
QUARTERLY RESULTS AND INSIGHTS

Q4 2014/15

1 April to 30 June 2015



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EXECUTIVE SUMMARY AND OUR OPERATING ENVIRONMENT

PERFORMANCE OVERVIEW

Q4: A high level view of progress against the components of our four performance dimensions

ACHIEVING THE AIMS OF OUR NINE KEY RESULT AREAS				
<p>1</p> <p>CUSTOMERS</p> <p>All four milestones have been fully or substantially achieved</p> <p>Our success indicator shows that 81% of staff identify that their team uses feedback from customers to improve service.</p> <p>Customers are now able to provide feedback to us through a range of channels, including social media.</p> <p>Milestones not fully achieved relate to the deployment of an Agency-wide articulation of who our customers are and delays in building a new transactional website for tolling users.</p>	<p>2</p> <p>URBAN NETWORK CAPACITY</p> <p>All seven milestones have been fully or substantially achieved</p> <p>Our success indicator shows that network productivity on the Auckland network has fallen from 63% to 57%. This reflects the impact of disruptions caused by road works in the region and higher traffic volumes.</p> <p>Optimisation activities within our three largest metros meeting the criteria for investment have been included in the 2015-18 NLTP. Network operating plans have been aligned to the delivery of network operations. The milestones not fully achieved relate to changes in the structure of the Wellington Transport Operations Centre (WTOC) Board, ongoing discussions with WCC on how we integrate TOC functions and failover capability between TOCs.</p>	<p>3</p> <p>FREIGHT</p> <p>All five milestones have been fully or substantially achieved</p> <p>Our success indicator shows that the proportion of heavy trucks taking up HPMV reached the 25% target in Q4. 4,500km of state highway and connecting local roads have been opened up to HPMVs. The number of 50MAX bridge exceptions has been reduced from 46 to 19 since 50MAX began. The milestone not fully achieved relates to the lack of performance indicators to measure how quickly we are able to turnaround "complex" HMPV permit applications.</p>	<p>4</p> <p>SAFER SPEEDS</p> <p>Three of the four milestones have been fully or substantially achieved.</p> <p>Our success indicator shows that the number of deaths and serious injuries on open roads rose to 1,283 in Q4. The speed management guide has been developed and constructive feedback has been incorporated. The 2015-18 Road Policing Programme has been developed for consultation with the Commissioner of Police and Secretary of Transport before its recommendation to the Minister of Transport to approve. Milestones not achieved or not fully achieved include the development of a cross-Agency automated enforcement strategy and the delivery of a long term communication and engagement programme to increase understanding and support for safe speeds.</p>	<p>5</p> <p>EFFICIENT ROAD MAINTENANCE</p> <p>All seven milestones have been fully or substantially achieved</p> <p>Our success indicator shows estimated programmed cumulative savings on renewal, maintenance and operations activities increased to \$280m in Q4 (up from \$226m in Q3). ONRC has been endorsed by the Board as the basis for investment in the maintenance programme. All AOs have applied ONRC with national moderation having been substantially completed. They have also put transition plans in place to ensure the ONRC framework and the business case principles are applied. The milestone not fully achieved relates to delays in completing the ONRC framework resulting in it only being able to partially influence the 2015-18 NLTP allocations for maintenance.</p>
<p>6</p> <p>INTEGRATE ONE NETWORK</p> <p>All thirteen milestones have been fully or substantially achieved</p> <p>Significant work has gone into ensuring integrated planning messages are taken up by key departments. AT's Integrated Transport Programme has been reflected in the 2015-18 NLTP. Milestones not achieved relate to progress made applying ONRC to regional networks, the roll-out of integrated ticketing, the deferral of the Beyond Compliance strategy for illegal overloading, and the development of an integrated freight plan with KiwiRail.</p>	<p>7</p> <p>SHAPE SMART CHOICES</p> <p>Twenty of the twenty three milestones have been fully or substantially achieved.</p> <p>Safe System training is being rolled out, the EEM now supports a Safe System approach, a number of improvement projects have been completed, and the Vehicle Standards Map has been published.</p> <p>Milestones not achieved include the scaling down of a Safe System signature project, no progress on identifying high risk motorcycling routes and the review of National Rail System Standards.</p>	<p>8</p> <p>DELIVER HIGHWAY SOLUTIONS</p> <p>Thirteen of the fourteen milestones have been fully or substantially achieved.</p> <p>Five of the six RONS projects are on or ahead of schedule. Our appeal against the decision to decline the Basin Reserve Resource Management Act application is pending. Four of the five projects that make up the Auckland Accelerated Programme are on schedule. All except one regional road programme and the three projects constituting the urban cycleway programme are on schedule. Two NOC contracts are yet to be awarded.</p>	<p>9</p> <p>MAXIMISE RETURNS FOR NZ</p> <p>Fifteen of the seventeen milestones have been fully or substantially achieved.</p> <p>All AOs have had their procurement strategies approved by the Transport Agency. Our procurement framework/manual will be updated once a draft review report has been considered. Most respondents to our stakeholder survey agree that our policies and advice ensures procurement efficiency and effectiveness. Milestones not achieved relate to the review and update of our procurement framework and manual, the tendering of bus contracts, the dropping of a business case for tolling opportunities and delays in developing an automated speed enforcement strategy for the next RPP.</p>	

FINANCIAL PERFORMANCE					
NLTF revenue [2% over budget]	NLTP expenditure [4% under budget]	A&U revenue [9% over budget]	A&U expenditure [5% over budget]	NZTA operating expenditure [7% over budget]	Borrowing [as planned]
SERVICE DELIVERY PERFORMANCE					
To be reported in our 2014/15 Annual Report.					
STRONG ORGANISATIONAL CAPABILITY & HEALTH					
PEOPLE METRICS		HEALTH AND SAFETY			
<p>We continue to remain within an acceptable range of our current FTE cap of 1,372.</p> <p>Our average annual leave balance as at 30 June 2015 was 15.9 days. This was higher than the previous quarter (14.5 days), and around 0.5 days less than at the same time last year (16.4 days).</p>		<p>Transport Agency employees</p> <p>There were seven health and safety incidents during quarter, four including hot water burns, slips, trips, falls, and hand cuts.</p>		<p>NZTA contractors' worksites</p> <p>There were seven health and safety incidents reported during quarter four. Of those, four were serious harm injuries.</p> <p>There were no serious injuries or fatalities on our contractors' work sites in the first three quarters of the year.</p>	

Very good progress against plan – achieved or substantially achieved all our targets and milestones for the year

Good overall progress against plan – achieved or substantially achieved all but one of our targets and milestones for the year. Issues to be resolved indicated in box

Good progress against plan – achieved or substantially achieved most of our targets and milestones for the year. Issues to be resolved indicated in box

KEY OPERATING ASSUMPTIONS

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

REVENUES	TRANSACTION VOLUMES	STATE HIGHWAY TRAFFIC VOLUMES
<p>ACCRUED REVENUES REFLECT GROWTH TREND FOR TRAVEL DEMAND</p>	<p>TRANSACTION VOLUMES FALL, BUT UNDERLYING TREND REMAINS POSITIVE</p>	<p>TRAVEL DEMAND SHOWS AN UNDERLYING POSITIVE TREND</p>
<div style="display: flex; align-items: center;"> <div style="border: 2px solid #004a7c; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin-right: 20px;"> <p style="color: white; font-weight: bold; font-size: 1.2em;">\$3.286bn</p> </div> <div> <p>flows into the National Land Transport Fund</p> </div> </div> <p>Year-end revenue for the 12 months ended 30 June 2014 was \$57m or 2% ahead of budget. The primary contributor was FED revenue, which came in 3% higher than budget. RUC and other revenue came in just under budget.</p>	<div style="display: flex; align-items: center;"> <div style="border: 2px solid #004a7c; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin-right: 20px;"> <p style="color: white; font-weight: bold; font-size: 1.2em;">2.1m</p> </div> <div> <p>licence transactions were completed</p> </div> </div> <p>The number of licence transactions fell by 3.7% in 2014/15 Q4, compared to the corresponding quarter in the previous year. The main contributor to this fall was a 4.5% drop in MVR transactions. RUC licence transactions fell by 0.7% while DL transactions rose by 4.7% over the period.</p>	<div style="display: flex; align-items: center;"> <div style="border: 2px solid #004a7c; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin-right: 20px;"> <p style="color: white; font-weight: bold; font-size: 1.2em;">4.0%</p> </div> <div> <p>increase in total vehicle counts</p> </div> </div> <p>Total vehicle and heavy vehicle counts rose by 4.0% and 2.6% respectively for the three months ended May 2015, compared to the corresponding period in 2014. Vehicle counts have shown consistent positive growth since 2013/14 Q2.</p>
<p>INDEX 100 = 07/08 Q1</p>	<p>INDEX 100 = 09/10 Q1</p>	<p>INDEX 100 = 08/09 Q3</p>

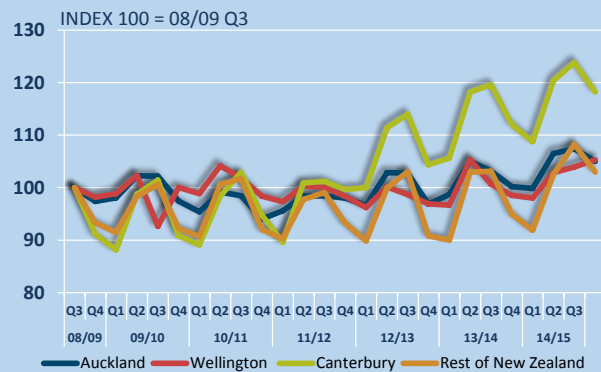
REGIONAL STATE HIGHWAY TRAFFIC VOLUMES

ALL REGIONS POST GROWTH IN TRAVEL DEMAND

3.6%

increase in total vehicle counts in Auckland

Vehicle counts in Auckland, Wellington and Canterbury rose by 3.6%, 4.8% and 2.5%, respectively for the three months ended May 2015. Vehicle counts in the rest of New Zealand rose by 4.6%, with all regions managing to post positive growth.



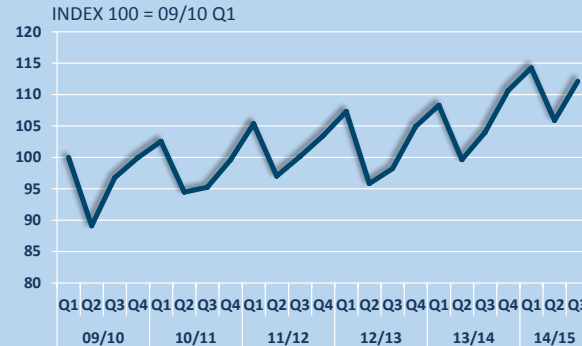
PUBLIC TRANSPORT VOLUMES

PATRONAGE ON PUBLIC TRANSPORT CONTINUES TO GROW

36.5m

boardings on public transport

Public transport patronage increased by 7.8% in 2014/15 Q3 compared to the corresponding quarter in the previous year. This is the eight consecutive quarter where positive growth has been recorded.



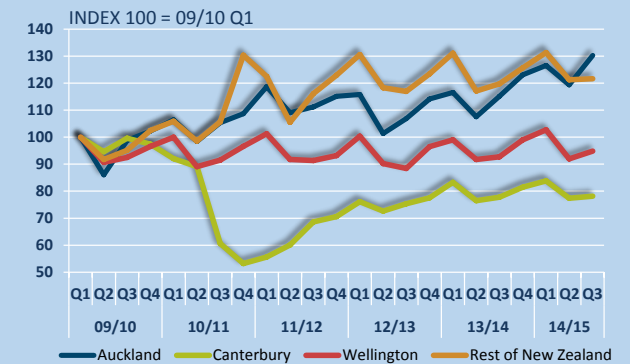
REGIONAL PUBLIC TRANSPORT VOLUMES

PATRONAGE IN AUCKLAND POST DOUBLE DIGIT GROWTH

13.2%

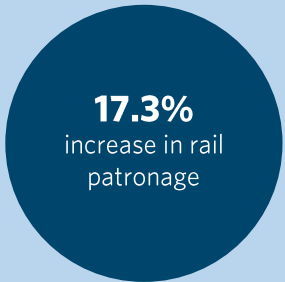
increase in PT patronage in Auckland

Patronage in Auckland, Wellington, Canterbury and the rest of New Zealand grew by 13.2%, 2.3%, 0.5% and 1.5%, respectively in 2014/15 Q3, compared to the same quarter a year ago.

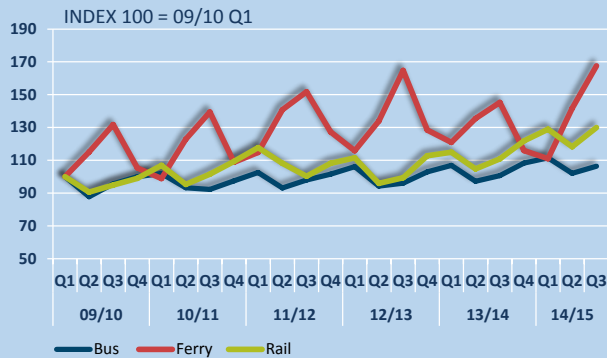


PUBLIC TRANSPORT VOLUMES BY MODE

PATRONAGE GAIN BY MODE ARE BROAD BASED, WITH RAIL SHOWING THE BIGGEST IMPROVEMENT

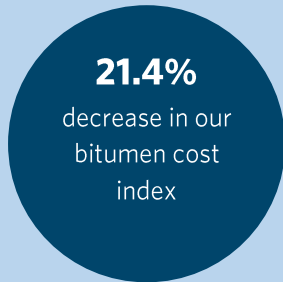


Patronage on rail increased by 17.3% in 2014/15 Q3 compared to the same quarter a year earlier, after posting 12.9% in the previous quarter. Boardings on buses and ferries rose by 5.7% and 15.4%, respectively during the same period.

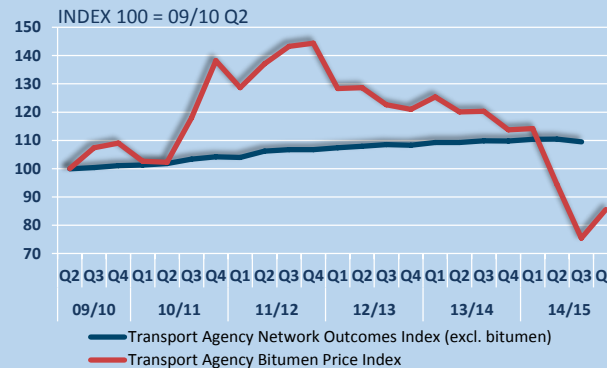


TRANSPORT AGENCY COST ADJUSTMENT INDICES

BITUMEN PRICES MAKE A PARTIAL RECOVERY IN LINE WITH CRUDE OIL PRICES



Despite a pick-up in US\$ crude oil prices, our bitumen price index was still 21.4% lower in 2014/15 Q4 than for the same period last year. Our network outcomes index shows a gradually increasing trend with rising labour cost offsetting lower material and plant prices.

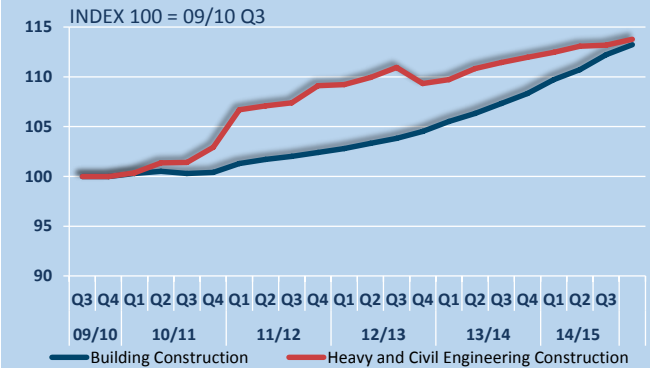


MARKET PRICES

BUILDING AND CONSTRUCTION COSTS CONTINUE TO OUTPACE CIVIL ENGINEERING COSTS



Building and construction costs rose by 4.5% in 2014/15 Q3 compared to the same period a year earlier. In comparison, heavy and civil engineering prices grew by 1.6% over the same period (up from the 1.5% recorded for the previous quarter).





PROGRESS ON OUR 9 KEY RESULT AREAS

OUR 9 KEY RESULT AREAS

KEY RESULT AREA	NUMBER OF OBJECTIVES THAT WERE ACHIEVED	NUMBER OF OBJECTIVES THAT WERE MOSTLY ACHIEVED	NUMBER OF OBJECTIVES THAT WERE MOSTLY NOT ACHIEVED	NUMBER OF OBJECTIVES THAT WERE NOT ACHIEVED
1. Putting customers at the heart of our business	2	2		
2. Making the most of urban network capacity	5	2		
3. Moving more freight on fewer trucks	4	1		
4. Safe speeds to reduce deaths and serious injuries	2	1		1
5. Efficient road maintenance investment and delivery	6	1		
6. Integrate one network for customers	9	4		
7. Shape smart transport choices	15	5	3	
8. Deliver highway solutions for customers	9	4	1	
9. Maximise returns for New Zealand	13	2		2

 Achieved

 Mainly achieved

 Mainly not achieved

 Not achieved

KEY RESULT AREA 1: CUSTOMERS

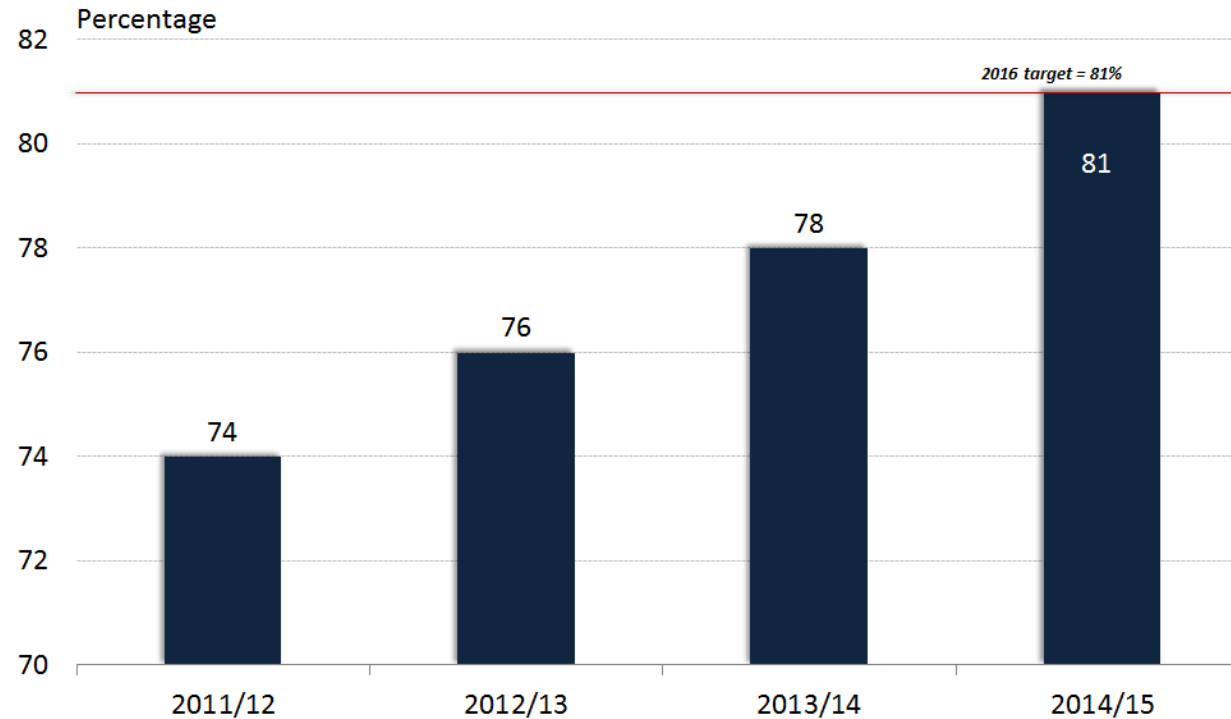
OUR AIM IS TO PUT CUSTOMERS AT THE HEART OF OUR BUSINESS

In this quarter

- The success indicator target has been achieved a year in advance - 81% of staff state their team uses customer feedback
- Delivering excellent customer experience is now part of the capability development programme
- A consolidated Transport Agency-wide articulation and understanding of our customers is to be deployed in 2015/16
- Customers are now able to provide feedback to the Agency through a wide range of channels
- Our online services website has now been upgraded to a mobile-friendly design making it easier to transact with us

SUCCESS INDICATOR

Proportion of Staff That States Their Team Uses Customer Feedback







CURRENT RESULT: 81%

(2016 TARGET ACHIEVED)

A new priority replaces *Putting customers at the heart of our business* in our 2015-19 Statement of intent. This new priority focuses on making it easy for our customers to do business with us.

Q4: Good overall results, with two of the four milestones achieved.

