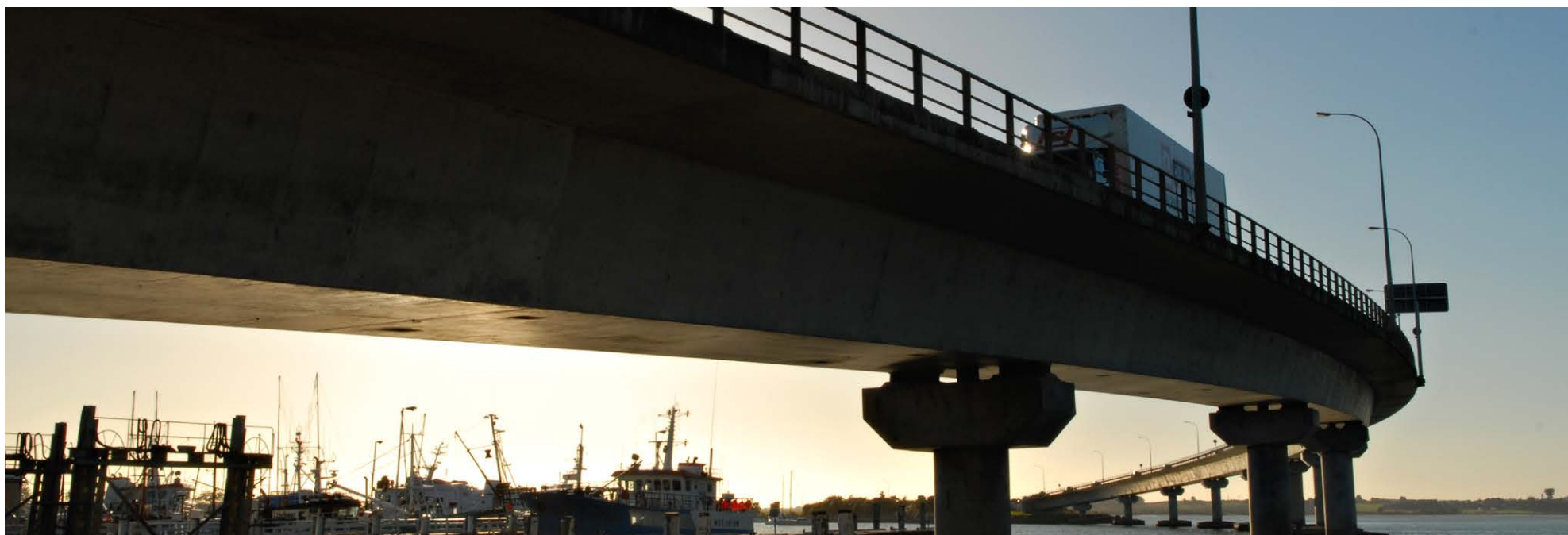

QUARTERLY RESULTS AND INSIGHTS

Q3 2014/15

1 January to 31 March 2015



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EXECUTIVE SUMMARY AND OUR OPERATING ENVIRONMENT

PERFORMANCE OVERVIEW

Q3: A high level view of progress against the components of our four performance dimensions

ACHIEVING THE AIMS OF OUR ELEVEN KEY RESULT AREAS

<p>1 CUSTOMERS</p> <p>Good overall progress, with one area to watch.</p> <p>We are on track to better understand our customers and apply this to our business operations. An example of this is a change to the online exemption process, which now allows customers to apply for exemptions earlier than previously. The key area to watch relates to delays in introducing our new website and some of its transactional capabilities.</p>	<p>2 URBAN NETWORK CAPACITY</p> <p>Variable progress, with two areas to watch.</p> <p>Auckland and Wellington optimisation activities are being considered in the final Regional Land Transport Plans (RLTPs), but there are concerns that Christchurch's Land Transport Plan lacks the detail and analysis to support their 2015-18 NLTP bid. The Wellington Traffic Operations Centre is now operating as one joint entity and the Traffic Operations Centres have tested their business continuity plans. Auckland Transport (AT) and Greater Wellington Regional Council have completed their bus network to ensure effective commuter services.</p>	<p>3 FREIGHT</p> <p>Good overall progress, with one area to watch.</p> <p>3,170km of investment routes have been opened to High Productivity Motor Vehicles (HPMV), and we are on track to provide access to 4,500km of the strategic high productivity freight network by the end of June. In addition, 76% of Road Controlling Authorities (RCAs) have signed up to 50MAX, and work continues to reach our 85% target by year end. A second tranche of HPMV and 50MAX bridge upgrades has been included in the State Highway Activity Management Plan and State Highway Plan, and is also being included in Approved Organisations' (AOs) RLTPs. The reporting and tracking regime for complex permits now includes all regions.</p>	<p>4 SAFER SPEEDS</p> <p>Good overall progress, with one area to watch.</p> <p>Speed management has been considered in some of the RLTPs for inclusion in the 2015-18 NLTP. Engagement is progressing well and the feedback will be incorporated in the final speed management guide, which is on track to be published by year end. The delivery of a long-term communication and engagement programme for safe speeds is subject to a business case for NLTP funding, which is currently being developed. We are reassessing the scope and timing of a potential automated enforcement strategy with sector partners, given the importance of building public support for speed management ahead of institutional and system changes.</p>	<p>5 EFFICIENT ROAD MAINTENANCE</p> <p>Variable progress, with two areas to watch.</p> <p>Customer levels of service and the performance measurement framework for One Network Road Classification (ONRC) was endorsed by the Board in March, three months later than anticipated. Due to the stage of development of activity management plans and the ONRC, RCAs did not have sufficient information to fully incorporate ONRC into their planning processes. To address this issue, the Transport Agency now requires the preparation of transition plans. Our success indicator shows estimated programmed cumulative savings on renewals, maintenance and operations activities increased to \$226m in Q3 (up from a revised \$194m in Q2).</p>
<p>6 INTEGRATE ONE NETWORK</p> <p>Variable progress, with three areas to watch.</p> <p>Investment signals are being picked up by AOs and our submissions on local government planning matters advocate the one network approach and reductions in transport compliance costs. With most RLTPs reflecting the ONRC, the next challenge is to identify differences in customer levels of service and agree all performance measures. The transfer of back office processing from AT to NZTTL and integrated ticketing in Wellington is progressing more slowly than anticipated.</p>	<p>7 SHAPE SMART CHOICES</p> <p>Variable progress, with seven areas to watch.</p> <p>Safe System training is being rolled out as planned, improvement projects have been completed, and changes to driver licensing have been implemented. A lack of progress has been made on improvements to rail safety.</p>	<p>8 DELIVER HIGHWAY SOLUTIONS</p> <p>Variable progress, with seven areas to watch.</p> <p>13 of the 14 projects making up the regional roads programme and the 3 projects constituting the urban cycleway programme are progressing on schedule. Network Outcomes Contract conversions are running behind schedule, while three of the Roads of National Significance and two Auckland Accelerated Programme projects have experienced some delays.</p>	<p>9 MAXIMISE RETURNS FOR NZ</p> <p>Variable progress, with nine areas to watch.</p> <p>Our National Transport Planning and Road Policing priorities align to the draft RLTPs. A cross-Agency automated enforcement strategy to enhance road safety has not yet been developed. Industry has raised significant objections to the AT draft bus contracts for Public Transport Operating Model Units and delays have been experienced for rail contracts in Wellington. Rail participation negotiations in Wellington are proving more difficult than expected.</p>	

FINANCIAL PERFORMANCE

NLTF revenue

[2% ahead of budget]

NLTP expenditure

[11% under budget]

A&U revenue

[8% over budget]

A&U expenditure

[2% over budget]

NZTA operating expenditure

[on budget]

Borrowing

[as planned]

SERVICE DELIVERY PERFORMANCE

DELIVERY TARGETS

We are making good progress against our 44 annual service delivery and investment targets, but twelve require attention. Our current forecast of year end status is that there is a risk that we will be unable to meet our target for: Licensing and Regulatory Compliance activities and customer satisfaction; Motor Vehicle Register accuracy of register; Road User Charges unit transaction costs; Management of the Funding Allocation System operational assurance activities; Transport Planning activities; and Public Transport passenger numbers.

STRONG ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

Actual FTE count, excluding vacancies, was under the cap of 1,372 at 31 March 2015.

Annual leave liability has been increasing, although it remains lower than at the same time last year.

HEALTH AND SAFETY

There were two lost time injuries where our people slipped and broke a finger and arm in the office. Three medical treatment injuries occurred where people were hit by a car whilst traveling in a Transport Agency vehicle.

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

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

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

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

KEY OPERATING ASSUMPTIONS

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

REVENUES	TRANSACTION VOLUMES	STATE HIGHWAY TRAFFIC VOLUMES
<p>REVENUES GROW AS TRAVEL DEMAND GROWS</p>	<p>VOLUMES CONTINUE ON THEIR GROWTH TRAJECTORY</p>	<p>DEMAND FOR TRAVEL CONTINUES TO SHOW AN UNDERLYING POSITIVE TREND</p>
<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin-right: 20px;"> <p style="margin: 0;">\$2.389bn flows into the National Land Transport Fund</p> </div> <div> <p>Year-to-date revenue for the period ended 2014/15 Q3 was \$44m or 2% ahead of budget. The primary contributor was FED revenue, which came in 3% higher than budget. RUC and other revenue was 1% higher than budget.</p> </div> </div>	<div style="display: flex; align-items: center;"> <div style="background-color: #004a7c; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin-right: 20px;"> <p style="margin: 0;">2.2m licence transactions were completed</p> </div> <div> <p>The number of licence transactions rose by 4.4% in 2014/15 Q3, compared to the corresponding quarter in the previous year. RUC, MVR and driver licence transactions rose by 3.6%, 6.0% and 6.1%, 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; align-items: center; justify-content: center; margin-right: 20px;"> <p style="margin: 0;">4.3% increase in total vehicle counts</p> </div> <div> <p>Total vehicle and heavy vehicle counts both rose by 4.3% for the three months ended February 2015, compared to the corresponding period in 2014. Vehicle counts have now risen for four consecutive quarters.</p> </div> </div>
<p>INDEX 100 = 07/08 Q1</p>	<p>INDEX 100 = 08/09</p> <p>— MV Licences — RUC Licences — DL Renewals & New Drivers</p>	<p>INDEX 100 = 08/09 Q3</p> <p>— Heavy Vehicles — All Vehicles</p>

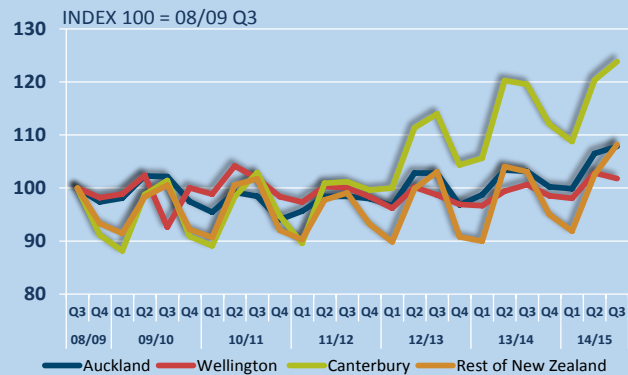
REGIONAL STATE HIGHWAY TRAFFIC VOLUMES

TRAVEL IN ALL REGIONS IS INCREASING

4.3%

increase in total vehicle counts in Auckland

Vehicle counts in Auckland, Wellington and Canterbury rose by 4.3%, 2.4% and 3.0%, respectively for the three months ended February 2015. Most other regions posted growth rates of 2% or more, except for Southland (1.2%), Hawkes Bay (0.8%) and Gisborne (0.6%).



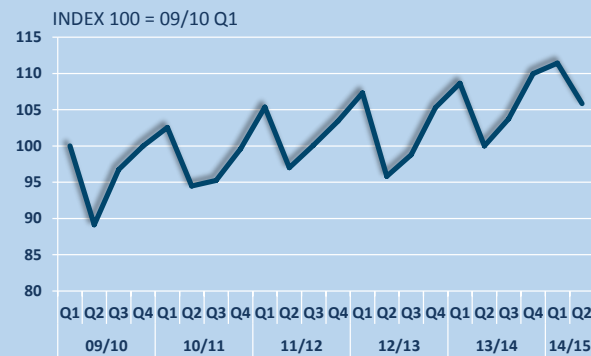
PUBLIC TRANSPORT VOLUMES

PATRONAGE ON PUBLIC TRANSPORT REFLECTS GROWTH TREND

34.5m

boardings on public transport

Public transport patronage increased by 5.8% in 2014/15 Q2 compared to the corresponding quarter in the previous year. This is the seventh consecutive quarter of positive growth.



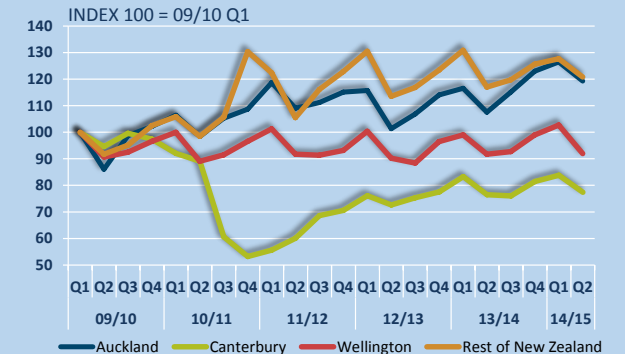
REGIONAL PUBLIC TRANSPORT VOLUMES

PATRONAGE IN AUCKLAND POSTS DOUBLE DIGIT GROWTH

10.9%

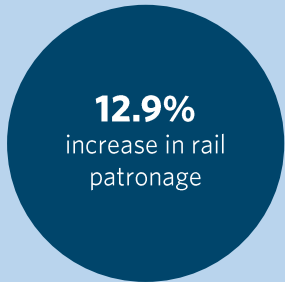
increase in PT patronage in Auckland

Patronage in Auckland, Wellington, Canterbury and the rest of New Zealand grew by 10.9%, 0.2%, 1.2% and 3.2%, respectively in 2014/15 Q2, compared to the same quarter a year ago.

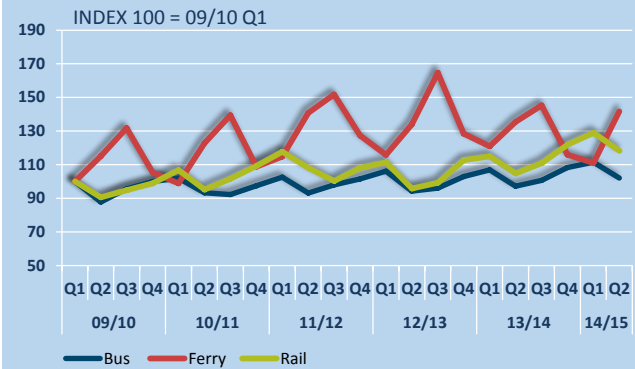


PUBLIC TRANSPORT VOLUMES BY MODE

PATRONAGE GAINS ARE BROAD BASED WITH ALL MODES SHOWING GROWTH

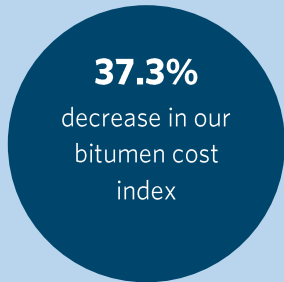


Patronage on rail increased by 12.9% in 2014/15 Q2 compared to the same quarter a year earlier, after posting 12.2% in the previous quarter. Boardings on buses and ferries rose by 4.9% and 4.6%, respectively during the same period.

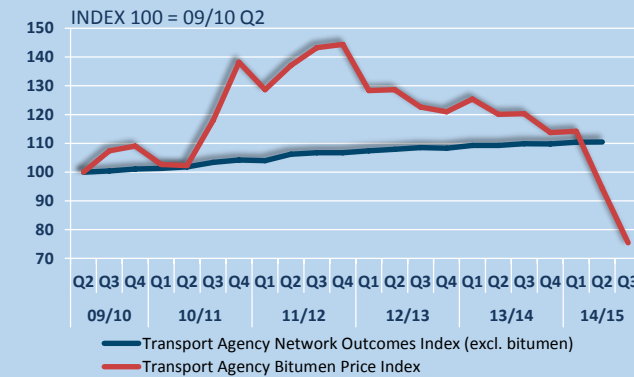


TRANSPORT AGENCY COST ADJUSTMENT INDICES

BITUMEN PRICES REFLECT SHARP DROP IN CRUDE OIL PRICES



Our bitumen index was 37.3% lower in 2014/15 Q3 than for the same period last year, reflecting a sharp drop in US\$ crude oil prices over the same period. Our network outcomes index shows a gradually increasing trend.

