
QUARTERLY RESULTS AND ASSURANCE

Q2 2015/16

1 October to 31 December 2015



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PERFORMANCE OVERVIEW

PERFORMANCE OVERVIEW

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

ACHIEVING THE AIMS OF OUR FOUR GOALS AND SIX PRIORITIES				
<p>GOAL 1 INTEGRATE ONE NETWORK</p> <p>Good progress, with seven of the eight milestones on track.</p> <p>A big focus for us is working collaboratively with Auckland Council and Auckland Transport on a business case for Auckland greenfield areas, which also contribute to the Government's affordable housing agenda. Auckland's growth is driving significant increases in public transport patronage – up 7.4% on 2014. The implementation of integrated ticketing in Auckland and other centres around New Zealand will assist further patronage increases.</p>	<p>GOAL 2 SHAPE SMART CHOICES</p> <p>Variable progress, with seven of the twelve milestones on track.</p> <p>There have been a number of delays on developing a crash indicator for visiting drivers, undertaking research that informs communications on conversations about changing speed, on developing and implementing a range of rail safety specific critical risk plans, the governance and operation of National Rail System Standards, and the approval of the strategic business case for a national travel information programme.</p>	<p>GOAL 3 DELIVER HIGHWAY SOLUTIONS</p> <p>Variable progress, with 30 of the 33 milestones on track.</p> <p>Most projects are on or ahead of schedule (including all of the RONS). However, the 2015/16 milestone for the AMETI project, which is part of the Accelerated Auckland Transport Programme, won't be achieved as designation of Reeves Road flyover has been delayed by Auckland Transport's (AT) review of its delivery strategy for the Panmure to Botany busway. AT expects to recommend a preferred delivery strategy for AMETI (timing and sequencing of busway vs Reeves Rd flyover) to its Board in March/April 2016.</p>	<p>GOAL 4 MAXIMISE RETURNS FOR NZ</p> <p>Good progress, with eight of the nine milestones on track.</p> <p>The only area of concern relates to the establishment of network performance measures as part of the 30-Year View initiative – specifically, what will be measured, where and how, will only be completed in 2015/16 Q4.</p>	<p>PRIORITY 1 CUSTOMERS</p> <p>Variable progress, with five of the nine milestones on track.</p> <p>We have made progress on a number of key milestones that improve the customer experience when interacting with the Transport Agency, notably for new and visiting drivers. Other milestones relating to waiting times for driver testing, the migration of services off Transact, and passenger vehicle inspection testing processes are behind schedule.</p>
<p>PRIORITY 2 PREDICTABLE JOURNEYS</p> <p>Variable progress, with two of the six milestones on track.</p> <p>Although some progress has been made with respect to better integrating the TOCs and measuring travel time predictability on key arterials, we are still some way from developing comparable measures across modes in our major centres. In addition, we will not meet our year end deliverable for having a national system for sharing transport information across regions and modes. Progress on the annual programme to improve predictability in our major centres is slightly behind schedule and we are in arrears for developing service level agreements for ten critical supporting systems.</p>	<p>PRIORITY 3 INTEGRATE ROAD AND RAIL</p> <p>Very good progress, with all three milestones on track.</p> <p>The Road/Rail Governance Group has been reformed and will start focusing on developing a measurement system to monitor the benefits of integrating road and rail systems. A work programme, developed in collaboration with KiwiRail now reflects current thinking and a business case for a new approach to level crossings has been developed.</p>	<p>PRIORITY 4 SAFER SPEEDS</p> <p>Very good progress, with all four milestones on track.</p> <p>A geospatial tool to be used to provide a baseline of mean speed data has been completed and is being applied in the Waikato region. Auckland Transport has started to apply speed management principles to the Wynyard Quarter and we are considering greater Christchurch speed management issues before engaging with partners. A base measure for community understanding of speed risk and attitudes to speed management is being progressed with a questionnaire currently being developed.</p>	<p>PRIORITY 5 DRIVING VALUE THROUGH SMART ROAD MAINTENANCE</p> <p>Good progress, with three of the four milestones on track.</p> <p>We continue to make substantive progress in supporting the Road Efficiency Group and the implementation of its recommendations with respect to One Network Road Classification (ONRC) as well as the implementation of our new customer focused Network Outcome Contracts, which have significantly altered the way in which we procure our maintenance activities. However, we have not quite reached our Customer Relationship Management System target with customers and we are still working on the investment framework which will enable ONRC to be a fundamental aspect of all decision making.</p>	<p>PRIORITY 6 URBAN CYCLING</p> <p>Good progress, with three of the four milestones on track.</p> <p>2015-18 delivery plans for strategic networks in our major centres have been agreed and are being used for reporting purposes. The strategic case for the collaborative development of a behaviour change programme has been completed and priority actions identified. A monitoring and data reporting framework has also been agreed and distributed to councils. One area of concern relates to some delays on developing rule changes that will improve cycling safety.</p>

FINANCIAL PERFORMANCE

NLTF revenue

[7% ahead of budget]

NLTP and Crown expenditure

[4% under budget]

A&U memorandum account

[8.8m favourable]

NZTA operating expenditure

[26% under budget]

Business initiatives

[50% of the way through the year, the programme has spent 33% of the full year budget. There has been a significant shift of resources between programmes and there is \$7.4m fiscal risk being carried for new initiatives.]

SERVICE DELIVERY PERFORMANCE

DELIVERY TARGETS

We are making good progress against our 34 annual service delivery and investment targets. Although four measures are currently not on target, we are only forecasting one as at risk for year-end and that is Transport Planning activities, where a significant proportion of programme business cases (PBC) have experienced delays due to procurement related issues, consolidation of related PBCs, and reviews due to changes in strategic context.

STRONG ORGANISATIONAL CAPABILITY & HEALTH

CAPABILITY

Variable progress, with twelve of the fourteen milestones on track.

The Personal Information Inventory was not completed in Q2 and additional resources are required for completion in Q3 and Q4.

Landlord overruns in building strengthening work mean the Wellington regional office relocation to the Majestic Centre has been delayed until March.

PEOPLE METRICS

Actual FTE count, excluding vacancies, was just over the cap of 1,372 as at 31 December 2015.

Annual leave liability was almost \$2 million less than the previous quarter. The full effect of the summer holiday period will be included in next quarter's report.

HEALTH AND SAFETY

There were eleven first aid injuries reported this quarter. Three involved splashes with hot water, two involved hands being jammed in doors, one minor cuts to fingers, two slips, trips or falls and three sprains or strains.

NZ Transport Agency contractors' worksites: There were seven serious injuries on our contractors' work sites this quarter.

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

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

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



KEY OPERATING ASSUMPTIONS

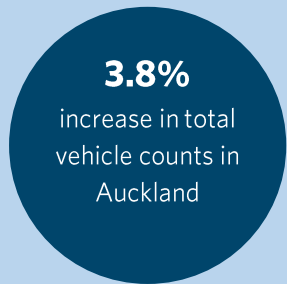
KEY OPERATING ASSUMPTIONS

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

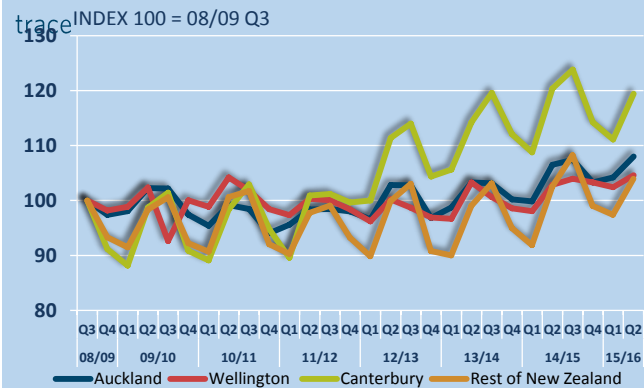
REVENUES	TRANSACTION VOLUMES	STATE HIGHWAY TRAFFIC VOLUMES
<p>REVENUES REFLECT GROWTH IN TRAVEL DEMAND</p>	<p>PATTERN OF TRANSACTION VOLUMES REFLECT LONG TERM INCREASING TREND</p>	<p>VEHICLE COUNTS ON THE STATE HIGHWAY NETWORK REFLECT A SEASONAL GROWTH TRAJECTORY</p>
<div style="display: flex; align-items: 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;">\$1.75b</p> <p style="font-size: 12px; margin: 0;">flows into the National Land Transport Fund</p> </div> <div> <p>Year-to-date revenue for the 6 months ended 31 December 2015 came in 7% higher than budget, with inflows from FED, RUC and MVR coming in 10%, 2% and 25% ahead of budget 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;">2.3m</p> <p style="font-size: 12px; margin: 0;">licence transactions were completed</p> </div> <div> <p>The number of licence transactions fell by 2.1% in 2015/16 Q2, compared to the corresponding quarter in the previous year. The main contributor was a 7.2% drop in MVR transactions which more than offset a 9.2% increase in RUC licence and driver licence transactions over the same period.</p> </div> </div>	<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; flex-direction: column; justify-content: center; align-items: center; margin-right: 20px;"> <p style="font-size: 24px; font-weight: bold; margin: 0;">5.0%</p> <p style="font-size: 12px; margin: 0;">increase in total vehicle counts</p> </div> <div> <p>Total vehicle and heavy vehicle counts at selected telemetry sites rose by 5.0% and 5.2% respectively for the three months ending November 2015, compared to the corresponding period in 2014.</p> </div> </div>
<p>INDEX 100 = 09/10 Q1</p>	<p>INDEX 100 = 09/10 Q1</p> <p>— MV Licences — RUC Licences — DL Renewals & New Drivers</p>	<p>INDEX 100 = 08/09 Q3</p> <p>— Heavy Vehicles — All Vehicles</p>

REGIONAL STATE HIGHWAY TRAFFIC VOLUMES

ALL REGIONS REFLECT GROWTH IN VEHICLE COUNTS ON THE STATE HIGHWAY NETWORK

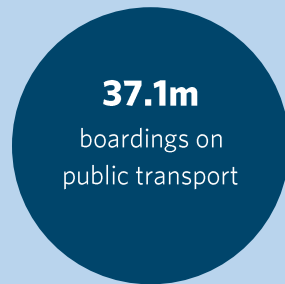


Vehicle counts in Auckland, Wellington and Canterbury rose by 3.8%, 3.6% and 3.1% respectively for the three months ended November 2015 when compared to the same period in 2014. Vehicle counts in the rest of New Zealand rose by 6.9% over the same period, with all regions managing to post positive growth for the fourth consecutive quarter.

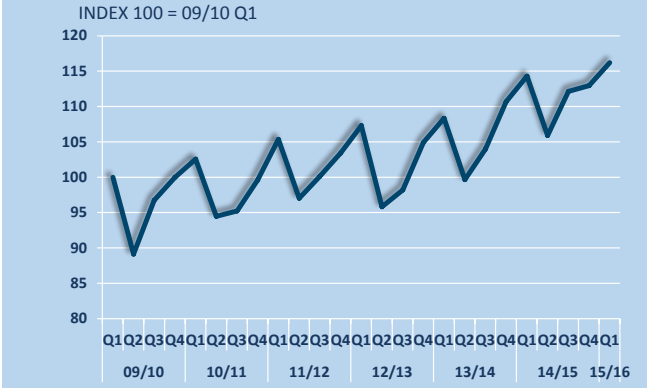


PUBLIC TRANSPORT VOLUMES

PATRONAGE ON PUBLIC TRANSPORT CONTINUES TO GROW

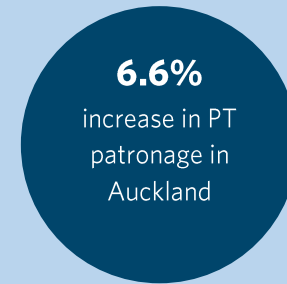


Public transport patronage is estimated to have increased by 1.7% in 2015/16 Q2 compared to the corresponding quarter in the previous year. Although slower than in previous quarter, this is the tenth consecutive quarter of positive growth.

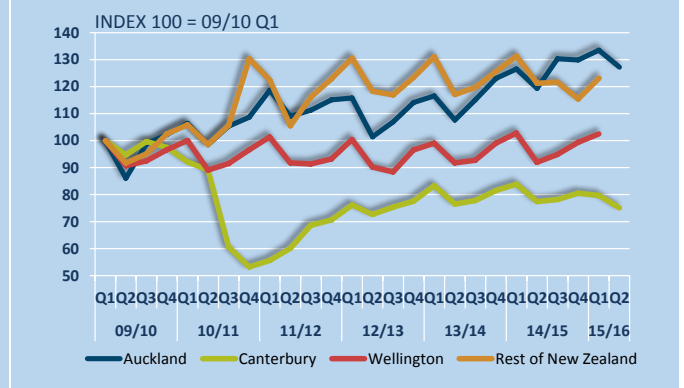


REGIONAL PUBLIC TRANSPORT VOLUMES

PATRONAGE GROWTH IN AUCKLAND IS NOT REPLICATED IN OTHER REGIONS

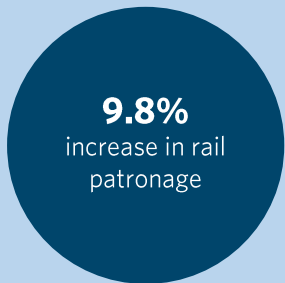


Latest estimates suggest that patronage in Auckland rose by 6.6% and fell by 3.1% in Canterbury in 2015/16 Q2 when compared to the same quarter in the previous year. Our most recent estimate for Wellington shows that patronage fell by 0.3% in 2015/16 Q1 when compared to 2014/15 Q1.

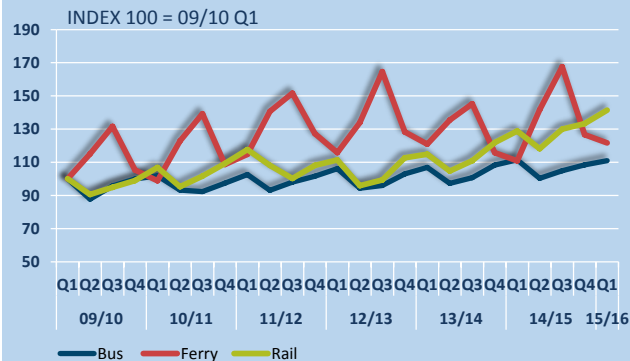


PUBLIC TRANSPORT VOLUMES BY MODE

RAIL PATRONAGE CONTINUES TO GROW WHILE BUS AND FERRY BOARDINGS FALL

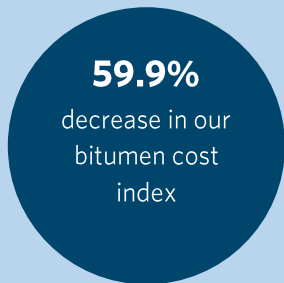


Rail patronage is estimated to have increased by 9.8% in 2015/16 Q2 compared to the same quarter last year, after posting a 9.5% increase in the previous quarter. Preliminary estimates suggest patronage on buses and ferries fell by 0.5% and 9.8%, respectively during the same period.

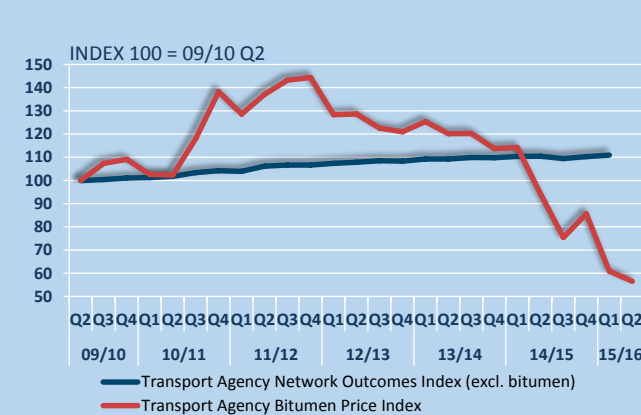


TRANSPORT AGENCY COST ADJUSTMENT INDICES

BITUMEN PRICES REFLECT WEAKNESS IN US\$ CRUDE OIL PRICES

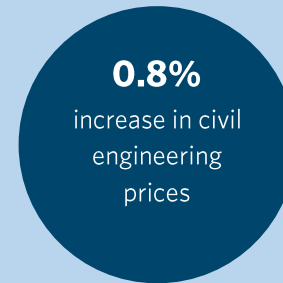


Our bitumen price index was almost 60% lower in 2015/16 Q2 than during same period in the previous year due to falling US\$ crude oil prices. By contrast, our network outcomes index shows a 0.5% increase in 2015/16 Q2 as rising labour costs continue to offset flat material and plant prices.

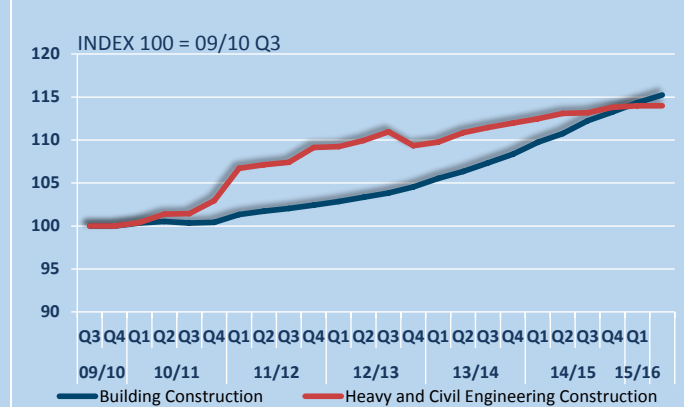


MARKET PRICES

BUILDING AND CONSTRUCTION COSTS CONTINUE TO OUTPACE CIVIL ENGINEERING COSTS



Building and construction costs rose by 4.1% in 2015/16 Q2 compared to the same period in the previous year. In comparison, growth in heavy and civil engineering prices slowed to 0.8% over the same period (down on the 1.4% recorded for the previous quarter).






PROGRESS ON OUR STRATEGIC DIRECTION

PERFORMANCE SUMMARY FOR OUR GOALS AND PRIORITIES

OUR GOALS AND PRIORITIES	NUMBER OF MILESTONES THAT ARE ON TRACK OR ACHIEVED	NUMBER OF MILESTONES THAT HAVE MINOR ISSUES	NUMBER OF MILESTONES THAT HAVE SIGNIFICANT ISSUES
Goal: Integrate one effective and resilient network for customers	7	1	
Goal: Shape smart, efficient, safe and responsible transport choices	7	5	
Goal: Deliver efficient, safe and responsible, and resilient highway solutions for customers	30	2	1
Goal: Maximise effective, efficient and strategic returns for new Zealand	8	1	
Priority 1: Make it easy for customers to do business with us	5	4	
Priority 2: Predictable journeys for urban customers	2	3	1
Priority 3: Integrate road and rail to improve freight network productivity	3		
Priority 4: Safer speeds that are right for the road	4		
Priority 5: Driving value through smart road maintenance	3	1	
Priority 6: Make urban cycling a safer and more attractive transport choice	3	1	

 No issues / on-track / achieved

 Issues but active mitigation in progress

 Significant issues or risks / off-track / not achieved

GOAL: INTEGRATE ONE EFFECTIVE AND RESILIENT NETWORK FOR CUSTOMERS

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

Programme summary:

A big focus for us is working collaboratively with Auckland Council and Auckland Transport on a business case for Auckland greenfield areas, which also contribute to the Government's affordable housing agenda. These areas will eventually accommodate 300,000 residents and 50,000 jobs. We are now clear on the problems that we need to find solutions for and draft success measures. This work has fed into the Auckland Transport Alignment Project, which has also identified the strategic context and main problem statements.

Auckland's growth is driving significant increases in public transport patronage - up 7.4% on 2014. The implementation of integrated ticketing in Auckland and other centres around New Zealand will assist further patronage increases.

In other parts of New Zealand, we have contributed to the Government's regional economic development agenda through a transport input to the Northland and Bay of Plenty economic development action plans. As these action plans are rolled out over the next few years, we expect them to significantly lift the regional economies by around 10%. Action plans for East Coast and Manawatu-Wanganui are expected to be completed by 1 March 2016. The West Coast was added to the government's regional economic development agenda. For the Upper North Island, we have completed the first draft of a 30-year view of the land transport system, including benefit measures for key journeys. This is alongside the completion and release of the Upper North Island Freight Accord.

For freight movement in other parts of the country, we have completed consultation on the draft South Island Freight Action Plan and have completed the draft Central Freight Plan. These plans will provide coherence for identifying and optimising one network for road and rail.

Q2: Overall good progress, with seven of the eight milestones achieved.

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

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
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The following priorities contribute to this objective

Priority 2: Predictable journeys for urban customers on p 41.

Priority 6: Make urban cycling a safe and more attractive transport choice on p 49.

We have agreed a shared view with our investment partners of what successful integration of long term growth plans into land use and transport plans look like.

We have identified draft success measures based on the outcomes outlined in the Proposed Auckland Unitary Plan evidence and structure planning processes.

We have worked collaboratively with Auckland Council and Auckland Transport on developing business cases for Auckland greenfield areas.



MILESTONES FOR 2015/16

Q2 PROGRESS

RESULT

Transport investment proposals for four regions have been evaluated.

All four Regional Economic Development (RED) reviews have now been completed, and a fifth region has been added - West Coast. We have been involved in discussions and continue to assist in the process of developing and using action plans for the five focus regions for the implementation of the outcomes from the RED studies. Based on the action plans and draft action plans, we are developing a programme plan, in conjunction with MOT and MBIE, to confirm coordination across the Transport Agency and the transport sector. Various briefings, including spatial plans, are due over the next few months.

In the Northland region, the study released in February 2015 identified that transport infrastructure sits together with improving logistics and contributes to the priority work area of "enablers", and an action plan has been prepared and is being reviewed by Ministers. The action plan will be released in February 2016 and the Transport Agency is fully committed to delivering on the eight actions for which we will have the lead accountability. Key transport activities include improving the strategic Northland connection from Auckland to Whangarei (including construction of safety / resilience improvements on SH1 Brynderwyn Hills 2015-16), extending the State Highway network to include the inland freight route (Mangakahia Road), improving the Twin Coast tourism routes and bridges, constructing safety improvements on SH1 north of Whangarei and SH11 connecting Bay of Islands 2016-18, flood mitigation works for SH1 north of Whangarei 2015-18.

We have completed the review of transport opportunities in the Bay of Plenty. Other than the recently completed Tauranga Eastern Link and the ongoing work on the Waikato Expressway connecting Auckland and the Bay of Plenty, the focus is now on supporting the evolving business case for the Opotiki Harbour, resolving the best network solutions for Rotorua and developing a relationship with Ngai Tuhoe and Whakatane District Council to enable a long-term solution for the Waikaremoana Rainforest route, which is a Special Purpose Road, to be identified.

The final action plans for Manawatu-Wanganui, Hawke's Bay and Gisborne regions are expected to be completed and delivered to central government by 1 March 2016."

Related risk on NZ Transport Agency Risk Dashboard:
Economic Agenda



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

MILESTONES FOR 2015/16

Q2 PROGRESS

RESULT

The following priorities contribute to this objective

Priority 2: Predictable journeys for urban customers on page 41.

Priority 3: Integrate road and rail to improve freight network productivity on page 44.

Priority 6: Make urban cycling a safer and more attractive transport choice on page 49.

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

Benefit measures have been tested on nine key journeys and we have an initial 30-year view for the Upper North Island. This will be refined to provide more clarity on our shaping role. The work on the long term view will help us update our knowledge on the key journeys.

The customer insight work in the Upper North Island has commenced and will be completed by March/April to support refinement of the 30-Year View and pending investment decisions for state highways 1, 2 and 29 through the Waikato/Bay of Plenty.

Note: The 30-40 Year Investor's View is now called the 30-Year View.



MILESTONES FOR 2015/16**Q2 PROGRESS****RESULT**

PT boardings increase by 3-7% in the 2015/16 year in the main urban centres of Auckland, Wellington and Christchurch.



Auckland: 21.3 million (1 Aug – 31 Oct 2015). This is a 7.3% increase on the same period in 2014. The Auckland growth rates continue strongly on the back of the new electric trains, a relatively stable environment in the other modes and the HOP / electronic ticketing system. Dramatic increases in all day parking charges in the central city will have contributed to some of the growth in public transport.

Wellington: 9.4 million (1 Aug – 31 Oct 2015). This is a 0.9% decrease on the same period in 2014. This small decline can be attributed to a fall in bus patronage, which more than offset the rail patronage gains achieved over the period.

Christchurch: 3.6 million (1 Aug – 31 Oct 2015). This is a 3.6% decrease on the same period in 2014. Christchurch recovery continues, but is taking time. NZTA is working with ECAN to get infrastructure in place to support patronage growth in the city centre as well as on other core routes.

Auckland's strong growth, if maintained, should compensate for small decreases in Wellington and Christchurch, and allow the national 3-year target to be met



MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>The strategy set out in Auckland's Integrated Transport Programme is given effect to in the 2015-18 National Land Transport Programme.</p>	<p>The first ATAP deliverables have been completed.</p> <p>We are on-track to achieve clarity on the strategic context and problem definition for the development of the Auckland transport network. This is a key part of the process to improve alignment between the parties and provide the framework for the rest of the project. An evaluation framework has been developed, based on the transport objectives from the Government and Auckland Council, to enable different approaches to improve the performance of the system to be tested in the subsequent stages of the project. Significant progress is required in Q3 to remain on track with the project programme.</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Auckland Transport Alignment Project</p>	
<p>Modern, fully integrated ticketing and fares are being implemented in Auckland, Wellington, Christchurch and main provincial centres.</p>	<p>Emerging technology opportunities mean we need to re-scope the most effective way of implementing regional ticketing systems with councils. This has caused some disquiet and concern among councils and vendors. We are working closely with councils on a collaborative and transparent process for procuring and implementing regional systems. This approach will give us the best chance to meet our year-end deliverable.</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Best Value Integrated Ticketing</p>	

OBJECTIVE 3: IMPROVE FREIGHT SUPPLY CHAIN EFFICIENCY

MILESTONES FOR 2015/16

Q2 PROGRESS

RESULT

The following priority contributes to this objective

Priority 3: Integrate road and rail to improve freight network productivity on page 44.

Smarter, more comprehensive, enforcement of illegally overloaded trucks encourages operator uptake of High Productivity Motor Vehicle permits

The introduction of the Vehicle Dimension and Mass Amendment Bill – which will contribute to smarter, more comprehensive enforcement of illegally overloaded trucks and encourage operator uptake of HPMV permits - has been delayed by the Government until Quarter 4. However, progress towards a Cabinet decision on the Vehicle Dimension and Mass Rule and Regulation changes to support the objective remains on track. The desirable changes to the Land Transport Act for inclusion in the Bill have been identified, and the rule changes are progressing. A discussion document outlining proposed changes to the Vehicle Dimension and Mass Rule was released on 9 December.



A series of freight plans that improve access to markets and productivity for major freight routes through targeted investments are guided by the Upper North Island, Central and South Island freight plans.

The Upper North Island (UNI) Freight Accord has been completed and released. We have also received endorsement from the UNI Strategic Alliance.

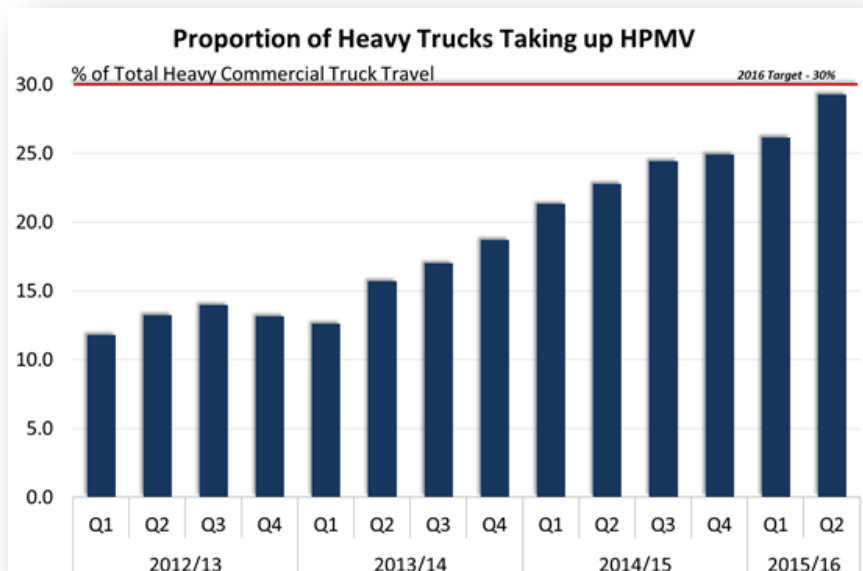
Consultation with key stakeholders on the draft Central Freight Story is ongoing and we have been talking with them about the efficacy of a central region freight leadership team.

A draft South Island Freight Plan has been developed collaboratively with stakeholders and a series of regional workshops to discuss it were held during July and August 2015. We are now analysing the feedback received which will be used to develop the final plan.

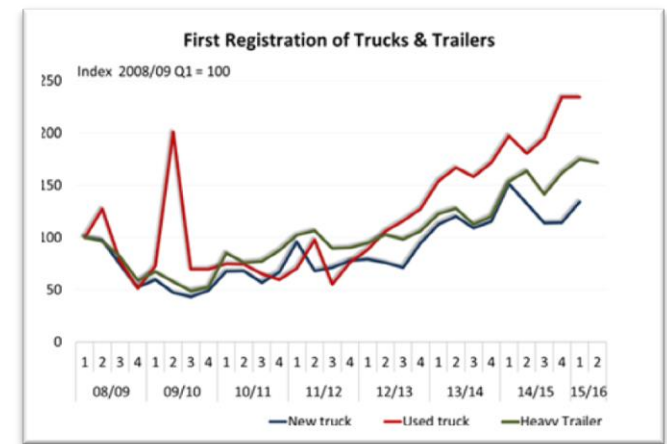


FEATURE

MORE FREIGHT ON FEWER TRUCKS - 2015/16 YEAR-END TARGET ALMOST ACHIEVED.



During Q2 there has been a dramatic jump in the uptake of high productivity motor vehicles (HPMVs), including 50MAX. The proportion of HPMV travel, compared to other big/heavy trucks, moved from 26% to 29%. This is just short of our 2015/16 year-end goal of 30%, which is a key part of our work to deliver government's objective of improving the efficiency of freight movements. This result represents an increase in HPMV travel of almost 20 million kilometres from Q1, with most of the growth coming from 50MAX truck trips. In total there was approximately 130 million kilometres of HPMV travel in Q2, up from 100 million kilometres in October-December of 2014.



As HPMVs provide average productivity gains of between 14-20% (depending on the type of HPMV used), we estimate this level of high productivity travel has avoided around 10-15 million kilometres of standard heavy truck trips during the quarter, providing commercial savings of between \$20-30 million. So, while HPMV trips are increasing, standard heavy truck trips show a corresponding decline. Travel for standard heavy trucks (being those that are not HPMVs), is down 50 million kilometres compared with the same time two years ago. This is despite the fact that the economy has grown over the last two years with more freight being moved as a result.

This result includes an impressive increase of 15 million kilometres in 50MAX trips from Q1, totalling 80 million kilometres travelled. 50MAX are clocking up more kilometres simply because there are more of them, with 6,653 permits issued, up from 5,727 in Q1. Because of their greater network access and productivity benefits of around 15%, industry demand for new 50MAX equipment has remained strong, with New Zealand trailer manufacturers staying busy throughout the year (see registrations graph above). Along with providing jobs for New Zealanders, these new builds are more productive and safer than the older units they are replacing. So the move to 50MAX will benefit those buying and selling freight, as well as New Zealanders as a whole.

Along with more 50MAX combinations in service, more of the network is now available with Queenstown Lakes District joining the 50MAX-1Network permit system in December (see map). We now have 57 councils signed up, with just nine to go. Over 95% of local councils (including those issuing their own permits) allow 50MAX access. During 2016 we will work to sign up more councils, to ensure their communities can access the safety and productivity benefits that 50MAX provides.



GOAL: SHAPE SMART TRANSPORT CHOICES

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

Programme summary:

In Quarter 2, we advanced key milestones that contribute to 'shaping smart choices'.

Notable achievements include:

Progress towards a Cabinet decision on VDAM rule and regulation changes is on track with a policy discussion document being released to the public pre-Christmas.

In the Rail Safety space Critical Risk Plans have been put in place for tunnels, with further plans to be implemented following the appointment of a new FTE who will focus specifically on critical risk.




To progress increased levels of compliance with safe vehicle and safe road user requirements, a pilot of the new commercial operator risk targeting tool has been successfully undertaken, prior to full roll-out in the coming months.



The Visiting Drivers Programme Business Case has been completed and investment of up to \$25 million for project initiatives has been made available in the 2015-18 NLTP.