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Increase the level of capability and understanding that all Transport Agency staff have of what an exceptional customer experience looks like and how this relates to their role.</p>	<p>Customer-focus and how to deliver an excellent customer experience are now part of the transferrable skills portion of the capability development programme. This portion of the programme provides useful tools and resources to all Transport Agency staff, including how to map customer experiences and generate insights. A Customer Foundations training module will accompany this section in the next financial year. In addition, design thinking techniques were employed on several projects and assessments are being carried out to ensure this capability is nurtured and maximised in the coming year.</p>	
<p>Ensure a consolidated Transport Agency-wide articulation and understanding of our customers, their needs, and their expectations by harnessing ongoing customer insight techniques and identifying any gaps.</p>	<p>An Agency-wide articulation of who our customers are and how staff can ensure an excellent customer experience is being developed and will be deployed in the next financial year. In addition, a set of draft customer personas has been developed and is awaiting further feedback and development.</p>	
<p>Customer feedback is actively solicited and directed to the relevant teams and used for continuous improvement.</p>	<p>Customers are now able to provide feedback to the Agency through a wide range of channels and the ability is prominent on our website. We are also increasingly using social media to collect and respond to customer feedback. A cross-Agency group has streamlined the process of addressing complaints and distributing feedback across business groups. This group has also developed a tool to turn customer feedback into insights that can be used by teams to continuously improve our offering to customers.</p> <p>The Highways and Network Operations group has a number of different channels to obtain customer feedback, which is being used to improve our business. Customer surveys are carried out quarterly, with feedback and insight captured and shared widely. The use of our customer relationship management system has increased during the year, capturing the individual interactions we have with our customers and allowing us to better manage our performance in responding.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>New online transaction capabilities and usability improvements are implemented, and business cases developed for services to migrate online.</p>	<p>Our online services website (Transact) has now been upgraded to a mobile-friendly design. It has been given a modern look, and adapts itself to suit most mobile devices. We have removed identity verification by driver licence from the Renew Vehicle Licence online transaction, allowing customers (including commercial customers and those without a New Zealand driver licence) to renew their vehicle licence online. We also provided a functionality allowing people to check the address we hold for them before updating their address online. Road user charge assessment payments will now be progressed during 2015/16.</p> <p>We have introduced a new transactional website for tolling users, emphasising self-management. The new website has been built, although there has been a delay as we make some minor improvements to ensure a good front-end customer experience. The website is expected to go live on 25 July and will be in place well before the opening of the new toll roads (Takitimu Drive and the Tauranga Eastern Link) on 1 August 2015.</p>	

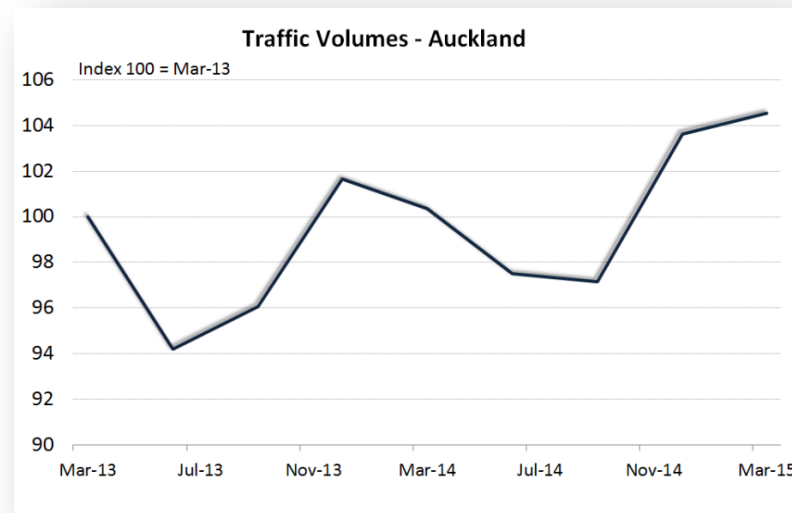
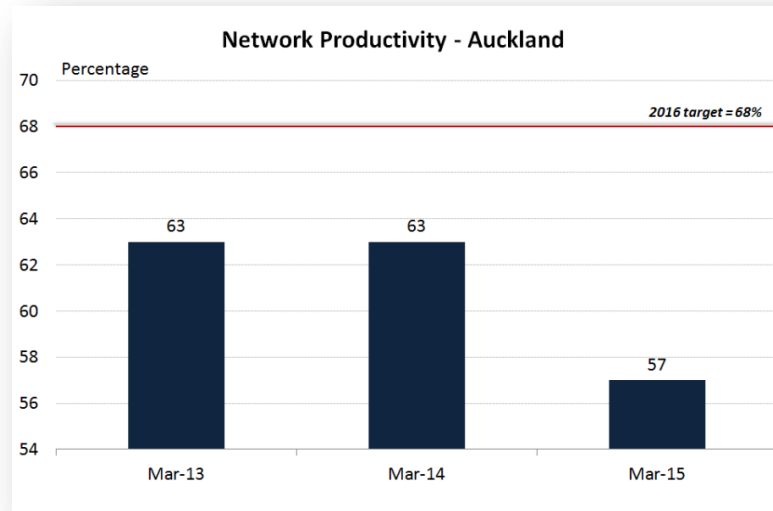
KEY RESULT AREA 2: URBAN NETWORK CAPACITY

OUR AIM IS TO MAKE THE MOST OF URBAN NETWORK CAPACITY

SUCCESS INDICATOR

In this quarter

- Network productivity during the AM peak in Auckland has fallen since March 2013
- Optimisation activities within our three largest metros that meet the necessary investment criteria have been included in the 2015-18 NLTP
- Network operating plans are aligned and consistent
- The membership of the WTOC joint Board has been restructured
- All TOCs are producing network key performance indicator reports
- Level of failover capability across the TOCs is well understood
- Auckland Transport (AT) and Greater Wellington Regional Council are differentiating bus routes into types and customer levels of service
- AT gained the Transport Agency's endorsement of its bus service and ferry strategies, and approval of its rail operator procurement strategy and procedure.
- Auckland public transport patronage increased 10.1% in the 12 months to March 2015.



The accompanying charts show changes in network productivity and travel demand in Auckland.

Network productivity during the AM peak in Auckland has fallen since March 2013.

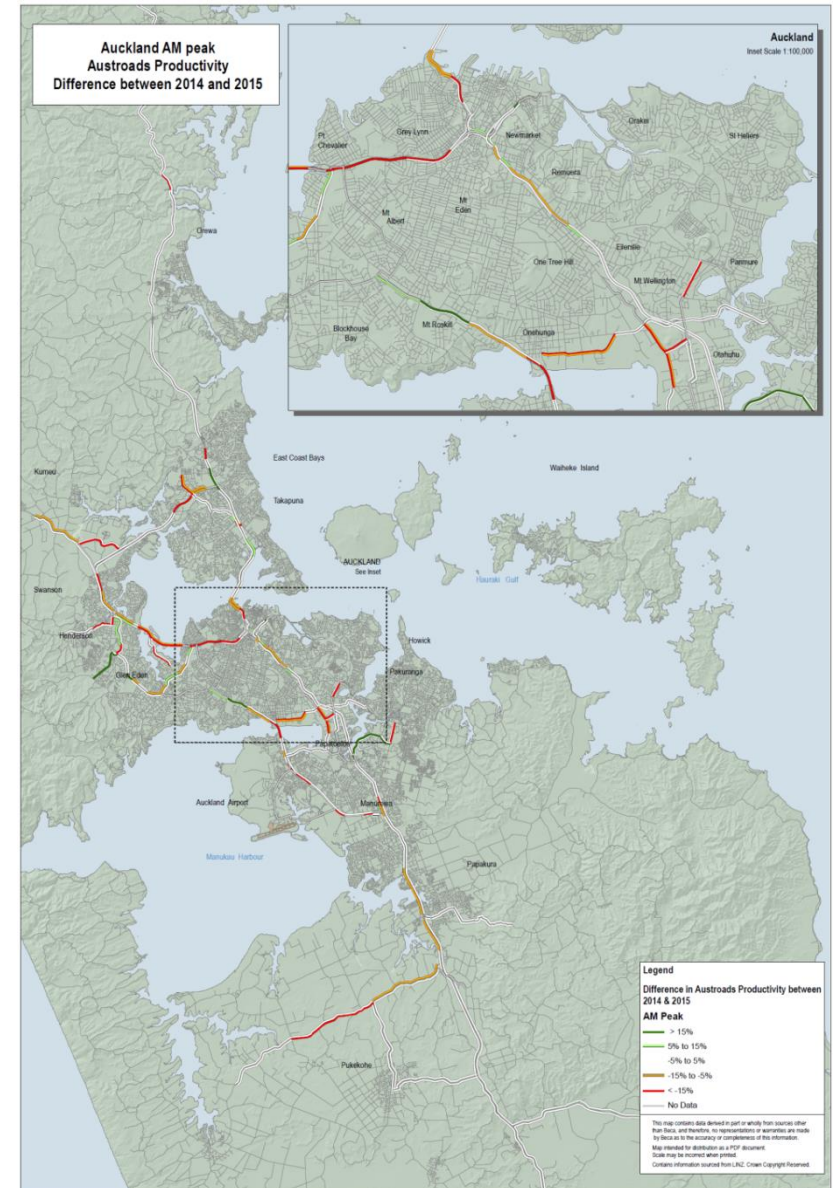
In part this reflects an increase in traffic volumes which has resulted in an increase in the proportion of stop-start traffic, intermittent flow breakdown and delays.

Note: A new priority for making the most of urban network capacity has been developed for the 2015-19 period. This new priority, which seeks to improve travel time predictability in our major centres, focuses on customer experience and levels of service.

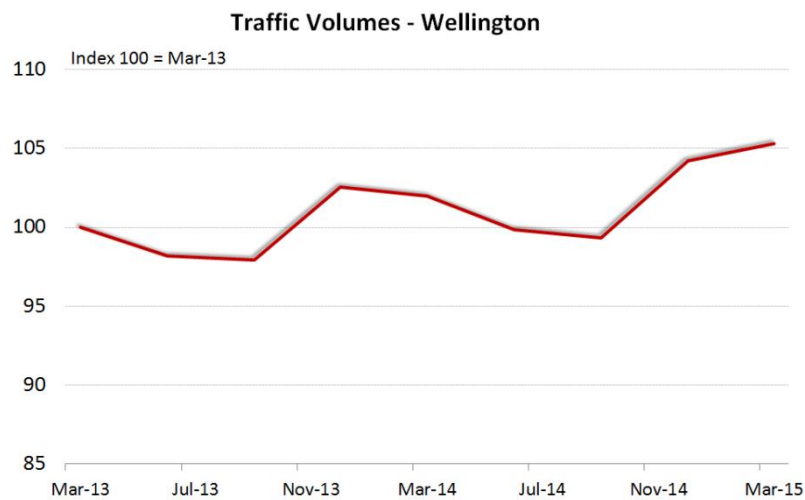
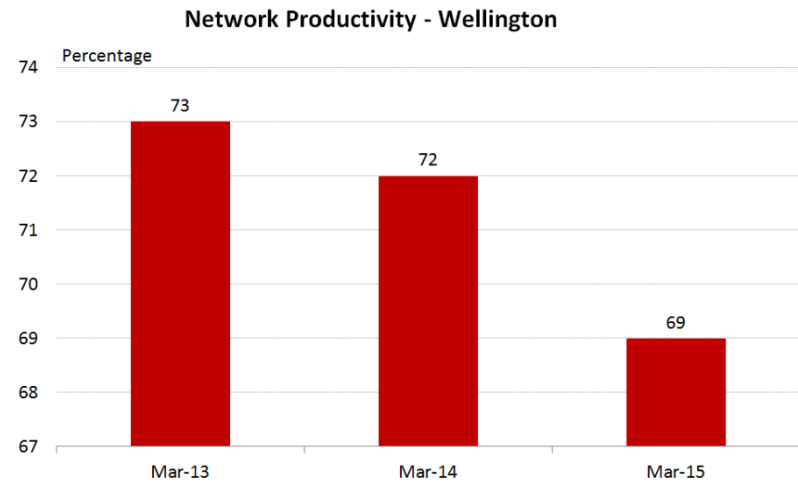
The decline in network productivity also reflects the displacement of traffic caused by significant road works in the region.

The following roadworks in Auckland were reported over the period:
SH20 in relation to the SH20 Maioro Street Interchange project
SH20A to Airport project (preparatory works)
SH16 in relation to the SH16 Lincoln Road Interchange Upgrade project
SH16 Waterview Tunnel Project
SH16 Causeway Upgrade
SH16 St Lukes Road to CBD (80km/h speed restriction);
SH16 Te Atatu Road Interchange
SH1 Silverdale Interchange
SH1 Takanini Interchange
SH1 Warkworth plantation cornering
SH1 Dome Valley
Great North Road, between Oakley Avenue and Herdman Street (SH20 Waterview Tunnel)
Albany Expressway / Greville Road and Albany Expressway/ Mercari Road)
Balmoral Road
Carrington Road
Ellerslie-Panmure Highway (AMETI)
Fanshawe/Sturdee Street
Great North Road, roadworks between West Coast Road and Blockhouse Bay Road
Great South Road south of Church Street
Green Lane East
Kaiwaka Mangawhai Road – Piling progress
Kepa Road
Mount Albert Road
Mt Wellington / Sylvia Park Road (AMETI)
Onewa Road
Pah Road
Royal Oak Roundabout (Mt Albert/Manukau Road)
Quay Street / Tangihua Street intersection
Wainui Road (all week);
Whangaparaoa Road / Roberts Road
Whangaparaoa Road / Scott Road
Whangaparaoa Road / Blue Heron Rise
Whangaparaoa Road / Arklow
Te Atatu Road

The map below shows these changes in network productivity at route level.

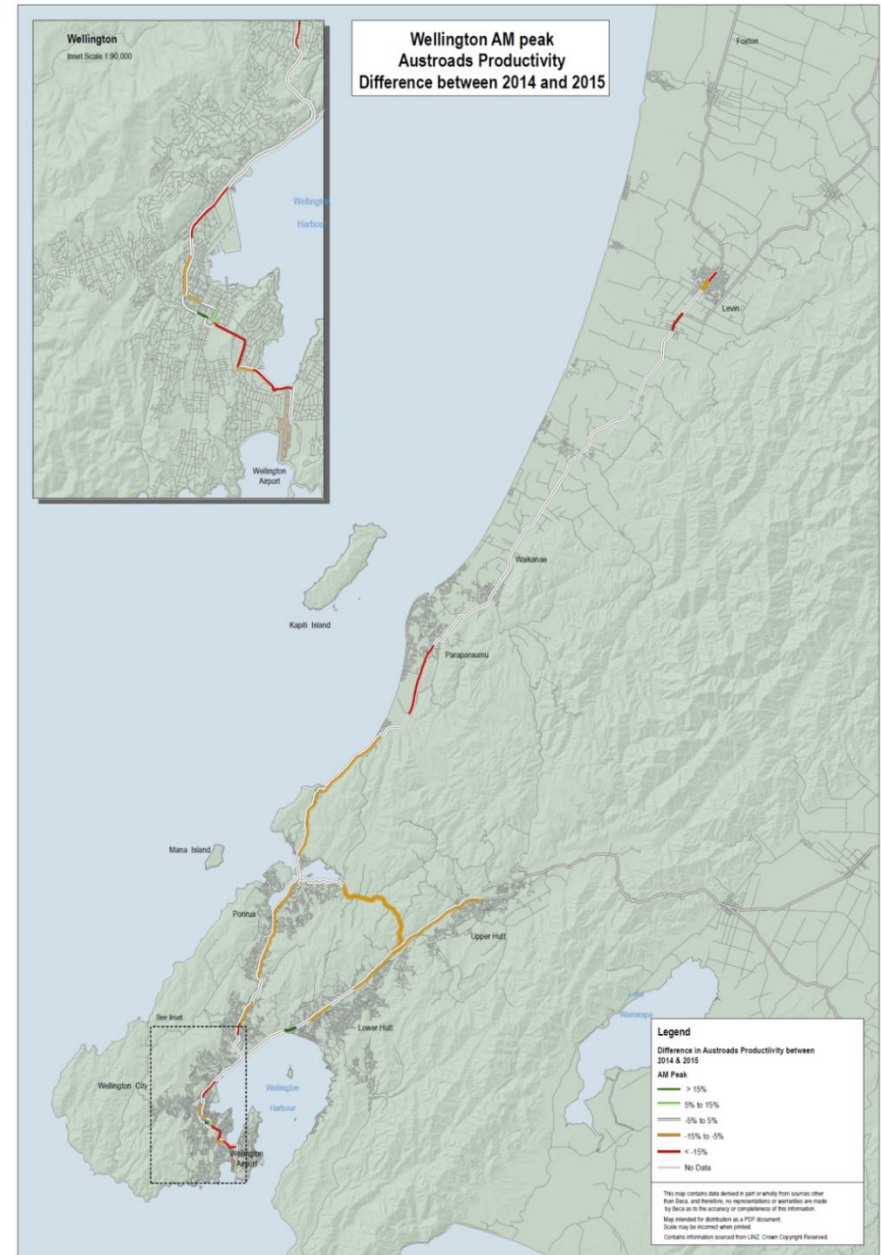


In Wellington the decline in network productivity during the AM peak can be attributed to increase in traffic volumes on the network.

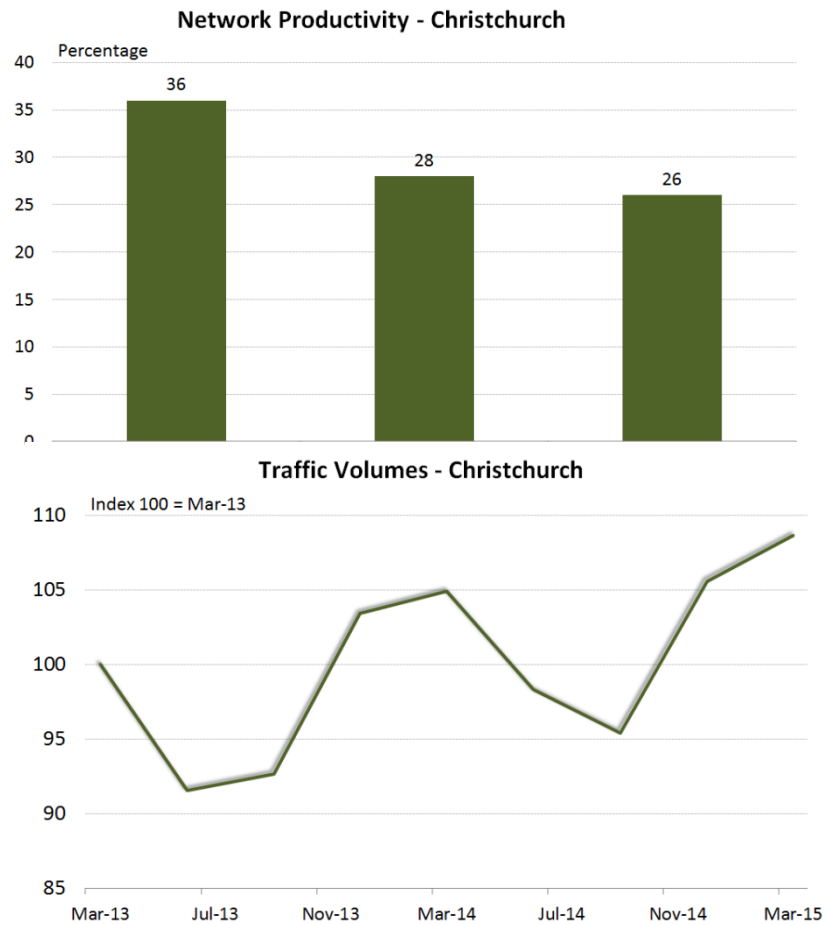


The accompanying map shows these changes in network productivity at route level.

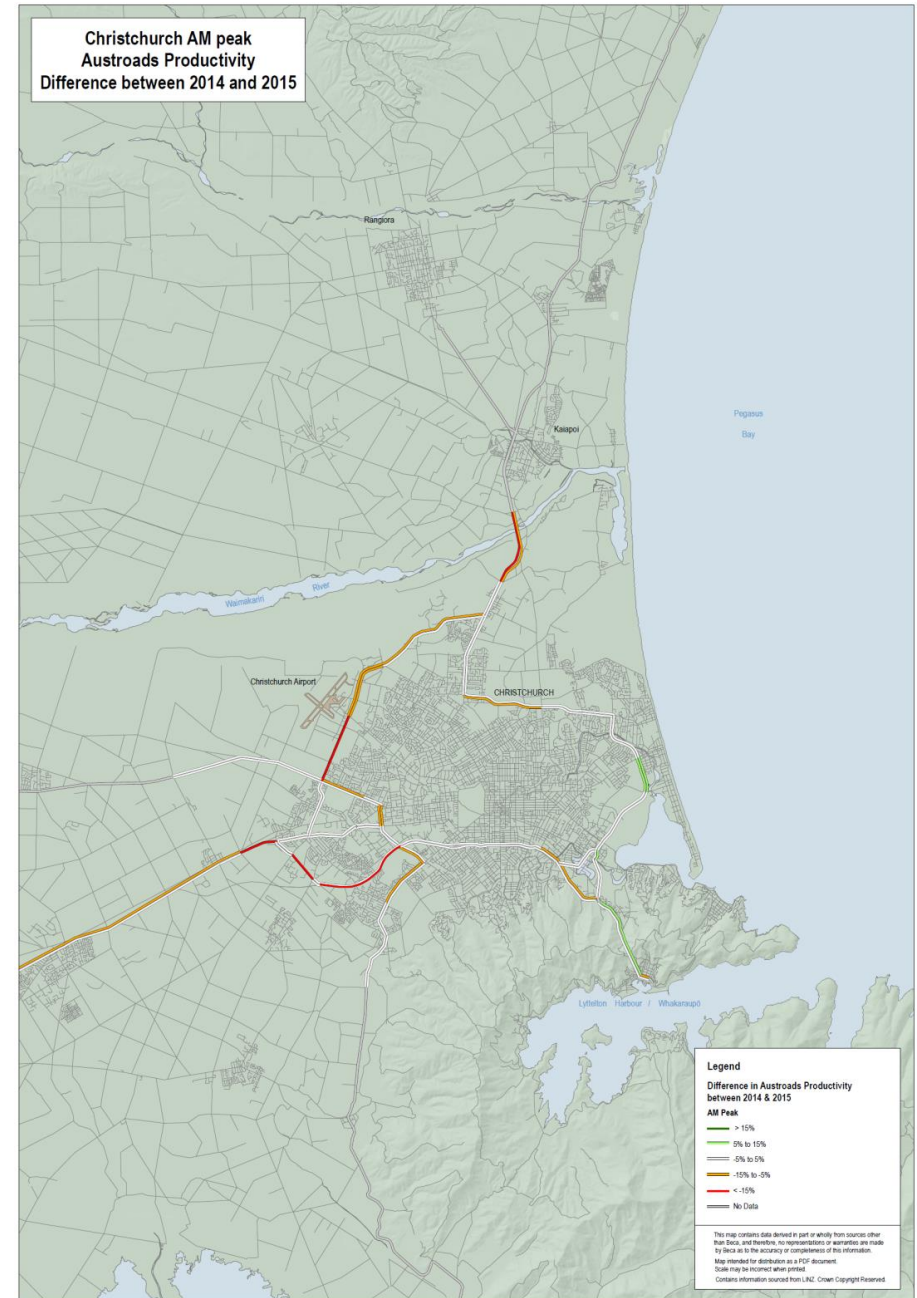
Note: A list of roadworks is currently being compiled.



Similarly in Christchurch where network productivity in AM peak has also dropped reflecting both an increase in traffic volumes and disruptions caused to the network as reconstruction efforts gain momentum.










The accompanying map shows these changes in network productivity at route level.



The following roadworks in Christchurch were reported over the period:
SH74, Wainoni Road to 1k south of Wainoni Road
SH1 in the vicinity of Buchanans Road
East Belt, around Koura Street
Fedilton Road / Harper Avenue intersection
SH75 from Hendersons Road to Aidanfield Drive
SH75 from Sparks Road to Nicholls Road
Harper Avenue, West of Carlton Mill Road for ~200m
Hills Road, 70m N of Shirley Road
Idris Road / Straven Road intersection
SH1 by Belfast Road
SH1 from Wilkinson Road to Willow Creek Road
SH1 down to one lane around Belfast Road no noticable change to traffic
SH1, 100m either side of Pegasus Boulevard
Main Road from McCormacks Bay Road to Ferry Road
Main Road from Puriwheiro Road to Beachville Road
Main Road from Wakatu Avenue to Augusta St (30km/h speed limit)
Marlbrough Road / Ensors Road
Marshlands Road from McSaveney's Road to SH74
Marshlands Road from McSaveney's Road to SH74
Moorhouse Avenue / Lincoln Road Intersection
Moorhouse Avenue, one lane closed from Antigua to Montreal Street
Moorhouse Avenue, one lane from Durham St to Manchester St
Pages Road, eastbound traffic detoured (Ottawa Road - Wainoni Road - SH74),
SH76 Port Hills Road / Curries Road
SH74, Travis Country Road to Anzac Drive
Tuam Street / Antigua Street Intersection
SH74/SH76 Interchange

Q4: Good overall results, with five of the seven milestones achieved.