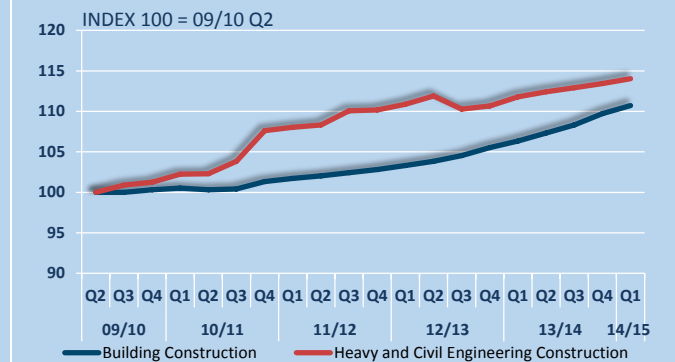


MARKET PRICES

BUILDING AND CONSTRUCTION COSTS ARE INCREASING FASTER THAN CIVIL ENGINEERING COSTS



Building costs continue to increase at an increasing rate. By contrast, heavy and civil engineering prices, which rose 1.5% in 2014/15 Q2 compared to the same period a year earlier, show an increasing, but slowing trend.






PROGRESS ON OUR 9 KEY RESULT AREAS

OUR 9 KEY RESULT AREAS

KEY RESULT AREA	NUMBER OF OBJECTIVES THAT ARE ON TRACK OR ACHIEVED	NUMBER OF OBJECTIVES THAT HAVE MINOR ISSUES	NUMBER OF OBJECTIVES THAT HAVE SIGNIFICANT ISSUES
1. Putting customers at the heart of our business	3	1	
2. Making the most of urban network capacity	5	2	
3. Moving more freight on fewer trucks	4	1	
4. Safe speeds to reduce deaths and serious injuries	3		1
5. Efficient road maintenance investment and delivery	5	2	
6. Integrate one network for customers	10	3	
7. Shape smart transport choices	15	7	1
8. Deliver highway solutions for customers	7	7	
9. Maximise returns for New Zealand	7	7	2

 No issues / on-track / achieved

 Issues but active mitigation in progress

 Significant issues or risks / off-track / not achieved


KEY RESULT AREA 1: CUSTOMERS

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

In this quarter

- The beta version of the Transport Agency's new website has received positive customer feedback
- Online payment capabilities for RUC will not be operational in the current quarter

Q3: Good progress against all milestones, except the following one.

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
New online transaction capabilities and usability improvements are implemented, and business cases developed for services to migrate online.	<p>Transport Agency website and Content Management Project: The website is currently live in beta (beta.nzta.govt.nz) and is scheduled to go live in May 2015. The website incorporates customer research conducted last year, and new tools include a new design, information architecture, navigation system and content. Feedback from customers on the beta website has been positive.</p> <p>RUC: The payments aspect will not be operational this quarter. The common payment and vehicle registration services required by TEL have been prioritised and will be completed this financial year.</p> <p>Tolling: The new tolling website is now scheduled to go live at the end of June in alignment with the overall Transport Agency website refresh and the revised completion of the new tolling system.</p> <p>Improvements to existing online services: In response to customer feedback, a change was introduced in February to the online exemption from licensing process, which now enables customers to apply for an exemption earlier than they had been able to previously.</p>	

KEY RESULT AREA 2: URBAN NETWORK CAPACITY

OUR AIM IS TO MAKE THE MOST OF URBAN NETWORK CAPACITY

In this quarter

- There is concern that Christchurch's land transport plans are not developed enough to support their 2015-18 NLTP bid
- Progress on establishing good partnering relationships between AOs and PT service is variable and differs by region and mode

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

Q3: Good progress against all milestones, except the following two.

MILESTONES FOR 2014/15

Auckland, Wellington and Christchurch optimisation activities have been considered for inclusion in the 2015-18 National Land Transport Programme.

Q3 PROGRESS

Approximately \$0.5 million is allocated per year for Network Operation Plans (NOPs) under the draft Auckland RLTP and up to \$35 million per year is being considered in the proposed final RLTP.

In the Central region, NOPs in their current form have been utilised in the development of the 2015-18 NLTP, but this process has identified a number of potential improvements and the need for additional operating detail. Improvements include the development and inclusion of further higher level strategic plans (ie Wellington City Council's Urban Growth Plan) and more involvement or buy-in of local Councils in the development of the NOP. The next step is to have more involvement and engagement with other AOs in developing the next version of the NOP.

There is concern that the Christchurch City Council's (CCC) Land Transport Plan lacks the Business Case Approach detail and analysis we would expect to support their 2015-18 programme bid. However, CCC has a solid business case for cycle improvements and we are working closely with them to refine their 2015-18 project justification. CCC has set out a transition plan to be better placed for the 2018-21 NLTP

RESULT



MILESTONES FOR 2014/15

Q3 PROGRESS

RESULT

Improve network capacity utilisation in Auckland, Wellington and Christchurch as a result of establishing good partnering relationships between public transport service operators and regional councils/Auckland Transport.

(Note: this is a shared milestone with regional councils, public transport operators and territorial local authorities)

Auckland/Northland region: We are in the final stages of providing an assessment on AT's Bus RFT and have met with operators to hear their concerns. We have also provided comment on their Ferry Services Procurement Strategy. Alignment of the RPTP, Request for Tenders (RFTs) and procurement strategies for the modes is needed. AT intend undertaking a variation of their RPTP to include the investigation of light rail and fare zone changes. Northland Regional Council has now completed its consultation and will respond to the Transport Agency on our submission.

Central region: Over the last quarter, GWRC has been advancing its Rail RFT documentation, including the rail partnering contract. The Transport Agency expects to approve the RFT in early April, after which GWRC will release the RFT to the three short-listed tenderers. Whilst GWRC has been making steady progress on rail, the Transport Agency has become increasingly concerned at the lack of progress by GWRC on bus procurement. GWRC and Transport Agency senior managers have met several times to discuss the key risks associated with lack of progress on bus procurement, how GWRC is approaching engagement with bus operators, and the need for GWRC to ensure it is managing all its public transport activities strategically and as a programme. These three issues (procurement, relationships and the PT programme) will continue to be a focus of discussions with GWRC. The Transport Agency is also considering whether to impose a funding condition on bus-related aspects of GWRC's public transport programme to mitigate the investment risks from the issues above.

Southern region: The final stage of Environment Canterbury's (Ecan) change to a hubs and spokes bus network was implemented in December 2014. The changes affected approximately 75% of services provided to some degree. Ecan's operations team have been pleased with the rollout of the new routes structure and timetables. The new central city bus interchange construction is on track, with the first stage scheduled to open in May and the second stage in July. Changes to the road network to support the efficient operation of the bus interchanges in the central city began construction in January. Christchurch City Council is preparing a programme business case for provision of supporting bus infrastructure on core public transport routes that is additional to those fununder the Accessible City agreements.

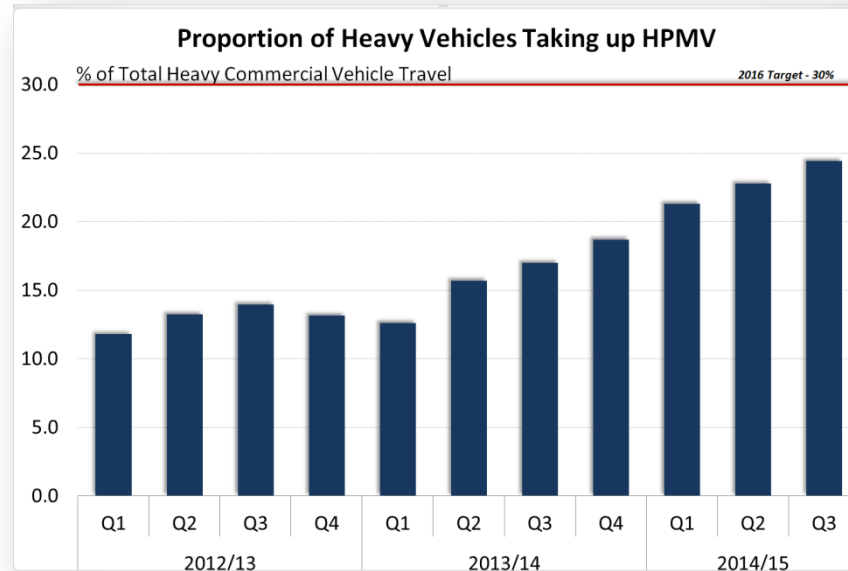
KEY RESULT AREA 3: FREIGHT

OUR AIM IS TO MOVE MORE FREIGHT ON FEWER TRUCKS

SUCCESS INDICATOR

In this quarter

- 76% of RCAs have signed up to provide access to 50MAX vehicles, but there is some concern whether the 85% target can be achieved



CURRENT RESULT: 24%

2015 TARGET 25% (30% BY 2016)

The upward trend in high productivity motor vehicle (HPMV) travel continued during Q3 with the 'H-Miles' indicator reaching 24%, just off our 2014/15 target. This result equates to 300 million kilometres of HPMV travel so far this year, compared with around 190 million this time last year. As HPMV journeys increase, there has been a corresponding decrease in standard big/heavy truck travel (being all those trucks that move similar types of freight as HPMVs do). The reduction in travel by these standard big/heavy truck combinations was around 52 million kilometres compared to the same time last year. However, total big/heavy truck travel (HPMVs and other big/heavy trucks combinations) is still up from last year reflecting strong economic activity, evidenced in part by increased seasonal export volumes and the Canterbury rebuild. The reduction in standard truck travel also includes avoided travel that moving more freight with fewer truck trips allows for, as using HPMVs can reduce the need for truck travel by 14-20% on average. This avoided truck travel is conservatively estimated at around 30 million kilometres 'not travelled' for the year to date, or around 10 million kilometres this quarter. But the reduction in travel, through the greater uptake of HPMVs, needs to be considered within the context of growing freight volumes overall and the need for more truck trips to service this economic need. Assuming a savings of \$2 per kilometre of avoided standard truck use, this would equate to around \$60 million in commercial savings to the freight sector so far this year and around \$20 million this quarter. These commercial benefits would then be passed on to freight producers and consumers and the wider economy.

Q3: Good progress against all milestones, except the following one.

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
50MAX high productivity motor vehicle access available on all suitable state highway and local road networks.	<p>76% of Road Controlling Authorities are signed up to 50MAX as at the end of March 2015.</p> <p>We are following up the remaining councils and options are being tested to provide more options for councils to join the network.</p> <p>We believe we are still on track to achieve 85% by year end (green at year-end), but have not achieved this milestone this quarter.</p>	

FEATURE

HIGH PRODUCTIVITY MOTOR VEHICLE (HPMV) PERMITTING MOVES ONLINE

A new system means freight transport operators can now apply for their HPMV permits online.

Following its successful implementation in Auckland, the new online HPMV permitting system has been rolled out by the Transport Agency nationwide. This enables all HPMV operators, including 50MAX, to apply for their permits online.

Applying online means operators will have the benefit of a system which offers a range of features, including tracking each step of their permit's progress and remembering details to make repeat applications much easier and faster. The system will also enable permits to be processed more efficiently, saving time for both the Transport Agency permit issuing officers and customers.

The new system is centralised, meaning that the permitting team will receive all permits through one channel.

This means our permit issuing officers will have a much better understanding of permit demand and will have the ability to more effectively manage workflow, which will speed up permitting time for our customers.

While the permit applications will be centralised, the decision to issue or decline a permit will still rest with each region's permit issuing officer.

Operators will be able to continue using a manual system for permits indefinitely, although it is expected most will opt for the time-saving option of online applications.

The system will be simple to use and the permitting team will be on hand to help HPMV operators with support and advice. The new system will be available through the Transport Agency website.




KEY RESULT AREA 4: SAFER SPEEDS

OUR AIM IS THAT SAFE SPEEDS REDUCE DEATHS AND SERIOUS INJURIES

In this quarter

- The development of a cross-Agency automated enforcement strategy to enhance road safety is now being reassessed

Q3: Good progress against all milestones, except the following one.

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
Develop a cross-Agency automated enforcement strategy to enhance road safety and network efficiency.	Preparation of the project brief with sector partners has highlighted the importance of building public support for speed management as a key enabler for greater use of automated enforcement approaches. We are reassessing the timing and scope of this work given that sector efforts to build the necessary climate of public support (especially through the Change the Conversation on Speed work) are yet to fully deliver the expected results. We are reassessing the benefits of undertaking this work. This milestone relates to the milestone on page 36.	

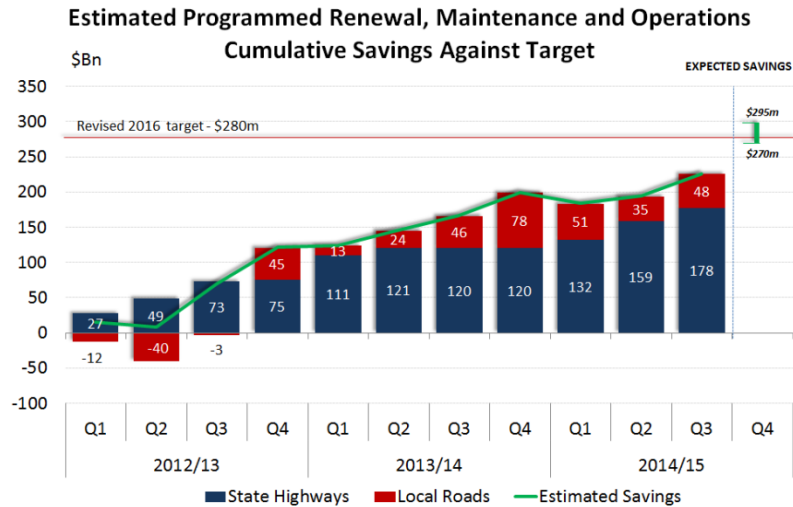
KEY RESULT AREA 5: EFFICIENT ROAD MAINTENANCE

OUR AIM IS EFFICIENT ROAD MAINTENANCE INVESTMENT AND DELIVERY

In this quarter

- The ONRC performance measures were endorsed in March 2015
- The ONRC framework wasn't completely developed in time for the maintenance negotiations. As a result it was only partially able to influence 2015-18 NLTP allocations
- Progress by AOs on preparing transition plans is variable. 86% of plans were received by the end of the first week in April

SUCCESS INDICATOR



CURRENT RESULT: \$226M



2016 TARGET: \$280M

Cumulative savings on local road maintenance and network operations and renewals expenditure for the NLTP period ending 2014/15 Q3 was \$48m, representing 96% of the 2014/15 target of \$50m. Looking forward to 2014/15 Q4, we expect the variance between actual and budgeted expenditure to widen further, resulting in cumulative savings rising to \$75m by the end of this current NLTP period.

Cumulative estimated savings on state highways remain on track reaching \$178m, which is above the target of \$160m set for the NLTP period ending 2014/15. Looking forward, we expect cumulative savings for the period to increase to over \$200m as our asset management activities, procurement practices and falling input prices, notably bitumen and diesel prices, combine to effectively cap any unit cost increases.

Note: The cumulative savings shown in the chart above are based on revised expenditure numbers for both local roads and state highways. These numbers now fully exclude spending in relation to emergency and Christchurch earthquake recovery works.

Q3: Good progress against all milestones, except the following two.

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Develop and adopt the One Network Road Classification (ONRC), including customer levels of service and performance indicators, as a basis for National Land Transport Programme investment in transport programmes.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The customer levels of service and performance measurement framework for the ONRC were endorsed by the Board at its March meeting.</p> <p>We expect LGNZ to also consider these documents for endorsement.</p> <p>This is amber because these performance measures were initially to be adopted by the Board (and local government) in December and were required for assessment of renewal, maintenance and operations programmes in February.</p>	
<p>The 2015-18 National Land Transport Programme funding allocations for renewals, maintenance and operations, reflect the application of the One Network Road Classification (ONRC).</p>	<p>Regional and national optimisation has been undertaken with indicative renewals, maintenance and operations allocations going to the April 2015 Board meeting for endorsement. This moderation and negotiation has taken into account the extent that AOs have embraced the ONRC framework, such as classification of their networks, application of the business case principles to their activity management plans, and their intention to complete the remaining requirements as articulated in transition plans.</p> <p>This milestone has been flagged as amber as the ONRC framework was not completely developed by the time set.</p>	

FEATURE

THE TRUCK WITH SUPERPOWERS

High-tech truck measures highway surfaces to detect problems before they become more expensive to fix.



The TSD, Traffic Speed Deflectometer, truck in operation.

It looks like a regular semi-trailer truck, but its insides are packed with lasers and computers making it one of the most precious loads on our roads, valued at about \$3.7 million.

About the only outward clues for motorists to the long white beast's road-surveying superpowers are two video cameras on its rear, and warnings of invisible radiation from downward-pointing 3D lasers.

The cameras and lasers, designed to detect surface cracking, are among four sets of diagnostic weapons the Australian-based truck is lending the Transport Agency in a "stitch in time saves nine" hunt for weaknesses in the country's state highways.

Instead of having to dig up entire stretches of road after pot-holes break out, early detection of damage caused by water seepage and compounded by heavy loads should mean only having to reseal their surfaces.

"Once you've got a pot-hole, effectively you've got to rip up the road and start again," says Garry Warren, general manager of Australia's research-based ARRB Group, which is running the first round of a five-year contract with the Transport Agency to put our state highways - and a handful of local roads - under the rack.

"You can't maintain what you can't measure and now we can measure the amount of damage that's being done," Mr Warren said.

Five more lasers about halfway under the 15-metre truck are measuring roughness, texture and rutting in up to 12,000km of road lanes which the vehicle is covering through much of New Zealand.

