	<p>Sawyers Arms to Wairakei (Harewood) Road four-laning open to traffic</p> <p>Construction start: Western Belfast Bypass; Memorial Ave Interchange; Groynes to Sawyers</p>	<p>The Memorial Ave project has been delayed due to an appeal to the Environment Court.</p> <p>A strategy to get through the Environment Court hearing process by March has been developed.</p> <p>In the meantime, we are proceeding with utility relocation works as enabling works.</p>	●

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

PROJECT	MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Northern Corridor (three projects)	Constellation to Greville open to traffic	<p>Construction of the current auxiliary lane is ahead of programme and is due to be completed prior to the end of January.</p> <p>We have had good customer feedback from the open days we've held.</p> <p>The project office for the larger SH18/1 project has been established.</p>	●
Southern Corridor (five projects)	<p>Complete full scheme design</p> <p>Application for NoR and consents lodged</p> <p>Construction contract awarded</p>	<p>Full scheme design has been completed.</p> <p>The NORs and consents have been lodged.</p> <p>We have received good feedback from our customer engagement, which included a stakeholder and community BBQ.</p>	●
State Highway 20A	Consenting and property acquisition commence	<p>Customer engagement has identified a number of issues that we are working through, including integration of rail, closure of local roads, traffic management, and walking and cycling.</p> <p>The project scope and funding was approved at the December Board.</p> <p>We are working on a funding agreement for extra costs with Auckland Transport.</p>	●

PROJECT	MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Auckland Manukau Eastern Transport Initiative (AMETI)	Design start: Stage 2a (Panmure to Pakuranga) and 2b (Pakuranga to Botany) Designation process underway for Reeves Road flyover Construction start: Sylvia Park bus lanes	Stage 2a design is currently being concentrated on the corridor between Panmure roundabout and Pakuranga. The AMETI project team is re-thinking its strategy for transport improvements at Pakuranga Town Centre, particularly the need for grade separation at Reeves Road. Several at-grade alternatives to the flyover are being re-evaluated and Auckland Transport (AT) expects to make a decision on which option to progress around March/April. AT is also re-evaluating its potential to accelerate parts of the AMETI programme to deliver benefits sooner – for instance bringing forward intersection upgrades along Ti Rakau Drive. It is also looking at early implementation of bus priority measures along the Howick to Pakuranga corridor (outside of AMETI itself, but part of AT’s Frequent Service Network).	
East West Link	Complete indicative and detailed business case	We have had good customer engagement and feedback during the quarter on proposed options. The Board endorsed the general direction of the East West Connection project at their December meeting. Work continues on developing the Indicative and Detailed Business Cases.	

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

PROJECT	MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Kawarau Falls Bridge (Otago)	Construction contract awarded and main construction works commence	The physical works contract is currently being advertised, with the aim of awarding the contract in March 2015.	●
Mingha Bluff to Rough Creek Realignment (Canterbury)	Construction contract awarded and main construction works commence	The physical works contract is currently being advertised, with the aim of awarding the contract in March 2015.	●
Akerama Curves Realignment and Passing Lane (Northland)	Construction contract awarded and construction enabling work commenced	The physical works contract has been tendered and evaluated. The contract is expected to be awarded in Q3.	●
Panikau Hill and Wallace Hill Slow Vehicle Bays (Gisborne)	Construction completed	Construction progressing to schedule, with an expected completion date of Q4.	●
Normanby Overbridge Realignment (Taranaki)	Construction contract awarded and construction enabling work commenced	Physical works contract has been awarded and the contractor has taken possession of the site prior to commencing enabling works activity.	●
Whirokino Trestle Bridge Replacement (Manawatu-Wanganui)	Investigation activity completes and Detailed Business Case finalised.	Draft Scheme Assessment Report being progressed with a final report expected in Q3	●
Motu Bridge Replacement (Gisborne)	Investigation activity completes and Detailed Business Case finalised.	Contract for investigation activity expected to be awarded in early Q3.	●

OBJECTIVE 9B - PLAN FOR AND DELIVER THE REGIONAL ROADS PROGRAMME

PROJECT	MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Opawa and Wairau Bridges Replacement (Marlborough)	Investigation activity completes and Detailed Business Case finalised.	Indicative Business Case (IBC) activity expected to commence in Q3.	●
Taramakau Road/Rail Bridge (West Coast)	Investigation activity completes and Detailed Business Case finalised.	Detailed Business Case has been completed.	●
Loop Road North to Smeatons Hill Safety Improvements (Northland)	Investigation activity completes and Detailed Business Case finalised.	Work on the investigation of this project continues to plan.	●
Mt Messenger and Awakino Gorge Corridor (Taranaki)	Investigation activity completes and Detailed Business Case finalised.	The professional services contract is currently being tendered with a planned awarding of the contract in Q3. Work will commence on the Detailed Business Case later in Q3.	●
Napier port access package (Hawkes Bay)	Investigation activity completes and Detailed Business Case finalised.	The professional services contract will be awarded in Q3 for the Indicative Business Case.	●
Nelson Southern Link	Investigation activity completes and Detailed Business Case finalised.	The professional services contract will be awarded in Q3 for the Indicative Business Case.	●
Rotorua Eastern Arterial	Investigation activity completes and Detailed Business Case finalised.	Work on the Scheme Assessment Report update is progressing to plan.	●

ADDITIONAL RESULT AREA: URBAN CYCLEWAY PROGRAMME

PROJECT	MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Urban Cycleway Fund (UCF) and roll-out of cycleways	<ul style="list-style-type: none"> UCF panel established UCF investment strategy agreed First tranche UCF projects agreed 	<ul style="list-style-type: none"> UCF panel established December 2014 UCF investment strategy agreed December 2014 First tranche UCF projects agreed December 2014 	●
Cycling Safety Panel	<ul style="list-style-type: none"> Final panel report published NZTA response to panel report released 	<ul style="list-style-type: none"> Cycling Safety Panel report published December 2014 	●
Programme and governance	<ul style="list-style-type: none"> Governance and project teams established National strategic case developed National programme case developed Develop user behaviour programme case Scope and test faster procurement and delivery options 	<ul style="list-style-type: none"> Governance and project teams established December 2014 National strategic case substantially developed User behaviour programme case substantially developed 	●

KEY RESULT AREA 9: MAXIMISE RETURNS FOR NZ





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



Summary

- The review and update of our procurement framework and manual has been delayed
- HNO's procurement programme has been reviewed with a paper going to the Board in Q3
- Stakeholder surveys that focus on procurement practices have been delayed
- Phase 1 of some central city projects in Christchurch are running slightly behind schedule
- FARs for individual AOs have been confirmed and communicated
- The draft Investment Assessment Framework based on GPS was completed and distributed
- Agreement has been reached that full PTOM implementation in Christchurch will occur in 2018
- Partnering relationships between PT operators and WGRC and AT are progressing well - less so for Christchurch
- Business case for tolling to include tolling principles





Q2: Variable progress, with six areas to watch.





OBJECTIVE 10 - ALIGN INVESTMENT TO AGREED NATIONAL, REGIONAL AND LOCAL OUTCOMES, AND IMPROVE VALUE FOR MONEY IN ALL WE INVEST IN AND DELIVER

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
All approved organisations have current procurement strategies approved by the Transport Agency.	Strategies reviewed during the period have been assessed against the procurement framework.	
Review and update our procurement framework and manual to support transparency around value for money, market health and service provider performance.	The preferred supplier for the research project has been engaged, with delivery of the report now anticipated in April 2015. Further work to be undertaken in the fourth quarter and fully complete by July/August.	
Complete the Highways and Network Operations procurement improvement programme and implement or programme improvement activities.	The procurement review has been completed.	COMPLETE
Stakeholder surveys indicate a greater level of confidence around the efficiency and effectiveness of our procurement practices.	Stakeholder surveys to be completed by the end of the year.	
Complete construction of the new Christchurch bus interchange.	Progress on target for completion of Stage 1 (initial eight platforms) by end of April 2015. Stage 2 full completion is approximately five weeks behind schedule.	

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Complete planning and design, and commence construction of Phase 1 central city transport projects.</p> <p><i>(Note: these are shared milestones with other central government agencies, local authorities and contractors)</i></p>	<p>First two projects (Hospital corner and Hagley / Moorhouse Avenue) are under construction. Two further have been consulted on. The remainder (5) are due for design and consultation in the next quarter. We are giving alignment on technical solutions (e.g. cycle lane decision adjacent to bus interchange).</p>	
<p>Develop and implement a joint transport research information management plan with the Ministry of Transport and other key transport research entities.</p>	<p>A meeting has been held between stakeholders in the hub and the broad parameters of the hub agreed. The Transport Economics hub has been established and is operating. Design of the online information sharing forum is also well advanced.</p>	

OBJECTIVE 11 - ENSURE EFFECTIVE AND EFFICIENT CO-INVESTMENT WITH OUR PARTNERS

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Implement the reviewed funding assistance rate (FAR) system in the 2015-18 National Land Transport Programme.</p>	<p>Highlight:</p> <p>Board has made final decisions on FAR policy matters, and confirmed FARs for individual AOs and other specific activities. Those decisions have been communicated to all approved organisations. There has been widespread support from the sector for the decisions, and the overall outcomes of the FAR review.</p> <p>For more information, please refer to the FAR Review webpage: http://www.nzta.govt.nz/planning/investment/far-review/index.html</p>	
<p>Develop the 2015-18 National Land Transport Programme using a 'planning and investment for outcomes' approach that maximises returns from National Land Transport Fund investment.</p>	<p>One Network Road Classification maps are now available on MapHub, as well as committed and proposed investment proposals and the benefits modelling tool. Training provided to all staff to access this information, and other spatial information as it becomes available, to assist with moderation.</p> <p>Draft RLTPs at various stages of development with the first few being released for consultation. We expect to fully assess the suite of draft RLTPs in the third quarter.</p>	
<p>Our planning and investment signals ensure the National Land Transport Programme and the Road Policing Programme are optimised in line with key outcomes and priorities.</p>	<p>Draft Investment Assessment Framework based on the GPS was completed and distributed.</p>	
<p>The 2015-18 Road Policing Programme supports the implementation of the cross-agency automated enforcement strategy to enhance road safety and network efficiency.</p>	<p>The Police Road Policing Investment Proposal will not be received until the third quarter.</p>	

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
<p>Incorporate resilience into the investment assessment framework.</p>	<p>Resilience level of service concepts have been confirmed as part of the final assessment framework. Issued as part of a general circular confirming the final investment assessment framework to councils in December 2014.</p>	
<p>Auckland, Wellington and Christchurch tranches of bus contracts for Public Transport Operating Model Units are being/have been tendered and negotiated, with increased confidence that services are priced efficiently and there is access to public transport markets for competitors.</p>	<p>Auckland Transport's contract documents are being discussed with operators. Good progress made in late November and early December.</p> <p>Work continues on delivery of the plan with Greater Wellington.</p> <p>In Christchurch, although Environment Canterbury PT procurement strategy was endorsed, there is agreement that full PTOM implementation will not occur until 2018 due to special circumstances in greater Christchurch post-earthquake.</p>	
<p>Regions have reviewed and adopted new regional public transport plans that explain the transport needs of regional communities and set out how the regional public transport network and services will contribute to meeting the transport needs.</p>	<p>Half the regions have reviewed and adopted new regional public transport plans that explain the transport needs of regional communities and set out how the regional public transport network and services will contribute to meeting transport needs.</p>	
<p>Partnering relationships are well established in Auckland, Wellington and Christchurch, between public transport service operators and regional councils/Auckland Transport, to facilitate improved network capacity utilisation.</p> <p><i>(Note: these are shared milestones with regional councils, local authorities and public transport operators)</i></p>	<p>Current negotiations are happening between operators and Auckland Transport. Good progress is being made, but there is still work to do.</p> <p>There is good progress in discussion with operators in Wellington, as well as the Rail shortlist process.</p> <p>In Christchurch, although there is added resource to assist in programme development and management, there is concern around the lack of overall management focus on the transport programme as a whole and a continuing lack of delivery against target.</p>	

OBJECTIVE 12 - EXPLORE INNOVATIVE REVENUE, PRICING AND FINANCING APPROACHES THAT ENHANCE THE VALUE DELIVERED BY LAND TRANSPORT INVESTMENTS

MILESTONES FOR 2014/15	Q2 PROGRESS	RESULT
Complete programme business case for tolling opportunities.	Identification of tolling opportunities has now been completed, and modelling is underway (first quarter's milestone now achieved). A draft programme business case is due to be completed in the third quarter.	



**LEGISLATIVE
AND SECTOR
DEVELOPMENTS
AND
NZ TRANSPORT
AGENCY RISKS**

LEGISLATIVE AND SECTOR DEVELOPMENTS

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

DEVELOPMENT	IMPORTANCE	LEVEL OF CONCERN	CHANGE
BILLS IN PROGRESS			
Health and Safety Reform Bill 2014	High	None	Yes ¹
Resource Management Reforms: Phase II	High	None	Yes ²
Electronic Data Safety Bill	Medium	None	No
Regulatory Standards Bill	Medium	None	No
Public Works Act Amendments	Medium	None	No
Construction Contracts Amendment Bill	Low	None	No
POLICY REVIEWS			
Better Public Services Programme	High	None	No
Privacy Act Review	High	Some ³	No
Coroner's Amendment Bill 2014	Medium	None	No
Customs & Excise Act 1996 Review	Low	None	No

DEVELOPMENT	IMPORTANCE	LEVEL OF CONCERN	CHANGE
KEY SECTOR STRATEGIES/PLANS/REVIEWS			
National Infrastructure Plan	High	None	No
Government Policy Statement on Land Transport	High	None	Yes ⁴
Local Government Act 2002 Amendment Act 2014	High	None	No
Government ITS Action Plan	High	None	No
LOCAL GOVERNMENT DEVELOPMENTS			
Auckland Unitary Plan	High	None	No
Wellington Reorganisation	High	None	Yes ⁵
Christchurch Recovery	High	None	No

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

DEVELOPMENT	ISSUE FOR THE TRANSPORT AGENCY
<p>1. Health and Safety Reform Bill. A report on the Bill and a set of Cabinet policy decisions (that are needed for the Bill and accompanying regulations) are currently being developed and will be taken to Cabinet in March 2015.</p>	<p>The proposals have the potential to impact on the Transport Agency's role as a regulator of road and rail, as an operator of an environment where health and safety incidents could occur, as a principal to contracts and as an employer.</p>
<p>2. Resource Management Reforms: Phase II. The Minister for the Environment has proposed a reform package in early 2015 that will create flexible and adaptable plan making processes, improve consenting processes, streamline notification appeals and hearings, and remove duplication across legislation.</p>	<p>These reforms have the potential to significantly improve the effectiveness of land use planning for the transport system in New Zealand, as they may provide a more active mandate for councils to proactively consider land use planning and broad economic benefits within the RMA's existing environmental bottom line approach. The reforms may result in increased use of national policy statements and national standards, and this will have resource implications for the Transport Agency in their development.</p>
<p>3. Privacy Act Review. This project remains on hold. The Law Commission's report titled "Review of the Privacy Act 1993" made over 100 recommendations for reform. The Government responded to the report and recent developments by proposing stronger privacy protections and intends to repeal and replace the Privacy Act.</p>	<p>The proposed changes are likely to result in a moderate increase in compliance costs for the Transport Agency and may introduce operational challenges, for example, by limiting the uptake of emerging technologies.</p>
<p>4. Government Policy Statement on Land Transport (GPS). The new GPS is now final.</p>	
<p>5. Wellington Reorganisation. Draft proposals for one council for the whole of the Wellington region and eight Local Boards have been presented for consultation, which closes on 2 March 2015.</p>	<p>The proposals could have significant implications for the Transport Agency's operations, maintenance and capital projects, as well as for its role as a co-investor in regional transport projects.</p>

NZ TRANSPORT AGENCY RISK DASHBOARD

RISK CATEGORY	Q1	Q2	RISK TARGET	TREATMENT EFFECTIVENESS	COMMENTS
1. Rail Safety Regulation				»	<ul style="list-style-type: none"> Key focus areas continue to be closely monitored, with critical risks actively managed to reduce the likelihood of a low frequency, high consequence event.
2. Network Incident Response and Management				»	<ul style="list-style-type: none"> Regional response plans are current, with escalation processes confirmed. Outstanding work required to ensure consistency of protocols and procedures nationwide.
3. Canterbury Rebuild				+	<ul style="list-style-type: none"> There is an on-going challenge with Christchurch City Council and the community to model and demonstrate that the level of service delivered through the rebuild is consistent with the One Network Road Classification expectations for an urban network and is affordable in the medium to long term.
4. Business Continuity				»	<ul style="list-style-type: none"> Development/finalisation of BCPs is on-going, to be aided by the establishment of BCP Champions from each Business Group
5. One Network Road Classification (ONRC)				+	<ul style="list-style-type: none"> We are working with our partners to agree the application of the ONRC and their transition plans. For many AO's, their activity management plans will be the key document in their Regional Land Transport Plans; we will be using our judgement to agree transition plans that enable us to agree the shape and differentiation (by ONRC) of the network.
6. Privacy Breaches				+	<ul style="list-style-type: none"> Accidental release of information continues to be a risk due to Human Factors however this has not increased since Q1.
7. Health and Safety				»	<ul style="list-style-type: none"> Progress continues towards meeting new health and safety legislation. Independent review to confirm compliance with new requirements will be conducted in Q4
8. Information Security				+	<ul style="list-style-type: none"> Rapidly changing technology where people can make mistakes or oversights in their use or management of information means this risk needs continuous monitoring.

