
QUARTERLY RESULTS AND ASSURANCE

Q3 2015/16

1 January to 31 March 2016



CONTENTS

PERFORMANCE OVERVIEW	1
PERFORMANCE OVERVIEW	2
KEY OPERATING ASSUMPTIONS	4
KEY OPERATING ASSUMPTIONS	5
PROGRESS ON OUR STRATEGIC DIRECTION	8
GOAL: INTEGRATE ONE EFFECTIVE AND RESILIENT NETWORK FOR CUSTOMERS	10
GOAL: SHAPE SMART TRANSPORT CHOICES	13
GOAL: DELIVER HIGHWAY SOLUTIONS	17
GOAL: MAXIMISE RETURNS FOR NZ	27
PRIORITY 1: MAKE IT EASY FOR CUSTOMERS TO DO BUSINESS WITH US	29
PRIORITY 2: PREDICTABLE JOURNEYS FOR URBAN CUSTOMERS	31
PRIORITY 3: INTEGRATE ROAD AND RAIL TO IMPROVE FREIGHT NETWORK PRODUCTIVITY	35
PRIORITY 4: SAFER SPEEDS THAT ARE RIGHT FOR THE ROAD	37
PRIORITY 5: DRIVING VALUE THROUGH SMART ROAD MAINTENANCE	37
PRIORITY 6: MAKE URBAN CYCLING A SAFER AND MORE ATTRACTIVE TRANSPORT CHOICE	38
SERVICE DELIVERY AND INVESTMENT PERFORMANCE	42
DELIVERY	43
ROAD POLICING PROGRAMME PROGRESS REPORT	45
FINANCIAL PERFORMANCE	50
FINANCIAL PERFORMANCE	51
FINANCIAL PERFORMANCE OVERVIEW - KEY INSIGHTS	52
ORGANISATIONAL CAPABILITY & HEALTH	66
PEOPLE METRICS	67
ENSURING HEALTH AND SAFETY IN THE WORKPLACE	68

1 January to 31 March 2016

ASSURANCE & RISK REPORT	70
ASSURANCE	71
RISK DASHBOARD	71
NLTF INVESTMENT ASSURANCE	71
URBAN CYCLEWAY PROGRAMME - PROJECT DETAIL	71

| QUARTERLY RESULTS AND INSIGHTS



PERFORMANCE OVERVIEW

PERFORMANCE OVERVIEW

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

ACHIEVING THE AIMS OF OUR FOUR GOALS AND SIX PRIORITIES				
<p>GOAL 1 INTEGRATE ONE NETWORK</p> <p>Good progress: 75% - 6 of 8 milestones on track.</p> <p>We continue to focus on working collaboratively with Auckland Council and Auckland Transport on transport options for Auckland's greenfield growth areas, which contributes to the Government's affordable housing agenda and the Auckland Transport Alignment Project (ATAP).</p> <p>The ATAP work has raised some significant resourcing challenges, which have resulted in the reprioritisation of other work.</p> <p>Year-end performance estimate (completely achieved): 100%</p>	<p>GOAL 2 SHAPE SMART CHOICES</p> <p>Very good progress: 83% - 10 of 12 milestones on track.</p> <p>We have made good progress on shaping smart, efficient, safe and responsible transport choices with all but two milestones on track.</p> <p>The two milestones that are behind schedule are the business case on changing the conversation on speed and the approval of the strategic business case for a national travel information programme.</p> <p>Year-end performance estimate (completely achieved): 92%</p>	<p>GOAL 3 DELIVER HIGHWAY SOLUTIONS</p> <p>Very good progress: 81%- 26 of 32 milestones on track.</p> <p>The majority of projects are on or ahead of schedule (including all of the RoNS). There have been resourcing challenges delivering the highway resilience programme and the Network Risk Evaluation Tool has been abandoned of after piloting. Changes brought about by ATAP mean that we will not be achieving the 2015/16 milestone for the AMETI project, which is part of the Accelerated Auckland Transport Programme. For a range of reasons we are also running behind schedule on several projects that are part of the regional roads programme.</p> <p>Year-end performance estimate (completely achieved): 91%</p>	<p>GOAL 4 MAXIMISE RETURNS FOR NZ</p> <p>Very good progress: 100% - 10 of 10 milestones on track.</p> <p>Within the Canterbury transport network recovery programme there are complex geotechnical issues that are taking time to consider on the Sumner Road Corridor. Full completion of the programme at year end is unlikely as the 'An Accessible City Phase 1' projects are expected to extend into 2016/17. The completion date for the transport sector research strategy has been extended to allow for more comprehensive stakeholder engagement on the strategy and the closely related Transport Domain Plan, which are scheduled for ministerial launch in 2016/17 Q1. Year-end performance estimate (completely achieved): 100%</p>	<p>PRIORITY 1 CUSTOMERS</p> <p>Good progress: 78% - 7 of 9 milestones on track.</p> <p>We have made progress on a number of key milestones that improve the customer experience when interacting with the Transport Agency, notably for new and visiting drivers.</p> <p>While we have had delays with making it easier for customers to interact with us digitally, we are on track to achieve the annual milestone.</p> <p>Year-end performance estimate (completely achieved): 100%</p>
<p>PRIORITY 2 PREDICTABLE JOURNEYS</p> <p>Poor progress: 17% - 1 of 6 milestones on track.</p> <p>The AdInsight project in Auckland to better understand and manage the network is progressing well. We will not have a national system for sharing transport information across regions and modes at year-end. Progress on the annual programme to improve predictability in our major centres is behind schedule as is developing SLAs for critical supporting systems. Year-end performance estimate (completely achieved): 67%</p>	<p>PRIORITY 3 INTEGRATE ROAD AND RAIL</p> <p>Very good progress: 100% - 3 of 3 milestones on track.</p> <p>The refreshed work programme for this priority is underway, with two work streams of strategic (eg Determining the Public Value of Rail) and tactical projects (eg Auckland Third Line Proposal and level crossings). The governance group meets regularly and members have clear accountabilities for making progress within their respective organisations.</p> <p>Year-end performance estimate (completely achieved): 100%</p>	<p>PRIORITY 4 SAFER SPEEDS</p> <p>Very good progress: 100% all four milestones on track.</p> <p>Overall very good progress to date. Eight regional road demonstration projects have been identified – some of these are high priority and others demonstrate self-explaining roads.</p> <p>Our workshops with Auckland Transport have assisted our understanding of growth and safety issues in Auckland.</p> <p>Year-end performance estimate (completely achieved): 100%</p>	<p>PRIORITY 5 SMART ROAD MAINTENANCE</p> <p>Very good progress: 100% - 4 of 4 milestones on track.</p> <p>We continue to make progress in supporting the Road Efficiency Group (REG) and its ONRC recommendations. REG has established an online tool for RCA's to report against an initial suite of customer levels of service. Within state highways we are implementing new customer-focused Network Operating Contracts that have significantly altered the way we procure our maintenance activities. Year-end performance estimate (completely achieved): 100%</p>	<p>PRIORITY 6 URBAN CYCLING</p> <p>Very good progress: 80% - 4 of 5 milestones on track.</p> <p>The delivery plans for strategic networks in our major centres are generally progressing according to plan, although delays have occurred in Christchurch, and there is a risk of delay in Wellington. We are working with these councils to reduce risk of delays so funded projects are substantially completed within the three-year timeframe.</p> <p>Year-end performance estimate (completely achieved): 100%</p>

FINANCIAL PERFORMANCE

NLTF revenue

[6% ahead of budget]

NLTP and Crown expenditure

[1% under budget]

A&U memorandum account

[9.4m favourable]

NZTA operating expenditure

[18% under budget]

Business initiatives

[The programme has spent 62% of the full year budget compared to a theoretical flat line completion rate of 75%. There has been a significant shift of resources from the programme with a forecast spend against the Approved Business Initiatives of \$17.6m, \$3.1m behind budget].

SERVICE DELIVERY PERFORMANCE

DELIVERY TARGETS - We are making good progress against our 34 annual service delivery and investment targets, but four require attention. We are anticipating three target as at risk for year-end -Operational Assurance and Transport Planning activities (Investment Management output class), where a significant proportion of programme business cases (PBC) have experienced delays due to changes in the scope and approach. There are also resourcing issues but work has been focussed on delivering the 9 priority programme business cases. The One Network Road Classification required more policy input than anticipated. The third target state highway maintenance where progress is tracking below the original programme and expect this to continue to year end. The overall programme for this has been revised down as the condition of the network is good enabling the deferral of some works to 2016/17 and 2017/18.

STRONG ORGANISATIONAL CAPABILITY & HEALTH

CAPABILITY

Variable progress, with fourteen of the sixteen milestones on track. 88%

The Protective Security Model has been delayed due to organisational changes but will be delivered in Q4. The delay in the Wellington regional office relocation has meant a delay in implementing Infohub for paper.

Year-end performance estimate (completely achieved): 94%

PEOPLE METRICS

Actual FTE count, excluding vacancies, was over the cap of 1,402 at 31 March 2016.

Annual leave liability was \$6.9 million (approximately \$4,754 per person), which is just slightly higher than last quarter.

HEALTH AND SAFETY

There have been five first aid injuries reported this quarter - one person fainted, one incident of hitting object with body, two incidents of jamming fingers in a door and one fall, slip or trip.

NZTA contractors' worksites: One Transport Agency Physical Works Contractors reported a serious injury this quarter.

Very good progress against plan - achieved 76% or more targets and milestones for this quarter

Fair progress against plan - achieved 26-50% of targets and milestones for this quarter.

Good overall progress against plan - achieved 51-75% targets and milestones for this quarter. Issues to be resolved indicated in box

Poor progress against plan - 0-25% of milestones achieved. Issues to be resolved



KEY OPERATING ASSUMPTIONS

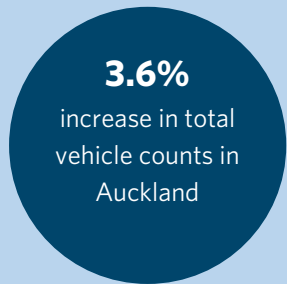
KEY OPERATING ASSUMPTIONS

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

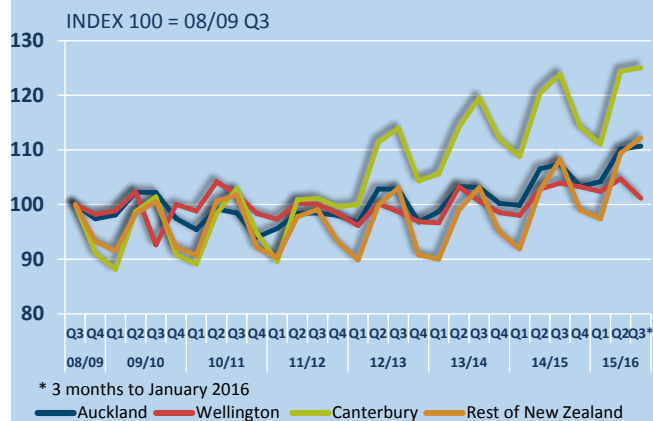
REVENUES	TRANSACTION VOLUMES	STATE HIGHWAY TRAFFIC VOLUMES
<p>REVENUES REFLECT GROWTH IN TRAVEL DEMAND</p>	<p>TRANSACTION VOLUMES REFLECT LONG TERM INCREASING TREND</p>	<p>VEHICLE COUNTS ON THE STATE HIGHWAY NETWORK RISE, BUT SIGNS OF A SLOWDOWN ARE EVIDENT</p>
<div style="display: flex; align-items: 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="font-size: 24px; font-weight: bold; margin: 0;">\$2.61b</p> </div> <div> <p style="font-size: 18px; font-weight: bold; margin: 0;">flows into the National Land Transport Fund</p> </div> </div> <p style="margin-top: 20px;">Year-to-date revenue for the ended 31 March 2016 came in 7% or \$150m higher than budget, with inflows from FED, RUC and MVR coming in 9%, 2% and 13% ahead of budget respectively</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="font-size: 24px; font-weight: bold; margin: 0;">2.3m</p> </div> <div> <p style="font-size: 18px; font-weight: bold; margin: 0;">licence transactions were completed</p> </div> </div> <p style="margin-top: 20px;">The number of licence transactions fell by 2.4% in 2015/16 Q3, compared to the corresponding quarter in the previous year. The main contributor was a 7.6% drop in MVR transactions which more than offset a 7.1% and 1.9% increase in RUC licence and driver licence transactions over the same period.</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="font-size: 24px; font-weight: bold; margin: 0;">4.3%</p> </div> <div> <p style="font-size: 18px; font-weight: bold; margin: 0;">increase in total vehicle counts</p> </div> </div> <p style="margin-top: 20px;">Total and heavy vehicle counts at selected telemetry sites rose by 4.3% and 4.5% respectively for the three months ending January 2016, compared to the same period in 2015. Growth in total and heavy vehicle counts reflects an increasing but slowing trend.</p>
<p>INDEX 100 = 10/11 Q1</p>	<p>INDEX 100 = 09/10 Q1</p>	<p>INDEX 100 = 08/09 Q3</p>

REGIONAL STATE HIGHWAY TRAFFIC VOLUMES

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



Vehicle counts in Auckland, Wellington and Canterbury rose by 3.6%, 0.3% and 2.7% respectively for the three months ended January 2016 when compared to the same period in 2015. Vehicle counts in the rest of New Zealand rose by 6.3% over the same period, with all regions managing to post positive, albeit slowing growth for the 5th consecutive quarter.

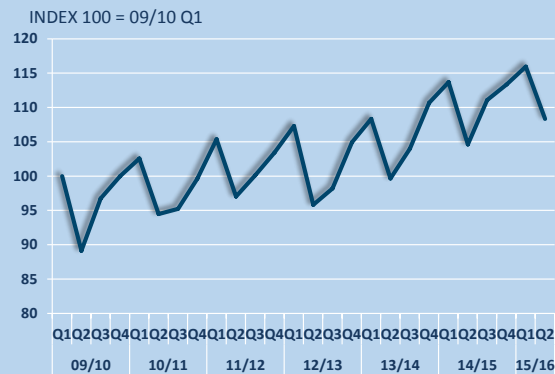


PUBLIC TRANSPORT VOLUMES

PATRONAGE ON PUBLIC TRANSPORT CONTINUES TO GROW BUT PACE IS STARTING TO SLOW

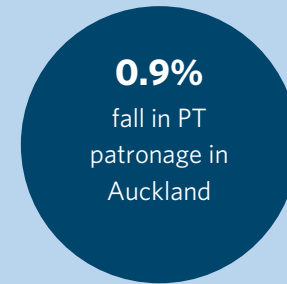


Revised estimates suggest that public transport patronage increased by 3.6% during 2015/16 Q2 compared to the corresponding quarter in the previous year (but 6.6% lower than in 2015/16 Q1). Although slightly up on the previous 2 quarters, the longer-term trend is one of slowing growth.

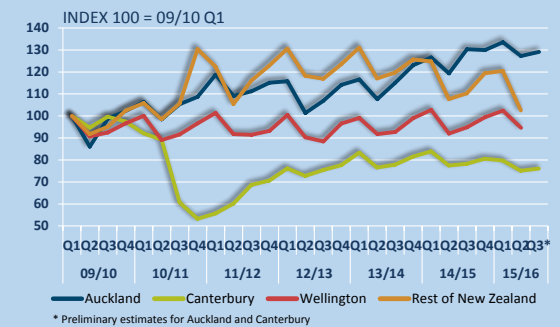


REGIONAL PUBLIC TRANSPORT VOLUMES

PATRONAGE GROWTH IN AUCKLAND SEEMS TO BE SLOWING

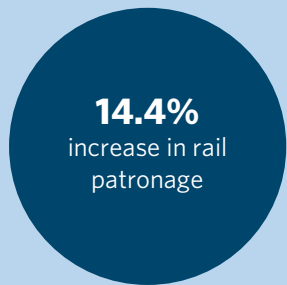


Preliminary estimates suggest that patronage in Auckland and Canterbury fell by 0.9% and 2.7% respectively in 2015/16 Q3 compared to the same quarter in the previous year. Our most recent estimates show that patronage in the rest of New Zealand fell by 4.7% but rose by 2.9% in Wellington during 2015/16 Q2 when compared to the same quarter in the previous year.

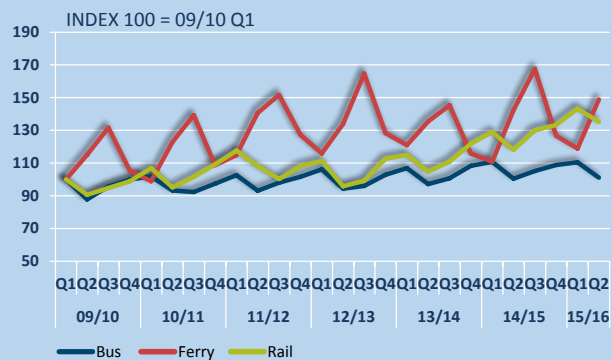


PUBLIC TRANSPORT VOLUMES BY MODE

PATRONAGE ON ALL MODES GREW IN Q2, BUT THE KEY CONTRIBUTOR WAS RAIL

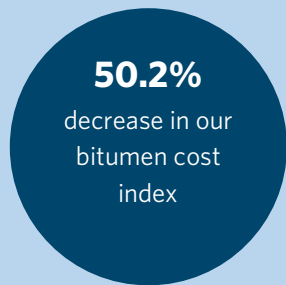


Revised data shows that patronage by rail, bus and ferry grew by 14.4%, 0.6% and 4.5%, respectively in 2015/16 Q2 compared to the same quarter previous year. Rail patronage in Auckland was 23.6% higher during this period. In 2015/16 Q3, rail patronage in Auckland is projected to have grown by 31.6% compared to the same period in the previous year.

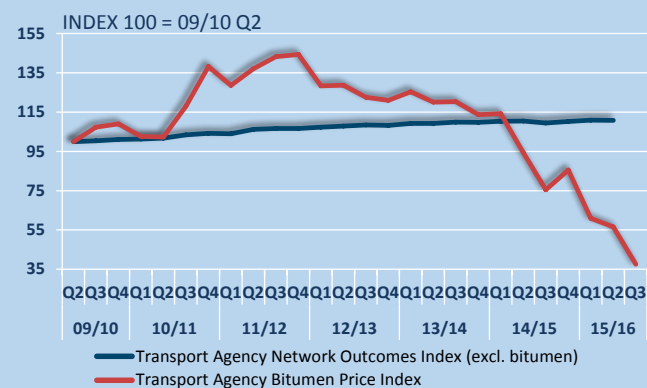


TRANSPORT AGENCY COST ADJUSTMENT INDICES

BITUMEN PRICES REFLECT WEAKNESS IN US\$ CRUDE OIL PRICES

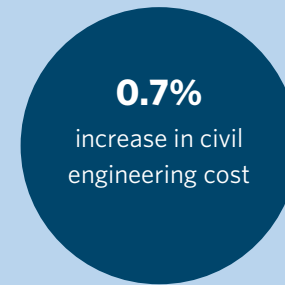


Our bitumen price index was just over 50% lower in 2015/16 Q3 than during same period in the previous year as a result of continued weakness in US\$ crude oil prices. By contrast, our network outcomes index shows a 0.3% increase in 2015/16 Q2 due to higher labour costs offsetting flat material and plant prices.

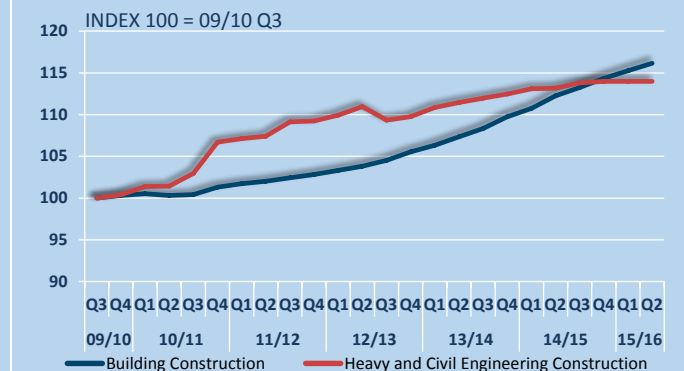


MARKET PRICES

HEAVY AND CIVIL ENGINEERING CONSTRUCTION COST INCREASE SLOW



Building and construction costs rose by 3.5% in 2015/16 Q2 compared to the same period in the previous year. In comparison, growth in heavy and civil engineering prices slowed to 0.7% over the same period (down on the 0.8% recorded for the previous quarter).






PROGRESS ON OUR STRATEGIC DIRECTION

PERFORMANCE SUMMARY FOR OUR GOALS AND PRIORITIES

OUR GOALS AND PRIORITIES	PERCENTAGE OF MILESTONES THAT ARE ON TRACK OR ACHIEVED	PERCENTAGE OF MILESTONES THAT HAVE MINOR ISSUES	PERCENTAGE OF MILESTONES THAT HAVE SIGNIFICANT ISSUES
Goal: Integrate one effective and resilient network for customers (8 milestones)	75	25	
Goal: Shape smart, efficient, safe and responsible transport choices (12 milestones)	83	17	
Goal: Deliver efficient, safe and responsible, and resilient highway solutions for customers (33 milestones)	81	16	3
Goal: Maximise effective, efficient and strategic returns for new Zealand (11 milestones)	100		
Priority 1: Make it easy for customers to do business with us (9 milestones)	78	22	
Priority 2: Predictable journeys for urban customers (6 milestones)	17	67	17
Priority 3: Integrate road and rail to improve freight network productivity (3 milestones)	100		
Priority 4: Safer speeds that are right for the road (4 milestones)	100		
Priority 5: Driving value through smart road maintenance (4 milestones)	100		
Priority 6: Make urban cycling a safer and more attractive transport choice (5 milestones)	80	20	

 No issues / on-track / achieved

 Issues but active mitigation in progress

 Significant issues or risks / off-track / not achieved

GOAL: INTEGRATE ONE EFFECTIVE AND RESILIENT NETWORK FOR CUSTOMERS

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

Programme summary:

We continue to focus on working collaboratively with Auckland Council and Auckland Transport on transport options for Auckland's greenfield growth areas, which contributes to the Government's affordable housing agenda and the Auckland Transport Alignment Project.

Auckland's growth is again driving significant increases in public transport patronage - up 6.1% in 2015 compared with the same period for 2014.

We have continued to contribute to the Government's regional economic development agenda, initiating the implementation of the Northland and Bay of Plenty action plans, and providing input to the development of the action plans for Gisborne, Hawkes Bay and Manawatu-Wanganui. It is expected that delivery of these action plans will enable the regional economies to grow by at least 10%.

For freight movement we have been implementing actions from the Upper North Island freight accord, and finalising work on the Central Freight story for discussion with Regional Transport Committees and the South Island Freight Action Plan. These plans will make it easier to identify opportunities to integrate and optimise the road and rail network.

Q3: Very good progress, six of the eight milestones achieved.

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

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
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The following priorities contribute to this objective

Priority 2: Predictable journeys for urban customers on page 31.

Priority 6: Make urban cycling a safe and more attractive transport choice on page 38.

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

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
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The following priorities contribute to this objective

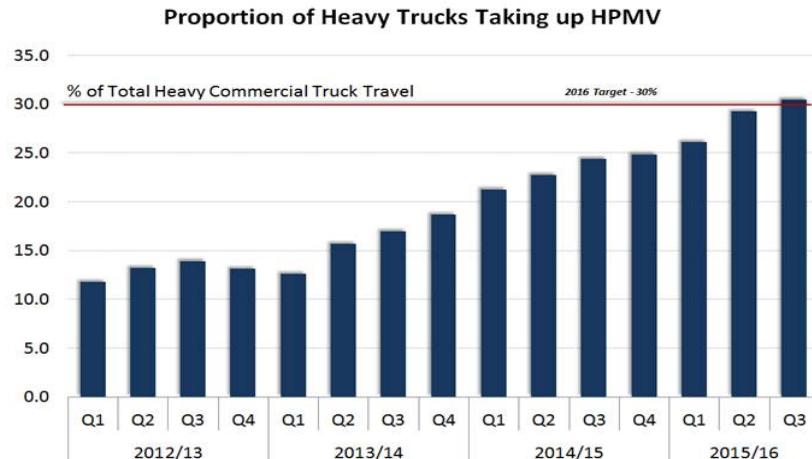
Priority 2: Predictable journeys for urban customers on page 31.

Priority 3: Integrate road and rail to improve freight network productivity on page 35.

Priority 6: Make urban cycling a safer and more attractive transport choice on page 38.

FEATURE

Q3 RESULT CONSOLIDATES FREIGHT PRODUCTIVITY AND SAFETY GAINS.



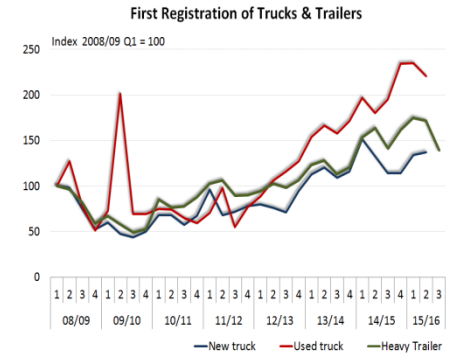
Quarter Three has seen increasing travel by high productivity motor vehicles (HPMV, including 50MAX), reaching 31% of all heavy truck travel. This result exceeds our 2015/16FY target with HPMVs traveling 131 million kilometres in Q3, compared with 107 million this time last year. As HPMVs are 14-20% more productive than standard heavy trucks, every kilometre travelled delivers on the Government’s objective of making freight movements more productive, with the savings passed on through the supply-chain to producers and consumers.