But the kicker for engineers is an array of seven Doppler lasers measuring deflections or movement in the road surface, and the rate at which it recovers from being run over by a 10-tonne ballast-enhanced load on the truck's rear axle.

That has required special permits to exceed the maximum legal load of 8.2 tonnes and, although the truck generally powers along at up to 80km/h, it has to ease up when it is approaching bridges.

Its main lasers use the "Doppler effect" in which red light is emitted at a certain frequency and then returns at a different frequency, similar to how sirens on fire engines, ambulances or police cars vary in pitch between their approach to and departure from a listening point.

The first, located 3.5m in front of the axle, is a "reference" laser to measure the road before it comes under pressure, and the others are at varying distances within 900mm of the wheels to gauge its resilience as the load rumbles over it.

"It's almost the holy grail for pavement engineers - it's the most sophisticated piece of equipment that's ever run on our roads," says Mr Warren.

Although Danish company Greenwood Engineering has also developed seven other "traffic speed deflectometer" vehicles with Doppler lasers, this is the only one in the world to which so much extra diagnostic fire-power has been added.

The Transport Agency's share of its services follows first-year runs under contracts with roading authorities in Queensland and New South Wales, where it has clocked about 35,000km.

Mr Warren said the previous method of measuring sub-surface weakness was to drop loads from a stationary position.

"But you can't do that for an entire network because it's very slow, and it's dangerous - you have to stop the [survey] vehicle, drop the weight, then do it again in another 50m."

Although it is too early to forecast savings in New Zealand's annual \$1 billion road maintenance budget, Transport Agency highways and network operations group manager Tommy Parker expects the truck's information harvest to help his staff prioritise funding decisions based on need, to ensure the safety of road users.

Source - [NZ Herald](#)

KEY RESULT AREA 6: INTEGRATE ONE NETWORK

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

In this quarter

- Progress on applying ONRC to regional networks differs by region
- Despite issues, progress on shifting to a national public transport ticketing back office processing system is on track
- Slower than expected progress is being made on integrated fares and ticketing in Wellington

Q3: Good progress against all milestones, except the following three.

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

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
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Refer to Key Result Area 2: Making the most of urban network capacity on page 10.

2015-18 regional land transport plans apply the One Network Road Classification (ONRC) to their network, identify differences in customer levels of service, and agree appropriate performance measures.

(refer to NZ Transport Agency priority 5)

The Auckland and Northland RLTPs reflect the ONRC. Waikato/BOP and Central RLTPs used the ONRC to classify their networks and the ONRC informed their prioritisation of the regional programmes.

The Otago/Southland RLTP has an explicit policy to use the ONRC as a basis for planning, investment, maintenance and operational decisions. The Canterbury and West Coast RLTP's also refer to the ONRC.

The Taranaki, Hawkes' Bay and Gisborne RLTPs do not refer to the ONRC. The Horizons RLTP identifies as a Priority 1: Efficient Road Maintenance and Delivery with explicit recognition that from 2015-18 the Transport Agency and territorial authorities will begin implementing the ONRC. The Wellington RLTP uses the ONRC to define the Strategic Road Network in the region and set out what the ONRC is.

The next challenge is to identify differences in Customer Levels of Service (LoS) in all AOs and agree all performance measures.



The national public transport ticketing back office processing system is effectively servicing the Auckland ticketing scheme and is prepared for use by other regions as they introduce new integrated ticketing schemes.


(Note: this is a shared milestone with NZ Transport Ticketing Ltd)

Separation of the Auckland Transport and NZTTL components has been more complex than expected. It is delayed, but is being managed.

Works on the back office processing system are all progressing but will be completed a quarter later than anticipated. This is not negatively affecting regional integrated ticketing schemes.

Our 2015-19 Statement of Intent reflects the extended deadline.



MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Wellington is well advanced in its planning for an integrated fares and ticketing programme, with preparation for the procurement well developed.</p> <p><i>(Note: this is a shared milestone with Wellington local government)</i></p>	<p>Good progress is being made on the indicative business case, which is expected to be completed in June 2015. Procurement is now planned for February-March 2016</p>	

KEY RESULT AREA 7: SHAPE SMART TRANSPORT CHOICES

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

In this quarter

- Detailed work programmes for two signature projects have started, but are running behind schedule
- The multi-agency Impairment Working Group has not yet established a cross-sector position on drug driving
- Annual measure of improved rail safety monitoring to be in place and widely communicated will only be partially achieved by year end
- The RUC Assessment Payments Project was due for completion this quarter, but this deliverable has been deferred as payment and registration services required by TEL have been prioritised
- SmartComms and Easy Online were not approved, resulting in the AVL project not delivering new communication channels
- The review of National Rail System Standards has been re-scoped

Q3: Good progress against all milestones, except the following eight.

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

MILESTONES FOR 2014/15

Q3 PROGRESS

RESULT




Refer to Key Result Area 4: Safe speeds to reduce deaths and serious injuries on page 15.

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

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

The visiting driver project reached an important milestone in the quarter with the completion of an ambitious, detailed and multi-agency action plan. Over the next two quarters the Transport Agency and its many partner organisations will continue to deliver specific projects around high risk roads and roadsides; visitor awareness and education; road policing and speed management; as well as vehicle safety.

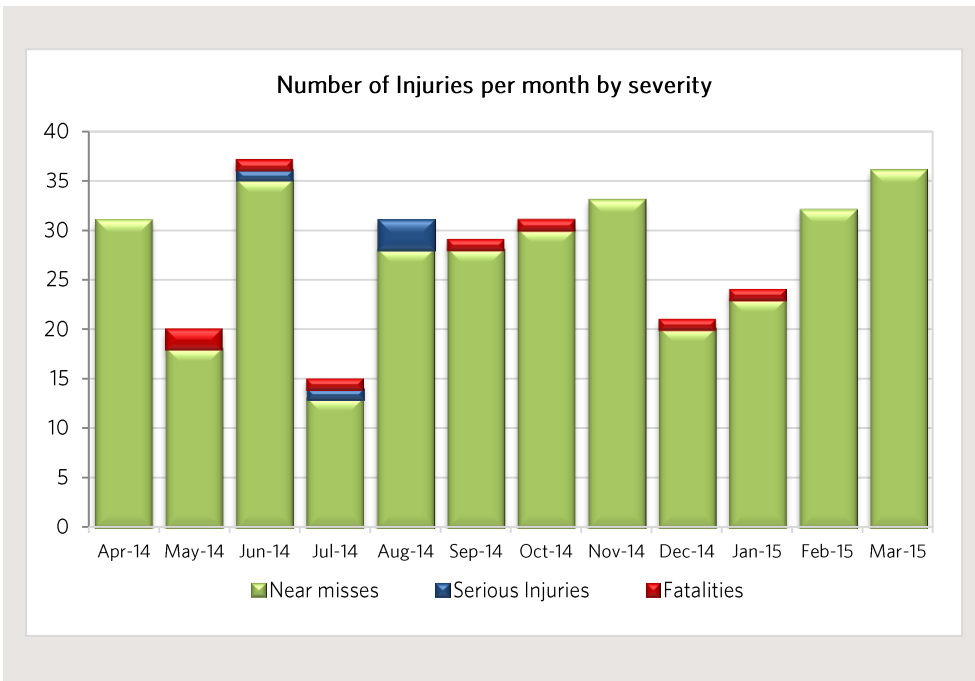
The rural road safety project in the Eastern Bay of Plenty has clarified its core objective, which is to trial new and innovative ways of engaging rural communities on how to adjust driving behaviour to higher risk, low volume roads. Secondary objectives will focus on interventions that will lower the risks around key sites. The lack of clear objectives, and several changes in project leadership between partner agencies, has slowed progress to date and the project is reaching a critical 'go/no go' decision-point in the coming quarter.

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Support efforts to strengthen drug driving enforcement.</p>	<p>The multi-agency Impairment Working Group chaired by the MoT has not met this quarter, and has not yet established a cross-sector position.</p> <p>Supporting information for its reviews is still being extracted from Transport Agency databases, and also from the proceedings of the recent Australasian Drug and Alcohol Strategy conference.</p> <p>The 2015-18 road policing investment framework asks for activities which result in fewer people driving while drugged, by increasing public expectation of being stopped and checked. Police are currently proposing to deter drug-driving by delivering drug-impairment tests and by targeting their activities to localities, communities, routes and times of greatest risk.</p> <p>The Transport Agency research project to determine the prevalence and impairment effects of drugged driving, is underway and details of the survey component are being finalised. The survey is due to be completed by June 2015.</p>	
<p>Improved rail safety monitoring is in place and being widely communicated.</p>	<p>A research project of Rail Safety risks has been approved in the research programme for 2015/16. Track occupancy risks are now a focus based on trend analysis.</p> <p>This is amber because the annual measure of having improved rail safety monitoring in place and widely communicated by the end of 2014/15 will only be partially achieved at year end. Milestones were revised following the appointment of the National Manager in early 2014/15, and at that time the quarter one milestone was re-timed to be achieved by the end of 2015/16.</p>	
<p>The governance and operation of National Rail System Standards has been reviewed.</p>	<p>Implementation of the Rail Action Plan led by the newly appointed National Rail Safety Manager has led to a review of the original approach to this milestone. The scope of the review is now more fundamental and in depth, and will mean that the milestone completion will move into the 2015/16 reporting year.</p> <p>This is red as the annual milestone won't be achieved by year end.</p>	

How we are tracking with the Rail Safety Action Plan

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

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



Occurrence data for the 2014/2015 financial year, Q3 (1 January – 31 March 2015):

Total occurrences (accidents and incidents) reported to the Transport Agency this quarter: As of 1 April 2015, the Rail Information System (RIS) database records 1,015 occurrence reports.



Of the 1015 occurrences reported to the Transport Agency during the quarter, a total of 99 involved collision or near collision. These included;

- 1 fatality: This related to a 24 year old male struck by a train on a pedestrian level crossing at Morningside Station, Auckland.
- 0 occurrences categorised as a serious injury.
- 8 occurrences categorised as collisions.
- 91 occurrences categorised as near collisions.



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

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

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

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Deliver changes to road user charges (RUC) services, including compliance and enforcement services, and provide incentives to transport users to comply with RUC requirements.</p>	<p>In previous quarters, a RUC evasion plan was established and approved for implementation, and a code of practice for RUC Electronic System Providers became operational. The RUC Assessment Payments Project was due for completion this quarter, but this deliverable has been deferred as payment and registration services required by TEL have been prioritised. Improvements to services for RUC will be reassessed in 2015/16 based on a new business case.</p>	
<p>Implement initiatives to support easy compliance with annual vehicle licence (AVL) requirement.</p>	<p>New reminder notices were released on 31 March 2015. Investigatory work has started with banks to ascertain whether we can work in partnership to deliver initiatives to support easy compliance with the annual vehicle licence requirement.</p> <p>However, the business case for SmartComms and Easy Online was not approved, resulting in the AVL project not delivering new communication channels.</p>	

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

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Review the driver licensing and vehicle dimension and mass systems, and consult on reform initiatives to improve productivity and reduce compliance costs.</p>	<p>A Driver Licensing Review (DLR) Legislative Framework paper has been circulated to key stakeholder groups and a series of reference group workshops held to obtain stakeholder feedback. An earlier series of reference group workshops provided stakeholder feedback on preliminary options for addressing selected regulatory issues.</p> <p>The rule changes that set up the new tolerances and allow for proportionate penalties that incentivise compliance have been signed by the Minister. The project is amber as the new offences and penalties have yet to be updated, and it is anticipated that this will now occur in quarter four.</p>	
<p>Multi-modal travel information is available in the three major urban areas encouraging greater customer choice for mode, route selection and time of travel.</p>	<p>Comparative mode journey times are being communicated through radio, TV and social media around peak periods in the three main centres, although there is currently some variation in the data we are able to collect and communicate across modes.</p> <p>Wellington real-time multi-modal journey times for key corridor park and rides are delayed, but we are confident that something will be in place by July (reason for amber).</p> <p>Agreement has been reached in principle for a Transport for Auckland website. We are working through funding and then the implementation plan will follow. In the meantime, we have good coverage between Auckland Transport and Transport Agency websites.</p>	

KEY RESULT AREA 8: DELIVER HIGHWAY SOLUTIONS

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

In this quarter

- Resilience programmes to be finalised back into the NLTP process
- A Network Outcomes Contract (NOC) for Northland has been awarded and a preferred tender for East Waikato has been identified
- NOC conversions are running behind schedule, with only one completed

Q3: Variable progress, with seven areas to watch.

OBJECTIVE 7: GREATER RESILIENCE OF THE STATE HIGHWAY NETWORK

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Outcomes sought in the resilience programme business case are captured in the State Highway Activity Management Plan (SHAMP) and are considered for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: this is a shared milestone with other national network operators and local authorities)</i></p>	<p>Resilience programmes have been included in the draft SHAMP and State Highway Plan, and submitted to Regional Transport Committees. We have started sifting through the feedback and are on track to have the programmes finalised back into the NLTP process.</p>	●

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





MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Maintenance and operations performance reporting demonstrates efficiency benefits against our State Highway Activity Management Plan objectives.</p>	<p>The maintenance and operations budget for 2014/15 includes the targeted cost savings, and we are tracking to budget.</p>	●
<p>Award nine state highway network outcome contracts (NOC).</p>	<p>All tenders progressing on schedule. Northland and East Waikato contracts have now been awarded.</p> <p>We continue to signal amber as we will not achieve all three planned conversions by year end, with only one complete to date (West Waikato). We have reset expectations, including extending the existing Milford Contract for up to two years.</p>	●

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

In this quarter




- Three of the six Roads of Significance are tracking on or ahead of schedule
- Delays on the remaining three Roads of National Significance are due to a range of issues - technical to Environment Court challenges and other appeals
- Three of the five projects that make up the Auckland Accelerated Programme are progressing on schedule
- Delays on the remaining two projects relate to awarding of contracts and transport related issues
- 13 of the 14 projects contained within the regional roads programme are on schedule
- The three projects making up the urban cycleway programme are on schedule



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

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
Puhoi to Wellsford	Confirm designation and consents for Puhoi to Warkworth	The Geotech programme has been extended to quarter four due to some property issues. Additional resources have been commissioned to mitigate the delay. The slight delay in programme is unlikely to impact the year-end deliverables.	
Western Ring Route (WRR)	Construction start: St Lukes to Great North Road	All WRR projects are tracking to programme. Alice, the tunnel boring machine, has taken longer to turn around than planned, but we remain confident of achieving the original completion date for Waterview.	
Waikato Expressway	Start construction on Huntly section Complete construction on Ngaruawahia section	Quarterly Highlight Huntly section contract has been awarded (Q4 target achieved in Q3). Hamilton section is on track, with the tender process underway. We continue to signal amber as there remains some ongoing pavement quality issues to resolve on the Ngaruawahia section.	
Tauranga Eastern Link (TEL)	Construction continues	Proposed TEL July opening dates have been put through to the Minister for consideration. Following the delays on the project, caused by fire damage, the team have worked tirelessly to make up lost time. We are now back on programme.	








ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
Wellington Northern Corridor	Construction start: Transmission Gully; Basin Reserve improvements Memorial Park open to traffic	Memorial Park construction is substantially complete. We continue to signal amber as we will not achieve our annual milestone. The programmed milestones for the Basin Reserve improvements have been reset following the Board of Inquiry decision. The date for the appeal has been set for 20 July 2015.	●
Christchurch Motorways	Sawyers Arms to Wairakei (Harewood) Road four-laning open to traffic Construction start: Western Belfast Bypass; Memorial Ave Interchange; Groynes to Sawyers	We are slightly behind programme, hence the amber rating. Tenders for Western Belfast Bypass closed on 27 March, with award to follow in quarter four. Memorial Ave interchange - the Environment Court proceedings are now resolved, and construction is due to commence in quarter four. The Prime Minister will attend the Sod Turning in April. Sawyers Arms to Wairakei is on track.	●

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

PROJECT	MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
Northern Corridor (three projects)	Constellation to Greville open to traffic	<p>The Auxillary Lane of the Constellation to Greville opened before Christmas, ahead of schedule. The overall project is ahead of programme.</p> <p>The larger Northern Corridor project is on programme with the Indicative Business Case (IBC) almost complete. Procurement is proceeding to the next phase for consenting and Principal Advisor role.</p>	
Southern Corridor (five projects)	<p>Complete full scheme design</p> <p>Application for NoR and consents lodged</p> <p>Construction contract awarded</p>	<p>Macroscope and Scheme Assessment Report have been approved, and construction funding approved by the Board in March. The tender process has commenced for the physical works, however the contract will not be awarded this financial year, hence the amber rating.</p>	
State Highway 20A	Consenting and property acquisition commence	<p>Construction has commenced on SH20A during the quarter. The TOC is being developed for the SMART component with the contractual agreement with AT still to be agreed.</p> <p>An agreement on the cost sharing for rail future proofing is going to the next AT Board.</p>	

PROJECT	MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Auckland Manukau Eastern Transport Initiative (AMETI)</p>	<p>Design start: Stage 2a (Panmure to Pakuranga) and 2b (Pakuranga to Botany)</p> <p>Designation process underway for Reeves Road flyover</p> <p>Construction start: Sylvania Park bus lanes</p>	<p>Application for Notice of Requirement for Stage 2a (Panmure to Pakuranga) is expected to be lodged by the end of May.</p> <p>Stage 2b (Pakuranga to Botany) is only at the investigation stage and will not be consented in the current period.</p> <p>Auckland Transport has Reeves Road flyover on hold while other options are being investigated at Pakuranga Town Centre.</p> <p>Sylvia Park Bus Lanes construction is now expected to commence in 2015/16.</p>	
<p>East west link</p>	<p>Complete indicative and detailed business case</p>	<p>The project is making very good progress.</p> <p>The Indicative Business Case is on track to go to the April Board for approval.</p> <p>We have agreed not to report back to the Minister to inform the 2015 Budget, but will continue to progress with NLTP funding for 2015/16. We now intend to go to the Minister for the 2016 Budget.</p>	

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

PROJECT	MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
Kawarau Falls Bridge (Otago)	Construction contract awarded and main construction works commence	Slight delay to original programme due to procurement and consulting technicalities. The physical works tenders will be evaluated in early Q4, with the aim of starting construction prior to the end of June 2015.	
Mingha Bluff to Rough Creek Realignment (Canterbury)	Construction contract awarded and main construction works commence	The physical works tenders will be evaluated in early Q4, with the aim of starting construction prior to the end of June 2015.	
Akerama Curves Realignment and Passing Lane (Northland)	Construction contract awarded and construction enabling work commenced	The physical works contract will shortly be awarded.	
Panikau Hill and Wallace Hill Slow Vehicle Bays (Gisborne)	Construction completed	The two projects are practically complete.	
Normanby Overbridge Realignment (Taranaki)	Construction contract awarded and construction enabling work commenced	Construction progressing to plan.	
Whirokino Trestle Bridge Replacement (Manawatu-Wanganui)	Investigation activity completes and Detailed Business Case finalised.	Scheme Assessment Report (SAR) being finalised together with a number of options on scope of the project.	
Motu Bridge Replacement (Gisborne)	Investigation activity completes and Detailed Business Case finalised.	Investigation activity has progressed and options are currently being evaluated for the project.	