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Auckland, Wellington and Christchurch optimisation activities have been considered for inclusion in the 2015-18 National Land Transport Programme.</p>	<p>Across the three largest metros there is scope to further enhance the overall optimisation programmes. Those activities that meet the Investment Assessment Framework have been included in the 2015-18 NLTP and are expected to be funded.</p>	
<p>All network operating plans are aligned and consistent for easy integration within the transport planning activity – eg regional freight plans, Highways and Network Operations, Public Transport Operating Model and critical journeys.</p> <p><i>(Note: this is a shared milestone with these local authorities)</i></p>	<p>We aligned our planning work with the delivery of our network operations. This was achieved by understanding the main inter-regional and urban journeys and choices transport users make, including mode choice between vehicle, public transport, cycling, and walking.</p>	
<p>The Wellington Transport Operations Centre (WTOC) is operating as a joint one network entity with participation from Wellington, Hutt, Upper Hutt, and Porirua councils.</p> <p><i>(Note: this is a shared milestone with these local authorities)</i></p>	<p>We have made progress with the WTOC, but the structure of it is not as was envisaged.</p> <p>The joint Board has reviewed the one network charter with a view to reshaping the membership. This resulted in the membership being restructured to include Greater Wellington Regional Council, Wellington City Council (WCC), NZ Transport Agency and NZ Police, and where necessary, a second tier participation from other councils (which includes Upper Hutt and Hutt councils).</p> <p>We continue to hold discussions with WCC (in particular) around how we fully integrate the TOC functions.</p>	
<p>Implement the Transport Operations Centres' (TOCs) key performance indicator reporting regime and capture in the quarterly reports.</p>	<p>All three TOCs are now producing network key performance indicator reports to their Boards.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Transport Operations Centres' business continuity plans allow for fail-over between centres and simulated disaster event carried out.</p>	<p>Disaster recovery exercises have been undertaken across the TOCs and the level of failover capability is now well understood.</p> <p>Travel information capability has the ability to provide cover across the country, although system access needs to be addressed as it currently limits the level of failover achievable between centres.</p>	
<p>Clearly differentiate Auckland and Wellington bus routes into types and levels of service, with a focus on efficient and effective commuter services.</p>	<p>Auckland Transport and Greater Wellington Regional Council have reviewed their public transport networks and are clearly differentiating bus routes into types and customer levels of service, with a focus on efficient and effective commuter services. The new networks are described in their regional public transport plans, are being implemented as services and are contracted using the PTOM model.</p>	
<p>Improve network capacity utilisation in Auckland, Wellington and Christchurch as a result of establishing good partnering relationships between public transport service operators and regional councils/Auckland Transport.</p> <p><i>(Note: this is a shared milestone with regional councils, public transport operators and territorial local authorities)</i></p>	<p>Auckland/Northland region: During the year there has been a significant amount of development work prior to the implementation of new public transport partnering contracts in Auckland and Northland regions, and across modes. AT gained the Transport Agency's endorsement of its bus services and ferry strategies, and approval of its rail operator procurement strategy and procedure. We are finalising our approval of the bus services RFT, and preparing to receive the ferry RFT. AT has carried out a large amount of work developing its rail RFT and this is also imminent in the new financial year, although AT is contemplating delaying its release in order to gain some separation from the Wellington rail operator tender response. AT consulted on a variation to its RPTP earlier in the year, with the most significant developments being a light rail transit plan, and its zonal fares proposal. Northland has finalised its RPTP and is developing its bus procurement strategy. All incumbent Auckland operators have signed the Participation Agreement, indicating commitment to tender for Auckland units, commencing with eight South Auckland units in mid to late August. Relationships with the industry, AT and Northland remain strong, and we anticipate the partnering contracts will enable better network utilisation driven from partnering relationships that emphasise unit business planning and incentives to grow patronage and revenue.</p>	

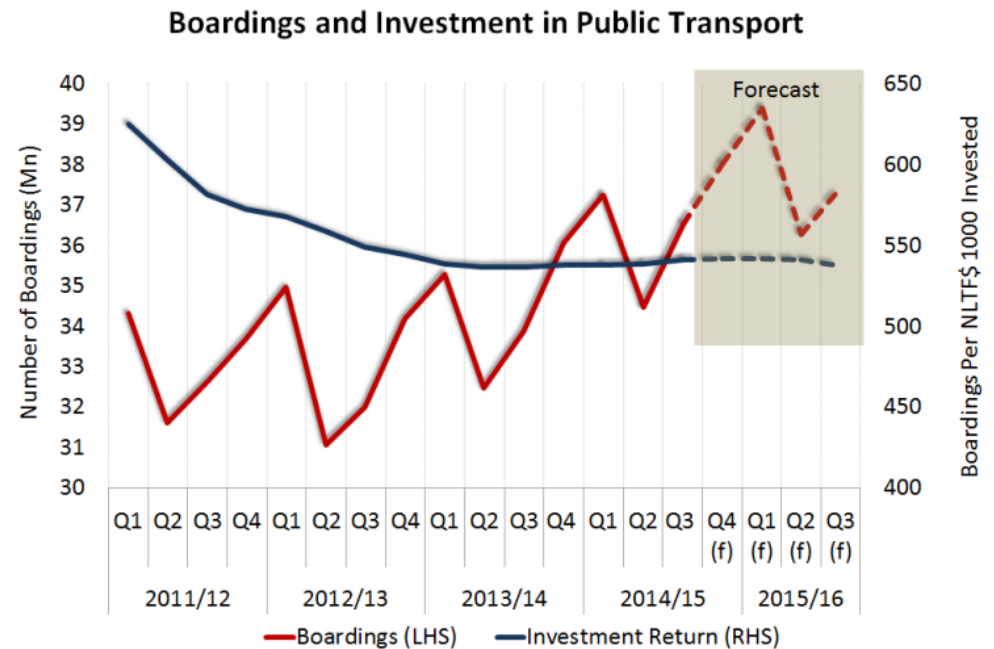
MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Improve network capacity utilisation in Auckland, Wellington and Christchurch as a result of establishing good partnering relationships between public transport service operators and regional councils/Auckland Transport. <i>(continued)</i></p> <p><i>(Note: this is a shared milestone with regional councils, public transport operators and territorial local authorities)</i></p>	<p>Central region: During the last quarter, the Transport Agency has approved Greater Wellington Regional Council's (GWRC) rail RFT. GWRC has released the RFT to the three short-listed tenderers. GWRC is answering questions from tender parties and undertaking inter-active briefings with the parties for the development of their bids. The tenders will be submitted in September. However, while rail is progressing well, the Transport Agency had significant concerns the lack of progress by GWRC on bus procurement. Over the last quarter, we have been working hard with GWRC to improve the governance and management of their public transport programme. GWRC have lifted their capability both in terms of their overall public transport programme manager, and implementation of PTOM. They are now making good progress toward the development of procurement strategy for bus, and have reached agreement in principle with incumbent operators. While this is positive progress, there are a number of issues that still need to be resolved, and the Transport Agency will continue to actively monitor GWRC's progress.</p> <p>Southern region: Environment Canterbury has a very positive relationship with Christchurch bus operators. This has enabled a smooth transition to a new contract model and the new 'hub and spokes' delivery model implemented in December 2014. The Greater Christchurch Public Transport Working Group is improving the coordination of public transport delivery across greater Christchurch, but challenges lie ahead to implement network improvements regionally to lift public transport service delivery.</p>	<p><i>(refer to previous page)</i></p>

QUARTERLY SUMMARY OF PUBLIC TRANSPORT OUTCOMES:

The accompanying chart shows the number of boardings per NLTF\$ invested in public transport services over time. Historic estimates are based on four quarter rolling totals of actual public transport patronage and apportioned investment. Forecasts are based on recently revised patronage projections and investment allocations approved for inclusion in the 2015-18 NLTP.

The pattern in the number of boardings per NLTF\$ invested in recent quarters largely reflects the patronage response to improved services in Auckland resulting from ongoing investment.

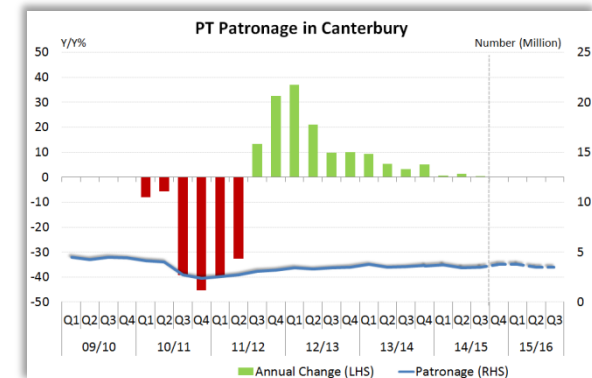
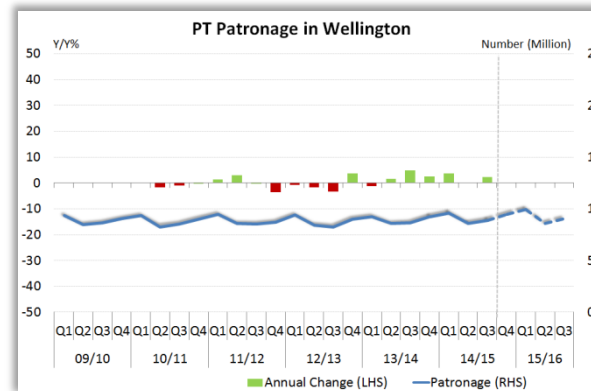
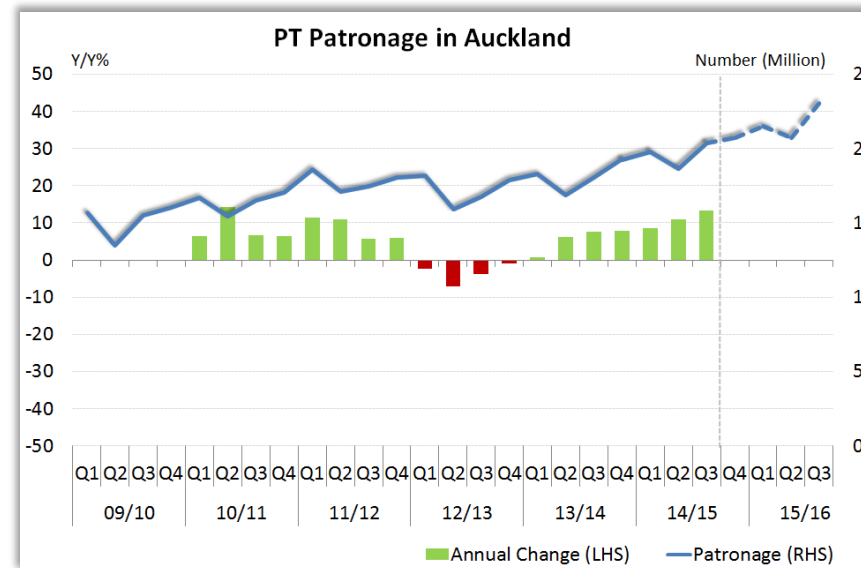
Although patronage is forecast to grow strongly over the next three year period, the real benefits of investment commitments already made are only likely to be realised once the new Auckland electric rail fleet is fully installed and running smoothly, and the bus network reconfiguration in Auckland has been fully implemented in 2017/18.



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

Public transport patronage numbers shown in the accompanying charts are provided up to 2014/15 Q3, a quarter in arrears. The data was obtained from the Transport Agency's Transport Investment Online database. Key points include:

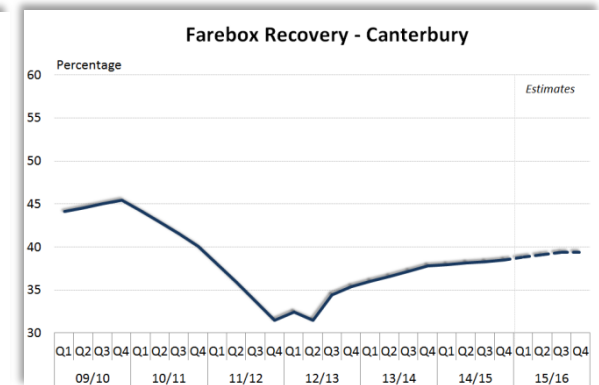
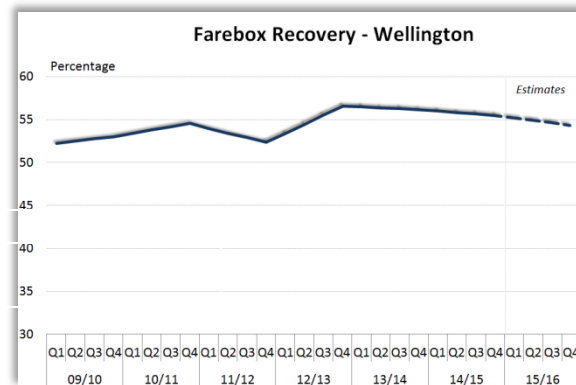
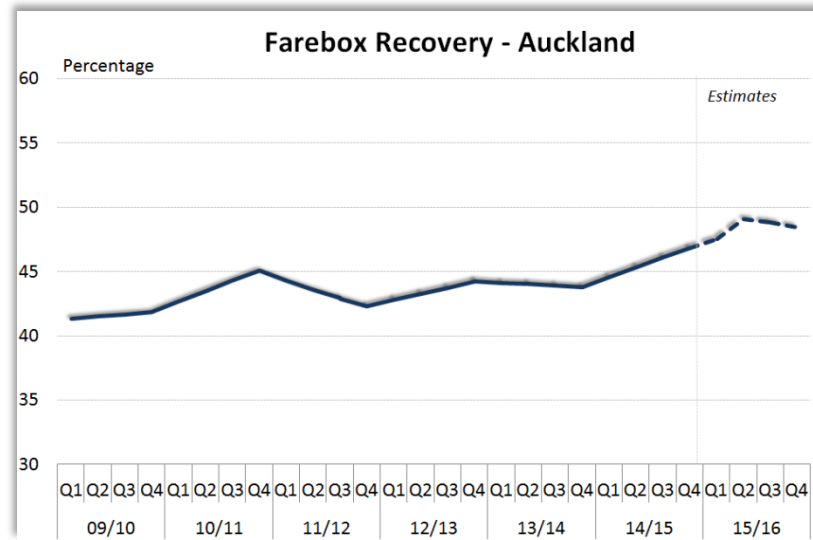
- Auckland public transport patronage totalled 78.2 million passengers for the twelve months to March 2015, an increase of 10.1% on the twelve months to March 2014. It also increased by 13.2% in 2014/15 Q3 compared to the corresponding period in the previous year – the seventh quarter in a row where patronage growth has been recorded. Improving service levels, the addition of new capacity and the knock-on effect of buoyant regional economic growth remain supporting factors.
- Public transport patronage in Wellington totalled 36.4 million passengers for the twelve months to March 2015, an increase of 2.2% on the previous year's estimate. In 2014/15 Q3, total boardings in the region rose by 2.3% when compared to the corresponding period in the previous year, led by a 3.7% increase patronage on rail. Boardings on buses rose by 1.5% over the period.
- Public transport patronage in Canterbury totalled 14.4 million passengers for the twelve months to March 2015, an increase of 1.8% on the previous year's estimate. Public transport patronage in the region has consistently posted positive growth since 2011/12 Q3. Bus patronage grew by 0.5% in 2014/15 Q3.



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

- Auckland – The improvement in farebox recovery rates over the course of 2014/15 reflects the positive impact of improvements to bus routes, new electric trains across all rail services and integrated ticketing benefits have had on patronage levels.
- Wellington – An easing in farebox recovery rates in recent years reflects limited patronage growth on a relatively mature public transport system. Simplifying the bus network, redesigning train services, and introducing simpler fares should provide positive benefits through 2015/16.
- Canterbury – The improvement in farebox recovery rates reflects the growth in regional patronage. Although patronage growth is slowing as the new bus network matures, a marginal improvement in the farebox recovery rate is expected in 2015/16.

* Farebox recovery estimates are based on annual fare revenue, apportioned and rolled on a quarterly basis.



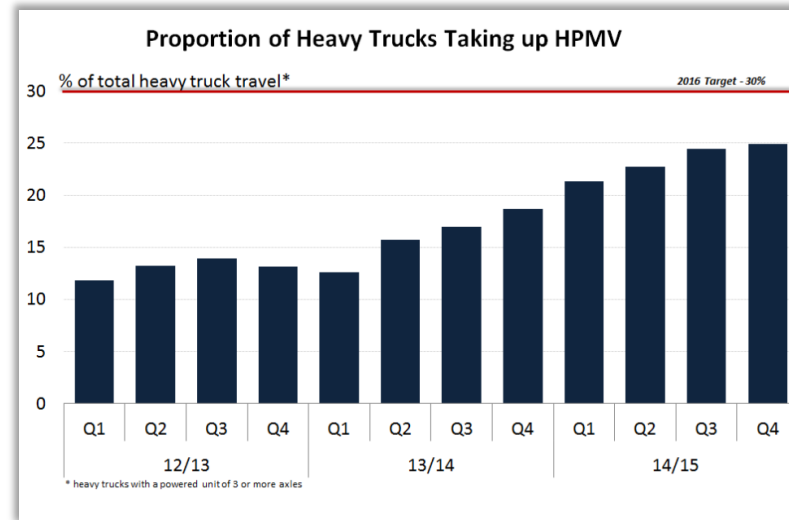
KEY RESULT AREA 3: FREIGHT

OUR AIM IS TO MOVE MORE FREIGHT ON FEWER TRUCKS

SUCCESS INDICATOR

In this quarter

- The success indicator is on track to meet the target with 25% of heavy trucks taking up HPMV
- 4,500 kilometres of state highway and connecting local roads are now available to HPMVs
- The number of 50MAX bridge exceptions on the state highway network has reduced from 46 to 19 since 50MAX began
- Most of the local road network is now available to 50MAX
- 82% of councils have delegated 50MAX permitting to the Transport Agency
- Second tranche of HPMV and 50MAX bridge upgrades has been identified and included in the 2015-18 NLTP
- Average turnaround time on issuing non-complex HPMV permits is 3.1 days
- We are now better able to monitor and measure turnaround times for complex HPMV permits



CURRENT RESULT: 25%

2015 TARGET 25% (30% BY 2016)

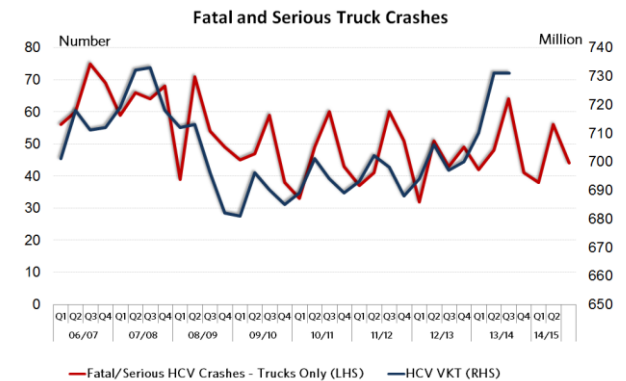
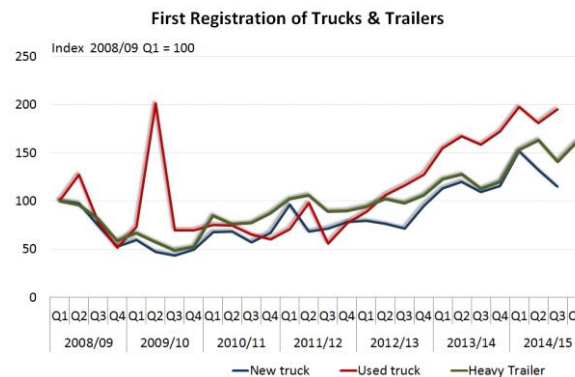
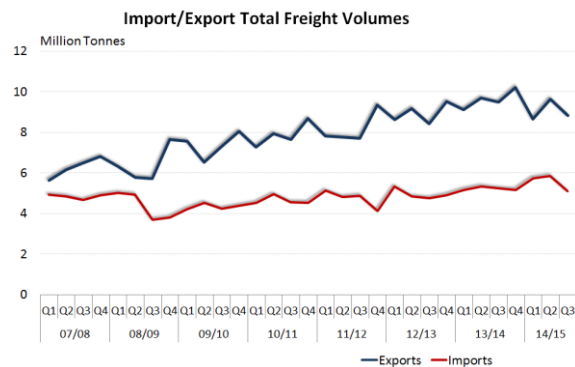
The Q4 result shows that we have reached our end-of-year target of having a quarter of big/heavy road freight travel moved from standard heavy vehicle combinations to high productivity motor vehicles (HPMVs, including 50MAX). The Q4 result equates to over 100 million kilometres of travel by these safer and more efficient heavy vehicles and 403 million kilometres of travel for the 2014/15 year. Because HPMVs can carry around 14-20% more freight than standard trucks, we estimate that moving freight on HPMVs avoided between 10-15 million kilometres of truck travel during Q4, and 40-60 million kilometres for the year. We estimate that this avoided travel resulted in between \$15-25 million in commercial savings during Q4 and \$60-120 million for the 2014/15.

The star performer has been 50MAX with a 7% increase in travel to reach 54 million kilometres travelled during Q4, with over 3,500 50MAX permits issued during the 2014/15 year. The total number of kilometres travelled by other types of HPMVs fell by about 5%. This reduction is due to the seasonal fall in freight volumes, with all other big/heavy trucks travelling less. However, when compared to Q4 of the previous year, road freight activity is about the same, despite the import/export data suggesting a softening of economic activity in Q3 (see graph on the next page). This result suggests that the rate of HPMV uptake is slowing, which means reaching our 2015/16 target of 30% will be a challenge. But, as industry is still building 50MAX trailers and more of the network is now available, the new year is likely see an upswing.




Given the successes outlined above, the Transport Agency recently established a new priority for the 2015-19 period. This new priority will look at ways to improve the efficiency of the wider freight network, focusing on the connections between road, rail and inter-modal freight hubs.