In terms of these savings, we estimate that high productivity travel during Q3 avoided around 10-15 million kilometres of standard heavy truck travel, providing commercial savings of between \$20-30 million. While initially this value would have been invested in the purchase of new HPMV-capable equipment, over the next decade these high productivity trucks and trailers will provide an economic dividend with every trip they make.

Industry’s record-breaking investment in new trucks and trailers has slowed, with new registrations down in Q3 (see graph – green line). As HPMVs tend to be newer, travel by them will be safer



than standard heavy trucks. Most have more advanced safety features than the older units they are displacing (red line), such as advanced braking systems and visibility. Through the permit system, HPMVs – including 50MAX – are also subject to higher safety requirements such as greater stability and an operator compliance check.



The uptake of HPMVs will also help manage the growing freight volumes, forecast to increase by 50-60% over the next thirty years. Reducing the number of truck trips needed to move freight, coupled with improving the safety performance of the fleet, are important parts of delivering a safe system for moving freight. To give a sense of what this freight growth looks like right now, two recently reported examples are worth noting. Apple growers report that they are set to export 19.5 million cartons this year, up 5.5% from 2015. Likewise, the kiwifruit harvest is seeing substantial growth with last year’s total reaching 26 million trays. This year it is expected to reach 47 million trays, rising to 70 million trays before the end of the decade. HPMVs will reduce the truck trips needed to move freight and reduce the cost of doing business in our productive regions.

To help facilitate greater HPMV access, including 50MAX, the current National Land Transport Programme (NLTP) will invest around \$20 million in growing access to more of the road network. Building on the success of the last NLTP which delivered substantial 50MAX access and the ‘High Productivity Freight Network’ that allows 58 -tonne access on 5,300 kilometres of the highest volume freight routes. The current programme will grow 50MAX access and add 1,500km of new routes to the High Productivity Freight Network (green routes on map). This will mean that around 70% of the highest volume freight routes will be HPMV-capable



GOAL: SHAPE SMART TRANSPORT CHOICES

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

Q3: Very good progress, with ten of the twelve milestones achieved.

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


Programme summary:

In quarter 3 we made good progress on shaping smart, efficient, safe and responsible transport choices with all except for two milestone on track to achieve the end of year commitment. The highlights include:


- Completing the draft Safety Action Plan 2016-19 with the sector, ready for Cabinet approval in May
- Developing a monitoring and evaluation framework with ACC to identify the lessons from the Safety Signature Programme

Completing the consultation for the Vehicle Dimension and Mass Reform which generated almost 200 submissions.
 Completing the Driver Licence Review discussion document which will go to Cabinet in quarter 4 to seek approval.
 Completing the Terms of Reference for the National Rail Standards Review.
 Rolling out the Commercial Operator Risk Targeting Tool across the regions.

The milestones that not on track are the completion of a National Travel Information Programme business case and a delay in research to inform the business case on changing the conversation on speed

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
The following priorities contribute to this objective		
Priority 4: Safe speeds that are right for the road on page 37.		
Priority 6: Make urban cycling a safer and more attractive transport choice on page 38.		
A business case on changing the conversation on speed will be developed and implementation of the business case will commence.	Business case complete and implementation has begun. Research to guide the development of communications will now be completed in April. Support materials developed. Engagement of additional non-government partners commencing. The working group is functioning well and support for the Waikato Demonstration Project in full swing.	

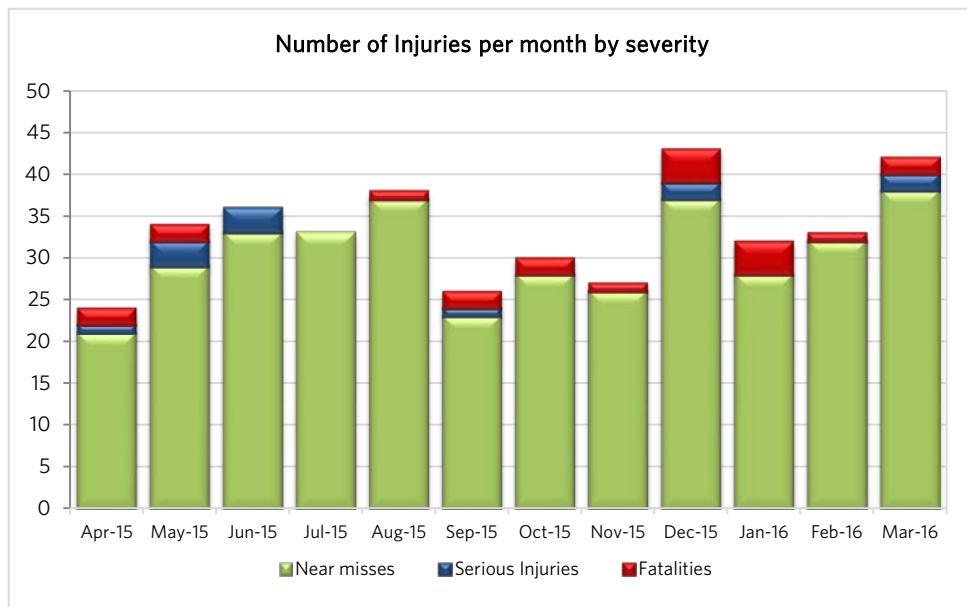
OBJECTIVE 5: INCENTIVISE AND SHAPE SAFE AND EFFICIENT TRAVEL CHOICES USING A CUSTOMER-FOCUSED APPROACH

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
<p>The following priorities contribute to this objective</p> <p>Refer to Priority 1: Make it easy for customers to do business with us on page 29.</p> <p>Refer to Priority 2: Predictable journeys for urban customers on page 31.</p> <p>Refer to Priority 4: Safer speeds that are right for the road on page 37.</p> <p>Refer to Priority 6: Make urban cycling a safe and more attractive transport choice on page 38.</p>		
<p>A national travel information programme business case is complete.</p> <p><i>(Connected to the predictable journeys for urban customers priority result 1 milestone 2)</i></p>	<p>Work is progressing on developing the National Journeys Business Case. It remains behind programme due to resourcing issues.</p> <p>Progress continues on current projects, including:</p> <ul style="list-style-type: none"> * Highways Advisory Radio project is approved, we are waiting on Ministerial approval for the trial radio frequency for 6 months. * Marketing Plan is underway with assistance from Auckland Transport. Immediate focus is on Q1 2016/17 public holidays and major planned events. <p>We are also focussing on ensuring we have adequate levels of service for the upcoming winter season.</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 2015/16 financial year, Q3 (1 January - 31 March 2016):

Total occurrences (accidents and incidents) reported to the NZTA this quarter: As of 7 April 2016, the Rail Information System (RIS) database records **1,290** occurrence reports.

These occurrence reports include:

- **7** fatalities: Five fatalities related to trespassers who should not have been on the track and two to people who were struck at a level crossing.
- **2** occurrences categorised as serious injury; 1 related to a track worker and the other to a level crossing collision.
- **19** occurrences categorised as collisions.
- **98** occurrences categorised as near collisions.

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

The serious injury relating to a rail worker was sustained while jumping from a runaway vehicle. The worker died after the event but categorisation as a rail fatality is pending the coroners ruling. Notwithstanding this, there have been no fatalities of direct rail industry participants since 2008.

FEATURE

NEW YOUNG DRIVER ADVERTISING CAMPAIGN



Safer Journeys identifies young drivers as an area of high concern. This is because young drivers on their restricted licence are over-represented in crashes on New Zealand roads. We are helping shape the transport choices that people make by providing good information and encouraging them to travel safely and efficiently.

Restricted drivers are seven times more likely to be involved in a fatal or serious-injury crash than other drivers (Source: Ministry of Transport, Crash facts 2015).

A restricted driver is at the greatest risk of having a crash in the first six months of driving solo than at any other time of their life. This increased risk is partly due to driving inexperience.

Many parents believe their teenager is a fully competent driver once they have passed their restricted licence test. But this isn't the case. A restricted licence is called this because it restricts the way in which the licence holder can drive; it has two conditions attached to it. They are not allowed to drive between 10pm and 5am or carry passengers unless they have a supervisor with them (there are some exceptions).

We want to make the restricted driving rules more meaningful to parents so that they reassess the risk and see the real value in the licence conditions. They need to realise that the rules are solely there to protect young drivers from situations where they could get into trouble.

All parents want to keep their kids safe. They can help do that by choosing to ensure their teens stick to the rules.

The campaign continues to target parents of young drivers on their restricted licence.

A restricted driver is still a new driver. They might be able to perform the tasks of driving but they haven't yet had the experience of handling other potential dangerous situations on the road, of which there are many.

Many parents are currently allowing their teens to breach the restrictions. They need to establish, or re-establish these rules and make sure their young driver sticks to them to keep them safe.

This campaign aims to encourage parents to enforce the two restricted licence conditions and show them that there are there for a reason. They limit the opportunity for situations to arise in the car which makes their young drivers driving experience more risky.

They enable a young driver to build experience on the road without having to have a supervisor with them. At the same time they limit their exposure to two of the riskiest situations for their age group.

GOAL: DELIVER HIGHWAY SOLUTIONS

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

Programme summary:

The work programme for state highway resilience is ongoing. There have been challenges related to resourcing and the pilot of the Network Risk Evaluation Tool was unsuccessful, however, we have scoped an alternative and its development is underway.

Programme liaison with the top nine corridor programme business case teams has been established and links to local government and Lifelines groups are being strengthened.

Work streams for business continuity and emergency response planning are being reviewed to minimise the effects of delays and resource constraints.

Other research and tool development is tracking well, eg wider economic effects of outages, social impact assessments, resilience in maintenance survey and programme prioritisation tool.

The RoNS programme continues to run to plan. Key highlights this quarter include tenders closing on the Puhoi- Warkworth public-private partnership (these are now being assessed), and the sod turning on the Hamilton section of the Waikato Expressway.

The Auckland Accelerated Programme continues to progress to plan, with all projects meeting their deliverables.

Progress continues on the Regional Accelerated Programme, with construction continuing on the tranche 1 projects. The Tranche 2 projects are getting underway following the Government announcement in January. Progress on tranche 3 projects is a quarter behind schedule, but remains on track to achieve the year-end deliverables.

Q3: Variable progress, with 25 of the 32 milestones achieved.

OBJECTIVE 7: GREATER RESILIENCE OF THE STATE HIGHWAY NETWORK

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
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The following priorities contribute to this objective

Priority 2: Predictable journeys for urban customers on page 31.

Priority 4: Integrate road and rail to improve freight network productivity on page 37.

Priority 5: Driving value through smart road maintenance on page 37.

Hazards have been assessed on 4,000km of state highway using the GNS Science hazard assessment tool to ensure nationwide consistency, and potential works have been identified to support achievement of One Network Road Classification levels of service. All works proposals warrant funding under the investment framework.

Outcome of the Pilot Study was to abandon GNS tool. This tool was to be used to assess Hazards on the State highway Network.

An alternative for this tool has been scoped and work is underway with a different supplier.

We have provided limited outputs from the tool into 2 Priority PBCs for incorporation into these business cases.

We are in regular dialogue with the 9 Priority PBC teams and providing input to resilience elements of PBCs.



All current alternative routes and their potential role and traffic demand have been collated consistently nationwide.

Trial of alternative routes tool on two Network Operating Contracts areas delayed due to temporary resource constraints. However, collation of alternative routes information is well advanced.



OBJECTIVE 9: PROVIDE SIGNIFICANT TRANSPORT INFRASTRUCTURE

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
Puhoi to Wellsford	Milestones to be determined following evaluation of procurement options.	Tenders closed on 23 March and are now being evaluated. Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)	●
Western Ring Route (WRR)	<ul style="list-style-type: none"> Lincoln Road Interchange open to traffic St Lukes Interchange open to traffic Te Atatu Interchange open to traffic 	<p>Te Atatu is substantially complete, and Lincoln is already completed.</p> <p>The targeted completion date for St Luke's is July which has been realigned due to changing methodology around the Great North Road Interchange and some of the mainline works.</p> <p>The Lincoln to Westgate component is out to tender with award targeted for June. Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)</p>	●
Waikato Expressway	Construction start: Huntly and Hamilton sections	<p>Hamilton Section Design is underway and we have commenced the Huntly Section Earthworks.</p> <p>The Hamilton Section sod turning was on 11 March 2016.</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)</p>	●
Tauranga Eastern Link (TEL)	Project open to traffic	Project completed.	●

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
Wellington Northern Corridor	Consenting process: <ul style="list-style-type: none"> • Airport to Mount Victoria Tunnel • Otaki to Levin 	<p>Otaki to Levin - Detailed business cases for improvements to south of Levin to be finalised following public consultation exercises in April/ May 2016.</p> <p>The overall solution may mean that a detailed business case for Forest Lakes is no longer required.</p> <p>The Airport to Mt Victoria Tunnel is now incorporated in the Ngauranga to Airport (N2A) programme - which is a joint initiative between NZ Transport Agency, Wellington City Council and Greater Wellington Regional Council.</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)</p>	●
Christchurch Motorways	Construction start: <ul style="list-style-type: none"> • Southern Motorway Stage 2 • Western Belfast By-Pass • Harewood to Avonhead Park 	<p>The majority of milestones for the quarter were achieved. The exception being the awarding of the Alliance Contract for Northern Arterial has been delayed until May.</p> <p>This was agreed at a national level to allow the national programme to be delivered in a timely fashion</p> <p>Related risk on NZ Transport Agency Risk Dashboard: Delivery of the state highway improvements programme (NLTP 2015-18)</p>	●

FEATURE

ALIGNING AUCKLAND

The Auckland Transport Alignment Project (ATAP) is a major initiative that pulls together multiple organisations to plan the transport needs for a rapidly growing city.

Auckland's growth projection over the next 30 years will place considerable pressure on an already congested road network, and demand for transport infrastructure to service new houses in whole new communities. These challenges require a joined-up approach.

ATAP is a joint project between the government (Ministry of Transport, the Treasury, NZ Transport Agency, State Services Commission), Auckland Council and Auckland Transport. It's about central and local government working together towards a shared understanding of what Auckland's transport challenges are and finding a strategic, preferred approach to develop Auckland's transport system over the next 30 years.

An important part of the Transport Agency's role in this joint investigation is to help test whether better returns from transport investment in Auckland can be achieved in the medium and long-term.

The first deliverable of ATAP, the "Foundation Report" was publically released last month. The Foundation Report provides a baseline against which potential changes to transport in Auckland can be measured. It looks at the current state of Auckland's transport network, its challenges, and what would be considered as success in meeting these challenges.

Various work streams in ATAP are progressing. This includes identifying the range of options to test and evidence gathering (including transport modelling). Staff across the various agencies are working on ATAP with some co-located on the 19th floor of the Transport Agency's Auckland office.

Auckland and Northland Regional Director Ernst Zöllner, and member of the ATAP steering committee, says this is an extraordinary piece of work that really aligns with the Transport Agency's long term goals:

"ATAP aligns with all of our long term goals by delivering a joined-up, seamless multi-modal transport network of infrastructure and services for the many people goods and businesses that rely on it every day - it has to be safe resilient and integrated.






"By influencing, shaping, encouraging and incentivising smart, efficient and safe travel choices and safe travel behaviour the possible intervention packages could deliver smarter choices for our customers.



"All of this ultimately maximises returns by delivering the best value in the long term from our investment of public money in New Zealand land transport system."

The Transport Agency's whole-of-business as usual work is integrating with this project, including the work on the Upper North Island 30-year review, network development, business cases, maintenance and operations, project planning and integration with land use planning.

PLAN FOR AND DELIVER THE ACCELERATED AUCKLAND TRANSPORT PROGRAMME






PROJECT	MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
Northern Corridor (three projects)	Consenting and property acquisition commence	The contract for the next phase of works (consents and construction procurement) has been awarded to Aurecon, who have commenced preparation of statutory applications with a target of lodging towards the end of the year. In parallel, early discussions have commenced on the construction model and will be communicated to industry over Q3 and Q4.	
Southern Corridor (five projects)	Construction start: <ul style="list-style-type: none"> • Hill Road to Takanini • Takanini on-ramp improvements • Takanini to Papakura • Takanini Interchange • SH20 to Hill Road 	Project Programme remains on target. The Key Milestones for this programme this year were Contract Award and Construction Start, which have occurred. The Q3 target of having the Stage 1 Southbound Lanes open was a stretch target, and this is programmed to be open in 16/17.	
State Highway 20A	Construction start	The Kirkbride Road bridge is substantially complete. The project programme has been revised due to delay in securing a couple of properties required for the original programme. These properties are now secured. The programme remains on track to meet the targeted 17/18 completion.	

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

PROJECT	MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
Auckland-Manukau Eastern Transport Initiative (AMETI)	<p>Sylvia Park bus lanes open to traffic</p> <p>Construction start: Stage 2a (Panmure to Pakuranga)</p>	<p>A briefing paper to the NLTP Advisory Group is now expected in Q4 due to the delay in Auckland Transport (AT) recommending its preferred delivery strategy to the AT Board. This is now expected to happen in late April.</p> <p>AT has lodged a Notice of Requirement (NOR) for the AMETI Stage 2a Panmure to Pakuranga busway.</p> <p>Note: As this is an Auckland Transport deliverable and outside of the Transport Agency's control, we are flagging this 'grey'.</p>	<p> Note - this is an AT led project</p>
East west link	<p>Milestones to be determined following completion of the business case.</p>	<p>Consenting strategy has been confirmed.</p> <p>The PAA Transport Operations Centre has been agreed and the Alliance is now fully underway. Currently anticipating lodgement with the Environmental Protection Agency in December 2016. Time critical ecological assessments commenced during the Interim Project Alliance Agreement phase in order to reduce risk of programme delay</p>	<p></p>

PLAN FOR AND DELIVER THE REGIONAL ROADS PROGRAMME




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

TRANCH	PROJECT	RESULT
1. Projects in construction phase	a. Kawarau Falls Bridge (Otago) Site established and construction is underway.	
	b. Mingha Bluff to Rough Creek Realignment (Canterbury) The chipsealing of sections 1 and 2 slightly behind schedule and will be completed in Q4. The programme is being reworked to ensure all targets are achieved by year end.	
	c. Akerama Curves Realignment and Passing Lane (Northland) The project remains on programme. Quarter 3 has been mainly focused around cut to waste earthworks and making sure progress is maintained during the summer months.	
	d. Panikau Hill and Wallace Hill Slow Vehicle Bays (project complete) (Gisborne) Project complete and opened to traffic early in May 2015.	
	e. Normanby Overbridge Realignment (Taranaki) Rail bridge 2A has been poured and plans are set to return the rail back to the original alignment in April.	

PLAN FOR AND DELIVER THE REGIONAL ROADS PROGRAMME (CONTINUED)

TRANCH	PROJECT	RESULT
2. Projects where we have completed the initial investigation stages for and are reporting back to the Minister in Q3 of 2015/16.	a. Whirokino Trestle (Manawatu-Wanganui) Specimen design is progressing and the procurement strategy is being finalized.	●
	b. Motu Bridge Replacement (Gisborne) Design consultant is working through the detailed design and consenting activities. The land purchase is complete, consenting activities are progressing as planned, and we are confident we can hit the September 2016 target	●
	c. Opawa and Wairau Bridges Replacement (Marlborough) The Minister announced funding for Opawa Bridge in January 2016.	●
	d. Taramakau Road/Rail Bridge (West Coast) The design process is continuing and we have commenced property purchase.	●
	e. Loop Road to Smeatons Hill (Northland) The Safety Alliance has been briefed to undertake a combined detailed business case for Loop Road that also includes the wider corridor to the north and south. This is expected to deliver a more co-ordinated intersection response at Loop Road. We remain behind programme, as the preferred option is still to be confirmed.	●
	f. Mt Messenger and Awakino Gorge Corridor (Taranaki) The funding has been allocated and the detailed business case has commenced. A cross regional team has been established to lead this project.	●

PLAN FOR AND DELIVER THE REGIONAL ROADS PROGRAMME (CONTINUED)

TRANCH	PROJECT	RESULT
<p>3. Projects still in Investigation and we are due to report back to the Minister in 2016</p>	<p>a. Napier Port Access</p> <p>Seven Indicative Business Cases are nearing completion and we are looking at the opportunity to accelerate four into a single stage Detailed Business Case.</p>	
	<p>b. Nelson Southern Link</p> <p>This project is on schedule.</p> <p>Community engagement is scheduled for early April 2016, with the insights to be fed into the Programme Business Case.</p>	
	<p>c. Rotorua Eastern Corridor</p> <p>We have defined an alternative package of works. The Minister announced the package in Rotorua on Friday 26 February.</p>	

GOAL: MAXIMISE RETURNS FOR NZ

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

Programme summary:

We have entered a new phase for the investment decision-making review – we are now implementing recommendations to improve the clarity and transparency of how we make investment decisions. This will include improving how we assess and prioritise both improvement activities and programmes in the Investment Assessment Framework. We are also working to have clearer links between investments, outcomes and delivery of customer benefits.

The prototype 30-year view developed for the Upper North Island will be expanded next quarter to provide a view of future demand on the land transport network from a national perspective that will help provide a clear long term investment plan.

The implementation of the Public Transport Operating Model continues with successful tendering of further units of bus services in Auckland and the engagement of a new operator for rail passenger transport services in Wellington.

Q3: Overall very good progress, with all milestones achieved.

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

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
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The following priorities contribute to this objective

Priority 2: Predictable journeys for urban customers on page 31.

Priority 4: Safer speeds that are right for the road on page 37.

Priority 5: Driving value through smart road maintenance on page 37.

Priority 6: Make urban cycling a safer and more attractive transport choice on page 38.


The following is a Ministry of Transport led milestone, where overall year-end achievement is outside of the Transport Agency's control.

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
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A transport research framework exists that optimises the ability of public entities to meet their accountabilities while ensuring the total transport research investment supports required functions and outcomes.

Feedback from the formal stakeholder engagement period identified a number of key issues requiring further engagement and an extension to the project end date to increase the quality and sector buy in of the end product.

The project end date has been extended with agreement from the steering group to allow for this more comprehensive stakeholder engagement (as described above) on the Sector Transport Research Strategy and the closely related Transport Domain Plan, these two documents are now scheduled for Ministerial launch in 2016/17 Q1.

 Note – this is a MoT led project

FEATURE

FUNDING ANNOUNCED TO ACCELERATE REGIONAL ROADING PROJECTS

Recently Prime Minister John Key announced funding of up to \$115 million to accelerate regionally significant roading projects in Taranaki, Gisborne and Marlborough.

Funding has been allocated to the Awakino Tunnel Bypass, Mt Messenger Bypass, and the Motu and Opawa bridge replacements.

These projects will support economic growth, road safety and more predictable journeys for people in these regions.

The two largest of these projects – the bypasses of Mt Messenger and the Awakino Gorge Tunnel in Taranaki – are new projects that were not envisaged when the regional roading package was announced in 2014.

The northern gateway into Taranaki is a key freight link with the Waikato, so the Mt Messenger and the Awakino Gorge bypasses, along with other planned safety improvements, will ensure this important stretch of road supports the on-going economic growth of Taranaki.

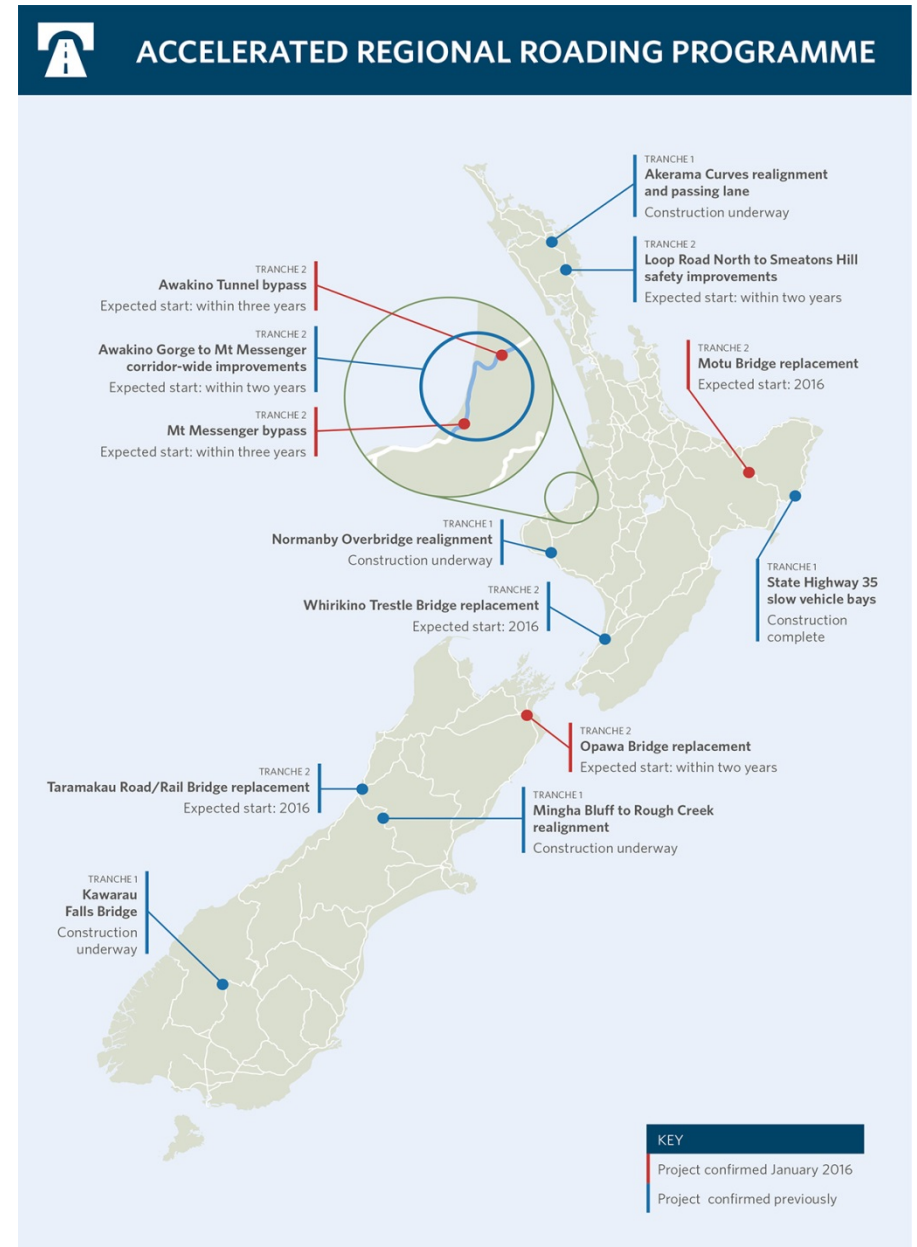
Funding has also been allocated to the Motu Bridge, the only one-lane bridge on State Highway 2 between Gisborne and Opotiki, and the Opawa Bridge on State Highway 1 – north of Blenheim.