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

PROJECT	MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
Opawa and Wairau Bridges Replacement (Marlborough)	Investigation activity completes and Detailed Business Case finalised.	Draft Indicative Business Case completed.	●
Taramakau Road/Rail Bridge (West Coast)	Investigation activity completes and Detailed Business Case finalised.	Detailed Business Case has been completed. Anticipated costs and benefits can now be confirmed.	●
Loop Road North to Smeatons Hill Safety Improvements (Northland)	Investigation activity completes and Detailed Business Case finalised.	Work on the investigation of this project continues to plan.	●
Mt Messenger and Awakino Gorge Corridor (Taranaki)	Investigation activity completes and Detailed Business Case finalised.	Work has commenced on the Detailed Business Case.	●
Napier port access package (Hawkes Bay)	Investigation activity completes and Detailed Business Case finalised.	The professional services contract has been awarded in Q3 for the Indicative Business case.	●
Nelson Southern Link	Investigation activity completes and Detailed Business Case finalised.	Work on the investigation of this project continues to plan.	●
Rotorua Eastern Arterial	Investigation activity completes and Detailed Business Case finalised.	Work on the Scheme Assessment Report update is progressing to plan.	●

ADDITIONAL RESULT AREA: URBAN CYCLEWAY PROGRAMME

PROJECT	MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
Urban Cycleway Fund (UCF) and roll-out of cycleways	UCF panel established UCF investment strategy agreed First tranche UCF projects agreed Fund	In December 2014, the UCF Panel was established, and the UCF investment strategy and the first tranche of UCF projects agreed. The Initial Urban Cycleways Programme projects are underway.	●
Cycling Safety Panel	Final panel report published Transport Agency response to panel report released	The Cycling Safety Panel report was published December 2014. Advice was provided to the Associate Minister of Transport outlining the Transport Agency's response to the Panel's recommendations and legislative issues.	●
Programme and governance	Governance and project teams established National strategic case developed National programme case developed Develop user behaviour programme case Scope and test faster procurement and delivery options	Governance and project teams were established in December 2014. The national strategic case and the user behaviour programme case were substantially developed. The detailed user behaviour business case was submitted.	●

KEY RESULT AREA 9: MAXIMISE RETURNS FOR NZ

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

In this quarter




- The assessment of procurement strategies against our procurement framework has progressed, but not all AO strategies are likely to have been assessed by year-end
- The preferred supplier for undertaking a review of the Transport Agency's procurement framework has been engaged, but unlikely to be completed before year-end
- Stage 2 of the new Christchurch bus interchange will open by the end of July
- The development and implementation of a joint transport research information management plan is running behind schedule
- Difficulties have been encountered in rail partnership relationships in major centres
- Toll modelling has been completed, but consultation process not completed

Q3: Good progress against all milestones, except the following nine.


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

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
All approved organisations (AOs) have current procurement strategies approved by the Transport Agency.	The procurement strategies of all AOs in Wellington, Christchurch and the South have been assessed against the procurement framework. We have indicated that this milestone is amber because there is a risk that not all AOs will have approved procurement strategies at year-end.	●
Review and update our procurement framework and manual to support transparency around value for money, market health and service provider performance.	As previously reported, timeframes have changed for the review and this 2014/15 milestone will not be delivered before year-end. The preferred supplier for the research project has been engaged, with delivery of the report now anticipated in April 2015.	●
Stakeholder surveys indicate a greater level of confidence around the efficiency and effectiveness of our procurement practices.	As part of the procurement review, some feedback on confidence is expected from the stakeholder survey. The survey will be distributed and results available towards the end of the next quarter, but we mightn't have the results in time to report.	●
Complete construction of the new Christchurch bus interchange.	Stage 1 (initial eight platforms) is now opening on 18 May 2015. Stage 2 (full completion) will open by the end of July. This remains on budget.	●
Develop and implement a joint transport research information management plan with the Ministry of Transport and other key transport research entities.	A portal development team has scoped high level requirements and agreed a portal launch date (November 2015). Research Communities needs and requirements for portal will be defined in quarter four.	●

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

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>The 2015-18 Road Policing Programme (RPP) supports the implementation of the cross-agency automated enforcement strategy to enhance road safety and network efficiency.</p>	<p>The timing and scope of the strategy is being reassessed by sector partners. The 2015-18 RPP is being developed to support the delivery of the national speed management programme, including the rollout of the new fixed speed camera network.</p> <p>We are preparing the 2015-18 Road Policing Programme in consultation with NZ Police to include support for the implementation of the cross-agency automated enforcement strategy to enhance road safety and network efficiency.</p> <p>This milestone relates to the milestone on page 15.</p>	
<p>Auckland, Wellington and Christchurch tranches of bus contracts for Public Transport Operating Model Units are being/have been tendered and negotiated, with increased confidence that services are priced efficiently and there is access to public transport markets for competitors.</p>	<p>Industry-raised significant objections to Auckland Transport's (AT) draft bus contracts has led AT to make changes prior to submitting them to the Transport Agency for approval as part of the Request for Tender in February 2015. The Transport Agency has engaged Chapman Tripp, assisted by Deloitte, to help it with its decision. There is a risk of legal challenge, which is being carefully managed.</p> <p>Registration of interest for the Wellington Rail contract has been received. Work has commenced on drafting the rail contract. Like for like negotiations have commenced with Wellington operators.</p>	
<p>Partnering relationships are well established in Auckland, Wellington and Christchurch, between public transport service operators and regional councils/Auckland Transport, to facilitate improved network capacity utilisation.</p> <p><i>(Note: these are shared milestones with regional councils, local authorities and public transport operators)</i></p>	<p>Rail shortlist for Wellington has been developed. Rail participation agreement has been signed. Like for like negotiations commenced, but these have been more difficult than anticipated.</p> <p>Greater Christchurch working party is making excellent progress in developing an agreed implementation plan for public transport.</p>	

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

MILESTONES FOR 2014/15	Q3 PROGRESS	RESULT
<p>Complete programme business case for tolling opportunities.</p>	<p>Toll modelling has been completed with multiple scenarios modelled.</p> <p>A decision on targeted consultation will be made following the next Toll Governance Group Meeting.</p> <p>We are signalling amber as the consultation process has not yet completed.</p>	



NZ TRANSPORT AGENCY RISKS

NZ TRANSPORT AGENCY RISK DASHBOARD

RISK CATEGORY	Q2	Q3	RISK TARGET	TREATMENT EFFECTIVENESS	COMMENTS
1. Rail Safety Regulation				»	<ul style="list-style-type: none"> Key focus areas continue to be closely monitored, with critical risks actively managed to reduce the likelihood of a low frequency, high consequence event.
2. Canterbury Rebuild				+	<ul style="list-style-type: none"> There is an on-going challenge with Christchurch City Council and the community to model and demonstrate that the level of service delivered through the rebuild is consistent with the One Network Road Classification expectations for an urban network and is affordable in the medium to long term.
3. Business Continuity				»	<ul style="list-style-type: none"> The Business Continuity Framework is complete. Business Continuity is an iterative process that requires on-going engagement and exercising to reduce the risk.
4. Privacy Breaches				+	<ul style="list-style-type: none"> A Privacy Maturity Assessment has been completed resulting in the development of a work programme to be delivered to SLT in May.
5. Health and Safety				»	<ul style="list-style-type: none"> Progress continues towards meeting new health and safety legislation, which will not come into effect prior to Jan 2016 due to a delayed select committee report. Independent review to confirm compliance with new requirements and ISO:18001 is scheduled for Q1 of 2015/16.
6. Information Security				+	<ul style="list-style-type: none"> Rapidly changing technology, where people can make mistakes or oversights in their use or management of information means this risk needs continuous monitoring.
7. Public Transport Operating Model (PTOM)	New Risk			»	<ul style="list-style-type: none"> In Auckland, there is a potential for legal challenge regarding PTOM contracts and further uncertainty due to discussions regarding light rail proposals. In Wellington, the risks are around timeframes, capability and capacity challenges, as well as strained relationships with incumbent operators.
8. Network Incident Response and Management				+	<ul style="list-style-type: none"> Regional response plans are current, with escalation processes confirmed. National event response exercise completed on 25 March. Journey Management and Emergency Liaison is a focus for risk reduction.
9. One Network Road Classification (ONRC)				+	<ul style="list-style-type: none"> We are working with our partners to agree the application of the ONRC and their transition plans. For many AOs, their activity management plans will be the key document supporting their programmes in their Regional Land Transport Plans; we will be using our judgement to agree transition plans that enable us to agree the shape and differentiation (by ONRC) of their network and the work required to fully implement the ONRC during the 2015-18 NLTP.

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



FINANCIAL & SERVICE DELIVERY RESULTS

FINANCIAL PERFORMANCE

NATIONAL LAND TRANSPORT FUND (NLTF)

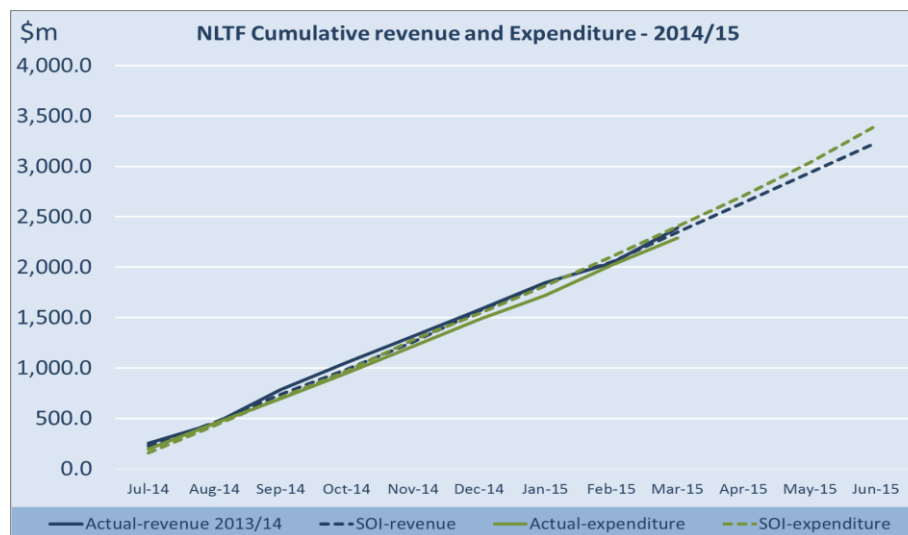
- NLTF Revenue is 2% ahead of budget (\$43.6m). FED revenue is 3% (\$39.7m) ahead of budget. RUC revenue remains ahead of budget by 1% (\$10.9m) due to revenue from evasion and assessment penalties being higher than expected. **Management of Crown and land interest revenue** is under budget by 14% (\$7m) due to two delayed property settlements which are expected to occur before the end of the financial year.

Overall NLTF revenue is expected to remain close to budget at year end as:

- FED is expected to end the financial year 1% (\$12.7m) below budget due to (a) fuel efficiencies and (b) a greater substitute to light diesel vehicles.
- RUC revenue is expected to end the financial year 3% (\$45.4m) ahead of budget. This is mainly due to revenue from evasion and assessment penalties being higher than expected.
- Management of Crown land and interest revenue is mainly driven by revenue from property disposal and is expected to end the financial year around 5% (\$3.9m) behind target.

- The most significant outflow, the **distributions to the NLTP, is 9% behind budget (\$201.8m)** as the programme continues to progress slower than anticipated (see sections below).

- The result of the above is a net surplus of \$103m (\$240m above budget).



National Land Transport Fund - Statement of comprehensive income for the nine months ended 31 March 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
Income inflows								
Land transport revenue - FED	1,237,198	1,197,525	39,673	3%	1,682,770	1,695,507	(12,737)	(1%)
Land transport revenue - RUC and other revenue	1,107,819	1,096,878	10,941	1%	1,504,420	1,459,068	45,352	3%
Management of Crown land and interest	44,498	51,543	(7,045)	(14%)	78,850	74,950	3,900	5%
	2,389,515	2,345,946	43,569	2%	3,266,040	3,229,525	36,515	1%
Outflows								
NLTP	2,056,482	2,258,325	201,843	9%	3,043,808	3,098,862	55,054	2%
Road Policing Programme	229,956	224,829	(5,127)	(2%)	303,700	296,667	(7,033)	(2%)
	2,286,438	2,483,154	196,716	8%	3,347,508	3,395,529	48,021	1%
Net surplus/(deficit)	103,077	(137,208)	240,285	(175%)	(81,468)	(166,004)	84,536	51%

NEW ZEALAND TRANSPORT AGENCY (NZTA) EXPENDITURE

- **Total NZTA expenditure is 11% under budget (\$252.6m)**
Commentaries on this variance are provided in the sections below (following pages).

- **NZTA operational expenditure is on budget**
- **Personnel costs are 2% under budget (\$1.3m).** The variance is mainly due to a lower FTE count than budgeted and is partially offset by the additional cost of temporary workers and redundancy payments following internal restructures.
- **Operating expenses are 1% over budget (\$1.0m).** A **\$3.2m** overspend in commissions and transactions (driven by higher volumes of driver testing and vehicle registrations and offset by higher revenue) is partially offset by delays on projects (\$1.1m) and the Sector Research programme (\$1.1m).

Outturns

The **\$7.8m** overspend forecasted for year-end results from the following:

- **Personnel costs are forecast to be 1% (\$0.7m) under budget.** Active recruitment in a number of areas is expected to reduce the current underspend by year-end.
- **Commissions and transaction costs are forecast to be \$4.2m over budget.** Higher volumes are expected to continue into the final quarter resulting in higher commissions and transaction costs.
- **Completion of projects.** The majority of projects previously experiencing delays are expected to be completed. The Sector Research programme is an exception and is forecasted to be \$1.1m underspent.