Risk category

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

Treatment effectiveness

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

RISK ASSURANCE OVERVIEW

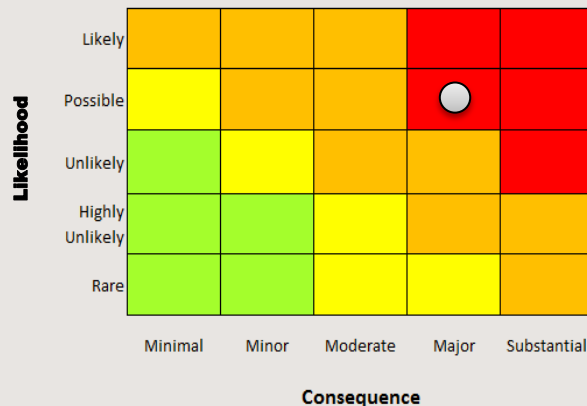
No new risks were identified in Q2. Previously identified risks remain at an unchanged risk level, with no change in the treatment effectiveness. This reflects the time required to fully implement treatments rather than a lack of progress. Individual risk comments capture progress made in the last quarter.

1 RAIL SAFETY REGULATION

Risk description

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

Risk Owner: Access & Use



Challenge/Insight

- Improved understanding of low frequency, high consequence events has resulted in the overall risk rating remaining high.
- Track worker safety is an area also of concern, following a serious harm incident (Raurimu) and a similar near-hit.
- Cross-industry collaboration and risk reduction is the focus of engagement with the Rail sector, but requires strong and consistent regulatory input and drive.
- A review is in progress to provide options for a 2-5 year development and enhancement of the regulatory approach to Rail Safety. A draft review report will be available in April 2015
- SPAD reduction strategies appear to be taking effect, with current SPAD numbers trending down: Jul-Nov 2012-35, Jul-Nov 2013- 29, Jul-Nov 2014- 18

Actions and controls already in place to address risk

- Key focus areas continue to be closely monitored, with active management of the critical risks to reduce the likelihood of a low frequency, high consequence event.
- Capability and capacity development is underway.
- A special safety assessment has been initiated to enable the Agency to understand any safety system issues in Train control that might have led to a range of incidents or accidents that have occurred.

Planned risk treatment action

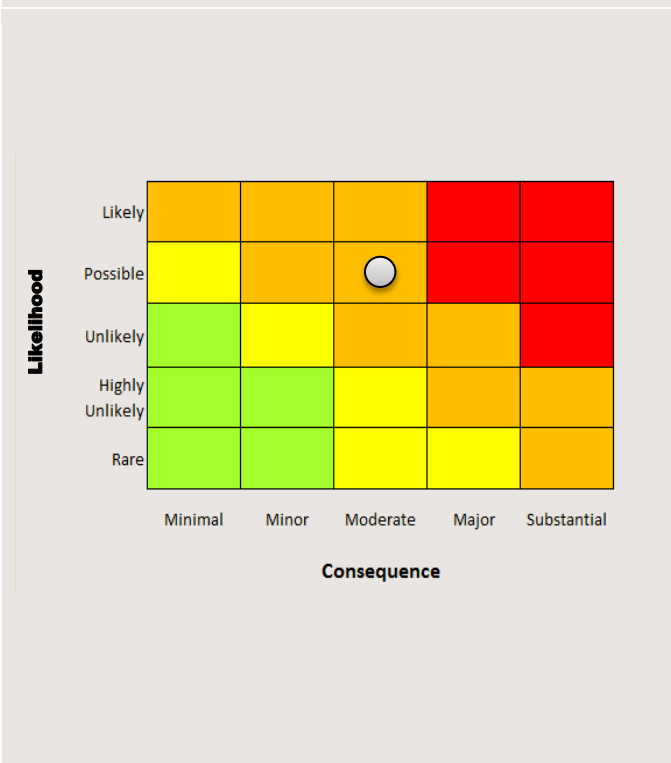
- Critical risk areas are being closely monitored with programs being implemented by operators for SPAD reduction, Tunnel safety improvement and level crossing up-grades.
- A review into the Raurimu track worker incident has been undertaken. Consideration is being given to conducting a special safety case assessment of track worker safety in the network. In the interim we are monitoring track worker safety progress, as reported by KiwiRail. This includes attendance at the KiwiRail Zero Harm Leadership forum.
- Cross-industry engagement facilitated by the Rail Safety team, has resulted in the development of industry- wide SPAD reduction strategies. Specific actions underway are: a comprehensive driver training competency program, psychometric testing for driver recruits and investigations into SPAD causes.

2 NETWORK INCIDENT RESPONSE AND MANAGEMENT

Risk description

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

Risk Owner: Highway & Network Operations



Challenge/Insight

- While existing capability exists, we still have work to do on the consistency of responses. Regional response plans have been reviewed, and are current, with escalation processes confirmed.
- An emergency response gap analysis was undertaken and actions are now being implemented.

Actions and controls already in place to address risk

- Regional response plans and procedures are in place.
- A newly formed Road and Traffic Incident Management stakeholder group, whose objective is to drive regional consistency to onsite emergency responses has been formed with national representatives from Police, Fire Service, St Johns, the Automobile Association and the Road Transport Forum. A draft guideline document summarising the main activities associated with incident management operations and the roles and responsibilities of each responder has been prepared and distributed with Police and Emergency Service Responders (Fire, Ambulance) based on the Austroads 2007 best practice guide.
- Our joint Transport Operations Centres (TOCs) are developing their monitoring and reporting to improve our visibility of incident response performance for unplanned events across the three major urban areas and the state highway network. This will be shared at our Joint TOC governance boards and with regional stakeholder groups via our journey management staff.
- Our state highway National Emergency Escalation process has been reviewed and a national state highway emergency exercise is planned for this quarter.

Planned risk treatment action

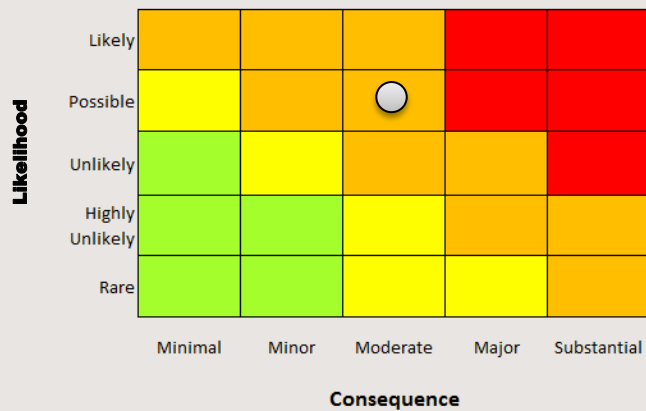
- Develop consistent response protocols and procedures nationwide
- Gain clarity of roles and responsibilities across NZTA and emergency response agencies

3 CANTERBURY REBUILD – GOVERNANCE AND MANAGEMENT

Risk description

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

Risk owner: Planning and Investment



Challenge/Insight

- Engage with the community to ensure costs are known and to gain programme support
- There is an on-going challenge with Christchurch City Council and the community to model and demonstrate that the level of service delivered through the rebuild is consistent with the One Network Road Classification expectations for an urban network and is affordable in the medium to long term.

Actions and controls already in place to address risk

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

Planned risk treatment action

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

4 BUSINESS CONTINUITY PLANS (BCPS)

Risk description

There is a risk of an ineffective business continuity and disaster recovery (DR) response due to a lack of integrated planning. This risk is elevated in Palmerston North due to possible delays in restoring the call centre and motor vehicle register operations, and in our 24x7 operations (eg traffic operations centres) where we may not meet current business operating needs.

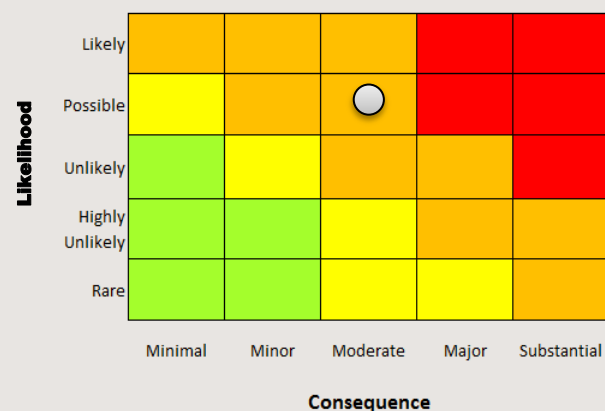
Risk owner: Organisational Support

Actions and controls already in place to address risk

- Business Impact Analysis for the agency (excluding TOCs) is complete, with critical functions identified
- Hamilton and Tauranga emergency management plans tested
- High-level walk through of Palmerston North A&U BCP conducted, areas for improvement identified
- Agency has introduced a communication tool (Campaign Manager) for use during incidents to enable text messages to be sent to a large audience e.g. all staff or all staff in a specific office location
- Plans for relocation of A&U Delivery Contact Centre to Council building in negotiation.
- SLT paper on DR requirements discussed at SLT and business case for better DR capability under action.

Challenge/Insight

- 'BCP Champions' are being identified for each Business Group to ensure consistency in planning and facilitate taking advantage of each other's work. In HNO, these functions will be conducted by the recently established HNO BCP Working Group.



Planned risk treatment action

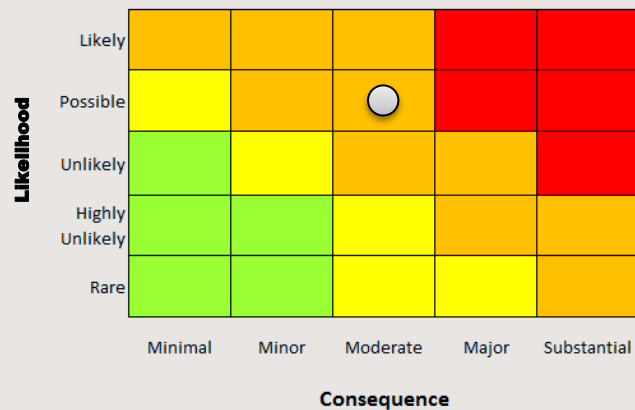
- Development/finalisation of BCPs for the Agency is on-going
- Full test of Palmerston North A&U BCP to be conducted in the third quarter.
- Business continuity responses for TOCs to be developed in the third quarter.

5 ONE NETWORK ROAD CLASSIFICATION (ONRC)

Risk description

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

Risk owner: Planning and Investment



Challenge/Insight

- We are working with our partners to agree the application of the ONRC framework for the 2015-18 NLTP and transition plans for uncompleted activities. For many AOs, their activity management plan will be the key document in support of their programmes submitted for Regional Land Transport Plans; we will be using our judgement to agree investment programmes based on the degree that their activity management plans and transition plans reflect the differentiation (by ONRC) of the network.
- Actions and controls are reducing the likelihood that efficiency gains will not be achieved.
- Most AOs are using the ONRC as the start-point for setting levels of service and investment priorities for renewals and maintenance.

Actions and controls already in place to address risk

- An investment policy approach has been developed.
- Road Efficiency Group (REG) website has up-to-date information on expectations, case studies and implementation.
- REG Governance Group members have attended LGNZ zone and sector group meetings to outline expectations.
- Planning and Investment staff are actively discussing implementation expectations with AOs.

Planned risk treatment action

- Investment signals to Approved Organisations (AO's) clearly set out our expectations on incorporation of ONRC in Activity Management Plans (AMPs). Guidelines are being prepared for assessment of AMP business cases including ONRC.
- Road Controlling Authorities have conducted self-assessments, identifying capability gaps in their ability to apply the ONRC. Equip (the Local Government NZ centre of excellence for asset management) is responding to requests for assistance to address these deficiencies funded by the Transport Agency through REG.
- REG will be reviewing work programmes, priorities and AOs that need further support during February.

6 PRIVACY BREACHES

Risk description

Any breach of the requirements of privacy legislation may have legal consequences and/or result in reputational damage.

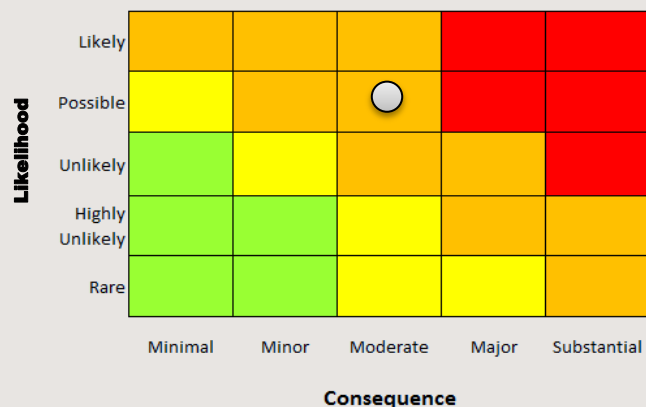
Risk owner: Organisational Support

Actions and controls already in place to address risk

- Privacy Awareness Programme roadshows delivered 48 privacy training sessions in ten office locations on the requirements of the Privacy Act 1993 and how they affect Transport Agency's operations. Feedback was positive.
- Contact Centre induction programme now includes a privacy component.
- Transport Agency privacy awareness resources have been refreshed, and communicated to staff on the Transport Agency's intranet site.
- Increasing awareness of requirement for privacy to be considered early in projects.
- Procedures for reporting incidents have been implemented, and privacy reports are provided to relevant management groups.
- A Security Oversight Group has been set up to enable regular discussion of privacy and security matters.

Challenge/Insight

- This risk has not increased or decreased since Q1, as the privacy training continues to be effective. Work is underway to introduce additional measures to reduce and control the probability.
- The Transport Agency has undertaken a Privacy Maturity assessment and will develop a work programme to address any identified gaps between the current and desired maturity levels.
- The findings of the maturity assessment and proposed work programme with a required funding commitment will be presented to the Senior Leadership Team in February.



Planned risk treatment action

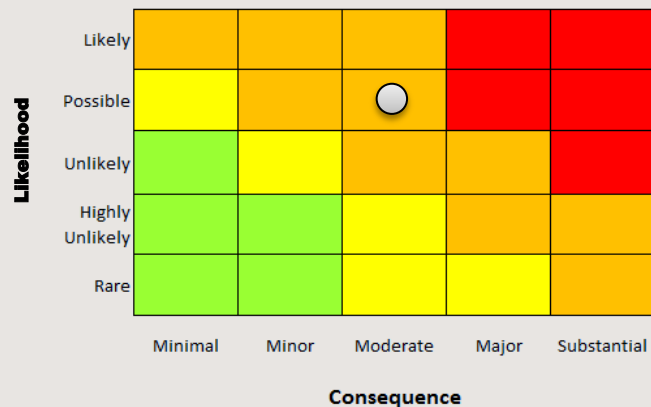
- An online training module will be available mid to late 2015, which will reinforce messaging from the Privacy Awareness Programme roadshows and provide an additional tool for all staff to raise awareness and understanding.
- The majority of reported privacy breaches have been the result of human error. Automating aspects of our business processes (e.g. Paper to Digital) is likely to reduce this risk by addressing elements of human error. For example, introduction of the Intelledox letter solution, which will automatically populate address information on external correspondence.
- Work programme to be developed as an outcome of the Privacy Maturity Assessment

7 HEALTH AND SAFETY (H&S)

Risk description

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

Risk owner: People and Capability



Challenge/Insight

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

Actions and controls already in place to address risk

- A Zero Harm strategy has been developed and approved by the board
- A H&S leadership role and Zero Harm Advisor roles have been created. Two staff were recruited during Q2 to fill Coordinator and Communications role
- New H&S committee structures introduced
- H&S Reporting tool completed
- Agency wide risk assessment completed and action plan created
- Directors Due Diligence application and training provided to board

Planned risk treatment action

- 4x advisors to be recruited early in the third quarter.
- New performance metrics to be embedded across the agency and suppliers
- Zero Harm Portal (internal/external website) in development
- Zero Harm – Managing Safety and Working Safely training courses to be continued in the third quarter.
- Satisfaction of Directors Due Diligence programme schedule
- Minimum standards to be developed for all high risk activities
- Legal review against new legislation by third party specialist in the fourth quarter.
- Group specific targeted communication roll out.