We have made a strong contribution to the development of the Safer Journeys Action Plan 2016 – 2020. It focuses on roads and roadsides, motorcycling, vehicles and smart choices.

Q2: Variable progress, with seven of the twelve milestones achieved.



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

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>The following priorities contribute to this objective</p>		
<p>Priority 4: Safe speeds that are right for the road on page 46.</p>		
<p>Priority 6: Make urban cycling a safer and more attractive transport choice on page 49.</p>		
<p>Learnings from the delivery of projects within the signature programme are published.</p>	<p>The Visiting Drivers Programme Business Case has been completed and investment of up to \$25 million for project initiatives has been made available in the 2015-18 NLTP. The crash rate indicator (exposure risk for visiting drivers) is still under development. There have been continuing delays in getting processes agreed and rental operators' data, but progress is now being made. It is expected that a final report of the research being undertaken by the Ministry of Transport, Statistics NZ and the Transport Agency will be available in March 2016.</p>	
<p>We have created a benchmark for where we need to be and what we need to do to get there so that stakeholders and the community understand and apply the safe system approach.</p>	<p>Survey of road safety reporting at the Regional Transport Committee level and extent of Safe System knowledge currently underway. Results will help to inform training needs analysis. Agreement reached with AT and NZ Police to launch a new Safe System training course aimed at senior decision-makers.</p>	
<p>A business case on changing the conversation on speed will be developed and implementation of the business case will commence.</p>	<p>We need to conduct research which will provide input to guide the development of communications, and will also be used as a benchmark for assessing change over time.</p> <p>This research commenced later than originally planned, however, we are confident that the research and also the design of the communications framework will now be completed by mid-Q3.</p>	

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>Contribute to the development of the 2016-20 action plan.</p>	<p>The Transport Agency has made a strong contribution to development of the Safer Journeys Action Plan 2016 - 2020, which has been presented to the National Road Safety Committee (NRSC). It focuses on roads and roadsides, motorcycling, vehicles and smart choices. NRSC requested confirmation that the proposed actions will make demonstrable improvements to road safety outcomes. They also sought greater visibility of current road safety activities that will continue during the period of the plan. These changes have been incorporated into the draft plan provided to Ministers on 18 December 2015.</p>	
<p>Enhanced rail safety monitoring is in place and is sharpening risk targeting and risk reducing activities.</p>	<p>A critical risk plan is in place for tunnels.</p> <p>The development of a critical risk plan for level crossings is underway, including a 'stocktake' of activities in place to address level crossing safety risks. A strategy for level crossing safety work has been drafted from the context of the freight priority. While distinct from rail safety regulatory activities, the strategy will focus on the reduction of level crossing incidents. We have undertaken further work on level crossing safety, which contributes to our goal of integrating one effective and resilient network for customers - refer to the Feature regarding Level Crossing Safety on page 45.</p> <p>The development and implementation of the other critical risks plans (signals passed at danger, track worker safety, train control, alcohol and drugs and fatigue management) has been delayed due to resource constraint. Recruitment is underway to address this. Critical risk areas relevant to KiwiRail and Transdev have been assessed in their annual ordinary safety assessment and interventions recommended.</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Rail Regulatory Scope & Effectiveness</p>	

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Improved rail safety monitoring is in place and being widely communicated	<p>Embedding of analytics and reporting into a specialist team has continued in Q2 with in-depth training and building of new reports and insights. The research programme is progressing.</p> <p>Track worker safety incidents and other priority risk issues are being supported with additional data and insights from specialist statistical analysis and research functions.</p> <p>As part of the Rail Safety Team's capability development, we have initiated a programme to better respond to the safety assessments of operators.</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Rail Regulatory Scope & Effectiveness</p>	
The governance and operation of National Rail System Standards has been reviewed	A plan is in place to employ a new resource to undertake the review of the National Rail System Standards. The draft Terms of Reference is expected to be finalised early in quarter three, prior to the procurement process for the independent reviewer commencing. Assuming a suitable expert is available the review is expected to be completed by the end of quarter four.	
A multidisciplinary safety action plan is complete and priority actions are being implemented as planned.	<p>The three-year plan for delivering high quality regulatory services for rail safety regulation has been approved and communicated.</p> <p>To progress the three priority changes (assessments, investigation and critical risks), a specific resource started late in quarter 2 to progress the assessments. Recruitment for three new positions to address investigations and critical risks started in quarter 3.</p> <p>The safety action plan excludes the review of the National Rail System Standards.</p>	

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

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>The following priorities contribute to this objective</p> <p>Refer to Priority 1: Make it easy for customers to do business with us on page 39.</p> <p>Refer to Priority 2: Predictable journeys for urban customers on page 41.</p> <p>Refer to Priority 4: Safer speeds that are right for the road on page 46.</p> <p>Refer to Priority 6: Make urban cycling a safe and more attractive transport choice on page 49.</p>		
<p>A framework for monitoring compliance levels and outcomes is established and being used to set targets.</p>	<p>A pilot of the new commercial operator risk targeting tool has been undertaken, and design of supporting business processes in advance of full roll-out is underway.</p>	
<p>A national travel information programme business case is complete.</p> <p><i>(Connected to the predictable journeys for urban customers priority result 1 milestone 2)</i></p>	<p>The Strategic Business Case has been incorporated into the National Journeys Strategic Case. The Investment Logic Mapping has been completed and is awaiting finalisation. This is amber as the Strategic Business Case approval is a quarter behind schedule and is now likely to occur in Q3.</p> <p>In addition to the Strategic Business Case, traveller information improvement initiatives continue to progress including:</p> <ul style="list-style-type: none"> • Highway Advisory Radio: A trial of a dedicated traffic radio station (within a limited radius) to provide improved real-time travel information to customers • Network Performance: A trial using bluetooth technology to enhance real-time operational decision making. • Comparative Journey Times: Providing real time journey times for travel via SH1 versus SH16/18 to enable customers to make smarter choices. • Public Holiday/Summer Season: In conjunction with Communications team publishing historical travel information for holiday periods to enable customers to make smarter choices about when to travel. 	

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

MILESTONES FOR 2015/16

Q2 PROGRESS

RESULT

The following priority contributes to this objective

Refer to Priority 1: Make it easy for customers to do business with us on page 39.

Policy work on legal changes required to enable both review objectives to be met is complete and a Land Transport Act Amendment Bill is being considered by Parliament.

The Vehicle Dimension and Mass (VDAM) Amendment Bill introduction, which will contribute to reduced compliance costs for customers, has been delayed by Government until quarter 4. However, progress towards a Cabinet decision on VDAM rule and regulation changes to support the objective remains on track. A discussion document outlining proposed changes to the VDAM rule was released on 9 December.



The Government has delayed considering the release of a discussion document on driver licensing until quarter 3.

Milestone will be re-set for Q3 and Q4 based on the Government's decision.

Incentives to comply with Vehicle Dimension and Mass (VDAM) requirements will be enhanced as part of VDAM reform.

The introduction of the Vehicle Dimension and Mass Amendment Bill has been delayed by Government until Quarter 4. However, progress towards a Cabinet decision on VDAM rule and regulation changes to support the objective remains on track. The desirable changes to the Land Transport Act for inclusion in the Bill have been identified, and the rule changes are progressing. A discussion document outlining proposed changes to the VDAM rule was released on 9 December.



GOAL: DELIVER HIGHWAY SOLUTIONS

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

Programme summary:

The Highways Resilience programme is gaining momentum and recognition, and will shortly start providing specific outputs for our resilience status. The KPI targets have been re-aligned in recognition of a new project plan developed as part of the recent reinvigorating and re-focusing of this project, and better reflect the actual expected outputs and desired outcomes. Presentations on the project have been delivered to the National Lifelines Forum (21-22 October) and the Road Controlling Authorities Forum (27 November). Business Continuity Plan Workshops have been completed for about half the regional offices with the balance scheduled for next quarter. The first Business Continuity Plan (BCP) has been adopted by the Southern Business Unit. Network Outcomes Contract (NOC) Emergency Response Plans continue to be collated and the review process established. A pilot of a GIS-based Alternative Routes information tool has been developed for two NOC areas in the first quarter of 2016. The pilot testing of a tool to assess the existing network condition when exposed to major natural events has been concluded. Roll out of this tool for use on the Top 9 Priority Corridor Programme Business Cases is about to be procured. Further new tools (for regional economic impacts of network outages and prioritisation of resilience projects) are under development with due dates of April 2016, as well as a process to explore how well our day-to-day maintenance activities support and improve network resilience outcomes.

The RoNS Programme continues to run to plan, with several key highlights this quarter:

- We had the tunnel breakthrough on Waterview
- The Cambridge Section of the Waikato Expressway was completed and opened by the Minister
- All sections of the Christchurch RoNS now have approved funding for construction

The Auckland Accelerated Programme continues to progress to plan, with all projects except Auckland-Manukau Eastern Transport Initiative (AMETI) meeting their deliverables.

Progress continues on the Accelerated Regional Roding Programme (ARRP), with construction continuing on the Tranche 1 projects. Cabinet has announced that the Tranche 2 projects are either funded by the Crown or included in the NLTP as follows:

- Loop Road to Smeatons Hill; Taramakau Road/Rail Bridge; Whirokino Trestle Bridge. Funding for these project is included in the 2015-2018 NLTP
- Opawa Bridge; Motu Bridge; and bypasses of Mt Messenger and Awakino Tunnel. Funding for these projects of \$115 million will come from the previously announced Crown funding through the Government's Accelerated Regional Roding Programme.

Progress on the Tranche 3 projects is indicating they are running a quarter with their deliverables, but remain on track to achieve the year end deliverables

Q2: Variable progress, with 30 of the 33 milestones achieved.

OBJECTIVE 7: GREATER RESILIENCE OF THE STATE HIGHWAY NETWORK


MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
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The following priorities contribute to this objective





Priority 2: Predictable journeys for urban customers on page 41.

Priority 4: Integrate road and rail to improve freight network productivity on page 46.

Priority 5: Driving value through smart road maintenance on page 47.

Hazards have been assessed on 4,000km of state highway using the GNS Science hazard assessment tool to ensure nationwide consistency, and potential works have been identified to support achievement of One Network Road Classification levels of service. All works proposals warrant funding under the investment framework.	Pilot study trial complete, and procurement and scope for application to the Top Nine Priority corridors have been agreed.	
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All current alternative routes and their potential role and traffic demand have been collated consistently nationwide.	Development of the mapping tool has been scoped and work has commenced. Network Outcomes Contract (NOC) areas have been identified and data collected.	
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MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>Conversations regarding suitability and how to address any performance gap have commenced with partners for each state highway that has had a hazard assessment.</p>	<p>Presentations given to Lifelines Forum and Road Controlling Authorities Forum about Resilience Project, including initial alternative routes content. Awareness raising presentations given to all HNO management teams and Knowledge Communities.</p>	
<p>Business continuity plans (BCPs) are in place and actionable for each state highway office and its support systems, and for each maintenance contractor.</p>	<p>All BCPs are underway as scheduled, some at different stages than others. Engaged with the Management Teams from all six HNO Business Units. Development of the BCPs for Wellington, Hamilton, Napier, Christchurch and Dunedin offices is underway. Workshops to begin this process with CTOC, Auckland and national office are scheduled for early 2016.</p>	
<p>Emergency response plans and escalation procedures are in place and actionable for each network, region and nationwide.</p>	<p>An external review of HNO's emergency response processes has been initiated. In preparation for this review, we are gathering the Network Outcomes Contract (NOC) emergency response plan documents and loading them into InfoHub.</p>	
<p>Indicative business cases have been initiated for high priority works on corridors.</p>	<p>Meetings have been held with Auckland and Wellington staff regarding the scope of regional resilience studies, and points of contact and input. Initial guidance has been provided to the Programme Business Cases (PBC) consultant panel regarding resilience information and processes to facilitate initial consistency and profile.</p>	

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

MILESTONES FOR 2015/16

Q2 PROGRESS

RESULT

The following priorities contribute to this objective

Priority 1: Make it easy for customers to do business with us on page 39.

Priority 2: Predictable journeys for urban customers on page 41.

Priority 4: Safer speeds that are right for the road on page 46.

Priority 5: Driving value through smart road maintenance on page 47.

The interim success of the aggressive pavement renewals process has been reviewed and is informing future plans.

The lessons from the onsite reviews have been captured and will be reflected in the Review and Prioritisation Treatment (RAPT) reviews for the 2016/17 programme.



The RAPT review will continue to reflect a risk-based approach by deferring low risk items and bringing forward high risk items.

This approach was used when developing the 2015/16 renewals programme and, to date, there is no evidence of network deterioration.

The indicative business case for the Transforming Asset Management project has been approved and is being actioned.

The development programme to transform asset management practices has been drafted and its intent has been agreed by the HNO SMT.



A steering group has been established, and work has commenced on establishing the direction setting and enabling framework for improved asset management.

OBJECTIVE 9: PROVIDE SIGNIFICANT TRANSPORT INFRASTRUCTURE

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Puhoi to Wellsford	Milestones to be determined following evaluation of procurement options.	Request for proposal issued, and interactive meetings with three respondents underway and progressing well. Tender due Quarter 3. Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)	●
Western Ring Route (WRR)	<ul style="list-style-type: none"> Lincoln Road Interchange open to traffic St Lukes Interchange open to traffic Te Atatu Interchange open to traffic 	<p>Tunnel breakthrough milestone achieved (highlight for the quarter) and all traffic shifts on the causeway currently tracking to plan.</p> <p>Key milestones continue to be met on the other projects with Lincoln Road complete, Te-Atatu is due for completion in early 2016 and St Lukes in mid-2016.</p> <p>Completion plan workstreams are moving forward in readiness of the tunnel opening in 2017.</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)</p>	●
Waikato Expressway	Construction start: Huntly and Hamilton sections	<p>Hamilton Section awarded to an alliance of Fletchers, HEB, Coffey and Beca.</p> <p>Huntly Section construction has commenced and ecological measures are in place.</p> <p>During the quarter, the Minister officially opened the Cambridge Section, which was completed six months ahead of schedule</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)</p>	●
Tauranga Eastern Link (TEL)	Project open to traffic	Project complete and patronage has been higher than predicted.	●

OBJECTIVE 9: PROVIDE SIGNIFICANT TRANSPORT INFRASTRUCTURE (CONTINUED)

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Wellington Northern Corridor	Consenting process: <ul style="list-style-type: none"> • Airport to Mount Victoria Tunnel • Otaki to Levin 	Notice of Requirement (NoR) applications have been placed on hold following the Basin Bridge High Court Decision, and are subject to the outcomes of the new Ngauranga to Airport Programme. This Programme is being undertaken in partnership with Greater Wellington Regional Council and Wellington City Council, and commenced in November 2015. Funding for the Peka Peka to Otaki section has been approved. Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)	●
Christchurch Motorways	Construction start: <ul style="list-style-type: none"> • Southern Motorway Stage 2 • Western Belfast By-Pass • Harewood to Avonhead Park 	Property is no longer on the critical path, with no high risk properties outstanding on Christchurch Southern Motorway Stage 2 Utility relocations are complete on the Harewood to Avonhead Park section The enabling works contract for the Northern Arterial has been awarded. Funding for the construction of Christchurch Southern Motorway Stage 2 has been approved, meaning all sections of the Christchurch RoNS are now funded. Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)	●

FEATURE

WATERVIEW CONNECTION TUNNEL EXCAVATION WORKS COMPLETE.

The Waterview Connection project is one of the most important infrastructure developments ever to take place in New Zealand. Completing a motorway ring route around the city, it will unlock Auckland's potential to become a truly world class city. Another huge milestone was completed two weeks before Christmas to cap a busy year of construction on the NZ Transport Agency's Waterview Connection project.

The excavation of the last of 16 cross passages that run between the two motorway tunnels was finished to conclude all tunnel excavation works on the project.

"To successfully complete all tunnelling without any major issues is a credit to the Well-Connected Alliance's tunnel team," says NZ Transport Agency Highways Manager Brett Gliddon.

Tunnel Construction Manager, Chris Ashton says it has been a real team effort.

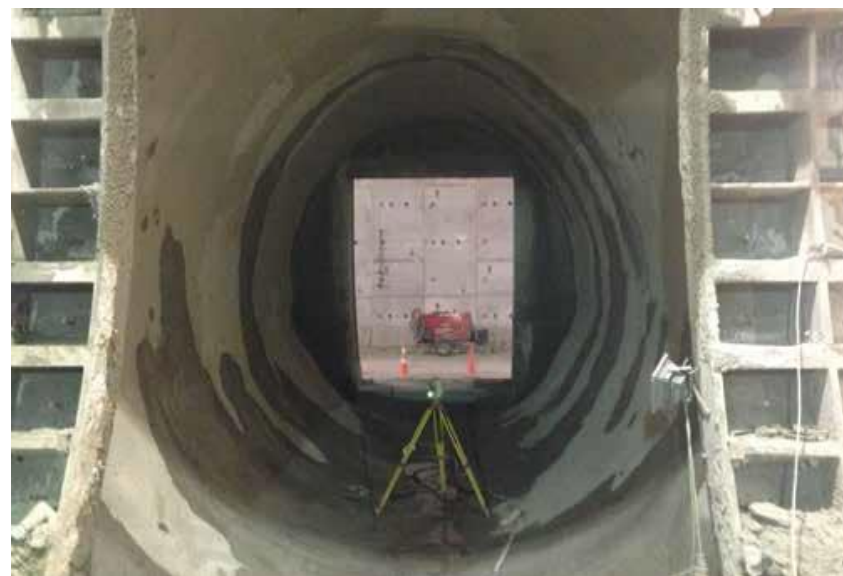
"Our team have worked 24 hours a day, 5 days a week for just over two years. It's a great achievement that there has been no discernible settlement or effect on people living above the tunnels."

"These cross passages have been built to world class standards with a very good safety record as well," says Chris.

Construction began on 11 November 2013 when Alice the Tunnel Boring Machine (TBM) started excavating the first southbound tunnel and ended with the excavation of what is known as cross passage two.

Excavating the cross-passages was one of the four distinct operations to construct the tunnels. The complex programme of works also included the work of Alice TBM and the culvert gantry which was used for the smaller tunnel to carry services, as well as the first stage of the back-fill operation.

Although excavation is complete on the project there is still months of work to do – including constructing the road surface, installing concrete linings, lights, drains, the deluge safety system and signage – before the tunnels open in early 2017.



Excavation of Cross Passage two complete.



The cross passages have been built to world class standards.

ANOTHER SECTION OF \$2.1 BILLION WAIKATO EXPRESSWAY FINISHED

The Cambridge Section of the Waikato Expressway was officially opened by Transport Minister Simon Bridges at a ceremony for around 200 stakeholders on 15 December 2015 – six months ahead of schedule.

The \$250 million NZ Transport Agency project stretches from the Tamahere Interchange on State Highway 1, to just south of Cambridge.

It includes eight bridges, walking and cycling paths, a number of artworks and 365,000 native and exotic plants planted along its length.

The project is one of seven sections of the \$2.1 billion Waikato Expressway, a Road of National Significance (RoNS) identified by the Government as key to unlocking New Zealand's economic potential.

Once complete, the Waikato Expressway will be the key transport corridor for the region, connecting Auckland to the agricultural and business centres of Waikato and Bay of Plenty.

The Cambridge residents who came along were enthusiastic about the project, which will divert thousands of cars and trucks a day away from the centre of Cambridge, providing significant safety and time saving benefits, particularly at peak travel times.

Hamilton Highways manager Kaye Clark said the Cambridge section is a vital part of the expressway and will leave a lasting impression on the region.

"It is so exciting to see this long awaited project come to an end," Kaye said.

"The Cambridge section will shave off around five minutes travel time between Hamilton and Cambridge, but more importantly, it will significantly improve safety.

"Over the past five years (2010-2015) six people have died and 20 have been seriously injured on the stretch of SH1 that this section of the expressway will replace. We look forward to seeing a positive change."

Kaye said contractors HEB Construction did a fantastic job on an often challenging site to get the project finished six months ahead of schedule.

"The project team tackled the project head on," she said.

"Their hard work and dedication has ensured we finished construction well ahead of schedule."

HEB Construction project manager Gary Budden says the company is very proud to have worked with the Transport Agency, designers AECOM, Opus and their suppliers to deliver the project.

"The Cambridge section of the expressway is being opened today six months ahead of schedule and with an excellent safety and environmental record," he said.

"We want to acknowledge the huge interest and support from the Cambridge community. It has been a pleasure for our team to have been part of the local community for the last two years."





The Peake Road overbridge crosses an arrow-straight stretch of the Waikato Expressway.

PLAN FOR AND DELIVER THE ACCELERATED AUCKLAND TRANSPORT PROGRAMME

PROJECT	MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Northern Corridor (three projects)	Consenting and property acquisition commence	The Detailed Business Case has been approved by the Board, including the busway extension. The preferred supplier for the tender for the next phase (planning, consenting and construction set up) has been identified.	●
Southern Corridor (five projects)	Construction start: <ul style="list-style-type: none"> • Hill Road to Takanini • Takanini on-ramp improvements • Takanini to Papakura • Takanini Interchange • SH20 to Hill Road 	The sod turning was held in October 2015 and construction has commenced. The key milestone during this quarter was access to the KiwiRail line during the Christmas break. The set up for the project is going well, with everyone on programme.	●
State Highway 20A	Construction start	The main properties now have agreements in place, with access to the Pacific Inn property arranged for December 2015. There are some smaller low risk frontages required for a handful of properties on Kirkbride Road, which are progressing well. The Hunua Watermain works are complete and have been handed back to Watercare.	●

PLAN FOR AND DELIVER THE ACCELERATED AUCKLAND TRANSPORT PROGRAMME (CONTINUED)

PROJECT	MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Auckland-Manukau Eastern Transport Initiative (AMETI)	<p>Sylvia Park bus lanes open to traffic</p> <p>Construction start: Stage 2a (Panmure to Pakuranga)</p>	<p>Sylvia Park bus lane construction is now expected to commence during the 2016/17 financial year, as Auckland Transport (AT) is experiencing further delays against schedule with property acquisition and commercial agreement issues.</p> <p>We are flagging AMETI red for year-end as the 2015/16 milestone won't be achieved because designation of Reeves Road flyover has been delayed by AT's review of its delivery strategy for the Panmure to Botany busway. AT expects to recommend a preferred delivery strategy for AMETI (timing and sequencing of busway vs Reeves Road flyover) to its Board in March/April 2016.</p> <p>Stage 2a construction is now likely to start in 2016/17 as AT expects to recommend a preferred delivery strategy for AMETI to its Board in March/April 2016.</p>	
East west link	<p>Milestones to be determined following completion of the business case.</p>	<p>Detailed business case has been approved by the Board.</p> <p>Conversations continue with the Ministry of Transport regarding funding, with the preferred option now to fund the project using the existing NLTF.</p> <p>The Interim Project Alliance Agreement (IPAA) phase has commenced with Beca, GHD and Buddle Findlay. We are on track to confirm the scope and Project Alliance Agreement Total Outturn Cost by the end of February.</p>	

PLAN FOR AND DELIVER THE ACCELERATED REGIONAL ROADING PROGRAMME

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




TRANCH	PROJECT	RESULT
1. Projects in construction phase	<p>a. Kawarau Falls Bridge (Otago) A sod turning with the Minister took place on 1 December 2015. Key design components are complete, with any remaining components expected to be designed during the construction programme.</p>	●
	<p>b. Mingha Bluff to Rough Creek Realignment (Canterbury) Some redesign was required on a section of retaining wall in order to minimise the impact on diverted traffic during construction, and to minimise traffic management cost. While this caused a slight delay, extra effort has gone into catching up against the original project timing. The project is now only slightly behind schedule with an expectation of being on schedule by the end of Q3.</p>	●
	<p>c. Akerama Curves Realignment and Passing Lane (Northland) Contract is on programme, with the pavement in zone 1 completed.</p>	●
	<p>d. Panikau Hill and Wallace Hill Slow Vehicle Bays (project complete) (Gisborne) Project complete and opened to traffic early in May 2015.</p>	●
	<p>e. Normanby Overbridge Realignment (Taranaki) The stock underpass was completed in October and Rail Bridge 2A was completed in December. Carriageway construction is ongoing.</p>	●

PLAN FOR AND DELIVER THE ACCELERATED REGIONAL ROADING PROGRAMME (CONTINUED)

TRANCH	PROJECT	RESULT
2. Projects where we have completed the initial investigation stages for and are reporting back to the Minister in Q2 of 2015/16.	a. Whirokino Trestle (Manawatu-Whanganui) Implementation of this project is funded from the National Land Transport Programme 2015-18. Specimen design contract has been awarded to BBO. It is anticipated construction will start in 2016/17, taking 24 months to complete.	●
	b. Motu Bridge Replacement (Gisborne) Cabinet decision on the use of Crown funding now confirmed. Implementation (detailed design) to commence immediately. It is anticipated construction will start in 2016, taking 12 months to complete.	●
	c. Opawa and Wairau Bridges Replacement (Marlborough) Cabinet decision on the use of Crown funding for Opawa Bridge now confirmed. The continued maintenance of the Wairau Bridge will be funded from the National Land Transport Programme 2015-18. Implementation (detailed design) to commence immediately. It is anticipated construction of the replacement Opawa Bridge will start early in 2018, taking 12 months to complete.	●
	d. Taramakau Road/Rail Bridge (West Coast) Geotech testing was completed before Christmas. Implementation of this project is funded from the National Land Transport Programme 2015-18. It is anticipated construction will start in late 2016, taking 24 months to complete.	●

TRANCH	PROJECT	RESULT
2. Projects where we have completed the initial investigation stages for and are reporting back to the Minister in Q2 of 2015/16 (<i>continued</i>).	<p>e. Loop Road to Smeatons Hill (Northland) This is amber as this project is behind programme. A draft Indicative Business Case (IBC) has been developed, however a preferred option, which balances community and stakeholder expectations with economic efficiency, is still to be confirmed. This may delay the project in the short term while options are decided. We will ensure sufficient resources are used to progress the design phase in order to bring the programme on track. The construction start date will not be impacted. Implementation of this project is included in the National Land Transport Programme 2015-18. It is anticipated construction will start in 2017/18, taking 24 months to complete.</p>	●
	<p>f. Mt Messenger and Awakino Gorge Corridor (Taranaki) This corridor will be delivered as three projects: 1. Safety and resilience improvements (funded from the NLTP) – anticipated construction start 2017/18 with a duration of 12 months. 2. Awakino Tunnel bypass (funded by the Crown) – anticipated construction start 2018/19 with a duration of 24 months. 3. Mt Messenger bypass (funded by the Crown) – anticipated construction start 2018/19 with a duration of 24 months. Implementation (detailed design) of the corridor-wide improvements (\$25-30 million) to commence immediately. Procurement options for projects 2 and 3 are now being confirmed. Together, the improvements on SH3 north of Taranaki will total \$114-135 million.</p>	●

PLAN FOR AND DELIVER THE ACCELERATED REGIONAL ROADING PROGRAMME (CONTINUED)

TRANCH	PROJECT	RESULT
<p>3. Projects still in Investigation and we are due to report back to the Minister in 2016</p>	<p>a. Napier Port Access The Programme Business Case was approved in December. The Indicative Business Case (IBC) should have started in Q2 but did not commence until Q3. The two month delay will be mitigated through the use of additional resource to progress the IBC, which will be completed on time.</p>	
	<p>b. Nelson Southern Link The Strategic Business Case was approved. The Programme Business Case is now under development. This is running slightly behind schedule; however we will be able to report back on the outcome of our investigations in June as planned.</p>	
	<p>c. Rotorua Eastern Corridor The spatial plan has been reviewed and the impact on transport will be considered by the Board in February. The Minister has been briefed on a package of works to improve efficiency on the present corridor and NLTP funding is due to be approved in February.</p>	

GOAL: MAXIMISE RETURNS FOR NZ

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




Programme summary:

We have completed a joint review of our investment decision making system with the Ministry of Transport and Treasury. This review identified a number of system improvements to build trust and confidence that our systems result in the right investments, both in terms of outcomes and value for money. We are now moving to implement the recommendations from the decision-making system review. Key recommendations include looking at how we give greater weight to regional and local outcomes in our prioritisation of the NLTP, how we better embed the principles of the Business Case Approach into the sector's planning and investment processes, and improvements to the way in which we do benefit cost appraisal.

The good news is that the SCIRT Rebuild Programme, which supports the government's Christchurch rebuild efforts, is now fully committed to construction, with a completion target of December 2016.

Q2: Overall good progress, with eight of the nine milestones achieved.

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

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>The following priorities contribute to this objective</p> <p>Priority 2: Predictable journeys for urban customers on page 41.</p> <p>Priority 4: Safer speeds that are right for the road on page 46.</p> <p>Priority 5: Driving value through smart road maintenance on page 47.</p> <p>Priority 6: Make urban cycling a safer and more attractive transport choice on page 49.</p>		
Complete the NLTP investment decision making review.	The outcomes of the review were reported to the Board in November. An implementation plan is now being prepared with ongoing involvement from Treasury, Local Government New Zealand and the Ministry of Transport at a reference group level.	
Deliver the agreed 2015/16 Canterbury transport network recovery programme.	100% of the SCIRT Rebuild programme is now committed to construction, with a completion target of December 2016. Related risk on NZ Transport Agency Risk Dashboard: Canterbury Rebuild	
Progress the national and inter-regional 30-year transport view project from the investigation phase into the implementation phase.	We have agreed a "most likely" future demand scenario for the Upper North Island and have undertaken some sharing of that with the Ministry of Transport. An initial assessment of the implications of the most likely future demand scenario has been tested.	

MILESTONES FOR 2015/16

Q2 PROGRESS

RESULT




A transport research framework exists that optimises the ability of public entities to meet their accountabilities while ensuring the total transport research investment supports required functions and outcomes.

The draft strategy was completed for the conference and 15 of the 38 presentations were on NZTA research. Of the 15 presentations from the Agency, two of these were keynotes where we highlighted our customer focus to planning and investing, and how we share research and build relationships.



There was a conference assessment with feedback from those attending, not specific to just the Agency presentations. All the keynote presentations and most of the parallel sessions were rated 'very useful' and 'very interesting'.



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

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>The following priorities contribute to this objective</p> <p>Priority 2: Predictable journeys for urban customers on page 41.</p> <p>Priority 4: Safer speeds that are right for the road on page 46.</p> <p>Priority 5: Driving value through smart road maintenance on page 47.</p> <p>Priority 6: Make urban cycling a safer and more attractive transport choice on page 49.</p>		
Identify key journeys and define expected benefits and outcomes.	Refer to the first milestone under Objective 2 on page 12.	
Establish network performance measures.	<p>We have used and tested the performance measures as part of the 30-Year View initiative.</p> <p>We are developing a business case, project plan and resources to progress this work as part of the Gearing Up change programme.</p> <p>Confirmation of what we will measure, where and how, in preparation for the next NLTP will be pushed to Q4.</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>Auckland Transport (AT) is currently evaluating its South Auckland bus tenders, with a decision due in January 2016. AT's ferry services Request for Tenders is currently being finalised and should be released early in 2016. AT has extended its current rail contract for 21 months, pending the findings of the Auckland Transport Alignment Project.</p> <p>Greater Wellington has almost completed its evaluation of tenders from the short listed bidders for the metro rail, and has forwarded its procurement strategy for bus to the Transport Agency for endorsement.</p>	

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

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
We are applying an agreed internal Revenue and Financing framework while work on the external framework is progressed.	Initial scope of framework project agreed by cross-agency steering group in December, with a paper due to the SLT in March 2016.	
The Transport Agency's tolling and public private partnership (PPP) policies are successfully applied to new state highway road development where appropriate.	HNO remains actively engaged in the Tolling Steering Group. We are undertaking a number of initiatives looking at maximising transport revenue, including analysing Diversion Rates for Tauranga Eastern Link, and are due to get data on the Northern Gateway Toll Road for similar analysis.	





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

Programme summary:

In quarter two we advanced key milestones to improve customer experience. For example, to reduce the cost of doing business with us, and to help our small-medium enterprise (SME) commercial customers increase their productivity, customer journey (experience) maps have been completed and are in the process of being reviewed to determine priorities to help shape road maps to address customer pain points. An indicative roadmap to address priority pain points will be developed for business planning in quarter three.

We are supporting Tourism NZ in the development of visiting driver videos.

Q2: Variable progress, with five of the nine milestones achieved.