Currently, when the Motu Bridge is closed people are forced to travel an extra two hours via the East Cape along State Highway 5, causing delays for freight and the local farming community.

A new two-lane bridge will not only improve safety, but also provide more predictable and reliable travel times. This will strengthen the region’s primary link with the Bay of Plenty and help boost economic growth and productivity on the East Coast.

Construction is also planned for a new Opawa Bridge that will be wider and more durable to allow for fewer delays and road closures on this important gateway to Blenheim.

Improving the safety and reliability our roads is a real priority for the NZ Government, and projects like these will help to ensure that the land transport system is safe and effective for all.



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

Programme summary:

Our programme to make it easier for customer to do business with us has progressed well over quarter 3. The highlights include:

- completing the Driver Licence Review discussion document, which is going to Cabinet seeking approval for release for public consultation in quarter 4
- completing the pilot for in-car technology for sitting driver tests at two VTNZ sites and approving the roll-out plan to the technology across all tier 1 sites
- finalising a prioritised education plan to improve the experience of visiting drivers earlier than expected
- completing the high level customer journey maps for the lower priority 'pain points'.

While we have had delays with making it easier for customers to interact with us digitally, we are on track to achieve the annual milestone. A key deliverable is the development of the Digital Growth Strategy which will be completed in quarter 4. This strategy will focus on completing a three-year roadmap to deliver increased online services to customers.

Q3: Variable progress, with seven of the nine milestones achieved.

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
A strategy has been developed and a prioritised programme of investment is in place that identifies our critical systems, timing, cost and the required design to make it easier for customers to interact with us.	<p>This milestone is amber because the roadmap for the remaining reusable services has been deferred. The roadmap will now be developed as part of the Digital Growth Strategy which will be completed in quarter 4. The Digital Growth Strategy will focus on completing a three year roadmap to deliver increased online services for customers. Reusable services and case management (Paper to Digital) are key enablers for the strategy.</p> <p>We are progressing the development of priority reusable services. This includes setting up an interface and transaction exchange for the new Waterview intelligent transport systems. We have also recently entered the market to procure the required enterprise toolset to manage access to applications and services to present a single, simple and consistent interface to end-users.</p>	●
The online experience for customers seeking information or wanting to interact with us digitally has improved.	<p>This milestone is amber is because we have deferred improving the customer access and experience of key information through piloting knowledge management on Vehicle Inspection Manuals to 2016/17 because of capacity constraints. This will be completed in quarter 4 when resourcing becomes available.</p> <p>We will be including the development of a roadmap for migrating services off Transact as part of the Digital Growth Strategy, which is due for completion in quarter 1.</p> <p>The Contact Centre technology upgrade is almost complete. We have implemented the changes to the technology platform, the desktop, voice recording and email. The implementation of web chat is scheduled for final completion in May 2016.</p>	●

FEATURE

NEW 'PERSONAS' HELP KEEP THE CUSTOMER FRONT AND CENTRE

Meet Kane. Kane is 19, an apprentice plumber and when he gets his full licence, his boss will let him take the work van home at nights.

"I sometimes pay my bills when we're on the road in-between jobs and I'm really surprised at some of things you can't do online," says Kane.

"It feels like my car is always due for a warrant, so text or email reminders are always good. Paying smaller amounts more often helps as well."

Kane finds it frustrating when he can't do simple things online. In this day and age, it's a level of service that most people his age have come to expect.

Technically speaking, Kane also doesn't exist.

He's one of the Transport Agency's seven customer personas developed late last year as a way of bringing the customer's voice into the board room.

Damien Le Breton, Manager of the Transport Agency's Business Design team says that while these are just representations of our customers, he wanted them to feel "real".

"We listened to what our front line staff were telling us, spoke to actual customers about their experiences in dealing with the Transport Agency and then went back to the front line to test our personas again".

This process of testing, refining and testing again resulted in seven personas that broadly reflect our customers, their level of interaction with the Transport Agency, attitudes towards compliance and preference for digital services.

"We had front line staff saying that they talk to this person every day, that's how we knew we had nailed it," says Damien.

The personas can be used in workshops or discussions within the Transport Agency to help design products and services so we engage with our customers more effectively.

For example, they were used at a "personas morning tea" in Wellington in March.

"During morning tea, we're asking people to look at the four customer personas who are least likely to go online and come up with ideas that will inspire these customers to renew their rego online and increase our online uptake.

"Rather than just asking people to think about the customer when brainstorming, the personas give focus and clarity to who you're designing for, and help people visualise solutions and stimulate creative juices.

KANE AGE 19 OCCUPATION APPRENTICE PLUMBER

TRAITS
ASPIRATIONAL
ENERGETIC
YOUTHFUL
LEARNER

"When I get my full licence the boss will let me take the work van home"

Kane works closely with his boss 'learning the ropes' as an apprentice plumber. He has aspirations to own his own plumbing business one day. He gets picked up from home by his boss every morning but will often drive the work van during the day when running errands. He spends a lot of his income doing up his car in his spare time.

PRIORITY 2: PREDICTABLE JOURNEYS FOR URBAN CUSTOMERS

Programme summary:

Focus remains on developing insight into customer journey predictability as the basis for a programme of initiatives to improve the predictability of key journeys across our major cities. This analysis work is progressing and we are on track to have it completed mid-2016.

Improving journey time predictability requires us to improve: the way we gather and use data to understand and respond to changing traffic conditions, inform customers, our management of planned events, and how we respond to unplanned events. We are preparing a plan which addresses these requirements.

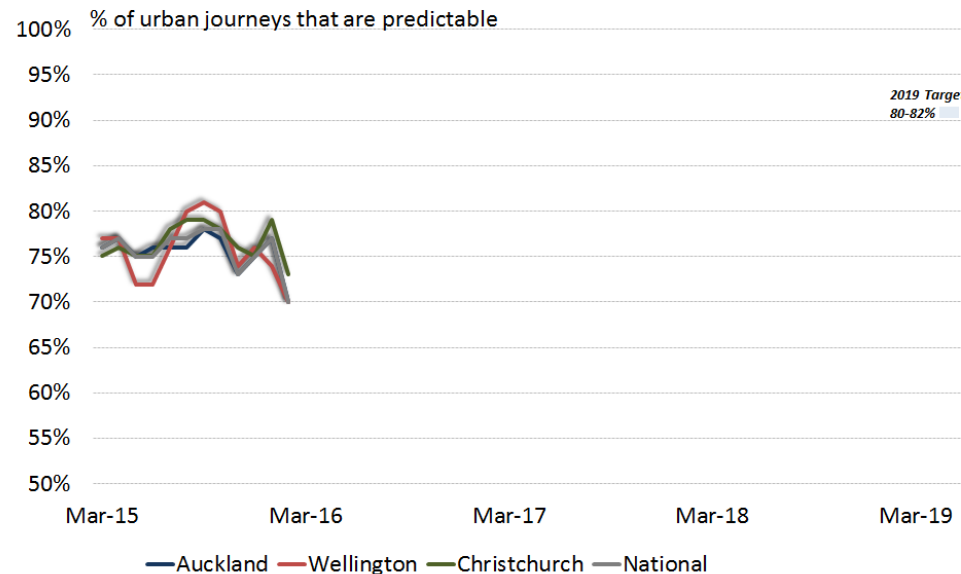
In parallel, a significant BAU monitoring and optimisation programme continues to address known problem areas.

The AdInsight project, which is trialling the use of Bluetooth technology and a new analytics system to better understand and manage the network, is progressing well.

A number of initiatives are underway to encourage highway users onto PT.

SUCCESS INDICATOR

Predictable Journeys For Urban Customers





The accompanying chart reflects progress made on improving journey time predictability for our customers in our major centres.



The success indicator shows the percentage of journeys made on urban roads in our major centres where actual travel time falls within a 5% threshold of average travel time.

This indicator helps us to better understand the spatial and temporal nature of transport network performance. It also allows us to address a GPS reporting requirement.

- Our most recent estimates suggest that travel time predictability patterns in Christchurch has continued to deteriorate over the last 3 months, but has improved both nationally as well as in our other major centres during December 2015.
- We are currently exploring what is driving these trends with a view to developing new insights from this work. However, the decline in Christchurch is likely to be due rebuilding activity in the city and an associated increase in heavy traffic volumes (see Our Key Operating Assumptions section for more detail). Changes in travel time predictability can also be attributed to a number of other factors - not least of which relate to our own activities. Large capital projects and maintenance and network operations activity, for example, can lead to a temporary deterioration in travel times while work is underway, but an improvement once works have been completed. Travel time predictability can also be affected by adverse weather events and hazards.

Q3: Poor progress, with one of the six milestones on track.

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
<p>Business cases and annual programmes to improve journey time predictability have been developed for Auckland, Wellington and Christchurch.</p>	<p>Programme focus continues to be on developing an in depth understanding of our key journeys as the basis for a programme of improvement initiatives.</p> <p>In parallel, a significant business-as-usual monitoring and optimisation programme continues to address known problem areas.</p>	
<p>There is better integration of Transport Operation Centres to manage multi-modal journeys, particularly in Auckland.</p>	<p>Auckland - The AdInsight project, which is trialling the use of Bluetooth technology and a new analytics system to better understand and manage the network, is progressing well, despite a delay due to a sensor sourcing issue. Equipment installation and trial go-live dates are now end of March. It will take three months to collect sufficient data to commence analysis.</p> <p>Wellington - Petone Park and ride has just completed construction and next phase is to install highway signs to encourage highway users onto trains.</p> <p>Christchurch - Detailed corridor operating planning underway for new PT corridors.</p>	

MILESTONES FOR 2015/16	Q3 PROGRESS	RESULT
<p>A national system to allow sharing of transport operations information across regions and modes is designed.</p>	<p>National Intelligent Transport Management System (NTIMS) has been formally terminated, and replaced by an Information Technology systems (ITS) strategic delivery programme. Around 80 separate ITS-related current initiatives are being reviewed to assess priorities and risks, and to separate strategic from tactical. This will ensure better alignment and more focused expenditure.</p> <p>Currently strategic initiatives under action are development of business cases for a National Incident & Event Management System (NIEMS) due July/August 2016.</p> <p>In the interim, the Transport Operations Centre (TOC) Incident and Event Management System (TIEMS) project will meet ATOC Central and ATOC Smales immediate requirements for an incident and event management system, by mid-2016.</p>	
<p>An agreed level of service for technology support services is implemented.</p>	<p>The 2016/17 Budgets have been agreed with business partners for Application service levels in the new financial year.</p> <p>A high level Application lifecycle roadmap for our 30 key systems will be completed by 30 June, however the complexity of the activity has slowed down development of the supporting service level agreements (SLAs), with 12 of the 30 targeted complete. SLA's will be in place for our most important customer-centric and internal systems, but the Q4 measure of 30 will not be achieved.</p>	

Predictability measurement is extended to include urban national, high volume, regional and arterial roads under the one network road classification.

Nationally consistent journey performance and predictability measures (excludes Public Transport) have been agreed by the Transport Operating Centres (TOCs) for internal performance reporting, and implementation is nearing completion for key urban journeys. Accessing and incorporating Public Transport (PT) data into this reporting continues to be a challenge. A national research RFP for appropriate PT reliability measurement was released to market in late March.



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

Q3: Very good progress, with all three milestones on schedule.

Programme summary:

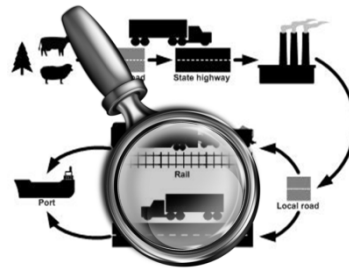
The refreshed work programme for this priority is underway, with two work streams of strategic (eg Determining the Public Value of Rail) and tactical projects (eg Auckland Third Line Proposal and level crossings). The governance group meets regularly and members have clear accountabilities for making progress within their respective organisations.

FEATURE

DEVELOPING THE STRATEGIC QUESTIONS FOR ROAD-RAIL INTEGRATION

Last year the Minister of Transport Hon. Simon Bridges asked KiwiRail and the NZ Transport Agency to work together to explore how the road and rail networks could be better integrated. The goal of integration is to advance two of the government's key land transport objectives – improving the efficiency of freight movements and getting the most out of New Zealand's infrastructure investment.

Bringing rail more fully into the land transport planning process was also identified as a critical success factor in the Upper North Island Freight Accord (October 2015). Feedback during the development of the Accord from a number of key freight stakeholders, including port companies and businesses that own and move freight, was that in order for them to optimise their own investments, they needed to have a better idea of rail's future place in the wider network. Providing greater certainty around the future shape of the rail network, where it is a viable option for moving freight, will better enable businesses to optimise their investments in freight facilities, vehicles and staff. Allowing businesses to make better decisions to reduce the cost of moving freight, will then benefit the whole economy.



parts of the land transport system.

To progress the road-rail work a team from both organisations is now looking at some critical questions around what does integration mean and how might it be achieved. One of the first tasks has been to understand the function of the rail network, within the context of the broader land transport system and the public value the network generates. The first major strategic theme is that ***– rail helps manage substantive freight demand across key***

Aside from public transport services in Auckland and Wellington, New Zealand's rail network is predominately used for moving freight. Rail moves around 16% of New Zealand's total freight task (in terms of volume and distance), equating to around 1.4 million long-distance truck and trailer combination trips each year. These should not be regarded as exclusive trips, with road often used at either end for the door-to-door

component of the journey. This line-haul function is why rail is suited more as a solution for moving freight:

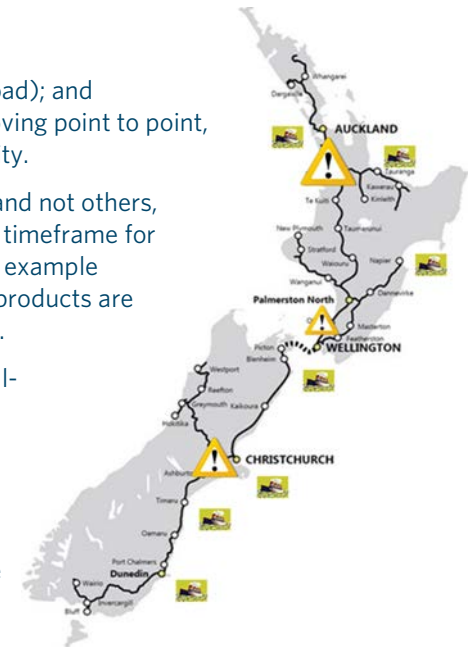
- longer distances, often inter-regionally;
- that is less time sensitive (than air or road); and
- where there are significant volumes moving point to point, such as from factory to port or city to city.

Rail is therefore suited to some types of freight and not others, depending on where the freight needs to go, the timeframe for moving it and other customer requirements. For example around 50% of New Zealand's processed dairy products are moved by rail, compared with around 7% of fish.

But industry cannot make use of rail without well-located inter-modal connections or hubs to marshal volume and facilitate the efficient movement of freight on and off rail. Industry is currently looking to develop a number of new inter-modal hubs in strategic locations where there is significant volume and distance to make rail a good option. Their goal is to use rail to consolidate cargo and find efficiencies of scale.

This presents a significant opportunity to consider how the freight system could be planned to get the best result both in commercial and the wider public interest.

The alternative to rail is primarily heavy road transport, with probably longer and inter-island journeys undertaken by coastal shipping (though still requiring a road journey to/from port). Most rail freight volumes begin, finish or travel through our main centres (Auckland, Hamilton, Tauranga, Palmerston North, Wellington, Christchurch and Dunedin). To get to where it 'wants' to go, the flow of rail freight takes it through very constrained parts of our busiest urban networks, particularly to and from ports. As such, one of the wider benefits of rail is that it manages some of freight volume across the network. To give an indication of this rail currently handles the equivalent of around 1000 heavy truck combinations travelling to and from South Auckland every working day. While those using rail freight derive substantial commercial benefits from doing so, there are also wider network benefits from this demand management function. The work ahead is focused on how the two organisations can better determine where greater commercial and network returns can be generated – in other words, getting a win/win for New Zealand.



PRIORITY 4: SAFER SPEEDS THAT ARE RIGHT FOR THE ROAD

Programme summary

Overall very good progress to date. Eight regional road demonstration projects have been identified – some of these are high priority and others demonstrate self-explaining roads.

Our workshops with Auckland Transport have assisted our understanding of growth and safety issues in Auckland. They will need to make balanced investment choices between remedying existing issues and avoiding future problems.

Q3: Very good progress, with all four milestones on schedule.

PRIORITY 5: DRIVING VALUE THROUGH SMART ROAD MAINTENANCE

Programme summary

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

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

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

Q3: Very good progress, with all milestones on schedule.

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

Programme summary

All areas that received Urban Cycleways Programme (UCP) funding are continuing to work to deliver the cycleways through planning, design or construction. We remain confident we can achieve substantial delivery of the UCP programme within the three-year timeframe, although there are risks of significant delays in Wellington and Christchurch for various reasons that we are working with those councils to overcome.

Formal governance and project management arrangements for the behaviour change programme have been established to cover initiation of new projects and delivery of existing projects and new projects are being scoped.

Key achievements in the quarter include:

- opening the Mangati Pathway in New Plymouth (23 March)
- completing the Poplar Avenue section of the Stride n' Ride Kapiti Coast network and the Dive Crescent shared path in Tauranga
- monitoring plans completed for and network monitoring undertaken by all UCP urban areas
- commencing construction on the Quay St cycleway in Auckland and iWay Frederick Grove intersection in Hastings.

Eight projects have been completed and a further eight are under construction.

Q3: Very good progress, with four of the five milestones on track.

Complete urban cycleways programme.

About half of the Urban Cycleways Programme projects are being delivered in accordance with their delivery plans but 22 are experiencing some level of delay due to issues such as consultation, consenting, KiwiRail negotiations, approvals, interdependencies with other projects and unanticipated cost escalations. While most councils report being confident of delivery within the three-year timeframe of the UCP, there is a risk that some projects in the major cities are likely to be delivered after the three-year timeframe. We are working with these councils to try to achieve faster delivery. Eight projects have been completed and a further eight are under construction. By year end we anticipate that two more projects will be completed and construction will have started on a further eleven.

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

For full detail on the specific projects please refer to the Urban Cycleway Project appendix on page 122

UCP PROGRAMME PROGRESS REPORT

PROGRAMME HEALTH:

Schedule		Budget		Risk	
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SUMMARY:

This quarter all Urban Cycleways Programme (UCP) councils developed their own monitoring plans with measures for both their UCP projects and their wider networks. These plans will help to measure the impact of the UCP investment.

Construction got underway in some urban areas including Quay St in Auckland, and sections in Hastings, Kapiti and Tauranga. Other larger projects are out for tender and expected to start in April, including the Uni-Cycle route in Christchurch, City to North Mile shared path in Whanganui, the Manawatu River shared path in Palmerston North, Western Rail Trail in Hamilton, Spring Creek in Blenheim and the first two projects in Napier and Rotorua.

The three major urban centres continue to work through the complexities of their programmes, with significant attention being paid to community engagement and route selection processes. This will be particularly important given the local body elections later in the year potentially creating some pressure on projects in Wellington and Christchurch. Wellington City formed their professional services panel this quarter but risk some of their projects getting slowed by the much larger Ngauranga to Airport investigation which is underway.

Spend is slower than expected in this financial year primarily because projects in construction, or due to start construction, have experienced delays related to consenting issues, KiwiRail negotiations, land owner discussions and funding approval processes. All tranche 1 projects, excluding the full Wainuiomata Hill route are due for completion by December 2016.

RECENT ACHIEVEMENTS:

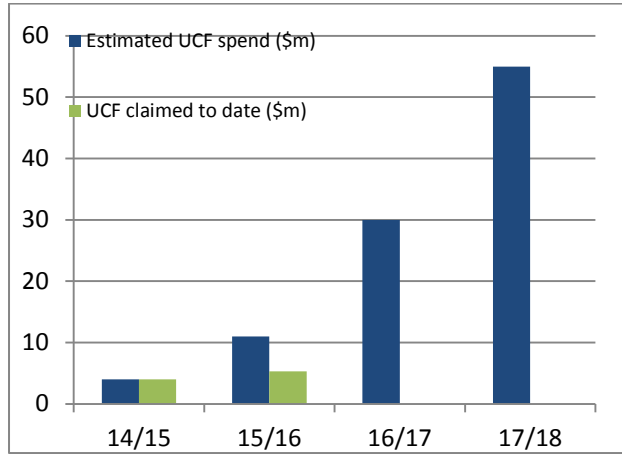
- Opening of Mangati Pathway in New Plymouth (23 March)
- Monitoring plans completed for all UCP urban areas.
- Network monitoring undertaken by all UCP urban areas
- Formation of professional services panel in Wellington
- Construction on Quay St commenced in Auckland
- Dive Crescent shared path completed in Tauranga
- Scheme design approved by Council and detailed design commenced on Papanui Parallel, Little River City End Link and the first stage of Rapanui-Shag Rock in Christchurch
- Contract awarded for construction of Uni-Cycle route in Christchurch

KEY PROGRAMME RISKS

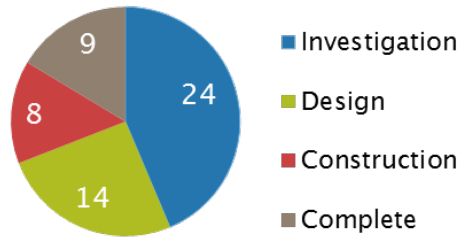
The programme has a number of strategic level risks, for which we have in place significant mitigation measures. These will need to be continually managed.

RISK	MITIGATION
Local body elections undermine council decision-making and delay progress	Escalation and close engagement, review and corrective action identified and assessed with councils. Working with councils to support on-going planning and resourcing to progress through election period.
Lack of political and community buy-in to deliver cycleway infrastructure	Community engagement training for delivering cycleway projects Providing co-investment for activities that build community buy-in National leadership to assist the normalisation of people on bikes and build cycling's social license.
Insufficient resourcing to deliver large-scale projects	Distribute KiwiRail's Public Pathways guidance document Regular meetings between Transport Agency and KiwiRail Strategic alignment sought at governance level Transport Agency potentially to provide KiwiRail with additional resource
Projects at earlier stages of development and of significant size and complexity struggle to be delivered within accelerated timeframe	Programme Control Group established within Transport Agency to drive delivery of programme Major urban areas establishing accelerated processes (e.g. Christchurch 'alliance' type procurement model, streamlined approval process for Auckland Transport, Wellington working group model to undertake options analysis)
Infrastructure is not complemented by wrap around activities that encourage more people to ride, resulting in reduced outcomes from investment	Transport Agency to provide national programme of behaviour change, co-investment for wrap-around activities and strongly recommend local Councils undertake this work.
NLTF activity class cannot match fund all UCP projects and other priorities given all of other significant cycle and potential project cost overruns	Detailed cashflow management. Transport Agency to develop a range of options to fund high priority projects and manage cash flows and cost overruns.