8 INFORMATION SECURITY

Risk description

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

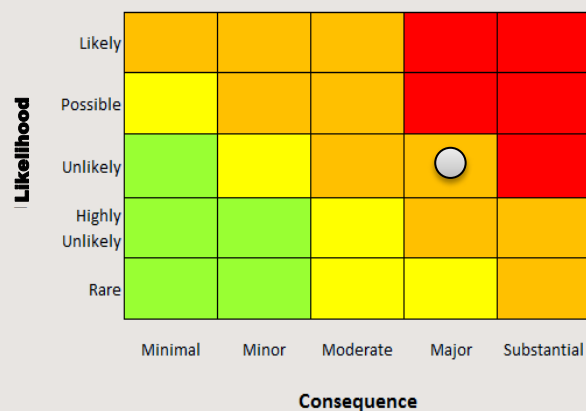
Risk owner: Organisational Support

Actions and controls already in place to address risk

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

Planned risk treatment action

- Complete the security framework.
- Security reviews and privacy impact assessment's stop/go gate implemented.
- Monitoring and reporting capability to be piloted in quarter three.



Challenge/Insight

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



FINANCIAL & SERVICE DELIVERY RESULTS

FINANCIAL PERFORMANCE

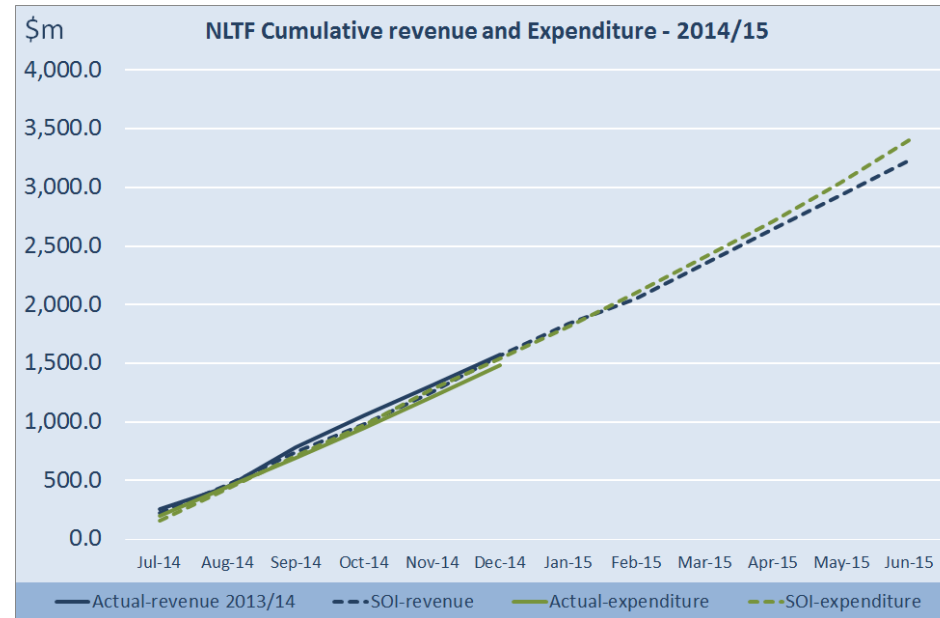
NATIONAL LAND TRANSPORT FUND (NLTF)

- Revenue is 1% ahead of budget (\$12.5m). FED revenue is now just 1% ahead of budget (\$4.9m) as a result of the timing of imported fuel shipments. RUC revenue is 2% ahead of budget (\$16.1m) due to revenue from evasion and assessment penalties being higher than expected. **Management of Crown and land interest revenue** is under budget by 22% (\$8.5m) due to (a) property identified for disposal now being held until a new option is agreed as part of Inner City Bypass (as a result of the Basin Reserve Bridge decision), and (b) a number of other property transactions progressing slower than expected.

Overall revenue from property disposal is now expected to end the financial year around 6% behind target (\$3.7m). FED and RUC revenue are expected to end the financial year on budget.

- The most significant outflow, the **distributions to the NLTP, is 8% behind budget (\$111.9m)** as the programme is progressing slower than anticipated (see sections below).

- The result of the above is a net surplus of \$95m (\$124m above budget).



National Land Transport Fund - Statement of comprehensive income for the six months ended 31 December 2014

	YEAR TO DATE				YEAR END
	Actual \$000	Budget \$000	Variance \$000	%	SPE Budget \$000
INCOME INFLOWS					
Land transport revenue - FED	804,307	799,381	4,926	1%	1,695,507
Land transport revenue - RUC and other revenue	743,017	726,960	16,057	2%	1,459,068
Management of Crown land and interest	29,926	38,402	(8,476)	(22%)	74,950
Total inflows	1,577,250	1,564,743	12,507	1%	3,229,525
OUTFLOWS					
NLTP	1,331,450	1,443,350	111,900	8%	3,098,862
Road Policing Programme	150,748	150,579	(169)	(0%)	296,667
Total outflows	1,482,198	1,593,929	111,731	7%	3,395,529
Net surplus/(deficit)	95,052	(29,186)	124,238		(166,004)

NEW ZEALAND TRANSPORT AGENCY (NZTA) EXPENDITURE

- Total NZTA expenditure is 13% under budget (\$200.3m).
Commentaries on this variance are provided in the sections below (following pages).
- NZTA operating expenditure is 1% under budget (\$2.1m).

- Personnel costs are 3% under budget (\$1.5m). The underspend has increased by \$0.9m during December as leave balances reduced more than budgeted following the new Christmas leave policy introduced this year. The remainder of the variance is mainly due to a lower FTE count than budgeted and is partially offset by the additional cost of temporary workers and redundancy payments following internal restructures.
- Operating expenses are 1% under budget (\$0.7m). A \$2.2m overspend in commissions and transactions is offset by project delays and timing of software licenses.
 - As highlighted in the previous quarter, continued higher volumes of driver testing and vehicles registrations drive higher commissions and transaction costs (offset by higher revenue)
 - Projects experiencing delays, include nationally delivered programmes under Sector Research (\$0.7m), the National Total Mobility Solution (\$0.2m) and a number of smaller projects (e.g. Agency Website refresh, InfoHub, the People Plan and Health & Safety)

Outturns

The \$4.0m overspend forecasted for year-end reflects the trends highlighted above:

- Higher personnel costs (\$0.3m) due to a combination of projects including Zero Harm and OS Vision.

- Operating expenses are forecast to be 2% over budget (\$3.3m) as a result of the following:
 - Higher commissions and transaction costs (\$3.9m). Higher volumes are expected to continue into the second half of the year resulting in higher commissions and transaction costs.
 - Higher professional services costs (\$0.9m) as recruitment of a number of vacancies is put on hold due to organisational reviews in Access & Use (A&U).
 - Higher depreciation expense due to the acceleration of the depreciation of our document management system (Kete).
 - Offset by lower than planned expenditure on the research programme and road safety promotion.

Total expenditure on land transport including NZTA operating expenditure for the six months ended 31 December 2014

This table excludes state highway depreciation/asset write-off

	YEAR TO DATE				YEAR END			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
NZTA CONTRIBUTES TO:								
Managing state highways	795,842	910,165	114,323	13%	1,940,864	1,960,824	19,960	1%
Planning and investing in land transport	460,615	547,182	86,567	16%	1,294,956	1,273,019	(21,937)	(2%)
Access to the land transport system	79,481	78,919	(562)	(1%)	161,622	156,771	(4,851)	(3%)
Total expenditure	1,335,937	1,536,266	200,329	13%	3,397,442	3,390,614	(6,828)	(0%)

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

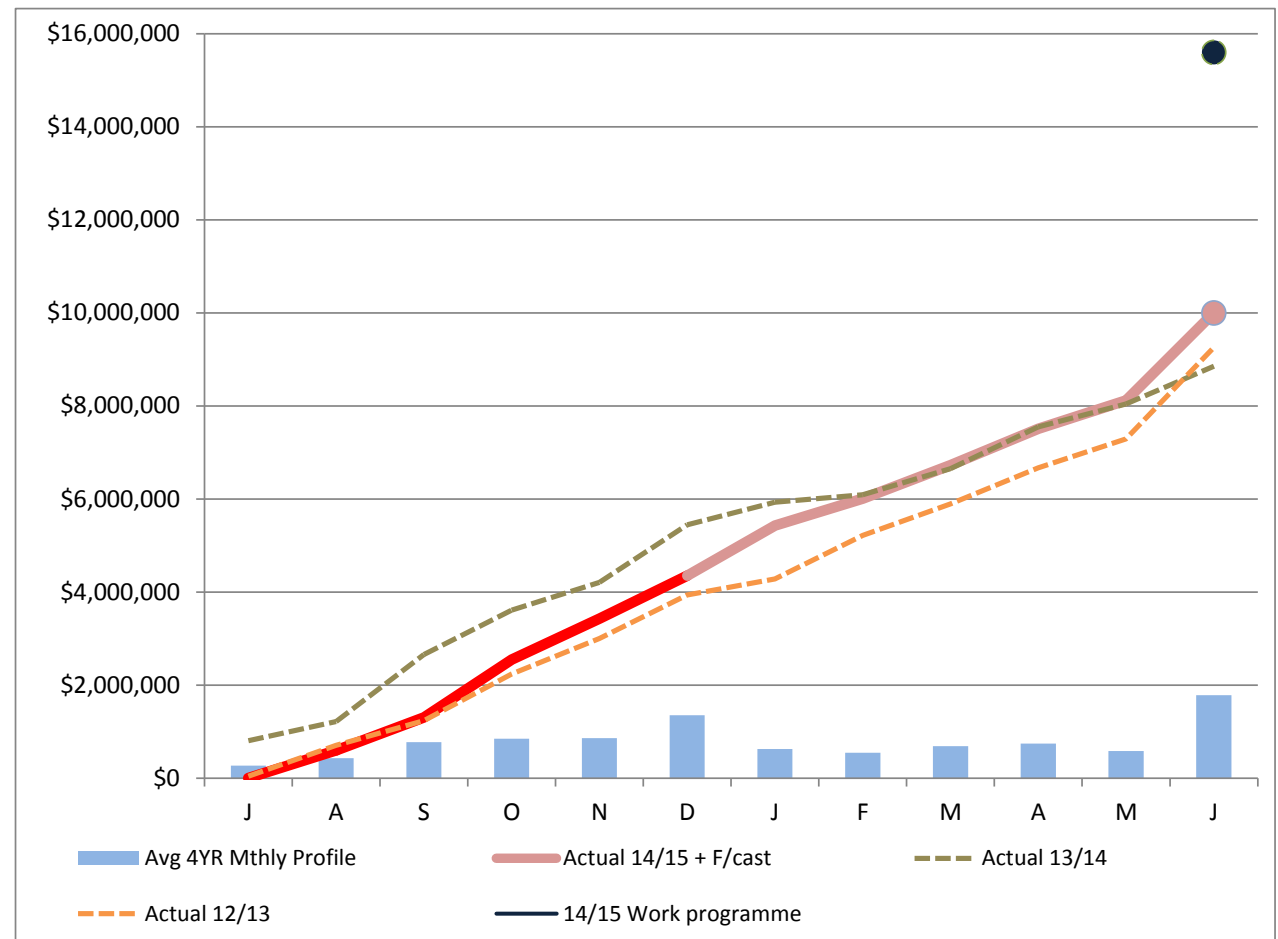
NZTA operating expenditure for the six months ended 31 December 2014

	YEAR TO DATE				YEAR END			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
OUR EXPENSES CLASSIFIED BY:								
Personnel costs	56,745	58,240	1,495	3%	116,448	116,187	(261)	(0%)
Operating expenses	78,891	79,581	690	1%	158,872	155,597	(3,275)	(2%)
Depreciation and amortisation expense	4,950	4,903	(47)	(1%)	10,097	9,646	(451)	(5%)
Total expenditure	140,586	142,724	2,138	1%	285,416	281,430	(3,986)	(1%)

CAPITAL PROGRAMME

- The 2014/15 budget for capital projects is **\$10.9m**. Carry forwards of incomplete but approved projects from the 13/14 year (\$4.7m) mean the work programme is **\$15.6m**.
- The larger projects in the **\$15.6m** programme include:
 - Crash Analysis System (CAS) replacement project - \$2.7m
 - The IS maintenance refresh programme - \$2.2m
 - RUC Debt Assessment Payments - \$2.2m
 - Enterprise Geospatial Capability - \$1.8m
 - Time Limits on Driver Licences - \$0.8m
- At the end of the second quarter we have spent **\$4.4m**. There has been a marked increase in project activity in the second quarter. However the spending pattern remains in line with what has historically been achieved at the end of the first half year in previous years.
- Analysis suggests that a focus on ensuring projects pass through appropriate quality gates is impacting on the timing of delivery of projects and that an optimism bias underlays the 2014/15 programme of work. Consequently we estimate that the full year outturn will be in the vicinity of \$10m rather than the revised budget of \$15.6m, which is consistent with what has been achieved in prior years.

This graph shows the capital programme spend for the 6 months ended 31 December 2014. It also includes previous year's actual capital for comparison.



ACCESS & USE (A&U)

The surplus of \$5.2m puts A&U ahead of its budget deficit of \$0.3m.

- **Access & Use revenue is 8% above budget (\$6.1m).**
- **Driver licensing and testing** revenue is 16% ahead of budget (\$4.1m) due to higher than expected volumes for driver tests, which have also caused driver testing costs to be higher than budget.
- **Motor vehicle registration** revenue is 6% ahead of budget (\$1.7m) mainly as a result of higher than planned revenue from licensing, plates and registration for new passenger and commercial vehicles. Continuing economic confidence combined with competitive pricing is fuelling strong demand for new vehicles.
- **Road User Charges** has a total of \$4.6m appropriated in the year to cover the ongoing administration costs associated with this output class. The collection of road user charges became third party fee revenue on the 1st of November. This delay explains the current surplus of revenue vs. budget, which is expected to be a temporary situation only.
- **Standards development levy and transport licensing fees** revenue is \$0.8m ahead of budget mostly due to higher than expected volumes of drivers paying their annual licensing fees. This can in part be attributed to an increase in commercial transport activity which drives the increased year-end outturn.
- **Vehicle certification and Other memo accounts** WOF and COF vehicle certification revenue is \$1.0m below plan due to delays obtaining Cabinet approval of changes to fees. The new fees were implemented on 1 November 2014 and the expected loss of income will result in a permanent year-end variance to budget of \$1.2m in the certification revenue account.

Access to and use of the land transport system – Financial results for the six months ended 31 December 2014

	YEAR TO DATE				YEAR END			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
INCOME								
Motor vehicle registration	29,174	27,489	1,684	6%	56,377	54,871	1,506	3%
Driver licensing & Driver testing	29,624	25,549	4,075	16%	57,682	49,865	7,817	16%
RUC collection	6,360	5,663	697	12%	11,539	11,539	0	0%
Standard development levy & Transport licensing	7,524	6,721	803	12%	14,979	13,345	1,634	12%
Vehicle certification - WoF	2,853	3,499	(646)	(18%)	7,682	7,448	234	3%
Vehicle certification - CoF & Other	1,287	1,737	(451)	(26%)	1,500	2,957	(1,457)	(49%)
Other	1,170	984	186	19%	2,295	1,983	312	16%
Subtotal - Memo accounts	77,991	71,643	6,348	9%	152,054	142,008	10,046	7%
RUC investigation, and enforcement	2,118	2,114	4	0%	4,434	4,434	0	0%
Tolling	2,908	3,145	(237)	(8%)	6,694	6,694	0	0%
Other	1,709	1,755	(46)	(3%)	3,533	3,533	0	0%
Subtotal - Other	6,735	7,014	(279)	(4%)	14,661	14,661	0	0%
Total income	84,726	78,657	6,069	8%	166,715	156,669	10,046	6%
EXPENDITURE								
Staff	18,699	18,932	233	1%	37,562	37,562	0	0%
Commissions	24,976	23,544	(1,432)	(6%)	49,000	46,707	(2,293)	(5%)
Transactions	10,860	10,098	(762)	(8%)	21,852	20,228	(1,624)	(8%)
Information Technology	6,029	7,459	1,430	19%	14,752	14,752	0	0%
Advertising, PR & Media	222	664	442	67%	1,422	1,422	0	0%
Professional Services	4,695	3,111	(1,584)	(51%)	7,000	6,066	(934)	(15%)
Other	4,670	4,511	(159)	(4%)	9,153	9,153	0	0%
Overhead - Accommodation costs	1,686	1,881	195	10%	3,731	3,731	0	0%
Overhead - Corporate	6,207	7,224	1,018	14%	14,240	14,240	0	0%
Overhead - Regional office	1,381	1,440	59	4%	2,792	2,792	0	0%
Overhead - Regional Directors	56	55	(1)	(2%)	118	118	0	0%
Total expenditure	79,481	78,919	(562)	(1%)	161,622	156,771	(4,851)	(3%)
Net surplus/(deficit)	5,245	(262)	5,507		5,093	(102)	5,195	

ACCESS & USE [CONTINUED]

- Access & Use expenditure is 1% above budget (\$0.6m).
- Commission charges are 6% over budget (\$1.4m) mainly due to higher than budgeted driver testing volumes (see revenue section). These high volumes drive higher costs which are offset by additional revenue.
- Transaction costs are 8% over budget (\$0.8m) due to a combination of higher than budgeted costs for MVR plates, postage, forms, POLI merchant fees and document service costs. The higher transaction costs for MVR plates remain in line with high growth rates for vehicle sales (passenger and commercial vehicles).
- Information technology costs are 19% under budget (\$1.4m) due to delays in project spending, including ACC Vehicle Risk Rating, AVL Business Projects and Tolling Development projects.
- Professional services costs are 51% over budget (\$1.6m) mainly due to a lower FTE count than budgeted in the Access & Use group and the use of contractors to complete work programme obligations.