- **Unbudgeted projects to be completed by year-end (\$3.6m)**
 - A spend of \$1.9m as a new driver testing vendor is transitioned.
 - Rural road safety and visiting drivers projects have obtained additional funding of \$1.0m from the NLTP, increasing the year-end outturn.
 - Additional funding for NZTTL has increased the outturn by \$0.6m; this funding will come from the NLTP.
 - The Payment Card Industry compliance project has been approved for \$1.5m of additional funding in 2014/15 which will be funded from retained earnings

Total expenditure on land transport including NZTA operating expenditure for the nine months ended 31 March 2015

This table excludes state highway depreciation/asset write-off

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
NZTA contributes to:								
Managing state highways	1,286,093	1,439,179	153,086	11%	1,977,600	1,960,824	(16,776)	(1%)
Planning and investing in land transport	738,689	840,361	101,672	12%	1,226,011	1,273,019	47,008	4%
Access to the land transport system	119,690	117,509	(2,181)	(2%)	164,140	156,771	(7,369)	(5%)
Total expenditure	2,144,471	2,397,049	252,577	11%	3,367,751	3,390,614	22,863	1%

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

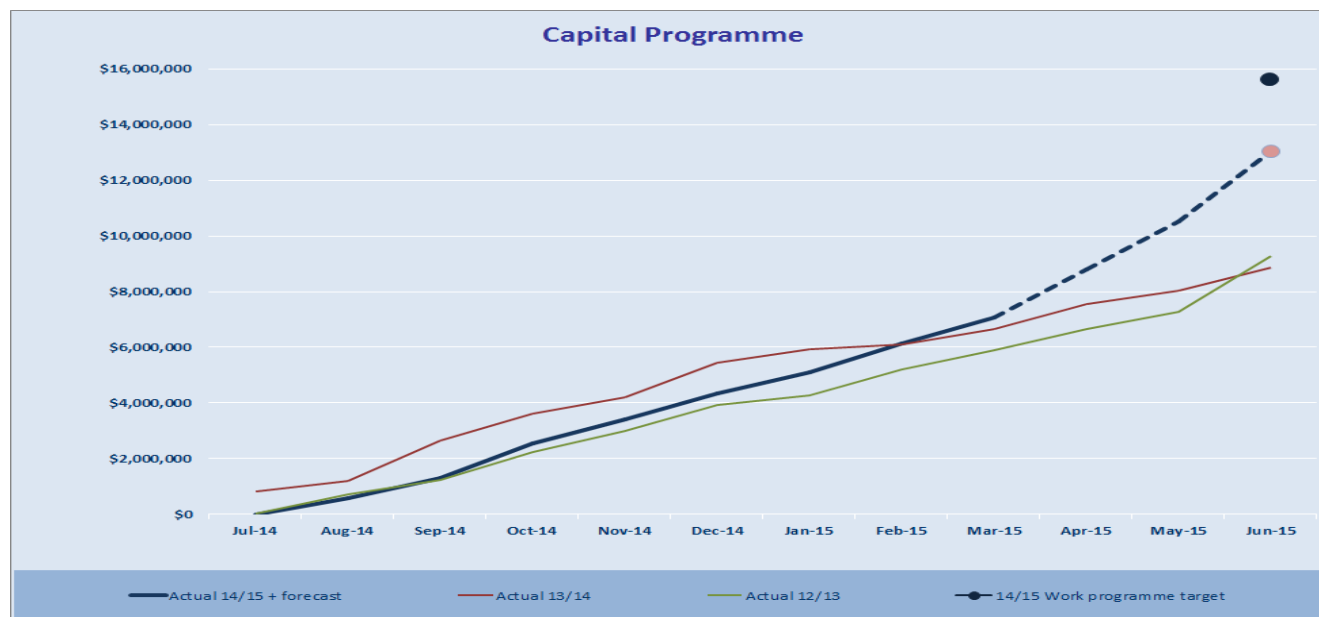
NZTA operational expenditure for the nine months ended 31 March 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
Our expenses classified by:								
Personnel costs	85,256	86,563	1,307	2%	115,498	116,187	690	1%
Operating expenses	118,849	117,848	(1,001)	(1%)	163,605	155,597	(8,008)	(5%)
Depreciation and amortisation expense	7,414	7,310	(103)	(1%)	10,097	9,646	(451)	(5%)
Total expenditure	211,518	211,721	203	0%	289,199	281,430	(7,769)	(3%)

CAPITAL PROGRAMME

- The 2014/15 budget for capital projects is **\$10.9m**. Carry forwards of incomplete but approved projects from the 13/14 year (\$4.7m) mean the work programme is **\$15.6m**.
- At the end of the third quarter we have spent 46% of the full year plan (\$7.1m). This is ahead of what has been spent at this stage in previous years but behind a theoretical "flat line" 75% completion rate.
- The year-end forecast is expected to be **\$13.0m** (see detail in the table). This assumes that \$6.0m will be spent in the last quarter, with the majority of that spend coming from the following five projects:
 - Infrastructure Refresh \$1.3m
 - Hyperion Upgrade \$1.2m
 - Contact Centre Technology Upgrade \$1.1m
 - Road User Charges Debt Assessment Payments \$0.8m
 - Crash Analysis System replacement project \$0.7m

This graph shows the capital programme spend for the 9 months ended 31 March 2015. It also includes previous year's actual capital for comparison.



Project Name	YEAR TO DATE			YEAR END
	YTD Actual \$000	Approved Project Budget \$000	% of Project Budget	Outturn \$000
Enterprise Geospatial Capability	413	1,779	23%	413
Vehicle Licensing Reform (CoF)	317	349	91%	317
Time Limits on Driver Licences	684	779	88%	684
RUC / RUC Debt Assessment Payments	2,811	2,181	129%	3,619
AVL Improvements	14	100	14%	14
L1 & L3 Workstations	68	59	114%	59
Wellington Regional Office	36	27	135%	27
Captif Building Improvement	0	67	0%	67
Wireless Phase 2	18	18	97%	18
InfoHub Programme - Kete replacement	92	148	62%	148
Infrastructure refresh	909	2,186	42%	2,186
Online Training Tool	282	494	57%	494
Crash Analysis System (CAS) replacement project	762	2,746	28%	1,500
Contact Centre Technology Upgrade	364	1,987	18%	1,475
Hyperion Upgrade	-	1,205	0%	1,205
RUC - Bank Charges	166	534	31%	534
Tauranga Changes	25	44	56%	44
14/15 Asset Refreshment & Minor Works	102	200	51%	200
	7,062	14,904	52%	13,004

*\$14.9m of approved business cases against \$15.6m full year budget

ACCESS & USE (A&U)

The surplus of \$7.3m puts A&U ahead of its budget surplus of \$0.4m.

- **Access & Use revenue is 8% above budget (\$9.0m).**
- Driver licensing and testing** revenue is 16% ahead of budget (\$6.3m) due to higher than expected volumes for driver applications and testing. From 1 May, VTNZ will be the new provider for driver testing services. Volumes for both theory and practical tests have remained stable reflecting efforts to minimise service level disruptions during this transition phase. The backlog in practical test delivery is mostly in the Auckland region. While there has been an increase in testing service delivery (up 20.5% year on year) to reduce that backlog, we expect that the booking delays in driver testing will impact negatively on Driver Licensing application volumes and associated revenue and commission expenditure.
- Motor vehicle registration** revenue is 6% ahead of budget (\$2.3m) mainly as a result of higher than planned revenue from licensing, plates and registration for passenger and commercial vehicles. Demand for motor vehicles as a result of increasing labour force participation, migration-led population growth, Canterbury construction activity, housing demand in Auckland, and a range of major infrastructure and commercial projects will continue to drive higher revenue.
- Road User Charges** has a total of \$4.6m appropriated in the year to cover the ongoing administration costs associated with this output class. The collection of road user charges became third party fee revenue on 1 November, 4 months later than planned. As a result of this delay in implementing the third party fees, \$1m of unbudgeted revenue was appropriated.
- Standards development levy and transport licensing fees** revenue is \$0.4m ahead of budget mostly due to

higher than expected volumes of drivers paying their annual licensing fees. This can in part be attributed to an increase in commercial transport activity, which drives the increase in the year-end outturn.

- Vehicle certification and Other memo accounts** WOF and COF vehicle certification revenue is \$1.2m below plan due to delays obtaining Cabinet approval of changes to fees. The new fees were implemented on 1 November 2014 and the expected loss of income will result in a year-end variance to budget of \$1.6m in the certification revenue account.

Access to and use of the land transport system - Financial results for the nine months ended 31 March 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
Income								
Motor vehicle registration	43,692	41,345	2,347	6%	58,000	54,871	3,129	6%
Driver licensing & Driver testing	44,222	37,970	6,252	16%	58,001	49,865	8,136	16%
RUC collection	9,557	8,464	1,093	13%	12,300	11,539	761	7%
Standard development levy & Transport licensing	10,453	10,015	439	4%	13,700	13,345	355	3%
Vehicle certification - WoF	4,594	5,227	(633)	(12%)	6,250	7,448	(1,198)	(16%)
Vehicle certification - CoF & Other	2,003	2,596	(593)	(23%)	2,600	2,957	(357)	(12%)
Other	1,765	1,483	282	19%	2,285	1,983	302	15%
Subtotal - Memo accounts	116,288	107,100	9,188	9%	153,136	142,008	11,128	8%
RUC investigation, and enforcement	3,177	3,172	5	0%	4,434	4,434	0	0%
Tolling	4,797	5,040	(242)	(5%)	6,250	6,694	(444)	(7%)
Other	2,713	2,631	82	3%	3,533	3,533	0	0%
Subtotal - Other	10,688	10,843	(155)	(1%)	14,217	14,661	(444)	(3%)
Total income	126,975	117,942	9,033	8%	167,353	156,669	10,684	7%
Expenditure								
Staff	28,366	28,154	(212)	(1%)	37,562	37,562	0	0%
Commissions	37,369	35,038	(2,331)	(7%)	49,850	46,707	(3,143)	(7%)
Transactions	15,973	15,160	(813)	(5%)	21,235	20,228	(1,007)	(5%)
Information Technology	9,693	11,170	1,477	13%	15,252	14,752	(500)	(3%)
Advertising, PR & Media	529	998	469	47%	1,182	1,422	240	17%
Professional Services	6,700	4,579	(2,121)	(46%)	9,025	6,066	(2,959)	(49%)
Other	6,733	6,724	(9)	(0%)	9,153	9,153	0	0%
Overhead - Accommodation costs	2,649	2,806	157	6%	3,731	3,731	0	0%
Overhead - Corporate	9,632	10,659	1,027	10%	14,240	14,240	0	0%
Overhead - Regional office	1,961	2,139	178	8%	2,792	2,792	0	0%
Overhead - Regional Directors	85	82	(2)	(3%)	118	118	0	0%
Total expenditure	119,690	117,509	(2,181)	(2%)	164,140	156,771	(7,369)	(5%)
Net surplus/(deficit)	7,286	433	6,852		3,213	(102)	3,315	

ACCESS & USE [CONTINUED]

- Access & Use expenditure is 2% above budget (\$2.2m).
- Commission charges are 7% over budget (\$2.3m) mainly due to higher than budgeted driver testing volumes (see revenue section). These high volumes drive higher costs, which are offset by additional revenue.
- Transaction costs are 5% over budget (\$0.8m) due to a combination of higher than budgeted costs for Motor Vehicle Registration (MVR) plates, postage and document service costs (see revenue section). The higher transaction costs for MVR plates remain in line with high growth rates for vehicle sales (passenger and commercial vehicles).
- Project related costs (consisting mainly of Information technology and professional services costs) are 4% over budget (\$0.6m) mainly due to fully realising the cost of the change in provider for driver testing services, offset by the combination of the deferral of the Annual Vehicle Licensing project, delays in the Tolling Development project, the Vehicle Risk Rating project and Time Limits projects delivering under budget.

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

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

- Driver licensing account balance is above budgeted levels by \$4.9m, primarily due to increased volumes.
- Transport licensing account balance is above budgeted levels by \$3.4m, primarily due to a combination of higher than planned revenue from passenger and goods vehicles and lower regional costs as a result of the review of regional services.

- Motor vehicle licensing account balance is higher than budgeted levels reflecting record sales for new vehicles. Registration volumes are 15% higher than budgeted with the Motor Industry Association continuing to report the highest new vehicle sales on record since 1984.
- Certification review balance reflects the impact of delays in implementing new fees as a result of delays in obtaining Cabinet approval. The new fees were implemented on the 1 November 2014.

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

	Year to Date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	000	000	000	%	000	000	000	%
Driver licences - New drivers	181	150	31	21%	229	195	34	17%
- Reinstatements	36	35	1	3%	48	47	1	2%
- Renewals	175	174	1	1%	234	229	5	2%
- Older drivers	53	49	4	8%	70	65	5	8%
- Overseas conversions	36	33	3	9%	48	44	4	9%
- Replacements	72	73	(1)	(1%)	95	96	(1)	(1%)
Driver testing - Theory	126	110	16	15%	167	143	24	17%
- Practical	188	151	37	25%	250	198	52	26%
Certification - WoF passes	3,604	3,308	296	9%	4,806	4,400	406	9%
- CoF passes	293	271	22	8%	390	360	30	8%
MVR - Registrations	329	285	44	15%	438	384	54	14%
- Licences	4,991	4,864	127	3%	6,654	6,483	171	3%
RUC - Licences	1,862	1,797	65	4%	2,483	2,387	96	4%
Toll - Trips	4,596	4,593	3	0%	6,163	6,160	3	0%

Memorandum accounts

	Revenue					Expenditure					Balance as at			
	Actual	YTD	YTD	YTD	Full Year	YTD	YTD	YTD	Full Year	31/03/2015		30/06/2015		
	1 July	Actual	Budget	Variance	Budget	Actual	Budget	Variance	Budget	YTD	YTD	Full Year	Full Year	
Funding Source	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Border inspection fees	2,937	599	454	146	605	351	288	(63)	434	3,185	2,848	3,191	2,853	
Certification review fees	(7,634)	6,597	7,823	(1,226)	10,405	7,992	7,472	(520)	9,820	(9,028)	(7,166)	(9,639)	(6,932)	
Driver licensing fees	2,456	26,605	23,264	3,341	30,649	24,075	23,485	(591)	30,640	4,986	101	5,802	330	
Driver testing fees	5,449	17,617	14,706	2,912	19,216	16,586	14,809	(1,776)	19,582	6,480	6,633	5,910	6,371	
Motor vehicle licensing	5,227	43,692	41,345	2,347	54,871	42,589	41,770	(819)	56,152	6,331	5,110	5,762	4,254	
Over dimension permits	472	363	216	147	294	277	248	(29)	447	558	360	575	239	
Rail licensing fees	(2,960)	803	813	(10)	1,084	1,024	1,168	144	1,592	(3,182)	(3,202)	(3,326)	(3,355)	
RUC collection	0	4,837	8,465	(3,627)	11,539	4,992	8,839	3,846	11,025	(155)	(374)	(968)	514	
Standard development fees	2,065	4,032	4,275	(243)	5,701	4,147	3,967	(180)	5,241	1,950	2,773	1,909	2,926	
Transport licensing fees	(1,758)	6,422	5,740	682	7,644	4,798	5,478	680	7,309	(134)	(3,525)	69	(3,452)	
Memo Account - Total	6,254	111,568	107,100	4,468	142,008	106,831	107,525	693	142,242	10,990	3,557	9,285	3,748	

PLANNING & INVESTMENT AND STATE HIGHWAYS

- Expenditure is **\$254.8m under budget** (including \$102.9m under budget on planning and investing in land transport, \$153.1m under budget on managing state highways and \$1.3m over budget on specific Crown funded projects).

Commentary on activity classes

- Transport planning** expenditure continues to be under budget by 29% (\$3.8m). The anticipated programme ramp-up to prepare for the 2015-18 NLTP has seen further delays which resulted in expenditure on activity management planning & programme business case development progressing slower than expected. The year-end outturn reflects this trend.
- Sector research** expenditure is 24% (\$0.8m) below budget. We expect the under spend to be 18% (\$1.1m) below budget by year-end as delivery of the programme is proving slower than previously forecast due to a change in priorities or resources not being available to support their delivery.
- Public transport** year to date spend is 2% (\$4.8m) below budget. This variance is mainly attributable to delivery of infrastructure projects in Auckland being slower than planned. Efficiencies in the services programme, including the Matangi fleet in Wellington, and the impact of lower fuel costs on service delivery are expected to result in further savings. The full year outturn is now 7% (\$21.4m) lower than budget.
- New and improved infrastructure for local roads** expenditure is under budget by 17% (\$14.3m) mainly due to lower than planned delivery of minor improvement programmes and Auckland infrastructure, resulting from constraints on local funds. We still anticipate the remaining three months of the year to see a lift in monthly expenditure driven by (a) the Route K buyout in June (\$62m), (b) Auckland Transport's planned advance

property purchases (\$25m) which have now been approved, and (c) Christchurch's identified inner city improvements (\$9m). The \$188m outturn assumes that in addition to these elements, expenditure continues to be incurred at the same rate as in the first nine months of the year.

- Maintenance, operation and renewal of local roads** claims are 20% (\$90.7m) below budget year to date mainly due to emergency reinstatement work in Christchurch progressing slower than expected with only \$21.8m of the \$50m NLTP allocation claimed so far. In addition, no drawdown has been made in 2014/15 against the \$100m budgeted for the Christchurch earthquake recovery loan. The year-end outturn for maintenance and operation has been revised down to \$320m, as we now expect that only \$35m of the Christchurch borrowing facility will be drawn down in 2014/15 with the balance to be used in the following two years.
- Walking and cycling** expenditure remains well ahead of budget. The expected year-end outturn is now \$28m as we anticipate an uplift in programme activity in the last quarter, as has been observed in the past three years with 50% of claims made between April and June.

Planning & investing in land transport - Expenditure report for the nine months ended 31 March 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
Management of the funding allocation system	22,117	23,113	996	4%	30,675	30,775	100	0%
Transport planning	9,512	13,331	3,819	29%	16,800	23,356	6,556	28%
Sector research	2,669	3,493	824	24%	5,000	6,100	1,100	18%
Public transport	201,550	206,332	4,781	2%	298,000	319,391	21,391	7%
Road safety promotion	22,869	22,324	(545)	(2%)	36,047	36,397	350	1%
New and improved infrastructure for local roads	72,342	86,680	14,338	17%	188,000	167,000	(21,000)	(13%)
Renewal of local roads	159,069	162,927	3,858	2%	248,700	251,000	2,300	1%
Maintenance and operation of local roads	202,951	289,762	86,810	30%	320,000	385,000	65,000	17%
Walking and cycling	16,995	5,044	(11,951)	(237%)	28,000	18,000	(10,000)	(56%)
Total expenditure	710,074	813,004	102,931	13%	1,171,222	1,237,019	65,797	5%

(1): The budget has been phased according to the claiming patterns observed in previous years, which typically show a significant uplift in the last quarter.