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Prioritised improvement programme to reduce SME costs (aligned to Better Public Services Result 9 – Improving interaction with Government) is enabled by development of customer experience maps providing insight into SME critical pain points.	<p>Customer journey (experience) maps have been completed and are in the process of being reviewed to determine priorities to help shape plans to address customer problems with our service (either real or perceived).</p> <p>An indicative plan to address priority customer problems with our service (either real or perceived) will be developed for business planning in quarter 3.</p> <p>This is amber because the implementation of the process for Passenger Endorsement licences has been delayed until February due to a minor fault that needed to be fixed.</p>	
Third party partner and supplier contract processes are reviewed and improvement areas are identified.	Continuous improvement opportunities are identified as part of the strategic review that occurs prior to the commencement of the third party partner and supplier contract procurement process.	
The changes required to support the creation of a more flexible and resilient driver licensing rule are included in the Land Transport Amendment Bill.	The Government has delayed considering the release of a discussion document on driver licensing until Q3. Milestones will be re-set for Q3 and Q4 based on the Government decision.	
New driver testing provider and approach is implemented.	Wait times for a first available restricted test booking have improved from a high of over 55 days to between 30-35 days. For the month of December, 70% of people were sitting their test within our target wait time of 18 days. We are expecting this to improve over the coming two quarters.	

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
A prioritised work programme has been developed to improve the driver licensing experience for customers who face barriers that cannot be addressed solely by the Driver Licensing Review.	<p>The case for change has been generated in Q2. An update will go to the Minister early in Q3.</p> <p>In Q2, a workshop was held to identify and share good practice experience across community providers. This will be further refined and additional material developed for dissemination in Q3.</p>	●
The experience for visiting drivers has been improved through better information and education.	We are supporting Tourism NZ in the development of visiting driver videos.	●
A strategy has been developed and a prioritised programme of investment is in place that identifies our critical systems, timing, cost and the required design to make it easier for customers to interact with us.	<p>Following the in principal endorsement of the approach by SLT in Q1, an architectural business case has been developed for reusable web services. SLT will be presented with an assessment of lessons learnt from recent investments before a strategy is presented.</p> <p>The Pilot for Paper to Digital is underway.</p>	●
Increase online transactions (A&U basket of measures) – 40%.	Opportunities arising from the Annual Vehicle Licensing pilot project have been identified and prioritised. A programme of work is in the development stage.	●
The online experience for customers seeking information or wanting to interact with us digitally has improved.	<p>Development of the roadmap for migrating services off Transact, which was due to be completed in Q2, has been delayed until we have clarity as to the timing of the Common Payment System (version two) and the work programme for 2016/17 has been confirmed.</p> <p>The Contact Centre upgrade is now following a phased implementation with final delivery due March 2016, one quarter behind schedule.</p>	●

PRIORITY 2: PREDICTABLE JOURNEYS FOR URBAN CUSTOMERS

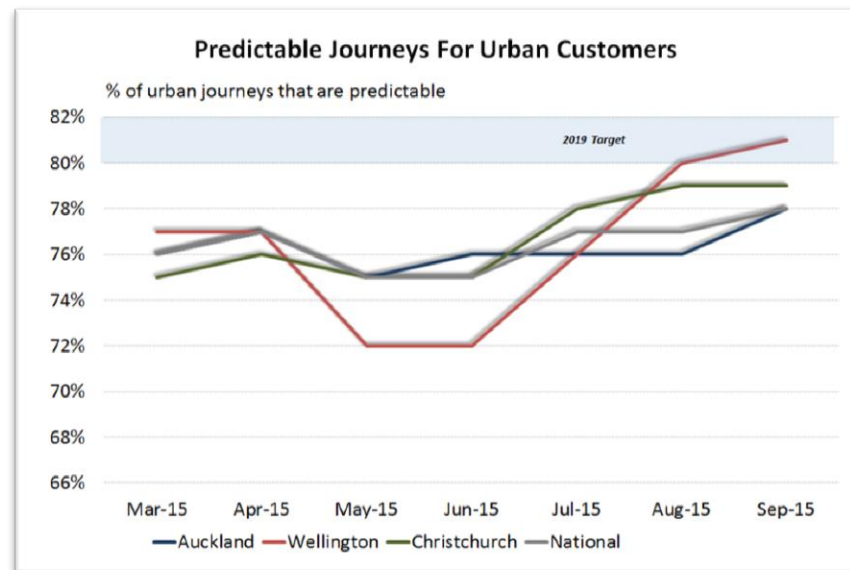
Programme summary:

We have been focused on developing insight into customer journey predictability to ensure that our planned activities will improve key journeys across our major cities. Deep analysis of network performance is providing new insights into the drivers of customer journey time variability. Key activities have included: learning how to best undertake analysis of enormous spatial-temporal data sets of network performance; setting up our reporting systems to provide feedback on our planned activities; identifying key customer journeys; and establishing feedback systems that will enable continuous improvement of programme activities.

While the predictability priority is targeting road journeys, we are also seeking to advance our one network approach through integrating public transport predictability measurement. Funding for new measurement development has been supported by the NLTP research programme and is scheduled for tendering in Q3. This research is due to be completed by no later than June 2017, necessitating a re-phasing of our annual milestone.

We expect that existing network operational activities - traffic optimisation, incident management, and traveller information - will increasingly be aligned to reflect what we learn about customer journey time variability. This alignment and some new initiatives will increasingly see our customers experiencing more predictable journeys in our major cities.

SUCCESS INDICATOR



CURRENT RESULT: 78%

2019 TARGET: 80% - 82%

- Our current result of 78% is slightly under the baseline of 80% established in 2014. This slight difference can be attributed to the fact that the baseline was developed manually while our later estimates (shown in the accompanying chart) have been produced in a completely automated manner.
- The trend in travel time predictability over the last 6 months or so is a positive one, especially if one considers recent increases in traffic volumes on the State Highway network. We are currently exploring what is driving this trend and developing new insights from this work.




The accompanying chart reflects progress made on this new priority, which aims to improve journey time predictability for customers, while also addressing the reporting requirements laid out in the GPS.




Our ability to measure progress on this priority reflects positively on our new ground-breaking big data capability, which has been developed in partnership with BECA.

The success indicator shows the percentage of journeys made on urban roads in our major centres where actual travel time falls within a 5% threshold of average travel time. As such, it positions the sector to better understand the spatial and temporal nature of transport network performance.

We intend to provide a more detailed picture of travel predictability in 2015/16 Q3 by focusing on key journeys in our major centres.

Q2: Variable progress, with two of the six milestones on track.

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
We have benchmarked customer understandings of travel time predictability and mode choice in Auckland, Wellington and Christchurch.	<p>Progressing, but slightly behind time. Research proposal has been approved to fund study of appropriate PT measure for external reporting. Now working with key partners to access public transport journey data to implement. Aiming to have this in place during Q3.</p> <p>Current CTOC reporting of core high frequency PT routes will be refined to align with this.</p>	
Business cases and annual programmes to improve journey time predictability have been developed for Auckland, Wellington and Christchurch.	<p>Progressing, but slightly behind time. We are in the process of implementing a new and nationally consistent predictability measure.</p> <p>Initial reporting and analysis supports view that recurrent congestion and unplanned events are the key contributors to variability in journey times. Addressing recurrent congestion requires understanding of pinch points, volume dynamics, and modal choice options and behaviours. Analysis needs to go beyond measurement to focus on these factors. It is recommended that the Q3 milestone is changed to focus on establishing this capability as well as ongoing analysis and insight.</p>	
There is better integration of Transport Operation Centres to manage multi-modal journeys, particularly in Auckland.	<p>A key project has been identified for each Transport Operations Centre in Auckland, Wellington and Christchurch:</p> <p>Auckland - Project team established and Project Manager appointed for bluetooth technology trial.</p> <p>Wellington - We have one project in Petone encouraging mode shift from highway to public transport. Team, plan and resourcing established and underway.</p> <p>Christchurch - Optimisation programme for 2015/16 continuing. Project commenced to reduce the effects of planned works on public transport. Work to integrate public transport connection to traffic signals is ongoing.</p>	

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>A national system to allow sharing of transport operations information across regions and modes is designed.</p>	<p>National Intelligent Transport Management System (NITMS) is significantly delayed (see Q1 update) and will not meet the year end deliverables. The NITMS Programme has re-evaluated its direction, deliverables and approach. This includes:</p> <ul style="list-style-type: none"> • Removal the Intelligent Transport Management (ITM) elements from the programme that are insufficiently defined • Priority focus on the delivery of an Incident Event Management System (IEMS) for the Auckland Traffic Operations Centres, as a tactical means of meeting an urgent business need • Proceeding with developing a business case for NIEMS (national) that is based upon business processes and requirements, rather than being driven by technology <p>The Programme update was accepted at HNO's Value Assurance Committee in December to reset the project.</p> <p><i>The Quarterly Milestones will need to be reset to reflect the updated programme.</i></p>	
<p>An agreed level of service for technology support services is implemented.</p>	<p>Service level continuous improvement activities are underway for 10 Critical systems.</p> <p>For the selected systems, we have started development of roadmaps and have 5 completed, with 5 in development. We are slightly behind the quarterly target of 10 being complete, due to the complexity of the activity. The most complex is the shared Transport Operations Centre applications with Auckland Transport.</p> <p>We are also in arrears for the Service Level Agreements for these 10 Critical Systems due to delays in hiring and landing our Partnership framework. We are taking a revised approach (contractor) so that this will be on track to be delivered in Q4.</p>	
<p>Predictability measurement is extended to include urban national, high volume, regional and arterial roads under the one network road classification.</p>	<p>We are taking a journey approach, and will measure predictability on key arterials where they form all or part of a key journey.</p> <p>Auckland and Christchurch already have the ability to include arterials in their predictability reporting. Wellington will have the ability to monitor key arterials by the end of Q2.</p>	

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

Q2: Good progress, with all three milestones on schedule.

Programme summary:

This quarter we reviewed the relationship framework with KiwiRail and made some changes to the governance structure. The initial meeting was positive. We have identified priority policy workstreams, including planning and investment frameworks, and specific tactical issues to work on, including level crossings. A business case for future work on level crossings is being developed in conjunction with local government and other key stakeholders.

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
A measurement system to monitor the benefits of integrating road and rail has been developed.	The Road/Rail Governance Group has been reformed to better reflect the maturity of discussions and the work programme. This has raised the value of developing this measure together. This will be a priority for Q3/Q4.	●
A collaborative framework for working across the sector is established. <i>(Note: Sharing case studies between RCAs is not relevant here - proper location is road maintenance; Collaborative framework for road/rail work is what is envisaged)</i>	We have advanced the partnership with KiwiRail and the reformed Governance Group has redeveloped the work programme to reflect current thinking, including discussions with key decision-makers.	●
A multidisciplinary safety action plan is complete and priority actions are being implemented.	A business case for a refreshed approach to level crossings, for safety as well as network and amenity benefits, has been developed. This work has been developed with some local government input, road transport forum, Police and the AA with positive progress on possible actions.	●

FEATURE

LINKING UP FOR LEVEL CROSSING SAFETY

BY ALEXA LANGDALE

(REPRODUCED FROM EXPRESS, KIWIRAIL STAFF NEWSLETTER)

KiwiRail, TrackSAFE NZ, NZ Police and NZ Transport Agency representatives went on a technical tour of some of Auckland's high-risk level crossings last month.

The tour was part of an ongoing joint initiative to develop a fresh perspective on how we can improve safety at public level crossings.

NZ Transport Agency Freight Strategy Manager Marinus La Rooij says there are a number of different organisations that have an interest in safety on and around New Zealand's 1,320 public road level crossings and 122 stand-alone public pedestrian crossings.

"One of the aims of the new initiative is to see how all agencies can

better co-ordinate their work to improve the safe and efficient operation of the rail network and the wider land transport system.

"Each year on average, three people die and six people suffer a serious injury at railway level crossings across New Zealand, with a reported near miss occurring at a rate of one every three days. "This initiative will help the group manage level crossings better across the country and reduce the potential for accidents."



KiwiRail Corporate Responsibility Manager Karl Check says it's pleasing to see the willingness of the various agencies with an interest in level crossing safety coming together to better understand the challenges.

"We are encouraging a more holistic consideration of crossing safety that not only considers the wider environment around the crossing, but also how things will change into the future. No single organisation is able to do this on its own."

Marinus says among the tour participants were NZ Police Acting Senior Sergeant Brett Campbell Howard, Chuck Dowdell from the Transport Agency and TrackSAFE NZ Foundation Manager Megan Drayton, who noted how the increasing frequency of trains and increasing numbers of cars, trucks and pedestrians are creating significant traffic disruption and safety risk.

"These observations supported findings that there were significant potential benefits for New Zealand through a more joint approach to level crossings that reduces the risk of crashes and ensures a more optimal use of investment across stakeholders," says Marinus.

Over the next year the initiative will look at developing a work programme to achieve these benefits.

Working together: from left: Chuck Dowdell (NZ Transport Agency), Megan Drayton (TrackSAFE NZ) and Karl Check (KiwiRail) at the level crossing technical tour in Auckland.







PRIORITY 4: SAFER SPEEDS THAT ARE RIGHT FOR THE ROAD

Q2: Good progress, with all four milestones on schedule.

Programme summary:

A strong start has been made to the Waikato Speed Management Demonstration Project, particularly with the Changing the Conversation on Speed work. The Waikato Regional Council is the lead agency with the project plan, baseline data, communications plan and timelines being completed and agreed. Auckland Transport has started to apply the speed management principles to the Wynyard Quarter.

We are considering greater Christchurch's speed management issues before engaging partners.

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
A baseline of mean speed data (eg the % of the network within the safer speeds framework) is established to determine the evidence base for speed management plans and prioritise 2016-2019 actions.	The geospatial tool is now completed and is being applied in the Waikato Region. Results for some Road Controlling Authorities (RCAs) have been completed and results for all Waikato RCAs are on track for the end of the year.	
A geospatial tool is developed to assist RCAs to implement the Safer Speeds Programme and develop their speed management plans.	The geospatial tool is now completed.	
A business case has been developed for treatments for a prioritised list of the highest risk urban arterial routes.	Issues introduced to Auckland Transport in conjunction with the Safe Speed Programme, and actions included in draft Safer Journeys 2016-20 programme.	
A baseline measure for community understanding of speed risk and attitudes to speed management is developed.	Questionnaire is in development. Agreement that the research commences in the Waikato region, followed by review and lessons learnt, before rolling out over the balance of the country.	

PRIORITY 5: DRIVING VALUE THROUGH SMART ROAD MAINTENANCE

Programme summary



The Agency has made substantive progress in this area on two fronts.

Firstly, in supporting the Road Efficiency Group and the implementation of its recommendations which is reasonably well advanced in collaboration with our local government partners. REG has established an on-line tool for road controlling authorities to report against an initial suite of customer levels of service. Over time this will be developed for all measures and will be a useful input to our investment decisions. This work also includes embedding the One Network Road Classification system into our investment decision making framework with an initial milestone to publish an updated investment framework for renewals, maintenance and operations by 30 June 2016 (this ties to the wider review of our investment decision making framework).

Secondly within our own state highway business we are now implementing new customer focused Network Operating Contracts which have altered significantly the way in which we procure our maintenance activities.

Q2: Overall good progress, with three of the four milestones on schedule.

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Road Controlling Authorities' capability development is facilitated by the services which Local Government New Zealand Equip are contracted to provide for the Transport Agency.	<p>Good progress has been made with the delivery of the sector capability workshops by the Road Transport Unit. Two rounds of workshops are close to completion. The focus has been on growing the understanding of the ONRC framework and promoting the use of the business case approach to activity management planning.</p> <p>In addition, Equip has supported the sector-led Metro working group, and have informally joined regional advisory groups across the country as appropriate.</p>	●
The final Transport Agency audit for 2015/16 demonstrates a significant improvement in data quality.	No quarterly milestones	-
A mechanism for gathering State Highway customer feedback is developed to shape the delivery of consistent customer levels of service.	<p>Survey reporting has been enhanced to reflect new survey structure with bespoke Maintenance Contract Management (MCM), Traffic Operations Centre (TOC) and Journey Management (JM) reports available. Manual Customer Relationship Management System CRMS reporting has been piloted.</p> <p>We are tracking at about 60% growth of CRMS year on year which is a considerable uplift, but are unlikely to reach the 100% target by the year end. We continue to report on business unit performance to identify areas for improvement and have recently improved training and support materials.</p>	●

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
<p>The relationship between investment and One Network Road Classification Levels of Service are clearly understood and has been communicated with partners and customers.</p>	<p>We are flagging this as amber because we are still working on developing the investment framework which will enable ONRC to be a fundamental aspect of all decision making. In the meantime, we are using evidence of performance measures and the nationally consistent hierarchy to guide decision-making associated with improvement projects.</p> <p>The target date for sector feedback is 30 June 2016.</p>	
<p>The benefits of collaborative working arrangements are shared through case studies (for example Road Asset Technical Accord (RATA)).</p>	<p>Local Government is continually looking for opportunities for collaboration in relation to asset/network management, shared services and procurement. A few recent examples are: the Northland Councils reviewing the best network management and service delivery model in partnership with HNO, East Waikato Councils investigating shared services as part of their s17 review, and the investigation of models for collaboration of service delivery models across the Bay of Plenty.</p> <p>In Gisborne the Tairāwhiti Roads project is now operationalised, as is the joint network management/service delivery arrangements in the Horowhenua area.</p> <p>South and mid-Canterbury's procurement project involving four councils has delivered four maintenance and operations contracts with standardised service specifications and better value for money from two suppliers.</p>	

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

Programme summary

All areas that received Urban Cycleways Programme (UCP) funding are working to deliver the cycleways through planning, design or construction, and there have been some outstanding achievements like the opening of the Nelson Street and Longburn cycleways, and lifting the Wainuiomata Hill Bridge into place. While several councils have experienced challenges with the start-up of their projects, we are confident we can achieve substantial delivery of the UCP programme within the three-year timeframe.

With a comprehensive behaviour change programme to support the UCP delivery now scoped (including procurement of an investigation into the feasibility of a mandatory minimum overtaking distance underway, the Share the Road 2015 campaign launched, and a monitoring and data reporting framework in place), we consider we are well-placed to deliver more people cycling more often and to report against that.

However, it will take time before significant numbers of people change to cycling for their everyday transport needs. The biggest risk to the programme may be negative media attention or public opposition to some new cycleways that either impact on other road space use, or do not initially meet stakeholder expectations of numbers of users.

Q2: Good progress, with three of the four milestones on schedule.

MILESTONES FOR 2015/16	Q2 PROGRESS	RESULT
Strategic cycleway networks have been identified in Auckland, Wellington and Christchurch.	Delivery plans for 2015-18 have been agreed and are now being used for reporting purposes. Council reporting will result in some baseline information in the delivery plans being updated to better reflect more fully developed project plans.	●
Key recommendations from the Cycling Safety Panel are embedded into the Transport Agency's cycling programme.	Key actions from the Cycling Safety Panel have been embedded into our work programme and other related work programmes, like the Speed Management Guide. We are flagging this as amber as there have been some delays in getting underway with rule changes and research into the feasibility of implementing a mandatory minimum passing distance. We are now advancing a Request for Proposals, which will be released in late January 2016. The Share the Road 2015 campaign commenced in November 2015.	●
Councils in main urban areas have a cycling programme aimed at increasing uptake and safety and their funding commitments to cycling programmes are included in their regional long-term plans.	The strategic case for collaborative development of the behaviour change programme has been completed. National and local roles have been identified for collaborative development of the behaviour change programme. Priority actions have been identified.	●
An improved measurement and monitoring framework to measure cycling benefits has been developed.	A monitoring and data reporting framework has been agreed, with KPI measures for councils to report against. The framework has been distributed to councils.	●

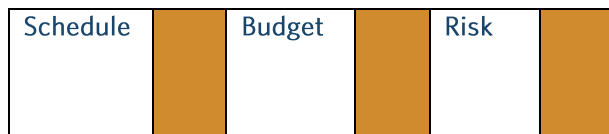
Please refer to the following pages for more detail on the Urban Cycleways Programme.

URBAN CYCLING PROGRAMME PROGRESS REPORT

RECENT ACHIEVEMENTS:

- Opening of Nelson St cycleway in Auckland
- Sod-turning of Glen Innes to Tamaki cycleway in Auckland
- Opening of Wainuiomata summit bridge
- Wellington City Council's programme business case supported
- Monitoring requirements and guidance developed and distributed
- Christchurch City Council has established its delivery teams through an 'alliance' type procurement
- Delivery of "Fundamentals of Delivering Successful Urban Cycleway Programmes" one-day training course to over 110 people
- Development and approval of national behaviour change programme to maximise return on infrastructure investment.

PROGRAMME HEALTH:



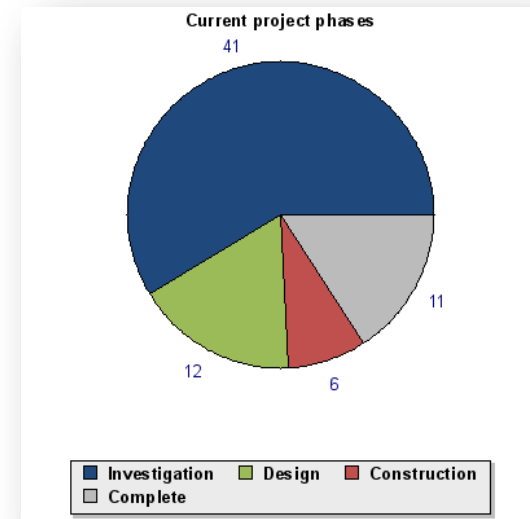
The Urban Cycleways Programme (UCP) continues to make progress generally as expected with activity this quarter mainly focussed on continuing the planning and investigation work required to ensure the quality of the UCP projects and meet the quality assurance requirements for National Land Transport Fund co-investment.

Construction of minor sections of package projects began, including in Tauranga and Kapiti Coast, and construction of projects from the first tranche continued with the Nelson St cycleway opened and the Wainuiomata summit bridge completed.

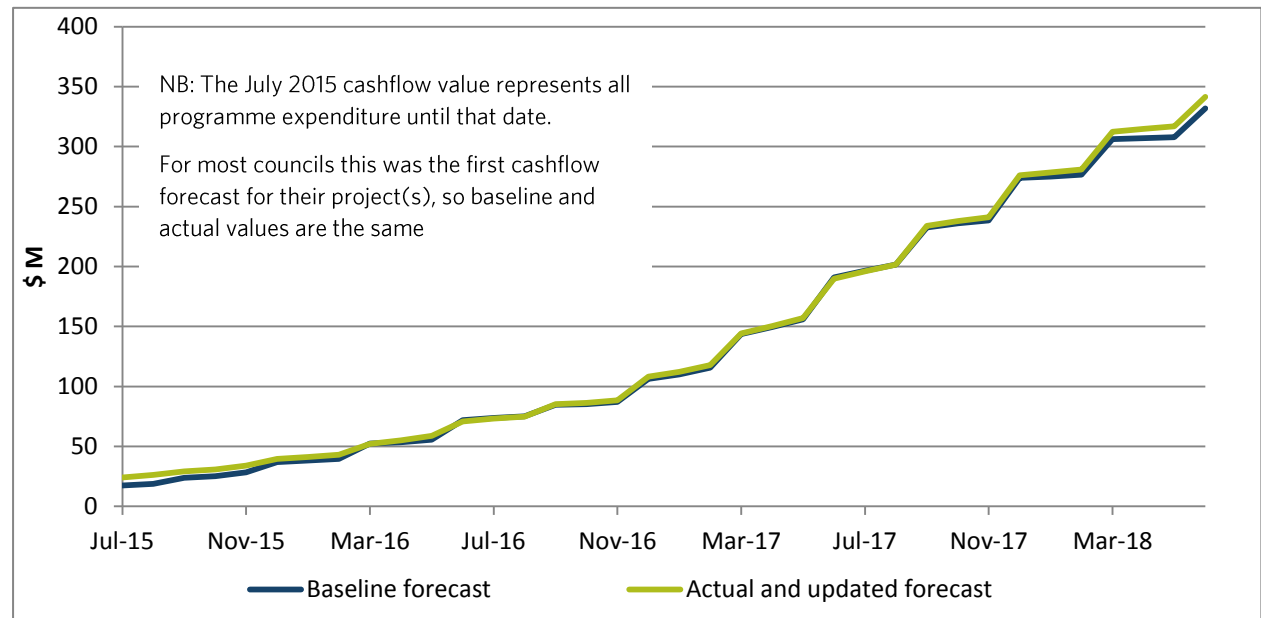
All funding agreements with delivery partners have now been signed, and we have received delivery plans and programme updates for all of the projects. The three major urban areas have been establishing processes and preparing resources for the delivery of their cycling programmes.

While the programme is generally tracking as expected, we have shown an **amber** programme health as:

- The overall programme is seeing some delay; primarily due to the Christchurch City Council restructure affecting its project timeframes. This is expected to be rectified now the delivery team has been established.
- Expenditure in the Walking and cycling activity class is forecast at around \$22m above the GPS funding range maximum. The higher spend is being driven by the NLTF funding linked to Urban Cycleway Programme (UCP) projects plus the level of funding committed to projects outside of the UCP. In the NLTP briefing to the Minister, we signalled the need for funding range flexibility around expenditure in the activity class. Our latest forecast suggests it is highly likely that we will need to request the Minister to adjust the GPS funding range maximum upward to accommodate UCP based expenditure.
- The overall programme contains general risks around project delivery timeframes, cost overruns and community buy-in in some areas but these risks are being managed by the Transport Agency at a national level. Council partners are delivering the projects at a local level.



URBAN CYCLEWAYS PROGRAMME CASHFLOW VISUAL:



KEY URBAN CYCLING PROGRAMME RISKS

The programme has a number of strategic level risks, for which we have in place significant mitigation measures. These will need to be continually managed.

RISK	MITIGATION
Lack of political and community buy-in to deliver cycleway infrastructure	Community engagement training for delivering cycleway projects Providing co-investment for activities that build community buy-in National leadership to assist the normalisation of people on bikes and build cycling's social licence.
Insufficient resourcing to deliver large-scale projects	Proactive project development support provided from NZ Transport Agency Local councils increasing project resources where required.
Projects at earlier stages of development and of significant size and complexity struggle to be delivered within accelerated timeframe	Programme Control Group established within Transport Agency to drive delivery of programme Major urban areas establishing accelerated processes (eg. Christchurch 'alliance' type procurement model, streamlined approval process for Auckland Transport, Wellington working group model to undertake options analysis).
Infrastructure is not complemented by wrap around activities that encourage more people to ride, resulting in reduced outcomes from investment	Transport Agency to provide national programme of behaviour change, co-investment for wrap-around activities and strongly recommend local councils undertake this work.
NLTF activity class cannot match fund all UCP projects and other priorities given all of other significant cycle and potential project cost overruns	Detailed cashflow management. Transport Agency to develop a range of options to fund high priority projects and manage cash flows and cost overruns.

FEATURE

INNOVATIVE ENGAGEMENT IN WHANGANUI

We're on a mission to make New Zealand a more bike-friendly country and we've set a goal – by 2019 we want to increase total annual cycling trips by 10 million to grow transport choices for people in our urban centres.

We've got lots of exciting projects happening across the country and two of the cycling team's favourites are Whanganui's proposed urban shared pathways – one of the most impressive things about these projects is the way the council is engaging with their local community.

Whanganuians are being invited on 'virtual tours' which let them see a visual impression of what the pathways will look like and to hear landscape designer Craig Pocock talk about the designs he has created - <https://www.youtube.com/watch?v=HAWvr5OyipE>

Once they've taken the virtual tour, created by Opus, they are then given the opportunity to have their say, to share feedback and ask questions using an online survey tool. Providing these fantastic, innovative solutions online is a great way to make it easy to engage with their local community.

QUARTERLY RESULTS AND INSIGHTS

These new urban shared pathways have been designed with people who cycle, pedestrians and other pathway users in mind and are being built to impress! The pathways will provide a safe route for cycling and walking as well as:

- improving urban links, helping to safely connect schools, workplaces, town centre and recreational areas
- adding vibrancy with their innovative designs
- developing fun, lively places to visit, attracting a diverse range of people
- enhancing existing natural landscape features, especially along the Whanganui River.

You can read more about the two new path ways North Mole and Te Tuaiwi here -

These are just two great examples of exciting projects happening across New Zealand and the innovative ways local councils are engaging with their communities – we're looking forward to updating you on more cycling developments in the next edition of the quarterly dashboard.



(Sketches courtesy of Craig Pocock – Pocock Design Environment)



ASSURANCE & RISK REPORT

ASSURANCE

OUR PURPOSE IS TO ENSURE THAT THE RIGHT ASSURANCE IS PROVIDED AT THE RIGHT TIME FOR THE RIGHT AUDIENCE - BOARD, CHIEF EXECUTIVE, CROWN MONITORING AGENT, CORPORATE CENTRE AND MINISTER.



Total Assurance Framework

CENTRE OF EXCELLENCE - QUARTER 2 PROGRESS

The Transport Agency and Ministry of Transport as Crown monitor have discussed how the Centre of Excellence (CoE), through the total assurance framework, can support Crown Entity performance assessment. The Ministry provided an overview of the Crown Entity Assessment Framework, which is intended to inform its development of assurance requirements. Wider consultation with Treasury and the State Services Commission is scheduled for Q3, which is intended to complete identification of the full range of state sector assurance interests/needs. These requirements will be used to inform the Boards development of the 2016/17 total assurance programme.

The internal assurance programme is slightly behind plan at the halfway point of the year. This is due to unplanned work being prioritised over the planned audit activity. We expect that there will be no material impact to the overall internal assurance programme for the full year.

The Investment Assurance Team has successfully transitioned to the Centre of Excellence from the Planning & Investment Business Group. The investment assurance programme is tracking behind schedule. The programme is still on target to be completed by year end but this will be tight. Fifteen of the 18 investment audits scheduled for the first half of the year are complete. The remaining (3) audits have been rescheduled to suit auditee availability. Initial stages of information gathering for the 2015/16 programme of post implementation reviews is mostly complete, with scheduling of the actual reviews planned to start in the third quarter.

The focus for the remainder of the year for the CoE is to consolidate the remainder of the Transport Agency assurance activities not yet facilitated by the CoE to ensure appropriate co- ordination and optimised level of assurance is provided. Specifically, these are in the non-construction Project and programme assurance activity areas and to provide an independent assurance view of the HNO assurance portfolio.



BUSINESS CONTINUITY

Effective business continuity planning is an essential activity for the Transport Agency. Without it, we are constrained in our ability to respond successfully to an emergency or other disruptive incident affecting our people, property, IT systems, and/or critical functions.

Continued engagement with the business continuity planning process by our people enables the Transport Agency's ability to respond to emergencies and threats to be identified and remedied. Exercising and education sessions ensure that our people know what to do or have the skills and agility to respond to whatever scenario they may have to deal with.

During Q2 the following incidents affected our critical business functions. They are a demonstration of the necessity for ongoing engagement with, and refinement of, our business continuity plans and processes, and the continued engagement with our people.

Q2 INCIDENTS	OFFICE	RESPONSE/OUTCOME
Fire	Palmerston North	Fire in the server room of another tenant in the building. Staff evacuated, business ceased for short period of time.
Electrical Fault	Napier	Electrical fault resulting in power failure (potential for electrical fire). No evacuation required.
System Outage	ATOC Smales	System outage at ATOC. Transfer of critical functions to AHB backup; failure of backup.

Focus for the 2015/16 financial year is to finalise the implementation of our framework and develop other resources that support a response, as well as to introduce and exercise our emergency management processes with Transport Agency staff. An additional key deliverable is to ensure our critical IT systems have strong DR capability. A project is underway to enable this capability; further commentary on this work will be provided in the Q3 report.

Q2 EXERCISES - COMPLETED	OFFICE	EXERCISED DISRUPTION/POTENTIAL HARM TO:			
		PEOPLE	PROPERTY	SYSTEMS	CRITICAL FUNCTIONS
Fire in kitchen	Wellington Regional	✓	✓		✓
Fire in kitchen	Christchurch	✓	✓		✓
Flooding of region and burst water pipe in office	Napier		✓		✓
Electricity outage affecting entire region	Hamilton		✓	✓	✓
Toxic contaminant released into air-conditioning unit	Dunedin	✓	✓		✓
Toxic contaminant released into air-conditioning unit	Tauranga	✓	✓		✓
Water damage from malfunctioning fire sprinklers	Palmerston North		✓		✓
Fire in kitchen	Blenheim	✓	✓		✓




Q3 EXERCISES - SCHEDULED	OFFICE
2 February 2016	National Office
18 February 2016	Auckland
February 2016 (date TBC)	Wellington Regional

Q1 FY16/17 EXERCISES - PROPOSED		
Hamilton	Christchurch	Tauranga
Dunedin	Napier	Palmerston North
Blenheim	National Office	Auckland
Wellington Regional		

NLTF INVESTMENT ASSURANCE


WE 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.