Q4: QUARTERLY SUMMARY OF FREIGHT OUTCOMES:

- The continued migration of heavy road freight from standard truck combinations to HPMVs reflects the increasing availability of network access (see feature story), and the bringing into service of new HPMV-capable trucks and trailers (see graph below). While the registration of new trucks is slowing, new trailers are being registered in record numbers, with indications that many more 50MAX trailers are on order for the next six months. While this is no doubt good news for the mostly New Zealand-based trailer manufacturers, it is also a good result for the transport system and all those who buy and sell goods.
- One of our goals for the priority was to encourage industry to invest in newer, better and safer trucks. Most freight operators try to get ten to fifteen years out of their equipment. However, the trend over the last ten years has been for industry to delay investment with heavier vehicles getting older (now 16 years on average - up from 14 years in 1999). So the move by the road freight industry to replace older heavy trucks (and trailers) with newer HPMVs is very positive as these newer vehicles tend to be more productive, cleaner and have more advanced safety equipment built in. Furthermore, when permitted these HPMVs (including 50MAX) are subject to a higher level of safety requirements, such as better vehicle stability and visibility compared to the standard trucks on New Zealand's roads. During Q4 almost one thousand 50MAX permits were issued, as industry continues to build and register these new vehicles.
- Industry remains confident in the value of investing in new equipment as a result of the productivity benefits of 50MAX, continued economic growth and the 'clarification and stabilisation' of HPMV operating rules (quote from Truckbody & Trailer, March 2015). Providing a more stable regulatory regime to provide industry with the confidence to make significant investment in new equipment was also part of the strategy behind the priority. To create this more stable operating environment, the priority work programme has focused on making the permitting system more responsive to the needs of our freight customers. Average waiting times for standard permits are now usually only a day or two, compared with nine weeks two years ago. The Vehicle Dimension and Mass (VDAM) Rule amendment also came into effect during Q4, which removes the anomaly of HPMV operators receiving hefty penalties for small permit breaches. Going forward there needs to be greater recognition of the significant effect that regulatory uncertainty can have on operator behaviour, particularly the purchase of new vehicles.
- In terms of safety, the truck crash rate (being all trucks over 3.5 tonnes) has tracked in a similar pattern with previous years and is declining at a similar rate as crashes overall. There appears to be a relationship between heavy vehicle travel (blue line) and crashes (red line) with crashes reaching a peak of around 50-60 fatal and serious crashes at the height of the season in Q3 and then falling in Q4/Q1 as demand for road freight trips ease.



Q4: Good overall results, with four of the five milestones achieved.

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Deliver the upgrade programme for the remaining North Island and South Island investment routes, providing access to 4,500 kilometres on the strategic high productivity motor vehicle freight network, including first-last mile local road access.</p>	<p>4,500 kilometres of state highway and connecting local roads are available to high productivity motor vehicles (HPMVs).</p>	
<p>50MAX high productivity motor vehicle access available on all suitable state highway and local road networks.</p>	<p>State highway access for high productivity motor vehicles is extensive with entire SHs 1, 2 and 3 open to 50MAX.</p> <p>The 50MAX network is defined by where operators are not allowed to go – either bridge or road exceptions that they are not allowed to cross.</p> <p>The number of 50MAX bridge exceptions on the state highway network has reduced from 46 to 19 since 50MAX began. The remaining 19 bridge exceptions are in areas where investment benefits do not justify strengthening or are already identified in the second tranche of the bridge strengthening programme.</p> <p>Most of the local road network is available to 50MAX with 82% of councils having delegated permitting to the Transport Agency. Most councils that are not signed up, are issuing their own permits allowing partial access to their networks.</p> <p>Operator feedback advises that the Far North and Southland are the two major opportunity areas.</p>	
<p>Develop second tranche of high productivity motor vehicle and 50MAX bridge upgrades for consideration for inclusion in the 2015-18 National Land Transport Programme (NLTP).</p> <p><i>(Note: these are shared milestones with local authorities)</i></p>	<p>A second tranche of high productivity motor vehicle and 50MAX bridge upgrades has been identified and included in the 2015-18 NLTP, although many of the routes will require regional funding.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Non-complex* high productivity motor vehicle permits for state highways are issued within five working days.</p> <p><i>* Non Complex HPMV permits definition: Overlength, 50MAX and any other permits that are processed centrally and do not require a hand off to any other party</i></p>	<p>During 2014/15, non-complex* high productivity motor vehicle permits for state highways have been issued, on average, in 3.1 days.</p> <p>The use of 50MAX permits has continued to increase as operators upgrade their fleets and more of the network becomes available for 50MAX.</p> <p>As new 50MAX combinations are built and demand for 50MAX permits has increased, there has been a corresponding decrease in demand for over-length permits.</p>	
<p>90% of complex^ permits meet the customer turnaround commitment given to operators.</p> <p><i>^ Complex permits definition: Any HPMV permit that requires a handoff and input from other parties both internal and external.</i></p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>We have implemented the centralised process for HPMV, and we are now able to monitor and measure our HPMV permitting performance. Even without performance indicators, we know our performance has greatly improved due to positive feedback about turnaround times and the improvement in this. We are now in a position to collect the data needed to inform discussions with local authorities around robust turnaround timeframes and will proceed with this step within the next three to six months.</p>	

FEATURE

MORE KILOMETRES AVAILABLE, MORE KILOMETRES TRAVELLED

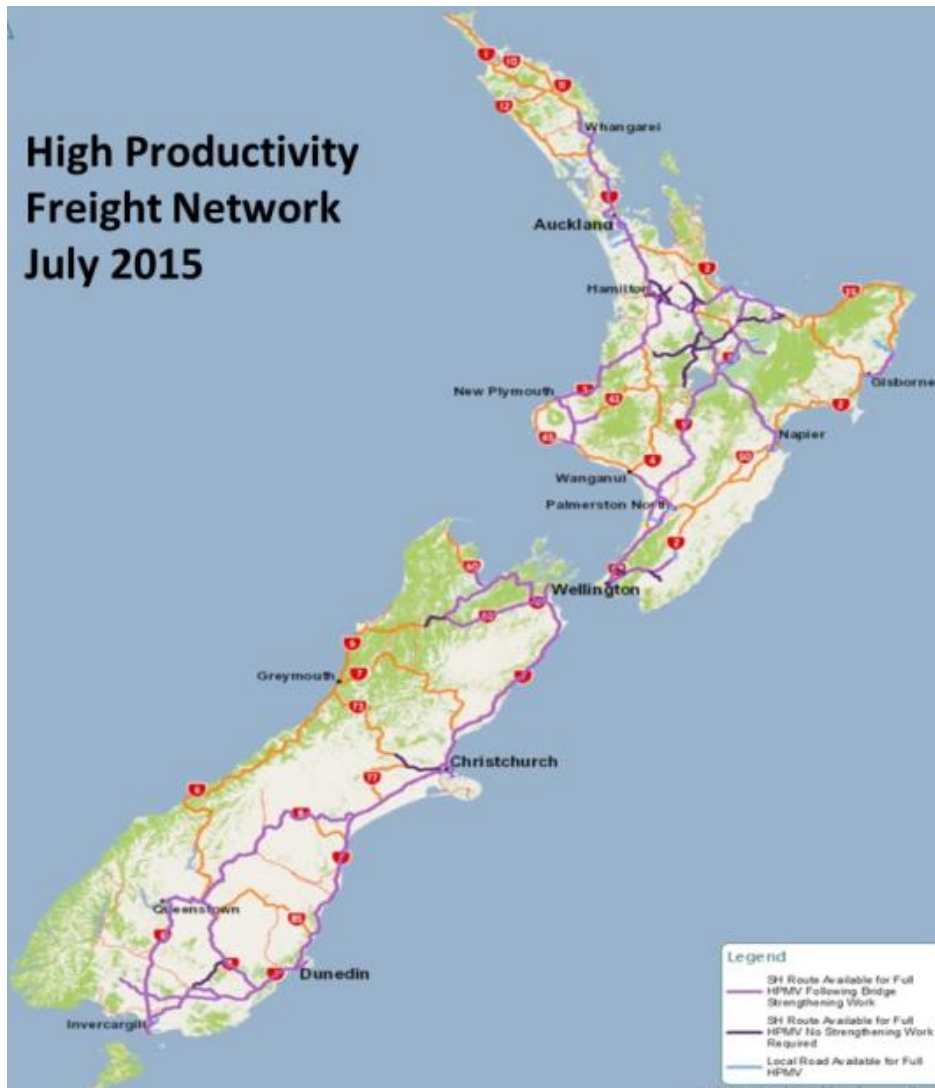


The 2014/15 financial year saw the delivery of some significant milestones in the delivery of improved network access for HPMVs, including 50MAX. During Q4 the Transport Agency, with our local government investment partners, delivered the remaining components of the 4,500 kilometre high productivity freight network (purple and blue lines on map to right). This included opening the routes in the South Island. This mostly contiguous network can now accommodate full-HPMVs (up to 58 tonnes), if the vehicle is suitable to do so. The high productivity freight network covers most of New Zealand's highest-volume freight routes, which carries 50% of the road freight task and most of New Zealand's inter-regional road freight. The Ministry of Transport's National Freight Demand Study 2014 estimated that every year around 37 million tonnes of road freight is moved between regions, mostly on these corridors. These are also the key routes that connect productive regional hinterlands to major places-for-freight like processing plants, distribution centres and ports. As freight volumes grow, the availability of the high productivity freight network to carry HPMVs will help reduce the required inter-regional road freight travel by around 20%. Currently these heavier-HPMVs (over 50 tonnes) undertake around 10 million kilometres of travel each quarter. With the whole network now available this travel is expected to grow. We are also looking at developing a single network permit to improve our customers' experience.

For those parts of the road network that cannot carry heavier HPMVs, we have also continued to grow 50MAX access. During Q4 Napier City and Central Hawkes Bay District Councils signed up to the 50MAX-one-network permit system. This means that the single 50MAX permit issued by the Transport Agency now provides access, on routes that are unrestricted, to the whole state highway network and 82% of local councils (see green areas in the map on left).

Other councils have decided to allow 50MAX access, but have chosen to issue permits for their own areas for the time being, taking total network access to over 90%. So the milestone of providing 50MAX access on all suitable state highway and local road networks was almost reached for the 2014/15 year. The increasing network coverage and critical local road access, means 50MAX uptake is increasing steadily with 4,500 permits now issued and over 54 million kilometres travelled by 50MAX combinations this quarter (up from 20 million this time last year). This is an impressive result considering that 50MAX only began as a trial in October 2013.

High Productivity Freight Network July 2015



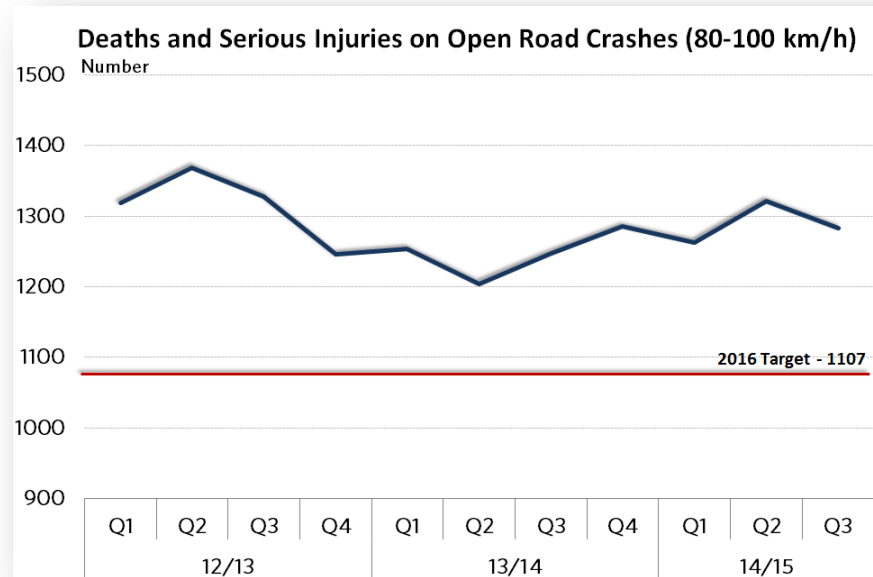
KEY RESULT AREA 4: SAFER SPEEDS

OUR AIM IS THAT SAFE SPEEDS REDUCE DEATHS AND SERIOUS INJURIES

In this quarter

- Speed management guide now incorporates feedback received following consultation
- The Road Policing Programme and State Highway Activity Management Plan gives effect to speed management in collaboration with sector partners
- Automated enforcement strategy carried over into the 2015-19 Safer Journeys Action Plan
- Significant progress has been made on delivering a long-term engagement and communication programme to increase support for safe speeds

SUCCESS INDICATOR



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

CURRENT RESULT: 1,283





2016 TARGET: 1107

The trend in reported deaths and serious injuries in open road crashes has bottomed out and is now rising.

This rising trend suggests that without further safety interventions meeting the 2016 target may prove challenging.

To address this, the Transport Agency has established a new priority for the 2015-19 period that targets travel speeds on high risk roads. This means we will maintain the focus on reducing deaths and serious injuries on open roads, work with local authorities to implement the speed management guide, and align speeds to road function and design.

Q4: Variable results, with two of the four milestones achieved.

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Develop a speed management guide to implement a new national direction and guidance on speeds that are right for the road, the vehicle and the environment.</p>	<p>The speed management guide has been developed to implement a new national direction and guidance on speeds that are right for the road, the vehicle and the environment. Broad engagement has been undertaken, constructive feedback provided, and incorporated into the guide.</p>	
<p>Ensure the Road Policing Programme (RPP), State Highway Activity Management Plan (SHAMP) and regional transport plans give effect to the national speed management programme – the proposals for which are considered for inclusion in the 2015-18 National Land Transport Programme.</p>	<p>The RPP that has been developed for consultation with the Commissioner of Police and Secretary for Transport before its finalisation and recommendation to the Minister of Transport for approval incorporates speed as a high priority activity to be delivered by Police. The programme notes the collaborative approach in the sector and provides the framework for Police to work with other road safety partners to give effect to the roll-out of the speed management approach.</p> <p>The SHAMP incorporates the safer roads and roadsides programme business case and includes activities to give effect to speed management in collaboration with the wider sector approach to this initiative.</p>	
<p>Develop a cross-Agency automated enforcement strategy to enhance road safety and network efficiency.</p>	<p>This milestone will now be carried over and included in the development of the 2015-19 Safer Journeys Action Plan.</p>	
<p>Deliver a long term communication and engagement programme to increase partner, stakeholder and public understanding of, and support for, safe speeds.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police, local government, ACC and road user groups)</i></p>	<p>The programme made good progress this year, securing of a consultancy to assist in development of this community engagement programme. We have teamed up all programmes in the Speed Management portfolio to maximise outcomes through collaboration of effort. To date we have delivered: a completed programme business case; a fully developed stakeholder strategy; in addition, funding has been secured for detailed business case development.</p>	

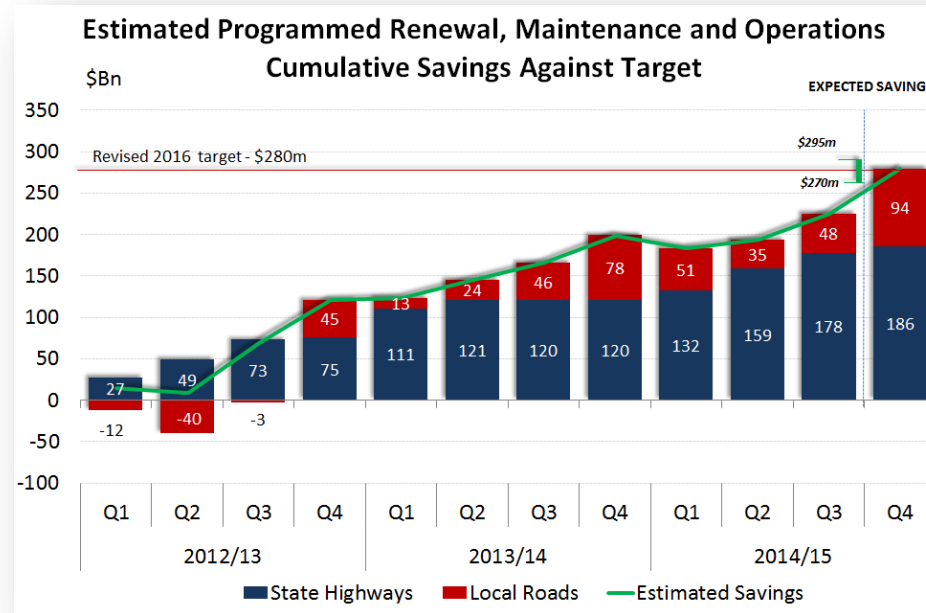
KEY RESULT AREA 5: EFFICIENT ROAD MAINTENANCE

OUR AIM IS EFFICIENT ROAD MAINTENANCE INVESTMENT AND DELIVERY

In this quarter

- ONRC has been endorsed by the Board as the basis for investment in the maintenance programme
- All AOs have applied ONRC and national moderation has been substantially completed
- All AOs have transition plans in place to ensure the ONRC framework and the business case principles are fully applied
- ONRC framework only partially influenced the 2015-18 allocations for maintenance
- We have assisted the establishment of the LGNZ Road Transport Unit as a centre of excellence to grow capability and understanding of ONRC
- Network outcomes contract procurement reporting is available on the Transport Agency's website
- ONRC has informed targeted investment in the SHAMP
- The annual plan process has demonstrated that we can support a less risk-adverse approach with a tensioning of the renewals programme

SUCCESS INDICATOR



Note: A new priority for ensuring efficient road maintenance investment and delivery has been developed.

This new priority, which uses the One Network Road Classification system, will focus on investing in roads with a view to maintaining customer levels of service.

CURRENT RESULT: \$280M

2016 TARGET: \$280M



Cumulative savings on local road renewals, maintenance and network operations expenditure for end of the current NLTP period was \$94m, which is significantly higher than the target of \$50m.





Cumulative estimated savings on state highways reached \$186m, which is above the target of \$160m set for the NLTP period ending 2014/15.

The savings outlined above reflect the impact of our asset management activities and procurement practices, as well as softer input prices, notably bitumen and diesel, which combined to limit unit cost increases.

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

Q4: Good overall result, with six of the seven milestones achieved.

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Develop and adopt the One Network Road Classification (ONRC), including customer levels of service and performance indicators, as a basis for National Land Transport Programme investment in transport programmes.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>The REG Governance Group has adopted the One Network Road Classification (ONRC) including the customer levels of service and performance measures. This framework has been endorsed by the Board as the basis for investment in the maintenance programme through the NLTP. Elements of the framework were used to moderate the 2015-18 NLTP allocations.</p>	
<p>Approved Organisations (AOs) and Highways and Network Operations (HNO) have quantified the impact of One Network Road Classification (ONRC) on their network requirements.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>All AOs have applied the ONRC framework to their road networks, and the national moderation has been substantially completed. REG has recognised this as a significant achievement for the transport sector.</p> <p>Data is being captured and collated to analyse current performance against the customer levels of service. We expect this information to be used to inform the development of targets.</p> <p>The timeframe for the development of the ONRC framework has been pushed out as the detailed implementation plan has evolved to enable appropriate engagement across the sector and building of capabilities to give effect to this significant change. All AOs have transition plans in place to ensure the full ONRC framework and the business case principles are fully applied to their Activity Management Plans for the 2018-21 cycle.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>The 2015-18 National Land Transport Programme funding allocations for renewals, maintenance and operations, reflect the application of the One Network Road Classification (ONRC).</p>	<p>The Board has approved the maintenance allocations to AOs (and the Transport Agency for state highways) taking into account the extent that AOs have embraced the ONRC framework, such as classification of their networks, application of the business case principles to their activity management plans, and their intention to complete the remaining requirements as articulated in transition plans.</p> <p>This milestone has been flagged as light green as the ONRC framework wasn't completely developed in time for the maintenance negotiations so we have only partially influenced the allocations. Furthermore, there is a lack of evidence in certain areas around the rigorous application of ONRC.</p>	
<p>We have facilitated collaborative arrangements between road controlling authorities through the establishment and ongoing support of the local government centre of excellence.</p> <p><i>(Note: this is a shared milestone with local authorities)</i></p>	<p>Through our participation in REG governance we have assisted the establishment of the LGNZ Road Transport Unit as a centre of excellence to grow capability and understanding of the ONRC framework. Its funded work programme includes facilitating collaborative arrangements between road controlling authorities as well as sharing best practice and developing guidance material to grow capability within the sector.</p>	
<p>The Highways and Network Operations centre of excellence for asset management has shared its lessons learnt from the network outcomes contracts roll-out and State Highway Activity Management Plan (SHAMP) development with the wider transport sector.</p>	<p>Network outcomes contract procurement reporting is available on the Agency's website, including contracts awarded and the tender programme.</p> <p>We have undertaken a Lessons Learnt Review on the development of the SHAMP and have shared the results.</p>	
<p>Investment decision making incentivises best practice Activity Management Planning and the application of the One Network Road Classification (ONRC).</p>	<p>The investment process, which included a review of the extent to which the ONRC framework was incorporated into Activity Management Plans as part of the assessment of investment levels, fostered the development of and sharing of best practice material.</p> <p>The ONRC has informed where we have targeted investment in the SHAMP for capital improvements and maintenance and operations activities.</p>	

MILESTONES FOR 2014/15

Q4 PROGRESS

RESULT

Asset management planning supports a less risk adverse approach to the renewal and maintenance of the network.

Our assessment and moderation of the AO maintenance programmes looked at the Activity management plans as the business case to support the direction and approach to the activity, including its decision-making approach to understand the level of risk applied and how it is to be managed under a constrained investment environment.

This year's annual plan process has been a success and has demonstrated that we can support a less risk-adverse approach with a tensioning of the renewals programme.



KEY RESULT AREA 6: INTEGRATE ONE NETWORK

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

In this quarter

- Significant work has gone into ensuring integrated planning messages are taken up by key departments
- Substantial effort has been put into the mediation and hearings for the Auckland Unitary Plan
- In Christchurch, our approach to integrated land use planning and transport on a principles basis has been accepted
- Auckland Transport's Programme reflected in the 2015-18 NLTP
- The complexities of rolling out integrated ticketing to the regions has necessitated close and careful management
- Regional integrated ticketing scheme in Wellington is progressing well
- The overarching strategy for Beyond Compliance has been deferred
- Investment proposals for freight, including road/rail integration, included in the 2015-18 NLTP

Q4: Variable results, nine of the thirteen milestones achieved.

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

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Deliver a national investor's perspective into regional land transport plans (RLTPs), regional public transport plans (RPTPs), freight plans and the transport component of transport activity management plans by improving the way in which our information and data is presented.</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>We have improved the way in which our information and data is presented. In particular, RLTP activity development has been underpinned by the development of an investment calculator, which has improved the prioritisation process.</p> <p>In Auckland, a RPTP variation undertaken in the final quarter includes updates to reflect progress on the new network plan and routes for bus services consistent with PTOM development.</p> <p>Chatham Islands Council missed the required date for submitting a final RLTP. Therefore they have not been included in the adopted NLTP and will need to be managed through a review process in the first quarter of 2015/16.</p>	●
<p>Submissions on local government planning matters advocate a one network approach, in particular a coordinated approach to housing affordability, including special housing areas.</p>	<p>Input into key government planning-related reforms and initiatives is ongoing. A submission to the Productivity Commission issues paper "Using land for housing" reinforced the Agency's growth planning-led transport investment approach. There is significant work ensuring the submission's integrated planning messages are taken up by key departments and by resource management proposals around land supply, housing affordability, and streamlining the RMA processes.</p> <p>At a regional level we have engaged early with councils and other infrastructure providers on future land use. For example, in Auckland we are engaged with the future urban land supply strategy and have influenced the sequencing of structure planning to ensure significant alignment to the planned availability of infrastructure. We have also undertaken significant advocacy for a one network approach in Hamilton, Tauranga, Wellington, Christchurch and Queenstown.</p>	●

MILESTONES FOR 2014/15

Q4 PROGRESS

RESULT

Submissions on local government planning matters seek to minimise transport sector compliance costs through our ability to influence and shape planning documents and resource consents.