(2) Maintenance and operation for local roads includes an amount of \$35m in the outturn (\$100m in the SPE Budget) for Christchurch earthquake recovery.

- **New and improved infrastructure for state highways** expenditure is under budget by 9% (\$93.2m). Specific reasons include (a) a significant underspend in the property acquisition programme, following changes to alignments to minimise land take for the Auckland Accelerated Programme and settlements taking longer than expected (\$30m), (b) a resource consent delay on the Christchurch Motorway RoNS delaying the construction start (\$10m) and (c) the impact of the decision to reject the Basin Reserve bridge option (\$12m). The second half of the year has seen a significant uplift in monthly expenditure as expected. This follows normal spending patterns and has been assisted by (a) the acceleration of previously approved projects (\$95m in total from five projects: Mt Victoria Tunnel, MacKays to Peka Peka, Huntly section, Western Ring Route and Ngauranga to Aotea Quay), (b) \$120m of remaining identified property purchases and (c) \$20m of minor safety work. The increase in actual expenditure in the March provides us with confidence that we will end the year within accepted variances to our funded target.
- **Renewal of state highways** is 22% (\$33.1m) underspent due to the combination of a more rigorous approach to asset renewals (as previously reported) and actual escalation rates (*) being below budget rates (as a result of favourable macroeconomic conditions, e.g. lower oil prices). The outturn is expected to be 20% (\$43.7m) under budget.
- **Maintenance and operation of state highways** is 10% (\$26.8m) underspent largely due to the combination of emergency works being below budget 31% (\$11.6m) and actual escalation rates (*) being below budgeted rates (\$15m).
The last three months of the year will see a 36% increase in programme expenditure which is driven by (a) emergency works invoicing, which is traditionally late in the financial year, (\$28.6m) in particular costs for the Christchurch reinstatement works (\$23m) and (b) a large portion of contract payments being made in the last few months of the financial year (\$17.6m).

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

Managing state highways – Expenditure report for the nine months ended 31 March 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
New and improved infrastructure for state highway	919,421	1,012,595	93,174	9%	1,430,125	1,383,500	(46,625)	(3%)
Renewal of state highways	118,430	151,535	33,105	22%	170,196	213,853	43,657	20%
Maintenance and operation of state highways	248,242	275,050	26,807	10%	377,279	363,471	(13,808)	(4%)
Total expenditure	1,286,093	1,439,179	153,086	11%	1,977,600	1,960,824	(16,776)	(1%)

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

Specific projects funded by the Crown – Expenditure report for the nine months ended 31 March 2015

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000	Variance \$000	%
SuperGold card transport concessions	18,043	19,979	1,936	10%	25,405	25,905	500	2%
Administration of SuperGold card	71	73	1	2%	95	95	0	0%
Construction of passing opportunities on SH2	500	0	(500)	(100%)	500	0	(500)	(100%)
National war memorial park	10,000	7,304	(2,696)	(37%)	10,000	10,000	0	0%
Urban cycleways	0	0	0	0%	5,000	0	(5,000)	(100%)
Accelerated regional state highways	0	0	0	0%	13,789	0	(13,789)	(100%)
Total expenditure	28,615	27,356	(1,259)	(5%)	54,789	36,000	(18,789)	(52%)

- **Construction of passing opportunities on SH2** was planned in 2013/14. Construction is now complete and final costs were incurred and settled in the first quarter of 2014/15.
- **National war memorial park** The Arras Tunnel is now open to traffic and Memorial park is complete with an official opening ceremony planned for the third week of April. Funding from the Crown has now been fully claimed and the remainder of the project will be funded from the NLTP.
- **Urban cycleways.** No money has been spent to date. The outturn is expected to be 50% (\$5m) under the \$10m funding allocated in the Cabinet paper for 2014/15.
- **Accelerated regional state highways.** No funding has been claimed to date. The Cabinet paper indicated \$39.5m funding for 2014/15, but it is anticipated that the year-end outturn will be approximately \$13.7m. A number of projects have been awarded with the balance to be spent in subsequent years.

NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

Programme management overview

Overall, the activity class forecasts to the end of the NLTP are slightly lower than were forecasted in the previous quarter. This is reflected in the lower total forecast spend for the NLTP of \$8.36b against the published NLTP forecast spend of \$8.40b. The forecast total is about \$56m lower than the December quarter forecast, mainly due to lower than anticipated expenditure for local road improvements, offset to an extent by a higher forecast spend in state highway improvements.

National Land Transport Programme (NLTP & debt funded)

	Published	Actual/forecast spend 2012-2015			
	NLTP	2012/13	2013/14	2014/15	Total
	2012-2015	Actual	Actual	Forecast	2012-2015
	\$000	\$000	\$000	\$000	\$000
Allocation of funds to activity classes:					
Transport planning	50,000	13,438	14,927	16,800	45,165
Road safety	97,000	27,592	31,811	33,000	92,403
Walking and cycling	53,000	8,449	18,197	28,000	54,646
Public transport	945,000	287,532	272,266	298,000	857,798
Maintenance and operation of local roads	878,000	279,379	290,445	285,000	854,824
Maintenance and operation of state highways	989,000	342,210	371,600	377,279	1,091,089
Renewal of local roads	738,000	204,410	232,761	248,700	685,871
Renewal of state highways	635,000	175,009	168,593	170,196	513,798
New and improved infrastructure for local roads	515,000	152,562	125,043	188,000	465,605
New and improved infrastructure for state highways	3,400,000	992,559	1,230,309	1,323,125	3,545,993
Sector research	15,000	3,194	4,197	5,000	12,391
Management of the funding allocation system	89,000	28,838	29,715	29,875	88,428
Debt funded Canterbury earthquake fund	0	0	12,173	35,000	47,173
Total	8,404,000	2,515,172	2,802,037	3,037,975	8,355,184

*Excludes crown funded projects

BORROWING

Short term facilities

Following notification that the changes to the arrangements with the \$250m short term borrowing facility had been approved, we repaid the \$100m that was outstanding of the \$100m portion of the facility. This was paid on 10 February 2015. There has been no other borrowing activity during the quarter. The whole facility remains fully repaid.

The notional balance in the NLTF was \$225.4m as at 31 March 2015.

The graph reflects the revenue forecasts being used for the GPS along with the latest forecast expenditure following the third quarter out-turn review from State Highways and Approved Organisations. In addition, the annual July peaks in expenditure have been reduced with expenditure spread through the month. This is due to the new payment terms being used for Approved Organisations.

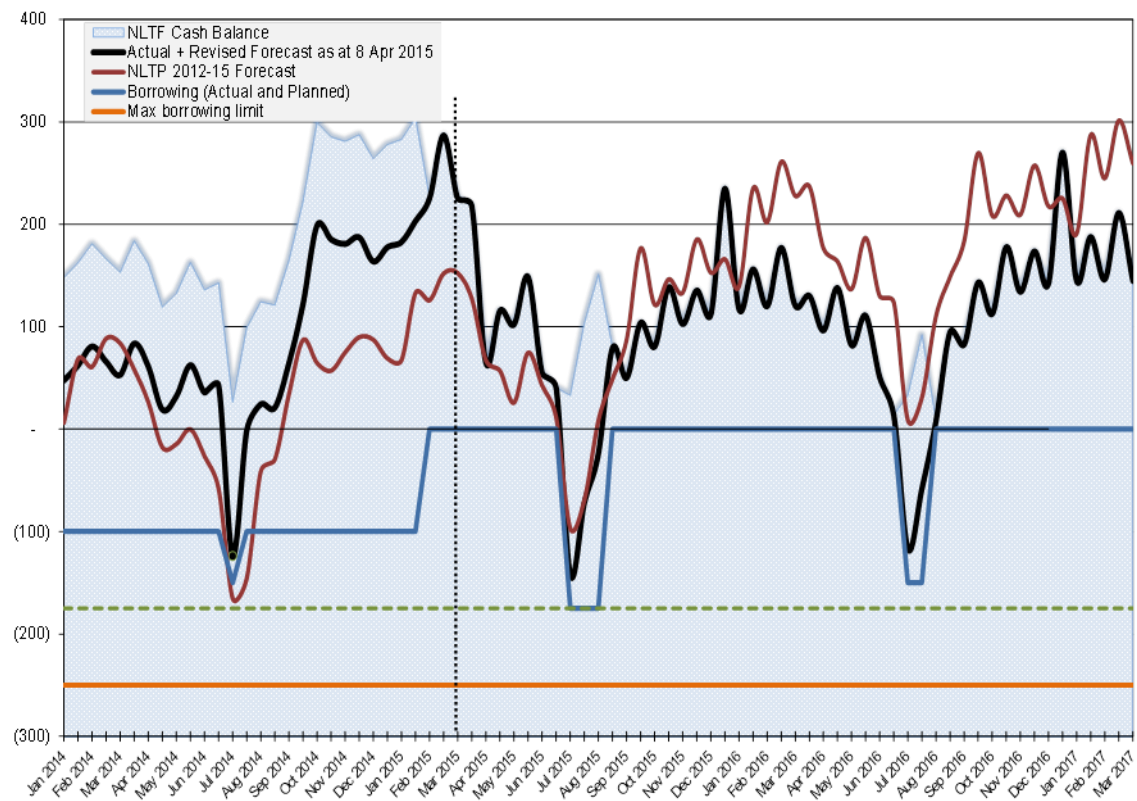
Once the 2015-18 NLTP has been approved, the forecast expenditures will be updated accordingly.

Longer term facilities

There has been no additional activity on the Christchurch Earthquake loan or the Auckland programme loan during the month. For Christchurch we still expect further drawdowns towards the end of the financial year. We are now not forecasting any requirement for a drawdown on the Auckland Accelerate Loan facility this financial year.

Work continues on the Tauranga Eastern Link loan to be in place before May 2015, with drawdown required before the end of this financial year.

NZTA Cash Requirements (\$M)



LONGER-TERM FUNDING COMMITMENTS

Current NLTP

- 102% of the \$9.1 billion NLTF investment in the 2012-15 NLTP is committed, which is a \$192m over-commitment of NLTF funds against revenue and short-term debt.
- The over-commitment represents a deliberate over-allocation of funds to counter the historic optimism bias as delivery of improvement activities lags commitments.
- We expect that actual expenditure will be close to the revenue line on the graph.
- As anticipated last quarter, around \$97m of over-committed funds have been declared surplus or cash-flowed forward by Approved Organisations and Highways and Network Operations.

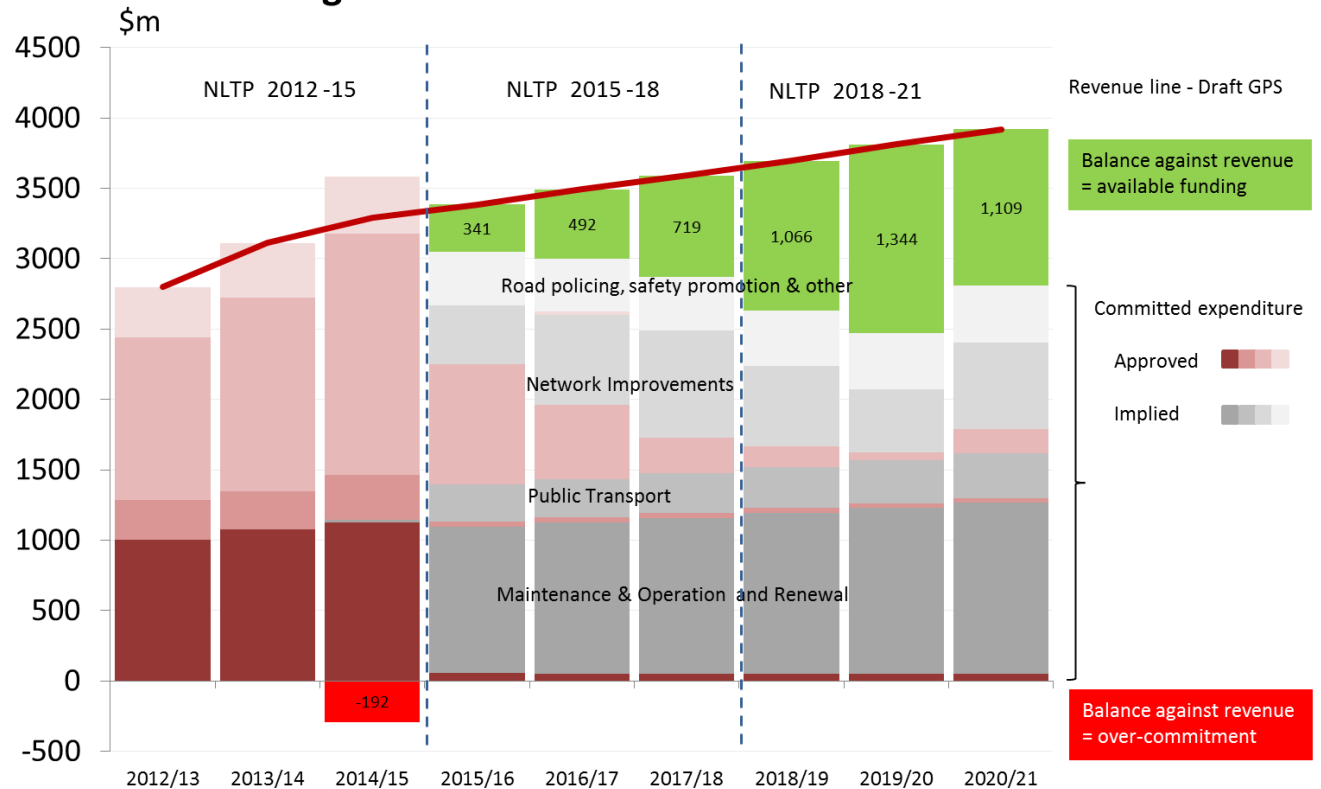
2015-18 NLTP

- Committed funding for the first year of the 2015-18 NLTP is around 96% of revenue, while the overall commitment for the three year programme is about 87%. The “committed” funding comprises approved and implied programme funding.
- A total of \$1.35b of discretionary funds is currently available for new approvals.

2018-21 NLTP

- “Committed” (approved and implied) funding for the 2018-21 NLTP is around 73% of forecast revenue, leaving about \$3.1b of discretionary funds for new approvals.

NLTF Funding Commitments & Balance for Investment Decisions



LONG TERM DEBT COMMITMENTS

The Transport Agency continues to explore and to enter into longer term funding options for projects that go beyond the short and medium-term financial reporting. Most of these longer term commitments are not currently recognised as liabilities in the Transport Agency's balance sheet. These longer term debt commitments, where the individual projects are of a significant size, will be reported here each quarter.

The table captures all current and known future facilities the Transport Agency is entering into. These projects are considered to be contributing to the 10% threshold discussed by the Board for our long term commitments.

OTHER LONG TERM COMMITMENTS

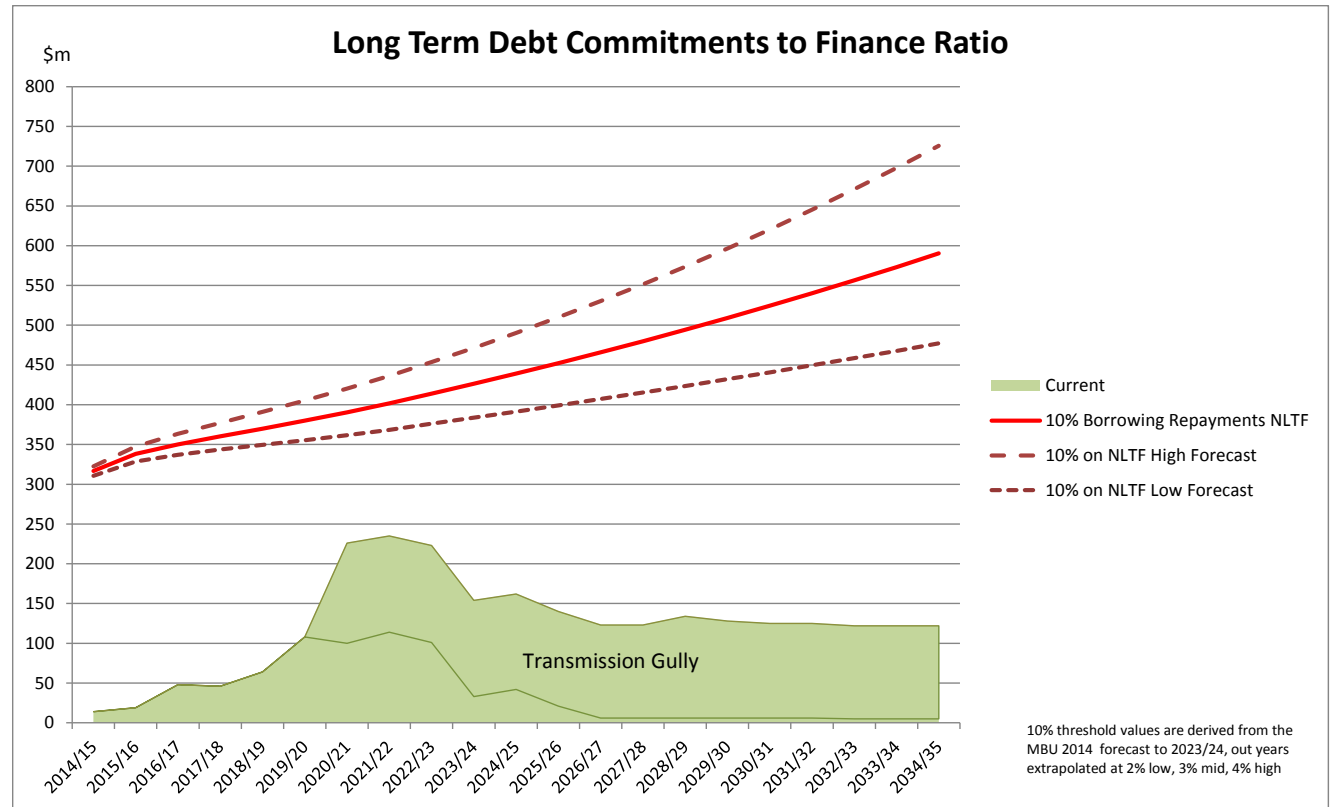
The remaining "Other Commitments" are funding arrangements covering cash flow management and the longer term commitments for Auckland and Wellington Rail.