AUDITEE	NZTA INVESTMENT VALUE (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Auckland Transport	\$1,055.3 million	<p>The frequency of planned investment audits for Auckland Transport's (AT) land transport programme has been revised from biennially to annually to support a more effective risk management strategy focused on the Transport Agency's substantial annual investment.</p> <p>AT demonstrates good financial management practices to support the delivery of its land transport programme.</p> <p>AT also makes a considerable unsubsidised financial contribution to further enhance its programme. The effect of this has elevated the network to an overall good condition. The Agency's ability to measure value for money from its investment in AT's network is more difficult as a result of this extra investment.</p> <p>The audit's technical review component focused on the Northern road corridor maintenance area. Identified matters agreed with AT included the comparatively high cost of unsealed roads, the impact of dispersed documentation on effective decision making and project delivery, and quality assurance issues relating to the integration of business processes.</p> <p>AT's in-house professional services' capitalisation of labour review showed good analysis methodology with well-articulated results.</p> <p>AT is in the process of transitioning to the Public Transport Operating Model (to be reviewed in the 2016 audit). Meanwhile its Public Transport electronic real-time data management system continues to impress.</p> <p>AT has continued to establish improved processes and present good management controls for ensuring best practice.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Auckland Council	\$0.2 million	<p>Auckland Council has a small Land Transport programme focused on land transport planning. There were good financial procedures in place.</p> <p>We explored, at a preliminary level, Auckland Council's funding of Auckland Transport to better understand how it determines funding levels and value for money outcomes. Auckland Council is keen to work more closely with the Transport Agency to improve its capacity to monitor and evaluate its land transport investment.</p>	
New Plymouth District Council	\$25.8 million	<p>New Plymouth District Council manages its land transport programme well overall although there are improvement opportunities.</p> <p>The Council's transportation and infrastructure division is partway through a reorganisation. It is reviewing its delivery capabilities, including a proposal to bring some professional services activities in-house.</p> <p>Inconsistency in meeting road safety audit requirements was the only unresolved recommendation of six from the previous audit (in June 2013). An over-expenditure in breach of Transport Agency funding rules was also identified with a minor improvement project claimed against renewals work categories. Council has given an undertaking to address both of these issues.</p>	
Napier City Council	\$10.8 million	<p>Napier City Council is soundly managing the delivery of its land transport programme.</p> <p>Funding assistance claims for three financial years were successfully reconciled to the Council's general ledger. All contracts examined complied with the requirements of Council's endorsed procurement strategy and with the Transport Agency's procurement requirements.</p> <p>The audit recommended two minor improvements to sign-off procedures with financial claiming and contract management.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Manawatu District Council	\$18.2 million	<p>Manawatu District Council's network is well managed operationally, with drainage and corridor management well-tended.</p> <p>However, the process for development of the reseal and rehabilitation programme was poor. There is also a serious capability gap with transport asset management. To address this Council is recruiting additional staff and collaborating with neighbouring councils with services delivery.</p> <p>Claims for funding assistance over the five years to 30 June 2015 were successfully reconciled to Council's general ledger. However \$1.15 million of under-claiming was identified.</p> <p>The Council needs to ensure qualified tender evaluators are always used with contract tenders to ensure compliance with Transport Agency procurement requirements.</p>	●
Tasman District Council	\$19.5 million	<p>Tasman District Council is delivering its land transport programme well.</p> <p>Funding assistance claims were successfully reconciled to the Council's general ledger. An opportunity for improving internal succession planning was identified.</p> <p>One contract was awarded without going through the tenders panel. Council has since implemented a "gate system" to avoid this happening.</p> <p>The Council has made some savings and increased staff capability by bring professional services in-house.</p>	●
Nelson City Council	\$10.8 million	<p>Nelson City Council needs to more closely monitor its contract procurement practices to ensure risks are better managed.</p> <p>Numerous non-compliance issues were found with contract procurement procedures. Fortunately no outcomes were adversely affected. Council nevertheless needs to improve its quality assurance with procurement.</p> <p>The Council manages its Total Mobility and SuperGold schemes well. Good monitoring processes are in place for managing its passenger transport contract.</p>	●

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



RISK MANAGEMENT SUMMARY

There are eleven risks on the Agency's risk profile for Q2. Five risks - *Best Value Integrated Ticketing*, *Economic Agenda*, *Auckland Transport Alignment Programme*, *Delivery of the State Highway Improvement Programme (NLTP 15-18)* and *Inconsistent Documentation for Investment Reasons* - are new to this report to reflect an increased focus on the strategic and operational risks we are managing in 2015/16.

There is one critical risk: *Rail Regulatory Scope and Effectiveness*. Progress has been made, however our rating of this risk reflects our continuing focus on the development of systems and capability to effectively fulfil our responsibility as the rail regulator. The risk is expected to reduce when the identified treatments are implemented fully over the remainder of the year and are operating effectively.

We have reviewed the remaining six risks and treatments carried over from the 2014/15 FY to reflect our current operating environment.

RISK DASHBOARD

RISK CATEGORY	Q1	Q2	RISK TARGET	TREATMENT EFFECTIVENESS	RISK DESCRIPTION
1. Rail Regulatory Scope & Effectiveness				»»	The Transport Agency's role as the rail safety regulator in securing the safe operation of the rail network is not effective
2. Canterbury Rebuild				+	There has been a challenge with Canterbury Earthquake Recovery Authority to actively manage the programme while accounting for available funds under the cost share agreement. This has now been resolved.
3. Business Continuity				»»	There is a risk of an ineffective business continuity and disaster recovery (DR) response due to incomplete planning, lack of readiness or lack of familiarity.
4. Privacy Breaches				+	There is a risk that process failure, system failure or human error will result in loss or unauthorised disclosure of personal information. This may result in a privacy breach, possible penalties and consequential reputational damage.
5. Health and Safety				»»	There is a risk that we don't embed our Zero Harm culture to keep our people safe and well or meet our obligations under H&S legislation
6. Information Security				+	There is a risk that a security breach and/or data loss could occur to information used by systems hosted by the Transport Agency or by vendors using external sites.
7. Best Value Integrated Ticketing	New			New	There is a risk that the large number of participants, tight time frames and complex procurement decisions mean there is no agreement/buy-in from councils to obtain best VFM and minimal risk in implementing and operating regional integrated ticketing schemes.

Risk category

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

Treatment effectiveness

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

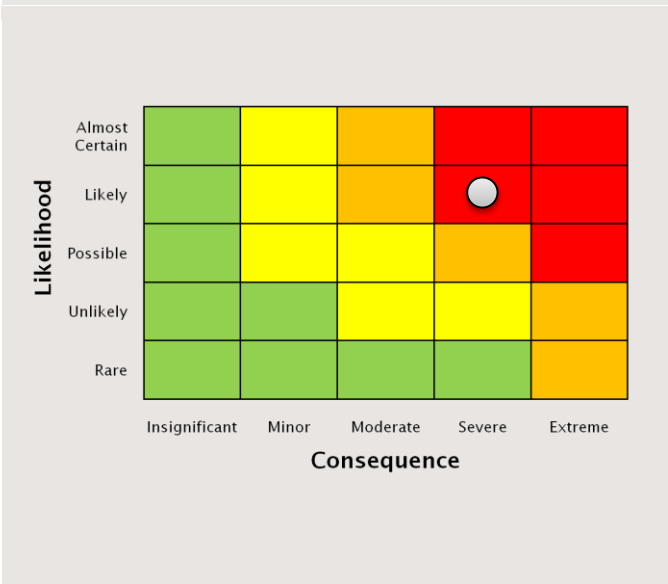
RISK CATEGORY	Q1	Q2	RISK TARGET	TREATMENT EFFECTIVENESS	RISK DESCRIPTION
8. Economic Agenda	New			New	There is a risk that the five regional economic development action plans create expectations that the Transport Agency could fund projects that may (after full investigation) not meet standard value for money criteria. As a consequence the Agency could be perceived as failing to deliver on the action plans.
9. Auckland Transport Alignment Project	New			New	We are at risk of failing to deliver the Auckland Transport Alignment Project to the quality and timeframe required due to pressure on internal and external resources, scope creep, changes in other plans rendering project recommendation uncertain, lack of alignment of parties, and maintaining confidentiality while balancing stakeholder engagement.
10. Delivery of the state highway improvements programme (NLTP 15-18)	New			New	There is a risk that we are unable to successfully deliver the quantum of work included in the State highway and Regional improvements elements of the 2015-18 National Land Transport Programme, due to the scale and complexity of the programme

1 RAIL: REGULATORY SCOPE AND EFFECTIVENESS

Risk description

The Transport Agency's role as the rail safety regulator in securing the safe operation of the rail network is not effective.

Risk Response Leader: Access & Use



Challenge/Insight

- There is a need to develop and bring in specific capability to develop appropriate regulatory frameworks and tools to address risk.
- The Rail Regulatory function is currently operating an annual deficit, and alternate funding options will need to be developed to ensure future financial sustainability of this critical regulatory function is achieved.

Actions and controls already in place to address risk

- A 3 year Business Plan has been developed, outlining capability requirements and roles/functions required.
- Engagement with the SLT, Board and Minister to ensure continued visibility of the challenges and opportunities associated with improved regulatory effectiveness.
- Discussions have commenced with MoT and Treasury on funding options.
- Teaming up is occurring across the Transport Agency to leverage capability and expertise to provide input into improved rail safety activities.
- Priority risk areas are identified and being monitored.
- Risk analysis of high priority incidents to assist with targeting of interventions.

Planned risk treatment action

- Recruitment underway to increase capacity to take work forward on next priority focus areas including establishment of an Investigations capability.

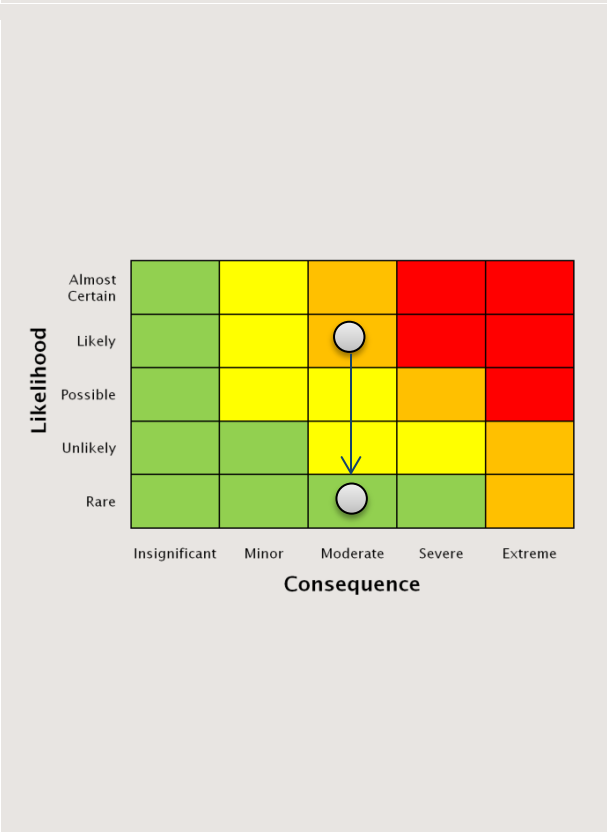
Note: This risk relates to milestones on pages 18 and 19.

2 CANTERBURY REBUILD – GOVERNANCE AND MANAGEMENT

Risk description

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

Risk Response Leader: Planning and Investment



Challenge/Insight

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

Actions and controls already in place to address risk

- The Christchurch Land Use Recovery Plan (LURP) has been published and the Transport Agency is well embedded in the District Plan reviews to give effect to the LURP. We have been successful through the first tranche of decisions on the District Plan reviews in ensuring the Principles and Objectives sections have captured our integrated land use and transport planning principles and approach to strategic infrastructure management.
- The Infrastructure Recovery Technical Standards and Guidelines document has been reviewed, new wastewater and roading standards agreed to and all projects have been reviewed against revised standards.
- The programme financial reconciliation model has been updated to include the non-SCIRT programme; enabling monthly updates of the full cost share agreement forecast and each funder's share.
- Active NZTA staff involvement in Rebuild governance and management at all levels, including a staff secondment agreement with CERA.

Planned risk treatment action

- The Programme has been optimised.
- At its November meeting the Horizontal Infrastructure Governance Group (HIGG) signed off the updated Communications Plan. A series of key messages has been developed to ensure there is strong client alignment on communications around the transition from the SCIRT completed Rebuild to the Council recovery and business as usual programmes.
- HIGG has agreed to fund the remainder of the SCIRT rebuilt programme (except for \$8m left to be confirmed in January). This has been a long time coming, and comes about because the government confirmed last week that it would not pay any more, and CCC has stepped up and filled the \$75m gap. The Agency's offer to help by repaying \$50m grant to Crown was not taken up. While there are a few loose ends to tie up, this means we are on target to complete the horizontal infrastructure rebuild by December 2016 - SCIRT is determined to finish strong and there is a possibility that it will be finished early.

Note: This risk relates to milestone on page 35.

3 BUSINESS CONTINUITY PLANS (BCPS)

Risk description

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

- Incomplete planning
- Lack of readiness
- Lack of familiarity

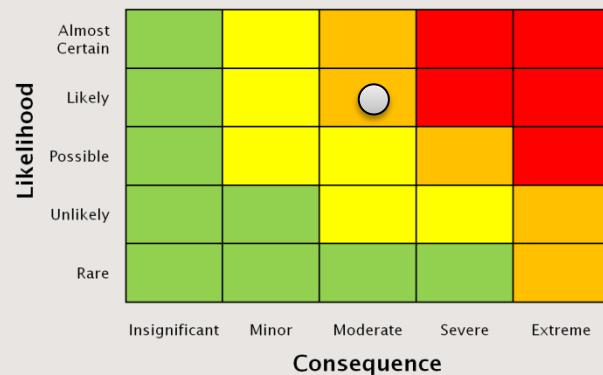
Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

- The Foundation Disaster Recovery project is underway; procurement of the DR solution has commenced.
- A suite of business continuity resources is complete and widely used while undergoing constant improvement. Reporting on business continuity planning progress within each business group has commenced to GLTs and to key teams. This reporting will be provided bi-monthly.
- The Incident Management Plan has been introduced and discussed at SLT and with the P&C, OS, A&U, SCP and HNO GLTs, and exercised in the following offices: Wellington Regional, Christchurch, Napier, Hamilton, Dunedin, Tauranga, Palmerston North, Blenheim and National.
- A series of activities and resources were rolled out to our people as part of Civil Defence 'Get Ready' week (11-17 Oct 15). These included a Staff Emergency Information wallet card, grab bags for any of our people who did not already have them, as well as resources to support our people leaders to familiarise their teams with the Transport Agency's incident management and business continuity processes, and with information to assist them with their own personal emergency preparedness.

Challenge/Insight

Our people's personal preparedness for an emergency and understanding of the Transport Agency's incident management and business continuity arrangements is still incomplete. This is partly due to a lack of engagement by people leaders who did not consistently lead conversations with their teams using the emergency management resources provided to them in UpFront during Civil Defence week. The intent is for this resource to be promulgated again in late Jan 2016.



Planned risk treatment action

- Development/finalisation of BCPs for the Agency is ongoing, with a target date for all plans to be complete by the end of Q4 2015/16. .
- The Incident Management Plan will be introduced and discussed with the P&I GLT, and exercised in the Auckland office, in early Q3 2015/16.
- Arrangements are being made for the next round of incident management exercising sessions for each of our corporate offices. These will take place in Q1 2016/17.
- The Office Business Continuity Plan template will be populated for each office once individual critical business function plans are completed. These plans provide information to support initial actions as well as consolidated resource and response priorities for each office. Completion of these plans is dependent on the completion of the individual critical business function plans.
- Refresh of Transport Agency Emergency Communications Plan under action by SCP and will be completed by the end of Q4 2015/16.
- An online learning module covering business continuity and emergency management is in the early stages of planning. Delivery of this module is planned for Q1 2016/17.

4 PRIVACY BREACHES

Risk description

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

Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

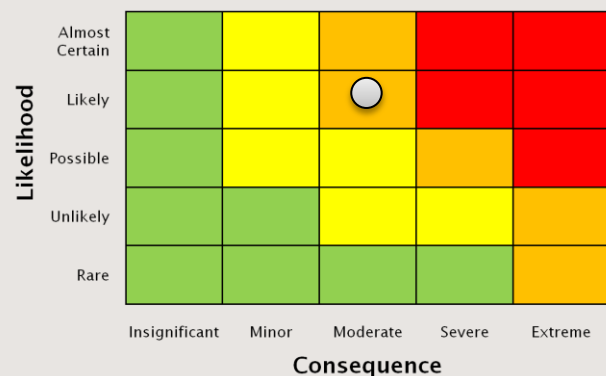
- Transport Agency staff induction programmes now include a privacy component.
- Increasing awareness of requirement for privacy to be considered early in projects.
- An interactive guide to privacy is now available on the Transport Agency intranet (OnRamp).

Challenge/Insight

- Following a review of the Transport Agency's privacy programme based on the Government Chief Privacy Officer's Privacy Maturity Assessment Framework, a full time resource has been seconded to develop a work programme to address identified gaps.
- It has become clear that the scope of the programme exceeds initial expectations. Further resource is needed in order to complete the programme by the end of quarter four 2015/16 (as planned), or the programme will need to be extended to the end of quarter two 2016/17.

Planned risk treatment action

- Agency-wide work programme has been developed and has commenced.
- A draft Personal Information Management Framework (including Personal Information Strategy and Roadmap) has been socialised with the Organisational Support Leadership Team, was presented to and endorsed by the Senior Leadership Team, and will be presented to the Board for their endorsement in December 2015. Following this, the new Strategy will be introduced to the rest of the Transport Agency via communications in quarter three 2015/16.
- A monthly Privacy Report has been developed to provide targeted and meaningful reporting. We plan to start circulating this monthly from quarter three 2015/16.
- Privacy Incident Case Notes have been developed and are being published on OnRamp to provide staff with real life examples of privacy breaches and share lessons learned. These will be promoted in quarter three 2015/16.
- Privacy incident reporting procedures are still under review and will be strengthened as required in quarter three 2015/16.
- Work on a personal information inventory has commenced in order to provide a single view of what personal information we collect and hold, how, why and for how long we hold that information, and the associated risks.
- Privacy policies, guidance, and resources will be reviewed and refreshed in quarters three and four of 2015/16, to be completed in quarter one of 2016/17.
- The development and delivery of role-based training to increase awareness and understanding amongst staff in the Contact Centre has been requested and, following discussions with A&U Customer Information, is planned for quarter three 2015/16.
- The majority of reported privacy breaches continue to be the result of human error. Automating aspects of our business processes (e.g. paper to digital) is likely to reduce this risk by addressing elements of human error.



5 HEALTH AND SAFETY (H&S)

Risk description

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

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

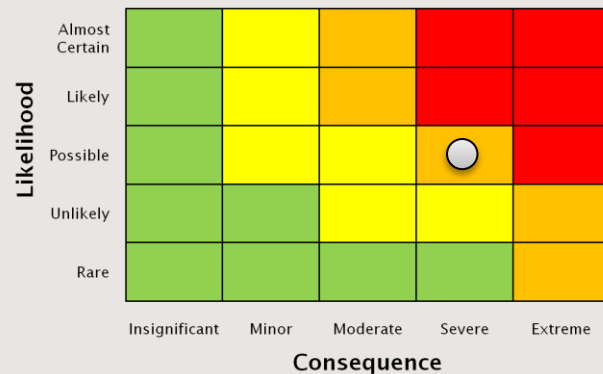
Risk Response Leader: People and Capability

Actions and controls already in place to address risk

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

Challenge/Insight

- ACC WSMP audit complete in November, retained tertiary status. Audit office was National Office.
- Developing a consistent approach to health and safety issues to meet our obligations as an employer.



Planned risk treatment action

- Zero Harm - Managing Safety and Working Safely training to be implemented across Highway and Network Operations and A&U before new H&S at work act comes into effect in April 2016.
- Directors' and Officers' Due Diligence schedule created and training programme in place for all officers (Board, CE and SLT).
- Minimum standards are in development for all high risk activities (95% complete).
- Management system certification to ISO:18001 by end of Q3.

6 INFORMATION SECURITY

Risk description

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

Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

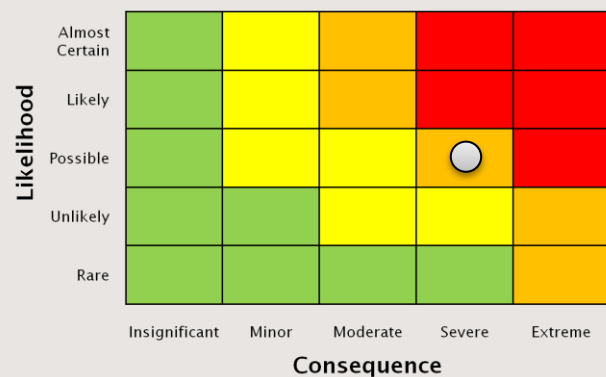
- Security architect processes are implemented.
- Security vulnerability scanning conducted regularly.
- GCSB recommendations for password security and Windows 7 implemented.
- A security awareness and education programme was completed during 2014.
- Security framework complete.
- Much improved audit report for User Access Management in June 2015.

Challenge/Insight

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

Planned risk treatment action

- Security reviews and privacy impact assessment's stop/go gate implemented.
- Monitoring and reporting capability pilot extended due to lessons from GPS implementation. Policy updates and education will be advanced from October 2015 & system implementation to follow.
- Incident and Event Management business case in development for implementation during the fourth quarter of 2015/16.
- Technical security policy to align with current best practice, - completed and signed off September 2015.
- GCSB #1 recommendation for application whitelisting now in progress. Estimated completion February 2016.
- Re-planning Security programme for 15/16 and 16/17 has been completed.



7 OBTAINING BEST VALUE FOR MONEY AND MINIMAL RISK FROM REGIONAL INTEGRATED TICKETING

Risk description

There is a risk that the large number of participants, tight time frames and complex procurement decisions mean there is no agreement/buy-in from councils to obtain best VFM and minimal risk in implementing and operating regional integrated ticketing schemes.

It is increasingly clear that an optimal approach to reduce potential business and technical risks will be through the national re-use of as much as possible of the proven and successful Auckland system - and a shared service approach for procuring, implementing and running the operations of regional integrated ticketing schemes.

Individual regions need to make their independent decisions about procuring their regional integrated ticketing schemes, while the Agency is seeking minimal risk and maximum VFM through national re-use of the existing Auckland scheme and economies of scale. GWRC and a regional consortium (10 smaller councils) are at the early stages of procuring regional schemes. Regions have tight time constraints to roll out integrated ticketing systems (new networks and contracts for public transport services and failing legacy systems in some regions).

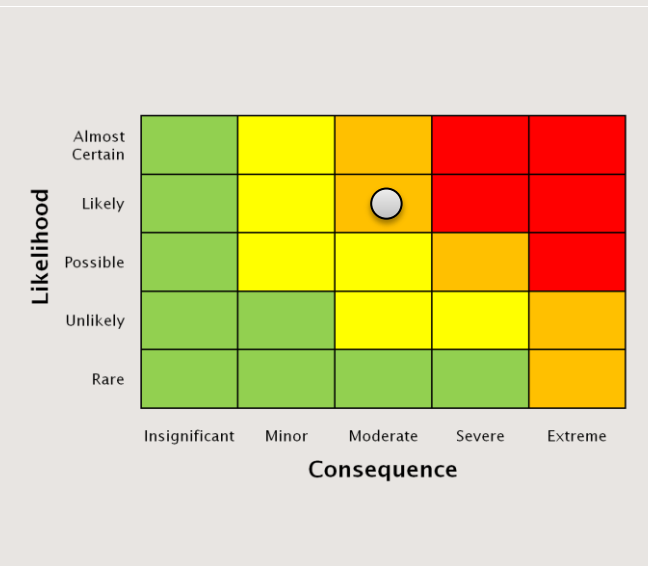
Risk Response Leader: Planning and Investment

Actions and controls already in place to address risk

- Working very closely and openly with AT, GWRC and the consortium of 10 regional councils to understand this issue and develop a shared view of the VFM and technical risk.
- Board decisions made 30 October about a national approach and in principle re-use of aspects of the Auckland system to minimise implementation risks.
- Board decisions communicated with councils and the market.
- Close collaboration and working with councils.
- Specialist legal and procurement advice commissioned.

Planned risk treatment action

- Identify and manage any financial risk carried by NZTA/NZTTL as a result of the timing of procurement decisions by regional councils.
- Working in formal collaboration with Councils and NZTTL to develop optimal procurement approach.
- Set up a formal probity advice process to support the collaborative approach to procurement.
- Keep Minister of Transport informed of developments - in particular regarding his expectations that SuperGold card holders will not experience barriers accessing their free off-peak travel concession.



Challenge/Insight

- We may need to be quite prescriptive and directive about how the NLTF will be invested into the procurement and operations of regional ticketing schemes, to ensure value-for-money and national inter-operability.
- Such prescription potentially runs up against regional autonomy to make procurement decisions and Ministerial views about private sector and market contestability.
- Maximising re-use of the Auckland scheme will enable inter-regional use of ticketing smart cards, allowing SuperGold card holders to easily access their off-peak free travel concession.

Note: This risk relates to the milestone on page 14.

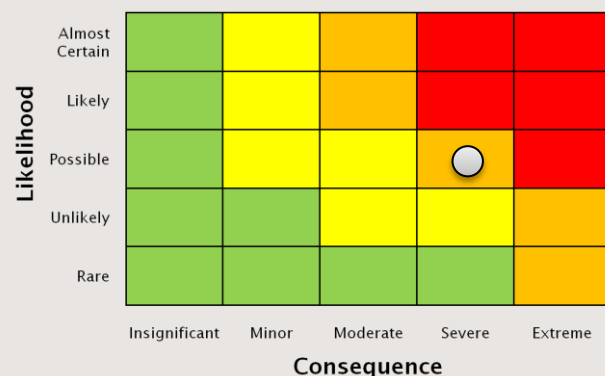
Risk description

There is a risk that the five regional economic development action plans create expectations that the Transport Agency could fund projects that may (after full investigation) not meet standard value for money criteria. As a consequence the Agency could be perceived as failing to deliver on the action plans.

Risk Response Leader: Planning and Investment

Actions and controls already in place to address risk

- Coordinating across Agency and sector to get clear on Transport economic development levers from other Agencies e.g. MBIE.



Challenge/Insight

- This risk potentially challenges the integrity of the NLTF and investment decision-making process.
- There is also a reputational risk if we are seen to be not aligned to the Government's economic agenda.

Planned risk treatment action

- We have developed a programme plan, in conjunction with MOT and MBIE, to confirm coordination across the Transport Agency and Transport sector. This includes work stream leads, roles and responsibilities, timings and deliverables. We have also appointed a programme manager. Various briefings, including spatial plans, are due in Q3 and Q4.
- Develop transport improvement options as part of wider economic package so that the Minister can have the option of Crown funding.

Note: This risk relates to the milestone on page 11.

Risk description

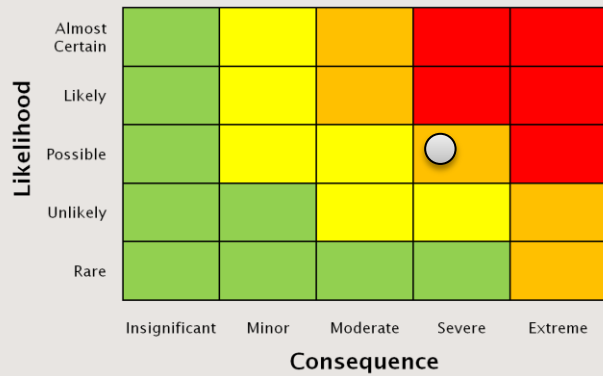
There is a risk that the Auckland Transport Alignment Project fails to deliver to the quality and timeframe required due to pressure on internal and external resources, scope creep, changes in other plans rendering project recommendation uncertain, lack of alignment of parties, and maintaining confidentiality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

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

Risk Response Leader: Planning and Investment

Actions and controls already in place to address risk

- Project governance framework established.
- Appointment of inter-agency Project Director (October 2015).
- Development of Project Risk Plan (December 2015).
- Development of Communications and Engagement Plan (October 2015).
- Cross-agency working group established.
- Project Plan developed and agreed.



Challenge/Insight

- This is an ambitious project with wide scope and a tight timeframe that needs to be managed across multiple parties
- The current and planned/forecast growth in the Auckland Region and in particular the housing supply/demand imbalance and associated enabling infrastructure/services needs require more timely and innovative responses.
- The complexity and ambitious timeline for the project are contributing to challenges and increased risk with regard to meeting the desired outcomes of the project. Some elements of the project are behind schedule and a greater range of issues have emerged in the testing of different options.

Planned risk treatment action

- Additional external consultants to be engaged to provide further resources (February 2016).
- Increased formalisation of internal staff resources.
- Regular internal reporting (quarterly).

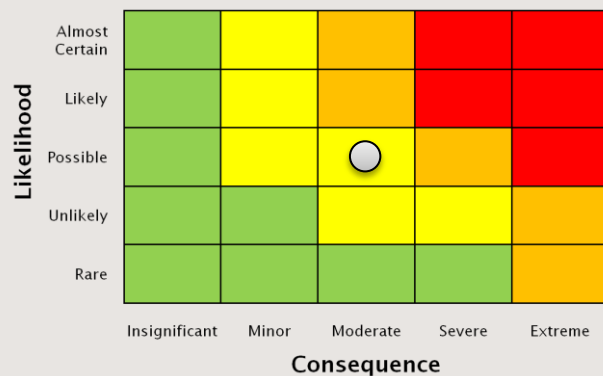
Note: This risk relates to the milestone on page 14.

10 DELIVERY OF THE STATE HIGHWAY IMPROVEMENTS PROGRAMME (NLTP 15-18)

Risk description

There is a risk that we are unable to successfully deliver the quantum of work included in the State highway and Regional improvements elements of the 2015-18 National Land Transport Programme, due to the scale and complexity of the programme. The programme is around 30% larger than the 2012-15 period, and the portfolio mix is changing to more, smaller projects – making it more ‘transactional’.

Risk Response Leader: Highways and Network Operations



Challenge/Insight

- The size, scale and complexity of the 15-18 NLTP will be challenging to deliver. There are a number of challenges to work through including:
 - A significant number of business cases to develop and approve to underpin investments;
 - An increase on the number of small and medium sized activities to deliver (safety focused, regional improvements, walking and cycling);
 - An extensive procurement programme;
 - Staffing and resourcing (specifically transport planning resources) are stretched, and are the critical path for most activities.

Actions and controls already in place to address risk

- Guidance and best practice examples for business case development available.
- Industry relationships strong, with forward work programme agreed for significant projects.
- Portfolio management in place with increased accountability for programme delivery through project delivery knowledge community.
- Collaboration sessions ongoing between HNO & P&I to identify opportunities to improve delivery.
- Establishment of the Safe Roads Alliance (NZTA/BECA/BBO/Northern Civil) to deliver our national roads and roadsides safety programme.
- Active recruitment (within limits) for key resources (specifically transport planners), and ‘secondment’ opportunities pursued for available industry resources.
- Joint decision making group bringing together HNO VAC & P&I NLTPAG now in operation
- Development of contingent programme completed to identify any suitable activities that may be ready to proceed.

Planned risk treatment action

- Improved upcoming tender communications to industry (specifically for small and medium sized projects). Due December 2015.

Note: This risk relates to the milestones on pages 25 and 26.



FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

\$115.9m
Over
budget

NLTF revenue is \$115.9m (7%) over budget due to Fuel Excise Duty being over budget largely due to higher than usual imported fuel shipments and the July/August peak in Motor Vehicle Registration volumes driven by last year's ACC levy rate reduction. The current year-end forecast (October Baseline Update) remains close to budget (though with an upside opportunity), which is an increase over last year due to the progressive rate increases in FED and RUC. The forecast will be reviewed again and updated as part of the March Baseline Update.

\$67.7m
Under
budget

NLTP & Crown expenditure is \$67.7m (4%) under budget mainly due to (a) delays in the property acquisition programme, (b) deferred State Highway maintenance, (c) year-to-date expenditure on the Regional Improvements activity of \$0.5m and (d) lower expenditure on Emergency works, which are all forecasted to carry through to year-end.

\$8.8m
Favourable

Memorandum account combined balance is \$8.8m higher than planned, mainly due to the drop in ACC levies included in Annual Vehicle Licences resulting in a peak in volumes over July and August. By year-end the forecast is for this to have corrected and with expenditure over budget, mainly for Driver and Motor Vehicle Licensing, the combined balance is forecast to be \$2.0m lower than budget.