PROGRAMME PROGRESS:



CURRENT PROJECT PHASES





SERVICE DELIVERY AND INVESTMENT PERFORMANCE

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*
9	19	1	1
1	3		

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

YEAR END PERFORMANCE ESTIMATE

TYPE OF PERFORMANCE MEASURE			
Value for money	Service quality	Customer satisfaction	Investment*
10	20	3	1
0	2		

*Note: 21 investment indicators are reported annually in Q4

STATUS KEY

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

Q3: We are making good progress against most of our 34 annual service delivery and investment targets that we measure on a quarterly basis, but four areas may require attention

ROAD TOLLING

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of revenue compliance	≥98%	95%	●	Road Tolling revenue compliance is below target this quarter (and will remain so until year-end) as on Audit advice we have used 2015/16 YTD figures rather than the rolling 12 months used previously. This means that the lag time in toll payment notices being issued adversely affects the result.	●

INVESTMENT MANAGEMENT

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of operational assurance activities completed	100%	73%	●	Three of the eleven investment audits scheduled for Q3 have been deferred to Q4 to fit with auditee availability.	●
% of investment audit programme completed on time		73%		Two of the ten investment audits scheduled for Q3 have been deferred to Q4 to fit with auditee availability.	
% of post implementation review programme completed		n/a		No post implementation reviews were planned for this quarter.	
% of activities that are delivered to agreed standards and timeframes (transport planning)	≥90%	51%	●	A significant proportion of the activities continue to experience delays due to reviews and changes in the scope and approach of programme business cases (PBC), such as the Auckland and Queenstown growth areas. We expect that the PBCs for high growth areas will be "fast-tracked" once the revised scopes have been agreed. There are also resourcing issues but work has now been focussed on delivering the nine priority programme business cases. And the One Network Road Classification framework has required more policy input than anticipated.	●

STATE HIGHWAY MAINTENANCE

SERVICE DELIVERY MEASURES	2015/16 TARGET	Q3 YTD ACTUAL	CURRENT STATUS	VARIANCE COMMENTARY	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	≥90%	52%	●	I We are tracking below the original programme and expect this to continue to year end. The overall programme for this has been revised down as the condition of the network is good enabling the deferral of some works to 2016/1	●

ROAD POLICING PROGRAMME PROGRESS REPORT








ROAD POLICING PROGRAMME (RPP) PERFORMANCE HIGHLIGHTS

In this quarter

- Police commenced the development of its *Road Policing Strategy to 2020*
- Police's *Prevention First Strategy*, which focuses on targeted policing to reduce offending and victimisation, is increasingly being used to inform road policing.
- Following the update of the site selection methodology, the review of the 'top 60' identified traffic camera sites is now complete. Implementation of the new seven camera sites commenced.
- Police continued to develop District Road Risk Profiles based on evidence to inform deployment to risk. The Profiles are information products for Police Districts, developed with input from other road safety agencies
- Police are focusing on restraint enforcement, given the increase in the number of road deaths associated with a seat belt not being worn

Q2: SATISFACTORY PROGRESS OVERALL ON ROAD POLICING PROGRAMME DELIVERY BY NZ POLICE, WITH THE MAJORITY OF INTERMEDIATE OUTCOMES TRENDING POSITIVELY, AND POLICE MANAGEMENT FOCUSING ON THOSE NOT TRENDING POSITIVELY

Delivery highlights	Status
<p>District Road Risk Profiles</p> <p>Police are developing District Road Risk Profiles based on evidence to inform deployment to risk. The Profiles are information products for Police Districts, developed by NZ Police with input from other road safety agencies. Police Districts will use the Profiles by translating the risks that they identify to inform road policing delivery. They will provide Police and partner agencies with useful information about areas of risk and assist them with developing appropriate initiatives to improve road safety. In turn, it is planned that delivery information will be used to enhance the Profiles and thereby future delivery.</p>	●
<p>Focus on Motorcycling</p> <p>Given that motorcycling activity increases during spring, Police targeted enforcement to high-risk motorcycling routes around the country, an initiative that was continued throughout summer. In addition, in the Tasman District 40 riders signed up for rider training courses run in partnership with partners. As a result of the success of the courses, Tasman Police are considering waiving the \$100 fine and 35 demerit points if offenders attend an accredited 'drive safe' programme within 28 days of an offence.</p>	●
<p>Restraints</p> <p>Police are focusing on restraint enforcement, given a doubling in the number of road deaths associated with a seat belt not being worn year-on-year. The main focus of the campaign is on restraint use, but Police are also checking driver cell phone use, and everyone stopped will be breath tested.</p>	●

2015-18 IMPROVEMENT PROGRAMME (REFER PAGE 7 OF THE 2015-18 ROAD POLICING PROGRAMME)	STATUS
<p><i>Policing Excellence: The Future</i> – application to road policing</p> <p>A multi-criteria decision process applied the NZ Police <i>Policing Excellence: The Future</i> initiative to road policing, in order to identify a range of future delivery options. The options were assessed in accordance with the Transport Agency’s Investment Assessment Framework to inform the preparation of the 2016-18 variation to the Road Policing Programme, which has subsequently been recommended to the Minister of Transport for approval.</p>	Completed
<p><i>Prevention First</i> strategy – application to road policing</p> <p>As road policing delivery moves to being more integral to overall policing, the Police’s <i>Prevention First</i> strategy, which focuses on targeted policing to reduce offending and victimisation, is increasingly being used to inform road policing operations.</p>	
<p>Development of a <i>Road policing Strategy to 2020</i></p> <p>Police has commenced planning for the development of its <i>Road Policing Strategy to 2020</i>. The work will be progressed during the next quarter.</p>	
<p>Road policing intervention logic mapping (ILM)</p> <p>Work to apply road policing intervention logic mapping is integral to current strategic and operational road policing developments.</p>	
<p>Implementation of the Camera Programme Expansion</p> <p>Following the update of the site selection methodology, the review of the ‘top 60’ identified traffic cameras sites is now complete. Implementation of the next seven camera sites commenced after approval from the project steering group and the agreement of Road Controlling Authorities involved.</p>	
<p>Auditing of road policing systems</p> <p>During the quarter, audits were undertaken of evidential blood alcohol form completion, certification and procedures, and of speed enforcement equipment. In addition audits of Police Calibration Services were planed. A new training package for interactive radar and laser speed detection was developed to support recertification courses.</p>	
<p>Developing Police infringement processing system replacement options</p> <p>Police continued to strive for efficiency gains from Police Infringement Bureau (PIB) processes through a range of continuous improvement initiatives including understanding demand and encouraging digital payments. Planning the project considering system replacement options is underway.</p>	
<p>Implementation of NZ Police mobility programme – including electronic traffic crash reporting</p>	

By May 2016, all frontline Police staff will have the ability to issue infringement notices and warnings via an iPhone application. As a result, notices will be posted to the public the day after a notice is issued. Police anticipate that there will be efficiencies and time savings with this approach and have commissioned a study to quantify this. The new application for completing traffic crash reports (TCRs) on mobile devices is scheduled for deployment during June 2016. Police are working with the Transport Agency on options and arrangements for the receipt of TCR data should the Crash Analysis System (CAS) upgrade not be ready by June 2016.

Purchasing of operating equipment

Police have signed a contract for the purchase and installation of in-car radar/laser units. A redeployment plan for the distribution of the new Drager 7510 breath testing devices is underway following the recall of a number of devices. Police are also considering options for the replacement of the mobile camera fleet.



RPP area of concern	Outcome results Police make a significant contribution to:	Desired trend*	Trend performance*
Vehicle dimension and mass (VDAM)	percentage number of VDAM offences detected	Increase	↓
Commercial vehicle operators	percentage of overweight heavy vehicles	Decrease	↑
High risk drivers	number of disqualified driving offences	Decrease	↓
	number of unlicensed or incorrectly licensed driving offences	Decrease	↓
Traffic management	in time to reinstate traffic flow after road or carriageway closure or crash	Decrease	↑
Traffic management	percentage of local authorities, NZ Transport Agency and ACC injury prevention consultants satisfied that Police delivery of traffic management activities have addressed risk	Increase	↑
Speed	percentage of vehicles complying with open road (100km/h) speed limits	Increase	↑
	percentage of vehicles complying with urban road (50km/h) speed limits	Increase	↑
	percentage of heavy vehicles complying with open road (90km/h) speed limits	Increase	↑
	percentage of heavy vehicles complying with urban road (50km/h) speed limits	Increase	↑
	percentage of respondents agree that enforcing the speed limit lowers the road toll	Increase	↑

	Young drivers	percentage of youth (15-24 yrs) have expectation that the risk of being caught drink driving is small	Decrease	↑
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* The 'trend performance' represents the trend over the most recent six quarters to Q2 2016, or the most recent three annual results. Green arrows indicate that the 'trend performance' is in line with the desired trend. Amber arrows indicate that the 'trend performance' is not in line with the desired trend.

RPP area of concern	Outcome results Police make a significant contribution to:	Desired trend*	Trend performance*
Young drivers (contd)	percentage youth (15-24 yrs) have expectation that the risk of being caught speeding is small	Decrease	↓
Alcohol	number of alcohol impaired driving offences	Decrease	↓
	percentage of respondents agree that there is a good chance of being stopped at an alcohol checkpoint if driving late at night	Increase	↓
Walking and cycling	percentage of vehicles complying with urban road (50km/h) speed limits	Increase	↑
	in number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day	Decrease	↑
Motorcycles	number of motorcycle Warrant of Fitness offences	Decrease	↓
Light vehicles	number of light vehicle warrant of fitness offences	Decrease	↓
Restraints	percentage of adults wearing safety belts in the front seat	Increase	↑
	percentage of adults wearing safety belts in the rear seat	Increased	↑
	percentage of children aged 5-9 years using restraints (incl. booster seat, child seat, child harness)	Increase	↓
	percentage of children aged 0-5 years using a child restraints	Increase	↑
Older road users	in fatal/serious injuries to older road users per 100,000	Decrease	↓
Crash reporting	percentage of fatal traffic crash reports received within 10 weeks	Increase	↑
	percentage of serious injury traffic crash reports received within 10 weeks	Increase	↑
	percentage of minor injury traffic crash reports received within 10 weeks	Increase	↑

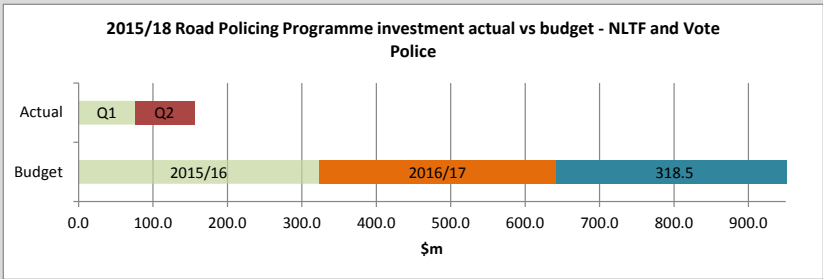
percentage of non-injury traffic crash reports received within 10 weeks	Increase	↑
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* The 'trend performance' represents the trend over the most recent six quarters to Q2 2016, or the most recent three annual results. Green arrows indicate that the 'trend performance' is in line with the desired trend. Amber arrows indicate that the 'trend performance' is not in line with the desired trend.

Development of measures will continue as information and data sources become available.

Police Road Policing Programme expenditure against budget Status

Year	Original NLTF approval (\$m)	Revised budget (\$m)	Actual/YTD (\$m)
2015/16	315.0	323.0	155.3
2015/16 - Speed camera Expansion Programme	8.0		
2016/17	637.0	637.0	
2017/18			
Total 2015-18 (NLTF only)	960.0	960.0	155.3



NZ Police Road Policing Programme NLTF Vote Police expenditure tracking slightly (1%) below budget.



FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

\$150m
Ahead of
budget

NLTF revenue is \$150m (6%) ahead of budget, which is consistent with last quarter. This is due to timing differences in MVR revenue as a result of the reduced ACC levy and FED revenue due to timing of fuel shipments compared to the budget phasing which is based on historical trends. This is coupled by the increased volumes in FED and RUC as a result of lower petrol prices. The current forecast is close to budget (though an upside opportunity), which is an increase over last year due to the progressive rate increases in FED and RUC. The current forecast is based on the March Baseline Update (MBU) exercise. A revised full year forecast has been carried out for the Budget Economic and Fiscal Update (BEFU) which has NLTF revenue at \$3,368m which is \$39m, or 1.2% higher than MBU. This forecast is part of the Government budget process and as such is not yet approved and therefore has not been taken into account in our forecast financials.

\$28.5m
Behind
budget

NLTP & Crown expenditure is \$28.5m (1%) behind budget due to a) property acquisition delays, b) optimising State Highway maintenance programmes in the out years, c) year-to-date expenditure on Regional Improvements of \$4.9m, (91%) lower than budget and d) lower expenditure on emergency works. While there has been increased activity in the last quarter, we have moved from \$67.7m (4%) behind budget at the December quarter end, we are still forecasting to be \$155m (5%) behind budget at year-end due to lower expenditure on State Highway maintenance, Regional improvements and emergency works.

\$9.4m
Ahead of
budget

Memorandum account closing balance is in a favourable position being \$9.4m ahead of budget mainly due to the reduced ACC levy included in the Annual Vehicle Licences resulting in a peak of volumes over July and August. This is consistent with last quarter when it was \$8.8m ahead of budget. The full year forecast has the combined balance being \$3.5m ahead of budget, which is an improvement on the previous forecast which showed it being behind budget. This movement is primarily due to increases in licensing revenue.

\$17.4m
Behind
budget

Net Transport Agency operational result is in a favourable position being \$17.4m (18%) behind budget. This is the combined result of higher revenue of \$18.8m (mainly from Annual Vehicle Licensing and third party funded activities) and higher costs of \$1.4m (mainly from the delays in recruitment and business initiatives offset by overspend on activities funded by third parties). This is similar to last quarter, when we were tracking \$17.2m (26%) behind budget. The full year forecast has expenditure catching up before year-end but still ending with a favourable net position, being \$6.9m (5%) behind budget. This has been a shift from the previous forecast which had a year-end net position \$4.4m ahead of budget. This improvement is due to an increase in revenue in the current forecast from Access and use and other activities.

62%
Complete

Business initiatives approved programme has spent 62% of the full year budget compared to a theoretical flat line completion rate of 75%. There has been a significant shift of resources from the programme with a forecast spend against the Approved Business Initiatives of \$17.6m, \$3.1m behind budget. However, management has also undertaken Business Initiatives not included in the original plan, which adds \$3.8m of unbudgeted cost to the forecast. In addition there are approximately \$2.5m of additional project related fiscal risks, not built into the forecast that could have an impact on the year end result.

FINANCIAL PERFORMANCE OVERVIEW – KEY INSIGHTS

Third Quarter Result

The Transport Agency continues to produce a favourable fiscal position for the nine months ending March 2016.

Expenditure on State highways is below budget at the end of March with a year-end forecast to be \$97.7m (5%) behind budget. State highway improvements is forecast to track close to budget however the year to date underspend in State highway maintenance and emergency works is expected to carry through to year end as we optimise the maintenance programmes into the out years and emergency works has been lower than expected.

Planning and investment expenditure is below budget at quarter end and is forecast to be \$83.6m (7%) below budget at year end. This is largely due to Regional Improvements forecasting a \$52.5m (81%) under spend at year end as it has been difficult to gain momentum on delivery from a standing start for this new output class. In addition, Public Transport and Local road improvements are forecast to be behind budget at year end, which has been partially offset by the over spend in Local road maintenance as result of the Whanganui-Taranaki June 2015 floods.

Crown-funded activities are tracking ahead of budget and are expected to close out the year \$26.7m (12%) ahead of budget. This is due to the strong delivery in the Auckland Accelerated Programme which is partially offset by the lower spend on Urban Cycleways, which is forecast to be \$22m behind budget at year end.

The expenditure on business initiatives at quarter end is 62% of the full year budget. The drivers behind the lower spend against budget at this time of the year continue to be the combination of projects that are no longer proceeding and a number that continue behind schedule. The full year forecast for approved business initiatives has reduced to \$17.6m, \$3.1m behind budget. This underspend has been allocated to those fiscal risks identified in previous reports.

The National Ticketing Programme (NTP) is a new programme of work that has been established. The Agency has committed NZTTL to support this programme and the output from this establishment phase will also clarify the on-going role of NZTTL in the implementation of the revised national ticketing programme.

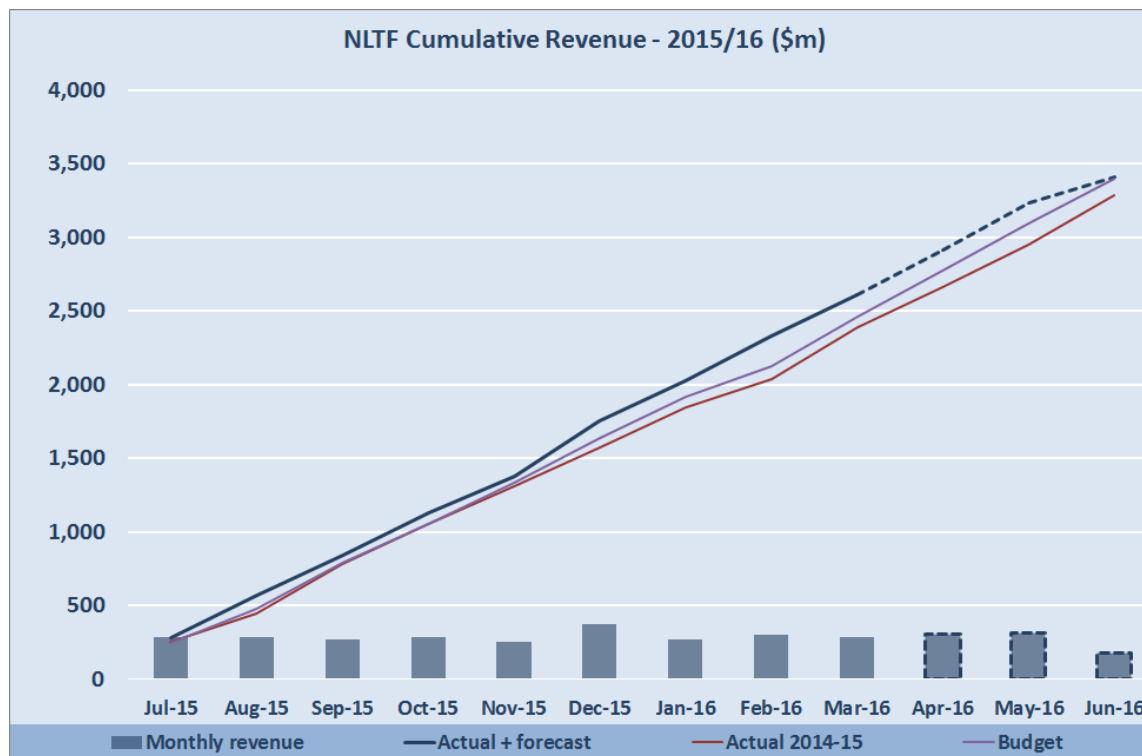
Longer term outlook

The Minister's decision to not increase FED and RUC rates impacts the later years of the current NLTP. To deliver the current NLTP, other funding sources may be required, for instance increasing our short term borrowing or the expenditure forecast will need to be reviewed to align with the revised revenue forecast.

The 2015-18 NLTP has been forecast at \$136m lower than the planned level in the published NLTP. This has highlighted three key issues at an activity class level, they are (a) Local road improvements is now forecast to be \$64m below the minimum of the GPS funding range at the end of the 2015-18 NLTP, (b) Walking and cycling expenditure is forecast to be \$24m above the GPS funding range maximum and (c) while Regional improvements has been slow from a standing start we remain confident that NLTP expenditure will be close to the published NLTP and above the GPS funding range minimum.

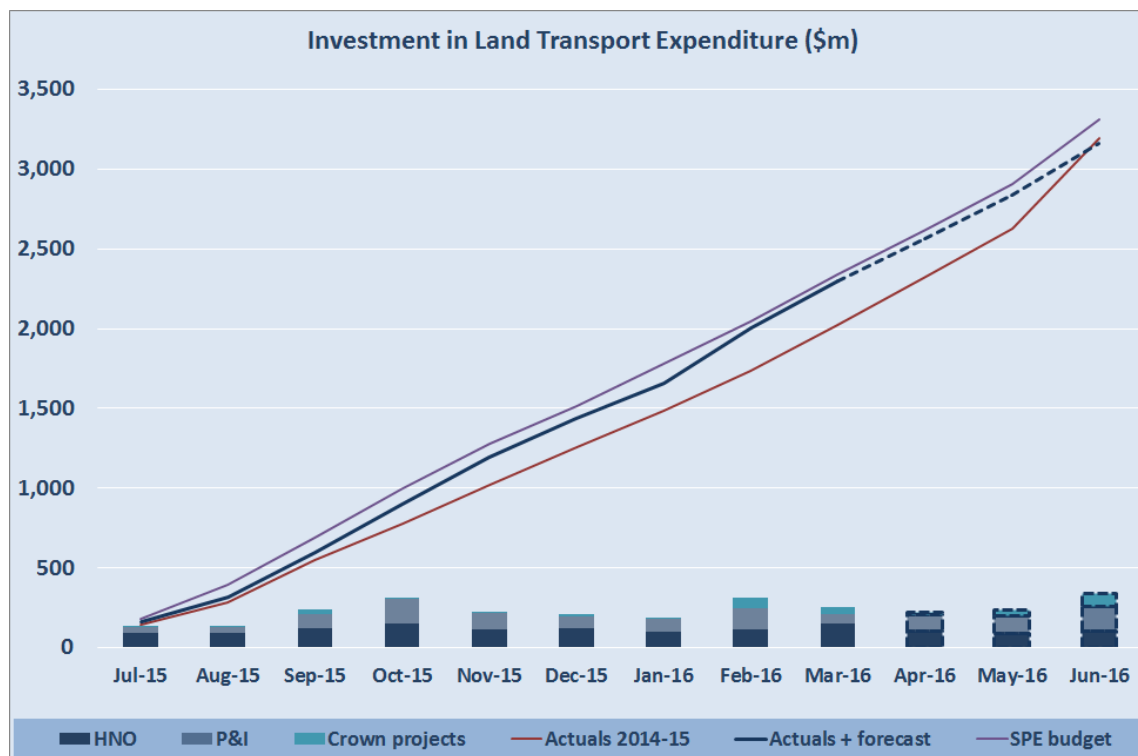
NATIONAL LAND TRANSPORT FUND (NLTF)

- **NLTF revenue is 6% (\$150.6m) over budget.**
- **Fuel excise duty** revenue is 9% (\$109.1m) ahead of budget largely due to the timing of imported fuel shipments and higher volumes. FED volumes now seem to be flattening out rather than the slow decline observed over the years, which has been attributed to lower petrol prices.
A full year forecast has been carried out for the Budget Economic and Fiscal Update (BEFU) which has NLTF revenue at \$3,368m which is \$39m, or 1.2% higher than MBU. This forecast is not yet approved, and therefore has not been taken into account in our forecast financials but will be included in our final SPE.
- **Road user charges** revenue remains close to budget being ahead by 2% (\$22.4m). The year-end forecast closely aligns with budget.
- **Motor vehicle registration and licensing** revenue is showing the expected drop following the peak in volumes driven by the change in the ACC rates with the level now only 13% (\$19.1m) ahead of budget. This downward trend along with expected deferrals driven by an anticipated drop in the ACC rate results in a forecast of 1% (\$2.9m) slightly under achievement against budget.
- **Crown land, interest and tolling** revenue is 1% (\$0.60m) below budget, an improvement from the 19% variance at the last quarter. By year end other NLTF revenue is forecast to be 21% (\$14m) ahead of budget. This is driven by the unbudgeted tolling revenue of \$4.8m from the new toll roads in Tauranga coupled by interest income being \$1.9m ahead of budget. This is offset by a major property settlement being deferred to 2016/17. The shortfall in property will be made up through substitution and realising greater returns that are expected in the Auckland market.