Project	Investment	Period	Notes
1. Debt Commitments			
Tauranga Eastern Link	\$107m	35yrs	Planned draw down of \$85m for the road and \$22m for the tolling infrastructure from the NZDMO for repayment over the following 35 years from tolling revenue. Repayment rate impacted by the traffic volumes and interest rates.
Christchurch Rebuild	\$183m	9yrs	Borrowing from NZDMO for Christchurch Earthquake expenditure above the \$50m per annum NLTP funding in the next 3 to 4 years repaid over the subsequent 5 or 6 years.
Auckland Accelerated Initiatives	\$375m	10yrs	Northern Corridor, Southern Corridor, SH20A. Funding to be by way of an advance on cash flows of \$375m from the NZDMO with the interest written off to the Crown. The loan funds to cover all three of the current SH projects. Further funding may be considered for additional accelerated works such as the East/West Corridor and AMETI.
Transmission Gully (PPP)	\$1.0b	31yrs	Construction to occur over the next 6 years with an operating phase of the following 25 years. The Agency has entered into an interest rate swap with the NZDMO to fix the interest rate obligation over the period of the PPP providing certainty over this period. The unitary payments are approx. \$120 m per annum (a total commitment over the 25 years of \$3b).
2. Other Commitments			
Auckland Electrical Multiple Units	\$200m	35yrs	Committed contribution over a 35 year period matching expected useful life of the assets.
Auckland Depots	\$50m	50yrs	Committed contribution over a 50 year period.
Wellington Matangi Electric Multiple Units	\$85m	28yrs	Committed contribution over a 28 year period matching expected useful life of the assets.

LONG TERM DEBT COMMITMENTS (CONTINUED)

The graph provides a 20 year profile of the longer term debt commitments contributing to the 10% threshold discussed 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 2014 March Baseline Update. From year ten the growth rate is assumed at 3% while the lower limit is a 2% growth and the higher is 4% growth.



NZTA FINANCIAL STATEMENTS

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

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

Revenue from third parties: See Access & Use section.

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

NZTA operating activities: See NZTA Operating expenditure section.

NZ Transport Agency – Consolidated statement of comprehensive income for the nine months ended 31 March 2015

	Year to date				Year end	
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000
Income						
Revenue from the Crown	28,826	26,010	2,816	11%	40,700	30,980
Revenue from the National Land Transport Fund	1,368,087	1,443,830	(75,744)	(5%)	1,996,399	2,075,034
Revenue from third parties	135,125	114,179	20,946	18%	159,510	153,912
	1,532,038	1,584,019	(51,981)	(3%)	2,196,609	2,259,926
Expenditure						
Investment in land transport	1,904,709	2,193,324	288,615	13%	3,084,836	3,122,339
NZTA operating activities	211,518	211,721	203	0%	289,199	281,430
State highway depreciation/asset write off	345,000	344,997	(3)	(0%)	475,000	460,000
	2,461,227	2,750,042	288,815	11%	3,849,035	3,863,769
Net surplus/(deficit)	(929,189)	(1,166,023)	236,834	(20%)	(1,652,426)	(1,603,843)
Capital expenditure	(1,047,851)	(1,171,812)	(123,961)	11%	(1,624,110)	(1,607,353)
Net surplus/(deficit) after capex	118,661	5,788	112,873		(28,316)	3,510

**NZ Transport Agency – Consolidated statement of financial position
as at 31 March 2015**

Assets

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

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

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

Work has commenced on the Transmission Gully project, which is now reflected in our statement of financial position (\$152.4m at the end of March).

Liabilities

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

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

Retained funds: See net surplus.

Memorandum account: See Access & Use section.

	As at 31 March 2015				Year end	
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000
Assets						
Current assets						
Debtor National Land Transport Fund	425,679	406,270	19,409	5%	488,145	652,263
Other	131,803	249,996	(118,193)	(47%)	171,491	286,991
Non-current assets	29,427,808	28,369,980	1,057,828	4%	30,431,480	29,260,088
	29,985,290	29,026,246	959,044	3%	31,091,116	30,199,342
Liabilities						
Current liabilities						
Borrowing	0	100,000	100,000	100%	0	100,000
Other	300,090	343,923	43,833	13%	523,100	518,182
Non-current liabilities	167,626	71,700	(95,926)	(134%)	328,766	290,888
	467,716	515,623	47,907	9%	851,866	909,070
Net assets	29,517,574	28,510,623	1,006,951	4%	30,239,250	29,290,272
Equity						
General funds	5,606	5,606	0	0%	5,606	5,606
Retained funds	154,722	22,030	132,692	602%	10,868	41,973
Memorandum account - Third party fees	10,990	3,557	7,433	(209%)	9,285	3,747
State highway network	29,346,256	28,479,430	866,826	3%	30,213,491	29,238,946
Total equity	29,517,574	28,510,623	1,006,951	4%	30,239,250	29,290,272

**NZ Transport Agency – Consolidated statement of cash flows
for the nine months ended 31 March 2015**

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

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

Cash flows from operating activities: See Borrowing section.

	Year to date				Year end	
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SPE Budget \$000
Cash flows from operating activities						
Receipts from Crown/NLTF revenue	1,452,991	1,568,325	(115,333)	(7%)	2,149,749	2,049,272
Receipts from third party/interest revenue	150,377	130,190	20,187	16%	163,316	153,671
Payments to suppliers and employees	(1,166,002)	(1,318,322)	152,320	12%	(1,623,320)	(1,702,023)
	437,367	380,193	57,174	15%	689,745	500,920
Cash flows from investing activities						
Receipts from sale of state highway properties	25,446	43,200	(17,754)	(41%)	57,600	57,600
Purchase of assets	(7,050)	(11,232)	4,182	37%	(9,941)	(15,000)
State highway network (incl. property purchases)	(1,047,851)	(1,171,812)	123,961	11%	(1,730,785)	(1,714,353)
	(1,029,455)	(1,139,844)	110,389	10%	(1,683,126)	(1,671,753)
Cash flows from financing activities						
Capital contributions	671,788	777,729	(105,941)	(14%)	980,447	975,404
Borrowing	12,380	77,000	(64,620)	(84%)	192,000	292,000
NLTF debtor borrowing reduction/interest	(102,878)	(95,078)	(7,800)	8%	(152,987)	(96,521)
	581,290	759,651	(178,361)	(23%)	1,019,460	1,170,883
Net (decrease)/increase in cash	(10,798)	0	(10,798)	(100%)	26,078	50
Cash at the beginning of the period	23,922	50,000	(26,078)	(52%)	23,922	50,000
Cash at the end of the period	13,124	50,000	(36,876)	(74%)	50,000	50,050

NLTF FINANCIAL STATEMENTS

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

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

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

	As at 31 March 2015			Year end	
	Actual \$000	Opening \$000	Movement \$000	Outturn \$000	SPE Budget \$000
Current assets					
Cash and cash equivalents	225,378	135,755	89,623	60,418	10,000
Debtors	200,568	229,800	(29,232)	243,450	239,000
	425,946	365,555	60,391	303,868	249,000
Current liabilities					
Creditors and other payables	425,679	468,365	42,686	488,145	652,263
	425,679	468,365	42,686	488,145	652,263
Net assets	267	(102,810)	103,077	(184,277)	(403,263)
General funds	267	(102,810)	103,077	(184,277)	(403,263)
General funds closing balance	267	(102,810)	103,077	(184,277)	(403,263)

National Land Transport Fund - Statement of cash flows for the nine months ended 31 March 2015

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

	Year to date	Year end	
	Actual \$000	Outturn \$000	SPE Budget \$000
Cash flows from operating activities			
Receipts from land transport revenue	2,389,515	3,266,040	3,229,525
Payments to NZTA and NZ Police	(2,286,438)	(3,347,508)	(3,395,529)
	103,077	(81,468)	(166,004)
Net decrease/(increase) in Debtors	29,232	(13,650)	(15,000)
Net (decrease)/increase in Creditors	(42,686)	19,781	167,004
	(13,454)	6,131	152,004
Net (decrease)/increase in cash and cash equivalents	89,623	(75,337)	(14,000)
Cash and cash equivalents at the beginning of the period	135,755	135,755	24,000
Cash and cash equivalents at the end of the period	225,378	60,418	10,000

DELIVERY

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

Q3: PERFORMANCE SUMMARY

TYPE OF PERFORMANCE MEASURE			
Value for money	Service quality	Customer satisfaction	Investment*
10	18	2	3
5	5		1
		1	

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

STATUS KEY

- On track or expected to achieve annual target
- Did not achieve year-to-date milestone result or risk of not achieving annual target
- Will not achieve annual target

Q3: We are making good progress against most of our annual service delivery targets, but the following measures are either not currently achieving target or are not expected to at year end

LICENSING AND REGULATORY COMPLIANCE

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of operational assurance activities completed	100%	85%	●	The implementation of the VLR reform for Certificate of Fitness inspections has resulted in significant changes in business activities and agent performance frameworks. The changes were implemented in November/December 2014 and focused on customer change activity, resulting in a reduction of planned assurance activity. Development of new assurance activities started in Q3, and these will commence in Q4.	●
% of activities that are delivered to agreed standards and timeframes	>90%	83%	●	The implementation of the VLR reform for Certificate of Fitness inspections has resulted in significant changes in business activities and agent performance frameworks. The changes were implemented in November/December 2014 and focused on customer change activity, resulting in a reduction of planned assurance activity. New assurance activities have been developed and started in Q3, which means that the results for Q1 and Q2 are not comparable with the Q3 result.	●

LICENSING AND REGULATORY COMPLIANCE (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% Customer Satisfaction	>73%	65%	●	This relates to the Driver Testing Booking Online application. Customer satisfaction with booking driver tests online is likely to be impacted by the long wait times currently being experienced. We are not expecting to achieve the target for 2014/15.	●

ROAD TOLLING

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of transactions completed online	>94%	93.37%	●	This target is new this year reflecting a combination of all Tolling specific payment channels. Work is continuing to convert casual users to electronic accounts. There has been an immaterial negative variance this quarter, and we expect the target to be achieved for 2014/15.	●

MOTOR VEHICLE REGISTRY

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of transactions completed online	>30%	28%	●	On track to meet year end performance of 30%.	●
% accuracy of registers	>95	82%	●	One of the three activities that contribute to this measure was stopped in late 2014 as a result of changes to the WoF/CoF regime, therefore the Q3 result is significantly lower than expected. After assessing the business impact of the activity and its contribution to measuring the accuracy of the Motor Vehicle Registry, this activity will be reinstated as soon as possible in Quarter 4.	●



ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Unit transaction costs	\$5.80-\$6.40	\$5.19	●	Lower than range due to less than budgeted operational expenditure due to delays in the implementation of the RUC Debt assessment payment project. This delayed expenditure is expected to continue throughout the reporting year.	●

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM (MOFAS)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of operational assurance activities completed	100%		●	Due to the delay of one audit into the 2015/16 programme.	●
% of lessons learned from assurance activities that are applied		n/a		Six-monthly review will be completed in May 2015.	
% of approved organisation audit programme completed on time		83%		One technical audit deferred into the first quarter of next financial year due to scope changes and reprioritisation of resources to support assurance of Canterbury rebuild. Three audits delayed into fourth quarter - (are scheduled)	
% of post implementation review programme completed		100%		No post implementation reviews (PIRs) planned for quarter three. Planning under-way for programmed PIRs. Due to resource constraints, there is a risk that one or two programmed PIRs will be delayed into 2015/16.	



TRANSPORT PLANNING

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	>90%	63%			
(Note: YTD actual should be at approximately 67.5% at end of Q3)					
% of transport planning activity delivered to agreed standards and timeframes		63%	Some activities on studies, strategies and programme business cases experienced less progress than anticipated because of Transport Agency resourcing issues. A number of activities were significantly over budget due to having unbudgeted expenditure coded to Transport Planning.		
% of activities completed on strategic studies and models delivered to agreed standards and timeframes		56%			
% of activities completed on activity management planning delivered to agreed standards and timeframes		75%			

PUBLIC TRANSPORT

ASSESSMENT OF INVESTMENT PERFORMANCE	2014/15 FORECAST	ACTUALS FOR THE 12 MONTHS TO 31/12/14	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
Number of passengers using urban public transport services (bus, train and ferry)	147m-154m	142m	●	Although below target, this is an improvement from last quarter of \$139m. We expect this improvement to continue for the remainder of the 2014/15 year, but still believe the return for the year will be below the target, which is highly ambitious.	●



NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	>90%	54%		Progress on the Improvement programme is on track.	
% of state highway large projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		0%		No programmed completions in Quarter Three, however all projects are currently on schedule.	
% of RoNS milestones completed to agreed timeframes		62%		Continued good progress on the RoNS programme through Q3, with most planned major milestones achieved. Although, the resource consent issues on the Christchurch Western Corridor together with a delay on the Wellington Basin Rerserve bridge have delayed a number of milestones.	
% of state highway small projects programme completed (construction phases) to agreed standards and timeframes - Cost vs budget - Quality (PACE) - Time against phased completion		33%		Progress continues slightly behind plan, however, we are confident of meeting our year end targets.	

NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS (CONTINUED)

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of property acquisition programme completed to agreed standards and timeframes - Cost vs budget		59%		The Property programme is behind due to unexpected or unprogrammed events, such as litigation associated with high value properties and unmotivated owners who we had expected to reach agreement with earlier. There are also a number of properties which we had expected to settle but negotiation between valuers is taking longer than expected. We have re-forecast this year's programme which indicates that we are unlikely to achieve the full year target.	

RENEWAL OF STATE HIGHWAYS

SERVICE DELIVERY MEASURES	2014/15 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes % of state highway renewals programme completed (actual km vs target km)	>90%	51%		Progress continues slightly behind plan, however, we are confident of meeting our year end targets.	

ROAD POLICING PROGRAMME PROGRESS REPORT

ROAD POLICING PROGRAMME PERFORMANCE HIGHLIGHTS

Q2: GOOD OVERALL PROGRESS ON ROAD POLICING PROGRAMME DELIVERY BY NZ POLICE, WITH 15 RESULT TRENDS POSITIVE, AND FOUR 'ON WATCH'.






In this quarter

- 15 of the 19 road policing programme outcome results trended positively. See commentary on amber results in table to the right.
- The introduction of lower adult drink-driving limits on 1 december was successful. Police had prepared by updating processes and commencing the work to replace breath testing devices.
- The 2014/15 safer summer campaign, similar to the previous year, ran from 1 december to 31 january.
- Most of the first tranche of new-generation digital speed cameras are in place and operational. Police plan to move forward with the second tranche during 2015 on confirmation of funding.