The net memorandum account balance shows a favourable variance against budget due to higher than budgeted revenue. Fees are set on a long term cost recovery basis.

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

- Driver licensing account balance is above budgeted levels by \$4.1m, primarily due to increased volumes.
- Transport licensing account balance is above budgeted levels by \$3.4m, primarily due to a combination of higher than planned revenue from passenger and goods vehicles and lower than planned expenditure.
- Motor vehicle licensing account balance is higher than budgeted levels reflecting record sales for new vehicles.

Registration volumes are 15 % higher than budgeted with the Motor Industry Association reporting the highest new vehicle sales on record since 1984.

- Certification review balance reflects the impact of delays in implementing new fees as a result of delays in obtaining Cabinet approval. The new fees were implemented 1st November this year.

Access to and use of the land transport system - indicator volumes

	YEAR TO DATE				YEAR END			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Driver licences - New drivers	120	103	17	17%	238	195	43	22%
- Reinstatements	25	24	1	4%	49	47	2	4%
- Renewals	116	114	2	2%	233	229	4	2%
- Older drivers	35	33	2	6%	70	65	5	8%
- Overseas conversions	23	21	2	10%	46	44	2	5%
- Replacements	47	48	(1)	(2%)	95	96	(1)	(1%)
Driver testing - Theory	83	73	10	14%	164	143	21	15%
- Practical	126	104	22	21%	249	198	51	26%
Certification - WoF passes	2,430	2,214	216	10%	4,805	4,400	405	9%
- CoF passes	198	181	17	9%	388	360	28	8%
MVR - Registrations	217	188	29	15%	433	384	49	13%
- Licences	3,269	3,221	48	1%	6,569	6,483	86	1%
RUC - Licences	1,211	1,202	9	1%	2,409	2,387	22	1%
Toll - Trips	2,898	2,910	(12)	(0%)	6,148	6,160	(12)	(0%)

Memorandum accounts

FUNDING SOURCE	Actual 1 July \$000	REVENUE				EXPENDITURE				BALANCE AS AT			
		YTD Actual	YTD Budget	YTD Variance	Full Year Budget	YTD Actual	YTD Budget	YTD Variance	Full Year Budget	31/12/2014		30/06/2015	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	YTD Actual \$000	YTD Budget \$000	Full Year Outturn \$000	Full Year Budget \$000
Border inspection fees	2,937	383	302	81	605	227	194	(34)	434	3,093	2,791	3,193	2,853
Certification review fees	(7,634)	4,140	5,236	(1,096)	10,405	5,524	5,020	(504)	9,820	(9,018)	(7,301)	(8,771)	(6,932)
Driver licensing fees	2,456	17,699	15,520	2,178	30,649	16,006	15,784	(221)	30,640	4,149	57	5,938	330
Driver testing fees	5,449	11,925	10,028	1,897	19,216	10,831	10,131	(700)	19,582	6,543	6,634	7,027	6,371
Motor vehicle licensing	5,227	29,174	27,489	1,684	54,871	28,839	27,822	(1,017)	56,152	5,562	5,203	4,550	4,254
Over dimension permits	472	264	140	124	294	192	167	(24)	447	544	365	533	239
Rail licensing fees	(2,960)	523	542	(19)	1,084	631	788	157	1,592	(3,068)	(3,093)	(3,468)	(3,355)
RUC collection	0	6,360	5,663	697	11,539	5,665	5,968	303	11,025	696	(304)	514	514
Standard development fees	2,065	2,873	2,849	24	5,701	2,649	2,672	23	5,241	2,290	2,643	2,640	2,926
Transport licensing fees	(1,758)	4,651	3,873	778	7,644	3,067	3,680	613	7,309	(174)	(3,595)	25	(3,452)
Memo Account - Total	6,254	77,991	71,643	6,348	142,008	73,629	72,225	(1,404)	142,242	10,616	3,400	12,181	3,748

PLANNING & INVESTMENT AND STATE HIGHWAYS

- Expenditure is \$200.8m under budget (including \$89.7m under budget on planning and investing in land transport, \$114.3m under budget on managing state highways offset by \$3.2m over budget on specific Crown funded projects).

Commentary on activity classes

- Transport planning** expenditure is 26% below budget (\$2.3m). This is mainly due to expenditure on activity management planning & programme business case development remaining below our earlier expectations of a ramp-up to prepare for the 2015-18 NLTP. Analysis is under way to understand the reasons behind this and any potential indications for the start of the next NLTP.
- Sector research** expenditure is 30% below budget (\$0.8m) at the end of December. This underspend is expected to reduce by year-end due to payment of CAPTIF as project milestones are achieved in the coming months.
- Public transport** spend is 4% below budget (\$5.7m). This variance is entirely attributable to PT infrastructure as delivery of infrastructure projects in Auckland is making much slower progress than planned. The year-end outturn is expected to be 8% lower than budget (\$26m).
- New and improved infrastructure for local roads** expenditure is 22% under budget (\$13m) mainly due to lower than planned delivery of minor improvement programmes and Auckland infrastructure, resulting from constraints on local funds. The year-end forecast is 31% (\$52m) over budget, based on the assumptions that (a) expenditure in Christchurch will ramp up (\$18m approved for the central city redevelopment) (b) Auckland will spend its usual \$65m per year and (c) \$62m will be paid for Route K at the end of the year.

- Maintenance, operation and renewal of local roads** claims, other than for emergency works, continue to track well against historic patterns. Emergency works claiming by Christchurch City Council is slower than expected with no drawdown as yet made in 2014/15 against the Christchurch earthquake recovery loan. The year-end outturn is expected to be \$39m below budget across the two output classes,
- Walking and cycling** expenditure is well ahead of budget. The year-end outturn is now expected to be 63% above budget (\$11.3m). This reflects the influence that we expect the Urban Cycleway Fund (UCF) will have in stimulating local and state highway expenditure on walking and cycling. However, it also introduces an element of uncertainty as some projects that have funding approved could be deferred in favour of projects that obtain funding from the UCF.

Planning & investing in land transport - Expenditure report for the six months ended 31 December 2014

	YEAR TO DATE				YEAR END			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
Management of the funding allocation system	14,935	15,510	575	4%	31,740	30,775	(965)	(3%)
Transport planning	6,553	8,864	2,310	26%	18,100	23,356	5,256	23%
Sector research	1,888	2,679	791	30%	5,800	6,100	300	5%
Public transport	131,337	136,995	5,658	4%	293,000	319,391	26,391	8%
Road safety promotion	15,183	15,053	(130)	(1%)	35,000	36,397	1,397	4%
New and improved infrastructure for local roads	45,282	58,283	13,000	22%	219,000	167,000	(52,000)	(31%)
Renewal of local roads	82,443	93,994	11,550	12%	250,000	251,000	1,000	0%
Maintenance and operation of local roads	129,003	196,001	66,998	34%	347,000	385,000	38,000	10%
Walking and cycling	12,751	1,740	(11,011)	(633%)	29,300	18,000	(11,300)	(63%)
Total expenditure	439,376	529,118	89,742	17%	1,228,940	1,237,019	8,079	1%

(1): The budget has been phased according to the claiming patterns observed in previous years, which have been historically low at this point of the year.

(2) Maintenance and operation for local roads includes an amount of \$57m in the outturn (\$100m in the SPE Budget) for Christchurch earthquake recovery.

- **New and improved infrastructure for state highways** expenditure is 11% under budget (\$74.2m). This is mainly due to (a) a significant variance in the property acquisition programme, following changes to alignments to minimise land take for the Auckland Accelerated Programme (\$30m), (b) escalation rates being below budget (\$20m) (c) a resource consent delay on the Christchurch Motorway RoNS delaying the construction start (\$10m) and (d) the impact of the decision to reject the Basin reserve bridge option (\$8m). It is anticipated that the second half of the year will see a catch-up in total expenditure as substitute activities (or acceleration of previously approved projects) are being identified to make use of the available funds.
- **Renewal of state highways** is 26% underspent (\$21m) due to the combination of a more rigorous approach to asset renewals (as previously reported) and actual escalation rates being below budget rates (as a result of favourable macroeconomic conditions e.g. Drop in oil prices)
- **Maintenance and operation of state highways** is 10% underspent (\$19.1m) largely due to the combination of emergency works being below budget and actual escalation rates (*) being below budgeted rates. However, with the number of emergency works applications received to date, it is likely that the full year cost will exceed the budget figure identified within the NLTP. This is due to a combination of a larger volume of works around the country together with a significant increase in the forecast costs for the Christchurch works.

(*)Escalation refers to an allowance made in the expected estimates on all projects to cover the risk of escalating costs. Escalation is calculated cumulatively for the balance of the predicted project/maintenance contract life cycle. So we have allowed in our budget for cost increases, but the cost increases have not materialised to the degree forecast, therefore we are doing the same amount of work but for less cost.

Managing state highways – Expenditure report for the six months ended 31 December 2014

	YEAR TO DATE				YEAR END			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
New and improved infrastructure for state highway	572,952	647,171	74,218	11%	1,387,000	1,383,500	(3,500)	(0%)
Renewal of state highways	58,507	79,554	21,047	26%	167,389	213,853	46,464	22%
Maintenance and operation of state highways	164,382	183,440	19,058	10%	386,475	363,471	(23,004)	(6%)
Total expenditure	795,842	910,165	114,323	13%	1,940,864	1,960,824	19,960	1%

The 2014/15 forecast allocation of funds to the New and improved infrastructure of state highways activity class includes \$11m for Auckland transport initiatives and \$107m for the Tauranga Eastern link.

Specific projects funded by the Crown – Expenditure report for the six months ended 31 December 2014

	YEAR TO DATE				YEAR END			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
SuperGold card transport concessions	10,691	13,103	2,412	18%	25,420	25,905	485	2%
Administration of SuperGold card	48	49	1	2%	96	95	(1)	(1%)
Construction of passing opportunities on SH2	500	250	(250)	(100%)	500	0	(500)	(100%)
National war memorial park	10,000	4,662	(5,338)	(115%)	10,000	10,000	0	0%
Urban cycleways	0	0	0	0%	10,000	0	(10,000)	(100%)
Accelerated regional state highways	0	0	0	0%	20,000	0	(20,000)	(100%)
Total expenditure	21,239	18,064	(3,175)	(18%)	66,016	36,000	(30,016)	(83%)

- **Construction of passing opportunities on SH2** was planned in 2013/14. Construction is now complete and final costs were incurred and settled in the first quarter of 2014/15.
- **National war memorial park** is progressing with the Arras Tunnel now open to traffic. Funding from the crown has now been fully claimed and the remainder of the project will be funded from the NLTP.
- **Urban cycleways.** No money has been spent to date. The \$10m year-end outturn reflects the funding allocated in the Cabinet paper for 2014/15..
- **Accelerated regional state highways.** No funding has been claimed to date. The Cabinet paper indicated \$39.5m funding for 2014/15 but it is anticipated that the year-end outturn will be lower (as first contracts are expected to be awarded in the next few months, leaving only a limited time to progress work before the end of the year) with the balance to be spent in subsequent years.

NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

Programme management overview

The activity class forecasts to the end of the NLTP are similar to the previous quarter, including the \$62m payment for Route K that is now part of New and Improved Infrastructure for Local Roads expenditure.

Expenditure shown as Canterbury earthquake recovery debt is being funded outside of the NLTF until repayments of the Crown loan commence in 2017/18.

National Land Transport Programme (NLTF funded)

	ACTUAL/FORECAST SPEND 2012-2015				
	NLTP 2012-2015 \$000	2012/13 Actual \$000	2013/14 Actual \$000	2014/15 Forecast \$000	Total 2012-2015 \$000
ALLOCATION OF FUNDS TO ACTIVITY CLASSES					
Transport planning	50,000	13,438	14,927	18,100	46,465
Road safety	97,000	27,592	31,811	35,000	94,403
Walking and cycling	53,000	8,449	18,197	29,300	55,946
Public transport	945,000	287,532	272,266	293,000	852,798
Maintenance and operation of local roads	878,000	279,379	290,445	290,000	859,824
Maintenance and operation of state highways	989,000	342,210	371,600	386,475	1,100,285
Renewal of local roads	738,000	204,410	232,761	250,000	687,171
Renewal of state highways	635,000	175,009	168,593	167,389	510,991
New and improved infrastructure for local roads	515,000	152,562	125,043	219,000	496,605
New and improved infrastructure for state highways	3,400,000	992,559	1,230,309	1,269,000	3,491,868
Sector research	15,000	3,194	4,197	5,800	13,191
Management of the funding allocation system	89,000	28,838	29,715	30,965	89,518
Debt funded Canterbury earthquake fund	0	0	12,173	57,000	112,173
Total	8,404,000	2,515,172	2,802,037	3,051,029	8,411,238

BORROWING

Short term facilities

There has been no borrowing activity during the quarter. The \$150m portion of the facility remains fully repaid while the \$100m portion remains fully drawn down.

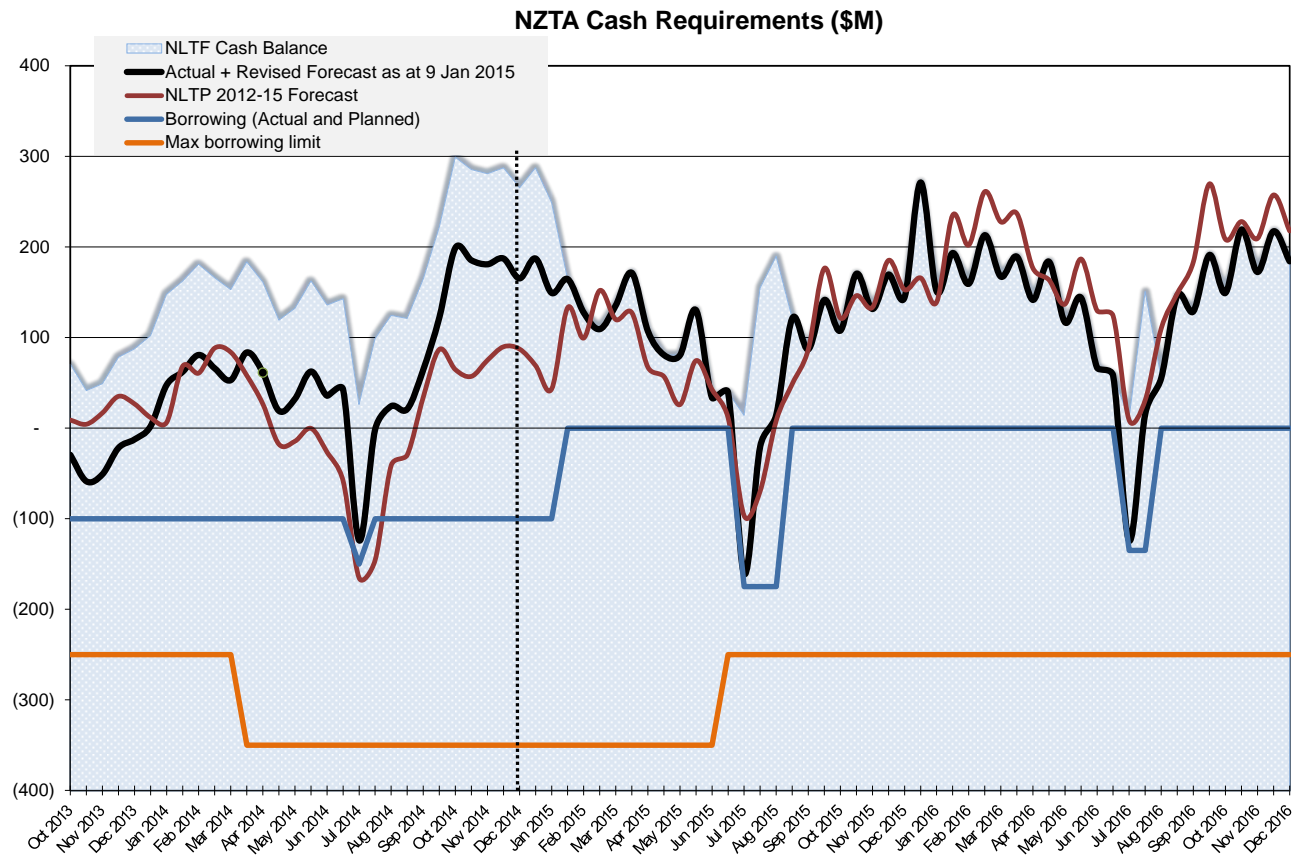
The notional balance in the NLTF was \$265.3m as at 31 December.