NLTP & CROWN INVESTMENT IN LAND TRANSPORT

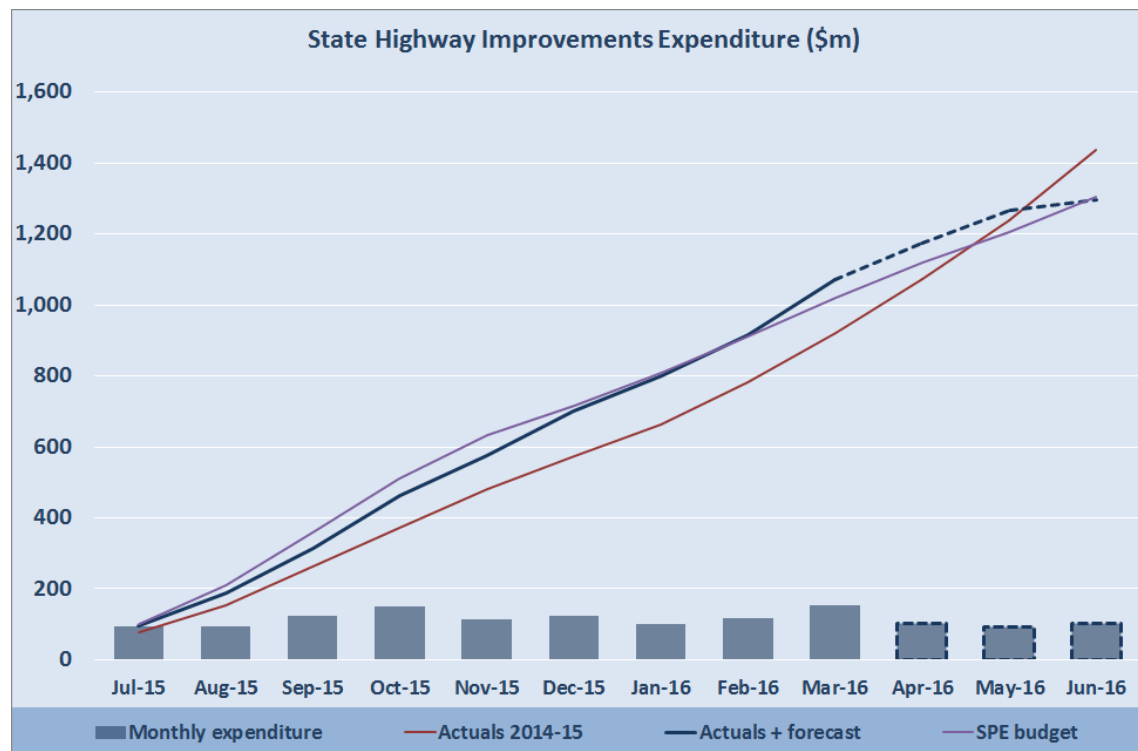
- NLTP & Crown investment in land transport is 1% (\$28.5m) behind budget.
- **Managing the state highway network** is \$31.7m behind budget. See commentary on following pages.
- **Planning & investing in land transport networks** is \$51.6m behind budget. See commentary on following pages.
- **Specific Crown funded projects** are \$54.8m ahead of budget, which is expected to reduce to \$27.6m ahead of budget at year-end.
- **Auckland accelerated package** is ahead of budget by 238% (\$69.7m) and is making good progress. The retiming of the programme means we are ahead of our position with regard to the original budget. The financial year 2015/16 forecast is \$136m, \$86m ahead of budget due to incorporating the Southern Corridor programmes.
- **Accelerated regional state highways programme** is behind budget by 5% (\$1.4m). Specific reasons include contracts were awarded late due to negotiations taking longer than anticipated. The expected uplift in programme activity during the second half of the year is now progressing well and is assisted by (a) expenditure on Tranche 1 and 3 which have progressed to plan (b) expenditure on the Tranche 2 projects getting underway following the Government announcement at the end of January. The year-end forecast is anticipated to be 21% (\$9.3m) under budget as a result of three Tranche 2 projects now being funded from the NLTP (State Highway Regional Improvements) as of January, rather than Crown funded.
- **Urban cycleways:** To date \$16.0m (\$10.0m last quarter) of Urban Cycleway Funding has been approved, of which \$4.4m has been spent. The expectation is that \$96.0m of the Fund will be spent over the 2015-18 NLTP, that will require a steep ramp-up of delivery over the next two years, especially given the forecast \$22m under spend this year.
- **Reinstatement of Earthquake Damaged Christchurch Roads:** The drawdown on this facility is to provide funds after the \$50.0m provided for in the NLTP. There has been no call on this facility to date in the current financial year. However, Christchurch City Council is forecasting a year-end outturn of \$40m, around \$28m less than budget.



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

STATE HIGHWAYS EXPENDITURE

- **State highways expenditure is 2% (\$31.7m) under budget.**
- **State highway improvements** are 5% (\$52.6m) ahead of budget mainly due to the progress on our construction programme being ahead of expectation with all planned physical milestones met. This has been balanced by slower progress than planned on the property acquisitions programme due to a number of high value properties experiencing lengthy negotiations. Of the 21 new project approvals programmed for the remainder of the year, 6 have been approved in March. Progressing further approvals is being prioritised in order to ensure we are making full use of the funding available. The full year forecast is tracking close to budget with it expecting to be 1% (\$8.2m) behind budget at year-end. This is the combined result of the programme tracking ahead of budget being offset by the shift of some projects to the Auckland accelerated programme.
- **State highway maintenance** is 20% (\$84.3m) behind budget mainly due to (a) the overall programme for this financial year has been revised down as the condition of the network is good enabling us to optimise renewal and maintenance programmes in the out years, (b) the impact of inflation lower than forecast due to the reducing international oil prices and (c) a significantly lower level of emergency works than anticipated. The impact of these various factors results in a reduced forecast from last quarter from \$512.1m to \$471.4m, which is 16% (\$89.6m) behind the full-year budget.



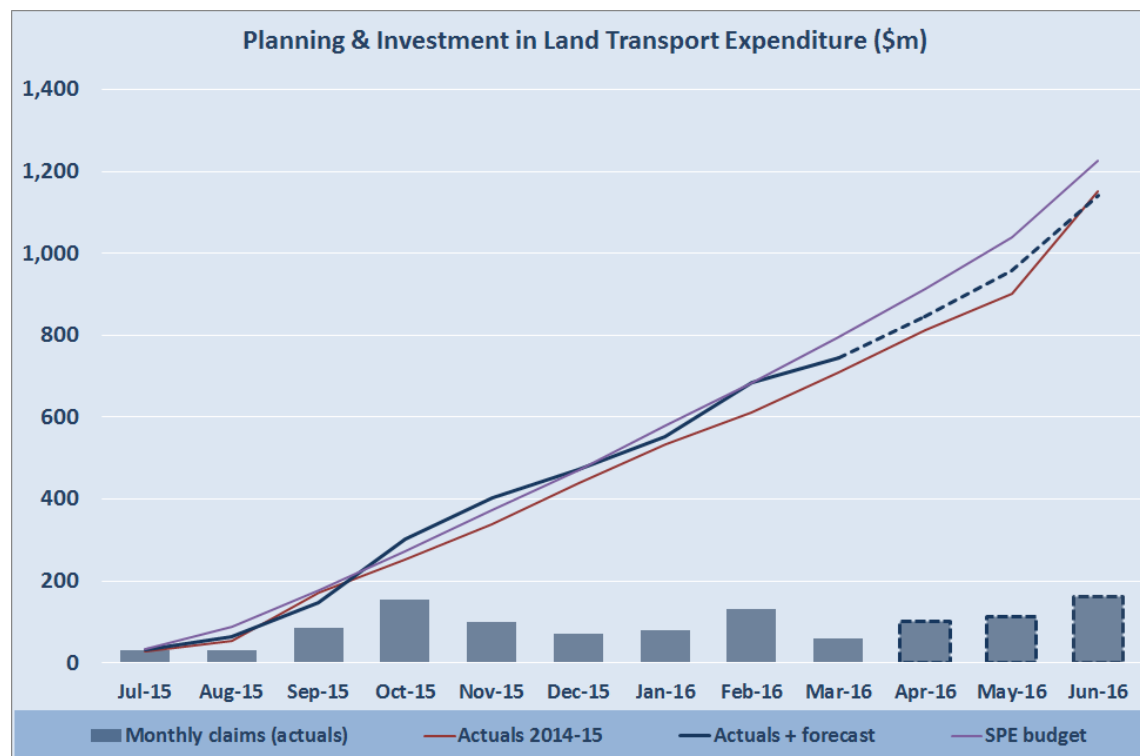
PLANNING & INVESTMENT EXPENDITURE

● Planning & investment expenditure is 6% (\$51.6m) under budget.

- **Investment management** continues to be under budget by 11% (\$4.7m). Expenditure on activity management planning & programme business case development is lower this year than expected due to delays. We anticipate an uplift in spend in 2016/17 as Approved Organisations progress business case development to inform their inputs to 2018-21 Regional Land Transport Plans. The year-end spend is forecast at \$60.8m against a budget of \$59.8m.
- **Public transport** spend is 6% (\$13.9m) under budget at the end of the quarter with the year-end forecast also 6% (\$21.0m) below budget. This is a reduction from the previous quarterly report forecast driven by a lower NZTTL forecast, delays to infrastructure projects and programmes being delivered at lower cost.
- **Local road improvements** expenditure is well under budget by 34% (\$28.6m) and we have pulled back our forecast for the year-end to 23% (\$34.8m) below budget. Minor Improvements delivery continues to lag behind historic patterns by close to 50% (\$11.0m). The \$17.6m balance of the variance is spread amongst larger projects. Auckland Transport's programme is around 67% of the budget and delivery is well under expected levels with its focus on other priorities, e.g. Central Rail Link.
- **Local road maintenance** expenditure is 12% (\$41.0m) over budget, partly due to increased emergency works expenditure as a result of the Whanganui-Taranaki June 2015 floods. Delivery of the base programme is consistent with our revised seasonal spread and the overspend at the end of the quarter is largely a timing difference. The year-end forecast is 3% (\$15.0m) over budget.
- **Walking and cycling** spend is 28% (\$5.8m) over budget due to a strong delivery by State Highways earlier in the year. The year-end forecast is \$40.0m which is 29% (\$9.0m) over budget due to the delivery of the UCP projects part funded from the NLTF. This excludes expenditure under the Urban Cycleways programme funded by a separate Crown initiative, see commentary above.
- **Regional improvements** programming is all on State Highways and it has been difficult to gain momentum on delivery from a standing start. Expenditure to date is \$4.9m against an optimistic full year budget of \$65m. The year-end forecast is now only \$12.5m, down from the \$20m

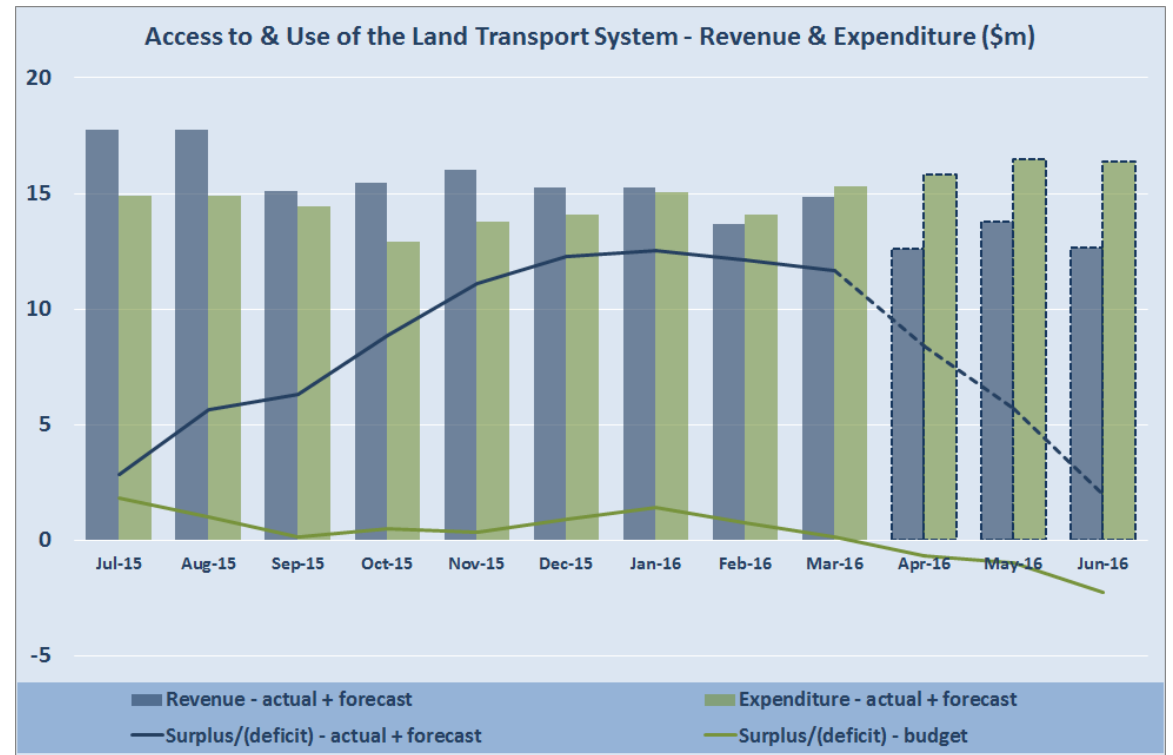
forecast last quarter, pointing to a need for a substantial catch up in delivery over the next two years of the 2015-18 NLTP.

- **Road safety promotion** spend is 18% (\$4.3m) under budget due to slower development and delivery of campaigns than expected. Typically around 40% of claims are received in the last 3 months of the year and, assuming this occurs this year, the year-end spend is forecast to be close to budget.



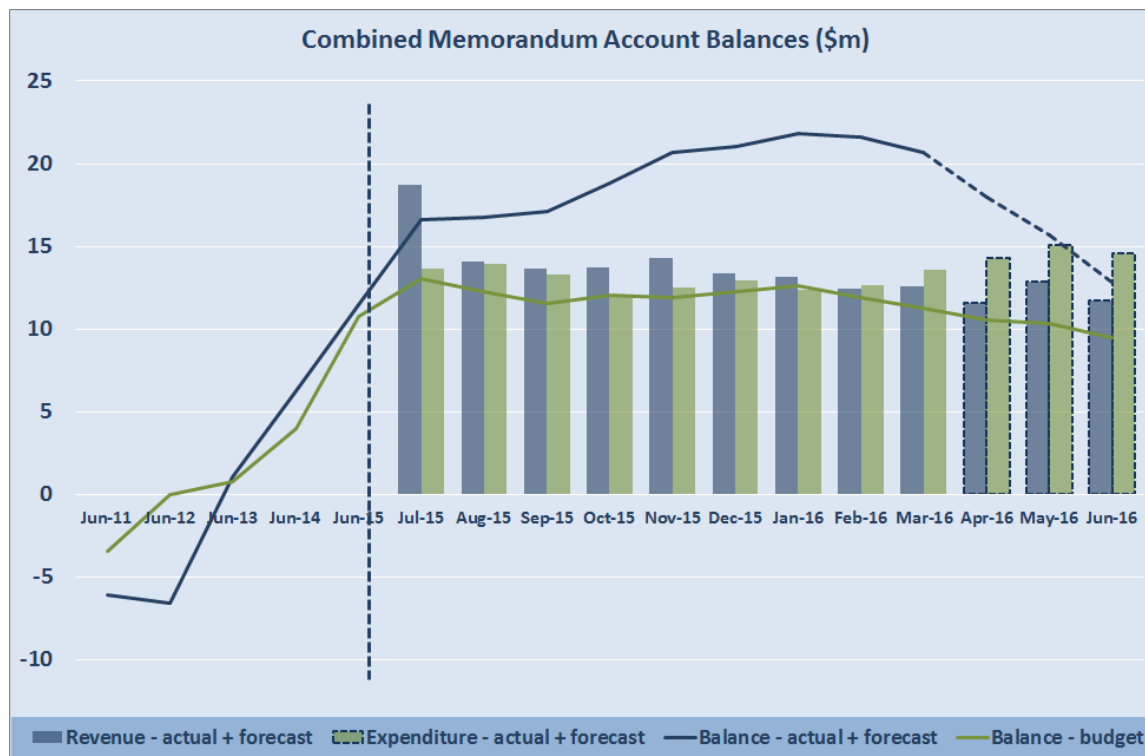
ACCESS TO & USE OF THE LAND TRANSPORT SYSTEM

- Access to & use of the land transport system surplus is \$11.3m higher than budget.
- **Memorandum accounts** operating surplus is \$8.7m ahead of budget resulting in a closing balance of \$9.4m ahead of budget. A large portion of this difference of \$5.7m is due to the shift in licensing patterns driven by the drop in ACC levies. The full year forecast is a closing balance ahead of budget by \$3.5m due to higher volumes resulting in increased revenue. **See commentary on following pages.**
- **Other activities** surplus is \$2.6m ahead of budget. This is mainly due to tolling revenue tracking \$0.8m ahead of budget as volumes continue to track higher than expected and lower than expected expenditure on the Tolling support model.



MEMORANDUM ACCOUNTS

- **Certification reviews** balance is \$1.4m ahead of budget mainly due to the opening balance being \$0.8m ahead of budget.
- **Driver licensing** balance is \$1.3m behind budget. See commentary on following pages.
- **Driver testing** balance is \$1.2m ahead of budget. The surplus is mainly attributed to (a) difference in opening balance of \$0.3m, (b) higher than planned volumes of restricted tests (contributing to revenue being \$1.0m ahead of budget), offset by (c) expenditure being \$0.2m ahead budget due to increased volume-related transactions costs.
- **Motor vehicle licensing** balance is \$2.9m ahead of budget. This is due to (a) the revenue being \$2.3m ahead of budget as a result of higher volumes due to the spike in volumes at the beginning of the year and additional revenue received from ACC remediation work, and (b) the difference in opening balance of \$0.4m. Full year net expenditure forecast is \$0.8m ahead of budget as a result of the higher volumes.
- **Rail licensing** balance is \$0.1m behind budget. The balance is a deficit of \$3.9m. A review of the funding model is underway.
- **RUC collections** balance is \$2.2m ahead of budget. The opening balance was \$1.4m ahead of budget due to under spent funds relating to the PCI project out of which \$0.5m of additional expenditure is now expected to occur in this financial year. Revenue is \$0.8m ahead of budget due to higher volumes.



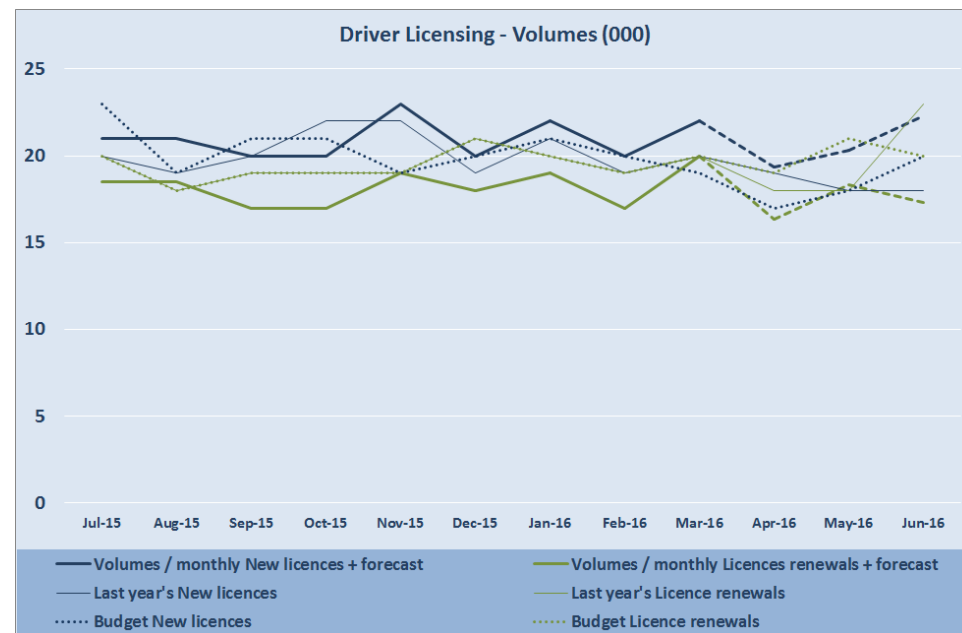
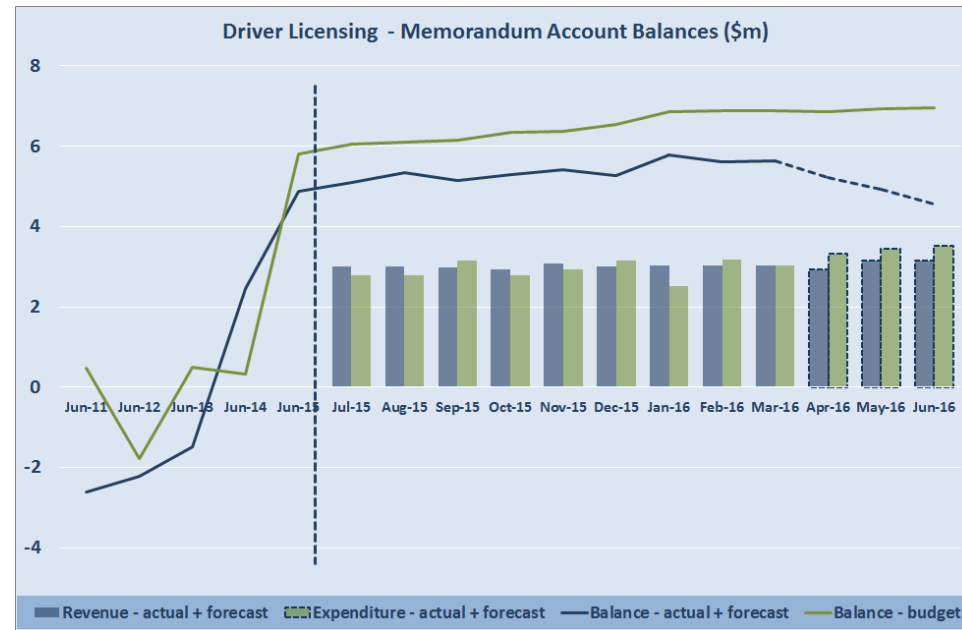
KEY MEMORANDUM ACCOUNTS

- **Driver licensing** balance is currently 18% (\$1.3m) behind budget.

The difference is due to a combination of the opening balance being \$0.9m behind budget and additional expenditure of \$0.4m on Paper to Digital Project. Revenue is tracking slightly ahead of budget due to increased volumes offset by corresponding increases in related expenditure.

Full year revenue forecast is \$1.3m ahead of budget due to higher learner licences.

Full year expenditure forecast is \$2.7m ahead of budget. The difference is due to (a) higher commissions and transaction costs of \$0.7m (in line with increased revenue) and (b) expenditure on the Paper to Digital project of \$0.5m,.



TRANSPORT AGENCY NET OPERATIONAL RESULT

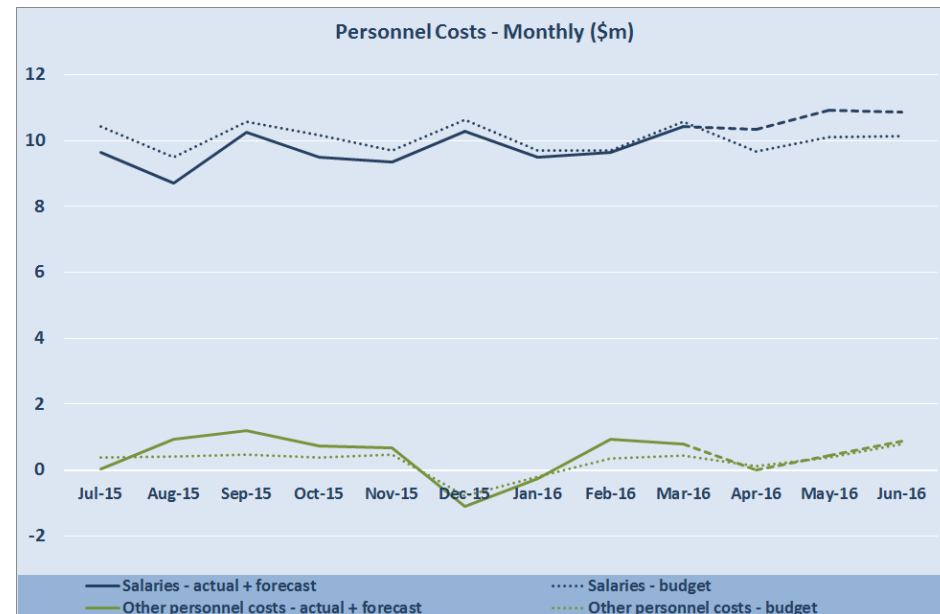
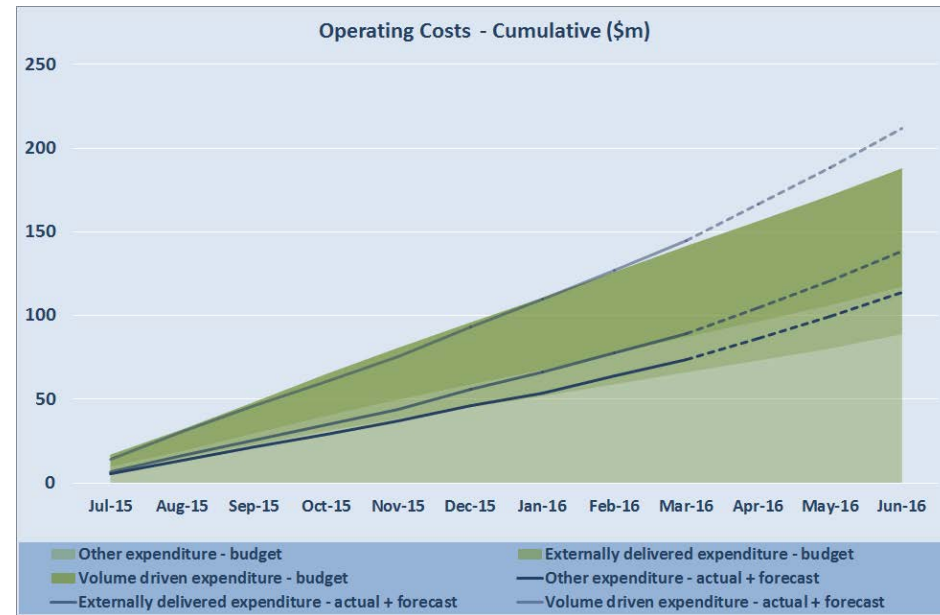
- The Transport Agency net operational result is tracking 18% (\$17.4m) behind budget.

This is the combined result of revenue being \$18.8m ahead of budget and expenditure being \$1.4m ahead of budget. It is expected that this will result in a year-end net position forecast of \$6.9m behind budget.

- **Revenue** is \$18.8m ahead of budget as a result of (a) higher vehicle licensing and driver testing volumes, and (b) third party funding. Both of these are expected to continue through to the end of the year resulting in a full year forecast \$30.5m ahead of budget.