RPP ACTIVITY	RPP PRIORITY	DESIRED OUTCOME RESULTS POLICE CONTRIBUTE TO	ACTUAL TREND
High risk drivers	High	Decreased percentage of drivers driving while disqualified involved in injury crashes	↓
		Reduction of disqualified, unlicensed, fleeing or racing drivers in fatal/serious crashes	↓
Young drivers	High	Reduction in number of young drivers on graduated driver licences at fault in fatal/serious crashes	↓
		Increased percentage of youth surveyed who believe they will be stopped for non-alcohol/speed offences	↑
Motorcycling	High	Decreased percentage of motorcycles involved in injury crashes without a current WoF	↑
<p>Motorcycling enforcement activity increased by 29% during the quarter, to address increased motorcycling in spring. Motorcycling graduated driver licence offences detected increased by 10% (on average) when compared to the same quarters for 2012 and 2013. On the other hand, there was a decrease in the number of helmet offences detected (29% lower) and warrant of fitness offences detected (20% lower) when compared with the equivalent 2012 and 2013 quarters. Most Police districts identified motorcycling as a high risk area for the quarter and there was significant focus on visible policing and working with local motorcycling communities.</p>			
Alcohol/drug impaired driving	High	Increased percentage of people surveyed who think there is a high probability of being stopped at a compulsory breath test checkpoint	↓
<p>In the 2014 Attitudes Survey, 50% of respondents believed there was a high chance of being stopped at a CBT checkpoint when driving late at night. This was below the highs achieved in 2010 and 2011 when 56% of respondents believed there was a high chance of being stopped. Police advise that, while alcohol and drugged driving offences detected have been trending downward in recent quarters, the numbers have plateaued. This has most likely been influenced by the new legislation that came into effect on 1 December 2015. The overall outcome of the number of deaths and serious injuries per 100,000 population, where alcohol and drugs are involved, has been trending down.</p>			

RPP ACTIVITY	RPP PRIORITY	DESIRED OUTCOME RESULTS POLICE CONTRIBUTE TO	ACTUAL TREND
Speed	High	Decreased percentage of vehicles exceeding posted speed limits	↓
		Increased percentage of people surveyed who believe there is a high probability of being detected speeding	↑
Traffic management	High	Increased compliance with the road user charges regime – measured in terms of the percentage of vehicles stopped by CVIU staff not in breach of RUC rules	↓
		Increased 'post-incident' availability of state highway network – measured in terms of average time State Highways closed as a result of crashes	↓
<p>The first outcome result for the traffic management activity, while showing a downward trend, reflects a change of just 1% between the highest (97.8%) and lowest (96.8%) points during the last ten quarters, and the last two quarters' results have shown an increase. The second trend measure for this activity is impacted by a number of significant crashes where, by necessity, the highway remained closed for significant periods of time, eg during Q1 a single crash closed a highway for 27 hours to undertake required actions.</p>			
Restraints	Medium	Maintained percentage of vehicle occupants wearing safety belts in the front/rear/child seat as measured by annual MoT surveys	→
Heavy vehicle fleet	Medium	Decreased percentage of heavy vehicles exceeding speed limits	↓
Crash attendance and reporting	Medium	Increased percentage of fatal and serious crashes attended and reported by Police – measured in terms of 'within 10 weeks'	↑
		Increased percentage of ambulance and fire service districts surveyed who are satisfied with Police methods and cooperation at serious crash sites	↑
Roads and roadsides	Medium	Increased percentage of local authorities, Transport Agency and ACC regions surveyed who are satisfied with Police delivery and contribution to the road safety action planning process	↑
Light vehicle fleet	Medium	No change or decrease in the percentage of fatal and serious injury crashes with vehicle faults as a contributing factor in the crash	→

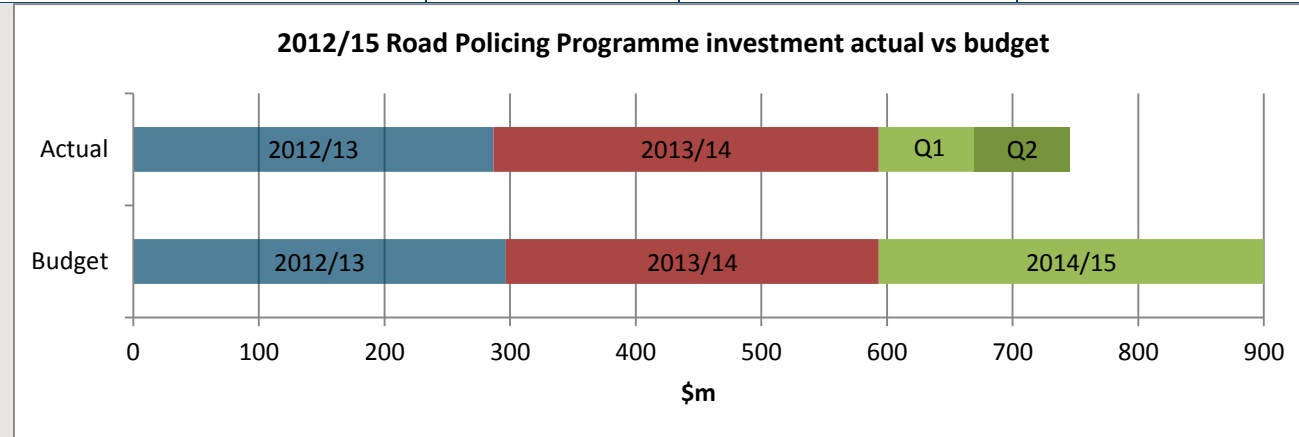
RPP ACTIVITY	RPP PRIORITY	DESIRED OUTCOME RESULTS POLICE CONTRIBUTE TO	ACTUAL TREND
Walking and cycling	Medium	Reduction in number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day	↓
Fatigue and distraction	Medium	Reduction of fatalities and serious injuries in fatigue and/or distraction crashes	↓
Older road users	Low	Reduction in fatal/serious injuries to older road users per 100,000	↓

DELIVERY HIGHLIGHTS	STATUS
<p>December 1 drink driving changes</p> <p>Police note that the lower adult breath alcohol limits, which came into effect during the quarter, were generally received positively, with initial indications that behaviours are changing to reflect the lower limit. Police took the opportunity to review processes and forms so as to build in time efficiency savings and a reduced likelihood of errors. In addition, the new blood-taking kits brought practices into line with current medical practice, and Police commenced a project to replace its 3,000 hand-held breath screening devices. The new devices are more advanced and can conduct passive, screening and evidential breath testing. They will provide further efficiencies in terms of officer time, and will be phased in at 200 units per quarter for the next four years.</p>	
<p>Safer Summer campaign - 'Reach the Beach'</p> <p>In tandem with the introduction of the lower alcohol limit, and with the support of the sector, Police launched a second Safer Summer campaign which ran from 1 December 2014 to 31 January 2015. A key part of the campaign was a highly visible focus on speed and drink driving. Police were pleased that the level of speed and alcohol offending had decreased when compared with the previous Safer Summer campaign, However Police noted this has been a challenging quarter for all across the road safety sector with a significantly higher road toll between October and December.</p>	
<p>Static camera expansion programme</p> <p>Work is on schedule for the implementation of 12 new-generation digital speed cameras, which are replacing existing wet-film cameras and will be fully operational by 30 June 2015.</p> <p>In addition Police have completed the installation of infrastructure for red light cameras at three high-risk sites in Auckland and Wellington. The sites are currently being monitored and undergoing assurance and testing processes prior to them going live in March 2015.</p> <p>Engineering assessments of 100 additional fixed camera sites throughout New Zealand have been completed and the documentation for the procurement of a national construction partner, to establish the sites, has been completed. However progress is now on hold, pending confirmation of the transfer of \$10 million to Vote Police.</p>	
<p>Traffic crash reporting</p> <p>Police are on track to incorporate traffic crash reporting on to its mobility platform by September 2015. This will extend the capability of all sworn Police staff to carry out traffic crash reporting electronically, and will result in more timely reporting of crashes to the Transport Agency.</p>	
<p>Police district risk profiling - Canterbury trial</p> <p>A Police district risk profiling project has been established to provide a concise, visual and practical analysis of road safety risks for each of the 12 Police Districts, as well as a national assessment. A two month trial of the approach will commence in April in the Canterbury Police District. Police is working with the Transport Agency Crash Analysis System (CAS) and Geospatial Teams to develop the shared evidence base which underpins the project.</p>	

POLICE RPP EXPENDITURE AGAINST BUDGET

STATUS

Year	Original NLTP approval (\$m)	Revised budget (\$m)	Actual/YTD (\$m)
2012/13	296.7	286.7 (actual)	286.7
2013/14	296.7	296.7	306.6 (NLTF) 1.6 (Vote Police)
2013/14 - 12/13 reinvestment		10.0	
2013/14 - Vote Police contribution		2.0	
2014/15	296.6	296.6	152.4
2014/15 - Speed cameras	10.0	10.0	
Total 2012-15 (NLTF only)	900.0	900.0	754.7



Police Road Policing Programme expenditure is currently tracking at 4.2% above the Q2 budgeted figure of \$146.3 million. The change in financial position is driven by increased wage pressures; investments in technology projects; and contracts carried over from the 2013/14 reinvestment programme. Police advise that it will manage within the 2012-15 National Land Transport Fund appropriation of \$900 million for the Road Policing Programme. In order to achieve this Police are requesting a transfer of \$15m from Police Crown funding to the Road Safety output class.

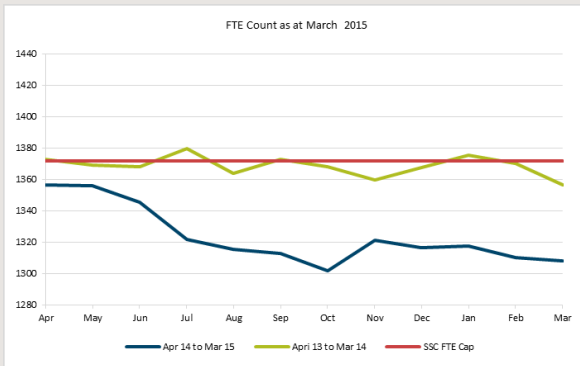


ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

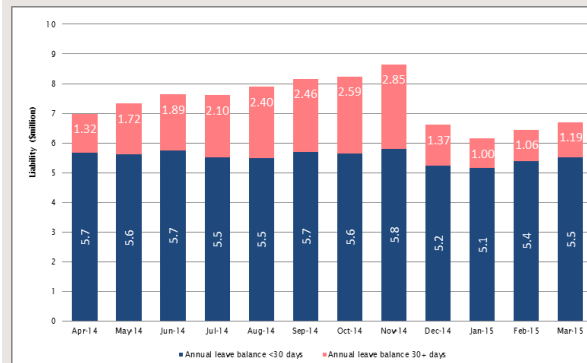
THE TRANSPORT AGENCY'S FTES AND ACTIVE VACANCIES ARE CURRENTLY WITHIN OUR CAP. OUR ANNUAL LEAVE LIABILITY HAS BEEN INCREASING, ALTHOUGH IT REMAINS LOWER THAN AT THE SAME TIME LAST YEAR.

FULL-TIME EQUIVALENT (FTE) EMPLOYEES AGAINST CAP



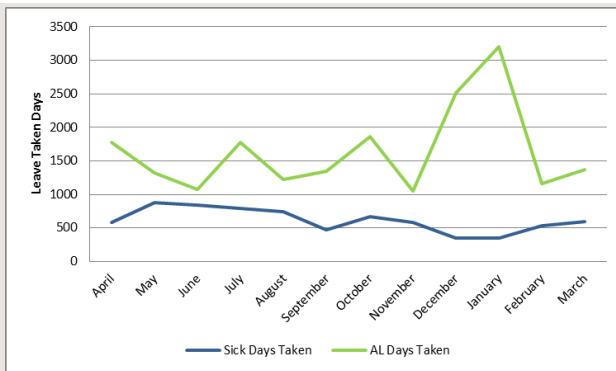
As at 31 March 2015 there were 1,308.6 FTE employees and 78 active vacancies, bringing our total FTE to 1386.6. We continue to remain within an acceptable range of our current FTE cap of 1372.

ANNUAL LEAVE LIABILITY



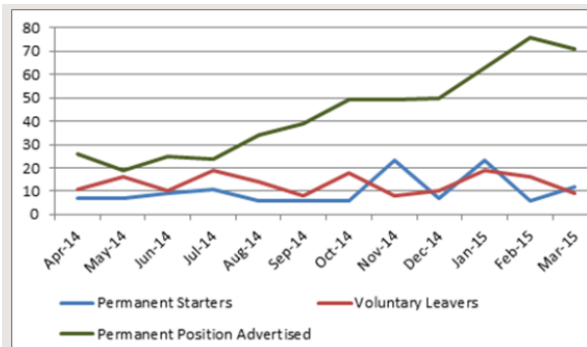
Our annual leave liability as at 31 March 2015 was \$6.7m (approximately \$4,900 per person). This is 6% less than the liability of \$7.1m reported at this time last year. There were 86 employees with an annual leave balance of more than 30 days and these employees accounted for 8% of the total liability. Our current liability sits at a similar level to last quarter.

PLANNED AND UNPLANNED LEAVE TAKEN



Our average annual leave balance as at 31 March 2015 was 14.5 days. This was slightly higher than the previous quarter (14 days), and nearly 1 day less than at the same time last year (15.3 days). There was a 6% increase in the number of annual leave days taken this quarter when compared to the previous quarter. The number of sick days taken has remained steady.

PERMANENT COMINGS AND GOINGS



As at 31 March 2015 there were 71 (permanent) active vacancies, 21 more than as at 31 December 2014. Voluntary turnover sits at 11.9%, the same as March 2014, and this remains within an acceptable turnover range.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

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

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

The new Zero Harm reporting tool has now been implemented internally as has resulted in a large increase in the reporting of incidents. The same tool has also been made available to our suppliers in the construction industry who began using it in January 2015. The reporting application has been downloaded over 3500 times, which had resulted in 554% increase in incident and improvement reports. This has allowed us to action 65 areas to improve using a lead indicator to identify them against waiting for an incident to happen.

The same tool also allows us to capture and benchmark our suppliers using the same lead and lag indicators to measure capital and network outcomes projects against similar projects. In addition to this, we'll be able to measure our suppliers' H&S performance in comparison to each other, which will aid consistency and learning across the industry. These indicators will also tie back into our H&S pre-qualification process from July to reward those who do safety well whilst working on our behalf.

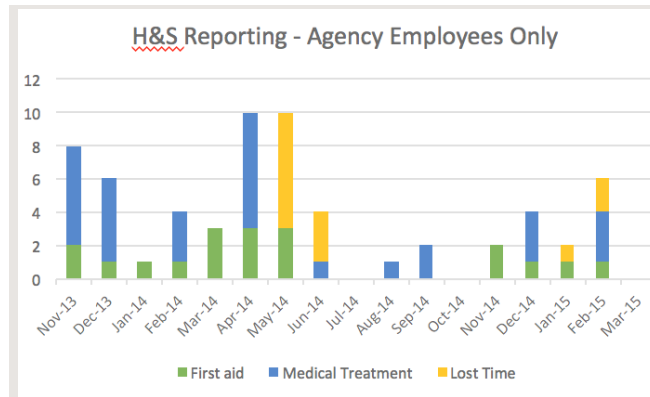
During quarter three policies and procedures have been drafted to focus on our high risk areas identified at our risk workshops. These control measures focus on our high risk priorities as follows:

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

During the third quarter we recruited all of our Zero Harm Advisors and will have a full complement of staff when the HNO and People advisors join us from the UK in May.

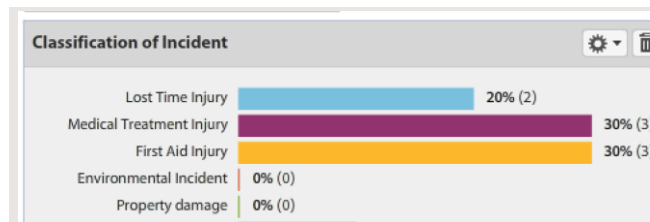
¹ Employees, contractors, sub-contractors, agents and temporary staff engaged to work on behalf of the Transport Agency

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



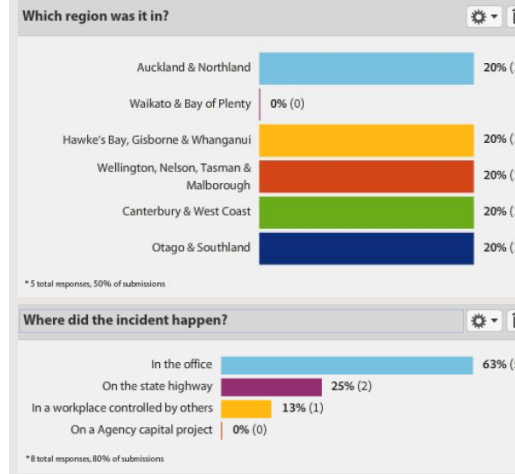
There were two lost time injuries where our people slipped and broke a finger and arm in the office. Three medical treatment injuries occurred where people were hit by a car whilst traveling in a agency vehicle.

HEALTH AND SAFETY – SUMMARY OF ALL INCIDENTS IN Q3 (TRANSPORT AGENCY EMPLOYEES ONLY)



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

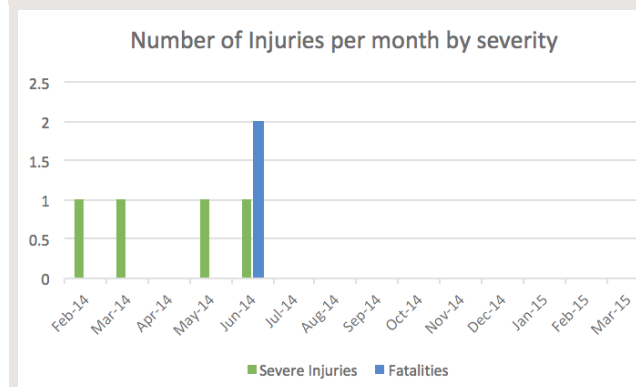
LOCATION OF OUR INCIDENTS – (TRANSPORT AGENCY EMPLOYEES ONLY)



There are currently no areas of specific concern geographically due to the even spread of incidents. However 63% of our incidents occur in the office environment.

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

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



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