\$17.2m
Favourable

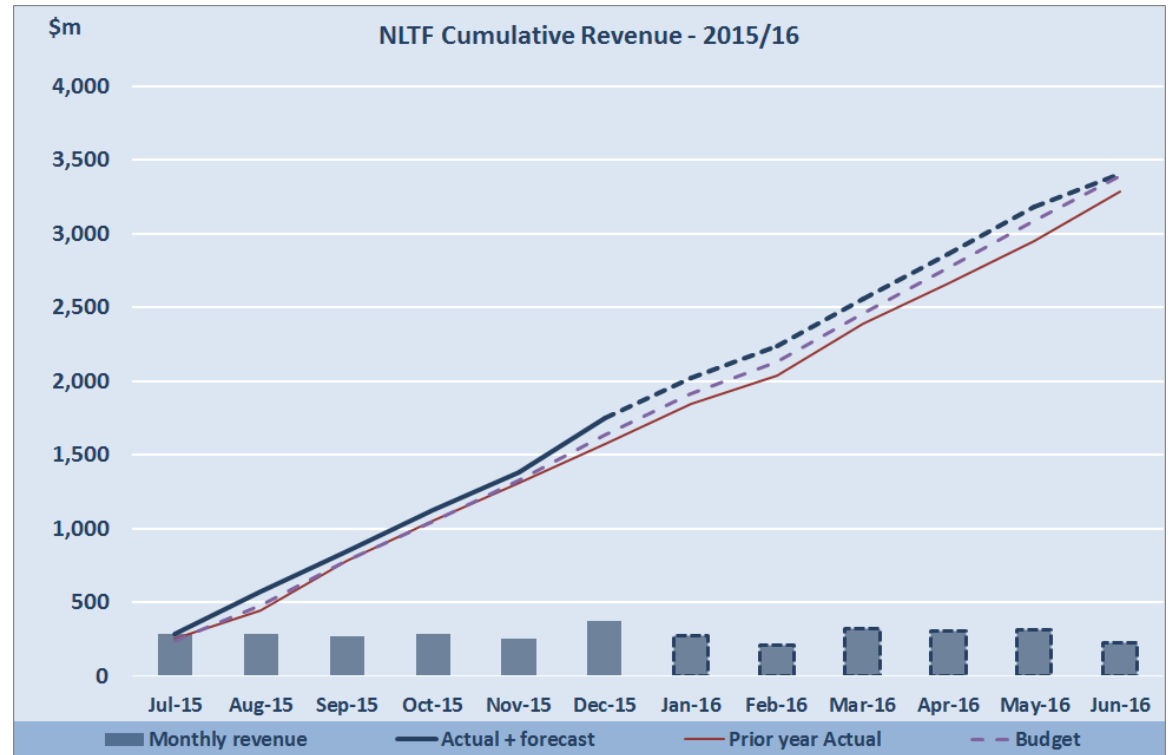
Net Transport Agency operational result is \$17.2m (26%) favourable against budget as the combined result of higher revenue of 12.5m (mainly from Annual Vehicle Licensing) and lower costs of \$4.7m (mainly from lower FTE count than budgeted and delays in business initiatives). The expenditure is forecasted to not only catch up before year-end, but exceed budget by \$22.7m, offset by \$18.3m additional revenue, resulting in a net forecast negative position of \$4.4m.

33%
Complete

Business initiatives approved programme has spent 33% of the full year budget at the half-way point in the year. There has been a significant shift of resources between programmes with a forecast spend against the Approved Business Initiative programme of 19.5m, being slightly below the budget. However, management have also undertaken Business Initiatives not included in the original plan, which adds \$2.2m of unbudgeted costs to the forecast. In addition there are approximately \$5m of project related fiscal risks, not built into the forecast that could have an impact on the year end fiscal result.

NATIONAL LAND TRANSPORT FUND (NLTF)

- NLTF revenue is 7% (\$115.9m) over budget.
- **Fuel excise duty** revenue is 10% (\$82.6m) over budget largely due to higher than usual imported fuel shipments. The current year-end forecast (October Baseline Update) remains close to budget (though with an upside opportunity), which is an increase over last year due to the progressive rate increases in FED and RUC. The forecast will be reviewed again and updated as part of the March Baseline Update.
- **Road user charges** revenue remains close to budget, being over by 2% (\$14.5m).
- **Motor vehicle registration and licensing** revenue is showing the expected drop following the peak in volumes driven by the change in the ACC rates with the level now only 25% (\$25.5m) over budget. This downward trend, along with anticipated further deferrals driven by another drop in the ACC rate, will result in a forecasted 9% (\$20.3m) under achievement against budget.
- **Crown land, interest and tolling** revenue is 19% (\$6.6m) below budget. This is driven by \$6.0m in property settlements being concluded slightly later than anticipated. The forecast is for a small shortfall on property disposals offset by interest and tolling to come in close to budget.



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

NLTP & CROWN INVESTMENT IN LAND TRANSPORT

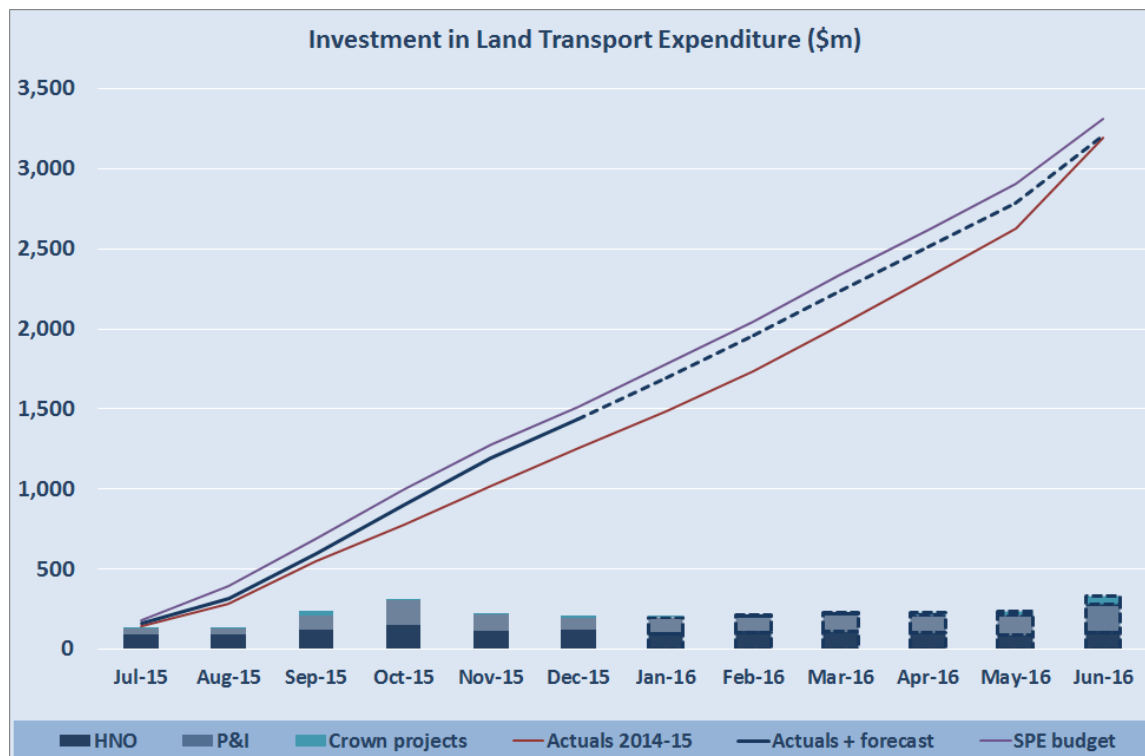
- NLTP & Crown investment in land transport is 4% (\$67.7m) under budget.
- **Managing the state highway network** is \$63.3m under budget. See commentary on following pages.
- **Planning & investing in land transport networks** is \$3.4m over budget. See commentary on following pages.
- **Specific Crown funded projects** are \$7.7m under budget, which is expected to continue through to the year-end result.

Auckland accelerated package is tracking ahead of budget by 26% (\$3.4m). The programme includes the SH20A Airport and Southern Corridor projects (both currently under construction), Northern Corridor and East West Connection projects, which are in various stages of investigation and predesign. The revised year-end forecast is anticipated to be 10% (\$5m) under budget.

Accelerated regional state highways programme is under budget by 21% (\$4.2m) for various reasons, including contracts being awarded late due to negotiations taking longer than anticipated. The second half of the year is expected to see a significant uplift in monthly expenditure. This is assisted by (a) a peak in the construction activity of the five projects under Tranche 1, (b) expenditure on Tranche 2, which includes six projects where investigation activity has now been completed, and Cabinet has now announced that three of them will be funded by the Crown and three will be included in the NLTP (refer to page 22 for more detail), and (c) expenditure on Tranche 3 which has three projects in investigation and design phases towards a report due to Cabinet early 2016. The year-end forecast is anticipated to be 7% (\$3m) under budget.

Urban cycleways: After six months around \$10.0m of Urban Cycleway Funding has been approved, of which \$3.3m has been spent. The expectation is that \$96.0m of the Fund will be spent over the 2015-18 NLTP, pointing to a need for a steep ramp-up of delivery over the next two and a half years, especially given the forecast \$17.4m under spend this year.

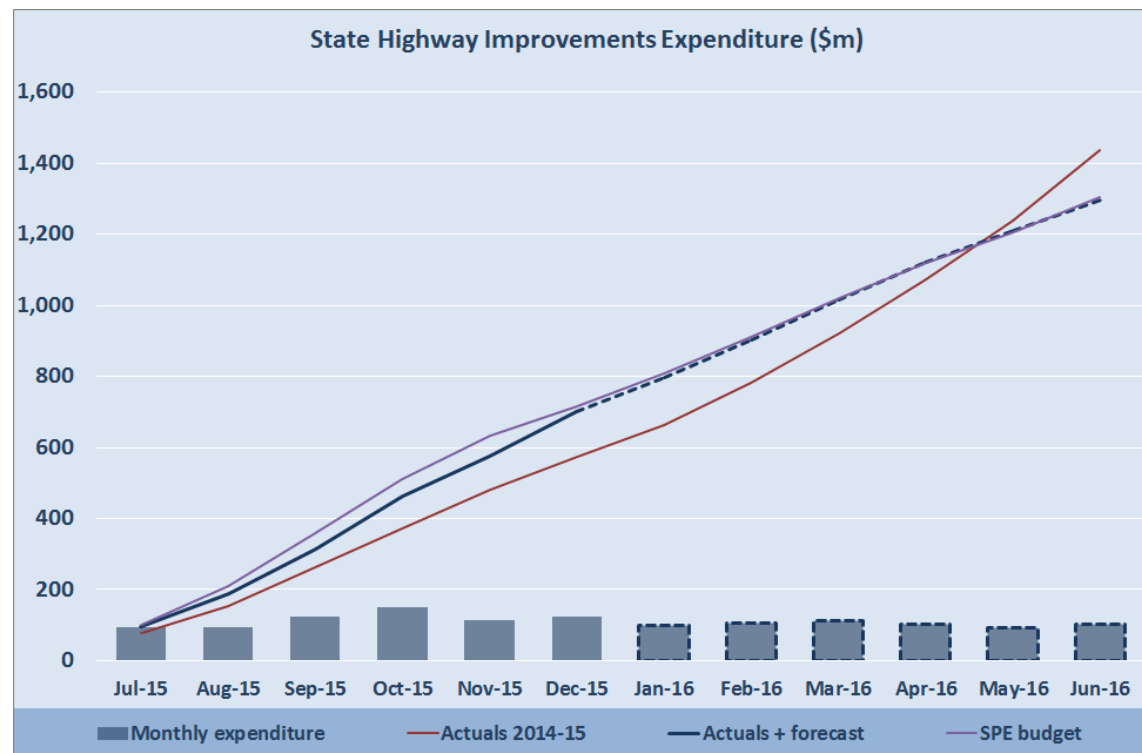
Reinstatement of Earthquake Damaged Christchurch Roads: The drawdown on this facility is to provide funds after the \$50.0m provided for in the NLTP. There has been no call on this facility to date in the current financial year. However, based on claims and historical patterns, it is forecast that expenditure will be 20% (\$14m) under budget at year-end with the facility utilised in July 2016 to cover the June claim of approx. \$43 m.



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

STATE HIGHWAYS EXPENDITURE

- **State highways expenditure is 6% (\$63.3m) under budget.**
- **State highway improvements** are 2% (\$14.0m) under budget at the end of the period mainly due to slower progress than planned on the property acquisitions programme with a number of high value properties experiencing lengthy negotiations over compensation delaying settlement and a number of properties being subject to LINZ approval. While currently under budget, we remain confident of achieving our original target.
- **State highway maintenance** is 19% (\$49.3m) under budget mainly due to (a) the overall programme for this financial year has been revised down as the condition of the network is good enabling the deferral of some works to 2016/17 and 2017/18, (b) the impact of inflation lower than forecast due to the reducing international oil prices, (c) the start of the year was unusually wet leading to delays in the programme and (d) a lower level of emergency works than anticipated. We remain confident that our required levels of service will be provided on a forecast of \$512.1m, which is 9% (\$48.8m) below the full-year budget.



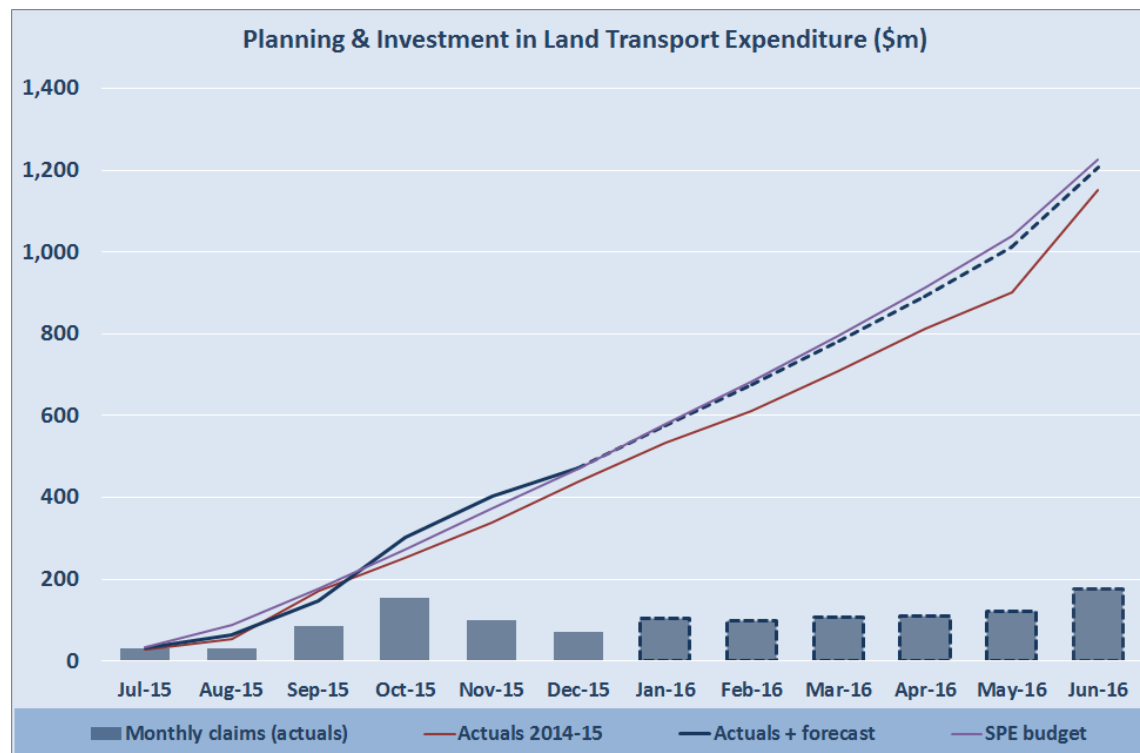
PLANNING & INVESTMENT EXPENDITURE

● Planning & investment expenditure is 1% (\$3.4m) over budget.

- **Investment management** continues to be under budget by 16% (\$4.4m). The anticipated expenditure on activity management planning & programme business case development has seen further delays. We are encouraging approved organisations, and supporting the Highway and Network Operations group, to progress more of their business case development this year to better inform their inputs to 2018-21 Regional Land Transport Plans. We forecast the year-end to be around \$59.1m against a budget of \$59.8m, assuming that (a) the second half of the year sees an expenditure ramp up in Transport Planning and (b) Sector Research, and Management of the Funding Allocation System to deliver close to budget. The costs relating to the P&I “Gearing Up” programme is proposed to be funded from within this level of forecasted expenditure.
- **Public transport** spend is 1% (\$1.0m) under budget at the end of the quarter. The year-end forecast is 2% (\$5.8m) lower than budget. This is a change from the previous quarterly report forecast due to (a) NZTTL adjusting its forecast spend down from \$5.3m over budget in 2015-16 to \$2.1m and (b) our expectation that services will be delivered at a lower cost, given the continued reduction in the public transport input cost index. The adjustment in the NZTTL forecast is as a result of the work programme being behind as well as the actual solution not being as expensive as was first anticipated.
- **Local road improvements** expenditure is under budget by 30% (\$14.9m). Minor Improvements claims continue to lag behind the historic pattern, currently by around 50% (\$7.9m). The \$7.0m balance of the variance is spread amongst larger projects. While wet weather and soil conditions at the start of the 2015/16 year were a factor in the slow start, we are concerned that the uplift in the summer construction season has been subdued to date. Based on claims to date, and Auckland Transport’s forecast at \$10.0m below the approved funding level, our year-end forecast is more conservative at \$142.0m, 5% (\$6.8m) below budget.
- **Local road maintenance** expenditure is 32% (\$59.0m) over budget. However, this level is consistent with our revised seasonal spread and is therefore largely a timing difference. The year-end forecast is 6% (\$31.1m) over budget, due to the estimated impact of the emergency works needed to address the Whanganui-Taranaki June 2015 floods.
- **Walking and cycling** spend is 21% (\$3.2m) over budget due to a strong delivery by State Highways. The year-end forecast is \$40.8m i.e. 31%

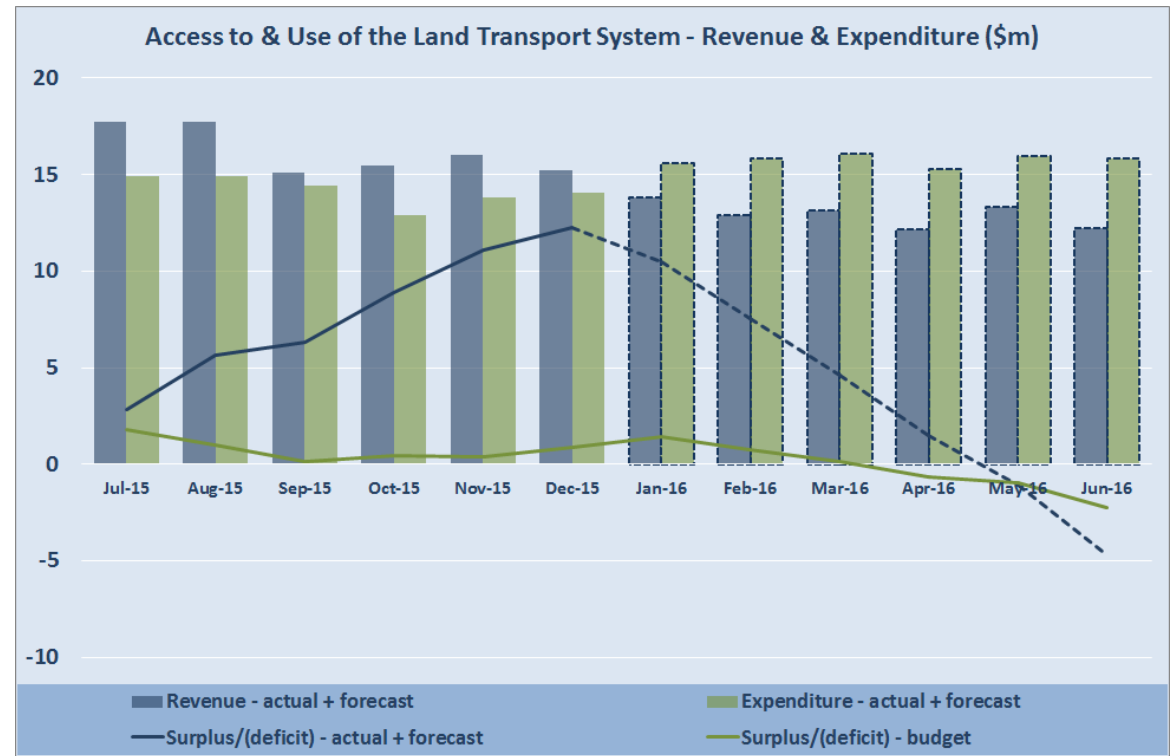
(\$9.7m) over budget due to the delivery of the UCP projects funded from the NLTP. This excludes expenditure under the Urban Cycleways programme funded by a separate Crown initiative, see commentary above.

- **Regional improvements** are behind budget by 99% (\$36.0m). Regional improvements for State Highways proposals have progressed in quarter two and currently around \$12.0m of funding has been approved for this year as a whole. Through quarter three additional projects from the regional programme will be funded, however we anticipate the year-end forecast to be only \$20m against a budget of \$65m.
- **Road safety promotion** spend is 17% (\$2.6m) under budget attributed to many of the campaigns being in the planning stages, with the bulk of the expenditure to come in the next 6 months. Claims on Road Safety Promotion activities are expected to increase during the second half of the year with a couple of big campaigns set to be released and as local Council’s receive invoices for campaigns released prior to Christmas. Overall then, the forecast is for expenditure to match budget, but with the programme being delivered more by Transport Agency rather than the Approved Organisations.



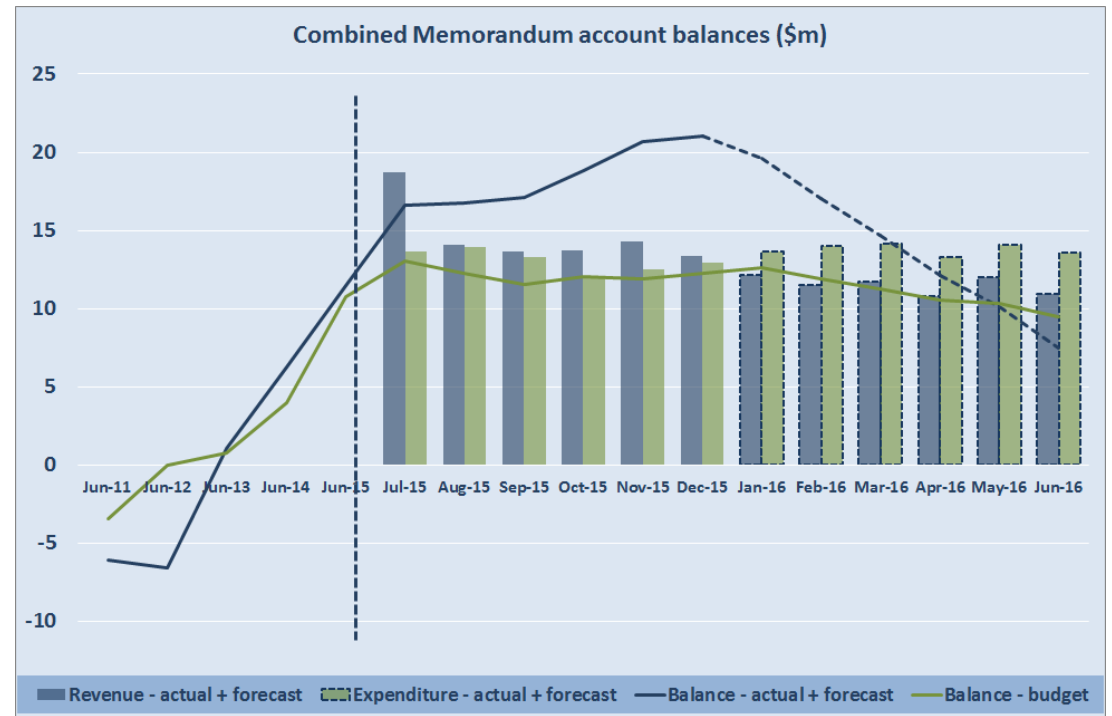
ACCESS TO & USE OF THE LAND TRANSPORT SYSTEM

- Access to & use of the land transport system surplus is \$11.2m higher than budget.
- **Memorandum accounts** operating surplus is \$8.1m higher than budget. As the opening balance was \$0.7m higher than budgeted, the total balance is \$8.8m higher than expected. A large portion of this variance (\$4.8m) is due to the shift in licensing patterns driven by the drop in ACC levies. In recent months the converse has seen licensing revenue below budget. Forecasted significant increased expenditure, mainly for Motor Vehicle and Driver Licensing, would see the combined balance \$2m lower than the \$10.9M based on the budget. The increases in expenditure are to restore and enhance service levels and customer experience. See commentary on following page.
- **Other activities** surplus is \$3.1m higher than budgeted. This is mainly due to delays in projects resulting in lower than expected expenditure. The catch up on projects is forecasted to result in a slightly larger deficit at the end of the year.



MEMORANDUM ACCOUNTS

- **Certification reviews** balance is \$1.5m higher than budget. See commentary on following pages.
- **Driver licensing** balance is \$1.4m lower than budget. The opening balance for 2014/15 was \$0.9m lower than budget. See commentary on following pages.
- **Driver testing** balance is \$1.5m higher than budget. See commentary on following pages.
- **Motor vehicle licensing** balance is \$2.2m higher than budget. See commentary on following pages.
- **Rail licensing** balance is \$0.1m higher than budget. The balance is \$3.6m in deficit. A review of the funding model is under way.
- **RUC collections** balance is \$1.9m higher than budget. The opening balance was \$1.4m higher than budget due to under spent funds relating to the PCI project. \$1m of additional expenditure will now occur in this financial year.



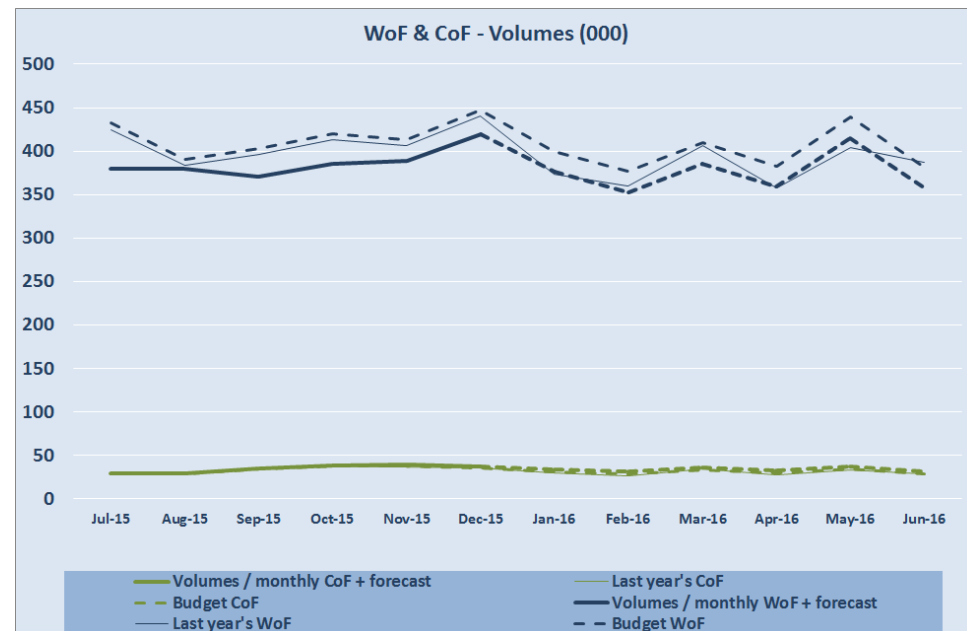
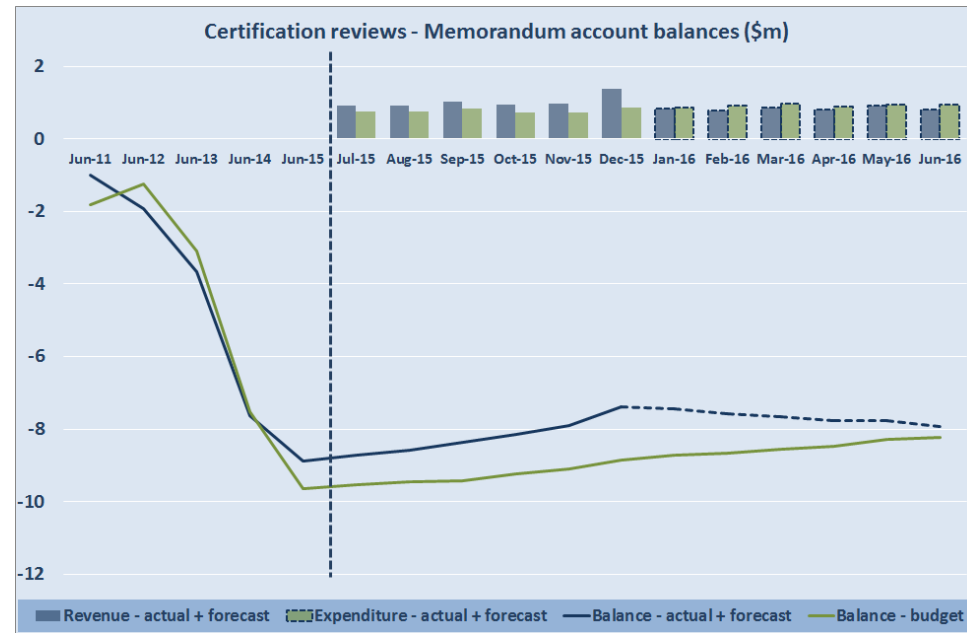
KEY MEMORANDUM ACCOUNTS

● **Certification reviews** WoF and CoF vehicle certification account balance is \$1.5m higher than planned mainly due to the opening balance being \$0.8m higher than budgeted.

Expenditure attributed to certification reviews is currently under budget (\$0.5m), partially due to overall expenditure tracking below budget and also due to the reprioritisation of projects that have resulted in savings in this area.

Expenditure is forecasted to be \$0.2m over budget at year-end as the net result of additional costs (\$0.5m) due to the forecasted overall overspend offset partially by savings from the Vehicle Certification project (\$0.2m).

Revenue is expected to be \$0.4m under budget at year-end as WoF volumes are expected to track under budget for the remainder of the year. However there is a slight disconnect between revenue collections and volumes as revenue is based upon the labels that are distributed to vehicles that pass a WoF. The bulk buying of labels has the tendency to distort the patterns. This is reflected in the year to date revenue tracking above budget by \$0.2m.

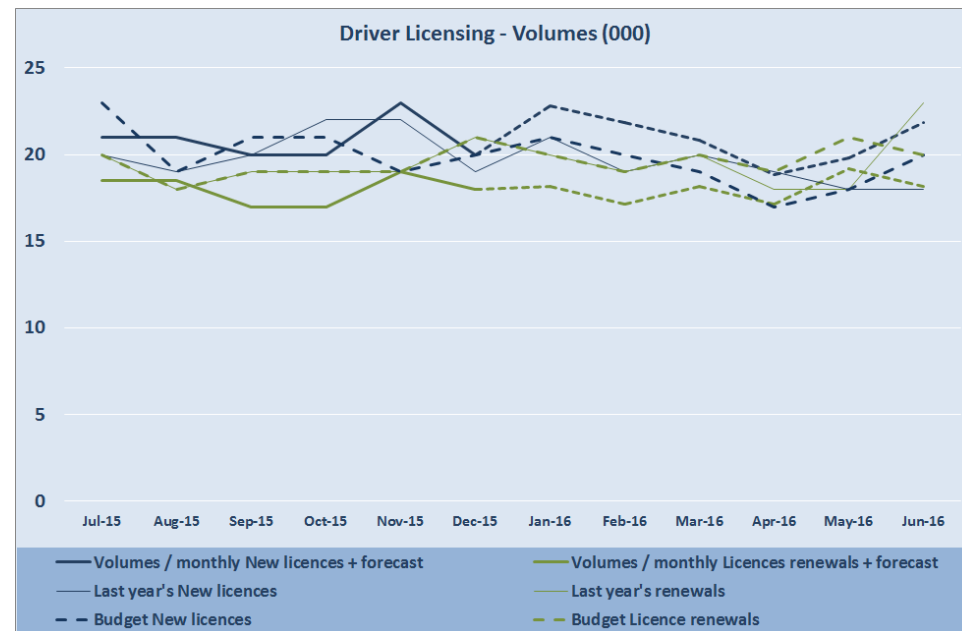
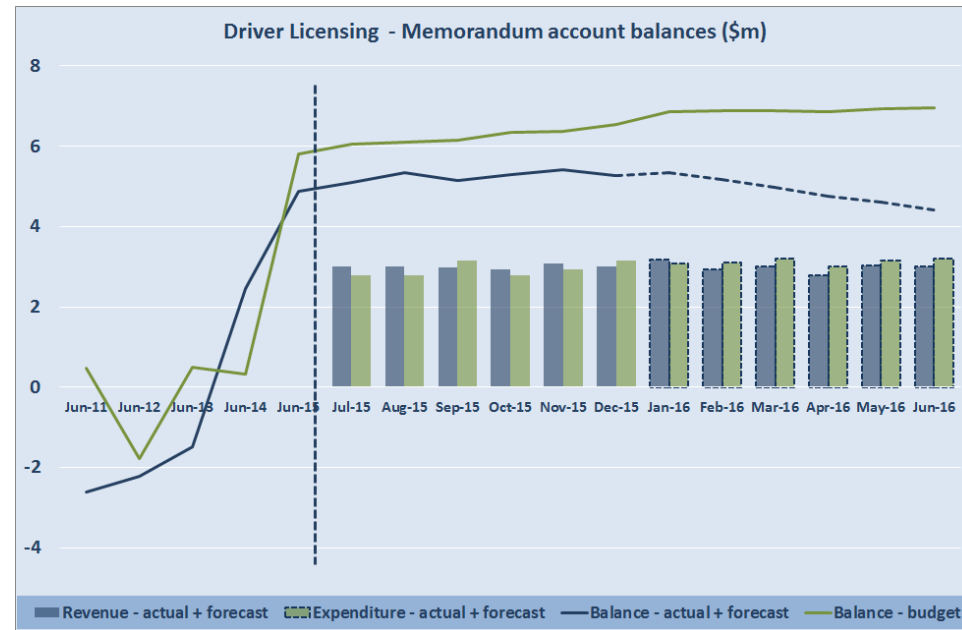


KEY MEMORANDUM ACCOUNTS

● **Driver licensing** balance is currently 21% (\$1.4m) below the budgeted level.