- **Personnel costs** are behind budget by 2% (\$1.7m) which is mainly due to recruitment delays. Full year forecast personnel costs are expected to be in line with budget.

- **Operating costs and depreciation** are ahead of budget by 2% (\$3.1m) which is attributable to (a) additional expenditure of third-party funded activities, (b) two SC&P related projects funded from the NLTP but approval has been sought after the budget was finalised. This is offset by lower spending in NZTTL, CAS Management Project, the Contact Centre Technology Upgrade and the Tolling project due to the programmes being delayed. The full year expenditure forecast is \$23.5m ahead of budget covered by additional anticipated revenue of \$30.5m.



BUSINESS INITIATIVES PROGRAMME

- The Approved Business Initiatives programme has spent 62% of the full year budget.

The 2015/16 budget for business initiatives is \$20.7m and for the YTD March quarter the programme has spent 62% of the full year budget against a theoretical completion rate of 75%. The actual spend improves to 72% of the full year forecast. The drivers behind the lower spend against budget continue to be the combination of projects that are no longer proceeding (outlined below), several that are slightly behind schedule e.g. ICT refresh and from projects that are demand driven that have not yet been required.

The full year forecast for Approved Business Initiatives at the March quarter has reduced to \$17.6m, \$3.1m behind budget. The forecast spend on the initiatives has a profile that is significantly different to the initial plan from reductions in capital spend and increases in operational spend. Additional costs have been identified for the Payment Card Industry compliance project \$0.4m, additional \$0.3m for VDAM reform and \$0.8m for the Wellington relocation project.

Offsetting the forecast increases is the realised under spend of \$0.7m on the Analytics for Hyperion project and the release of \$1.0m capital against the WoF/CoF online project. A reduction of activity on the innovation fund with only one round this year instead of the two that were planned releasing \$0.4m. Releases of capital funding from OS are also contributing to the lower forecast spend to budget, these include the Core switch upgrade of \$0.8m, server 2003 remediation of \$0.2m and the OS operating fund of \$0.2m for business case work, providing combined identified savings of \$3.3m.

Consideration needs to be given to the initiative funding under each budget type. The forecast capital spend is \$4.2m behind budget, whilst the forecast operating expenditure required is \$1.1m ahead of budget. The additional \$1.1m operational forecast coupled with the \$2.1m of operational fiscal risk provides a \$3.1m total operation impact from budget for the approved initiative programme.



NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

Programme management overview

The total NLTP forecast position has slipped to around \$136m (1%) lower than the planned level in the published NLTP. This largely reflects the balancing of NLTP expenditure to match the latest revenue forecast which will be confirmed as part of the 2017 Government budget.

At an activity class level, there are three key issues:

1. Local Road Improvements is now forecast to be \$64m below the minimum of the GPS funding range at the end of the 2015-18 NLTP. The lower forecast is largely based on sluggish delivery performance in 2015/16 and the expectation that some of this will continue into the next two years. There is substantial uncertainty around the forecast, especially for Auckland Transport who is forecasting, we believe optimistically, a significant increase in 2016/17 and 2017/18 spend. There is also uncertainty around delivery of a large local road project required to support the Christchurch Motorways RoNS during the NLTP period. We are taking steps to gain more certainty on the forecasts going forward. However, it is likely that we will need a request to the Minister to adjust the GPS funding range minimum downward.
2. Walking and Cycling expenditure from the NLTF is forecast at around \$24.0m above the GPS funding range maximum. The higher spend continues to be driven by the NLTF funding linked to the Urban Cycleway Programme (UCP) projects plus the level of funding committed to projects outside of the UCP. It is highly likely that we will need to request the Minister to adjust the GPS funding range maximum upward to accommodate UCP based expenditure.
3. Regional Improvements activity class expenditure has been slow from a standing start. We remain confident that NLTP expenditure will be close to the published NLTP and above the GPS funding range minimum.

National Land Transport Programme (NLTP)

Activity classes	Published	Actual/forecast spend 2015-2018				GPS fund range	Total changes
	NLTP 2015-2018 \$m	2015/16 Forecast \$m	2016/17 Forecast \$m	2017/18 Forecast \$m	Total \$m		
Allocation of funds:							
State highway improvements	4,061	1,294	1,375	1,410	4,079	3,150-4,350	18
State highway maintenance	1,684	457	566	569	1,592	1,350-1,810	(92)
Local road improvements	465	114	142	145	401	465-720	(64)
Local road maintenance	1,704	570	585	565	1,720	1,230-1,740	16
Public transport	1,020	310	332	337	979	865-1,215	(41)
Walking and cycling	103	40	36	51	127	46-103	24
Regional improvements	225	12	98	115	225	180-270	0
Road safety promotion	102	34	36	34	104	92-113	2
Investment management	176	60	59	58	177	162-180	1
Total	9,540	2,891	3,229	3,284	9,404		(136)

BORROWING

Short term facilities

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

The notional balance in the NLTF was \$216.1m as at 31 March 2016.

The graph reflects the short-term cash requirements. The red line is based on the published NLTP 2015-18, while the black line is based on the draft Budget Economic and Fiscal Update (BEFU), with actuals up to March. The BEFU assumes no increases in the rates for FED and RUC for the next two years. The BEFU for the period of the NLTP was expected to be approximately \$110.0m lower than the GPS target for the three-year period 2015-18. The expenditure target was also revised by the Transport Agency as at April and is now \$110.0m lower than the original 2015-18 NLTP expenditure targets.

Since the BEFU update, there is a revised Agency forecast for MVR which brings the revenue up by approximately \$30.0m on the BEFU target for financial year 2016. This would bring the BEFU revenue forecast over the current NLTP period, to be just \$80.0m lower than the SPE/GPS forecast.

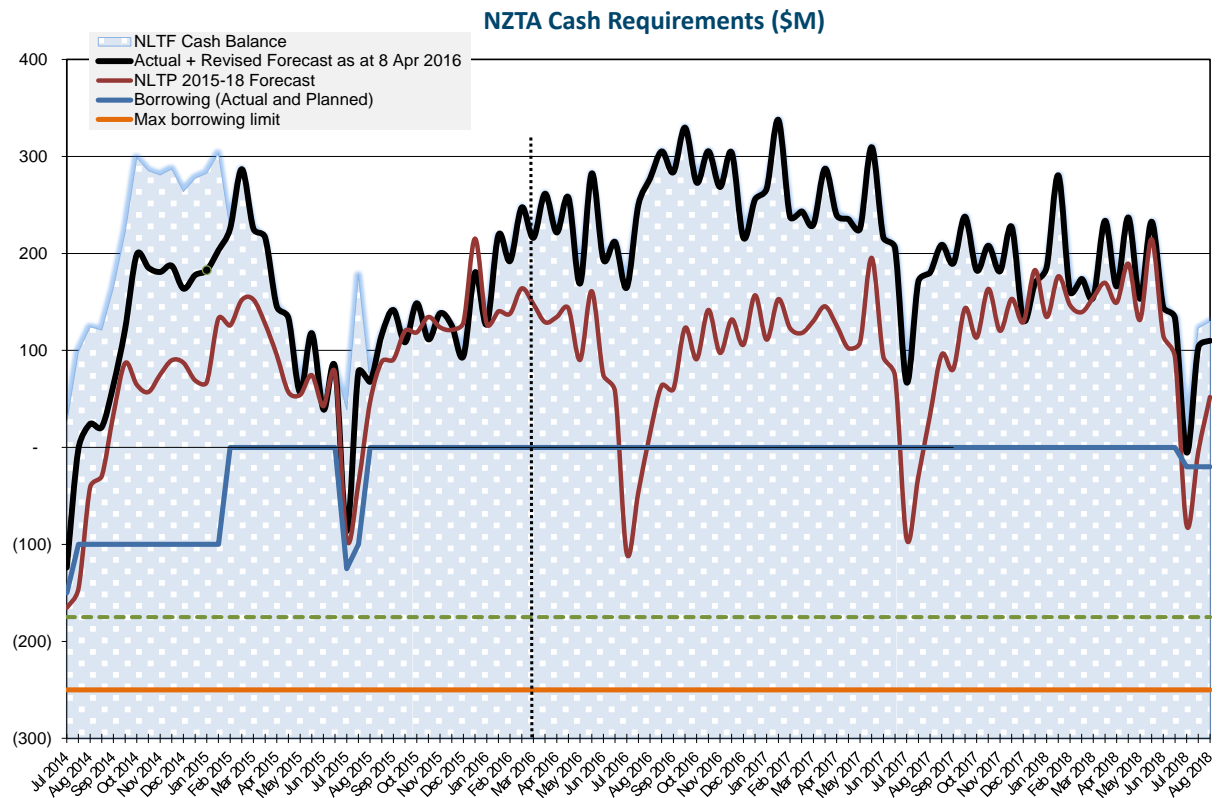
With the expenditure drawdown significantly lower than the 2015-18 NLTP expenditure targets, it is unlikely that we will be using the short term facility borrowing for the balance of the 2015-18 NLTP. However, there are some additional investments that are yet to be firmed up until the next planning that will require borrowing for the next NLTP.

Longer term facilities

For the Christchurch Earthquake loan there was a drawdown on the facility of \$3.0m at the start of the year. This brings the total drawn down on the facility to \$15.0m, which is lower than expected. There has been no further activity on this facility during the month.

There was no activity on the Auckland Transport Package loan during the month but we are looking to drawdown \$80.0m and \$69.0m in April and June 2016, respectively.

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



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

LONG TERM DEBT COMMITMENTS

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

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

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

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

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

OTHER LONG TERM COMMITMENTS

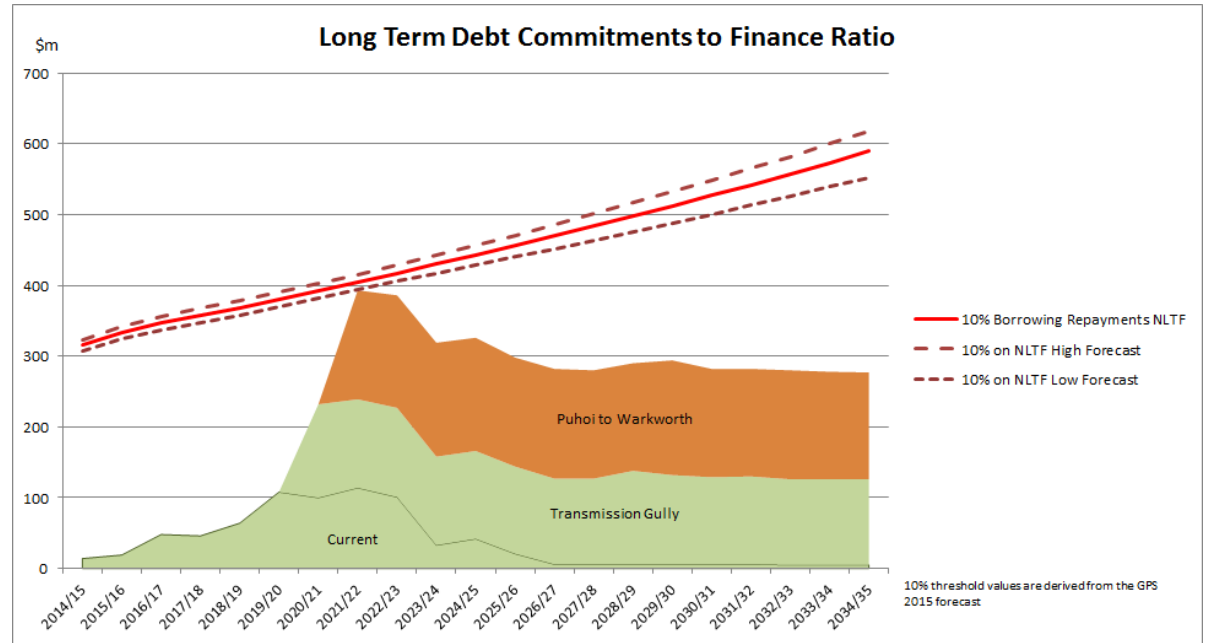
The remaining “Other Commitments” are funding arrangements covering cash flow management and the longer term commitments for Auckland and Wellington Rail, subject to future claims.

Project	Investment	Period	Notes
Actual Debt			
Tauranga Eastern Link	\$107m	35yrs	Draw down of \$85m for the road and \$22m for the tolling infrastructure from the NZDMO occurred 30 June 2015. Repayment phased over the following 35 years from tolling revenue with a repayment schedule established at the drawdown date. This is largely a series of fixed interest loans with a final loan that is on a floating rate.
Transmission Gully (PPP)	\$221m	31yrs	Costs incurred to date for the construction of Transmission Gully sit at \$221m, of which \$162m was incurred in 2014/15. NZTA is recognising a concessional asset and liability during this phase
Christchurch Rebuild	\$15m	9yrs	\$12m was drawn down in 2014/15 and \$3m this financial year to date
Debt Facility			
Christchurch Rebuild	\$168m	9yrs	Borrowing from NZDMO for Christchurch Earthquake expenditure above the \$50m per annum NLTP funding in the next 3 to 4 years repaid over the subsequent 5 or 6 years. This will be a series of fixed interest loans of varying terms.
Auckland Accelerated Initiatives	\$375m	10yrs	Southern Corridor and 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 two of the current SH projects. No borrowing activity has occurred for the initiatives to date but there will be \$80m drawdown on the 20th of April. Further funding may be considered for additional accelerated works such as the East/West Corridor and AMETI, however, there has not yet been any commitment as this may still be able to be funded under PAYGO
Transmission Gully (PPP)	\$779m	31yrs	Construction to occur up to 2020 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. \$115 m per annum (a total commitment over the 25 years of \$3b).
Other Commitments			
Auckland Electrical Multiple Units	\$200m	35yrs	Committed contribution over a 35 year period matching expected useful life of the assets.
Auckland Depots	\$50m	50yrs	Committed contribution over a 50 year period.
Wellington Matangi Electric Multiple Units	\$85m	28yrs	Committed contribution over a 28 year period matching expected useful life of the assets.

LONG TERM DEBT COMMITMENTS (CONTINUED)

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

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



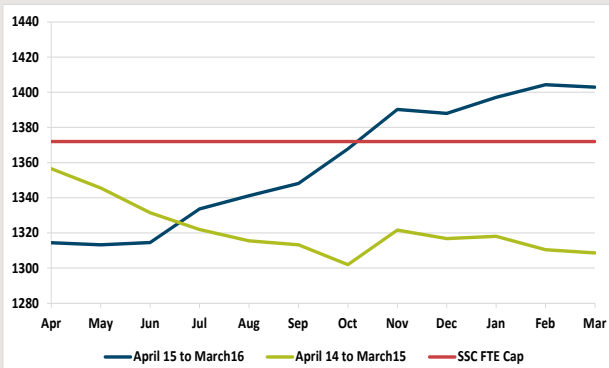


ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

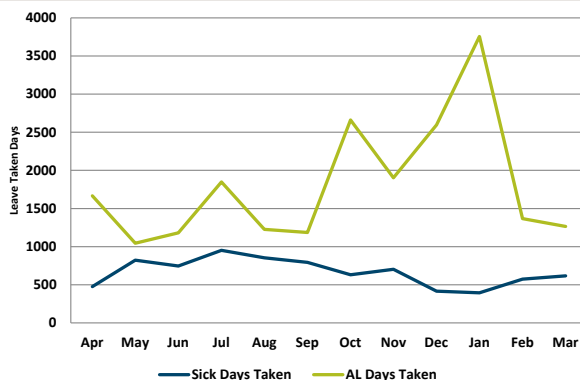
THE TRANSPORT AGENCY'S FTES ARE TRACKING ABOVE OUR CAP. OUR ANNUAL LEAVE LIABILITY HAS REDUCED.

FULL-TIME EQUIVALENT (FTE) EMPLOYEES AGAINST CAP



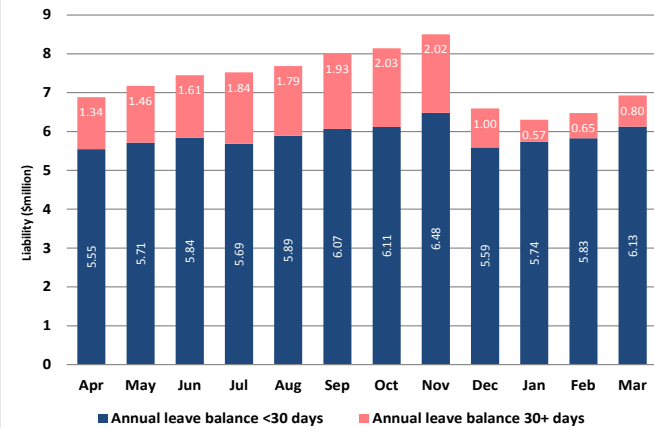
As at 31 March 2016 there were 1,402.94 FTE employees at the Agency. Since the beginning of the financial year we have seen a 7% increase; however this rate of growth appears to be slowing down as we have observed just a 1% increase since last quarter.

PLANNED AND UNPLANNED LEAVE TAKEN



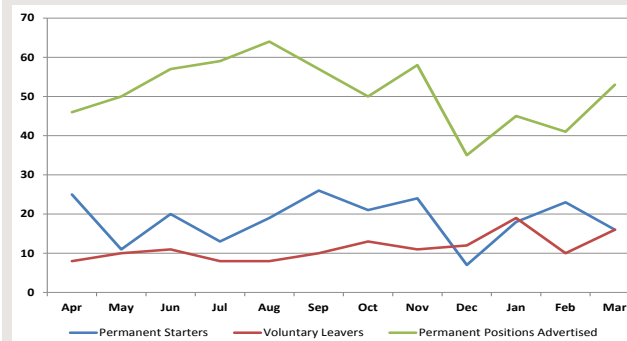
Our average annual leave balance at quarter end was 13.5 days, which is above our target average of 12.5 days. This figure is unlikely to reduce again until the beginning of the 2016/17 holiday season in December 2016. The current average is lower than at the same time last year (14.5 days). The number of sick days taken is slightly higher than as at the same time last year, but is following the general yearly trend of reducing over the summer months.

ANNUAL LEAVE LIABILITY



Our annual leave liability as at 31 December 2015 was \$6.6 million (approximately \$4,564 per person), which is almost \$2 million less than last quarter. There were 75 employees with an annual leave balance of more than 30 days (a 48% reduction since last quarter, due to the current holiday season). When future booked leave is taken into consideration there were just 16 employees with a balance of more than 30 days annual leave (1% of eligible employees).

PERMANENT COMINGS AND GOINGS



As at 31 March 2016 there were 53 permanent vacancies advertised, which is slightly higher than the annual average of 51 at each month end. Voluntary turnover sits at 9.7%. A contributor to our healthy turnover rate has been the significant increase in headcount over the past nine months. As headcount begins to level off it is likely turnover will stabilise and then increase.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

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

During quarter three there were five first aid injuries recorded - one person fainted, one incident of hitting object with body, two incidents of jamming fingers in a door and one fall, slip or trip. In addition, there were also five medical treatments this quarter - one incident involved a pre-existing medical condition, two incidents of falls, slips or trips, and two sprains or strains. Incidents occurred in Waikato/BoP (Hamilton), Palmerston North, Wellington & Marlborough, and Christchurch.

On 4 April 2016, the new Health and Safety at Work Act (HSW) 2015 came into effect. We are well prepared for the introduction of the new legislation. Through the implementation of our Zero Harm strategy we have created an environment that allows people to make a real difference to safety performance at all levels - from those working in offices or on site through to the Board of Directors. We have moved away from compliance ‘tick-box’ exercises to using innovative tools, such as the Zero Harm reporting tool, and clear minimum standards that are practical and fit for purpose.

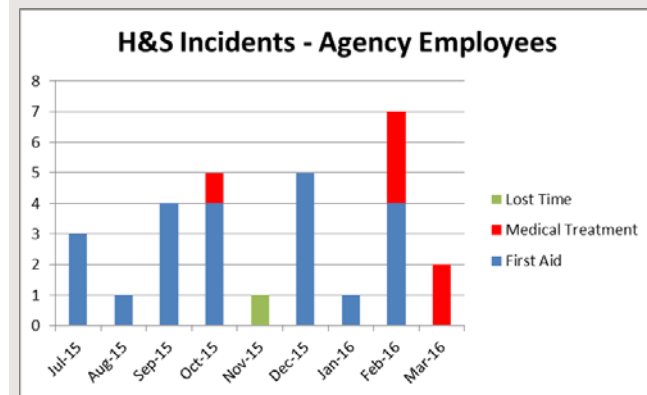
To make it easier for all our people to understand more about this new legislation and how it impacts each of us, the Zero Harm team carried out a legislation roadshow this quarter. These office-based sessions shared key points that our people need to know about the Act.

During quarter three, Jon Harper-Slade and Anita Collins were seconded to the Construction Safety Council (CSC) to launch the ConstructSafe scheme. The scheme was launched on 4 April 2016 to coincide with the new Health and Safety at Work Act. ConstructSafe is an industry developed initiative that provides a consistent and transparent way to independently check the competency of any worker, trade specialist, supervisor, or manager on site.

Our commitment to new technology in health and safety was further recognised when the Zero Harm reporting tool received the HR Technology award 2016 from the Human Resources Institute of New Zealand in February.

This quarter, planning got underway for the next Zero Harm Knowledge Forum, which will be held in Auckland on 17-18 August 2016. The Forum builds on the success of the inaugural 2015 Forum. Following the new HSW Act, the Forum will look to explore what’s next on the horizon for health and safety in New Zealand, and how we can create a more proactive culture that allows our people to own and manage the risks associated with their work. Delegates will be those who play a role in health and safety across Transport Agency projects.

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

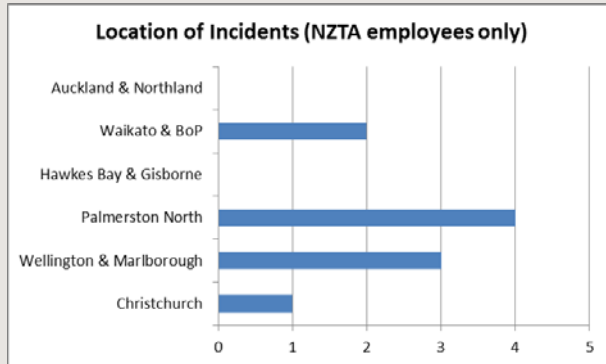


There have been five first aid injuries reported this quarter - one person fainted, one incident of hitting object with body, two incidents of jamming fingers in a door and one fall, slip or trip.

There were also five medical treatments this quarter - one involved a pre-existing medical condition, two falls, slips or trips, and two sprains or strains.

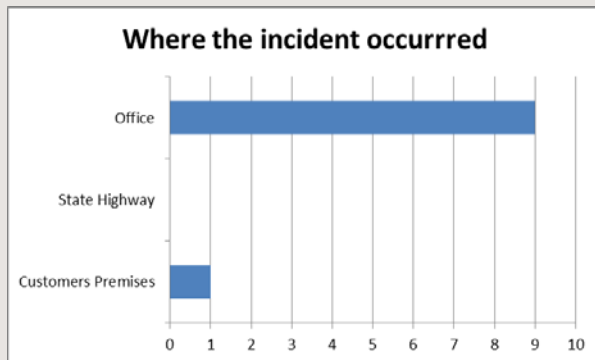
¹ Employees, contractors, sub-contractors, agents and temporary staff engaged to work on behalf of the Transport Agency

LOCATION OF OUR INCIDENTS IN Q3 (NZ TRANSPORT AGENCY EMPLOYEES ONLY)



This quarter, incidents were reported in Waikato/BoP (Hamilton), Palmerston North, Wellington & Marlborough, and Christchurch.

In Wellington, one fainting incident was reported, while two incidents of hands jammed in doors, or being hit by moving objects were reported in Palmerston North and Hamilton.



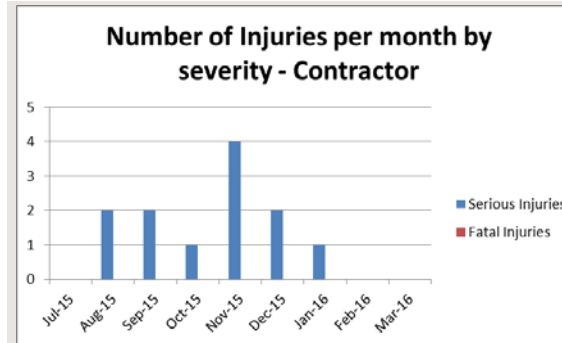
Three incidents of falls, slips or trips occurred in Wellington, Hamilton and Christchurch.

Palmerston North and Wellington had two sprains/strains.

Palmerston North also had an incident involving hitting an object with the body, and the medical treatment for a pre-existing condition.

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

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



One Transport Agency Physical Works Contractors reported a serious injury this quarter.



ASSURANCE & RISK REPORT

ASSURANCE

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



Total Assurance Framework

CENTRE OF EXCELLENCE - QUARTER 3 PROGRESS

The internal assurance programme is behind plan at this point of the year. This is due to reprioritising our resources to unplanned but more important assurance activities. We expect that there will be a small impact to the overall internal assurance programme for the year.

The Investment Assurance audit programme is on schedule. We are slightly behind on our post implementation review schedule however we expect that we will achieve our targeted work programme, although some reporting might carry into the next year.