The proposed amendment to the conditions for use of the existing \$250m borrowing facility had been on hold pending the election. The proposal has been re-presented to joint ministers. This was approved mid December 2014 and is scheduled to come into effect on the 1 July 2015. There will be a formal response from the Minister to the NZTA Chair outlining the new conditions and any new reporting requirements. This should now clear the way for the repayment of the \$100m portion of the facility.

In addition, new payment terms to Approved Organisations (AOs) are now in place to encourage improved forecasting and claiming behaviour. Where a June/July claim exceeds the indicated March end of year forecast or exceeds 15% of their annual expenditure the Transport Agency reserves itself the right to defer payments beyond the usual 21 days to pay it. This has resulted in the upcoming July peaks of expenditure to not require more than \$175m of borrowing (previously, we anticipated maximum borrowing levels could reach \$250m).

Longer term facilities

There has been no borrowing activity under the terms of the Master Facilities Agreement in the second quarter (two loan facilities are currently in place under that agreement, the Christchurch earthquake facility and the Auckland Accelerated Programme facility).



LONGER-TERM FUNDING COMMITMENTS

Current NLTP

- 103% of the \$9.1b NLTF investment in the 2012-15 NLTP is committed, representing a \$292m over-commitment of NLTF funds against revenue and short-term debt.

The over-commitment includes a deliberate over-allocation of funds to counter the historic optimism bias as delivery of improvement activities lags commitments (approximately \$200m in 2014/15).

The balance of \$92m over-committed funds is expected to be declared surplus by Approved Organisations and HNO by the end of the year.

2015-18 NLTP

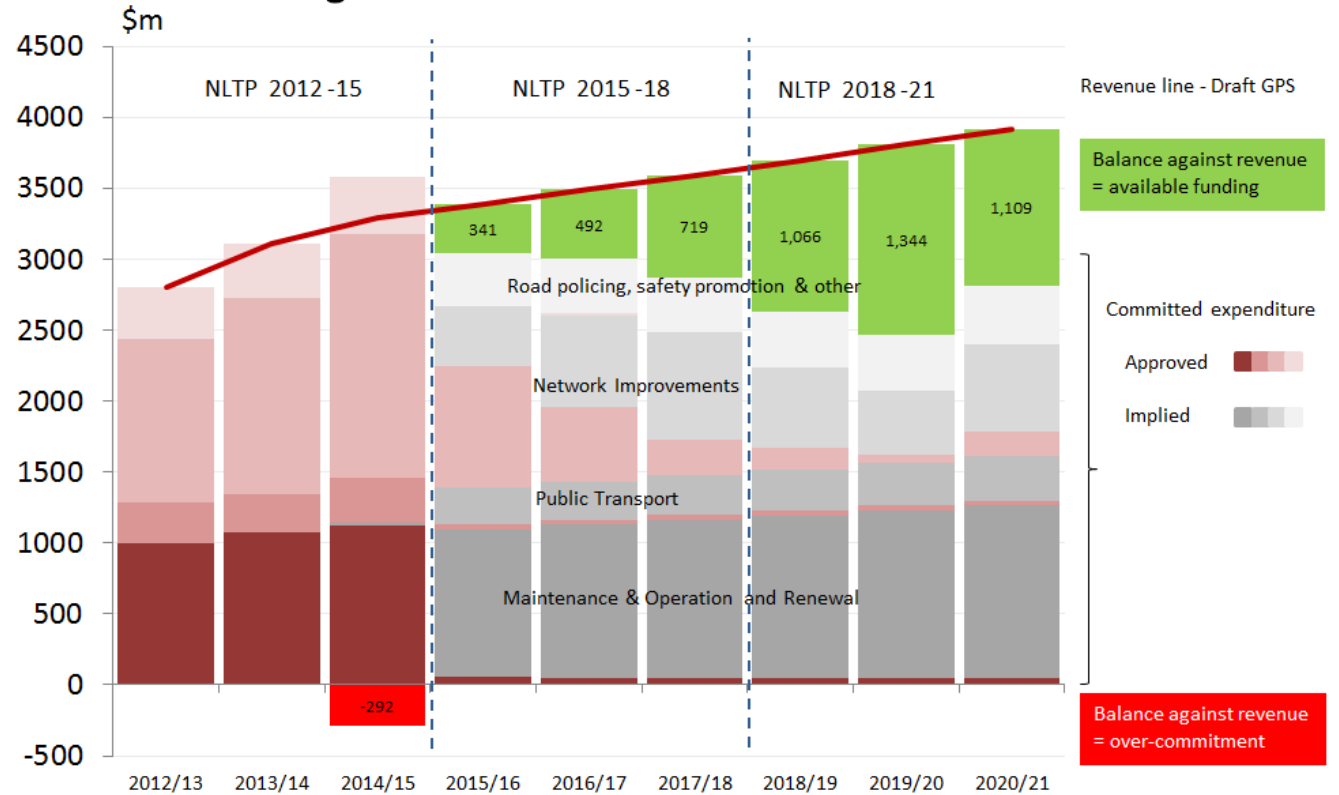
- Committed funding for the first year of the 2015-18 NLTP is around 92% of revenue while the overall commitment for the three year programme is now 85%. The "committed" funding comprises approved and implied programme funding.
- A total of \$1.5b of discretionary funds is currently available for new approvals.

2018-21 NLTP

- "Committed" (approved and implied) funding for the 2018-21 NLTP is around 78% of forecast revenue, leaving about \$3.5b of discretionary funds for new approvals.

Note: Total committed funding has reduced by \$1.3b compared to what was reported at the end of last quarter. This is mainly due to the Puhoi to Warkworth project being considered as a PPP for modelling purposes.

NLTF Funding Commitments & Balance for Investment Decisions



LONG TERM DEBT COMMITMENTS

The Agency continues to explore and to enter into longer term funding options for projects that go beyond the short term and medium term financial reporting. Most of these longer term commitments are not currently recognised as liabilities in the Agency's balance sheet. The plan is to report here each quarter on those longer term debt commitments where the individual projects are of a significant size.

The table captures all of the current and known future facilities that the Agency is entering into. It splits them into those that are currently approved, those that have funding approval in principle and likely pipeline projects. These projects are considered to be contributing to the 10% threshold discussed by the Board for our long term commitments.

OTHER LONG TERM COMMITMENTS

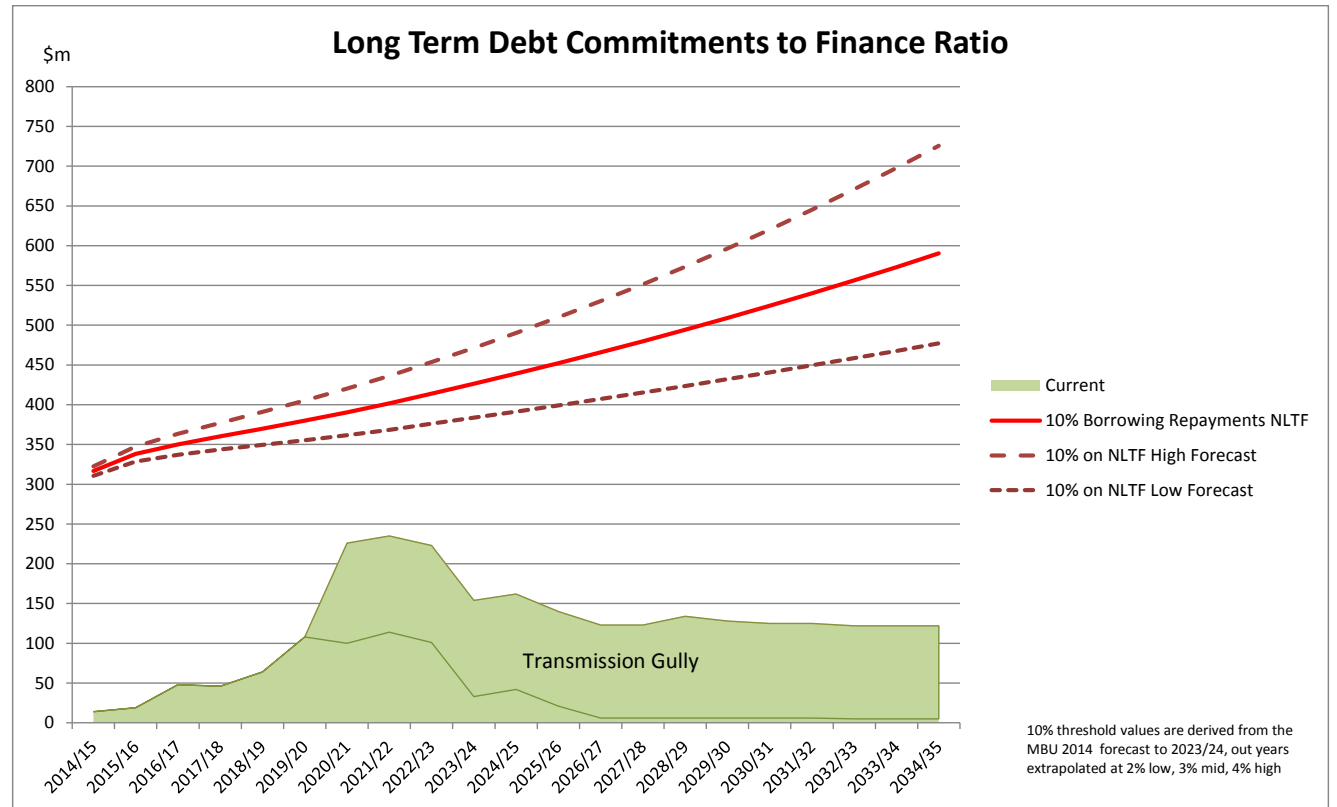
The remaining "Other Current or Future Commitments" are funding arrangements covering cash flow management and the longer term commitments for Auckland and Wellington Rail.

Project	Investment	Period	Notes
1. Debt Commitments			
Tauranga Eastern Link	\$107m	35yrs	Planned draw down of \$85m for the road and \$22m for the tolling infrastructure from the NZDMO for repayment over the following 35 years from tolling revenue. Repayment rate impacted by the traffic volumes and interest rates.
Christchurch Rebuild	\$185m peak	9yrs	Borrowing from NZDMO for Christchurch Earthquake expenditure above the \$50m per annum NLTP funding in the next 3 to 4 years repaid over the subsequent 5 or 6 years.
Auckland Accelerated Initiatives	\$375m	10yrs	Northern Corridor, Southern Corridor, SH20A. Funding to be by way of an advance on cash flows of \$375m from the NZDMO with the interest written off to the Crown. The loan funds to cover all three of the current SH projects. Further funding may be considered for additional accelerated works such as the East/West Corridor and AMETI.
Transmission Gully (PPP)	\$1.0b	31yrs	Construction to occur over the next 6 years with an operating phase of the following 25 years. The Agency has entered into an interest rate swap with the NZDMO to fix the interest rate obligation over the period of the PPP providing certainty over this period. The unitary payments are approx. \$120 m per annum (a total commitment over the 25 years of \$3b).
2. Other Commitments			
Auckland Electrical Multiple Units	\$200m	35yrs	Committed contribution over a 35 year period matching expected useful life of the assets.
Auckland Depots	\$50m	50yrs	Committed contribution over a 50 year period.
Wellington Matangi Electric Multiple Units	\$85m	28yrs	Committed contribution over a 28 year period matching expected useful life of the assets.

LONG TERM DEBT COMMITMENTS (CONTINUED)

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

The revenue line indicating the 10% maximum borrowing repayments is based on the 2014 March Baseline Update. From year ten the growth rate is assumed at 3% while the lower limit is a 2% growth and the higher is 4% growth.



NZTA FINANCIAL STATEMENTS

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

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

Revenue from third parties: See Access & Use section.

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

NZTA operating activities: See NZTA Operating expenditure section.

NZ Transport Agency – Consolidated statement of comprehensive income for the six months ended 31 December 2014

	YEAR TO DATE				YEAR END
	Actual \$000	Budget \$000	Variance \$000	%	SPE Budget \$000
INCOME					
Revenue from the Crown	20,743	17,124	3,619	21%	30,980
Revenue from the National Land Transport Fund	875,676	949,744	(74,067)	(8%)	2,075,034
Revenue from third parties	87,062	76,157	10,905	14%	153,912
	983,481	1,043,025	(59,544)	(6%)	2,259,926
EXPENDITURE					
Investment in land transport	1,169,248	1,398,599	229,351	16%	3,122,339
NZTA operating activities	140,586	142,724	2,138	1%	281,430
State highway depreciation/asset write off	230,000	229,998	(2)	(0%)	460,000
	1,539,833	1,771,321	231,487	13%	3,863,769
Net surplus/(deficit)	(556,352)	(728,296)	171,943	(24%)	(1,603,843)
Capital expenditure	(641,460)	(731,639)	(90,179)	12%	(1,607,353)
Net surplus/(deficit) after capex	85,107	3,343	81,764		3,510

Assets

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

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

Non-current assets: the state highway valuation for 2013/14 was significantly higher than the projection used at the time the budget was prepared, hence the \$1b variance against budget.

Work has commenced on the Transmission Gully project, which is now reflected in our statement of financial position (\$127.3m at the end of December).

Liabilities

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

Non-current liabilities: Higher than budget due to commencement of the Transmission Gully project. This offsets borrowing facilities for TEL, Christchurch and Auckland that have not been drawn upon.

Retained funds: See net surplus.

Memorandum account: See Access & Use section.

NZ Transport Agency - Consolidated statement of financial position as at 31 December 2014

	AS AT 31 DECEMBER 2014				YEAR END
	Actual \$000	Budget \$000	Variance \$000	%	SPE Budget \$000
ASSETS					
Current assets					
Debtor National Land Transport Fund	459,180	379,452	79,728	21%	652,263
Other	131,048	211,846	(80,798)	(38%)	286,991
Non-current assets	29,119,181	28,077,869	1,041,312	4%	29,260,088
	29,709,409	28,669,167	1,040,242	4%	30,199,342
LIABILITIES					
Current liabilities					
Borrowing	100,000	100,000	0	0%	100,000
Other	219,228	311,629	92,401	30%	518,182
Non-current liabilities	130,232	36,700	(93,532)	(255%)	290,888
	449,460	448,329	(1,131)	(0%)	909,070
Net assets	29,259,950	28,220,838	1,039,112	4%	29,290,272
EQUITY					
General funds	5,606	5,606	0	0%	5,606
Retained funds	180,780	43,050	137,730	320%	41,973
Memorandum account - Third party fees	10,616	3,400	7,216	(212%)	3,747
State highway network	29,062,948	28,168,782	894,166	3%	29,238,946
Total equity	29,259,950	28,220,838	1,039,112	4%	29,290,272

Cash flows from operating activities:

Reduced payments to suppliers only partly offset lower NLTF receipts.

Cash flows from investing activities:

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

Cash flows from operating activities:

See Borrowing section.