This is due to a combination of a carried forward balance of \$0.9m lower than budgeted and additional expenditure on the Paper to Digital project of \$0.4m.

The forecasted balance at year end is \$4.4m, \$2.5m under budget. This is the net result of the lower opening balance of \$0.9m, higher than budgeted expenditure of \$2.4m and higher than budgeted revenue of \$0.8m. The additional expenditure is made up of a) \$0.8m commissions and transactions expenditure (offset by additional revenue), b) \$0.6m of expenditure on the Paper to Digital project and c) \$1.3m of additional costs due to the forecasted overall year end overspend.



KEY MEMORANDUM ACCOUNTS

- **Motor vehicle licensing** account balance is \$2.2m higher than budgeted.

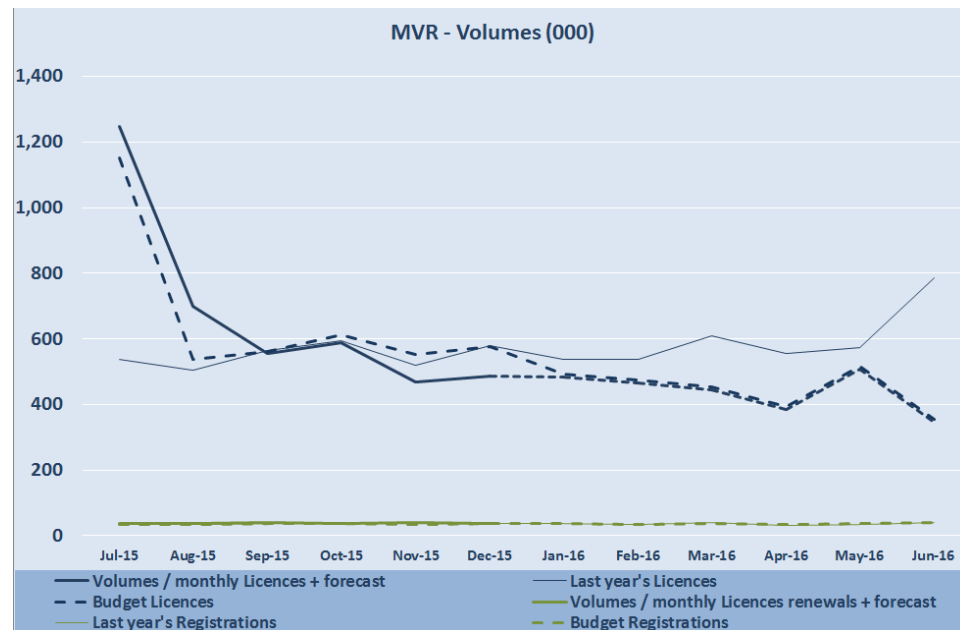
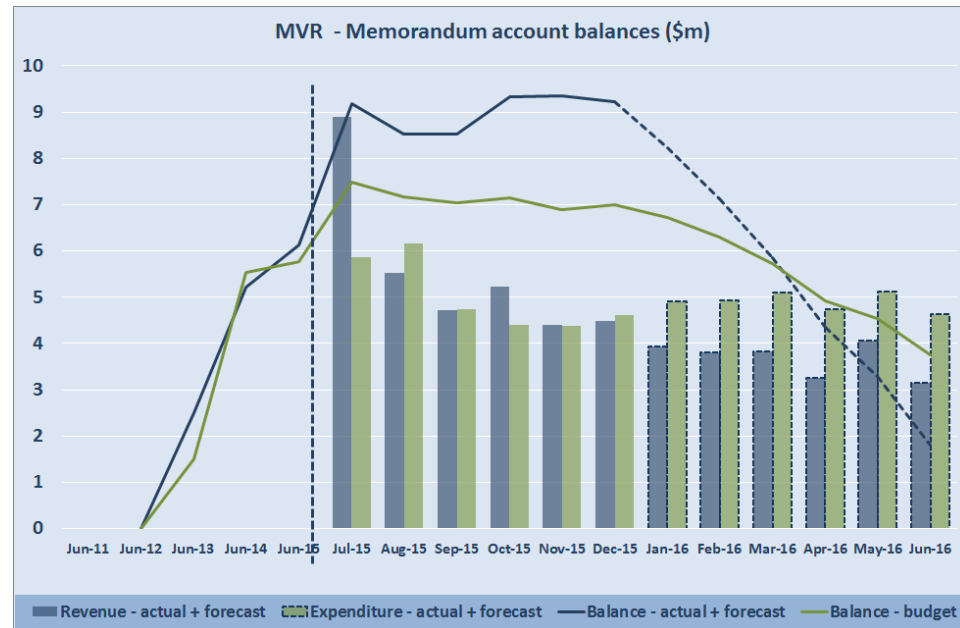
Revenue is \$1.5m higher than budget and a minor under spend and larger carried forward balance makes up the rest.

As volumes have tracked under budget for the last quarter, the favourable revenue variance has started to fall, a \$0.5m drop in the variance occurred in December.

This is reflected in the year-end forecast as revenue is expected to be \$0.4m under budget.

It has been indicated that ACC may reduce their levy further in 2016. This could cause another behavioural change and has been reflected in the year-end forecast. Expenditure is forecasted to be \$2.2m over budget at year end as the result of higher commissions and transaction costs of \$1.4m related to expected fee reviews. There are also additional costs forecasted of \$0.9m as a result of the overall year-end overspend.

Transport licensing fees and Standards development fee revenue is collected at the same time as the motor vehicle licence is renewed. Both fees currently show a corresponding uplift.



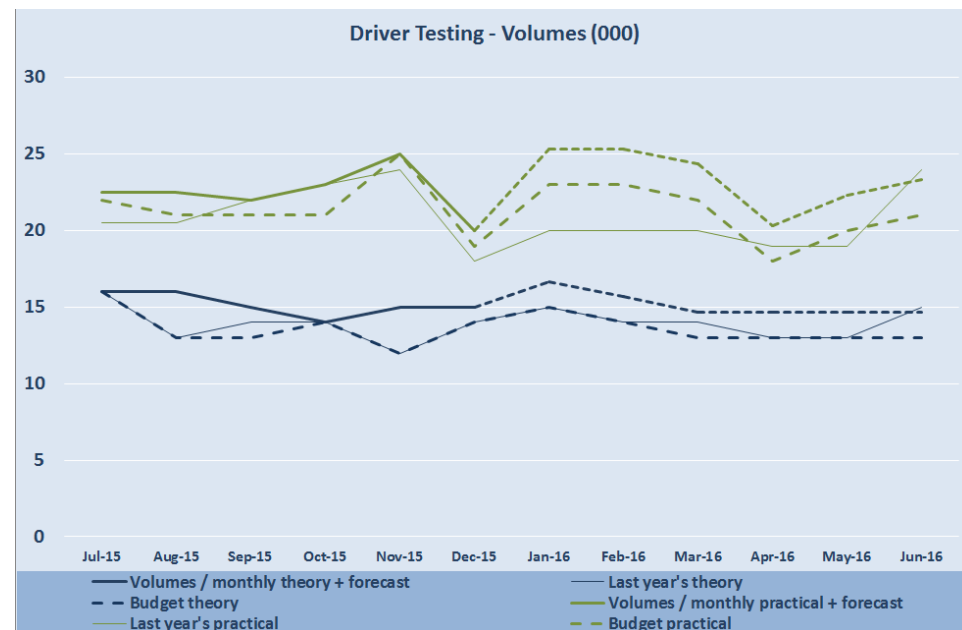
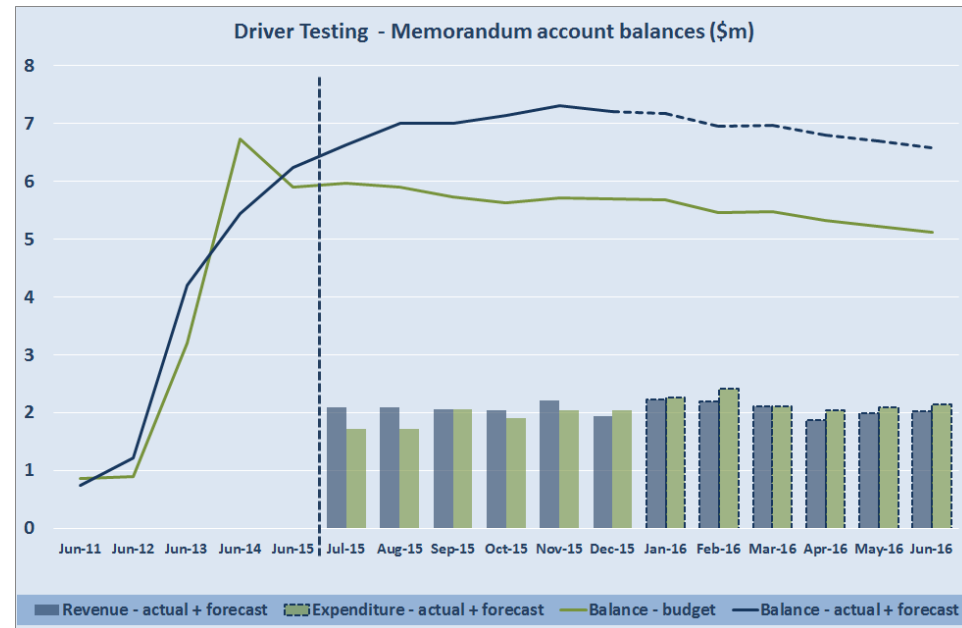
KEY MEMORANDUM ACCOUNTS

● **Driver testing** balance is \$1.5m higher than budget. The surplus is mainly attributed to higher than planned volume of restricted tests which have contributed to over \$0.5m of the revenue variance.

Revenue is forecasted to be \$1.7m over budget at year-end as restricted volumes are expected to continue to track over budget.

Expenditure is forecasted to be \$0.7m over budget at year-end. This is due to increased project expenditure, including Driver Testing Step Change of \$0.2m and additional expenditure of \$0.4m related to the overall forecasted year-end overspends.

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



TRANSPORT AGENCY NET OPERATIONAL RESULT

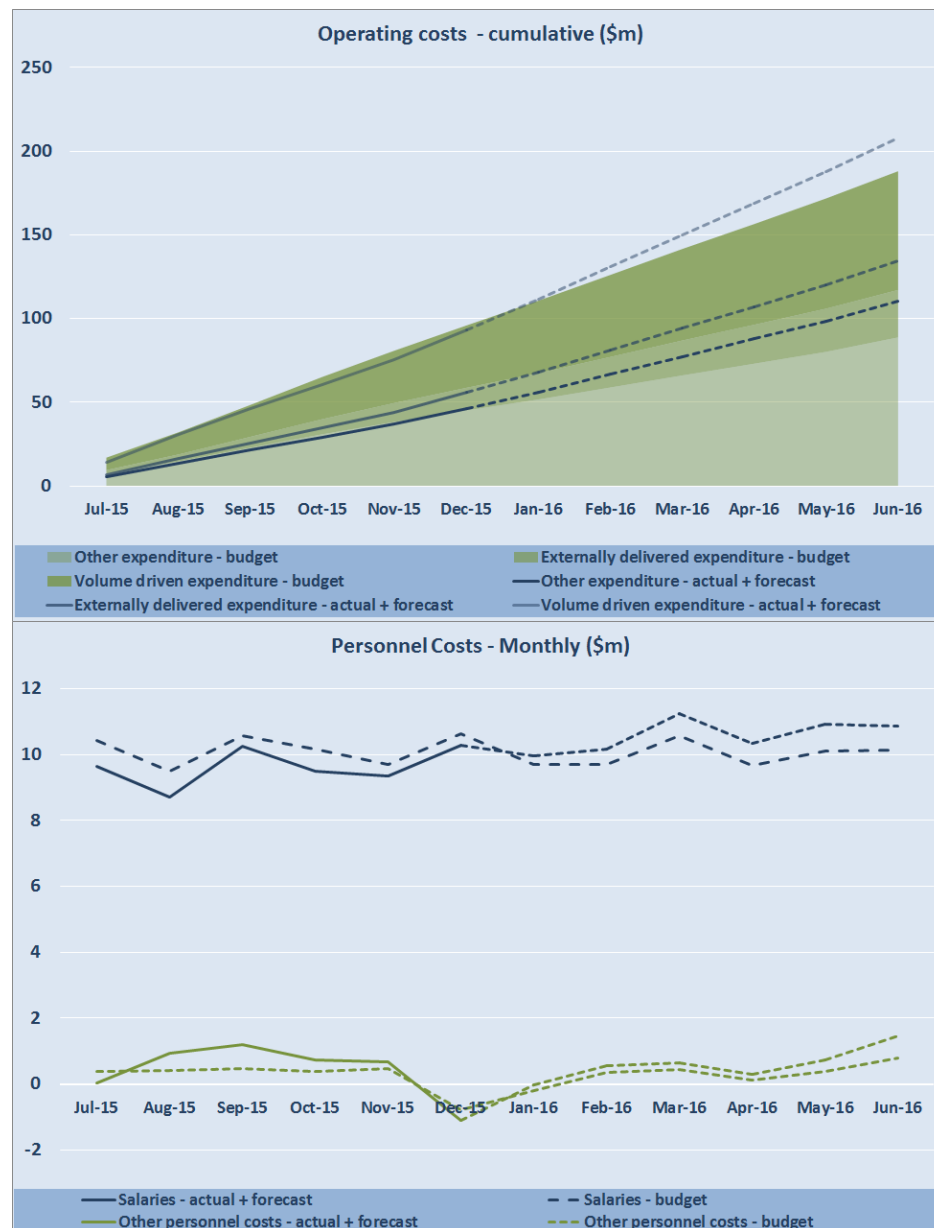
- The Transport Agency net operational result is tracking 26% (\$17.2m) under budget.

HNO has additional expenditure of \$3.0m which is offset by additional revenue of \$3.9m. The combined underspend of \$7.7m across the remaining groups adds to the other increased revenue of \$8.6m, primarily from driver licensing & testing and motor vehicle registration, to produce the overall result. The forecast expenditure is \$22.7m above budget and partially covered by additional revenue of \$18m, resulting in a net forecast negative position of \$4.4m.

- Revenue** is \$12.4m higher than budget with \$7.5m as a result of higher vehicle licensing and driver testing volumes, which is a timing difference and the rest largely HNO third party funding, which will continue through to the end of the year.

- Personnel costs** are under budget by 3% (\$2.2m). This is mainly due to a lower FTE count than budgeted (1,348 FTEs compared to a budgeted 1,400 FTEs i.e. 4% lower than budget). While recruitment is on-going in a number of areas, getting staff on board to bring the total up to the budgeted average 1,400 mark before the end of the year will be a challenge, let alone the additional numbers built into the reforecast, resulting in an additional \$3.2m.

- Operating costs and depreciation** are under budget by 3% (\$2.6m). \$1m relates to the timing difference in depreciation due to the delays in capitalising the NZTTL asset and A&U capital projects. The remainder is the net result of project related underspends including Tolling, the Contact Centre Technology upgrade and the Sector Research programme. This is offset partially by higher commissions and transactions costs and third party works (offset by additional revenue). The forecast indicates an over spend of \$19.5m, primarily as a result of additional expenditure funded from third parties and NLTP of \$13.6m. In addition, there is \$1.2m of additional funding being sought from the NLTP and \$2.2m of volumes related regulatory transactions costs that are covered by additional revenue. The residual expenditure relates to additional cost pressures, primarily to deliver approved and committed business initiatives.



BUSINESS INITIATIVES PROGRAMME

● The Approved Business Initiatives programme has spent 33% of the full year budget.

The 2015/16 budget for business initiatives is \$20.7m. It includes \$1.0m of approved carry forwards from 2014/15.

For the Approved Business Initiatives programme at the end of December we have spent 33% of the full year plan against a theoretical completion rate of 50%. This is due to a combination of projects that are no longer proceeding and a number that remain behind schedule, as outlines below.

The full year forecast for Approved Business Initiatives is currently \$19.5m. The profile of the forecast spend is significantly different to the initial plan. Additional costs have been identified for the PSIS house relocation \$0.9m, Payment Card Industry compliance project \$1.0m, and CAS replacement \$0.6m providing a combined increase of \$2.5m.

Offsetting this is the realised under-spend on the Analytics for Hyperion project \$0.7m and the release of \$1m capital against the WoF/CoF online project that has been deferred. Further releases of capital funding from OS are also reducing the risk of the forecast increase, these include the Core switch upgrade \$0.7m, server 2003 remediation \$0.2m and the OS opex fund for business case work of \$0.2m, providing combined identified savings of \$2.8m.

While the forecast is within budget, it is against the net result of the capital and operating budgets. Consideration needs to be given to the initiative funding under each budget type. The forecast capital is \$2.3mm under budget, while the operating expenditure required is \$1.0m over budget. This is substantially due to the PCI compliance project as managed below.

Management have also undertaken Business Initiatives not included in the original Plan, which adds \$2.2m of unbudgeted costs to the forecast. In addition, there are approximately \$5m of project related fiscal risks, not built into the forecast that could have an impact on the year end fiscal result.

- **Payment Card Industry (PCI) compliance:** The Board approved an initial \$2.9m for this multi-year project in 2014/15 which was to be funded from retained earnings. Only \$0.9m of the full \$2.9m required for the project was spent last year. Out of the residual amount of at least \$2m, \$1m of which has been budgeted for, will be required in 2015/16. Westpac has indicated it will extend the deadline out by two years for this project to be completed, which will have budget implications for 2015/16 and beyond.

- **Contact Centre Technology Upgrade:** Project re-planned following an external review in response to delays. A staged delivery approach was recommended by the review and addressed the actions given to stabilise the project. Project timeframes are now to complete delivery by end of February and is expected to remain within the original budget.
- **CAS replacement:** We are negotiating the parameters of a new contract for completion of the redefined specification and deliverables.
- **ICT equipment refresh:** the PC device refresh element of the programme was to be delivered under Better Ways of Working (BWoW). However this programme has been delayed and in December the responsibility was given back to IS to undertake the refresh of the out of warranty devices. Usually the device replacement is spread out over the year, however with the delay of BWoW it will be condensed into quarters three and four.
- **Other:** There are a number of projects that have been deferred or no longer proceeding that have impacted on the programme. In some areas the associated budget is planned to be reprioritised and utilised in quarters three and four. In addition there are a further three key initiatives, not in the original plan, that have committed expenditure, these being; Better Ways of Working, P&I "Gearing Up" transformation programme, and Paper to Digital projects.

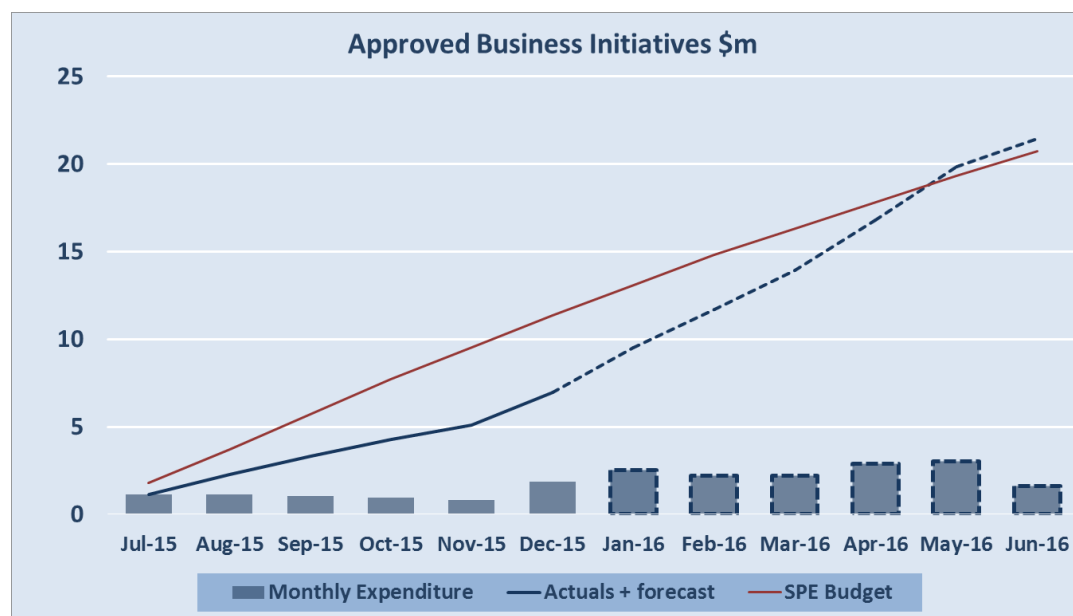


Table 12 provides the detailed business initiative costings and current status.

NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

Programme management overview

At the end of the 2015-18 NLTP period, the total NLTP forecast is expected to be close to the planned levels in the published NLTP.

At an activity class level, nearly all activities are within to published NLTP ranges, the three exceptions being Local Road Maintenance, Local Road Improvements and Walking and Cycling.

Emergency works funding for the Whanganui-Taranaki floods in June 2015 is expected to push the activity class about \$23.0m above the published NLTP, toward the maximum of the GPS funding range.

The forecast for the Local Road Improvements activity class shows the end of NLTP spends about \$14.0m above the GPS range minimum (which is the published NLTP level). However, the forecast assumes that a large local road project required to support the Christchurch Motorways RoNS will largely be delivered during the NLTP period. If it does not progress, our current forecast is that the end of NLTP spends will be \$15-20m below the GPS minimum. It is highly likely that we will need a request to the Minister to adjust the GPS funding range minimum downward to accommodate Local road Improvement expenditure.

Expenditure in the Walking and Cycling activity class is forecast at around \$22.0m above the GPS funding range maximum. The higher spend is being driven by the NLTF funding linked to Urban Cycleway Programme (UCP) projects plus the level of funding committed to projects outside of the UCP. In the NLTP briefing to the Minister, we signalled the need for funding range flexibility around expenditure in the activity class. Our latest forecast suggests it is highly likely that we will need to request the Minister to

adjust the GPS funding range maximum upward to accommodate UCP based expenditure.

The start-up for Regional Improvements activity class expenditure has been slow, but we are confident that end of NLTP expenditure will be close to the published NLTP and above the GPS funding range minimum.

National Land Transport Programme (NLTP)

Activity classes	Published	Actual/forecast spend 2015-2018				GPS fund range	Total changes
	NLTP 2015-2018 \$m	2015/16 Forecast \$m	2016/17 Forecast \$m	2017/18 Forecast \$m	Total \$m		
Allocation of funds:							
State highway improvements	4,061	1,297	1,358	1,409	4,064	3,150-4,350	3
State highway maintenance	1,684	512	586	563	1,661	1,350-1,810	(23)
Local road improvements	465	142	167	170	479	465-720	14
Local road maintenance	1,704	586	577	564	1,727	1,230-1,740	23
Public transport	1,020	325	350	339	1,014	865-1,215	(6)
Walking and cycling	103	41	34	50	125	46-103	22
Regional improvements	225	20	106	99	225	180-270	0
Road safety promotion	102	35	34	34	103	92-113	1
Investment management	176	59	63	58	180	162-180	4
Total	9,540	3,017	3,274	3,286	9,578		38

BORROWING

Short term facilities

There has been no activity on the short term facility during the month. Drawdowns from the first quarter have all been repaid making Transport Agency compliant with the requirement to repay this portion of the loan at least once in the financial cycle.

The notional balance in the NLTF was \$98.8m as at 31 December 2015.

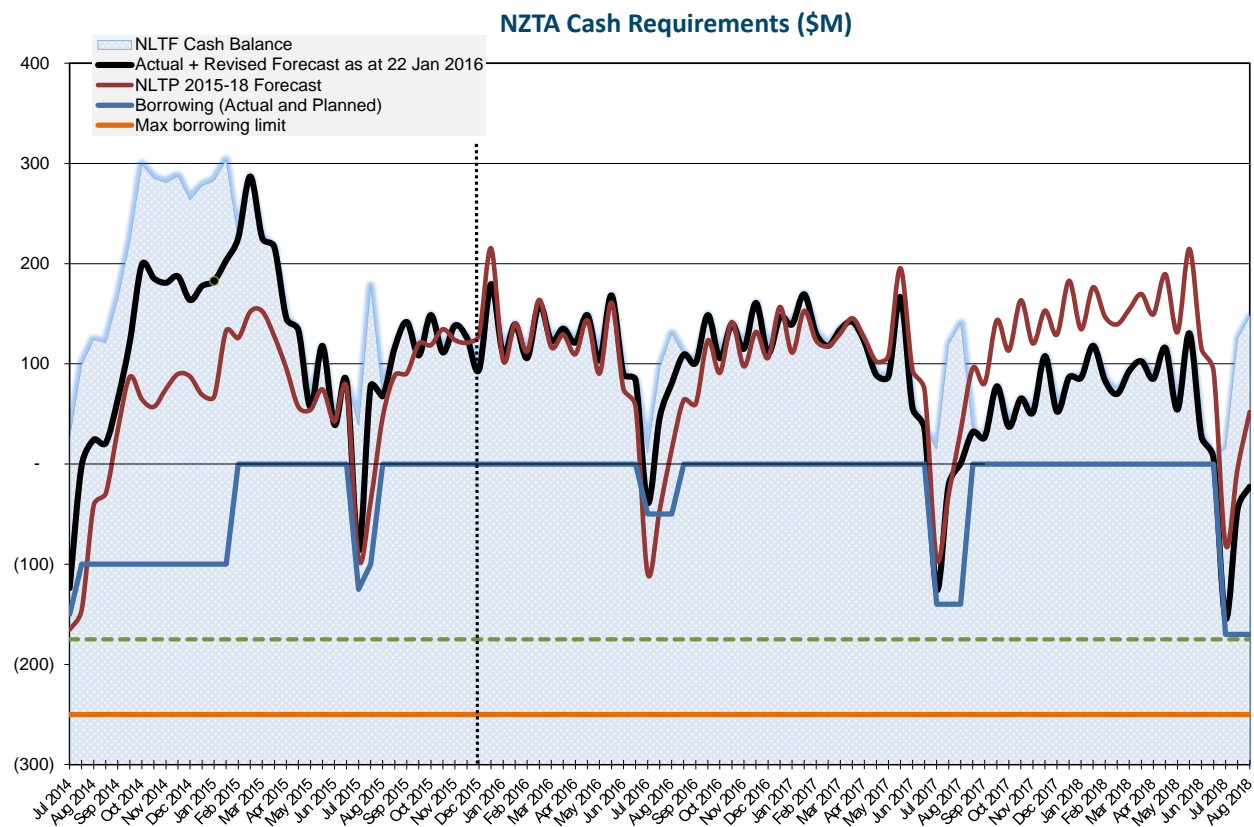
The graph reflects the Transport Agency short-term cash requirements. The red line is based on the published NLTP 2015-18, while the black line is based on the revised forecasts including actual. The revenue forecast has been updated to reflect the Government's October Baseline Update (OBU), and is now expected to be \$47m lower than the GPS target for the three-year period 2015/18. The expenditure target has also been revised by the Planning and Investment (P&I) Group and is now \$46m higher than the original 2015-18 NLTP expenditure targets. When combined this is forecast to have a significant impact on the cash position at the end of the 2015-18 NLTP period.

Longer term facilities

For the Christchurch Earthquake loan there was a drawdown on the facility of \$3m on 31 July 2015. This brings the total drawn down on the facility to \$15m, which is lower than expected. There has been no further activity on this facility during the month.

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

As noted previously, the Tauranga Eastern Link loan was fully drawn down on 30 June 2015. This loan is a series of fixed rate loans ranging from 4.99% to 5.14% due to be repaid in 35 years.



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

LONGER TERM FUNDING COMMITMENTS

Current NLTP

- Funding commitments for 2015/16 (approved and implied) represent 105% of the forecast revenue for the year.
- The over-commitment represents a deliberate over-allocation of funds to counter the historic optimism bias as delivery of improvement activities lags commitments.
- The actual expenditure is expected to be close to the revenue line in the graph.
- 93% of the \$10.5b NLTF investment in the 2015-18 NLTP is committed, leaving around \$697.0m for investment decisions in the three year period.

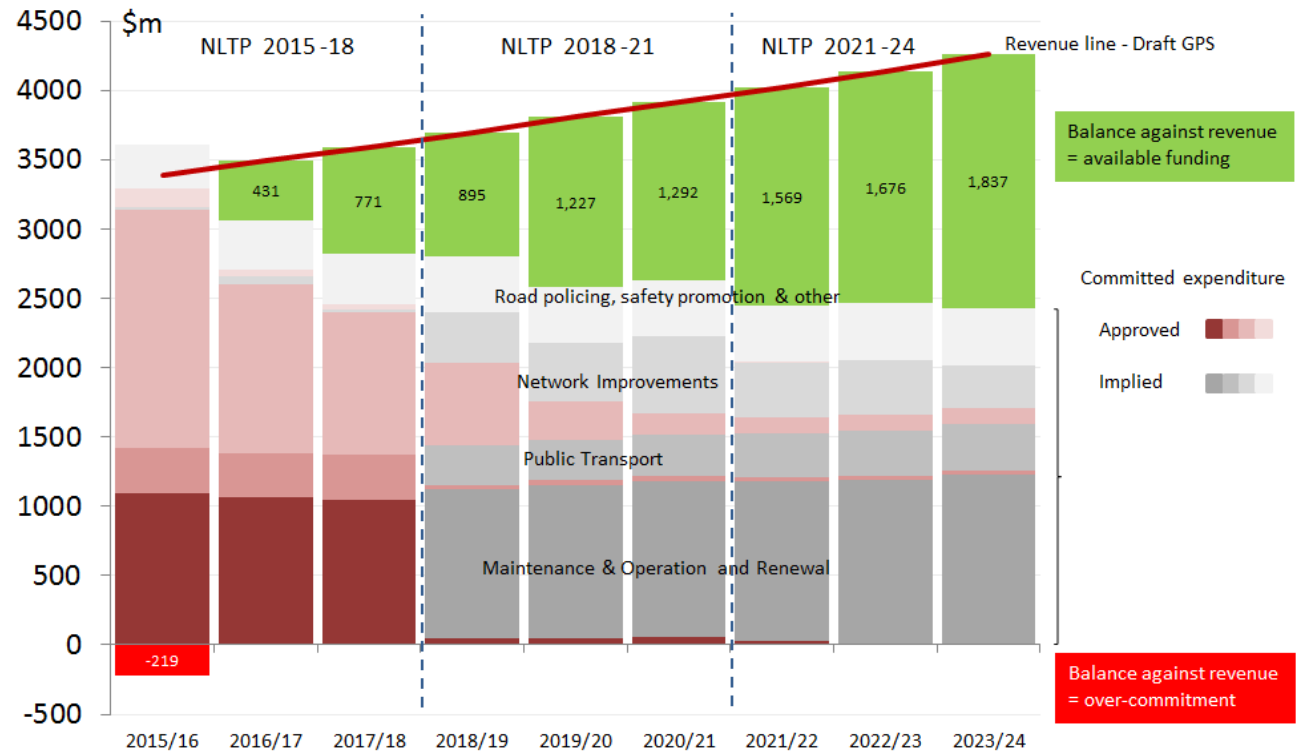
2018-21 NLTP

- The overall commitment for the three year programme is about 71%. The “committed” funding comprises approved and implied programme funding.
- A total of \$3.4b discretionary funds is currently available for new approvals.