(Note: these are shared milestones with local government, who take the lead on land use planning)

We have engaged in planning submission opportunities and resolving appeals when there is the greatest change in land use and transport demand.

A significant amount of resource has been put into the mediation and hearings for the Auckland Unitary Plan. This was a key opportunity for us to maintain an appropriate level of regulation and, where appropriate, lower compliance costs. Work has been undertaken to identify areas or provisions of the Plan that result in greater cost increases. This is assisting with prioritising tasks and informing evidence.



The Unitary Plan also provides the Agency with the opportunity to shape the methodology for long term land use planning and growth sequencing. The process is on-going and decisions are not due until 2016.



In Christchurch, success was achieved through our input (on behalf of the Crown on infrastructure) to the Christchurch City Council District Plan review in that our approach to integrated land use planning and transport on a principles basis has been accepted in the first tranche of decisions.



Integrated planning collaboration in Queenstown Lakes District is very good, despite rapid growth at this time and transport infrastructure being very topical. Integrated planning opportunities have been accepted with strong positive outcomes.



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

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Refer to Key Result Area 2: Making the most of urban network capacity on page 13.</p>		
<p>Auckland Integrated Transport Programme priorities that give effect to the Government Policy Statement outcomes are considered for inclusion in the 2015-18 National Land Transport Programme.</p> <p><i>(Note: this is a shared milestone with Auckland Transport)</i></p>	<p>We have been involved in Auckland Transport's Investment Logic Mapping, which was used to develop its Integrated Transport Programme. This provided a strong strategic context for activities in Auckland Transport's 2015-18 Regional Land Transport Programme. The methodology used was consistent with the GPS and the Programme is designed to give effect to Auckland Council's Long Term Plan as required by the Land Transport Management Act (LTMA). Subsequently Auckland Transport's Programme has been reflected in the Transport Agency's 2015-18 NLTP.</p>	
<p>Targeted support provided to road controlling authorities for the application of the One Network Road Classification and Activity Management Plan development.</p> <p><i>(Note: these are shared milestones with local government)</i></p>	<p>Support was provided by Equip, our 'flying squad' of Road Efficiency Group (REG) experts, drawing on Transport Agency personnel, as well as regional staff in some instances, where requested. Overall development of this framework by the REG - a significant change for the sector - has taken longer than anticipated, resulting in the development of transition plans to ensure the remaining requirements for this framework are implemented during the 2015-18 period.</p> <p>Support was provided for the development of transition plans. Those who didn't 'make the grade' initially were followed up with, and then supplied with additional details so they could be accepted as having sufficient information to meet the conditions applied to the indicative maintenance allocations advised in May.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>2015-18 regional land transport plans (RLTPs) apply the One Network Road Classification (ONRC) to their network, identify differences in customer levels of service, and agree appropriate performance measures.</p> <p><i>(refer to NZ Transport Agency priority 5)</i></p>	<p>The transition plans reflected in the RLTPs, along with intent to improve Activity Management Planning for this purpose, will assist in identifying gaps in the ONRC customer levels of service which will then be used to agree appropriate performance measures.</p>	
<p>The national public transport ticketing back office processing system is effectively servicing the Auckland ticketing scheme and is prepared for use by other regions as they introduce new integrated ticketing schemes.</p> <p><i>(Note: this is a shared milestone with NZ Transport Ticketing Ltd)</i></p>	<p>Auckland Transport has implemented and is continually improving its HOP scheme, and is now integrating its fare structures. Greater Wellington Regional Council is planning its requirements for its regional scheme. Ten other regions are working together to achieve efficiencies through a shared regional ticketing scheme. We have worked closely with all regions to optimise the investment in ticketing technology, including the use by regions of a shared national public transport ticketing back office processing system, which will be deployed as regional schemes are implemented.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Wellington is well advanced in its planning for an integrated fares and ticketing programme, with preparation for the procurement well developed.</p> <p><i>(Note: this is a shared milestone with Wellington local government)</i></p>	<p>The development of the full business case has taken longer than originally envisaged, in particular because of the need to align the work on integrated fares and ticketing with other interdependent public transport improvement activities. Procurement of the technology aspects of a regional integrated ticketing scheme is planned for the 2016 calendar year, with the actual time frames becoming clearer as the interdependencies are managed.</p>	
<p>For the main provincial centres outside the three metros, agreement has been reached on a joint procurement for a new integrated ticketing system, using the national back-end processing system and interoperability standards.</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>We have worked closely with a consortium of ten regional councils to develop and manage shared transitional ticketing system arrangements and plan the joint procurement of a new shared ticketing system. The joint work has specified regional requirements and identified the optimal procurement approach to minimise risk and maximise value for the regions, while ensuring implementation of a robust future-proofed ticketing system.</p>	

OBJECTIVE 3: IMPROVE FREIGHT SUPPLY CHAIN EFFICIENCY

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Refer to Key Result Area 3: Moving more freight on fewer trucks on page 24.		
Weigh-in-motion site proposals are considered for inclusion in the 2015-18 National Land Transport Programme.	Weigh-in-motion site proposals have been included in the 2015-18 National Land Transport Programme.	●
Specific guidance on the incentives for reducing illegal overloading is provided in the beyond compliance framework. <i>(Note: this is a shared milestone with NZ Police)</i>	The overarching strategy for Beyond Compliance has been deferred to 2015/16 and we have instead focused on implementing priority incentives. For example, we have completed aligning the Heavy Vehicle Offences and Penalties Amendments to align incentives to the high productivity motor vehicle (HPMV) permitting regime. In addition, the Vehicle Dimension and Mass (VDAM) Reform has been progressed and operational compliance activity for road user charges (RUC) and operator safety have been enhanced.	●
Short to medium investment proposals for freight, including road/rail integration are considered for inclusion in the 2015-18 National Land Transport Programme.	Programmes of investment proposals for freight, including road/rail integration, have been included in the 2015-18 NLTP. The focus has been on: <ul style="list-style-type: none"> • extending the high productivity motor vehicle (HPMV) and 50Max networks to provide connectivity to significant production and business areas and optimal value for money • weigh facilities to enable fair and consistent compliance • improving the access to distribution freight hubs such as Auckland's East-West Link. 	●
Work with KiwiRail to develop an integrated long term freight plan as part of a wider safe and efficient national freight system. <i>(Note: this is a shared milestone with KiwiRail, local government, port operators and the freight sector)</i>	We continue to work with KiwiRail to develop closer links on integrated long-term freight planning, including a draft scope of work for 2015/16. A long-term freight plan for the national freight system will eventuate from this work in the 2016-19 period. The Transport Agency has a new freight priority of integrating road and rail for 2016-19. The performance measure for this priority will be developed during 2015/16.	●

KEY RESULT AREA 7: SHAPE SMART TRANSPORT CHOICES

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

Q4: Variable results, with fifteen of the twenty three milestones achieved.

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

In this quarter

- One signature project is progressing well and the other is transitioning out
- Changes to the economic evaluation manual (EEM) reflect the Safe System approach
- Safe System training has been provided
- The high risk intersection project has exceeded all targets and is now complete.
- Phase 1 of the introduction of mandatory Electronic Stability Control requirements (for new vehicles) was implemented on 1 July 2015.
- A number of number of high- and medium-risk rural roads have been improved
- \$333m to be invested in safer cycling infrastructure by 2019
- International benchmarking of rail safety indicators has been initiated
- Progress on reviewing governance and operation of National Rail System Standards has been slow

MILESTONES FOR 2014/15

Q4 PROGRESS

RESULT

Refer to Key Result Area 4: Safe speeds to reduce deaths and serious injuries on page 30.

Two signature projects are developed, funded and are demonstrating the Safe System approach.
(Note: this is a shared milestone with the Ministry of Transport, ACC, NZ Police and local government)

One signature project is progressing well, while the other is being scaled down.
The visiting drivers project has a programme business case developed and is delivering safety enhancements in partnership with a wide range of stakeholders. A comprehensive communications plan is being prepared ahead of the forthcoming tourism season.
The Eastern Bay of Plenty project is transitioning out of the signature programme. The Transport Agency will instead proceed to develop a programme business case for road and roadside improvements to reduce road safety risk on specific high risk corridors in the Opotiki area. A comprehensive evaluation process is underway to ensure the lessons learnt from the Eastern Bay of Plenty signature project inform the development of the 2016-20 safer journeys action plan.



The economic evaluation manual (EEM) Stage 2 review reflects the Safe System approach.

Changes to the Economic Evaluation manual, such as predictive crash risk, and the requirement to consider options and programmes of work, support a safe system approach.






Deliver Safe System training to community and business leaders.

International stakeholder interest in the safety DVD 'the difference between life and death' continues.
Over the period of the Safe System in Practice training around 1,100 people from the Transport Agency, Police, local authorities, other agencies and consultancies have attended the courses. Feedback has been overwhelmingly positive - over 90% of evaluations rate the course as excellent or good. The programme has helped build relationships across the sector and improved perceptions of the Transport Agency. Follow up surveys show that most people apply at least some of the learning back on the job and we are increasingly seeing the Safe System approach coming through in the Transport Agency's and sector plans.



MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Eight state highway and twelve local road intersections are improved (in addition to the 30 that are being completed).</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>We have completed eight high-risk state highway intersections from the top 100:</p> <ol style="list-style-type: none"> 1. SH1B Holland Road rural intersection warning signs 2. SH2/50 Paki Paki Roundabout 3. SH1/Williams St rural intersection warning signs 4. SH1/Aylesbury rural intersection warning signs 5. SH1/5 roundabout 6. SH2/25 roundabout 7. SH3/37 roundabout 8. SH1/Karo Drive red light camera <p>29 intersections improvements have either been completed or construction is underway, including the twelve local road intersections in the milestone.</p> <p>49 intersections have agreements in place for treatment and are in a programme, including the 30 local road intersections mentioned in the milestone.</p> <p>18 intersections are in the planning stage.</p> <p>4 are not in a programme.</p> <p>The High risk intersection project has exceeded all targets and is now complete.</p>	●
<p>Learner and restricted licences have time limits.</p>	<p>The Land Transport (Driver Licensing) Amendment Rule 2014 came into force on 1 December 2014. The amendment rule placed time limits on learner and restricted licences.</p>	●
<p>Implement government decisions for electronic stability control on new and used vehicles.</p>	<p>Electronic Stability Control Rule changes were signed, published, gazetted and communicated to stakeholders in 2014, and the first phase of the introduction of mandatory Electronic Stability Control requirements (for new vehicles) was implemented on July 1 2015.</p>	●

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Develop vehicle safety standards map.	The Vehicle Standards Map has been completed, provided to the Minister and posted on the Safer Journeys website.	
Improve selected high risk rural roads and motorcycling routes.	<p>We have improved a number of high- and medium-risk rural roads, including the following locations:</p> <ol style="list-style-type: none"> 1. SH2 Rimutaka Hill 2. SH29 Kaimai 3. SH75 Little River 4. SH4 Kopaki <p>No further motorcycling routes, beyond the completed Southern Coromandel project, have been included in the State Highway Activity Management Plan until we have determined the success of the Southern Coromandel project.</p>	
Support efforts to strengthen drug driving enforcement.	<p>The Transport Agency research project on the prevalence and impairment effects of drugged driving has completed the initial survey component. The next stages include follow-up surveys with users of the most prevalent drugs, and a systematic review of their impairment effects.</p> <p>The multi-agency impairment working group chaired by the MoT has developed five options for a drug testing and enforcement regime, based on feedback from a multi-agency (government and non-government) workshop in May. The Transport Agency is providing information for the supporting analysis of benefits and costs. A draft policy paper is due with the Associate Minister in July.</p> <p>Through the Road Policing Programme (RPP) Police contribute to the Safer Journeys outcome of fewer people driving while impaired by drugs by delivering drug-impairment tests and by targeting their activities to localities, communities, routes and times of greatest risk.</p>	

MILESTONES FOR 2014/15

Q4 PROGRESS

RESULT

Cycling Safety Panel recommendations are considered and an implementation plan is developed for the sector.

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

The Cycling Safety Panel's final report, "Safer Journeys for people who cycle", was delivered to the Associate Minister of Transport on 5 December 2014. The Associate Minister has met the Transport Agency and the Panel Chair, Richard Leggat, and indicated broad support for most of the 35 recommendations.



The Transport Agency and the Ministry of Transport provided detailed advice to the Associate Minister on the implementation of the Cycling Safety Panel report on 31 March, including advice that work to implement most of the Panel's recommendations was underway through the Urban Cycleways Programme and the Transport Agency's wider activities. A consultative longer term approach was proposed for the more sensitive issues of mandatory minimum passing distance and heavy vehicle technologies. The Transport Agency and the Ministry of Transport will progress this work in 2015/16.

The Prime Minister announced on 25 June that the Urban Cycleways Programme will invest over \$333 million in safer cycling infrastructure by 2019. Other wider network investment means that the total spent on cycling in 2015-18 will be in the order of \$380-400 million. This delivers on the Panel's recommendations to increase the priority of cycling in Government policy and accelerate delivery of consistent, convenient and complete urban cycle networks.

The Transport Agency has made cycling one of its six strategic priorities and will deliver a programme to "Make cycling a safer and more attractive transport choice", which includes work to ensure delivery of the Urban Cycleway Programme, cycle facility design guidance, speed management, a review of relevant regulations and promotion of cycling as a transport choice. This work programme will progress many of the Panel's recommendations over the next three years. Where actions fall under local authorities' responsibility, the Transport Agency will work in partnership to support them and facilitate delivery. Where they fall with other agencies the Transport Agency will work them to establish best practice solutions.



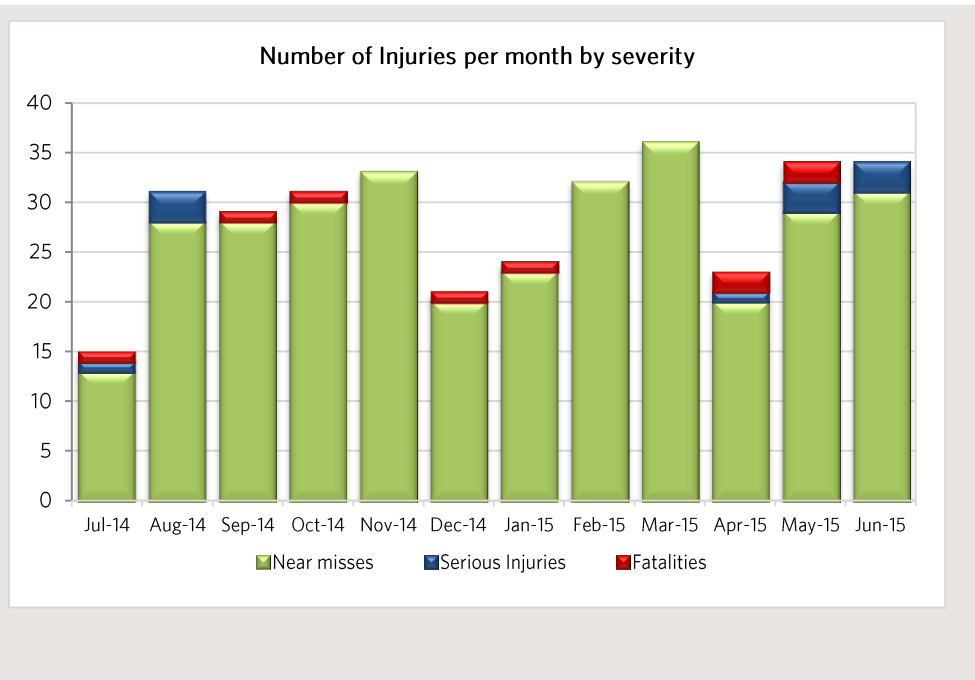
MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Improved rail safety monitoring is in place and being widely communicated.	<p>We have initiated a research project into international benchmarking of rail safety indicators. We also approved a research project into rail safety risks for our 2015/16 research programme.</p> <p>We are now focused on improving the quality of interim lead and lag indicator monitoring, which has been established and being used for monitoring and reporting.</p> <p>We have delayed wide communications of our indicators until further improvements can be made.</p>	●
The governance and operation of National Rail System Standards has been reviewed.	Progress has been slower than anticipated due to the broader than expected implications of our improved regulatory approach. More complex matters outside the National Rail System Standards have needed resolution before this action can be effectively completed. However, clear direction has been identified and these complex issues are being managed appropriately.	●
The range of strategic relationships with other rail regulators and safety focused organisations has increased.	<p>We have built strong strategic relationships with a range of regulatory bodies and safety oriented organisations. We have taken a planned approach, targeting key stakeholder and industry partners, and regular meetings are occurring.</p> <p>We have joined a common compliance capability programme, and the rail safety function is taking a leadership role across the Transport Agency in this area. We also attend regular zero harm leadership group meetings and workshops.</p> <p>By sharing more information, we have been able to consider safety management approaches to an array of issues more effectively.</p>	●

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Safety improvement strategies are in place for tunnels, signals passed at danger (SPADs), level crossings and unauthorised access.</p>	<p>Safety improvement strategies and programmes have been developed and are in place across the industry as required for tunnels and SPADs. These are being managed by appropriate parties with robust oversight by the Transport Agency, as the rail safety regulator. Actions are underway for level crossings and unauthorised access interventions, but overarching strategy documentation has not been completed.</p>	
<p>Discussions on complex and seemingly intractable rail safety issues are multidisciplinary and involve a wide range of internal and external stakeholders; Safe System thinking is being applied.</p>	<p>We have put a lot of focus and effort into addressing complex issues with the multiple stakeholders involved in the rail safety arena. We have gained commitment to addressing safety issues with the relevant industry stakeholders, and have involved internal and external stakeholders from a range of safety disciplines in discussions.</p> <p>While good progress has been made in 2014/15, challenges remain and maintaining momentum will be essential to drive further improvements over the coming years.</p>	

How we are tracking with the Rail Safety Action Plan

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

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



Occurrence data for the 2014/2015 financial year, Q4 (1 April – 30 June 2015):

Total occurrences (accidents and incidents) reported to the Transport Agency this quarter: As of 1 July 2015, the Rail Information System (RIS) database records **1,071** occurrence reports.

Of the **1,071** occurrences reported to the Transport Agency during the quarter, a total of **95** involved collision or near collision. These included;

- **4** fatalities: All four fatalities related to trespassers who should not have been on the track.
- **6** occurrences categorised as a serious injury.
- **15** occurrences categorised as collisions.
- **80** occurrences categorised as near collisions.



In addition



- **1** occurrence categorised as serious injury which involved a safe working irregularity


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

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




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

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Deliver changes to road user charges (RUC) services, including compliance and enforcement services, and provide incentives to transport users to comply with RUC requirements.</p>	<p>We have incentivised compliance by developing and implementing a RUC evasion plan and a Code of Practice for RUC Electronic System Providers. We did not complete the project to integrate payments for RUC assessment debt, which was an initiative intended to improve customer experience and reduce barriers to paying debt, this financial year because we prioritised developing the service for Tolling. Once we have delivered the Tolling solution, we will reassess the project for RUC.</p>	
<p>Implement initiatives to support easy compliance with annual vehicle licence (AVL) requirement.</p>	<p>Initiatives implemented this year to support easy compliance with AVL requirements include the following:</p> <ul style="list-style-type: none"> • the Transport Agency's Transact website was upgraded, which has also contributed to improving customers' online experience. • work to implement the drop in the ACC levy portion of AVL fees will make compliance easier and cheaper. • a pilot, developed as part of scoping conducted for the larger project, showed that providing our customers with text and email capability would significantly lift on-time compliance behaviour, and increase online uptake of our services. This knowledge will be useful for future thinking about how to support compliance with AVL requirements. Further development did not achieve funding support. • changes to the postal reminder notice (MR1) and late payment notice (MR1R) and accompanying envelopes to provide a simpler and easier to interpret reminder. 	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>All key regulatory change projects incorporate user-based design principles to support willing compliance.</p> <p><i>(Note: this is a shared milestone with local government and transport information suppliers)</i></p>	<p>We have formalised our approach and grown our capability in service design during 2014/15. All regulatory change projects now undergo a review/scoping exercise to identify opportunities for service design methodologies to be used. This helps us to deliver outcomes that engage our customers and influence them to safe and compliant behaviours. We have begun development of specific customer personas, which will enrich our understanding of what drives and motivates our customers to be compliant, in turn helping us create smarter choices and regulations. We have used service design techniques and methodologies to better determine which digital reminders would drive a higher proportion of on-time AVL payments and, through our preferred online channels, reducing the risk of creating an online product customers may not connect with. We have also connected with other agencies that are exploring service design as a capability, in order to share our experience and to create a community of practice across government.</p>	
<p>Options for exiting less safe vehicles tested and supported by key stakeholders.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police and ACC)</i></p>	<p>The project expectations changed during the year. Stakeholders accepted the position that only information provision options would be progressed.</p> <p>The project will now be incorporated into a broader vehicle safety NLTP bid.</p> <p>A project update has been provided to the National Road Safety Council and the Associate Minister for Transport through the Ministry of Transport.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Implement government's decision to lower blood alcohol concentration limits.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport and NZ Police)</i></p>	<p>To implement the government's decision to lower blood alcohol concentration limits, we completed the internal business changes and a public information campaign. The communications to advertise the changes were effective.</p> <p>NZ Police undertook extensive preparations for the introduction of the lower adult breath alcohol limits on 1 December 2014. All frontline officers were trained on the new procedures and the forms for processing drink-drive offences; and a new blood-taking kit was issued. Police took the opportunity of reviewing processes and forms to build in time efficiency savings and a reduced likelihood of errors; and the new blood-taking kits were brought into line with current medical practice.</p> <p>In addition, Police commenced a project to replace its 3,000 hand-held breath screening devices. The new devices are more advanced and can conduct passive, screening and evidential breath testing. They are providing further efficiencies in terms of officer time, and are being phased in at a rate of 200 units per quarter over the next four years.</p>	

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

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Review the driver licensing and vehicle dimension and mass systems, and consult on reform initiatives to improve productivity and reduce compliance costs.</p>	<p>We have made good progress on reviews of the driver licensing and vehicle dimension and mass systems. Legislative changes are on track for both reforms.</p> <p>Key stakeholders have been consulted on proposed changes to rules for driver licensing and public consultation on these changes is planned for September.</p> <p>Rule changes for vehicle dimension and mass are behind schedule with new timeframes under development.</p> <p>Due to government's desired timeframes for the Land Transport Act Amendments, the Act and Rule changes have been separated for both reforms.</p> <p>This milestone has been carried forward for completion in 2015/16.</p>	
<p>Deliver agreed 2014/15 programme of rule amendments in support of 'better regulation' objectives.</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport)</i></p>	<p>The 2014/15 year began with the communication and publication of amendments to the rules on driver licensing, light vehicle brakes, vehicle dimension and mass, and the Omnibus Amendment Rules 2014, following signing. A high priority rule on urban buses was consulted upon in 2015, as was the Omnibus Amendment Rule 2015. A number of Rules scheduled for consultation and signing have been moved back into the policy investigation phase.</p>	
<p>Multi-modal travel information is available in the three major urban areas encouraging greater customer choice for mode, route selection and time of travel.</p>	<p>We have estimated journey times communicated in the 3 main centres. There is some multi modal information available, especially in Auckland, but we still have some work to do to bring this into the single locations. This work is continuing into 15/16.</p>	

KEY RESULT AREA 8: DELIVER HIGHWAY SOLUTIONS

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

In this quarter

- Outcomes for the resilience program included in draft SHAMP and have been considered in the NLTP process
- Cost savings on maintenance and renewal activities exceed the \$160 million targeted for the last three years
- The seven NOCs awarded are progressing well. However, two have not yet been awarded

Q4: Variable progress, with nine of the fourteen milestones achieved.