**NZ Transport Agency – Consolidated statement of cash flows
for the six months ended 31 December 2014**

	YEAR TO DATE				YEAR END
	Actual \$000	Budget \$000	Variance \$000	%	SPE Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Crown/NLTF revenue	919,117	1,113,814	(194,696)	(17%)	2,049,272
Receipts from third party/interest revenue	106,801	110,132	(3,331)	(3%)	153,671
Payments to suppliers and employees	(850,656)	(931,293)	80,637	9%	(1,702,023)
	175,262	292,653	(117,390)	(40%)	500,920
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts from sale of state highway properties	17,428	28,800	(11,372)	(39%)	57,600
Purchase of assets	(4,353)	(7,488)	3,135	42%	(15,000)
State highway network (incl. property purchases)	(641,460)	(731,639)	90,179	12%	(1,714,353)
	(628,384)	(710,327)	81,942	12%	(1,671,753)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contributions	447,724	468,916	(21,192)	(5%)	975,404
Borrowing	0	42,000	(42,000)	(100%)	292,000
NLTF debtor borrowing reduction/interest	(2,290)	(93,242)	90,952	(98%)	(96,521)
	445,434	417,673	27,760	7%	1,170,883
Net (decrease)/increase in cash	(7,688)	(0)	(7,688)	(100%)	50
Cash at the beginning of the period	23,922	50,000	(26,078)	(52%)	50,000
Cash at the end of the period	16,234	50,000	(33,766)	(68%)	50,050

NLTF FINANCIAL STATEMENTS

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

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

National Land Transport Fund - Statement of financial position as at 31 December 2014

	AS AT 31 DECEMBER 2014			YEAR END
	Actual \$000	Opening \$000	Movement \$000	SPE Budget \$000
CURRENT ASSETS				
Cash and cash equivalents	265,304	135,755	129,549	10,000
Debtors	186,118	229,800	(43,682)	239,000
	451,422	365,555	85,867	249,000
CURRENT LIABILITIES				
Creditors and other payables	459,180	468,365	9,185	652,263
	459,180	468,365	9,185	652,263
Net assets	(7,758)	(102,810)	95,052	(403,263)
General funds	(7,758)	(102,810)	95,052	(403,263)
General funds closing balance	(7,758)	(102,810)	95,052	(403,263)




National Land Transport Fund - Statement of cash flows for the six months ended 31 December 2014

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

	YEAR TO DATE	YEAR END
	Actual \$000	SPE Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from land transport revenue	1,577,250	3,229,525
Payments to NZTA and NZ Police	(1,482,198)	(3,395,529)
	95,052	(166,004)
Net decrease/(increase) in Debtors	43,682	(15,000)
Net (decrease)/increase in Creditors	(9,185)	167,004
	34,497	152,004
Net (decrease)/increase in cash and cash equivalents	129,549	(14,000)
Cash and cash equivalents at the beginning of the period	135,755	24,000
Cash and cash equivalents at the end of the period	265,304	10,000

NLTF INVESTMENT ASSURANCE



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






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






Q2: INVESTMENT AUDITS

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

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

AUDITEE	NZTA INVESTMENT VALUE (2012/15 NLTP)	KEY FINDINGS SUMMARY	RESULT
Waikato District Council	\$49.0 million	<p>Waikato District Council is well positioned to deliver its planned land transport programme outcomes. It has been rebuilding its asset management capabilities following a period of succession. Discernible improvement was found since our previous audit in 2012. Some processes are still being introduced, but this is off-set by skilled and competent staff able to maintain levels of service in the interim.</p> <p>Some corrective measures are required for coding of professional services costs to maintenance and operations, engagement of independent road safety auditors, and accurately reporting information in annual achievement returns. The Transport Agency's share of \$600,802 claimed for a non-subsidised project is to be repaid on invoice.</p>	
Waipa District Council	\$19.6 million	<p>Waipa District Council is managing and administering its network generally well.</p> <p>Financial management has improved markedly since the last audit, with the general ledger structure now better aligned with the Transport Agency's work categories.</p> <p>Council's professional services business unit structure and internal costing procedures were transparent and consistent with the agreed levels of service. The business unit agreement was comprehensive and a good example of an agreement which meets all Transport Agency requirements.</p> <p>Competition for contracts is exemplary, with an average of seven tenderers over the pavement renewal contracts reviewed.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2012/15 NLTP)	KEY FINDINGS SUMMARY	RESULT
Western Bay of Plenty District Council	\$19.4 million	<p>Western Bay of Plenty District Council is generally managing and administering its roading network well, but there are improvement opportunities.</p> <p>Claims for financial assistance for the five financial years to 2013/14 were reconciled against Council's general ledger records with some difficulty. The Council needs to improve this by establishing an audit trail between its financial claims made to the Transport Agency and its general ledger.</p> <p>The Council has achieved successful outcomes from its ten year performance based contract and at the time of the audit was looking to use a similar arrangement with the tender of a Network Outcomes Contract (NOC) with the Transport Agency.</p> <p>The Council has documented lessons learned from a large cost scope blow-out of one of its projects caused by a project design error. This includes amending its processes for seeking Transport Agency funding approval.</p>	
Stratford District Council	\$7.7 million	<p>Overall, Stratford District Council exhibits sound management practices to support the delivery of its land transport programmes. Competent and long-serving staff continue to be a strong asset of the Council.</p> <p>The audit recommended separation of duties for overseeing financial operations of a business unit and approving its expenditure. This is to mitigate the potential conflict of interest risk having one manager responsible for both roles.</p>	
Taranaki Regional Council	\$4.1 million	<p>Taranaki Regional Council is managing public transport services well, but this could be improved by better validation of operator monthly returns.</p> <p>No public transport contracts have been let since the previous audit as the Public Transport Operating Model (PTOM) outcomes are still to be implemented through new contracts. The existing New Plymouth City bus services have been extended, but rural services need to be formalised by way of variation to reflect these arrangements.</p>	
Department of Conservation Manawatu/Whanganui	\$0.9 million	<p>Department of Conservation Manawatu/Whanganui effectively manages a small 6km length of road in Tongariro National Park with Transport Agency financial assistance. However, it is operating under an expired contract with its professional services provider. The Department has undertaken within the terms of the expired contract to extend it until it is re-tendered.</p>	
Grey District Council	\$9.3 million	<p>Grey District Council's asset management staff demonstrate both competency and capability in delivering its land transport programme. Some minor improvements can nevertheless be made with documenting contract management and administration procedures, recording minutes from supplier meetings, meeting road safety audit requirements, and developing a management process for its minor improvements programme.</p>	


AUDITEE	NZTA INVESTMENT VALUE (2012/15 NLTP)	KEY FINDINGS SUMMARY	RESULT
Mackenzie District Council	\$5.3 million	Mackenzie District Council's land transport programme is well managed and delivering agreed outcomes. Council is leveraging off shared services opportunities with neighbouring authorities to achieve value for money. Reprocessing of dig-out material is yielding savings and giving good results when used for unsealed pavement maintenance. Council needs to review its charges to its in-house professional services business unit to ensure they are based on up-to-date information. Council asset management staff have a good understanding of their network and its works programme appears to be prioritised well.	
Department of Conservation Aoraki Mt Cook	\$2.1 million	The Department of Conservation Aoraki Mt Cook is providing strong levels of service emphasising safety with its management of the Tasman Valley Road. This Special Purpose Road presents several challenges requiring greater than usual safety considerations. These include a single lane bridge crossing, extended snow and ice winter driving conditions, rock-fall mitigation, and significant usage by foreign tourist drivers. These challenges are well recognised and managed. Network management expertise is enhanced by outsourcing of professional services activities.	
Chatham Islands Council	\$10.0 million	Chatham Island Council's generally good contract management is being undermined by poor financial systems. It was not possible to reconcile claims for funding assistance against Chatham Island Council's general ledger records (which are managed by Environment Canterbury). This serious issue was also identified during the previous audit. Management reports were also not being produced to assist the delivery of the land transport programme. Despite this, the land transport programme is continuing to be effectively delivered by Council's professional services provider, MWH.	
Dunedin City Council	\$47.1 million	Dunedin City Council has strong contract management practices in place to achieve value for money outcomes. At the time of the audit Council was reviewing its procurement strategy. The current four in-house professional services business units are being amalgamated into one unit. Council believes this will enhance efficiencies and co-operation within its in-house services. Contract management practices are well developed with documentation to show close working relationships with its physical works providers.	
Gore District Council	\$6.3 million	Gore District Council generally manages its transport network well. Good examples were found where value for money options were considered, for example, shared services with other councils, and the staggering of contract terms to maximise competition. The Council's street light contract has expired but is being extended on a month-by-month basis. The Council is understandably keen to continue its existing arrangement whereby its electricity is procured through a historical deed with its power company under a "penny-a-unit power agreement" in perpetuity.	

Q2: POST IMPLEMENTATION REVIEWS

Assessing how well completed projects have delivered their main expected benefits and identifying lessons learned to make business improvements.

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

PROJECT AND RESPONSIBLE ORGANISATION	KEY FINDINGS SUMMARY	RESULT
<p>Cameron Road Cycle Lanes – Tauranga City Council</p> <p>(\$2.2 million; completed in 2008)</p>	<p>This project constructed cycle lanes on Cameron Road, one of Tauranga City's main arterial roads to improve cyclist safety and generate health benefits from substantially increased numbers of cyclists.</p> <p>Summary assessment of project outcomes</p> <p>The cycle lanes successfully provide improved safety, connectivity and a consistent speed environment for cyclists using Cameron Road. However, the magnitude of their actual benefits has not been as large as predicted when the project was approved and funded. Predictions that between 400 and 600 cyclists would ride the lanes each day have not been reached, with indicative count surveys indicating no more than 280 cyclists using them each day. Reasons for this may include: limited incentives for Tauranga residents to switch from commuting by car to biking, ongoing significant use by many cyclists of a pre-existing shared cycle/walking path, or the original demand forecasts not being based on suitably realistic evidence or assumptions.</p> <p>Cyclist safety has improved as a result of the cycle lanes, but not to the scale expected. Predictions that the cycle lanes would reduce specific crash types involving cyclists by 80% were overly optimistic. The actual reduction in these crash types has been significantly less. More recent research and current Transport Agency guidance generally suggests a 10% to 35% reduction in cyclist crashes overall is more realistic as a result of cycle lanes.</p> <p>Project delivery</p> <p>The cycle lanes were progressively introduced in stages over several years, mostly between 2003 and 2008. Final costs were 29% above budget due to higher construction costs for deferred implementation of sections of the cycle lanes and the unexpected need to relocate a water main.</p> <p>Lessons learned and recommendations</p> <p>Some lessons learned for other projects and the Transport Agency's own processes include:</p> <ul style="list-style-type: none"> • Before and after performance monitoring of major projects is good practice for effective evaluation of project outcomes. More comprehensive 'before and after' monitoring of cyclist numbers on Cameron Road would have helped Tauranga City better understand how well the cycle lanes are being used, and possibly help identify ways to encourage more people to use them. • There is scope for the Transport Agency to review the crash reduction factors given in its Economic Evaluation Manual to ensure they take account of up-to-date safety research findings. Time periods should also be required to be stated when percentage reductions in crash rates are forecast. This would aid effective post implementation review of safety outcomes. • The 'journey approach' being adopted by the Transport Agency should be applied when assessing and investing in cycling projects. This would help ensure cycle lanes or routes are coherent and direct enough to encourage people to use them well. 	<p>●</p>

PROJECT AND RESPONSIBLE ORGANISATION	KEY FINDINGS SUMMARY	RESULT
<p>Pyes Pa Bypass – Highways & Network Operations Bay of Plenty</p> <p>(\$45.3 million; completed in mid-2011)</p>	<p>The Pyes Pa Bypass project constructed a new section of State Highway 36, south of Tauranga City, to bypass its previous route through the residential suburb of Pyes Pa.</p> <p>The bypass was expected to reduce travel times and help facilitate development along a 'southern corridor' to downtown Tauranga and its port. It was also expected to improve safety around Pyes Pa.</p> <p>Summary assessment of project outcomes</p> <p>The project has achieved its expected benefits overall. The bypass has improved the southern corridor route to and from downtown Tauranga and its port. It provides good access to local industrial and residential subdivisions which is helping facilitate their development. The economic downturn in recent years slowed the growth of these subdivisions well below what was forecast, but strong signs of renewed construction activity were observed with this review.</p> <p>Significant travel time savings of up to six minutes to downtown Tauranga have been achieved on the southern corridor as a result of the bypass.</p> <p>It is too soon since project completion (in mid-2011) to evaluate fully whether the bypass has helped improve safety on the previous state highway route on Pyes Pa Road, but the number of recorded crashes both before and after construction of the bypass has been low. Crash incidence on the bypass itself has been very low, with only two crashes since it opened. Unfortunately, one of the crashes resulted in a fatality. This crash was due to speed and careless driving and no features of the bypass' design were identified as a contributing factor.</p> <p>Project delivery</p> <p>The bypass was delivered on time in three stages between 2006 and mid-2011. Its estimated total construction cost was \$45.3 million, marginally (-1.4%) below its budgeted cost.</p> <p>Lessons learned</p> <p>Some examples of good practice and lessons learned with relevance for other future projects were identified with this review. They included:</p> <ul style="list-style-type: none"> • The project was an early example of successful collaboration between two road controlling authorities – the Transport Agency's Highways & Network Operations and Tauranga City Council. Collaboration is now more actively promoted and supported by the Agency. • The bypass' embankments have been constructed so the highway can be widened in parts to four lanes if needed. This is an example of sensible long-term planning, but it may be partly undermined by future congestion problems at the bypass' northern two roundabouts. The Transport Agency and Tauranga City Council are both aware of this potential issue and examining ways of addressing it. • Efficiencies were achieved through smart timing of earthworks, with cost savings achieved from using fill from the adjacent residential subdivision development. 	

Q2: STRONGER CHRISTCHURCH INFRASTRUCTURE REBUILD TEAM (SCIRT) AUDITS

The Transport Agency's Investment Assurance team has led the development of an audit framework to provide assurance that the Christchurch infrastructure rebuild programme is being well managed and delivering value for money.

The framework originally allocated sixteen audits across Christchurch City Council, the Transport Agency, and the Canterbury Earthquake Recovery Authority (CERA). A subsequent review of the framework as part of a wider "Review of Client Funder Horizontal Infrastructure Risks" has updated it to include scrutiny of quality assurance and health and safety.

The key findings from the latest seven audits and reviews from the original framework to be presented to the Horizontal Infrastructure Governance Group (HIGG) are summarised below. The original framework is now nearly complete.