We have been developing the internal assurance and investment assurance programmes for 2016/17. These are widely consulted and then presented to the Audit Risk and Assurance Committee in early May for approval. Next year's plan will also include elements designed to respond to support, through the total assurance framework, Crown Entity performance assessment and state sector assurance needs where possible.

All Transport Agency offices have completed an incident management exercise. This has been a valuable exercise that has highlighted that regular communications and practice is essential to embed this as a management practice and grow capability. We are currently focussing on individual responsibilities and planning for next year. We have completed a critical function plan, self-assessment and an exercising schedule.

Our insurance renewal is underway. This year we are focussing on the remarketing of the principal arranged insurances for construction projects. This includes Network Outcome Contracts and projects under \$100 million in value. Market conditions are favourable and we expect to negotiate a reduction in premium rates.

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

RISK DASHBOARD

RISK CATEGORY	Q2	Q3	RISK TARGET	TREATMENT EFFECTIVENESS	RISK DESCRIPTION
1. Rail Regulatory Scope & Effectiveness				»»	The Transport Agency's role as the rail safety regulator in securing the safe operation of the rail network is not effective
2. Business Continuity				»»	There is a risk of an ineffective business continuity and disaster recovery (DR) response due to incomplete planning, lack of readiness or lack of familiarity.
3. Privacy Breaches				+	There is a risk that process failure, system failure or human error will result in loss or unauthorised disclosure of personal information. This may result in a privacy breach, possible penalties and consequential reputational damage.
4. Health and Safety				»»	There is a risk that we don't embed our Zero Harm culture to keep our people safe and well or meet our obligations under H&S legislation
5. Information Security				✓	There is a risk that a security breach and/or data loss could occur to information used by systems hosted by the Transport Agency or by vendors using external sites.
6. Obtaining best value for money and minimal risk from Regional Integrated Ticketing				»»	There is a risk that the large number of participants, tight time frames and complex procurement decisions mean there is no agreement/buy-in from councils to obtain best VFM and minimal risk in implementing and operating regional integrated ticketing schemes.

Risk category

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

Treatment effectiveness

- ✓ Treatments are implemented and effective
- +
- »» Some treatments implemented

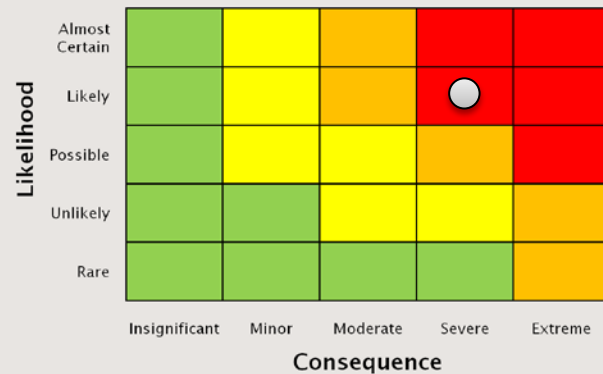
RISK CATEGORY	Q1	Q3	RISK TARGET	TREATMENT EFFECTIVENESS	RISK DESCRIPTION
7. Economic Agenda				»»	There is a risk that the five regional economic development action plans create expectations that the Transport Agency could fund projects that may (after full investigation) not meet standard value for money criteria. As a consequence the Agency could be perceived as failing to deliver on the action plans.
8. Auckland Transport Alignment Project				»»	We are at risk of failing to deliver the Auckland Transport Alignment Project to the quality and timeframe required due to pressure on internal and external resources, scope creep, changes in other plans rendering project recommendation uncertain, lack of alignment of parties, and maintaining confidentiality while balancing stakeholder engagement.
9. Delivery of the state highway improvements programme (NLTP 15-18)				»»	There is a risk that we are unable to successfully deliver the quantum of work included in the State highway and Regional improvements elements of the 2015-18 National Land Transport Programme, due to the scale and complexity of the programme

1 RAIL: REGULATORY SCOPE AND EFFECTIVENESS

Risk description

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

Risk Response Leader: Access & Use



Challenge/Insight

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

Actions and controls already in place to address risk

- A 3 year Business Plan is being implemented. The plan outlines capability requirements and roles/functions required to reduce the risk of this function.
- Discussions have commenced with MoT and Treasury on funding options.
- Expertise from other areas within the Agency is being used to support specific activities and priorities of the Rail Safety Team.
- Priority risk areas are identified and being monitored.
- Recruitment is proceeding for a further 3 positions.
- We are working towards June 2016 deliverables which will move this risk from red to amber.

Planned risk treatment action

- We are currently reviewing the option of bringing forward the key deliverables of the plan to March 2017.

2 BUSINESS CONTINUITY PLANS (BCPS)

Risk description

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

- Incomplete planning
- Lack of readiness
- Lack of familiarity

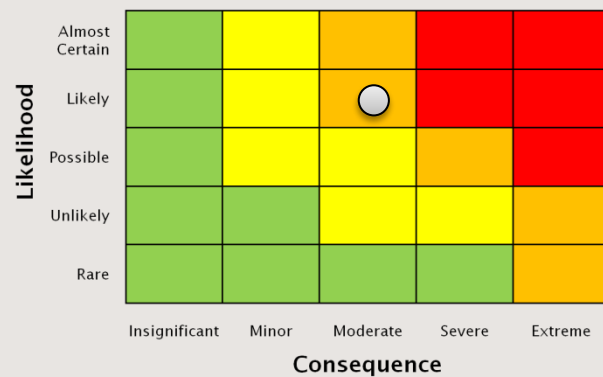
Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

- The Foundation Disaster Recovery project is underway; procurement of the DR solution has moved to contract negotiation phase, with delivery scheduled for Apr – Jun and testing from late July.
- A suite of business continuity resources is complete and widely used while undergoing constant improvement. Reporting on business continuity planning progress within each business group has commenced to GLTs and to key teams. This reporting will be provided bi-monthly.
- The Incident Management Plan has been introduced and discussed at SLT and the GLTs, and exercised in the following offices: Wellington Regional, Christchurch, Napier, Hamilton, Dunedin, Tauranga, Palmerston North, Blenheim, Auckland and National.

Challenge/Insight

Our people's personal preparedness for an emergency and understanding of the Transport Agency's incident management and business continuity arrangements is still incomplete. This is partly due to a lack of engagement by people leaders who did not consistently lead conversations with their teams using the emergency management resources provided to them in UpFront during Civil Defence week. This resource was promulgated again in late Q3 2015/16, uptake is being monitored.



Planned risk treatment action

- The ongoing development/finalisation of BCPs for the Agency is progressing well, with a target date for all plans to be complete by the end of Q4 2015/16. .
- The Office Business Continuity Plan template will be populated for each office once individual critical business function plans are completed. These plans provide information to support initial actions as well as consolidated resource and response priorities for each office. Completion of these plans is dependent on the completion of the individual critical business function plans.
- Testing of business continuity plans is being planned for P&C, OS, A&U, P&I and SCP. This will take place in Q4 2015/16. Testing of HNO plans will commence with Christchurch regional office in Q4 2015/16 and be completed during 2016/17.
- Following the recent changes in office premises, the Incident Management Plan will be re-exercised in the Wellington and Christchurch offices, in early Q4 2015/16. In addition, arrangements are being made for the next full round of incident management exercising sessions for each of our corporate offices. These will take place in Q1/Q2 2016/17.
- Refresh of the Transport Agency Emergency Communications Plan under action by SCP and will be completed by the end of Q1 2016/17.
- An online learning module covering business continuity and emergency management is in the early stages of planning. Delivery of this module is planned for Q1 2016/17.
- An app to support the dissemination and easy usage of the Incident Management Plan, Business Continuity plans and other related guidance is in the initial development phase. The app is marked for completion by year-end 2015/16.

3 PRIVACY BREACHES

Risk description

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

Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

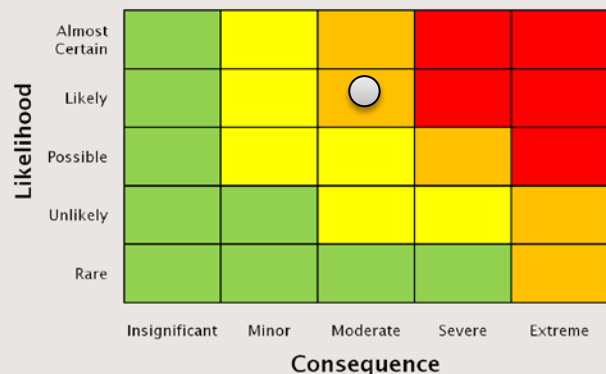
- Transport Agency staff induction programmes now include a privacy component.
- Increasing awareness of requirement for privacy to be considered early in projects.
- An interactive guide to privacy is now available on the Transport Agency intranet (OnRamp).
- Privacy incident reporting procedures have been strengthened to cover all Information Privacy Principles. A revised Privacy Incident Report and guidance note have been released.
- Privacy Incident Case Notes have been developed and are being published on OnRamp to provide staff with real life examples of privacy breaches and share lessons learned.
- The SLT and Board have endorsed a Personal Information Management Framework (including Personal Information Strategy and Roadmap) that sets out an action plan for lifting the Transport Agency's privacy maturity level and is aligned with the core expectations for managing personal information issued by the Government Chief Privacy Officer).

Challenge/Insight

- The majority of reported privacy breaches continue to be the result of human error. While automating aspects of our business processes (e.g. paper to digital) is likely to reduce this risk by addressing elements of human error, the challenge also includes finding ways for the business to change some behaviours
- Increasing awareness of good privacy practices is placing increased demand on support from the Privacy Office. As a result planned work programme activities may be impacted, and progress slowed

Planned risk treatment action

- Agency-wide work programme has been developed and has commenced.
- A draft Personal Information Management Framework (including Personal Information Strategy and Roadmap) has been socialised with the Organisational Support Leadership Team, was presented to and endorsed by the Senior Leadership Team, and will be presented to the Board for their endorsement in December 2015. Following this, the new Strategy will be introduced to the rest of the Transport Agency via communications in quarter three 2015/16.
- A monthly Privacy Report has been developed to provide targeted and meaningful reporting. We plan to start circulating this monthly from quarter three 2015/16.
- Privacy Incident Case Notes have been developed and are being published on OnRamp to provide staff with real life examples of privacy breaches and share lessons learned. These will be promoted in quarter three 2015/16.
- Privacy incident reporting procedures are still under review and will be strengthened as required in quarter three 2015/16.
- Work on a personal information inventory has commenced in order to provide a single view of what personal information we collect and hold, how, why and for how long we hold that information, and the associated risks.
- Privacy policies, guidance, and resources will be reviewed and refreshed in quarters three and four of 2015/16, to be completed in quarter one of 2016/17.



- The development and delivery of role-based training to increase awareness and understanding amongst staff in the Contact Centre has been requested and, following discussions with A&U Customer Information, is planned for quarter three 2015/16.
- The majority of reported privacy breaches continue to be the result of human error. Automating aspects of our business processes (e.g. paper to digital) is likely to reduce this risk by addressing elements of human error.

4 HEALTH AND SAFETY (H&S)

Risk description

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

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

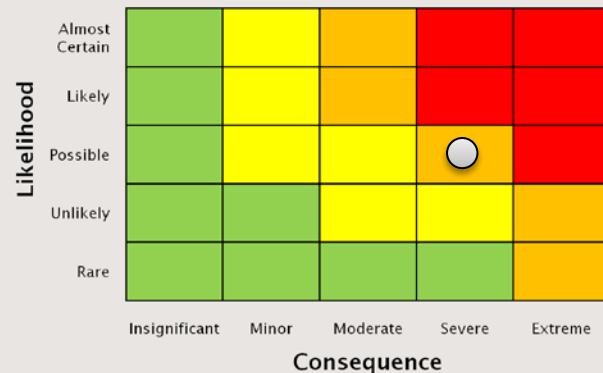
Risk Response Leader: People and Capability

Actions and controls already in place to address risk

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

Challenge/Insight

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



Planned risk treatment action

- Zero Harm - Managing Safety and Working Safely training to be implemented across Highway and Network Operations and A&U before new H&S at work act comes into effect in April 2016.
- Directors' and Officers' Due Diligence schedule created and training programme in place for all officers (Board, CE and SLT).
- Minimum standards are in development for all high risk activities (95% complete).
- Management system certification to ISO45001 in Q2 of 2016/17

5 INFORMATION SECURITY

Risk description

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

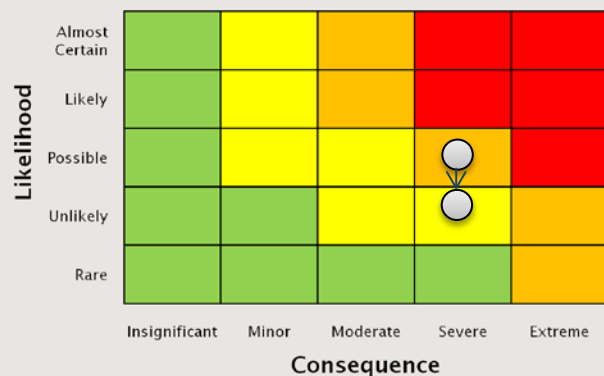
Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

- Security architect processes are implemented.
- Security vulnerability scanning conducted regularly.
- GCSB recommendations for password security and Windows 7 implemented.
- A security awareness and education programme was completed during 2014.
- Security framework complete.
- Much improved audit report for User Access Management in June 2015.
- Technical security policy to align with current best practice, - completed and signed off September 2015.
- GCSB #1 recommendation for application whitelisting completed.
- GCSB #4 recommendation for encrypting devices has been implemented.
- Re-planning Security programme for 15/16 and 16/17 has been completed.
- Security reviews and privacy impact assessment's stop/go gate implemented..

Challenge/Insight

- This risk has decreased due the implementation and effectiveness of the work programme.
- Rapidly changing technology, where people can make mistakes or oversights in their use or management of information means this risk needs continuous monitoring..



Planned risk treatment action

- Monitoring and reporting capability pilot extended due to lessons from GPS implementation. Policy updates and education are now advancing & system implementation to follow.
- Incident and Event Management business case in development for implementation from mid 2016.

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

Risk description

The large number of players, tight time frames and complex procurement decisions mean there is no agreed path to obtain best VFM and minimal risk in implementing and operating regional integrated ticketing schemes.

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

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

Risk Response Leader: Planning and Investment

Actions and controls already in place to address risk

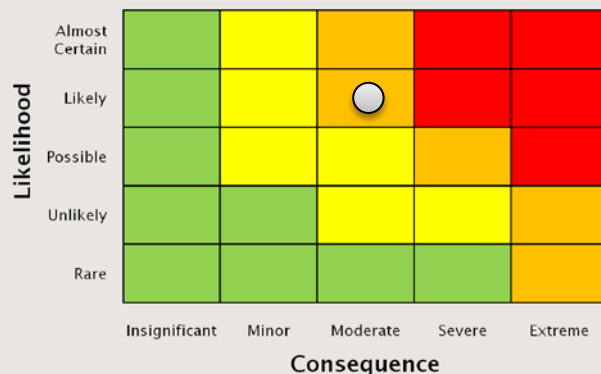
- Establishment of a National Ticketing Programme (NTP) with representation of all councils with public transport responsibilities, including Auckland Transport. This includes a Governance group (chief executives of Transport Agency, Greater Wellington Regional Council and Auckland Transport, and chair of LGNZ Special Interest Group).
- Engagement of a qualified professional with extensive procurement experience and connections with key players to lead establishment and driving delivery of NTP.
- Development of a ticketing roadmap that all parties commit to deliver under the NTP.
- Close collaboration and working with councils.
- Working with the Regional Consortium to address immediate concerns with existing ticketing systems, and investigate the possibility of an 'interim' solution while the long-term Road Map is developed and implemented..

Planned risk treatment action

- When the Road Map is finalised, we will seek Transport Agency Board endorsement for the proposed approach to delivering regional integrated ticketing.
- Set up a formal probity advice process to support the collaborative approach to procurement when required.
- Keep the Transport Agency and Minister of Transport informed of developments at regular intervals.
- Work with councils to identify mechanisms to ensure commitment to delivering the NTP Road Map (e.g. MoUs, contractual or funding agreements, etc).

Challenge/Insight

- Our biggest challenge is securing and maintaining collective buy-in to a nationally coordinated approach over a long period (i.e. 5 years or more).
- While we have the ability to be more prescriptive through our funding lever, the success of a nationally coordinated approach is linked to willingness to participate. We need to build confidence amongst councils that it is in their collective interest to participate in a nationally coordinated approach.

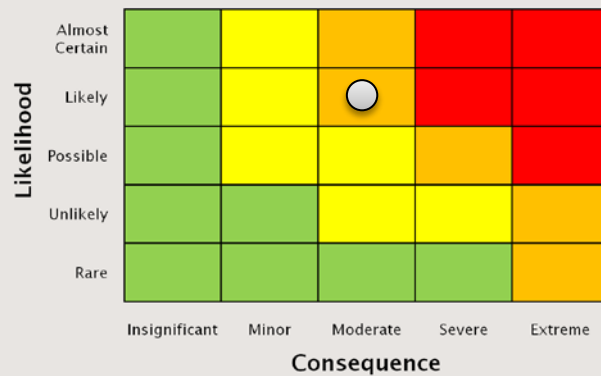


7 ECONOMIC AGENDA

Risk description

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

Risk Response Leader: Planning and Investment



Challenge/Insight

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

Actions and controls already in place to address risk

- Coordinating across Agency and sector to get clear on Transport economic development levers from other Agencies e.g. MBIE.
- We have developed a programme plan, in conjunction with MOT and MBIE, to confirm coordination across the Transport Agency and Transport sector. This includes work stream leads, roles and responsibilities, timings and deliverables. We have also appointed a programme manager.
- Various briefings to the Minister of Transport and RED ministers..

Planned risk treatment action

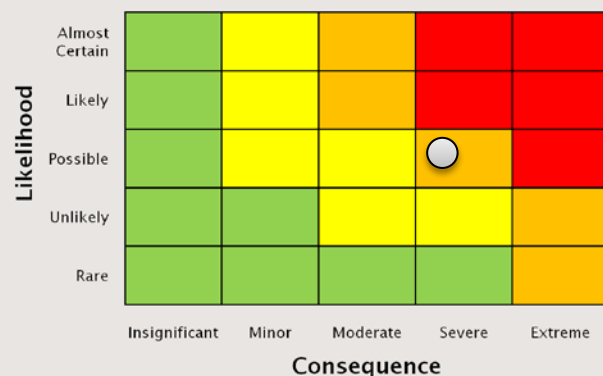
- Continue regular briefings and updates to the Minister of Transport and RED ministers (via other agencies), as needed.
- Proactive attendance of RED minister meetings by senior Transport Agency personnel..

Risk description

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

The first deliverable, the foundation report, is now complete with the work moving onto the more challenging and complex task of identifying how better outcomes and Value for Money could be achieved. There is uncertainty with the outcome, including whether there is time to provide the level of analysis and evidence desired to make robust decisions. Part of this risk is the high expectations and potentially different focus areas that the different ATAP parties would like from the rest of the project.

Risk Response Leader: Planning and Investment



Challenge/Insight

- The complexity and ambitious timeline for the project are contributing to challenges and increased risk with regard to meeting the desired outcomes of the project. Some elements of the project are behind schedule and a greater range of issues have emerged in the testing of different options.
- There is a need for wide communication and input to the project; however this needs to be balanced against the resources available to deliver the project.
- There is a challenge of ATAP providing a level detail and certainty, without elevating expectations that project investment approval has been signalled.

Actions and controls already in place to address risk

- Project governance framework established.
- Appointment of inter-agency Project Director (October 2015).
- Development of Project Risk Plan (December 2015).
- Development of Communications and Engagement Plan (October 2015).
- Cross-agency working group established.
- Project Plan developed and agreed.
- Additional external consultants engaged (February 2016).
- Regular internal reporting (weekly and quarterly).

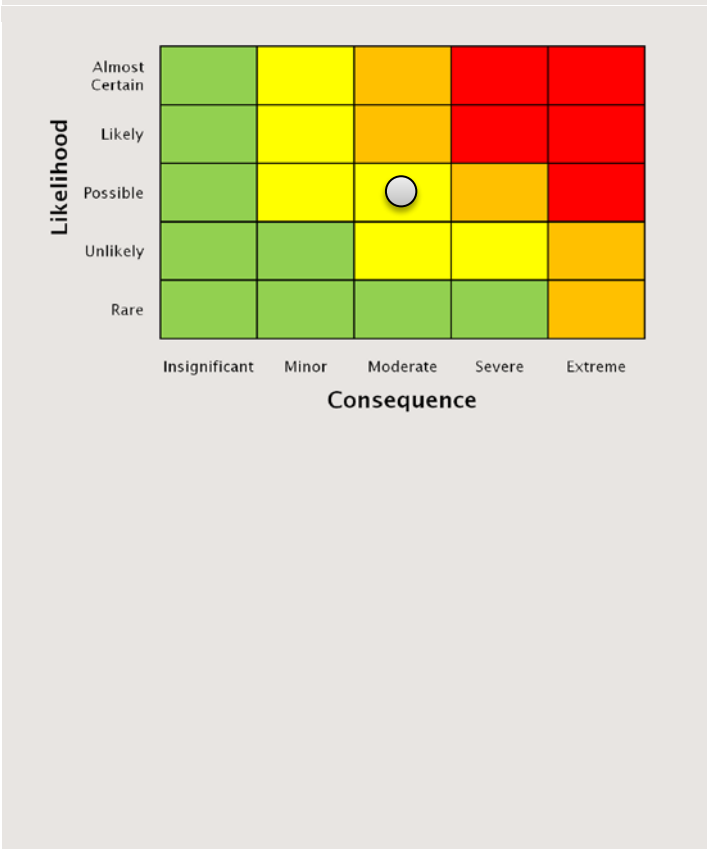
Planned risk treatment action

- Pre-Deliverable 2 briefing of the parties proposed.
- Additional governance group meetings scheduled.
- Greater use of external reviews.
- On-going governance discussions regarding the expectations on the outcome of ATAP and follow-on work required.).

Risk description

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

Risk Response Leader: Highways and Network Operations



Challenge/Insight

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




Actions and controls already in place to address risk

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

NLTF INVESTMENT ASSURANCE



WE PROVIDE ASSURANCE ABOUT THE PERFORMANCE OF THE TRANSPORT AGENCY'S LAND TRANSPORT INVESTMENTS

Explanation of ratings:




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

Q3: INVESTMENT AUDITS

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




AUDITEE	NZTA INVESTMENT VALUE (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Whangarei District Council	\$48.2m	<p>Overall, Whangarei District Council's network is in good condition and presents as value for money and low risk. Its management practices are to a high professional standard.</p> <p>Several areas of improvement were identified for Council action. These relate to a lack of options analysis and some design issues with road pavement renewal projects resulting in sub-optimal solutions. The poor condition of central city footpaths and pedestrian crossings also needs attention work to reduce safety hazards for pedestrians and to comply with Transport Agency guidelines.</p>	
Kaipara District Council	\$30.5m	<p>Kaipara District Council has made measurable improvements with the delivery of its land transport programme. It continues to build its asset management capability although progress has been constrained by internal resourcing difficulties.</p> <p>The Council maintains its sealed network to a high level, but its unsealed network continues to present challenges. Parts of the unsealed network did not meet maintenance contract specifications and industry standards. Management of ageing bridges and their resulting limited remaining useful lives also poses a risk to Council.</p> <p>The Council should review its procurement strategy to ensure it meets Transport Agency requirements for claiming financial assistance for the delivery of in-house professional services.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Waikato Regional Council	\$28.6m	<p>Waikato Regional Council is generally managing its public transport services well.</p> <p>No public transport contracts have been let since the last audit as the Public Transport Operating Model (PTOM) outcomes are still to be implemented through new contracts. The existing services have been extended by way of contract variations to reflect these arrangements.</p> <p>The Council's ability to monitor and manage service delivery should be improved with the planned implementation of the Integrated Ticketing System (ITS). In the meantime, we recommend that the Council implements a contract monitoring programme to validate monthly patronage and revenue data submitted by bus operators. Similarly, the planned introduction of new technology will also improve its management of the Total Mobility Scheme and remove the current reliance on labour intensive manual processes.</p>	●
Tauranga City Council	\$23.4m	<p>Tauranga City Council uses effective contract management processes to ensure it is getting value for money results from its land transport investment.</p> <p>However, quality assurance processes for procurement need attention to ensure qualified tender evaluators are always used with tender evaluations and quality assurance requirements met. Accounting for costs associated with the operation of the in-house professional services business unit also needs review.</p> <p>The Transport Agency is in the process of addressing the lack of a current agreement with the council for delegated state highway functions the council performs.</p>	●
Ruapehu District Council	\$28.2m	<p>Ruapehu District Council's delivery of its land transport programme is an exemplar of good management practice.</p> <p>It has strong processes and audit trails in place to link operational expenditure to its financial management systems.</p> <p>Contract and administration procedures are well managed, with value for money options well considered and activity management coordinated to achieve this outcome. Council has considered this in the context of unbundling its network maintenance and renewals programme. It demonstrates an innovative approach to community consultation for planning aspects of its forward programme. This involves taking presentation roadshows around the district to engage with its small communities.</p>	●

AUDITEE	NZTA INVESTMENT VALUE (2015/18 NLTP <i>Indicative</i>)	KEY FINDINGS SUMMARY	RESULT
Hastings District Council	\$45.8m	<p>Hastings District Council's land transport programme is well managed. Good procedures are in place for ensuring that Transport Agency requirements are met, and contracts are effectively managed to deliver value for money results.</p> <p>The council has undertaken to address apparent miscoding of staff time, which resulted in some difficulty reconciling funding assistance claims to the Transport Agency against its general ledger</p> <p>All contracts reviewed in the audit complied with both the Transport Agency's procurement procedures and its own endorsed procurement strategy.</p> <p>The in-house business unit is appropriately structured for delivering professional services to the Council.</p>	
Horizons Regional Council	\$10.0m	<p>Horizons Regional Council's contract management practices for its public transport services will be improved by the planned implementation of new systems and technology.</p> <p>Contract management, patronage validation and SuperGold oversight will be improved when the Integrated Ticketing System is implemented. Administration costs should be also reduced and management improvements gained when the proposed electronic management system for the Total Mobility scheme is introduced.</p> <p>Claims to the Transport Agency for funding assistance over the past four years were successfully reconciled to the Council's general ledger.</p>	
South Wairarapa District Council	\$7.1m	<p>South Wairarapa District Council needs to improve its internal processes to strengthen financial management and adherence to approved procurement procedures.</p> <p>Claims for financial assistance for the four financial years ending 30 June 2015 were reconciled with considerable difficulty due to the lack of clear linkage between the general ledger and the claims process. The Council needs to review and improve the overall structure of its Land Transport Disbursement Account.</p> <p>The council's professional services contract was awarded without going through a tender process, as required by the Transport Agency and its own procurement strategy.</p>	



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



Explanation of ratings:



-  Project has achieved its main expected benefits. Final project cost was within a reasonable tolerance range compared with the budgeted cost at time of funding approval.
-  Only partial achievement of main expected benefits and/or project has achieved some or all expected benefits but with a substantial escalation in actual construction costs compared to budget.
-  No evidence project has achieved its main expected benefits, or project has resulted in a significant deterioration in operating conditions and/or created significant dis-benefits.