2021-24 NLTP

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

NLTF Funding Commitments & Balance for Investment Decisions



LONG TERM DEBT COMMITMENTS

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

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

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

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

It has been noted to the Board in terms of covering the East/West Corridor under the Auckland Accelerated programme that under current settings the projects could progress under pay-go, provided planned FED and RUC increases occur. This is also subject to the risk that the Wellington Inner City projects progress quicker than currently planned. It was recommended that a form of debt facility be negotiated with the Crown for some \$400m as a backup to mitigate these risks.

OTHER LONG TERM COMMITMENTS

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

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

LONG TERM DEBT COMMITMENTS (CONTINUED)

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

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

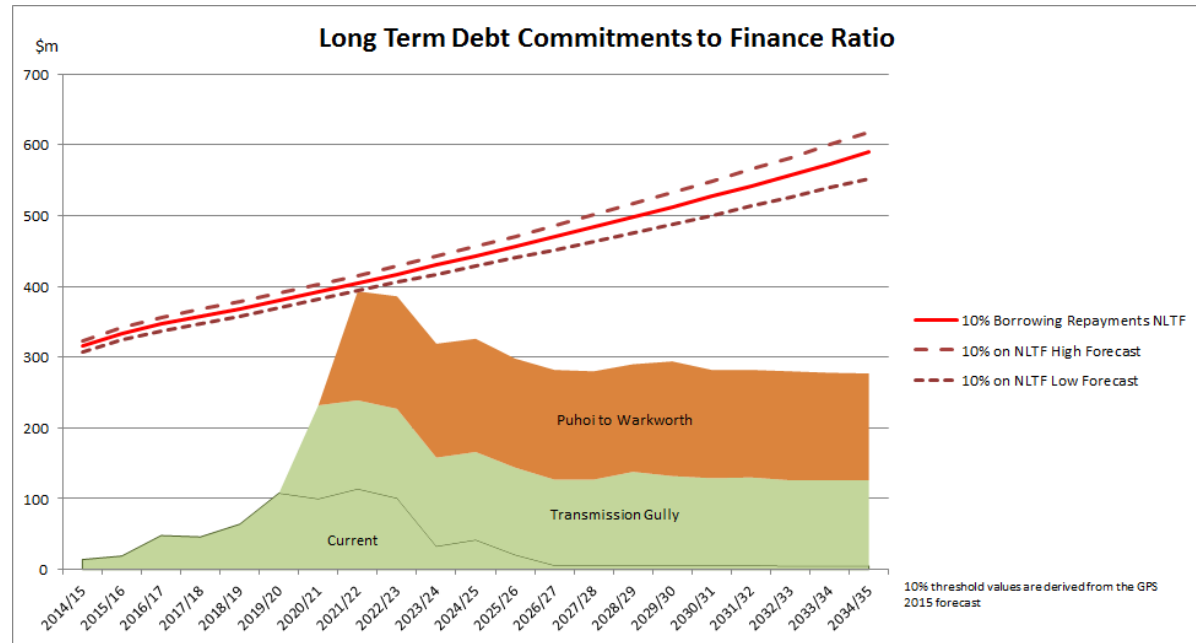


TABLE 1 – NATIONAL LAND TRANSPORT FUND REVENUE INFLOWS

	Year to date				Year-end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Fuel excise duty	911,431	828,868	82,563	10%	1,795,494	1,796,954	(1,460)	0%
Road user charges	687,202	672,728	14,474	2%	1,337,651	1,316,920	20,731	2%
Motor vehicle registration and licensing	126,359	100,877	25,482	25%	197,137	217,404	(20,267)	(9%)
Total land transport revenue	1,724,992	1,602,473	122,519	8%	3,330,283	3,331,278	(995)	(8%)
Management of Crown land	22,545	33,050	(10,505)	(32%)	66,220	65,570	650	1%
Tolling	2,864	0	2,864	100%	5,000	0	5,000	100%
Interest	1,725	655	1,070	163%	3,000	1,310	1,690	129%
Other NLTF revenue	27,134	33,705	(6,571)	(19%)	74,220	66,880	7,340	11%
Total revenue inflows	1,752,126	1,636,177	115,949	7%	3,404,503	3,398,158	6,345	0%

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

	Year to date				Year-end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Transport Agency's contribution to:								
Managing the state highway network	915,380	978,680	63,300	6%	1,808,982	1,864,028	55,046	3%
Planning & investing in land transport	472,782	469,427	(3,355)	(1%)	1,208,441	1,225,863	17,422	1%
Specific Crown funded projects	51,025	58,793	7,768	13%	183,912	222,224	38,312	17%
NLTP & Crown investment	1,439,187	1,506,900	67,713	4%	3,201,336	3,312,115	110,779	3%
Access to and use of land transport	85,046	88,804	3,758	4%	179,587	172,786	(6,801)	(4%)
Total expenditure	1,524,233	1,595,704	71,471	4%	3,380,923	3,484,901	103,978	3%

TABLE 3 - MANAGING THE STATE HIGHWAY NETWORK

	Year to date				Year-end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
State highway improvements	684,341	697,357	13,016	2%	1,263,380	1,269,787	6,407	1%
State highway maintenance	188,254	227,353	39,099	17%	443,408	480,883	37,475	8%
SH maintenance - Emergency works	14,943	23,258	8,315	36%	41,614	52,000	10,386	20%
Managing state highways	887,538	947,968	60,430	6%	1,748,402	1,802,670	54,268	3%
State highway improvements	15,605	16,571	966	6%	33,456	33,253	(203)	(1%)
State highway maintenance	12,237	14,141	1,904	13%	27,124	28,105	981	3%
Transport Agency operating activities	27,842	30,712	2,870	9%	60,580	61,358	778	1%
Total expenditure	915,380	978,680	63,300	6%	1,808,982	1,864,028	55,046	3%

TABLE 4 - PLANNING & INVESTING IN LAND TRANSPORT NETWORKS

	Year to date				Year-end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Investment management	2,199	4,365	2,166	50%	12,100	13,068	968	7%
Public transport	139,051	137,821	(1,230)	(1%)	318,000	322,000	4,000	1%
Walking and cycling	18,046	14,886	(3,160)	(21%)	40,000	30,881	(9,119)	(30%)
Road safety promotion	4,315	5,390	1,075	20%	12,400	14,462	2,062	14%
Local road improvements	34,316	49,212	14,896	30%	142,000	148,800	6,800	5%
Local road maintenance	242,164	183,084	(59,080)	(32%)	586,000	554,800	(31,200)	(6%)
Regional improvements	519	36,491	35,972	99%	20,000	65,000	45,000	69%
Approved organisation activities	440,610	431,249	(9,361)	(2%)	1,130,500	1,149,011	18,511	2%
Investment management	21,750	24,003	2,253	9%	47,018	46,753	(265)	(1%)
Public transport	2,332	4,535	2,203	49%	7,208	9,000	1,792	20%
Walking and cycling	112	60	(52)	(87%)	763	119	(644)	(541%)
Road safety promotion	7,978	9,480	1,502	16%	22,819	20,780	(2,039)	(10%)
Local road maintenance	0	100	100	100%	133	200	67	34%
Transport Agency operating activities	32,172	38,178	6,006	16%	77,941	76,852	(1,089)	(1%)
Total expenditure	472,782	469,427	(3,355)	(1%)	1,208,441	1,225,863	17,422	1%

APPENDIX (CONTINUED)

TABLE 5 - SPECIFIC PROJECTS FUNDED BY THE CROWN

	Year to date				Year-end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
SuperGold card concessions	14,792	14,228	(564)	(4%)	28,928	28,129	(799)	(3%)
Auckland accelerated package	16,800	13,362	(3,438)	(26%)	45,000	50,000	5,000	10%
Regional state highways	16,000	20,260	4,260	21%	42,000	45,000	3,000	7%
Reinstatement of Christchurch roads	0	0	0	0%	54,100	68,000	13,900	20%
Urban cycleways	3,266	10,895	7,629	70%	13,589	31,000	17,411	56%
Specific Crown funded activities	50,858	58,745	7,887	13%	183,617	222,129	38,512	17%
Transport Agency operating activities								
SuperGold card administration	167	48	(119)	(248%)	295	95	(200)	(211)
Total expenditure	51,025	58,793	7,768	13%	183,912	222,224	38,312	17%

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

	Year to date				Year end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Income								
Motor vehicle registration	33,267	31,745	1,522	5%	55,281	55,679	(398)	(1%)
Driver licensing & Driver testing	30,355	29,512	843	3%	60,800	58,264	2,536	4%
RUC collection	5,883	5,274	609	12%	11,180	10,842	338	3%
Standard development levy & Transport licensing	10,920	7,539	3,381	45%	15,999	14,489	1,510	10%
Vehicle certification - WoF	4,080	4,011	69	2%	7,411	7,841	(430)	(5%)
Vehicle certification - CoF & Other	2,053	1,912	141	7%	3,722	3,717	5	0%
Other	1,210	1,084	126	12%	2,509	2,310	199	9%
Subtotal - Memo accounts	87,768	81,077	6,691	8%	156,902	153,142	3,760	2%
RUC investigation and enforcement	2,117	2,109	8	0%	4,235	4,229	6	0%
Tolling	5,188	4,992	196	4%	10,672	10,453	219	2%
Other	2,255	1,688	567	34%	3,112	3,421	(309)	(9%)
Subtotal - Other	9,560	8,789	771	9%	18,019	18,103	(84)	(0%)
Total income	97,328	89,866	7,462	8%	174,921	171,245	3,676	2%
Expenditure								
Staff	21,159	21,055	(104)	(0%)	43,969	41,875	(2,094)	(5%)
Commissions	26,473	26,299	(174)	(1%)	50,552	49,243	(1,309)	(3%)
Transactions	10,761	10,855	94	1%	22,706	21,707	(999)	(5%)
Information Technology	6,448	8,051	1,603	20%	15,187	15,956	769	5%
Advertising, PR & Media	234	357	123	34%	1,045	1,382	337	24%
Professional Services	4,573	2,933	(1,640)	(56%)	8,856	5,135	(3,721)	(72%)
Other	3,531	7,041	3,510	50%	13,196	12,978	(218)	(2%)
Overhead - Accommodation costs	1,980	1,979	(1)	(0%)	4,293	3,960	(333)	(8%)
Overhead - Corporate	8,523	8,782	259	3%	16,844	17,728	884	5%
Overhead - Regional office	1,290	1,380	90	7%	2,776	2,669	(107)	(4%)
Overhead - Regional Directors	74	72	(2)	(3%)	163	153	(10)	(7%)
Total expenditure	85,046	88,804	3,758	4%	179,587	172,786	(6,801)	(4%)
Net surplus/(deficit)	12,282	1,062	11,220		(4,666)	(1,541)	(3,125)	

TABLE 7 – RESULTS FOR ACCESS & USE OUTPUTS

	Year to date				Year-end			
	Actual \$000	Budget \$000	Variance \$000	%	Forecast \$000	Budget \$000	Variance \$000	%
Memorandum Accounts								
Income	87,768	81,077	6,691	8%	156,902	153,142	3,760	2%
Expenditure	78,186	79,587	1,401	2%	160,946	154,457	(6,489)	-4%
Net surplus/(deficit)	9,582	1,490	8,092	543%	(4,044)	(1,315)	(2,729)	208%
Non Memorandum Accounts								
Income	9,560	8,789	771	9%	18,019	18,103	(84)	0%
Expenditure	6,860	9,217	2,357	26%	18,641	18,329	(312)	-2%
Net surplus/(deficit)	2,700	(428)	3,128	731%	(622)	(226)	(396)	175%
Overall results for A&U outputs	12,282	1,062	11,220		(4,666)	(1,541)	(3,125)	

TABLE 8 – VOLUMES

Indicator volumes	Year to date				Year-end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	000	000	000	%	000	000	000	%
Driver licences - New drivers (inc. Requals)	125	123	2	2%	251	238	13	5%
Driver licences - Reinstatement	24	25	(1)	(4%)	47	49	(2)	(4%)
Driver licences - Renewals	108	117	(9)	(8%)	216	235	(19)	(8%)
Driver licences - Older drivers	36	35	1	3%	74	69	5	7%
Driver licences - Overseas conversions	28	23	5	22%	57	46	11	24%
Driver licences - Replacements	49	48	1	2%	97	96	1	1%
Driver testing - Theory	91	82	9	11%	182	163	19	12%
Driver testing - Practical	135	129	6	5%	276	256	20	8%
Certification - WoF passes	2,325	2,506	(181)	(7%)	4,572	4,896	(324)	(7%)
Certification - CoF passes	209	205	4	2%	413	394	19	5%
MVR - Registrations	230	215	15	7%	460	433	27	6%
MVR - Licences	4,047	3,993	54	1%	6,679	6,679	0	0%
RUC - Licences	1,332	1,219	113	9%	2,630	2,492	138	6%
Toll - Trips	4,199	4,823	(624)	(13%)	10,446	10,109	337	3%

TABLE 9 - KEY MEMORANDUM ACCOUNTS

		Year to date			Full year		
		Actual \$'000	Budget \$'000	Variance \$'000	Forecast \$'000	Budget \$'000	Variance \$'000
Border inspection	Opening balance	3,321	3,191	130	3,321	3,191	130
	Revenue	414	361	53	892	814	78
	Expenditure	278	320	(42)	616	630	(14)
	Surplus / (deficit)	136	41	95	276	184	92
	Closing balance	3,457	3,232	225	3,597	3,375	222
Certification reviews	Opening balance	(8,873)	(9,639)	766	(8,873)	(9,639)	766
	Revenue	6,133	5,923	210	11,133	11,558	(425)
	Expenditure	4,649	5,146	(497)	10,191	10,133	58
	Surplus / (deficit)	1,484	777	707	942	1,425	(483)
	Closing balance	(7,389)	(8,862)	1,473	(7,931)	(8,214)	283
Driver licensing	Opening balance	4,872	5,802	(930)	4,872	5,802	(930)
	Revenue	17,895	17,835	60	35,887	35,057	830
	Expenditure	17,592	17,084	508	36,337	33,911	2,426
	Surplus / (deficit)	303	751	(448)	(450)	1,146	(1,596)
	Closing balance	5,175	6,553	(1,378)	4,422	6,948	(2,526)
Driver testing	Opening balance	6,249	5,910	339	6,249	5,910	339
	Revenue	12,460	11,677	783	24,913	23,207	1,706
	Expenditure	11,504	11,883	(379)	24,574	23,999	575
	Surplus / (deficit)	956	(206)	1,162	339	(792)	1,131
	Closing balance	7,205	5,704	1,501	6,588	5,118	1,470
Motor Vehicle Licensing	Opening balance	6,140	5,762	378	6,140	5,762	378
	Revenue	33,267	31,745	1,522	55,281	55,679	(398)
	Expenditure	30,185	30,502	(317)	59,622	57,684	1,938
	Surplus / (deficit)	3,082	1,243	1,839	(4,341)	(2,005)	(2,336)
	Closing balance	9,222	7,005	2,217	1,799	3,757	(1,958)
Over dimension permits	Opening balance	517	575	(58)	517	575	(58)
	Revenue	280	205	75	497	399	98
	Expenditure	73	163	(90)	169	326	(157)
	Surplus / (deficit)	207	42	165	328	73	255
	Closing balance	724	617	107	845	648	197
Rail licensing	Opening balance	(3,301)	(3,326)	25	(3,301)	(3,326)	25
	Revenue	516	518	(2)	1,120	1,097	23
	Expenditure	824	940	(116)	1,781	1,881	(100)
	Surplus / (deficit)	(308)	(422)	114	(661)	(784)	123
	Closing balance	(3,609)	(3,748)	139	(3,962)	(4,110)	148
RUC collections	Opening balance	1,894	532	1,362	3,394	1,932	1,462
	Revenue	5,883	5,274	609	11,180	10,842	338
	Expenditure	6,319	6,217	102	12,659	11,399	1,260
	Surplus / (deficit)	(436)	(943)	507	(1,479)	(557)	(922)
	Closing balance	1,458	(411)	1,869	1,915	1,375	540
Standard development	Opening balance	1,223	1,909	(686)	1,223	1,909	(686)
	Revenue	4,411	2,832	1,579	6,163	5,589	574
	Expenditure	2,623	2,845	(222)	5,833	5,639	194
	Surplus / (deficit)	1,788	(13)	1,801	330	(50)	380
	Closing balance	3,011	1,896	1,115	1,553	1,859	(306)
Transport licensing	Opening balance	(561)	69	(630)	(561)	69	(630)
	Revenue	6,509	4,707	1,802	9,836	8,900	936
	Expenditure	4,139	4,487	(348)	9,163	8,855	308
	Surplus / (deficit)	2,370	220	2,150	673	45	628
	Closing balance	1,809	289	1,520	112	114	(2)
Total Closing balance		21,063	12,275	8,788	8,937	10,870	(1,933)

APPENDIX (CONTINUED)

TABLE 10 – TRANSPORT AGENCY OPERATIONAL EXPENDITURE

	Year to date				Year-end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Our expenses classified by:								
Personnel costs	60,207	62,368	2,161	3%	127,376	124,163	(3,213)	(3%)
Operating expenses	88,820	89,786	966	1%	195,565	175,612	(19,953)	(11%)
Depreciation/amortisation	4,473	6,079	1,606	26%	12,027	12,462	435	3%
Total expenditure	153,500	158,233	4,733	3%	334,968	312,238	(22,731)	(7%)
Access and use revenue	(97,328)	(89,866)	7,462	8%	(174,921)	(171,245)	3,676	2%
Funding from the Crown/NLTF	(503)	(434)	69	16%	(3,163)	(870)	2,293	264%
Revenue from other activities	(7,532)	(2,625)	4,907	187%	(17,214)	(4,850)	12,364	255%
Net position	48,137	65,308	17,171	26%	139,670	135,273	(4,398)	(3%)
Less Public transport - Integrated ticketing	2,332	4,535	2,203	49%	6,791	9,000	2,209	25%
Less Road safety - Managed advertising	4,329	5,704	1,375	24%	11,815	12,782	967	8%
Less Road safety - CRSP	598	378	(220)	(58%)	185	1,342	1,157	86%
Less Road safety - Vehicle impoundment	104	100	(4)	(4%)	190	200	10	5%
Less Sector research	2,538	2,500	(38)	(2%)	5,000	5,000	0	0%
Total expenditure excluding externally delivered expenditure	38,236	52,091	13,855	27%	115,689	106,949	(8,741)	(8%)

APPENDIX (CONTINUED)






TABLE 11 - TRANSPORT AGENCY OPERATIONAL EXPENDITURE OUTPUT VIEW

	Year to date				Year end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Our expenses classified by output class:								
State highway improvements	15,605	16,571	966	6%	33,456	33,253	(203)	(1%)
State highway maintenance	12,237	14,141	1,904	13%	27,124	28,105	981	3%
State highways	27,842	30,712	2,870	9%	60,580	61,358	778	1%
Investment management	21,750	24,003	2,253	9%	47,018	46,753	(265)	(1%)
Public transport	2,332	4,535	2,203	49%	7,208	9,000	1,792	20%
Walking and cycling	112	60	(52)	(87%)	763	119	(644)	(541%)
Road safety promotion	7,978	9,480	1,502	16%	22,819	20,780	(2,039)	(10%)
Local road maintenance	0	100	100	100%	133	200	67	34%
SuperGold card administration	167	48	(119)	(248%)	295	95	(200)	(211%)
Planning and investment	32,339	38,226	5,887	15%	78,236	76,947	(1,289)	(2%)
Licensing and regulatory compliance	43,026	44,420	1,394	3%	91,615	88,472	(3,143)	(4%)
Road tolling	3,167	5,124	1,957	38%	10,607	10,197	(410)	(4%)
Motor vehicle registry	30,185	30,502	317	1%	59,622	57,684	(1,938)	(3%)
RUC	8,374	8,452	78	1%	17,108	15,821	(1,287)	(8%)
Refund of fuel excise duty	294	307	13	4%	635	612	(23)	(4%)
Access and use	85,046	88,805	3,759	4%	179,587	172,786	(6,801)	(4%)
Other expenses	8,273	490	(7,783)	(1588%)	16,564	1,147	(15,417)	(1344%)
Total expenditure	153,500	158,233	4,733	3%	334,968	312,238	(22,730)	(7%)
Other revenue	(7,506)	0	7,506		(14,065)	0	14,065	

TABLE 12 – BUSINESS INITIATIVES PROGRAMME

Approved Budget Initiatives	Operating expenditure							Capital expenditure							Project status	Business Case approved			
	YTD Actual	Board Approved Budget	% of Budget spent YTD	Full Year Forecast	Var. F/cast to Budget	Fiscal Risk	YTD Actual	Board Approved Budget	Carried Forward Budget from 2014/15	Approved Capex Budget incl Carry Fwds	% of Budget spent YTD	Full Year Forecast	Var. F/cast to Budget	Fiscal Risk					
	\$000	\$000	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%	\$000	\$000	\$000					
Security Programme (existing and next phase)	0	100	0%	100	0	0	0	0	0	0	0%	0	0	0	0	0	0	0	0
Information Programme	415	600	69%	1,100	500	0	0	500	0	500	0%	0	-500	0	0	0	0	0	v
Payment Card Industry - DSS Compliance	1,001	1,000	100%	2,000	1,000	0	0	0	0	0	0%	0	0	0	0	0	0	0	v
Wellington PSIS House relocation	0	0	0%	0	0	767	834	2,000	0	2,000	42%	2,130	130	0	0	0	0	0	v
Business Continuity/ Disaster Recovery	150	899	17%	899	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Citrix infrastructure mitigation	27	40	66%	40	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Infrastructure core switch upgrades	0	100	0%	0	-100	0	0	650	0	650	0%	0	-650	0	0	0	0	0	v
Windows Server 2003 remediation	216	950	23%	950	0	0	0	200	0	200	0%	0	-200	0	0	0	0	0	v
Annual ICT equipment maintenance & refresh	0	0	0%	0	0	0	141	2,200	0	2,200	6%	2,200	0	0	0	0	0	0	v
OS Deferred initiatives scaled back to business case work	0	200	0%	0	-200	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Driver Testing Services Implementation	81	198	41%	198	0	0	690	1,500	0	1,500	46%	1,500	0	0	0	0	0	0	v
RUC Trade Plates	2	21	10%	21	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Driver Licensing Reform Programme	182	330	55%	330	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Freight Willing Compliance: VDAM Reform	119	100	119%	100	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
A&U Online Initiatives - RUC Refunds	0	50	0%	50	0	0	0	250	0	250	0%	250	0	0	0	0	0	0	v
WoF/CoF Online	0	200	0%	200	0	0	0	1,000	0	1,000	0%	0	-1,000	0	0	0	0	0	v
Contact Centre Technology Upgrade	64	86	74%	86	0	0	796	405	803	1,208	66%	1,312	104	0	0	0	0	0	v
Analytics and Report Transformation - for Hyperion users	0	151	0%	150	-1	0	290	1,033	0	1,033	28%	290	-743	0	0	0	0	0	v
CAS replacement	0	0	0%	0	0	1,400	613	1,250	0	1,250	49%	1,831	581	0	0	0	0	0	v
P&C Implementation of Zero Harm Strategy 2014-2020	394	884	45%	884	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Implementation of 2nd year of Transport Agency People Plan 2014-16	289	830	35%	830	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
CE Innovation Fund and Process	72	453	16%	453	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Special and Contestable Fund	0	537	0%	476	-61	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Fast Lane Programme	0	10	0%	10	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
SCP Web site - next phase	394	800	49%	740	-60	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Priority and strategy work programme	0	175	0%	175	0	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
Business Initiatives	3,406	8,714	39%	9,792	1,078	2,167	3,363	10,988	803	11,791	29%	9,513	-2,278	0	0	0	0	0	0
OS Tauranga Office Improvements	0	0	0%	0	0	0	2	0	18	18	11%	2	-16	0	0	0	0	0	v
A&U Bank Fee Programme	1	0	0%	0	0	0	0	0	50	50	2%	0	-50	0	0	0	0	0	v
RUC Assessment Payments Online - Phase A Part 1	0	0	0%	0	0	0	173	0	165	165	105%	173	8	0	0	0	0	0	v
Prior Initiatives	1	0	0%	0	0	0	175	0	234	234	75%	175	-59	0	0	0	0	0	v
Total Approved Business Initiatives	3,407	8,714	39%	9,792	1,078	2,167	3,538	10,988	1,037	12,025	29%	9,688	-2,337	0	0	0	0	0	0

Additional Committed Initiatives	Operating expenditure							Capital expenditure							Project status	Business Case approved			
	YTD Actual	Approved Budget	% of Budget spent YTD	Full Year Forecast	Var. F/cast to Budget	Fiscal Risk	YTD Actual	Approved Budget	Carried Forward Budget from 2014/15	Approved Capex Budget incl Carry Fwds	% of Budget spent YTD	Full Year Forecast	Var. F/cast to Budget	Fiscal Risk					
	\$000	\$000	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%	\$000	\$000	\$000					
OS Better Ways Of Working (BWOW)	277	0	0%	600	600	1,500	26	0	0	0	0%	0	0	0	0	0	0	0	0
P&I Gearing Up Transformation Programme	300	0	0%	0	0	1,100	0	0	0	0	0%	0	0	0	0	0	0	0	0
A&U Paper to Digital Business Case	414	0	0%	551	551	0	0	0	0	0%	0	0	0	0	0	0	0	0	v
All Other Minor Projects	815	884	92%	1,963	1,079	0	44	0	0	0	0%	159	159	0	0	0	0	0	0
Total Other Committed Initiatives	1,806	884	204%	3,114	2,230	2,600	70	0	0	0	0%	159	159	0	0	0	0	0	0
Total Approved and Other Committed Initiatives	5,213	9,598	54%	12,906	3,308	4,767	3,608	10,988	1,037	12,025	0%	9,847	-2,178	0	0	0	0	0	0

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

**TRANSPORT AGENCY
FINANCIAL STATEMENTS**

**Transport Agency - Consolidated statement of comprehensive revenue and expense for the year
ended 31 December 2015**

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Forecast \$000	Budget \$000	Variance \$000	%
Revenue								
Funding from the Crown	27,276	25,334	1,942	8%	40,173	60,996	(20,823)	(34%)
Funding from the NLTF	845,114	875,771	(30,657)	(4%)	2,048,017	2,025,574	22,443	1%
Revenue from other activities	108,752	91,054	17,698	19%	195,299	170,255	25,044	15%
	981,142	992,159	(11,017)	(1%)	2,283,489	2,256,825	26,664	1%
Expenditure								
Investment in land transport	571,409	593,820	22,411	4%	1,513,184	1,539,349	26,165	2%
Transport Agency operating activities	153,500	158,233	4,733	3%	334,968	312,238	(22,730)	(7%)
SH depreciation/asset write off	240,000	239,598	(402)	(0%)	480,000	480,000	0	0%
	964,909	991,651	26,742	3%	2,328,152	2,331,587	3,435	0%
Surplus/(deficit)	16,233	508	15,725		(44,663)	(74,762)	30,099	40%

Transport Agency - Consolidated statement of financial position as at 31 December 2015

	As at 31 December 2015				Year end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Assets								
Current assets								
Debtor NLTF	170,561	439,425	(268,864)	(61%)	501,806	496,307	5,499	1%
Other	169,823	160,980	8,843	5%	178,435	185,302	(6,867)	(4%)
Non-current assets	30,946,322	31,160,782	(214,460)	(1%)	32,297,411	32,394,018	(96,607)	(0%)
	31,286,706	31,761,187	(474,481)	(1%)	32,977,652	33,075,627	(97,975)	(0%)
Liabilities								
Current liabilities								
Payables	200,049	449,907	249,858	56%	510,211	483,094	(27,117)	(6%)
Other	11,223	14,506	3,283	23%	14,538	14,538	0	0%
Non-current liabilities	329,866	487,922	158,056	32%	695,209	738,353	43,144	6%
	541,138	952,335	411,197	43%	1,219,958	1,235,985	16,027	1%
Net assets	30,745,568	30,808,852	(63,284)	(0%)	31,757,693	31,839,641	(81,948)	(0%)
Equity								
General funds	5,606	5,606	0	0%	5,606	5,606	0	0%
Retained funds	8,393	1,641	6,752	(411%)	(46,245)	(65,817)	19,572	30%
Memorandum account	21,063	12,274	8,789	72%	6,886	10,870	(3,984)	(37%)
State highway network	30,710,506	30,789,331	(78,825)	(0%)	31,791,446	31,888,982	(97,536)	(0%)
Total equity	30,745,568	30,808,852	(63,284)	(0%)	31,757,693	31,839,641	(81,948)	(0%)

Transport Agency - Consolidated statement of cash flows for the year ended 31 December 2015

	Year to date				Year end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Cash operating activities								
Receipts from Crown/NLTF	1,095,866	963,861	132,005	14%	2,013,644	2,120,514	(106,870)	(5%)
Receipts from other revenue	189,927	99,148	90,779	92%	245,226	168,461	76,765	46%
Suppliers/employees	(1,005,128)	(798,725)	(206,403)	(26%)	(1,807,378)	(1,858,043)	50,665	3%
	280,665	264,284	16,381	6%	451,492	430,932	20,560	5%
Cash investing activities								
Sale of SH properties	14,335	25,540	(11,205)	(44%)	51,200	50,550	650	1%
Purchase of assets	(3,589)	(7,620)	4,031	53%	(13,194)	(15,166)	1,972	13%
SH network (incl. property)	(762,913)	(867,701)	104,788	12%	(1,610,729)	(1,696,040)	85,311	5%
	(752,167)	(849,781)	97,614	11%	(1,572,723)	(1,660,656)	87,933	5%
Cash financing activities								
Capital contributions	473,758	524,837	(51,079)	(10%)	986,790	1,067,101	(80,311)	(8%)
Receipts from borrowing	3,342	63,362	(60,020)	(95%)	219,100	238,000	(18,900)	(8%)
Repayment of borrowing	(3,332)	(2,679)	(653)	24%	(77,941)	(75,355)	(2,586)	3%
	473,768	585,520	(111,752)	(19%)	1,127,949	1,229,746	(101,797)	(8%)
(Decrease)/increase in cash	2,266	23	2,243	9752%	6,719	23	6,696	29112%
Cash at the beginning	43,281	50,000	(6,719)	(13%)	43,281	50,000	(6,719)	(13%)
Cash at the end	45,547	50,023	(4,476)	(9%)	50,000	50,023	(23)	(0%)

**NATIONAL LAND TRANSPORT FUND
FINANCIAL STATEMENTS**

**National Land Transport Fund - Statement of comprehensive revenue and expense for the year ended
31 December 2015**

	Year to date				Year end			
	Actual	Budget	Variance		Forecast	Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Revenue inflows								
LT revenue - FED	911,431	828,868	82,563	10%	1,795,494	1,796,954	(1,460)	(0%)
LT revenue - RUC and other revenue	813,561	773,605	39,956	5%	1,534,788	1,534,324	464	0%
Crown land and interest	27,134	33,705	(6,571)	(19%)	74,220	66,880	7,340	11%
	1,752,126	1,636,178	115,948	7%	3,404,502	3,398,158	6,344	0%
Outflows								
National Land Transport Programme	1,321,134	1,451,833	130,699	9%	2,985,456	3,100,339	114,883	4%
Road Policing Programme	150,451	150,410	(41)	(0%)	323,000	296,667	(26,333)	(9%)
	1,471,585	1,602,243	130,658	8%	3,308,456	3,397,006	88,550	3%
Surplus/(deficit)	280,541	33,935	246,606	(727%)	96,046	1,152	94,894	(8237%)

National Land Transport Fund - Statement of financial position as at 31 December 2015

	As at 31 December 2015			Year end			
	Actual	Opening	Movement	Forecast	Budget	Variance	
	\$000	\$000	\$000	\$000	\$000	\$000	%
Current assets							
Cash and cash equivalents	98,846	39,134	59,712	249,421	86,581	162,840	188%
Receivables	261,888	267,287	(5,399)	258,064	257,583	481	0%
	360,734	306,421	54,313	507,485	344,164	163,321	47%
Current liabilities							
Payables	170,561	396,789	226,228	501,806	496,307	(5,499)	(1%)
	170,561	396,789	226,228	501,806	496,307	(5,499)	(1%)
Net assets	190,173	(90,368)	280,541	5,679	(152,143)	157,822	104%
General funds	190,173	(90,368)	280,541	5,679	(152,143)	157,822	104%
General funds closing balance	190,173	(90,368)	280,541	5,679	(152,143)	157,822	104%

National Land Transport Fund - Statement of cash flows for the year ended 31 December 2015

	Year to date	Year end			
	Actual \$000	Forecast \$000	Budget \$000	Variance \$000	%
Cash flows from operating activities					
Receipts from land transport revenue	1,752,126	3,404,503	3,398,158	6,345	0%
Payments to Transport Agency and NZ Police	(1,471,585)	(3,308,456)	(3,397,006)	88,550	3%
	280,541	96,047	1,152	94,895	100%
Net decrease/(increase) in receivables	5,399	9,223	(15,568)	24,791	159%
Net (decrease)/increase in payables	(226,228)	105,017	8,162	96,855	(1187%)
	(220,829)	114,240	(7,406)	121,646	1643%
Net (decrease)/increase in cash and cash equivalents	59,712	210,287	(6,254)	216,541	3462%
Cash and cash equivalents at the beginning of the period	39,134	39,134	92,835	(53,701)	(58%)
Cash and cash equivalents at the end of the period	98,846	249,421	86,581	162,840	188%

NZ TRANSPORT TICKETING LTD

FINANCIAL PERFORMANCE AND COMMENTARY

a) NZTTL has focused on providing technical advice to Transport Agency on options for delivering integrated fares and ticketing schemes across the country. The focus of this work is to ensure that a preferred approach will deliver best whole of life value, minimise implementation timeframes and lower risk by removing complexity and technology integration. This advice has included review by international experts. This activity has been undertaken during quarter four of 2014/15 and has supported Transport Agency as it developed policy positions and recommendations for consideration by Transport Agency Board in October 2015, and as Transport Agency continues to work with regional councils on their approaches to procuring and implementing integrated ticketing schemes.

b) This has been important work to assist Transport Agency in its role of assisting and advising regional councils. The originally planned NZTTL work schedule has been pushed out by approximately four months, as the procurement decision-making has taken longer than originally planned.