OBJECTIVE 7: GREATER RESILIENCE OF THE STATE HIGHWAY NETWORK

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Outcomes sought in the resilience programme business case are captured in the State Highway Activity Management Plan (SHAMP) and are considered for inclusion in the 2015-18 National Land Transport Programme (NLTP). <i>(Note: this is a shared milestone with other national network operators and local authorities)</i>	Outcomes from the State highway resilience programme business case have been captured in the draft SHAMP and have been included for consideration in the NLTP, along with associated territorial local authority requirements.	

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

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Maintenance and operations performance reporting demonstrates efficiency benefits against our State Highway Activity Management Plan objectives.	We've achieved the targeted cost efficiencies and exceeded the requirement to save \$160 million over the last three years.	
Award nine state highway network outcome contracts (NOC).	We have awarded the following seven NOCs, all of which are progressing well: Northland, Bay of Plenty West, West Waikate, Central Waikato, East Waikato, Manawatu/Wanganui and West Coast. The two not yet awarded are: <ul style="list-style-type: none"> • Milford Road contract, although the current contract has been extended for a further two years • Waikato (PSMC007) which is close to conversion. 	



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

In this quarter

- Five of the six Roads of National Significance are tracking on or ahead of schedule
- The appeal case against the decision on the Basin Reserve Resource Management Act applications commenced on 20 July 2015
- Four of the five projects that make up the Auckland Accelerated Programme are progressing on or ahead schedule
- The design/designation process has not started for Stage 2b (Pakuranga to Botany) of the AMETI project as this is still in the investigation phase
- All except one of the fourteen projects contained within the regional roads programme are on schedule
- Each of the three urban cycleway programme projects are on schedule

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

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Puhi to Wellsford	Confirm designation and consents for Puhoi to Warkworth	Good progress on this project. Designations and consents were confirmed on 12 September 2014 for Puhoi to Warkworth. The public private partnership recommendation was endorsed by the Board, and the procurement alliance is fully operational.	●
Western Ring Route (WRR)	Construction start: St Lukes to Great North Road	Progress on each WRR project is excellent and hitting agreed milestones. St Lukes to Great North Road construction commenced 18 May 2014. The Lincoln Road Motorway works are complete. The Waterview Connection project remains on track.	●
Waikato Expressway	Start construction on Huntly section Complete construction on Ngaruawahia section	We have made good progress on the Huntly section, with the construction contract awarded on 12 March 2015. Construction was completed on the Ngaruawahia section, which opened to traffic on 14 December 2013. We are progressing well on the Hamilton and Cambridge sections, and have some minor consenting issues outstanding across most projects.	●
Tauranga Eastern Link (TEL)	Construction continues	TEL construction continues on programme. We have completed 100 kilometres of lane pavement, and installed and commissioned the toll gantry system ready for opening. We are on track for opening to traffic on 1 August 2015, which is earlier than planned.	●

ROAD OF NATIONAL SIGNIFICANCE	MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Wellington Northern Corridor	Construction start: Transmission Gully; Basin Reserve improvements Memorial Park open to traffic	Construction has commenced on Transmission Gully. Memorial Park was completed on time and was ready for the ANZAC day ceremonies. The Basin Reserve Resource Management Act applications were declined by the Board of Inquiry. We have appealed the decision, and the appeal commences on 20 July 2015. The project is on hold pending the outcome of the appeal.	
Christchurch Motorways	Sawyers Arms to Wairakei (Harewood) Road four-laning open to traffic Construction start: Western Belfast Bypass; Memorial Ave Interchange; Groynes to Sawyers	We have achieved the milestones for the year. Sawyers Arms to Wairakei (Harewood) Road four-laning is open to traffic. We have started construction on Western Belfast Bypass, Memorial Ave Interchange, and Groynes to Sawyers.	

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

PROJECT	MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Northern Corridor (three projects)	Constellation to Greville open to traffic	Constellation to Greville opened to traffic ahead of schedule before Christmas in 2014. The overall project is ahead of programme.	●
Southern Corridor (five projects)	Complete full scheme design Application for NoR and consents lodged Construction contract awarded	Full scheme design is complete. Applications for the Notice of Requirement and consents were lodged, and are on track to be in place by construction start. The construction contract is on track for award in August 2015.	●
State Highway 20A	Consenting and property acquisition commence	We have achieved the milestones of commencing the consenting and property acquisition processes. The project is progressing well with construction underway.	●

PROJECT	MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Auckland Manukau Eastern Transport Initiative (AMETI)	<p>Design start: Stage 2a (Panmure to Pakuranga) and 2b (Pakuranga to Botany)</p> <p>Designation process underway for Reeves Road flyover</p> <p>Construction start: Sylvia Park bus lanes</p>	<p>Design of Stage 2a (Panmure to Pakuranga) is progressing on schedule.</p> <p>The design/designation process has not started for Stage 2b (Pakuranga to Botany) as this is still in the investigation phase.</p> <p>Reeves Road flyover designation process has been delayed and the timing of this is being reviewed.</p> <p>Sylvia Park bus lanes construction expected to commence in 2015/16.</p>	
East west link	Complete indicative and detailed business case	Indicative Business Case for SH20 Improvements Gloucester Park Interchange to Queenstown Road, and SH1 Mt Wellington Interchange access improvements has been completed and endorsed by the Board. The Detailed Business Case is now well advanced and due for completion by August.	

OBJECTIVE 9C – 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)	●
	b. Mingha Bluff to Rough Creek Realignment (Canterbury)	●
	c. Akerama Curves Realignment and Passing Lane (Northland)	●
	d. Panikau Hill and Wallace Hill Slow Vehicle Bays (project complete) (Gisborne)	●
	e. Normanby Overbridge Realignment (Taranaki)	●
	These projects are progressing to plan with the exception of Kawarau Falls Bridge which is slightly behind programme	
2. Projects where we have completed the initial investigation stages for and are reporting back to the Minister in Q1 of 2015/16.	a. Whirokino Trestle (Manawatu-Wanganui)	●
	b. Motu Bridge Replacement (Gisborne)	●
	c. Opawa and Wairau Bridges Replacement (Marlborough)	●
	d. Taramakau Road/Rail Bridge (West Coast)	●
	e. Loop Road to Smeatons Hill (Northland)	●
	f. Mt Messenger and Awakino Gorge Corridor (Taranaki)	●

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

TRANCH	PROJECT	RESULT
3. Projects still in Investigation and we are due to report back to the Minister in 2016	a. Napier Port Access	●
	b. Nelson Southern Link	●
	c. Rotorua Eastern Corridor	●
Napier Port and Rotorua: While they have encountered some issues, their next hold point is report back to Minister next year, so we need to consider which indicator is appropriate for these.		

OBJECTIVE 9D – PLAN FOR AND DELIVER THE URBAN CYCLEWAY PROGRAMME

PROJECT	Q4 PROGRESS	RESULT
<p>Urban Cycleways Programme (UCP) and roll-out of cycleways</p>	<p>Construction began on nearly all of the first tranche of UCP projects during this quarter. Projects which made quick progress include:</p> <ul style="list-style-type: none"> • Longburn Cycleway - an off-road cycle and pedestrian path alongside a busy state highway corridor linking the Longburn community and commercial area with the rest of Palmerston North. This project was completed in June and opened on 2 July. • Nelson Street Cycleway - a new cycleway connecting Newtown Road to Victoria Street in Auckland, utilising the disused Nelson Street off-ramp (and being the first phase of a longer cycleway to Quay Street). The project enhances work already underway on the Auckland cycle network and is one of two key strategic links into the city. Design work was completed in this quarter, and a bridge was constructed offsite and lifted into place. Onsite construction continues and the cycleway is expected to open in December 2015. • Rolleston to Lincoln Cycleway - a new 9km off-road path for pedestrians and cyclists alongside Boundary Road and Lincoln Rolleston Road, connecting fast growing townships to each other and to Christchurch. Construction of this cycleway was well underway by the end of June with completion expected around the end of July / early August. <p>On 25 June, the Prime Minister and Minister of Transport jointly announced the second tranche of UCP projects at an event in Rotorua. 41 projects were announced which, combined with funding from local councils and the National Land Transport Fund, will receive \$296 million to invest in urban cycleways.</p>	
<p>Cycling Safety Panel</p>	<p>The development of an action plan to implement the Cycling Safety Panel's recommendations commenced in this quarter. Many of the recommendations were being implemented and embedded in the Agency's cycling work programme.</p>	
<p>Programme and governance</p>	<p>Cycling became one of the Agency's six strategic priorities for 2015-19 and a comprehensive work programme was developed to make cycling a safer and more attractive transport choice. A promotion and user behaviour change programme case was scoped, and faster procurement and delivery options were scoped and tested.</p>	

KEY RESULT AREA 9: MAXIMISE RETURNS FOR NZ





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

In this quarter

- All AOs have current procurement strategies approved by the Transport Agency
- Procurement framework and manual to be updated once draft review report has been finalised and considered
- 55% of survey respondents (224 respondents) agree or strongly agree that the Transport Agency's procurement policies and advice ensures procurement efficiency and effectiveness
- Construction of the Christchurch bus interchange is now complete
- Planning and design is now complete, and construction of Phase 1 central city transport projects has commenced
- The review of funding assistance rate (FAR) system has been included in the 2015-18 National Land Transport Programme.
- The cross-agency automated speed enforcement strategy was not progressed and was therefore excluded from scope of Road Policing Programme consideration





Q4: Variable results, with thirteen of the seventeen 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 2014/15	Q4 PROGRESS	RESULT
All approved organisations (AOs) have current procurement strategies approved by the Transport Agency.	All approved organisations have current procurement strategies approved by the Transport Agency.	
Review and update our procurement framework and manual to support transparency around value for money, market health and service provider performance.	The draft report has been received on the review of the procurement framework and manual that looked at transparency around value for money, market health and service provider performance. The slight delay in receipt of the report does not impact on the overall timelines for the review. The framework and manual will be updated once the review findings have been finalised and considered.	
Complete the Highways and Network Operations procurement improvement programme and implement or programme improvement activities.	The procurement review was completed in the early part of the financial year. The findings have been incorporated into the procurement process and documentation.	
Stakeholder surveys indicate a greater level of confidence around the efficiency and effectiveness of our procurement practices.	<p>The completed stakeholder perceptions survey shows that 55% of survey respondents (224 respondents) agree or strongly agree that the Transport Agency's procurement policies and advice ensures procurement efficiency and effectiveness. Only 10% of respondents disagreed or strongly disagreed.</p> <p>We do not have a baseline for this, however, feedback on the question "do you find our tools, systems and processes simple and easy to use" indicates that they are simple and easier to use. We have had a steady improvement in this measure.</p> <p>We have added the procurement question to this year's survey so next time we will have a baseline to refer back to.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
Complete construction of the new Christchurch bus interchange.	Construction of the new Christchurch bus interchange is complete. Phase 1 opened on 25 May 2015 and Phase 2 is due to open on 31 July 2015.	●
Complete planning and design, and commence construction of Phase 1 central city transport projects. <i>(Note: these are shared milestones with other central government agencies, local authorities and contractors)</i>	Planning and design is now complete and construction of Phase 1 central city transport projects has commenced. Hagley Avenue and Hospital corner stage 1 is now complete. Tuam Street / Lichfield Streets are in construction. Design is complete and consultation is underway for remainder of the stage 1 works with construction due for completion in early 2016. NLTF contribution of \$18 million has been fully expended.	●
Complete planning and design, and commence construction of Phase 1 central city transport projects. <i>(Note: these are shared milestones with other central government agencies, local authorities and contractors)</i>	Planning and design is now complete and construction of Phase 1 central city transport projects has commenced. Hagley Avenue and Hospital corner stage 1 is now complete. Tuam Street / Lichfield Streets are in construction. Design is complete and consultation is underway for remainder of the stage 1 works with construction due for completion in early 2016. NLTF contribution of \$18 million has been fully expended.	●
Develop and implement a joint transport research information management plan with the Ministry of Transport and other key transport research entities.	An efficiency and effectiveness review of the Transport Agency's internal research processes was completed and recommendations agreed. The cross-sector information management plan was still being developed with Ministry of Transport and other sector entities at year-end and is planned to be launched by the Minister at the November research conference.	●

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

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Implement the reviewed funding assistance rate (FAR) system in the 2015-18 National Land Transport Programme.</p>	<p>We have implemented the reviewed funding assistance rate (FAR) system in the 2015-18 National Land Transport Programme.</p> <p>The decisions from the FAR review, including the transition plan, have been communicated and explained to Approved Organisations, and fully applied to their maintenance programmes and improvement activities included in the NLTP.</p>	
<p>Develop the 2015-18 National Land Transport Programme using a 'planning and investment for outcomes' (PIFO) approach that maximises returns from National Land Transport Fund investment.</p>	<p>We have developed the 2015-18 National Land Transport Programme using a 'planning and investment for outcomes' (PIFO) approach that maximises returns from National Land Transport Fund investment.</p> <p>We have optimised allocations adopted by the Board to the Transport Agency and other Approved Organisations through moderation and negotiation, based on the PIFO approach and using PIFO tools to develop the 2015-18 NLTP.</p>	
<p>Our planning and investment signals ensure the National Land Transport Programme and the Road Policing Programme are optimised in line with key outcomes and priorities.</p>	<p>We have mapped the National Transport Planning Overview and the Road Policing framework priorities against draft RLTPs and they generally align. Moderation workshops run by the Transport Agency ensured that proposed activities were prioritised against the outcomes sought.</p>	
<p>The 2015-18 Road Policing Programme supports the implementation of the cross-agency automated enforcement strategy to enhance road safety and network efficiency.</p>	<p>This milestone will now be carried over and included in the development of the 2015-19 Safer Journeys Action Plan and will therefore be included in a future Road Policing Programme.</p>	

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Incorporate resilience into the investment assessment framework.</p>	<p>The investment assessment framework now includes resilience levels of service concepts. These were agreed by the Board, and issued as part of the investment signals to councils in mid-September.</p>	
<p>Auckland, Wellington and Christchurch tranches of bus contracts for Public Transport Operating Model Units are being/have been tendered and negotiated, with increased confidence that services are priced efficiently and there is access to public transport markets for competitors.</p>	<p>In Wellington and Auckland, it has taken longer than originally envisaged to complete all of the precursor requirements, such as reviewing procurement strategies and finalising contract details, to be ready to go out to tender. The delay is due to the complexity of the project which needed to bring along support and clarity with AOs and across the industry before decisions were made.</p> <p>The process is progressing well, with strong joint work by Auckland Transport and Greater Wellington Regional Council and public transport operators. Tendering and negotiation of PTOM units will be well underway during the 2016/17 year, starting with South Auckland bus units being tendered in July-August 2015.</p> <p>In Christchurch interim PTOM contracting arrangements have been implemented to enable the post-earthquake recovery and redesign of the bus service network.</p>	
<p>Regions have reviewed and adopted new regional public transport plans that explain the transport needs of regional communities and set out how the regional public transport network and services will contribute to meeting the transport needs.</p>	<p>The Auckland RTP was adopted in 2013. A variation is currently underway to reflect network service changes, RLTP updates, changes to fare zones, and Auckland Transport's investigation into light rail.</p> <p>The Waikato and Bay of Plenty regions have developed, consulted on and adopted RLTPs by the respective councils. The RTPs demonstrate alignment with PTOM and our investment priorities including fare box and business case.</p> <p>RTPs are also in place in Otago and Southland.</p>	

MILESTONES FOR 2014/15

Q4 PROGRESS

RESULT

Partnering relationships are well established in Auckland, Wellington and Christchurch, between public transport service operators and regional councils/Auckland Transport, to facilitate improved network capacity utilisation.


(Note: these are shared milestones with regional councils, local authorities and public transport operators)

Auckland Transport is delaying going to market for rail services to enable operators to concentrate on tendering for the Wellington market. The Auckland short list has been developed and participation agreements have been signed by these operators.

Environment Canterbury has a very positive relationship with Christchurch bus operators, which has enabled a smooth transition to a new contract model and the new "Hub & Spoke" network delivery model.



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

MILESTONES FOR 2014/15	Q4 PROGRESS	RESULT
<p>Complete programme business case for tolling opportunities.</p>	<p>The National Tolling Project has been suspended until the government's position on tolling and travel demand becomes clearer, which won't be for some time.</p> <p>However, we will be progressing the preliminary tolling reports for Transmission Gully and the Petone to Grenada Link Road. We are doing this work so we will be able to make a formal decision on whether to proceed to detailed tolling business cases.</p>	



NZ TRANSPORT AGENCY RISKS

NZ TRANSPORT AGENCY RISK DASHBOARD

RISK CATEGORY	Q3	Q4	RISK TARGET	TREATMENT EFFECTIVENESS	COMMENTS
1. Rail: Regulatory Scope and Effectiveness	NEW RISK			»	<ul style="list-style-type: none"> There is a risk that the Transport Agency's role as the rail safety regulator in securing the safe operation of the rail network is not effective.
2. Canterbury Rebuild				+	<ul style="list-style-type: none"> There is an ongoing challenge with Canterbury Earthquake Recovery Authority to actively manage the programme while accounting for available funds under the cost share agreement.
3. Business Continuity				»	<ul style="list-style-type: none"> The line of sight between the incident management plan and the Agency's business continuity response was successfully tested at Wellington Regional Office in June 2015. The Disaster Recovery IS project has begun and will take six to nine months to complete, reducing the risk to an acceptable level.
4. Privacy Breaches				+	<ul style="list-style-type: none"> Following the privacy maturity assessment, a full-time secondee is developing an Agency-wide privacy work programme. The secondment is for a fixed term from 1 June 2015 to 30 June 2016.
5. Health and Safety				»	<ul style="list-style-type: none"> Progress continues toward meeting new health and safety legislation, which will not come into effect prior to January 2016 due to a delayed select committee report. Independent review to confirm compliance with new requirements and ISO:18001 is scheduled for Q1 of 2015/16.
6. Information Security				+	<ul style="list-style-type: none"> Rapidly changing technology, where people can make mistakes or oversights in their use or management of information means this risk needs continuous monitoring.
7. Public Transport Operating Model (PTOM)				+	<ul style="list-style-type: none"> In Wellington there has been real progress, with improved capability and capacity, improved relationships with incumbent operators, and a focus on progressing within tight time frames. Operators and Auckland Transport are actively discussing how to manage light rail uncertainties and impact on bus contracting. The potential for a legal challenge of PTOM bus contracts has reduced and we are well prepared to manage this if it happens.

Risk category

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

Treatment effectiveness

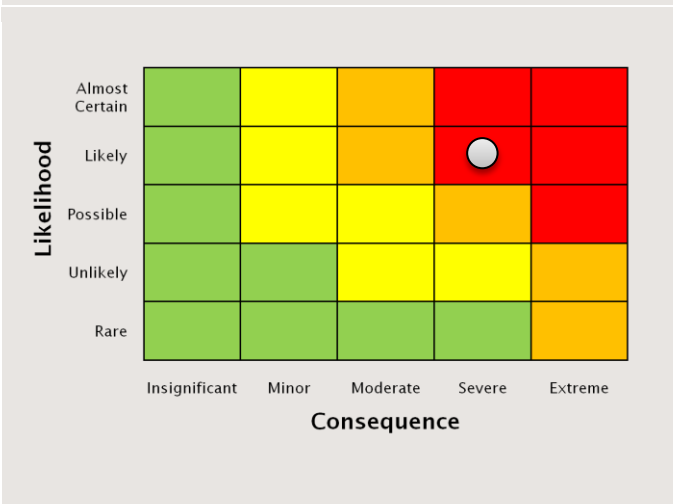
- Treatments are implemented and effective
- Treatments largely implemented,
- Some treatments implemented

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 for further development of systems and capability to effectively reduce this risk.

Actions and controls already in place to address risk

- Engagement with the SLT, Board and Minister to ensure continued visibility of the challenges and opportunities associated with improved regulatory effectiveness
- Driving understanding across the Transport Agency
- Working with partner organisations for "best practice" definition
- Sector engagement
- TAIC recommendation process improving standards
- Tunnels work with KiwiRail and WorkSafe

Planned risk treatment action

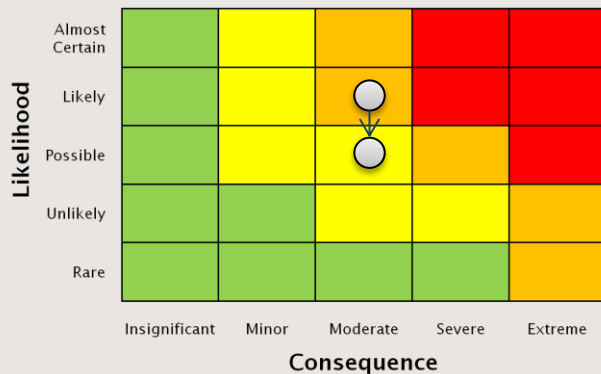
- Define regulatory outcomes
- Implement "best practice" regulatory framework
- Implement plan for Service Delivery Model
- A&U – Regulatory framework and capability building programme

2 CANTERBURY REBUILD – GOVERNANCE AND MANAGEMENT

Risk description

The lack of effective governance, timely decision making and monitoring could significantly affect the ability to maintain rebuild momentum and confidence, including the Stronger Christchurch Infrastructure Rebuild Team's December 2016 target completion date.

Risk Response Leader: Planning and Investment



Challenge/Insight

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

Actions and controls already in place to address risk

- The Christchurch Land Use Recovery Plan (LURP) has been published and the Transport Agency is well embedded in the District Plan reviews to give effect to the LURP. We have been successful through the first tranche of decisions on the District Plan reviews in ensuring the Principles and Objectives sections have captured our integrated land use and transport planning principles and approach to strategic infrastructure management.
- The Infrastructure Recovery Technical Standards and Guidelines document has been reviewed, three new water standards agreed to and all projects have been reviewed against revised standards.
- The programme financial reconciliation model is complete; enabling monthly updates of the programme forecast cost and each funder's share. The model informed the Independent Assessor report which has been submitted to clients. Each client is working through funding implications; for the Transport Agency the forecast is a reduction in NLTF share under all scenarios (note we have \$37m misalignment with CCC on eligible costs).

Planned risk treatment action

- Programme has been optimised – the issue of resolving points of difference with CERA and CCC on funding shares has now been escalated to the Minister and Mayor for resolution.
- Continue to work with CERA, CCC and Treasury to ensure our interests are appropriately provided for.
- Continue to work with CCC and the Horizontal Infrastructure Governance Group (HIGG) to resolve the \$37m eligibility issue.
- In conjunction with CCC we have commissioned an independent review to model the likely end-state level of service of the transport network post rebuild. The draft report was received in June and the final report will be completed in July.
- Communications strategy is under development to ensure there is strong client alignment on messaging to community on levels of service at the completion of the rebuild.