Q3: Post implementation reviews

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

PROJECT AND RESPONSIBLE ORGANISATION	KEY FINDINGS SUMMARY	RESULT
<p>Lower Hatea River Crossing - Whangarei District Council</p> <p>(\$33.0m; completed in July 2013)</p>	<p>This project involved the construction of a second bridge across the Hatea River in Whangarei. The review found the award-winning 'Te Matau ā Pohe' lifting bridge has successfully achieved its main objectives of relieving congestion in central Whangarei and reducing travel times and variability across the city. Walking and cycling facilities were also introduced in the local area.</p> <p>The project was completed on schedule in mid-2013, for a construction cost of \$33.0m. This was modestly (+4%) more than its budgeted cost due to higher than anticipated bridge foundation works and additional bridge lifting mechanism costs.</p> <p>Good practice identified with project included the use of an overall road network improvement plan jointly prepared and agreed between Whangarei District Council and the Transport Agency. Availability of post-implementation traffic count and journey information aided the evaluation of the project's outcomes. This is good practice for publicly funded projects.</p> <p>Some lessons learned from the project were that ongoing maintenance costs of the bridge should have been more fully addressed during project planning. More detailed traffic modelling could have anticipated some residual traffic delays at a new roundabout built as part of the project on the southern approach to the bridge. An issue after opening with the lifting section of the bridge sticking could have been avoided with the use of engineering expertise with these type of bridges.</p>	
<p>Auckland Real Time Passenger Information System - Auckland Transport</p> <p>(\$12.2m; completed in June 2013)</p>	<p>The Auckland Real Time Passenger Information System project forms part of an overall strategy to introduce comprehensive real time technology for Auckland public transport services. It relays information from buses to passengers about expected arrival times, mainly through electronic signs at bus stops. A secondary element of the project was to assist the passage of buses through traffic signal controlled intersections.</p> <p>This project achieved its main objective to provide real time information on a region-wide basis. After a patchy start, the reliability of real time information improved markedly after 2013 as technology used was upgraded. This review was unable to assess, however, whether or not the project produced travel time savings. No information was available about time savings for buses awarded priority at signals. The impacts on buses not awarded priority or on general traffic are also unknown.</p> <p>The project was completed in seven years, five years later than originally planned. This was due mainly to the lack of clear definition of the scope of the investment, and inadequate distinction between capital investment and ongoing operational and maintenance expenditure.</p> <p>The project was delivered at a cost of \$12.2 million, 39% higher than the \$8.8 million estimate at the time of funding approval. Additional and unforeseen operational and maintenance expenditure between 2010 and 2013 appear to have driven this budget blowout.</p> <p>This project would have benefited from a more clearly defined scope, and also better monitoring and analysis to evaluate project benefits, especially with how traffic signal priority for buses at intersections was working. There should also have been more realistic assessment of technology lifespans and obsolescence, along with better tracking of project expenditure.</p>	

PROJECT AND RESPONSIBLE ORGANISATION	KEY FINDINGS SUMMARY	RESULT
<p>SH18 Hobsonville Deviation and SH16 Extension - Auckland Highways and Network Operations</p> <p>(\$187.8m; completed in August 2011)</p>	<p>The SH18 Hobsonville Deviation constructed 6km of new motorway in Auckland to replace a section of single carriage way state highway. The SH16 Extension is a continuation of the northwestern motorway. These projects together completed capacity improvements along Auckland's upper harbour corridor. They are also part of the wider Western Ring Route programme to provide an alternative route to SH1 through metropolitan Auckland to strengthen Auckland's network resilience and travel time reliability.</p> <p>The projects have successfully completed the western alternative to SH 1 through Auckland. SH18 travel times have reduced in all periods, more than halving in the evening peak, resulting in substantial improvement in operational conditions. However, a residual problem is still evident in the morning peak on SH16 southbound approaching the northwestern motorway, where travel speeds remain very low. Safety has improved as a result of the project, with a fall in crashes since project completion greater than the crash reduction rate in the wider urban area.</p> <p>The projects were completed five months ahead of schedule in August 2011 for 17% less than budgeted. This saving was mainly due to the early completion and a competitive tender market.</p> <p>Good practice aspects identified by this review included the sensible combination of the two projects into a single project scope. The combined projects were also developed co-operatively with the local road controlling authority. There was a cost-share arrangement taking into account the community, future growth areas, and integration with the existing transport network. Informative post-opening traffic assessment was done, showing actual traffic demands were less than forecast.</p>	
<p>Manukau Extension (SH20-1)</p> <p>(\$232.0m; completed in January 2011)</p>	<p>The Manukau Extension (SH20-1) project constructed a new motorway connecting the southern section of SH20 through to SH1 in Auckland City. It is the southernmost part of the Western Ring Route which, when fully completed, will provide a continuous alternative western motorway route to SH1. The Manukau Extension project created additional capacity in a (formerly) constrained and congested section of the strategic road network.</p> <p>This review found the project reduced SH20 travel times by between three and 12 minutes. But some residual operational problems persist, and post-opening signal metering was introduced in order to control SH20 (eastbound) to SH1 (southbound) motorway movements. Evening peak travel times on SH1 increased, particularly for southbound travel, by more than three minutes after project implementation. The number of crashes in the project area reduced by 15% post-implementation, but this was less than a crash rate reduction of 27% for the wider Auckland urban area. The project has successfully helped relieve local road network traffic pressures.</p> <p>The project was completed largely on time in January 2011 for \$232 million. This was 11% higher than originally budgeted due to scope changes during project construction.</p> <p>Key project lessons learned relate to coordination with wider network changes. Closely related network improvements on SH1 (south) were not sufficiently co-ordinated with the Manukau Extension 20-1 project as originally envisaged. In addition, the impact of the difference in the timing of adjacent projects, and the ongoing delays to SH1 southbound traffic should have been explicitly recognised in the project assessment and implementation.</p>	

PROJECT AND RESPONSIBLE ORGANISATION	KEY FINDINGS SUMMARY	RESULT
<p>SH25 Kopu Bridge Crossing (\$36.2m; completed in December 2011)</p>	<p>This project constructed a new two-lane two-way bridge over the Waihou River to improve access to the Coromandel from the west. It replaced the longest and oldest single lane bridge on the State Highway network, which was a traffic bottleneck creating long delays, especially during holiday periods.</p> <p>This review found the project successfully removed the queueing and associated delays previously experienced by traffic using the old bridge. Travel times have reduced substantially, the incidence of crashes has halved, and new walking and cycling facilities have been provided.</p> <p>The new bridge opened five months ahead of schedule in December 2011 for a construction cost of \$36.2 million. This was 36% less than budgeted. A competitive tender bid and the shortened construction period reduced project costs. There were also indications from this review's analysis that the original project cost estimation had a high estimated cost range.</p> <p>What to do with the old wooden bridge remains unresolved. The Transport Agency is proceeding with a consenting process for its deconstruction and is exploring with other interested parties the potential relocation of the bridge's central swing span.</p>	
<p>Lake Road Four Laning - Rotorua District Council (\$9.98m; completed June 2013)</p>	<p>This project widened a section of Lake Road in Rotorua, an arterial road which provides the main access to and from the central business district and SH5. Predicted project benefits to improve local safety, provide walking and cycling facilities, and replace a seismically vulnerable bridge have been achieved. Road capacity along Lake Road has also been increased to accommodate future growth.</p> <p>However, the project did not achieve expected travel time savings on the road itself, which may be due to poorly coordinated phasing of traffic signals.</p> <p>The project was delivered broadly on time in June 2013 and within its budgeted cost of just under \$10 million.</p> <p>Examples of good practice identified with this project included the use of waste material from the demolition of a former rail bridge embankment to convert a previously poorly drained adjacent land into a functional reserve. Extensive information about the project was also communicated to the local community as it progressed. A key lesson to be learned is coordination of closely spaced traffic signals on new roads should be prioritised to ensure they are correctly phased to promote smooth traffic flow.</p>	

PROJECT AND RESPONSIBLE ORGANISATION	KEY FINDINGS SUMMARY	RESULT
<p>Westchester Drive Extension - Wellington City Council</p> <p>(\$8.9m; completed April 2013)</p>	<p>This project extended Westchester Drive in the Wellington City suburb of Glenside to provide more direct access to the SH1 motorway.</p> <p>The new road has provided a shorter, more efficient access route from local suburbs to the SH1 motorway. Average travel times to the motorway have been reduced by more than two minutes. Traffic volume data also indicates the extension has relieved pressure on local roads and on motorway access through the Johnsonville urban area immediately south of Glenside. The extension has increased road capacity in support of projected population and traffic growth from developments.</p> <p>The project was completed in April 2013 within its planned timeframe. It cost around 11% more than budgeted, mainly as a result of design feature changes during construction. These higher costs were covered by Wellington City Council and third party contributions. The Transport Agency's contribution was capped.</p> <p>This project demonstrated strong examples of good practice with capital construction, including extensive local community consultation, and consideration of environmental sensitivity with the preservation and restoration of a local stream environment.</p> <p>It was unclear whether the project was designed with consideration to major traffic pattern changes in the future which are likely to result from major nearby network changes, notably the future opening of the Transmission Gully component of a local Roads of National Significance.</p>	

URBAN CYCLEWAY PROGRAMME – PROJECT DETAIL

Project Name	Current Phase	Organisation	Total updated project cost (\$ m)	Quarter 3 progress	Schedule	Budget	Risk	Estimated Construction Start	Estimated Construction Completion	Risk Commentary
Kamo Route	Investigation	Whangarei District Council	6.57	Scheme design progressed, including KiwiRail requirements Monitoring plan complete Engagement with local schools	G	R	G	3 Oct 2016	30 Jun 2018	Delay in construction due to KiwiRail negotiations. Project cost increase due to KiwiRail requirements (eg. lighting, fencing, CCTV)
Don Buck Cycleway	Complete	Auckland Transport	0.98		-	-	-	-	-	
Airport to CBD	Complete	Auckland Transport	0.40		-	-	-	-	-	
Central Park Drive	Complete	Auckland Transport	0.41		-	-	-	-	-	
Nelson St Cycleway	Complete	Auckland Highways and Network Operations	15.40		-	-	-	-	-	
City Centre Network	Construction	Auckland Transport	25.12	Quay St construction began Ian McKinnon project initiation approved Monitoring plan completed	A	G	R	7 March 2016	30 Jun 2018	Risks around interaction with wider public transport planning (City Rail Link) and delivery timeframe. Risks around community engagement and local board buy-in due to road space reallocation.
Western Connections	Investigation	Auckland	12.91	Business case for investigation approved	G	G	A	28 Apr 2017	29 Jun 2018	Risks around road space

to City centre		Transport		for Williamson Ave - K Road Monitoring plan completed						reallocation and land use access.
Eastern Connections to City centre	Construction	Auckland Transport	26.4	State highway sections under construction (see GI to Meadowbank) Monitoring plan completed	R	G	A	18 Sep 2015	30 Oct 2018	RMA consenting process risks - notification and third party involvement
Glen Innes to Meadowbank	Construction	Auckland Highways and Network Operations	11.53	Construction continues. Earthworks substantially complete. Planting plan finalised	G	G	G	19 Oct 2015	12 Aug 2016	
Links to public transport	Investigation	Auckland Transport	22.36	Detailed business case submitted Designs underway for New Lynn to Waterview shared path Monitoring plan completed	A	A	R	28 Jun 2016	23 May 2018	Risks around project scope increase for Links to GI Station, KiwiRail costs and potential loss of parking. New Lynn to Waterview cost increase due to redesign of project to avoid land take. Local board contributing \$2m to this project.
Western Rail Trail	Design	Hamilton City Council	4.00	Consents submitted Designs being finalised Construction contract out for tender Monitoring plan completed	A	G	G	TBC in May	TBC in May	Potential delay to project due to a need for value engineering.
Te Awa	Construction	Te Awa Trust	5.26	Options review for bridge completed Bridge construction tendered	A	A	G	1 Jul 2015	31 Dec 2016	Delays in project delivery related to bridge alignment, land access and initiating professional services contract. Cost increase from

				Monitoring plan completed						original \$3.5m to \$5.26 due to modified bridge designs. Design and build tender may drive price back down.
Omokoroa to Tauranga	Design	Western Bay of Plenty District Council	8.70	Economic assessment of route undertaken Landowner negotiations progressed Lynley Park to Cooney reserve section tendered	A	G	A	1 Jun 2016	31 Mar 2018	Bridge consenting, cost increase and delivery timeframe risks. Cost increase from \$7.7m to \$8.7m now estimated due to project costs being refined. Some sections underway. Extra resourcing on board to assist delivery.
Tauranga urban CBD connections	Construction	Tauranga City Council	6.91	Dive Crescent shared path completed Monitoring Plan completed Detailed design completed on links to State Highway 29 overbridge Consultation on Route K overbridge began Monitoring plan completed	G	G	G	31 Dec 2015	30 Jun 2018	Some projects delayed to align with other nearby roading project timeframes but still within UCP programme.

Wainui to CBD and local connections	Investigation	Gisborne District Council & NZTA	4.30	Detailed Business Case (DBC) contract awarded Monitoring plan completed	A	G	A	31 Mar 2017	30 Jun 2018	Some issues with joint delivery model. Potential re-scope of local connections part of the project. To be confirmed following completion of DBC at end of June.
Rotorua Cy-Way	Design	Rotorua Lakes Council	5.52	Rotorua Cycling Framework completed Scheme design for Ward, McIntyre St and Hemo intersection links completed 9 projects approved for roll-out in 15/16 Monitoring plan completed	A	G	A	30 Apr 2016	30 Jun 2018	Risk of community engagement issues following contentious non-UCP project recently delivered. Exact routes being confirmed with community. Risk of insufficient resourcing to deliver full programme.
iWay Napier extension	Design	Napier City Council	5.09	Monitoring plan complete. Construction tender awarded for Route 1 (George's Drain) and Route 2 (Old Tutaekuri)	G	G	G	4 Apr 2016	30 Jun 2018	One Year 1 project delayed but hoping to accelerate one of the Year 2 projects in its place.
iWay Hastings extension	Construction	Hastings District Council	3.37	Frederick/Grove intersection construction began Pakowahi Rd and	A	G	G	1 Nov 2015	30 Jun 2018	Some Year 1 projects have been pushed back into Year 2 as other Model Community projects were delayed. Proactive support to bring project back on track planned for

				Haumoana School design commenced Monitoring plan completed						quarter 4.
Mangati Pathway - Parklands Ave to Coastal Pathway	Construction	New Plymouth District Council	0.09	Construction completed Monitoring plan completed	G	G	G	1 Feb 2016	29 Mar 2016	
Coronation Ave - Upjohn St to Coronation Ave	Investigation	New Plymouth District Council	0.36	Concept design commenced Monitoring completed	G	G	G	31 Mar 2017	30 Jun 2017	
Te Tuaiwi ("The Spine")	Investigation	Wanganui District Council	1.98	Community engagement continued KiwiRail negotiations undertaken Monitoring plan completed	G	G	G	31 Dec 2016	30 Jun 2018	Potential for small cost increases due to KiwiRail requirements.
City to North Mole Cycleway	Design	Wanganui District Council	1.29	Detailed design completed Stage 1 construction	G	G	G	15 Apr 2016	30 Jun 2018	

				contract tendered Monitoring plan completed						
Manawatu River Bridge and shared path	Investigation	Palmerston North City Council	10.83	Community engagement commenced Indicative Business Case for bridge progressed. Construction contract for stage 1 of shared path tendered Monitoring plan completed	G	G	A	15 Apr 2016	29 Jun 2018	Large complex project that has delivery timeframe challenges. New project manager appointed to manage risk. Project split into two so shared path can get underway in April. Potential cost increases for shared path but currently being managed.
Mangaone Underpasses	Investigation	Palmerston North City Council	0.60	Monitoring plan completed	G	G	G	31 Dec 2016	31 Mar 2017	Small scale Year 2 project yet to begin
Longburn Cycleway	Complete	Palmerston North City Council	0.98		-	-	-	-	-	
Rail Corridor Route	Investigation	Upper Hutt City Council	2.88	Design contract written Monitoring plan completed	G	G	G	1 Aug 2016	30 Sep 2017	Opportunity to work with state highway team on underpass at Totara Park. Council sign off process delaying tendering.
Seal and Widening Hutt River Trail	Investigation	Upper Hutt City Council	2.18	Design contract written Monitoring plan completed	G	G	G	1 Oct 2016	31 Mar 2018	Alternative alignments may be required. Council sign off process delaying tendering.
Beltway	Investigation	Hutt City Council	3.50	Strategic case approved Monitoring plan completed	A	G	A	1 Jul 2017	1 May 2018	Delay in schedule due to preparation of business case

										information
Eastern Bays shared path	Investigation	Hutt City Council	0.40	Preparation of business case for resilience project Monitoring plan completed	A	G	A	1 Dec 2016	1 Apr 2018	NLTF funding uncertain due to question around the need for seawall replacement. Risks around resource consent for sea wall project
Wainuiomata Hill	Design	Hutt City Council	7.3	Detailed design for Summit to Hutt section completed Monitoring plan completed	G	R	G	13 Jun 2016	10 Feb 2017	Project costs increased due to bridge costs.
Stride n' Ride Kapiti Coast	Construction	Kapiti Coast District Council	5.03	Construction underway on Mazengarb Rd section. Design of Poplar Ave retaining work underway. Detailed design contract awarded for full package of works Monitoring plan completed	G	G	G	1 Nov 2015	30 Mar 2018	Risks around resourcing required to deliver large package of works.
Onepoto - Wi Neera shared path	Investigation	Porirua City Council	0.53	Project manager appointed Scheme design underway Monitoring plan completed	G	A	G	30 Mar 2017	30 Jun 2017	Insufficient resourcing has delayed project. Reduced budget available for project due to lower amount of local share approved.

Melling to Petone	Investigation	Wellington Highway & Network Operations	11.06	Specimen design progressed. KiwiRail negotiations continued Specimen design safety audit undertaken	G	G	A	21 Mar 2017	1 Mar 2018	Significant cost increase likely due to route selection now likely to be off-road solution. Value engineering and other potential options to be investigated. Involves complicated KiwiRail negotiations but these proceeding well to date.
CBD route package	Investigation	Wellington City Council	13.50	Formation of professional services panel Community engagement process continued Expanded internal project team Monitoring plan completed	R	G	R	1 Jul 2017	30 Jun 2018	Ngauranga to Airport project impacting on City Centre package options. Local body elections risk decision-making at council and project delay
Eastern Route package	Investigation	Wellington City Council	6.00	Formation of professional services panel Community engagement process continued Expanded internal project team Monitoring plan completed	A	G	R	1 Apr 2017	30 Jun 2018	Local body elections risk decision-making at council and project delay
Ngauranga to Bunny St	Investigation	Wellington City Council	9.00	Formation of professional services panel Community engagement process continued Expanded internal	A	G	R	1 Sep 2016	30 Jun 2018	Road space reallocation required, including some carpark loss to businesses along the route. Local body elections risk decision-making at council and project delay

				project team Monitoring plan completed						
Spring Creek	Design	Marlborough Roads	0.88	Detailed design commenced KiwiRail requirements agreed	G	G	G	30 Apr 2016	31 Aug 2016	
Taylor River Reserve	Investigation	Marlborough District Council	0.45	Scheme design undertaken Monitoring plan completed	G	G	G	30 May 2016	18 Nov 2016	Path to be constructed in two sections to align with river protection work
Eltham Rd Cycle Link	Investigation	Marlborough District Council	0.36	Monitoring plan completed	G	G	G	30 Jun 2017	30 Sep 2017	Year 2 project so no additional work this quarter
Nelson Coastal Route	Investigation	Nelson City Council	17.34	Marketing plan in place Funding for Saltwater Creek bridge agreed Monitoring plan completed	A	G	R	1 Jul 2017	30 Jun 2018	Dependent on outcome of Southern Arterial Investigation. Two sections are unlikely to proceed within timeframe if uncertainty over Southern Arterial.
Papanui Parallel - Stage 1	Complete	Christchurch City Council	0.89		-	-	-	-	15 Sep 2015	
Matai Street East	Complete	Christchurch City Council	1.84		-	-	-	1 Jul 2015	28 Aug 2015	
Rapanui - Shagrock	Design	Christchurch	14.60	Detailed design commenced for Section 1	R	G	A	1 Sep 2016	1 Dec 2018	Potential cost increase or reduced level of service, dependent on

Cycleway		City Council		Monitoring plan completed						outcomes of route selection process.
Heathcote Expressway	Investigation	Christchurch City Council	10.56	Monitoring plan completed	R	G	A	1 Dec 2017	1 Dec 2018	Risk that identifying a route that will provide an acceptable level of service will not be acceptable to the community
Papanui Parallel	Design	Christchurch City Council	15.58	Scheme design completed and approved. Detailed design commenced Monitoring plan completed	G	G	A	1 Jun 2016	1 Aug 2017	Continued risk that community may demand changed that reduce level of service or increase cost
Northern Line Cycleway	Investigation	Christchurch City Council	5.74	Route assessment commenced. Monitoring completed	R	G	R	1 Jun 2017	1 May 2018	Will involve KiwiRail negotiations that have traditionally slowed progress. Early indications showing it may be difficult to find an acceptable, affordable route in Northern section of route.
Little River Link City End	Design	Christchurch City Council	3.35	Scheme design completed and approved by Council Detailed design commenced Monitoring plan completed	G	G	G	1 Jun 2016	1 Mar 2017	Involves state highway intersection. Lower than baseline cost estimates but likely to rise a little as more info is provided during detailed design.
Quarryman's Trail	Investigation	Christchurch City Council	14.47	Route assessment progressed Monitoring plan completed	R	R	R	1 Jan 2017	1 Apr 2018	Route likely to involve significant road space reallocation. Risks delay due to local body elections.

Uni-Cycle	Design	Christchurch City Council	6.88	Contract awarded for construction of Hagley Park to Riccarton Bush section Monitoring plan complete	A	G	A	4 Apr 2016	1 Nov 2017	Consenting through Riccarton Bush and Hagley Park
Rolleston to Lincoln	Complete	Selwyn District Council	1.00		-	-	-	-	-	
Rangiora to Kaiapoi - including Southbrook links	Investigation	Waimakariri District Council	1.55	Detailed Business Case funding application lodged KiwiRail negotiations continued Additional funding to cover cost increases approved by Council Monitoring plan completed	G	R	G	30 Sep 2017	31 Mar 2018	Project cost increase due to better understanding of costs.
Rangiora to Woodend	Investigation	Waimakariri District Council	0.81	Detailed Business Case funding application lodged Additional funding to cover cost increases approved by Council Monitoring plan completed	G	R	G	5 Dec 2016	19 May 2017	Project cost increase due to better understanding of costs.
Central City Cycle Network	Investigation	Dunedin City Council	9.10	Indicative Business Case contract awarded Multi Criteria Analysis process developed for route selection Concept plans underway	A	G	R	30 Jun 2017	30 Jun 2018	Local body elections risk decision-making at council and project delay

				Monitoring plan completed						
South Dunedin Cycleway Enhancements	Design	Dunedin City Council	1.70	Redesign complete Construction tender let	A	G	G	15 Apr 2016	30 Jun 2016	Portobello Rd section being rebuilt between April and June.
		TOTAL	349.84							