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

- Developing a more collaborative future mode of operation with Thales, the incumbent technology provider for the central system and Auckland scheme. A project charter has been developed that supports a 'One Team, One

Mission' approach. The Charter could be a precursor to forming a contractual construct for future arrangements.

- Working with Thales to develop high level requirements that will inform the detailed technology design.
 - Preliminary concepts design of customer and contact centre web portals.
 - Developing a concept-of-operations model for the on-going support and administration of the scheme, and a technology road map, to support the deployment of schemes in regions beyond Auckland.
 - Investigation into emerging value-added technologies, such as mobile applications and using credit cards instead of dedicated transport cards.
- d) Because of the need to focus efforts on supporting Transport Agency's policy processes, project costs have been localised around preparation work with specialist contractors and the incumbent system vendor. Overall expenditure is 36% of budget for the quarter and it is forecast that as the capital works programmes commences there will be uplift in capital over the upcoming quarters along with operating expenses.
- e) The under spend in depreciation is due to delays in transferring the ticketing system assets from Transport Agency to NZTTL. The adjustment will be made next month removing the variance.

KEY FINANCIAL INFORMATION

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Forecast \$000	Budget \$000	Variance \$000	%
Revenue and expense								
Funding from the NTF	2,276	2,298	(22)	(1%)	4,824	4,596	228	5%
Revenue from other activities	1	2,922	(2,920)	(100%)	27	5,843	(5,816)	(100%)
Expenditure	2,277	6,287	4,010	64%	6,790	12,438	5,648	45%
	0	(1,068)	1,068	100%	(1,939)	(2,000)	61	3%
Financial position								
Working capital	0	(42)	42	100%	85	51	34	67%
Non-current assets	0	15,323	(15,323)	(100%)	13,941	16,401	(2,460)	(15%)
	0	15,281	(15,281)	(100%)	14,026	16,452	(2,426)	(15%)
Equity								
Contributed capital	0	16,279	(16,279)	(100%)	15,964	18,381	(2,417)	(13%)
Accumulated deficit	0	(998)	998	100%	(1,939)	(1,930)	(9)	(0%)
	0	15,281	(15,281)	(100%)	14,025	16,452	(2,426)	(15%)
Net cash flows								
Cash from operating activities	(705)	7	(712)	(10177%)	(793)	(4)	(789)	19725%
Capital expenditure	0	(2,089)	2,089	100%	(1,966)	(4,177)	2,211	53%
Capital contribution	0	2,102	(2,102)	(100%)	1,967	4,204	(2,237)	(53%)
	(705)	20	(725)	(3627%)	(792)	23	(815)	(3543%)



SERVICE DELIVERY AND INVESTMENT PERFORMANCE

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*
9	19	1	1
1	3		

*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 34 annual service delivery and investment targets that we measure on a quarterly basis, but four areas may require attention

LICENSING AND REGULATORY COMPLIANCE

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	≤\$11.00	\$10.24	●		●
% of transactions completed online	≥25%	38%	●		●
% of accuracy of registers	≥93%	93%	●		●
% of operational assurance activities completed	100%	100%	●		●
% of activities that are delivered to agreed standards and timeframes	≥90%	96%	●		●
Number of products/services delivered or processed	≥6.0m	3,162,926	●		●

ROAD TOLLING

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	≤\$0.75	\$0.39	●		●
% of revenue compliance	≥98%	94%	●	Road Tolling revenue compliance is below target due to YTD figures being used in 2015/16 rather than a rolling 12 month figure. This means that the lag time in toll payment notices being issued affects the result. This change was recommended by KPMG.	●
Number of products/services delivered or processed	6-6.5m	7,136,248	●		●

MOTOR VEHICLE REGISTRY

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	≤\$6.00	\$5.11	●		●
% of transactions completed online	≥35%	37%	●		●
% of accuracy of registers	≥95%	95%	●		●
% of revenue compliance	≥98%	99%	●		●
Number of products/services delivered or processed	≥9.5m	5,864,268	●		●
% customer satisfaction	≥87%	95%	●		●





ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	≤\$5.50	\$4.63	●		●
% of transactions completed online	≥55%	57%	●		●
Number of products/services delivered or processed	≥3m	1,790,195	●		●





REFUND OF FUEL EXCISE DUTY

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Average number of days taken to deliver	10	7.54	●		●
Number of products/services delivered or processed	≥54k	21,073	●		●

INVESTMENT MANAGEMENT

SERVICE DELIVERY MEASURES	2015/16 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%		At the start of the financial year (and in particular the start of an NLTP), MoFAS spend is typically ahead of NLTP spend. We are expecting NLTP spend to catch up later in the year.	
% of activities completed to agreed standards and timeframes (management of funding allocation system (MOFAS))	100%	100%			
% of investments that meet the NZTA's investment criteria benchmark level (aggregate of all investment output classes)		100%			
% of NZTA investment decisions which meet required process standards (aggregate of all investment output classes)		n/a		A root cause analysis of some reoccurring issues encountered with post approval reviews (PARs) is being undertaken. In the meantime PARs are not being done, hence we cannot report on this measure.	



INVESTMENT MANAGEMENT (CONTINUED)

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of operational assurance activities completed	100%	80%			
% of investment audit programme completed on time		80%		Two of the ten investment audits scheduled for Q2 have been deferred to Q3 to fit with auditee availability. We have changed our approach to the delivery of investment assurance	
% of post implementation review programme completed		n/a		No post implementation reviews were planned for this quarter.	
% of activities that are delivered to agreed standards and timeframes (transport planning)	≥90%	35%		A panel procurement approach took longer than anticipated. While this has affected the programme, it has been more effective than procurement of individual Programme Business Cases (PBCs). A significant number of our highest priority PBCs are now underway and we have a panel in place with which we can progress the remainder. Activity management planning performance was affected by one activity going over budget in anticipation of a budget restructure. In summary, a significant proportion of the activities have experienced delays, including procurement related issues and re-scoping due to changes in strategic context. We expect nearly all of these will be on track by Q4.	

INVESTMENT MANAGEMENT (CONTINUED)

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities completed on transport model development delivered to agreed standards and timeframes	Note: This is reported in a cumulative manner, with the ≥90% being the end of year target	n/a	No activities reported here in this financial year.		
% of activities completed on activity management planning improvement delivered to agreed standards and timeframes		43%	Activity management planning did not achieve its target due to one activity going over budget in anticipation of a budget restructure to draw in funds from other sources.		
% of activities completed on programme business case development delivered to agreed standards and timeframes		33%	A significant proportion of programme business cases experienced delays due to tendering and supplier negotiation delays, consolidation of closely related PBCs, and reviews required due to changes in strategic context.		
% of activities that are delivered to agreed standards and timeframes (sector research)	≥90%	100%	●		●
Average number of days taken do deliver	20	7.4	●		●
Average number of working days taken to process and approve payments to approved organisations		4.1			
Average number of working days taken to process and approve a new NLTP activity		10.7			
% customer satisfaction (approved organisations / stakeholders)	≥70%	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a

PUBLIC TRANSPORT

ASSESSMENT OF INVESTMENT PERFORMANCE	DESIRED TREND 2015-19	ACTUAL FOR THE TWELVE MONTHS TO 30/06/15	ACTUAL FOR THE TWELVE MONTHS TO 30/09/15	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Number of passengers using urban public transport services (bus, train and ferry)	Increasing	144.2m	145.0m			
Fare revenue as a % of total expenditure	Maintaining	n/a	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Change in productivity (costs per passenger kilometre) where available by bus, train and ferry	Increasing	n/a	n/a	n/a	Data not yet available as we started gathering information for this only from July 2015.	n/a
Change in productivity (costs per passenger kilometre) where available by peak and off-peak	Increasing	n/a	n/a	n/a	Data not yet available as we started gathering information for this only from July 2015.	n/a

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

SERVICE DELIVERY MEASURES	2015/16 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	2015/16 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		100%			
% of road safety advertising programme completed on time		100%			
% of education and promotion programmes that meet forecast participation rates		100%			
% of road safety advertising campaigns that meet or exceed their agreed success criteria	≥75%	82%	●		●

LOCAL ROAD IMPROVEMENTS

ASSESSMENT OF INVESTMENT PERFORMANCE	DESIRED TREND 2015-19	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Change in travel times on key local roads serving our major metropolitan areas	Increasing	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Change in the productivity of the local road network in major metropolitan areas	Increasing	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Change in the proportion of local roads that are made available to high productivity motor vehicles (HPMVs) <i>(Note: alternative measure used - % of approved organisations signed up to the 50MAX network.)</i>	Increasing	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a

LOCAL ROAD MAINTENANCE

SERVICE DELIVERY MEASURES	2015/16 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 yet.	n/a
ASSESSMENT OF INVESTMENT PERFORMANCE	DESIRED TREND 2015-19	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Pavement integrity of the sealed network	Maintaining	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Surface condition of the sealed network	Maintaining	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Smooth ride - % of travel on smooth roads	Maintaining	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Change in local road maintenance cost per lane kilometre expenditure by road classification	Maintaining (in real terms)	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a



WALKING AND CYCLING

INVESTMENT INDICATORS	DESIRED TREND 2015-19	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Change in network kilometres of cycle lanes	Increasing	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Percentage increase in cycling trip legs per person across Auckland, Wellington and Christchurch³⁵	Increasing	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a

ROAD NETWORK - REGIONAL IMPROVEMENTS

INVESTMENT INDICATORS	DESIRED TREND 2015-19	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Change in kilometres of improved regional roading	Increasing	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a

STATE HIGHWAY IMPROVEMENTS

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	≥90%	33%		Improvements Programme achievement generally progressing as planned. The main risk is the delivery of the Property Acquisition Programme which is significantly behind.	
% of state highway large projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		20%			
% of RoNS milestones completed to agreed timeframes		36%		37 of the 104 annual milestones complete	
% of state highway small projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		0%			
% of property acquisition programme completed to agreed standards and timeframes - Cost vs budget		37%		Behind programme due to a significant number of complex settlements taking longer than planned. These challenges are having a flow on effect to the rest of the programme, putting year end achievement at risk.	

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS (CONTINUED)

ASSESSMENT OF INVESTMENT PERFORMANCE	DESIRED TREND 2015-19	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Change in travel times on key state highways serving our major metropolitan areas (Auckland, Wellington and Christchurch)	Maintaining	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Change in productivity of the state highway network in major metropolitan areas (Auckland, Wellington and Christchurch - AM peak)³⁶	Maintaining	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Change in the proportion of state highways available to HPMV	Increasing	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a

STATE HIGHWAY MAINTENANCE

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	≥90%	19%	●		●
Safe stopping: % of network meeting surface texture standards	≥98%	n/a	n/a	This is reported annually and will be reported on in our annual report	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 our annual report	n/a
Safe stopping: % of travel on network above skid threshold	≥98%	n/a	n/a	This is reported annually and will be reported on in our annual report	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 our annual report	n/a
Availability of state highway network:	≥90%		●		●
% of unplanned road closures resolved within 12 hours		90%			
% availability of state highway network		90%			
% of unplanned closures		10%			
% customer satisfaction	≥50%	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a

MAINTENANCE AND OPERATION OF STATE HIGHWAYS (CONTINUED)

ASSESSMENT OF INVESTMENT PERFORMANCE	DESIRED TREND 2015-19	Q2 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Surface condition of the sealed network	Maintaining	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Smooth ride - % of travel on smooth roads	Maintaining	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a
Change in state highway maintenance cost per lane kilometre expenditure by road classification	Maintaining (in real terms)	n/a	n/a	This is reported annually and will be reported on in our annual report	n/a

ROAD POLICING PROGRAMME PROGRESS REPORT

ROAD POLICING PROGRAMME (RPP) PERFORMANCE HIGHLIGHTS





In this quarter




- 8 of the 13 result trends, which are intermediate outcomes to which Police make a significant contribution, trended positively. Commentary on the 4 'on watch' amber results are provided in the table to the right.
- Police, jointly with the Transport Agency, used a multi-criteria decision making process to generate options for the 2016-18 Road Policing Programme work programmes.
- Police started to address the range of improvement projects listed on pages 6 and 7 of the 2015-18 Road Policing Programme at <http://www.nzta.govt.nz/resources/road-policing-programme/>.
- The speed camera expansion programme implementation plans to have 12 replacement cameras operating by late 2015.
- Police are investigating problems with the new Evidential Breath Testing devices with the manufacturer.

Q1: SATISFACTORY PROGRESS OVERALL ON ROAD POLICING PROGRAMME DELIVERY BY NZ POLICE, WITH 8 RESULT TRENDS POSITIVE, 1 NEUTRAL AND 4 'ON WATCH'.

RPP AREA OF CONCERN	OUTCOME RESULTS POLICE CONTRIBUTE TO	TREND
SPEED	Decrease in deaths and serious injuries where excessive speed is a factor	↑
	Even though the sector measure is trending negatively, the intermediate outcomes relating to the percentage of drivers travelling above the speed limit is tracking positively – matching the data collected and reported by Police in their Q1 report. Police noted a reduction in camera notices issued compared with the previous quarter – with reductions in notices issued in the categories 0-10kmh and 11-15kmh over the speed limit. Police launched the 2015/16 summer driving campaign – <i>Check your speed</i> - where the tolerance is reduced to 4kmh over speed limits during December and January.	
HIGH RISK DRIVING	Reduction in the number of disqualified, unlicensed, fleeing or racing drivers in fatal and serious injury crashes	↓
YOUNG DRIVERS	Reduction in the number of young drivers on GDL at fault in fatal and serious injury crashes	↑
	The enforcement activities affecting young people are speed, alcohol/drug impaired driving, restraints and dangerous and careless driving. Even though the sector measure for young drivers is trending negatively, the intermediate outcome measures associated with young drivers are trending positively: there is an increasing percentage of young people who believe they may be caught speeding or breath tested late at night.	
MOTORCYCLISTS/MOTORCYCLES	Reduction in number of ACC entitlement claims for motorcyclists injured in crashes	↑
	Motorcycling safety is emerging as a clear priority under the next Safer Journeys Action Plan because motorcycle deaths and serious injuries are trending at the highest level since the late 90s. The road policing activities which address motorcyclists and motorcycles are speed, alcohol/drug impaired driving, restraints and dangerous and careless driving. The related intermediate outcome for motorcycles (rather than motorcyclists), namely the number of motorcycles involved in a crash without a current WoF, has been trending in a positive direction. Offences detected by Police show a pattern, with the Q2 and Q3 quarters 30-50% above the Q4 and Q1 quarters due to the seasonal nature of motorcycling.	
ALCOHOL / DRUG IMPAIRED DRIVING	Decrease in the number of fatal and serious injury crashes where alcohol and/or drugs are a factor	↓

RPP AREA OF CONCERN	OUTCOME RESULTS POLICE CONTRIBUTE TO	TREND
RESTRAINTS	Decrease in the number of deaths and serious injuries where a restraint device is not worn	↓
COMMERCIAL VEHICLE OPERATORS	Decrease in the number of fatal and serious crashes where the heavy vehicle (driver) is at fault	↑
<p>The enforcement activity affecting this outcome is the commercial vehicle operator activity. A number of districts are up-skilling front-line staff so they are able to take part in the policing of heavy motor vehicles (HMVs) in collaboration with commercial vehicle investigation unit specialist staff. Appropriately, enforcement delivered during Q1 had a focus on the speed of HMVs.</p>		
WALKING AND CYCLING	Reduction in the number of pedestrians/cyclists killed or hospitalised for longer than one day per 100,000 population	↓
FATIGUE AND DISTRACTION	Reduction in fatalities and serious injuries in fatigue and/or distraction crashes	↓
OLDER ROAD USERS	Reduction in fatalities and serious injuries to older road users per 100,000 population	↓
ROADS AND ROADSIDES	Reduction in fatalities and serious injuries in crashes with road conditions as contributing factors	→
HEAVY VEHICLE	Decrease in number of crashes involving heavy vehicles in breach of VDAM rules	–
LIGHT VEHICLES	Decrease in percentage of fatal and serious injuries in crashes with vehicle faults as a contributing factor in the crash	↓

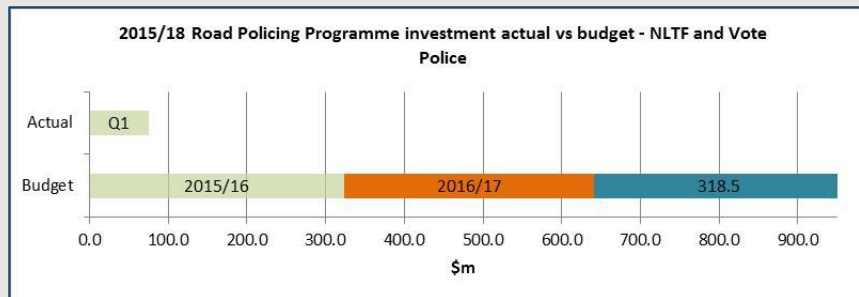
2015-18 IMPROVEMENT PROGRAMME	STATUS
<p>Policing Excellence: The Future</p> <p>A focus of the quarter was developing Strategic Options Delivery paper for the Road Policing Programme 2016-18 work programmes. A multi-criteria decision process was used which applied Police's Policing Excellence: The Future process to road policing, and a range of delivery options were identified. Each was assessed in accordance with the Transport Agency's Investment Assessment Framework to inform the preparation of the 2016-18 variation to the Road Policing Programme to be recommended to the Minister of Transport.</p>	
<p>Implementation of the Enhanced Camera Programme</p> <p>Construction of the two remaining Auckland traffic camera sites was progressed and it is planned that all Auckland sites will be operational by late 2015. Work on the next phase of camera implementation included a review of site selection methodology, updates to regional stakeholders and procurement to secure a national construction partner.</p>	
<p>Implementation of NZ Police mobility programme - including electronic traffic crash reporting</p> <p>The Police mobility programme is ahead of schedule. The Programme will, eventually, allow infringement notices to be issued electronically. In the meantime Police are moving to completing notices electronically, with postage to drivers as for speed camera notices. Police are working with the Transport Agency to develop a partnership agreement for the provision of Traffic Crash Reporting (TCR) data to the Crash Analysis System.</p>	
<p>Implementation of new evidential breath testing (EBT) devices</p> <p>The first 400 Drager 7510NZ EBT devices were issued. Unfortunately a number of the devices failed routine callibration testing. Police have recalled the devices and are working with the manufacturer to investigate and address the problem.</p>	

DELIVERY HIGHLIGHTS	STATUS
<p>National tasking and operations</p> <p>Police commenced Operation Brake, with the aim of reversing the recent trend of increasing road deaths and serious injuries. The operation builds a strategic communications plan to engage Police staff from across the organisation to develop messaging and engagement with the public on road safety and road policing. Under the Operation Brake umbrella, Police will run a number of targeted operations. During the July-September quarter Police ran a distractions operation and an initiative focussing on alcohol and fatigue around the Rugby World Cup.</p>	
<p>District Road Risk Profiles</p> <p>District Road Risk Profiles (DRRP) provide districts with a tool to inform where and when they deploy resources in a proactive manner or target to risk. The tool displays Police district crash points, high risk journeys and other hotspots. DRRPs have been developed and released for Canterbury, Southern and Tasman Police Districts. Work is underway on the development of DRRPs for the Wellington, Central and Bay of Plenty Police Districts.</p>	
<p>Assurance, standards and training</p> <p>NZ Police Road Policing Support team undertook a number of operational audits across a number of Police districts during the quarter, including audits on:</p> <ul style="list-style-type: none"> • blood-taking forms from evidential blood alcohol testing procedures • qualifications of medical practitioners taking blood samples, and • speed enforcement equipment. <p>Based on the results, Police have identified areas where improvements could be made and advised Police districts.</p>	

POLICE ROAD POLICING PROGRAMME EXPENDITURE AGAINST BUDGET

Status

YEAR	ORIGINAL NLTF APPROVAL (\$M)	REVISED BUDGET (\$M)	YTD ACTUAL (\$M)
2015/16	315.0	323.0	76.9
2015/16 - Speed camera Expansion Programme	8.0		
2016/17	637.0	637.0	
2017/18			
Total 2015-18 (NLTF only)	960.0	960.0	76.9



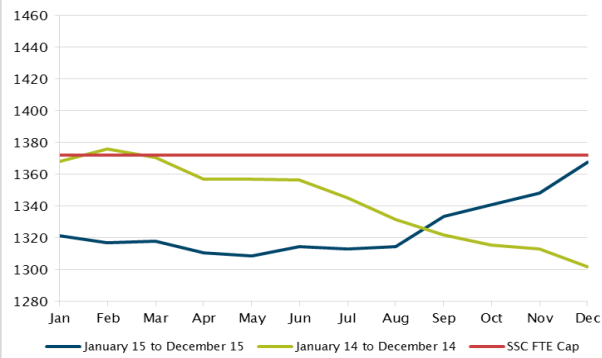


ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

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

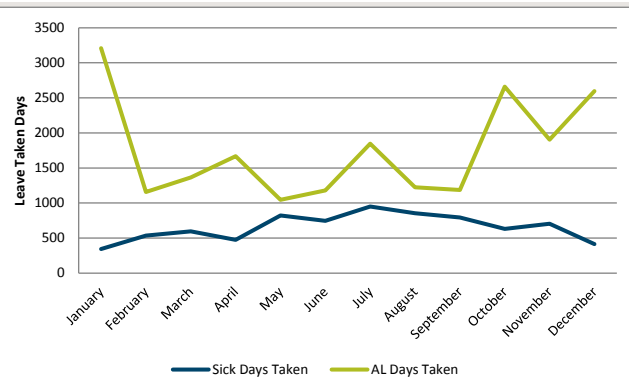
FULL-TIME EQUIVALENT (FTE) EMPLOYEES AGAINST CAP



As at 31 December 2015 there were 1,387.96 FTE employees, up 3% since last quarter. In addition, there were 43 active vacancies, bringing our total FTE to 1,430.96.

Our forecast for FTEs at December 2015 was 1400, and once active vacancies are taken into account we were sitting slightly above that. As indicated during the year this is due to resourcing pressures arising from the 2015-18 National Land Transport Programme.

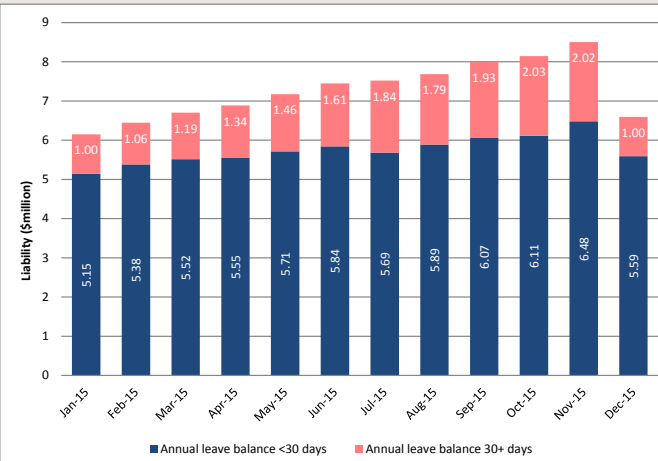
PLANNED AND UNPLANNED LEAVE TAKEN



Our average annual leave balance as at 31 December 2015 was 13.1 days. This is a significant drop since last quarter (16.0 days), which is expected as annual leave bookings for the holiday period are realised. The average is similar to as at 31 December 2014 (13.2 days).

The number of sick days taken is slightly higher than as at the same time last year, but is following the general yearly trend of reducing over the summer months.

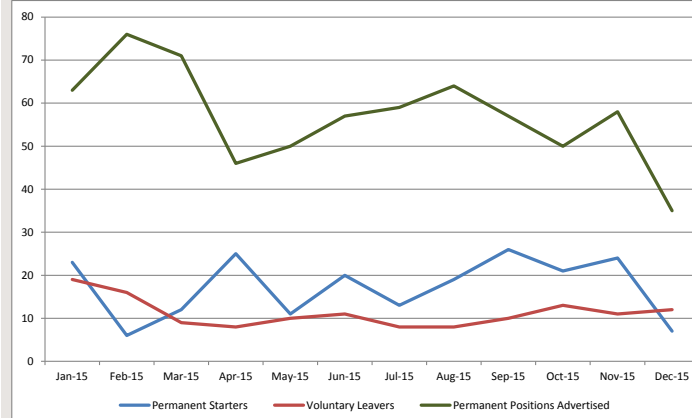
ANNUAL LEAVE LIABILITY



Our annual leave liability as at 31 December 2015 was \$6.6 million (approximately \$4,564 per person), which is almost \$2 million less than last quarter.

There were 75 employees with an annual leave balance of more than 30 days (a 48% reduction since last quarter, due to the current holiday season). When future booked leave is taken into consideration there were just 16 employees with a balance of more than 30 days annual leave (1% of eligible employees).

PERMANENT COMINGS AND GOINGS



As at 31 December 2015 there were 35 permanent vacancies advertised, which is lower than the annual average of 57 at each month end. This can largely be attributed to recruitment restrictions which are in place at this time of year.

Voluntary turnover sits at 9.9%, 1.4% less than as at the same time last year, 0.9% less than the SSC benchmark and 1.4% less than the New Zealand general market.

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 quarter two we recorded eleven first aid injuries - three involved splashes with hot water, two involved hands being jammed in doors, one minor cut to fingers, two slips, trips or falls and three sprains or strains. These injuries occurred within our Auckland, Wellington and Palmerston North offices.

Wayne Troughton was seconded from the Highways and Network Operations group to the Construction Safety Council (CSC) as Project Manager. This role enables the delivery of industry-led safety initiatives for the CSC over the next 12-months including the roll out of the ConstructSafe competency assessment system.

The Zero Harm SME roadshows were completed in quarter two. Endorsed by ACC and Civil Contractors NZ, this national roadshow allowed us to share knowledge and tools with SMEs to further improve our health and safety performance across the industry.

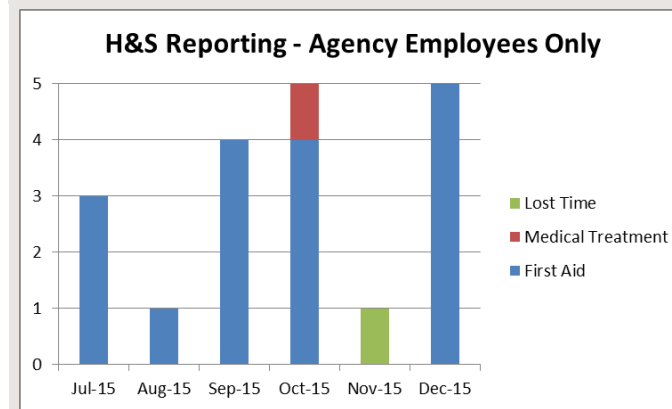
The team facilitated two design and innovation workshops in quarter two - (1) Verification of construction plant operator competency, and (2) Embedding a culture of safe company vehicle use. Both workshops included participants from within the Transport Agency and the wider industry.

The ‘Embedding a culture of safe company vehicle use’ workshop allowed a deeper understanding of issues and identified opportunities to further embed a safer driving culture within the Transport Agency. The findings of this workshop are now being analyzed and outcomes will be delivered over the coming 12-months. To date we have had a 90% reduction in speeding incidents since the implementation of the safe use of company vehicle policy.

Access and Use have completed a full risk assessment for the group. The group’s action plan is being reviewed with key points agreed for delivery.

In quarter two, our prequalified contractors were notified of the implementation of our new contractor management system that will come into effect in quarter three.

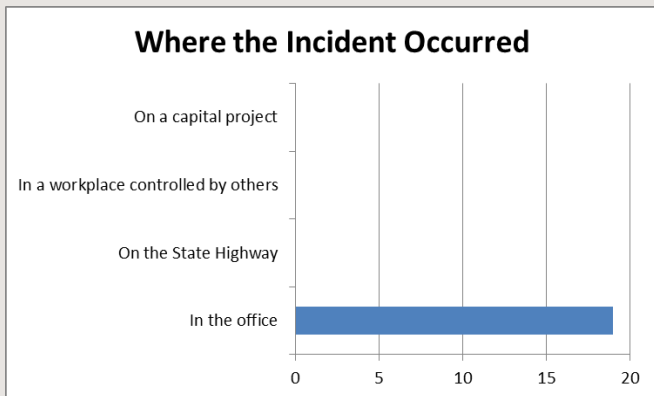
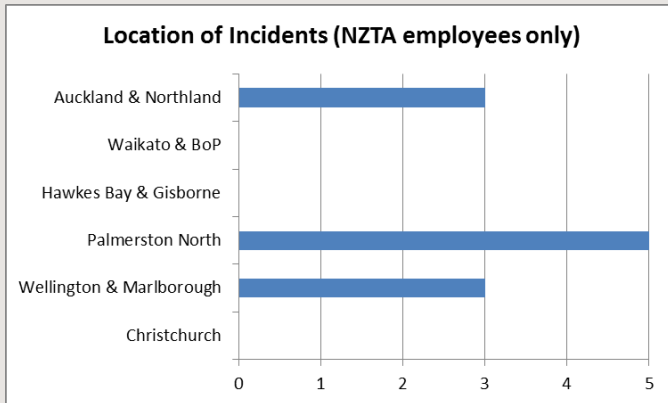
HEALTH AND SAFETY - NUMBER OF INJURIES PER MONTH BY SEVERITY (NZ TRANSPORT AGENCY EMPLOYEES ONLY)



There were eleven first aid injuries reported this quarter. Three involved splashes with hot water, two involved hands being jammed in doors, one minor cuts to fingers, two slips, trips or falls and three sprains or strains.

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

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

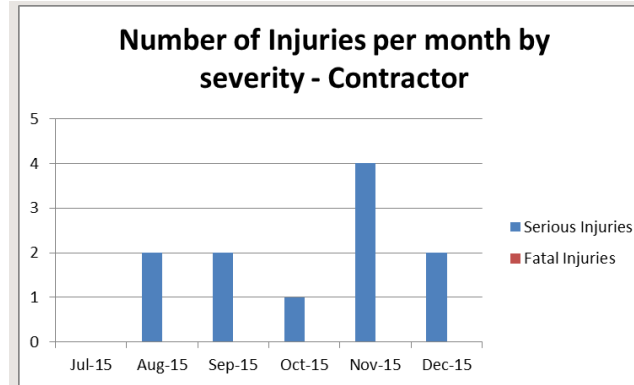


Two incidents involving hot water splashes occurred in Palmerston North and one in Wellington. The two incidents of hands being jammed in doors occurred in Palmerston North and Wellington. The minor cut occurred in Auckland office. The two slips occurred in Auckland and Palmerston North. While three sprains/strains occurred in Auckland, Wellington and Palmerston North.

While we have a number of people whose roles take them out of the office, the majority of our people are primarily office based. This is reflected in the number of incidents in an office environment.

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

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



There were seven serious injuries reported by Transport Agency Contractors this quarter.