AUDIT TOPIC	KEY FINDINGS SUMMARY	RESULT
Project Option Decision Process (Lead - CERA)	A sample of the Concept Design Reports (structure and content) was reviewed. It was concluded the methods to evaluate options at the concept design stage (SCIRT project approval gate 2) have improved. They are now far more robust and remain fit for purpose. The exclusion of "Do Nothing" and "Do Minimum" options from early concept designs was questioned; it may have been premature and resulted in adoption and development of more expensive solutions.	●
Project Gates (Lead - CCC)	The relevant controls applied to SCIRT projects as they progress through a 10 Gate workflow and approval process were reviewed. Weaknesses in the gate approval processes were identified that could compromise the reliability of information captured. Retrospective and out of sequence dates could be entered. Delegation was clear, but criteria or requirements for sign off were not explicitly documented. Sampling for this review highlighted that a delay with audited project financials was creating a backlog of projects progressing to handover/completion. SCIRT has since taken steps to reduce this backlog. Asset owner approval is a key compliance control that has been poorly applied, including retrospective and verbal approvals. A new approvals process has been requested.	●
Independent Review of Target Out-turn Cost (Lead - CERA)	The process for setting the target out-turn cost (TOC) of projects was examined, with specific comparison to other multidisciplinary alliance environments. The findings were very positive, with processes for alliance contracting meeting best practice standards. Comparison with alliances doing similar work found SCIRT alliances to be good value. Wastewater pipeline rebuild costs were markedly higher than elsewhere, but this has been attributed to difficult ground conditions, a deeper depth of the asset, and the need for intensive traffic management.	●
Inspection Test Process (Lead - NZ Transport Agency)	The inspection test process review looked at the construction stage of projects for assurance about the quality of the final product. It confirmed that the self-assurance model and its processes were being applied consistently and effectively and that both testing and inspection was reliably documented and reported. SCIRT's processes are continuing to evolve with analysis of non-conformances extending beyond individual failures to consider both the materiality and the potential for wider systematic improvement opportunities. The processes were being applied appropriately and as documented.	●

AUDIT TOPIC	KEY FINDINGS SUMMARY	RESULT
Performance Reporting (Lead - CERA)	<p>This review considered the adequacy of rebuild performance reporting from source (SCIRT or Christchurch City Council) to enable good decision making by the funder (HIGG). It also tested whether this reporting satisfied the requirements of the State Services Commission.</p> <p>Current reporting is sufficiently accurate for decision-making. Multiple opportunities for improvement were identified (relating to clarity and analysis). It was recommended that the Horizontal Infrastructure Management Team take on a central role for collation and preparation of future reporting to HIGG.</p>	●
Fraud Awareness (Lead - CERA)	<p>Key controls within SCIRT's Integrated Services Team (IST) were examined to determine the adequacy of fraud prevention, detection and response processes. The overall level "Fraud Awareness" within SCIRT was also tested.</p> <p>SCIRT has a Fraud Response Plan including key components of a Fraud Control Framework, although responsibility for most aspects rests with other organisations involved in the rebuild rather than SCIRT.</p> <p>The finance department test transactions, but not specifically for fraud. SCIRT has agreed to conduct some form of fraud detection analysis, such as Suspicious Transaction Analysis.</p> <p>Fraud discussions do not appear to be held organisation-wide and there appeared to be low levels of "Fraud Awareness" outside of the immediate SCIRT management team. Another review has been recommended to focus on fraud prevention and detection controls within the Non-Owner Participants.</p>	●
Health & Safety (Lead - CERA)	<p>A desktop review was done measuring the SCIRT health and safety management system against CERA's core health and safety standards. It was concluded SCIRT has processes in place to sufficiently manage health and safety risks. However, verification of the desktop findings was not done as part of the review. This has been recommended for inclusion in a subsequent review.</p>	●

SERVICE 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*
10	17	2	3
4	6		
		1	

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

STATUS KEY

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

Q2: We are making good progress against most of our 43 annual service delivery and investment targets that we measure on a quarterly basis, but eleven areas may require attention



LICENSING AND REGULATORY COMPLIANCE

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	\$10-\$12	\$9.64	●	Better range due to higher than budgeted Warrant of Fitness (WoF) volumes and lower than forecast expenditure. Expenditure is expected to increase to budgeted levels with the continued implementation of Certificate of Fitness (CoF) in Q3.	●
% of transactions completed online	>17%	24%	●		●
% of accuracy of registers	>93%	94%	●		●
% of operational assurance activities completed	100%	54%	●	The implementation of the Vehicle Licensing Reform for Certificate of Fitness inspections has resulted in significant changes in business activities and agent performance frameworks. The changes were implemented in Nov/Dec and focused on customer change activity, resulting in a reduction of planned activity. New assurances activities under the new CoF framework will be re-established in Q3	●
% of activities that are delivered to agreed standards and timeframes	>90%	85%	●		●
Number of products/services delivered or processed	6.1-6.5m	3,130,663	●		●









Summary

- Issues with the resource consent for the Christchurch Western Corridor may delay the start of construction until 2015/16
- The number of public transport passengers was below forecast range (139m compared to 147m-154m)
- Operational assurance activities for MOFAS did not meet target, due to an audit being delayed until 2015/16
- There have been delays for some state highways projects, but these are anticipated to meet year-end targets
- Customer satisfaction with the Driver Testing Online application is below target (66% compared to 73%) and is not expected to reach target by year-end
- There has been a reduction in planned operational assurance activities as a result of a focus on the customer change activity as part of the implementation of the Vehicle Licensing Reform. New assurance activities under the new Certificate of Fitness framework will be established and reported on in the third quarter
- The percentages of transactions completed online remains close to or above target
- Transaction volumes are strong and are expected to be within target range for year end

LICENSING AND REGULATORY COMPLIANCE (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% Customer Satisfaction	>73%	66%		This relates to the Driver Testing Booking Online application. A number of planned improvement activities have now been substituted with process and systems reviews, which will occur as part of the Driver Testing Services Procurement project. However it is not expected that these will be effective in this reporting year.	

ROAD TOLLING

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	\$0.58- \$0.75	\$0.59			
% of transactions completed online	>94%	93%		This target is new this year reflecting a combination of all Tolling specific payment channels. Work is continuing to convert casual users to electronic accounts. However a predicted pre-Christmas dip in online purchases has occurred	
% of revenue compliance	>96%	96%			
Number of products/services delivered or processed	6,000,000- 6,500,000	3,146,565			

MOTOR VEHICLE REGISTRY

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	\$5.50-\$5.80	\$5.71	●		●
% of transactions completed online	>30%	27%	●	On track to meet year end performance of 30% although a predicated pre-Christmas dip in online purchases has been experienced	●
% of accuracy of registers	>95%	97%	●		●
% of revenue compliance	≥98%	99%	●		●
Number of products/services delivered or processed	9.1m-10m	5,006,201	●		●
% customer satisfaction	>95%	94.2%	●	This target has been missed by less than 1%, which is with survey method margin of error.	●

ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	\$5.80-\$6.40	\$5.12	●	Lower than range as a result of less than budgeted operational expenditure due to delays in the implementation of the RUC Debt assessment payment project. This delayed expenditure is expected to continue throughout the reporting year.	●
% of transactions completed online	>52%	52.3%	●		●





ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Number of products/services delivered or processed	2,500,000-2,700,000	1,382,074	●		●


REFUND OF FUEL EXCISE DUTY

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Average number of days taken to deliver	10	7	●		●
Number of products/services delivered or processed	29-33k	27,475	●	Above the range for the quarter due to continued increased volumes and backlog. Additional resources have been used in the quarter to manage this volume of claims. Given the year-to-date number of claims we expect to be significantly above the forecast range and year-end.	●



MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM (MOFAS)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Total cost of managing the funding allocation system as a % of NLTP expenditure	≤1%	1.1%		MoFAS tends to spend more at the beginning of the year, whereas the remaining activity classes spend is weighted towards the end of the year. % will reduce throughout year to meet target. Total forecast spend for the year is 0.9% (including funding allocated to Crown and Debt funded activities).	
% of operational assurance activities completed	100%			Due to the delay of one audit into the 2015/16 programme.	
% of lessons learned from assurance activities that are applied		n/a		Six-monthly review will be completed in February 2015 to enable PILT engagement.	
% of approved organisation audit programme completed on time		94%		One technical audit deferred into the first quarter of the next financial year due to scope changes & reprioritisation of resources to support assurance of Canterbury rebuild.	
% of post implementation review programme completed		100%		No post implementation reviews planned for quarter two. None done but planning under-way for programmed PIRs.	



MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM (MOFAS) (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD 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		102%		Spend for 2012-15 NLTP will be slightly greater than published NLTP, due to increased revenue. Hence, actual spend to date is greater than published spend to date.	
% of NLTP expenditure spent within forecast cost standards		100%		Total expenditure forecast includes Route K and an allowance for Christchurch rebuild, although it is not known when these will be paid.	
% of investments that meet the NZTA's investment criteria benchmark level (aggregate of all investment output classes)		100%		All investments met target.	
% of NZTA investment decisions which meet required process standards (aggregate of all investment output classes)		100%		All funding decisions were correctly made.	

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM (MOFAS) (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Average number of days taken to deliver	20				
Average number of working days taken to process and approve payments to approved organisations		4.26			
Average number of working days taken to process and approve a new NLTP activity		13.23			
% customer satisfaction	>65%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a

TRANSPORT PLANNING

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	>90%	45%			
% of transport planning activity delivered to agreed standards and timeframes		45%		<p>A number of studies and strategies incurred significant overspends because of the cost allocation method being used. More work being required was a factor in some cases. In some instances, costs were lower due to less input needed. Some activities experienced delays due to capacity constraints.</p> <p>Progress with activity management planning was slightly lower than anticipated, while costs were a lot lower because some higher cost work has been deferred until the third quarter.</p>	
% of activities completed on strategic studies and models delivered to agreed standards and timeframes		42%		<p>A number of activities incurred significant overspends, with the main reason being the cost allocation method being used (South Western Multi-Modal Airport Rapid Transit, Rotorua Integrated Network Strategy, Canterbury integrated transport and land use studies). More work being required was a factor in some instances (Corridor optimisation Waikato, SH1 Cambridge to Piarere).</p> <p>Some activities were delayed or did not start because of capacity constraints (Canterbury integrated transport and land use studies, SH1 Piarere – Taupo, SH1 Taupo to Waiouru), or progressed more slowly because of the collaborative effort required with partner organisations.</p> <p>For a few activities, the local authority partners required less input from the Agency to make the intended progress (Rebuilding Canterbury, Queenstown economic network plan, Frankton Flats programme business case).</p> <p>In a small number of cases, costs were lower due to less use of consultants (SH3 Hamilton to Ohaupo), or more costly work being delayed (Wellington Network operating framework).</p>	

TRANSPORT PLANNING (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities completed on activity management planning delivered to agreed standards and timeframes		50%		While progress was slightly lower than anticipated, costs were a lot lower because some higher cost work has now been deferred until the third quarter.	

SECTOR RESEARCH

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	100%	100%	●		●

PUBLIC TRANSPORT

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	ACTUALS FOR THE 12 MONTHS TO 30/09/14	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Number of passengers using urban public transport services (bus, train and ferry)	147m-154m	139m	●	Although below target, this is a 3% increase in passenger boardings from last year. Growth was mainly driven from Auckland 4% and Wellington 4%.	●
Public transport boardings per NLTF \$1,000 invested on public transport services (including track access charges)	450-550	531	●		●
Fare revenue as a % of total expenditure**	>47%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a

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

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Average number of days to deliver (working days taken to process claims received from regional councils)	20	17	●		●
% of activities that are delivered to agreed standards and timeframes	100%	100%	●		●

ROAD SAFETY PROMOTION

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	100%	100%	●		●
% of road safety education programme completed on time					
% of road safety advertising programme completed on time					
% of education and promotion programmes that meet forecast participation rates					
% of road safety advertising campaigns that meet or exceed their agreed success criteria	≥75%	75%	●		●

NEW AND IMPROVED INFRASTRUCTURE FOR LOCAL ROADS

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Length of road reconstruction and new roads completed (lane km)	120 - 200 km	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Length of bridge replacements (lane km)	1.0 - 1.5 km	n/a	n/a	This is reported annually and will be reported on in Q4	n/a

RENEWAL OF LOCAL ROADS

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of sealed network resurfaced (based on road length in lane km)	6-8%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
% 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	n/a
% of unsealed network metalled (based on road length in centreline km)	20-35%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Pavement integrity of the sealed network	≥94%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Surface condition of the sealed network	≥97%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Cost of renewals (excluding emergency reinstatement) per network lane km (Total Cost)	<\$2,800	n/a	n/a	This is reported annually and will be reported on in Q4	n/a


MAINTENANCE AND OPERATION OF LOCAL ROADS

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes reinstatement of earthquake damaged local roads in Canterbury - Loan	100%	n/a	n/a	We have made no draw on the loan in the year to date. No drawdown anticipated until late in Q3 or into Q4.	n/a
ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Smooth ride - % of travel on smooth roads	≥86%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Cost of emergency reinstatement	\$85-\$90m	\$77.58m	●	Likely to exceed planned amount.	●
Cost of maintaining and operating the network (excluding emergency work) per network lane km (Total Cost)	<\$3,000	n/a	n/a	This is reported annually and will be reported on in Q4	n/a

WALKING AND CYCLING

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Kilometres of new footpaths, cycle lanes and cycle paths	80km-100km	n/a	n/a	This is reported annually and will be reported on in Q4	n/a



NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	>90%	36%		Progress on the Improvement programme is on track.	
% of state highway large projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		0%		No programmed completions in Quarter Two, however all projects are currently on schedule. A fire (believed to be arson) on the Tauranga Eastern Link has caused significant structural damage to an interchange ramp with only 6 months to go before project completion. At this time we envisage that it is not expected to impact on the planned completion date.	
% of RoNS milestones completed to agreed timeframes		42%		Good progress on the RoNS programme with most planned major milestones achieved. Resource consent issues on the Christchurch Western Corridor have delayed the construction start to one section. This could delay the start of works until next financial year, although some enabling works have been funded and will commence this year.	
% of state highway small projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		17%		Progress has accelerated in the small projects programme (which is predominantly safety related projects) as expected. While still slightly behind planned baseline progress, we are confident of meeting our year end targets.	







NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of property acquisition programme completed to agreed standards and timeframes - Cost vs budget		39%		As reported in Q1, slower progress in a number of areas of the acquisition programme, combined with a retiming of capital project activity will lead to a lower year end out turn than currently planned. Early in Q3 we will re-baseline the programme and surplus funds.	
% of activities that are delivered to agreed standards and timeframes National War Memorial Park: Buckle Street undergrounding project	100%	100%	●	The Buckle Street undergrounding project is now complete. The Arras Tunnel opened to traffic in September. Works on the park are progressing on programme for opening by Anzac Day.	●
% of activities that are delivered to agreed standards and timeframes Construction of passing opportunities on SH2 between Napier and Gisborne	100%	100%	●	The passing opportunities on SH2 between Napier and Gisborne are open to traffic.	●
% customer satisfaction	>55%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Length of road reconstruction and new roads completed (lane km)	80 km – 100km	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Length of bridge replacements (lane km)	1 km – 2 km	n/a	n/a	This is reported annually and will be reported on in Q4	n/a

RENEWAL OF STATE HIGHWAYS

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD 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%	16%		An acceleration of activity moving into quarter two has meant a partial catch up against our planned target. We expect this trend to improve in Q3.	
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	n/a
Network resilience: % of rutting >20mm over state highway network	<2.5%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of sealed network resurfaced (based on road length in lane km)	10-12%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
% of network rehabilitated (based on road length in lane km)	1.0-2.0%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Pavement integrity of the sealed network	≥94%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Surface condition of the sealed network	≥97%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Cost of renewals (excluding emergency reinstatement) per network lane km (Total Cost)	<\$8,000	n/a	n/a	This is reported annually and will be reported on in Q4	n/a

MAINTENANCE AND OPERATION OF STATE HIGHWAYS

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	>90%	40%		This measure largely relates to performance against budget. Currently we are tracking slightly behind budget however we are confident that we will achieve our year-end targets and remain on track to deliver the required levels of service. While expenditure is tracking below budget and may continue to do so, much of the difference can be attributed to actual cost escalation being below budgeted rates, together with the savings reported in Q1.	
Safe stopping: % of network meeting surface texture standards	≥97%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
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	n/a
Availability of state highway network: - % of unplanned road closures resolved within 12 hours - % availability of state highway network - % of unplanned closures	90%	88%		There were a number of significant weather-related events during the quarter which resulted in Road Closures for longer than the accepted timeframes. (ie greater than 12 hours).	
% customer satisfaction	>45%	53%		The increase in this quarter is driven largely by the increase in satisfaction with information made available to drivers before and during journeys.	

MAINTENANCE AND OPERATION OF STATE HIGHWAYS (CONTINUED)

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Smooth ride – % of travel on smooth roads	≥97%	n/a	n/a	This is reported annually and will be reported on in Q4	n/a
Cost of emergency reinstatement	\$50-\$55m	\$16m	●		●
Cost of maintaining and operating the network (excluding emergency work) per network lane km (Total Cost)	<\$13,000	n/a	n/a	This is reported annually and will be reported on in Q4	n/a

ROAD POLICING PROGRAMME PROGRESS REPORT

ROAD POLICING PROGRAMME (RPP) PERFORMANCE TO 30 SEPTEMBER 2014

Q1: GOOD OVERALL PROGRESS ON ROAD POLICING PROGRAMME DELIVERY BY NZ POLICE, WITH 16 RESULT TRENDS POSITIVE AND 3 'ON WATCH'.

Highlights

- 16 of the 19 RPP outcome results trended positively. See commentary on amber results in table to the right.
- Police prepared well for the 1 December introduction of lower adult drink-driving limits.
- The 2014/15 Safe Summer campaign also commenced on 1 December. The evaluation of the 2013/14 Safe Summer campaign showed very positive results.
- 11 new-generation digital speed cameras are to be in place and operational prior to Christmas, with one further camera due to be implemented in January 2015.
- The report of the Police Intervention Logic for road policing was submitted to the Transport Agency in September 2014, and is providing underpinning logic for the 2015-18 RPP.
- Police is involved in the Signature programme between Safer Journeys partners.