3 BUSINESS CONTINUITY PLANS (BCPS)

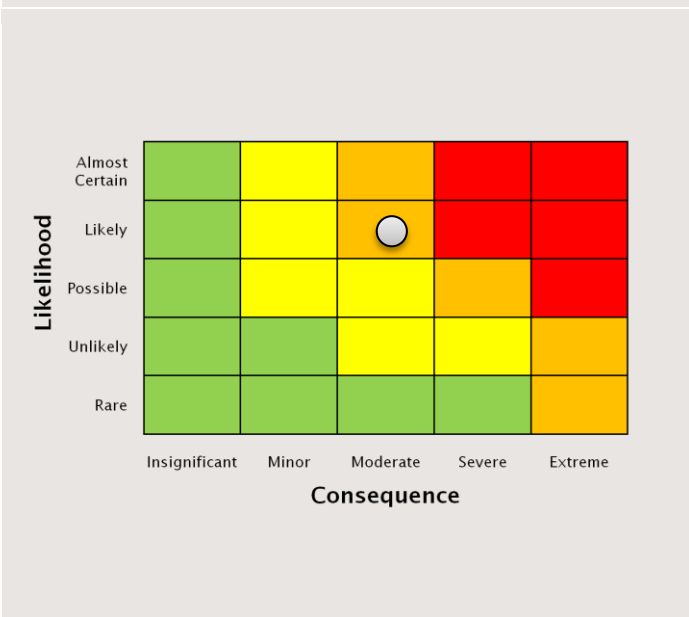
Risk description

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

Risk Response Leader: Organisational Support

Actions and controls already in place to address risk

- Business impact analysis for the Agency (excluding Transport Operations Centres (TOCs) is complete, with critical functions identified.
- A test of the Palmerston North Contact Centre has been carried out with some learnings identified.
- Campaign Manager training has been delivered to all people in an incident management team.
- The Disaster Recovery project has commenced. This is a six to nine month project and at completion the business continuity risk will have reduced to an acceptable level.
- Business continuity resources have been widely used and undergo constant improvement.
- A test at Wellington Regional Office has been carried out, confirming the updated Incident Management Plan.



Challenge/Insight

- The line of sight between the incident management plan and the Agency's business continuity response was successfully tested at Wellington Regional Office in June 2015.

Planned risk treatment action

- Development/finalisation of BCPs for the Agency is on-going.
- An Incident Management Plan is in the final stages of development. Implementation and training is to occur in the first half of 2015/16.
- A template for office Business Continuity Plans has been developed for use by Business Continuity Teams and support functions. This provides information to support initial actions as well as consolidated resource and response priorities for each office.

4 PRIVACY BREACHES

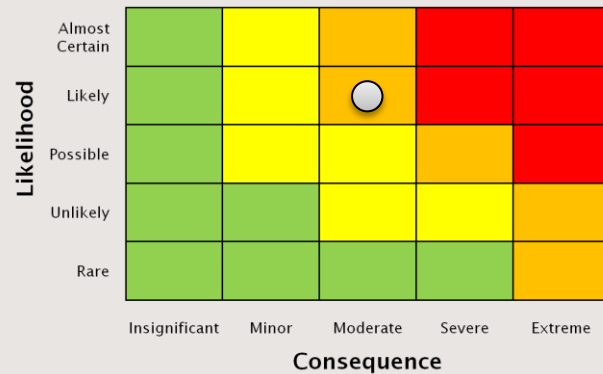
Risk description

There is a risk that process failure, system failure or human error will result in loss of sensitive information or data. 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

- Privacy Awareness Programme roadshows are complete.
- Contact Centre induction programme now includes a privacy component.
- Increasing awareness of requirement for privacy to be considered early in projects.
- Procedures for reporting incidents have been implemented and privacy reports are provided to relevant management groups.
- A Security Oversight Group has been set up to enable regular discussion of privacy and security matters.
- An interactive guide to privacy is now available on the Transport Agency intranet (Onramp).



Challenge/Insight

- The Transport Agency has undertaken a review of its privacy programme based on the Government Chief Privacy Officer's Privacy Maturity Assessment Framework.
- A full time resource has been seconded to develop a work programme to address identified gaps between the current and desired maturity levels.
- A further report on the work programme will be presented to the Senior Leadership Team in August and to the Board in October.

Planned risk treatment action

- Agency-wide work programme currently being developed as an outcome of the Privacy Maturity Assessment.
- 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. For example, introduction of the Intelledox letter solution, which will automatically populate address information on external correspondence.

5 HEALTH AND SAFETY (H&S)

Risk description

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

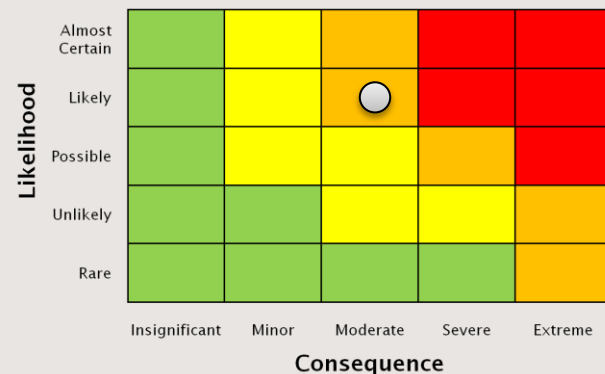
Risk Response Leader: People and Capability

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

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



Planned risk treatment action

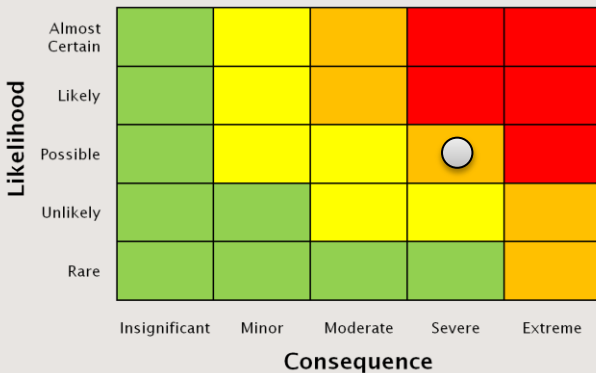
- Zero Harm – Managing Safety and Working Safely training to be implemented across Highway and Network Operations in quarter three.
- Directors' Due Diligence site visits will continue in quarter one with site visits and coaching scheduled for individual Board members.
- Minimum standards are in development for all high risk activities (88% complete).
- Health and safety e-learning modules will be implemented in quarter one.

6 INFORMATION SECURITY

Risk description

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

Risk Response Leader: Organisational Support



Challenge/Insight

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

Actions and controls already in place to address risk

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

Planned risk treatment action

- Security reviews and privacy impact assessment's stop/go gate implemented.
- Monitoring and reporting capability pilot complete. Transport Agency rollout will occur in the first quarter of 2015/16.
- Incident and Event Management business case in development for implementation during the fourth quarter of 2015/16.
- Technical security policy redraft to align with current best practice, due August 2015.
- GCSB #1 recommendation for application whitelisting now in progress. Estimated completion October 2015.

7 PUBLIC TRANSPORT OPERATING MODEL (PTOM)

Risk description

There is a risk that stakeholder relationships and the Transport Agency's reputation will be damaged due to negative responses to changes introduced by the implementation of PTOM (such as partnering approach and an adjustment in industry business models).

Risk Response Leader: Planning and Investment

Actions and controls already in place to address risk

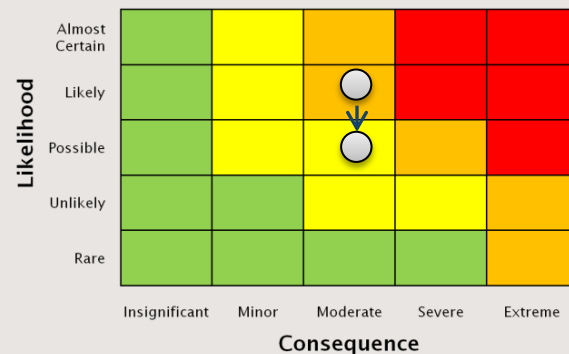
- Robust process of analysis and appropriate engagement being undertaken to approve Auckland Transport's Request for Tender (RFT), including legal, commercial and policy reviews by external parties (Chapman Tripp and Deloitte).
- Ongoing provision of assistance and advice to Auckland Transport and GWRC on PTOM policy, process and expectations.
- Consistent messages to AOs and industry in regard to the Transport Agency's role in implementing PTOM, partnering expectations and timeframes.
- Senior level discussions with GWRC, through governance groups, on Transport Agency expectations.

Challenge/Insight

- This is a big policy change for the sector, which ultimately involves changing behaviours to a partnering approach and an adjustment in industry business models. This is taking place within a fast moving situation in Auckland in respect of Auckland Transport's desire to pursue a light rail option, including amending their current Regional Public Transport Plan, which may affect the long term contracting for bus services.
- The Agency is managing differing expectations between the key parties involved (AT, GWRC and operators) as to what the PTOM model looks like in practice.
- GWRC have been slow to grasp the significance and magnitude of the PTOM implementation task and other transformational public transport initiatives, such as the introduction of integrated ticketing and the transition from the trolley bus fleet.

Planned risk treatment action

- Work with AT to ensure the RFT, when released is consistent with PTOM objectives and will attract competition.
- Senior level discussions are taking place between the Transport Agency and Auckland Transport on the place and pace of light rail and the associated risks related to PTOM implementation and investment more generally.
- GWRC has appointed a temporary strategic programme manager and is building permanent capability and capacity to take an integrated strategic approach to its public transport investment and change projects, including PTOM. It is making real progress towards implementing PTOM, but in tight time frames.
- We have reviewed the way we work with GWRC, including ensuring we have the right senior people involved. This has greatly improved the working relationship between GWRC and provided greater assurance regarding optimising NLTF investment into Wellington public transport.
- We are about to approve Auckland Transport's RFT documentation prior to the first tranche of tendering for bus services. Operators have been critical of the lack of partnering in draft contracts and there is still some risk of a legal challenge to our decision. We are well prepared to address any challenge and consider it is unlikely to delay the first tender tranche.





FINANCIAL & SERVICE DELIVERY RESULTS

FINANCIAL PERFORMANCE

- **NLTP 3 year summary**
1% (\$68m) under budget.
- **Total expenditure 2014/15**
1% (\$31m) under budget.
- **Total NZTA expenditure 2014/15**
7% (\$21m) over budget.
- **Memorandum Accounts**
Surplus 204% (\$8m) higher than budget.
- **NZTA Capital Programme**
77% of budget spent.

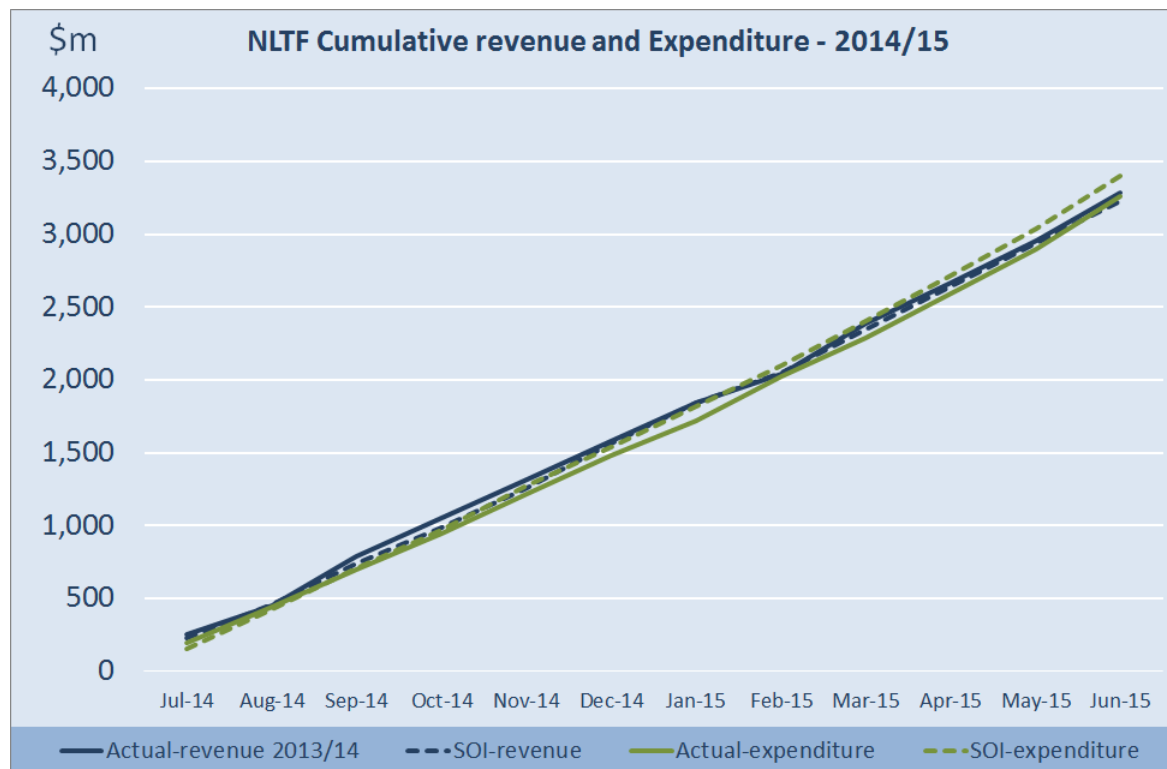
Note: These financial statements are still being finalised and yet to be audited. As such, they are to be considered draft only and subject to change.

HIGHLIGHTS OF THE YEAR

- The 2012-15 National Land Transport Programme (NLTP) is under budget by 1% (\$68m) against the three year budget. The key budget underspends in NLTP were in Public transport and Renewal of State Highways, partially offset by overspends in Maintenance and operation of State Highways and New and Improved infrastructure for State Highways. The 2012-15 NLTP is within the high end of the Government Policy Statement (GPS) range.
- NZTA underspent against the total expenditure budget by 1% (\$31m) due to a \$71m underspend in Planning & Investment in Land Transport, which was partially offset by a \$32m overspend in Managing State Highways.
- The summary balances of the Memorandum accounts at the end of 2014/15 are in surplus by \$11m against an original budgeted surplus of \$3m as a direct result of higher than expected volumes for driver testing and applications. The account balance also includes \$1.5m transferred to RUC Collections account from retained earnings.
- 77% (\$12m) of the Capital Programme budget was spent in 2014/15 with a small number of projects requiring capital budgets to be carried forward to 2015/16.

NATIONAL LAND TRANSPORT FUND (NLTF)

- The NLTF ended the year with a net surplus of \$27.2m, \$193.2m higher than budgeted.
- NLTF Revenue is 2% (\$56.8m) higher than budget. FED revenue is 3% (\$50.1m) higher than budget and 4% (\$62.8m) over the third quarter projection. RUC revenue is in line with budget and is 3% (\$49.7m) under the third quarter projection. **Management of Crown land and interest revenue** is mainly driven by revenue from property disposal and is over budget by 15% (\$11.0m). The end of year disposals totalled \$61.3m which was \$3.7m higher than budget. The positive result was achieved due to the significant upward revaluation of a property held at Stanley St; Auckland. The property was sold to the Office of Treaty Settlements. Three smaller rural holdings in the Waikato also settled a little earlier than expected, and collectively a further \$2.5m was contributed to the disposal outcome.
- The most significant outflow, the **distributions to the NLTP, is 4% (\$136.5m) under budget**. This is due to an underspend in Approved Organisations payments which is partially offset by the request to accelerate State Highways expenditure. NZ Police expenditure is in line with budget.



National Land Transport Fund - Statement of comprehensive income for the year ended 30 June 2015.

	Year end				Projected			Prior Year
	Actual \$000	Budget \$000	Variance \$000	%	2014/15 \$000	Variance \$000	%	2013/14 \$000
Income inflows								
Land transport revenue - FED	1,745,614	1,695,507	50,107	3%	1,682,770	62,844	4%	2,994,005
Land transport revenue - RUC and other revenue	1,454,715	1,459,068	(4,353)	(0%)	1,504,420	(49,705)	(3%)	3,233
Management of Crown land and interest	85,978	74,950	11,028	15%	78,850	7,128	9%	98,837
	3,286,307	3,229,525	56,782	2%	3,266,040	20,267	1%	3,096,075
Outflows								
NLTP	2,962,404	3,098,862	136,458	4%	3,011,657	49,253	2%	2,776,921
Road Policing Programme	296,667	296,667	0	0%	303,700	7,033	2%	306,678
	3,259,071	3,395,529	136,458	4%	3,315,357	56,286	2%	3,083,599
Net surplus/(deficit)	27,236	(166,004)	193,240	(116%)	(49,317)	76,553	155%	12,476

NEW ZEALAND TRANSPORT AGENCY (NZTA) EXPENDITURE

- Total consolidated expenditure is 1% (\$30.8m) under budget.

Commentaries on this variance are provided in the sections below (following pages).

- NZTA operational expenditure is 7% (\$21.0m) over budget.
- Personnel costs are 1% (\$0.9m) over budget. This is mainly due to redundancy payments following internal restructures and the additional costs of temporary workers. This is partially offset by a lower FTE count than budgeted (4%) which results in lower personnel costs than planned.
- Operating costs and depreciation are 12% (\$20.1m) over budget. This is primarily made up of:
 - A \$6.0m impairment loss resulting from the independent revaluation of the NZTTL asset at the end of June. The central system assets for which NZTA contributed \$20m as part of the AIFS programme has never been formally depreciated which triggered a revaluation of the asset.
 - \$11.6m additional costs offset by additional revenue including \$4.7m overspend in commissions and transactions, \$3.7m of physical works and contractors' expenditure that was undertaken for DIA and NZ Police and \$3.2m of expenditure covered by revenue from third-parties.
 - \$2.5m on projects including (a) \$0.9m of unbudgeted expenditure on the Payment Card Industry compliance project which the Board agreed to fund from previous years surpluses, (b) \$0.7m of unbudgeted expenditure for the Zero Harm project and (c) \$0.7m of Russley Road bond payment and end of lease provision

These have been partially offset by additional revenue received from third party sources including rent and the Community Road Safety Fund.

- NZTA total actual operational expenditure is 5% (\$14.3m) over projected mainly due to the impairment loss of \$6.0m relating to NZTTL and NZTTL introductory expenditure of \$1.1m, physical works and contractor's expenditure of \$3.7m, the additional project spend of \$2.4m, the Zero Harm project of \$0.7m and the Russley Road and end of lease expenditure of \$0.7m.

Total consolidated expenditure on land transport including NZTA operating expenditure for the year ended 30 June 2015.

This table excludes state highway depreciation/asset write-off.

	Year end				Projected			Prior Year
	Actual	Budget	Variance		2014/15	Variance		2013/14
	\$000	\$000	\$000	%	\$000	\$000	%	\$000
NZTA contributes to:								
Managing state highways	1,993,304	1,960,824	(32,480)	(2%)	1,977,600	(15,704)	(1%)	1,771,688
Planning and investing in land transport	1,201,915	1,273,019	71,104	6%	1,192,106	(9,809)	(1%)	1,080,938
Access to the land transport system	164,636	156,771	(7,865)	(5%)	164,140	(496)	(0%)	156,764
Total expenditure	3,359,855	3,390,614	30,759	1%	3,333,846	(26,010)	(1%)	3,009,390

NZTA operational expenditure for the year ended 30 June 2015.

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

	Year end				Projected			Prior Year
	Actual	Budget	Variance		2014/15	Variance		2013/14
	\$000	\$000	\$000	%	\$000	\$000	%	\$000
Our expenses classified by:								
Personnel costs	117,084	116,187	(897)	(1%)	115,498	(1,586)	(1%)	114,698
Operating expenses	175,313	155,597	(19,716)	(13%)	163,605	(11,708)	(7%)	150,006
Depreciation and amortisation expense	10,053	9,646	(407)	(4%)	10,097	44	0%	9,232
Total expenditure	302,449	281,430	(21,019)	(7%)	289,199	(13,250)	(4%)	273,936

NZTTL operational introductory expenditure for the year ended 30 June 2015.

This table shows the expenditure of NZTTL.

	Year end				Projected			Prior Year
	Actual	Budget	Variance		2014/15	Variance		2013/14
	\$000	\$000	\$000	%	\$000	\$000	%	\$000
Our expenses classified by:								
Personnel costs	98	265	167	63%	114	16	16%	0
Operating expenses	956	2,568	1,612	63%	1,491	535	56%	0
Depreciation and amortisation expense	0	1,100	1,100	100%	0	0	0%	0
Total expenditure	1,055	3,933	2,878	73%	1,605	550	52%	0

ACCESS & USE (A&U)

- The net surplus for A&U is \$5.4m against a budgeted deficit of \$0.1m, resulting in a year end favourable variance of \$5.5m.
- Access & Use revenue is 9% (\$13.4m) higher than budget.
- Driver licensing and testing** revenue is 19% (\$9.3m) higher than budget due to higher than expected volumes for driver applications and testing. The growth in revenue is the result of an increase in the volumes for new driver licence applications and testing volumes (22% higher than budget) and endorsement applications (16% higher than budget). The high volumes are driven by a combination of a year on year increase of higher learner and restricted volumes and significant net migration, up 55k when compared to the prior year. Increased endorsements are reflective of the economy starting to pick up over the year. The year-end projection reflected an expectation that there would be some service level disruption during the transition to the new driver testing provider. As a result of actively managing staffing levels before full transition occurred, volumes for both theory and practical tests have remained stable and there has been no discernible impact on volumes for full licence applications.
- Motor vehicle registration** revenue is 8% (\$4.7m) higher than budget mainly as a result of higher than planned revenue from licensing, plates and registration for passenger and commercial vehicles. Demand for motor vehicles as a result of increasing labour force participation, migration-led population growth, Canterbury construction activity, housing demand in Auckland, and a range of major infrastructure and commercial projects will continue to drive higher revenue.
The reduction in the ACC levy as a result of amended vehicle risk ratings (effective 1 July 2015) has resulted in a major shift in customer behaviour. In the two months to the end of June, many customers moved to shorter licence terms to take advantage of the reduced rate for safer

vehicles. Customers opted to use the MR27 form in order to permanently amend their licence end date and to take advantage of the lower rates from 1 July. The MR27 form incurs a significantly higher administration fee, and had the result of pushing revenue approximately \$1.5m above the projected levels. The effect of the levy change will flow through to July volumes with a large spike in revenue anticipated as customers renew their expiring motor vehicle licences.