RPP ACTIVITY	RPP PRIORITY	OUTCOME RESULTS POLICE CONTRIBUTE TO	TREND
High risk drivers	High	Decreased percentage of drivers driving while disqualified involved in injury crashes	↓
		Reduction of disqualified, unlicensed, fleeing or racing drivers in fatal/serious crashes	↓
Young drivers	High	Reduction in number of young drivers on graduated driver licences at fault in fatal/serious crashes	↓
		Increased percentage of youth surveyed who believe they will be stopped for non-alcohol/speed offences	↑
Motorcycling	High	Decreased percentage of motorcycles involved in injury crashes without a current WoF	↑
As anticipated, the level of motorcycling enforcement over the winter months decreased due to the seasonal nature of the activity, with fewer motorcyclists on the road and less crashes. Enforcement activity was consistent with the average of the previous years' Q1 activity, and the level of graduated driver licensing offences detected increased by 16% in Q1 when compared to previous years' Q1 result.			
Alcohol/drug impaired driving	High	Increased percentage of people surveyed who think there is a high probability of being stopped at a compulsory breath test checkpoint	↑
Speed	High	Decreased percentage of vehicles exceeding posted speed limits	↑
		Increased percentage of people surveyed who believe there is a high probability of being detected speeding	↓

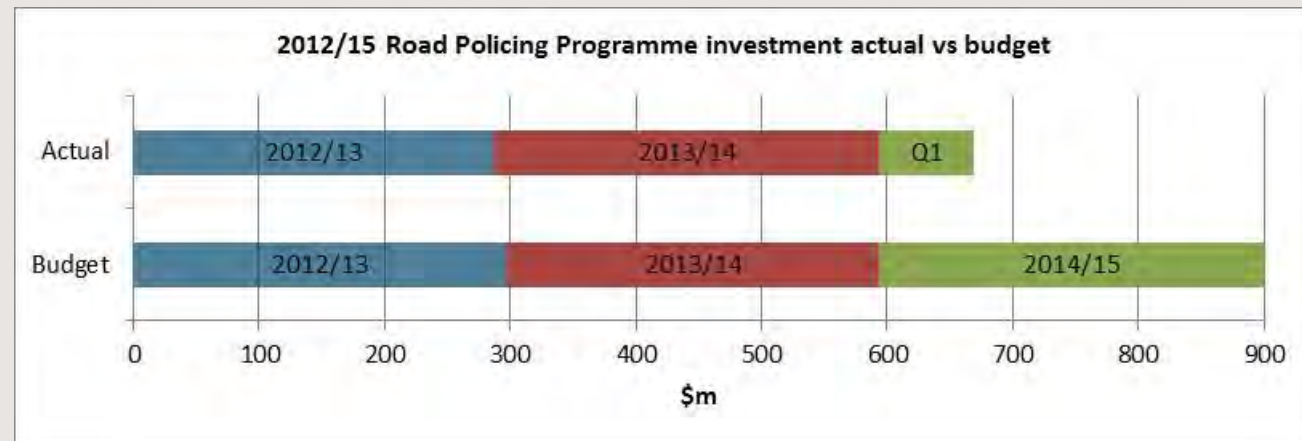
RPP ACTIVITY	RPP PRIORITY	OUTCOME RESULTS POLICE CONTRIBUTE TO	TREND
Traffic management	High	Increased compliance with the road user charges regime – <i>measured in terms of the percentage of vehicles stopped by CVIU staff not in breach of RUC rules</i>	↓
		Increased 'post-incident' availability of state highway network – <i>measured in terms of average time State Highways closed as a result of crashes</i>	↓
<p>The first trend measure for this activity is for compliance with the road-user regime and, while trending downward, reflects a change of just 1% between the highest (97.8%) and lowest (96.8%) points during the last nine quarters, and may well be as a result of increased targeting to risk by the Commercial Vehicle Investigation Unit. The second trend measure for this activity is impacted by a number of significant crashes where, by necessity, the highway remains closed for significant periods of time, eg during Q1 one crash closed a highway for 27 hours, to undertake required actions safely.</p>			
Restraints	Medium	Maintained percentage of vehicle occupants wearing safety belts in the front/rear/child seat as measured by annual MoT surveys	→
Heavy vehicle fleet	Medium	Decreased percentage of heavy vehicles exceeding speed limits	↓
Crash attendance and reporting	Medium	Increased percentage of fatal and serious crashes attended and reported by Police – <i>measured in terms of 'within 10 weeks'</i>	↑
		Increased percentage of ambulance and fire service districts surveyed who are satisfied with Police methods and cooperation at serious crash sites	↑
Roads and roadsides	Medium	Increased percentage of local authorities, NZ Transport Agency and ACC regions surveyed who are satisfied with Police delivery and contribution to the road safety action planning process	↑
Light vehicle fleet	Medium	No change or decrease in the percentage of fatal and serious injury crashes with vehicle faults as a contributing factor in the crash	→
Walking and cycling	Medium	Reduction in number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day	↓
Fatigue and distraction	Medium	Reduction of fatalities and serious injuries in fatigue and/or distraction crashes	↓
Older road users	Low	Reduction in fatal/serious injuries to older road users per 100,000	↓

DELIVERY HIGHLIGHTS	STATUS
<p>December 1 drink driving changes</p> <p>Police prepared well for the introduction of the lower adult breath alcohol limits on 1 December. This included training all frontline officers on new procedures and forms for processing drink-drive offences, and the development of a new blood-taking kit. Police took the opportunity to review processes and forms so as to build in time efficiency savings and a reduced likelihood of errors. In addition, the new blood-taking kits bring practices into line with current medical practice.</p>	
<p>Safe summer campaign</p> <p>The evaluation of the 2013/14 Safe Summer campaign was released during November. The results were positive: with road trauma and average speeds for the the period 1 December 2013 to 31 January 2014 reduced when compared to the same two months for the previous four years (2009/10 to 2012/13). Police has launched a second Safe Summer campaign to run 1 December 2014 to 31 January 2015, which will include the enforcing of speeds at a threshold of 4km/h above posted limits and a highly visible focus on drink driving.</p>	
<p>Speed camera expansion programme/red light cameras</p> <p>Work is on schedule for implementation of 11 of the 12 new-generation digital speed cameras prior to Christmas, with the remaining one due to be implemented in early 2015 subject to final consultation with the Road Controlling Authorities.</p> <p>Engineering assessments of 100 potential fixed camera sites throughout New Zealand have been completed and planning is underway for deploying the balance of the new generation cameras during the 2015 calendar year.</p> <p>Police is also working on the implementation of three dual speed/red light cameras with the calibration activities and site infrastructure implemented prior to the end of 2014. Once requisite testing and assurance activities are completed, Police will operate the cameras in red light mode at high risk intersections in Auckland and Wellington.</p>	
<p>Intervention Logic Mapping</p> <p>Police completed and submitted the final draft of its RPP Intervention Logic Mapping report during September. This work will provide for a better link between investment and performance, will underpin both the preparation of the 2015-18 RPP and its delivery rationale, and will improve assurance of both efficiency and effectiveness.</p>	
<p>Signature projects</p> <p>Police is actively involved in four projects now underway as part of the Signature programme, an action between Safer Journeys partners under the Safer Journeys Action Plan.</p>	

POLICE RPP EXPENDITURE AGAINST BUDGET

Status

YEAR	ORIGINAL NLTP APPROVAL (\$M)	REVISED BUDGET (\$M)	ACTUAL/YTD (\$M)
2012/13	296.7	286.7 (actual)	286.7
2013/14	296.7	296.7	306.6 (NLTF) 1.6 (Vote Police)
2013/14 - 12/13 reinvestment		10.0	
2013/14 - Vote Police contribution		2.0	
2014/15	296.6	296.6	76.1
2014/15 - Speed cameras	10.0	10.0	
Total 2012-15 (NLTF only)	900.0	900.0	669.4



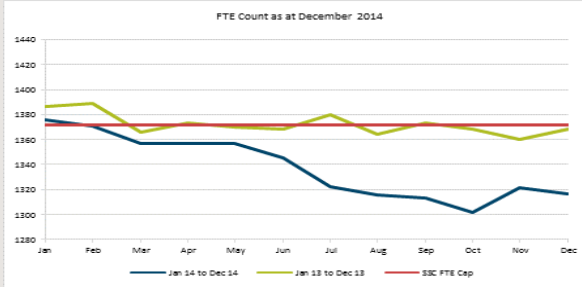


ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

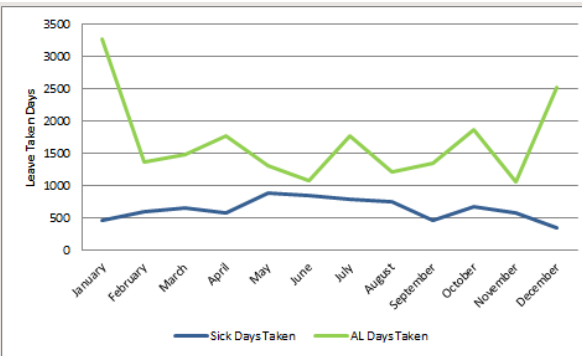
THE TRANSPORT AGENCY'S FTES AND ACTIVE VACANCIES ARE CURRENTLY WITHIN OUR CAP. OUR ANNUAL LEAVE LIABILITY HAS BEEN INCREASING, ALTHOUGH IT REMAINS LOWER THAN AT THE SAME TIME LAST YEAR.

FULL-TIME EQUIVALENT (FTE) EMPLOYEES AGAINST CAP



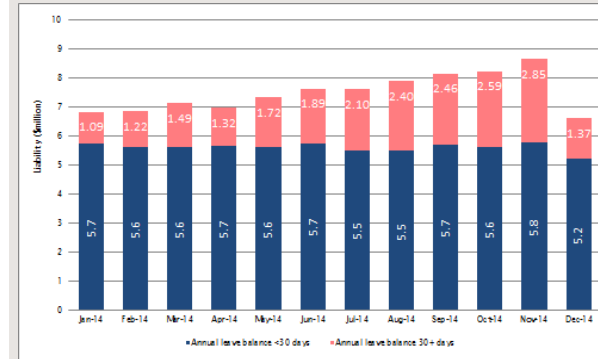
As at 31 December 2014 there were 1,316.8 FTE employees and 50 active vacancies, bringing our total FTE to 1366.8. We continue to remain within our current FTE cap of 1372.

PLANNED AND UNPLANNED LEAVE TAKEN



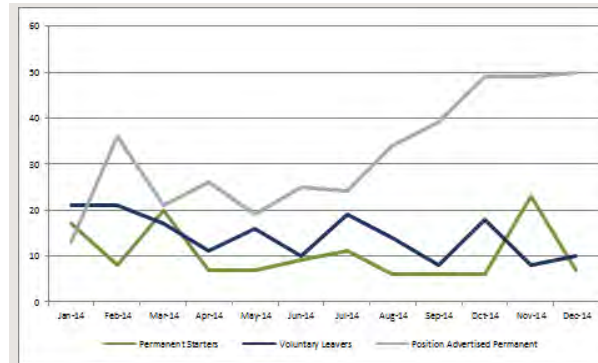
Our average annual leave balance as at 31 December 2014 was 14 days. This was 3.4 days less than the previous quarter (17.4 days), and 0.9 days less than at the same time last year (14.9 days). There was a 25% increase in the number of annual leave days taken this quarter when compared to the previous quarter. The number of sick days taken has remained steady.

ANNUAL LEAVE LIABILITY



Our annual leave liability as at 31 December 2014 was \$6.6m (approximately \$5,000 per person). There were 98 employees with an annual leave balance of more than 30 days and these employees accounted for 20% of the total liability. Our liability has reduced since the last quarter, and we hope to see our liability further reduce in the next quarter after the Christmas holiday period is taken in to account. Our current liability of \$6.6m is 9.6% less than the liability of \$7.3m reported at this time last year.

PERMANENT COMINGS AND GOINGS



As at 31 December 2014 there were 50 active vacancies, 4 more than as at 30 September 2014. Voluntary turnover sits at 11.9%, similar to 11.7% in December 2013, and this remains within an acceptable turnover range.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

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

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

The new Zero Harm reporting tool has now been implemented internally as has resulted in a large increase in the reporting of incidents. The same tool has also been made available to our suppliers in the construction industry who began using it in January 2015.

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

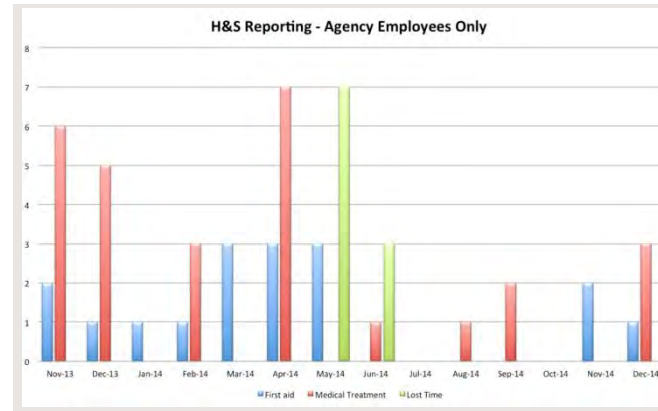
During quarter two control measures were developed as result of the Transport Agency-wide risk assessment. These control measures focus on our high risk priorities as follows:

- i. Lone working – HNO, P&I, A&U
- ii. Working or visiting construction sites – HNO, P&I, A&U
- iii. Management of our supply chain – A&U, P&I, HNO
- iv. Driving at work – All employees
- v. Dealing with hostile people – All employees

During the second quarter we recruited the Zero Harm coordinator and completed the recruitment process for the Zero Harm Advisor roles; with them all commencing work with the Agency by early March.

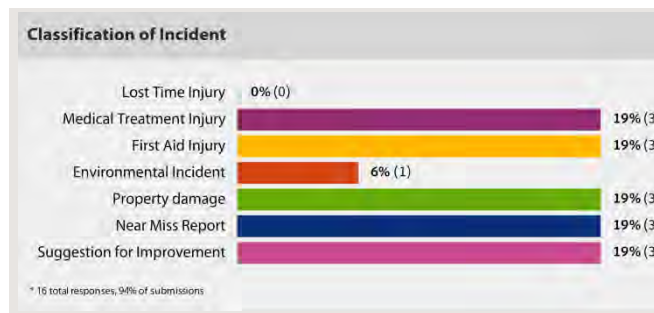
¹ Employees, contractors, sub-contractors, agents and temporary staff engaged to work on behalf of the Transport Agency

HEALTH AND SAFETY - NUMBER OF INJURIES PER MONTH BY SEVERITY (NZTA EMPLOYEES ONLY)



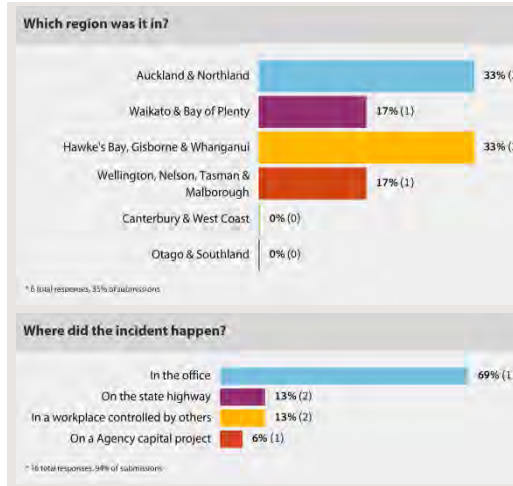
There was three first aid and three medical treatment injuries in the second quarter. The medical treatment injuries to our own people were sustained whilst traveling. One from DVT and issues with Sinuses whilst flying.

HEALTH AND SAFETY - SUMMARY OF ALL INCIDENTS IN Q2 (NZTA EMPLOYEES ONLY)



As part of the improved reporting tools we can now measure our performance on.

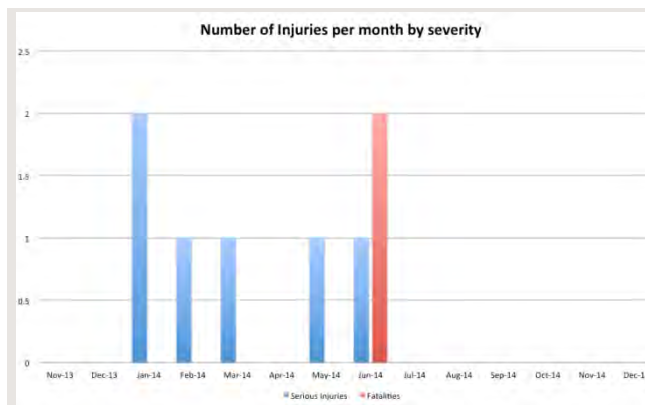
LOCATION OF OUR INCIDENTS - (NZTA EMPLOYEES ONLY)



There are currently no areas of specific concern geographically due to the even spread of incidents. However 69% of our incidents occur in the office environment.

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

NUMBER OF SERIOUS HARM INCIDENTS PER MONTH BY SEVERITY (CONTRACTORS WHERE THE TRANSPORT AGENCY WAS A PRINCIPAL TO CONTRACT)



There were no serious injuries or fatalities on our contractors' work sites this quarter or in Q1.