- Road User Charges** has a total of \$4.6m appropriated in the year to cover the ongoing administration costs associated with this output class. The collection of road user charges became third party fee revenue on 1 November, four months later than planned. As a result of this delay in implementing the third party fees, \$1m of unbudgeted revenue was appropriated for the year ended 30 June 2015. The RUC Collections account had a transfer of \$1.5m from retained earnings relating to a prior year appropriation. This transfer will be used for funding the Common Payment System and Payment Card Industry systems work and is included in the closing balance of the memorandum accounts.
- Standards development levy and transport licensing fees** revenue is 7% (\$1.0m) lower than budget mostly due to a prepaid adjustment of \$1.2m. Previously all historic revenue was accounted for on a cash basis. The revenue will now be recognised in 2015/16 so the current position is purely a timing issue.
- Vehicle certification and other memo accounts** WOF and COF vehicle certification revenue is 7% (\$0.8m) lower than budget due to delays obtaining Cabinet approval of changes to fees. The new fees were implemented on 1 November 2014 and while both have come closer to budget in the last month they still remain behind budget.

Access to and use of the land transport system – Financial results for the year ended 30 June 2015.

	Year end				Projected			Prior Year
	Actual \$000	Budget \$000	Variance \$000	%	2014/15 \$000	Variance \$000	%	2013/14 \$000
Income								
Motor vehicle registration	59,524	54,871	4,653	8%	58,000	1,524	3%	56,779
Driver licensing & Driver testing	59,194	49,865	9,329	19%	58,001	1,193	2%	53,788
RUC collection	12,368	11,539	829	7%	12,300	68	1%	0
Standard development levy & Transport licensing	12,362	13,345	(983)	(7%)	13,700	(1,338)	(11%)	14,294
Vehicle certification - WoF	6,689	6,954	(264)	(4%)	6,250	439	7%	5,728
Vehicle certification - CoF & Other	2,943	3,451	(509)	(15%)	2,600	343	12%	2,225
Other	2,477	1,983	494	25%	2,285	192	8%	2,319
Subtotal - Memo accounts	155,557	142,008	13,550	10%	153,136	2,421	2%	135,133
RUC investigation and enforcement	4,229	4,434	(205)	(5%)	4,434	(205)	(5%)	19,935
Tolling	6,332	6,694	(363)	(5%)	6,250	82	1%	6,056
Other	3,917	3,533	384	11%	3,533	384	10%	4,829
Subtotal - Other	14,477	14,661	(184)	(1%)	14,217	260	2%	30,820
Total income	170,034	156,669	13,365	9%	167,353	2,681	2%	165,953
Expenditure								
Staff	38,662	37,562	(1,100)	(3%)	37,562	(1,100)	(3%)	35,947
Commissions	50,365	46,707	(3,658)	(8%)	49,850	(515)	(1%)	47,844
Transactions	21,290	20,228	(1,062)	(5%)	21,235	(55)	(0%)	19,485
Information Technology	12,556	14,752	2,196	15%	15,252	2,696	21%	14,491
Advertising, PR & Media	905	1,422	517	36%	1,182	277	31%	970
Professional Services	9,798	6,066	(3,732)	(62%)	9,025	(773)	(8%)	7,271
Other	9,566	9,153	(413)	(5%)	9,153	(413)	(4%)	7,703
Overhead - Accommodation costs	4,225	3,731	(494)	(13%)	3,731	(494)	(12%)	4,115
Overhead - Corporate	14,363	14,240	(123)	(1%)	14,240	(123)	(1%)	16,503
Overhead - Regional office	2,775	2,792	17	1%	2,792	17	1%	2,321
Overhead - Regional Directors	131	118	(13)	(11%)	118	(13)	(10%)	114
Total expenditure	164,636	156,771	(7,865)	(5%)	164,140	(496)	(0%)	156,764
Net surplus/(deficit)	5,398	(102)	5,500	-	3,213	2,185	40%	9,189

ACCESS & USE [CONTINUED]

- Access & Use expenditure is 5% (\$7.9m) over budget.
- Commission charges are 8% (\$3.7m) over budget mainly due to higher than budgeted driver testing volumes (see revenue section). These high volumes drive higher costs, which are offset by the additional revenue.
- Transaction costs are 5% (\$1.1m) over budget due to a combination of higher than budgeted costs for Motor Vehicle Registration (MVR) plates, postage and document service costs (see revenue section). The higher transaction costs for MVR plates remain in line with high growth rates for vehicle sales (passenger and commercial vehicles).
- Project related costs (consisting mainly of Information technology and professional services costs) are 8% (\$1.6m) over budget. This is mainly due to fully realising the cost of the change in provider for driver testing services, the Contact Centre Technology Upgrade and the Vehicle Licensing Reform project delivering over budget, offset by the combination of the deferral of the Annual Vehicle Licensing project, delays in the Tolling Development project, and the RUC Assessments Payments and Time Limits projects delivering under budget.

The net memorandum account balance surplus is \$7.6m higher than budget due to higher than expected revenue. Fees are set on a long term cost recovery basis.

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

- Driver licensing account balance is favourable by \$4.5m, primarily due to increased volumes.
- Transport licensing account balance is favourable by \$2.9m, primarily due to a combination of higher than planned revenue from passenger and goods vehicles and lower regional costs as a result of the review of regional services.

- Motor vehicle licensing account balance is favourable, reflecting record sales for new vehicles. Registration volumes are 14% favourable with the Motor Industry Association continuing to report the highest new vehicle sales on record since 1984.
- Certification review balance reflects the impact of delays in implementing new fees as a result of delays in obtaining Cabinet approval. The new fees were implemented on 1 November 2014.

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

	Year end				Projected			Prior Year
	Actual	Budget	Variance	%	2014/15	Variance	%	2013/14
	000	000	000	%	000	000	%	\$000
Driver licences - New drivers	239	195	44	23%	229	10	4%	195
- Reinstatements	48	47	1	2%	48	0	0%	47
- Renewals	230	229	1	0%	234	(4)	(2%)	231
- Older drivers	70	65	5	8%	70	0	0%	66
- Overseas conversions	49	44	5	11%	48	1	2%	60
- Replacements	94	96	(2)	(2%)	95	(1)	(1%)	100
Driver testing - Theory	167	143	24	17%	167	0	0%	156
- Practical	250	198	52	26%	250	0	0%	207
Certification - WoF passes	4,753	4,400	353	8%	4,806	(53)	(1%)	5,812
- CoF passes	383	360	23	6%	390	(7)	(2%)	367
MVR - Registrations	436	384	52	14%	438	(2)	(0%)	309
- Licences	6,908	6,483	425	7%	6,654	254	4%	7,076
RUC - Licences	2,486	2,387	99	4%	2,483	3	0%	2,347
Toll - Trips	6,075	6,160	(85)	(1%)	6,163	(88)	(1%)	5,757

Memorandum accounts.

Funding Source	1 July	Retained funding	Revenue			Expenditure			Balance as at		
			Actual	Budget	Variance	Actual	Budget	Variance	30/06/2015		
									Actual	Budget	Projected
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Border inspection fees	2,937		865	605	260	481	434	(47)	3,321	2,853	3,191
Certification review fees	(7,634)		9,632	10,405	(773)	10,883	9,820	(1,063)	(8,884)	(6,932)	(9,639)
Driver licensing fees	2,456		35,597	30,649	4,947	33,220	30,640	(2,580)	4,833	330	5,802
Driver testing fees	5,449		23,597	19,216	4,382	22,804	19,582	(3,222)	6,242	6,371	5,910
Motor vehicle licensing	5,227		59,524	54,871	4,653	58,611	56,152	(2,459)	6,140	4,254	5,762
Over dimension permits	472		481	294	188	437	447	10	517	239	575
Rail licensing fees	(2,960)		1,130	1,084	46	1,472	1,592	120	(3,302)	(3,355)	(3,326)
RUC collection	0	1,500	12,368	11,539	829	11,973	11,025	(948)	1,895	514	532
Standard development fees	2,065		4,723	5,701	(979)	5,569	5,241	(328)	1,219	2,926	1,909
Transport licensing fees	(1,758)		7,640	7,644	(4)	6,452	7,309	857	(570)	(3,452)	69
Memo Account - Total	6,254	1,500	155,557	142,008	13,550	151,902	142,242	(9,660)	11,410	3,747	10,785

* RUC Collections yearend surplus balance includes \$1.5m prior year appropriation.

PLANNING & INVESTMENT

- Expenditure is 7% (\$86.6m) under budget.

Commentary on activity classes.

- **Management of the funding allocation system** shows an overspend position for the year of 3% (\$1.0m). This is due to a significant investment in assessing and understanding the capabilities required to realise future benefits for NLTP investment. The overall MoFAS expenditure for the 2012-15 NLTP is within the high end of the GPS range.
- **Transport planning** end of year expenditure is under budget by 35% (\$8.1m). The anticipated ramp-up to prepare for the 2015-18 NLTP did not occur as expected. This resulted in expenditure on activity management planning and programme business case development not progressing as previously anticipated. The actual spend is 10% (\$1.6m) under the third quarter projection.
- **Sector research** expenditure ended the year 18% (\$1.1m) under budget. However, the forecast research spend was adjusted down during the year from \$6.1m to \$5m based on the number of topics assessed as high priority for research and the resources available internally to manage their delivery. The Transport Agency managed the 2012-15 Sector Research activity class across the three-years, with the three-year spend slightly above the GPS midpoint allocation of \$12m, at an average of \$4.2m per annum during this period. The actual spend is in line with the third quarter projection.
- **Public transport** spend ended the year at 5% (\$14.4m) under budget. Slower than planned delivery of infrastructure projects in Auckland, efficiencies in the services programme and the impact of lower fuel costs on service delivery all played a part in the lower expenditure. The actual spend is 2% (\$6.9m) over the third quarter projection.

- **New and improved infrastructure for local roads** expenditure is over budget by 12% (\$20.5m). The Route K settlement occurred as planned in June (\$62m), which, along with Christchurch's inner city improvements (\$9m) was the key driver for the variance against budget. However, Auckland Transport's planned advance property purchases (\$25m) were deferred to 2015/16, meaning other approved organisations performed better than expected. An example is minor improvements spend lifting \$7m over the 2013/14 expenditure. The end of year actual spend is in line with the third quarter projection.
- **Maintenance, operation and renewal of local roads** expenditure is 1% (\$2.7m) over budget, in line with the historical pattern. This is about \$25.7m below our May forecast, of which \$8m is from Christchurch claiming only \$3m of the budgeted \$100m borrowing facility for earthquake related emergency expenditure. Last month we acknowledged that the risk of under-spending had grown and this has proved to be the case. The actual spend is 1% (\$5m) over the third quarter projection.
- **Walking and cycling expenditure** end of year expenditure is 73% (\$13.1m) over budget. This performance demonstrates the local authority response to the impetus provided by the Urban Cycleway Programme. The actual spend is 10% (\$3.1m) over the third quarter projection.

Planning & investing in land transport – Expenditure report for the year ended 30 June 2015.

	Year end				Projected			Prior Year
	Actual \$000	Budget \$000	Variance \$000	%	2014/15 \$000	Variance \$000	%	2013/14 \$000
Management of the funding allocation system	31,761	30,775	(986)	(3%)	30,675	(1,086)	(3%)	30,736
Transport planning	15,226	23,356	8,130	35%	16,800	1,574	10%	14,927
Sector research	5,001	6,100	1,099	18%	5,000	(1)	(0%)	4,197
Public transport	304,947	319,391	14,444	5%	298,000	(6,947)	(2%)	272,266
Road safety promotion	32,972	36,397	3,425	9%	36,047	3,075	9%	32,445
New and improved infrastructure for local roads	187,509	167,000	(20,509)	(12%)	188,000	491	0%	125,043
Renewal of local roads	247,539	251,000	3,461	1%	248,700	1,161	0%	232,761
Maintenance and operation of local roads	291,161	285,000	(6,161)	(2%)	285,000	(6,161)	(2%)	302,618
M&O local roads - CHCH earthquake funding	3,137	100,000	96,863	97%	0	(3,137)	(100%)	1,217
Walking and cycling	31,141	18,000	(13,141)	(73%)	28,000	(3,141)	(10%)	12,173
Total expenditure	1,150,394	1,237,019	86,625	7%	1,136,222	(14,172)	(1%)	1,028,383

STATE HIGHWAYS

- Expenditure is 2% (\$32.5m) over budget.
- **New and improved infrastructure for state highways** expenditure is over budget by 4% (\$54.7m) at the end of June. The last quarter of the year saw a significant uplift in monthly expenditure. This follows normal spending patterns and has been assisted by (a) the acceleration of previously approved projects (\$95m in total from five projects: Mt Victoria Tunnel, MacKays to Peka Peka, Huntly section, Western Ring Route and Ngauranga to Aotea Quay), (b) \$174m of property purchases and (c) \$20m of minor safety work. The expenditure uplift was slightly offset by (a) a significant underspend in the property acquisition programme, following changes to alignments to minimise land take for the Auckland Accelerated Programme and settlements taking longer than expected (\$35m), (b) a resource consent delay on the Christchurch Motorway RoNS delaying the construction start (\$10m) and (c) the impact of the decision to reject the Basin Reserve bridge option (\$12m). The actual spend is in line with the third quarter projection.
- **Renewal of state highways** is 10% (\$22.1m) under budget due to the combination of a more rigorous approach to asset renewals (as previously reported) and actual escalation rates (*) being below budget rates (as a result of favourable macroeconomic conditions, e.g. lower oil prices). The actual spend is 11% (\$21.6m) over the third quarter projection.
- **Maintenance and operation of state highways** is on budget. The last quarter of the year saw an increase in contract payments being made in the last few months of the year. The increase in expenditure is slightly offset by a combination of (a) lower than expected emergency works which relate to the last quarter and are to eventuate in future years, and (b) actual escalation rates (*) being below budgeted rates (\$15m). The actual spend is 4% (\$13.9m) under the third quarter projection.

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

Managing state highways – Expenditure report for the year ended 30 June 2015.

	Year end				Projected			Prior Year
	Actual \$000	Budget \$000	Variance \$000	%	2014/15 \$000	Variance \$000	%	2013/14 \$000
New and improved infrastructure for state highway	1,331,183	1,276,500	(54,683)	(4%)	1,323,125	(8,058)	(1%)	1,230,309
New state highways - Tauranga Eastern Link	107,000	107,000	0	0%	107,000	0	0%	0
Renewal of state highways	191,766	213,853	22,087	10%	170,196	(21,570)	(11%)	168,593
Maintenance and operation of state highways	363,355	363,471	116	0%	377,279	13,924	4%	372,786
Total expenditure	1,993,304	1,960,824	(32,480)	(2%)	1,977,600	(15,704)	(1%)	1,771,688

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

Specific projects funded by the Crown – Expenditure report for the year ended 30 June 2015.

	Year end				Projected			Prior Year
	Actual \$000	Budget \$000	Variance \$000	%	2014/15 \$000	Variance \$000	%	2013/14 \$000
SuperGold card transport concessions	26,329	25,905	(424)	(2%)	26,500	171	1%	24,110
Administration of SuperGold card	95	95	0	0%	95	0	0%	95
Construction of passing opportunities on SH2	500	0	(500)	(100%)	500	0	0%	3,350
National war memorial park	10,000	10,000	0	0%	10,000	0	0%	25,000
Urban cycleways	2,597	0	(2,597)	0%	5,000	2,403	93%	0
Accelerated regional state highways	12,000	0	(12,000)	0%	13,789	1,789	15%	0
Auckland accelerated package	0	0	0	0%	0	0	0%	0
Total expenditure	51,521	36,000	(15,521)	(43%)	55,884	4,363	8%	52,555

- **Construction of passing opportunities on SH2** was initially planned to be completed in 2013/14, however, final costs were incurred and settled in the first quarter of 2014/15.
- **National war memorial park** The Arras Tunnel is now open to traffic and Memorial Park is complete. Funding from the Crown has been fully claimed and the remainder of the project was funded from the NLTP.
- **Urban cycleways.** State Highways and Approved Organisations have made use of this fund with \$2.6m spent at the end of June.
- **Accelerated regional state highways.** The five tranche 1 construction projects are now well under way (with one now complete). Projects in tranches two and three have also completed their respective milestones.

NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

Programme management overview

At the end of the three year programme expenditure is under budget by \$68.0m against the 2012 published NLTP budget. Expenditure in some activity classes including local road improvements, state highways and local road renewals and public transport drifted down from our initial forecast. This is mainly due to (a) local share funding constraints, (b) deferral of renewals as a result of whole of life optimisation, (c) slower delivery of infrastructure and (d) savings due to efficiencies in the service programme. The underspend in the above activity classes is slightly offset by the over spend in New and improved infrastructure for state highways. This follows normal spending patterns and has been assisted by the acceleration of previously approved projects.

Commentaries on these individual variances are provided in the sections above (see State Highways and Planning & Investment section).

The Transport Planning, Road Safety, Maintenance and operation of State Highways, New and Improved and Renewal of local roads and MoFAS activity class expenditure for the 2012-15 NLTP is within the high end of the GPS range.

National Land Transport Programme (NLTP)

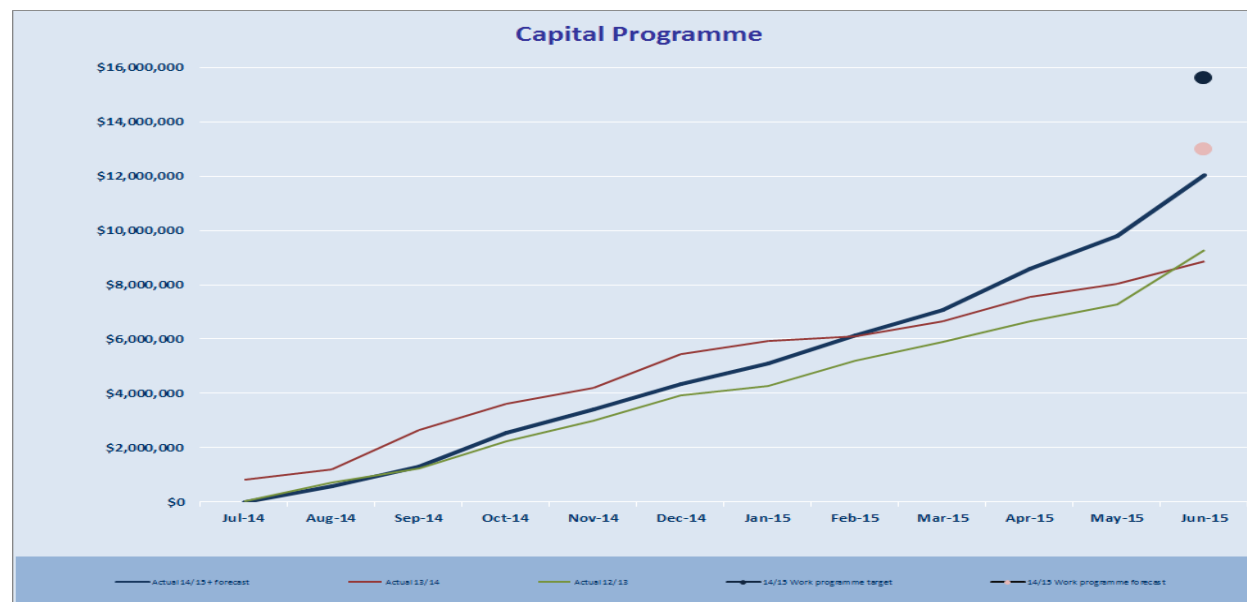
	Published	Actual spend 2012-2015					Projected		Within GPS Range Yes/No
	NLTP 2012-2015	2012/13 Actual	2013/14 Actual	2014/15 Actual	Total 2012-2015	Variance	2014/15 Projected	Variance	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Allocation of funds to activity classes:									
Transport planning	50,000	13,438	14,927	15,226	43,591	6,409	16,800	(1,574)	Yes
Road safety	97,000	27,592	31,811	32,927	92,330	4,670	33,000	(73)	Yes
Walking and cycling	53,000	8,449	18,197	31,141	57,787	(4,787)	28,000	3,141	Yes
Public transport	945,000	287,532	272,266	304,947	864,745	80,255	298,000	6,947	Yes
Maintenance and operation of local roads	878,000	279,379	290,445	291,161	860,985	17,015	285,000	6,161	Yes
Maintenance and operation of state highways	989,000	342,210	371,600	361,571	1,075,381	(86,381)	377,279	(15,708)	Yes
Renewal of local roads	738,000	204,410	232,761	247,539	684,710	53,290	248,700	(1,161)	Yes
Renewal of state highways	635,000	175,009	168,593	191,434	535,036	99,964	170,196	21,238	Yes
New and improved infrastructure for local roads	515,000	152,562	125,043	187,509	465,114	49,886	188,000	(491)	Yes
New and improved infrastructure for state highways	3,400,000	992,559	1,230,309	1,331,183	3,554,051	(154,051)	1,323,125	8,058	Yes
Sector research	15,000	3,194	4,197	5,001	12,392	2,608	5,000	1	Yes
Management of the funding allocation system	89,000	28,838	29,715	31,293	89,846	(846)	29,875	1,418	Yes
Total	8,404,000	2,515,172	2,789,864	3,030,932	8,335,968	68,032	3,002,975	27,957	

*Excludes Crown, debt funded projects and third party funded business units.

CAPITAL PROGRAMME

- The 2014/15 budget for capital projects was **\$10.9m**. Carry forwards of incomplete but approved projects from the 2013/14 year (\$4.7m) meant the work programme was **\$15.6m**.
- At year end we have spent 77% (\$12.1m) of the full year budget. This is well above previous year's levels and reflects a significant effort in the second half of the year to bring expenditure close to forecasted levels.
- A small number of projects require capital budget to be carried forward, mainly due to project delays. The Contact Centre Upgrade in particular has experienced delays relating to the analysis of Payment Card Industry Compliance, resulting in a significant underspend and carry forward required.
- Additional funding was approved for certain projects including the RUC Debt Assessment Payments project. This is reflected in the difference between total variance to outturn and the carry forward request.

This graph shows the capital programme spend for the twelve months ended 30 June 2015. It also includes previous year's actual capital for comparison.



Project Name	Year end			Projected 2014/15			
	YTD Actual \$000	Approved Project Budget \$000	% of Project Budget %	Outturn \$000	Variance \$000	C/fwd Request \$000	Effective Variance \$000
Enterprise Geospatial Capability	429	1,779	24%	413	(15)	0	(15)
Vehicle Licensing Reform (CoF)	318	318	100%	317	0	0	0
Time Limits on Driver Licences	684	684	100%	684	0	0	0
RUC / RUC Debt Assessment Payments	3,915	4,080	96%	3,700	(215)	165	(380)
L1 & L3 Workstations	68	68	100%	59	(8)	0	(8)
Wellington Regional Office	220	220	100%	27	(193)	0	(193)
Wireless Phase 2	18	18	97%	18	0	0	0
InfoHub Programme - Kete replacement	146	148	99%	148	2	0	2
Infrastructure refresh	1,771	2,186	81%	2,186	414	0	414
Online Training Tool	417	417	100%	494	77	0	77
Crash Analysis System (CAS) replacement project	1,635	1,500	109%	1,500	(135)	0	(135)
Contact Centre Technology Upgrade	672	1,985	34%	1,475	803	803	0
Hyperion Upgrade	922	1,210	76%	1,205	283	0	283
Palmerston North Restack	190	190	100%	0	(190)	0	(190)
RUC - Bank Charges	400	534	75%	534	133	50	83
Tauranga Changes	26	44	59%	44	18	18	0
14/15 Asset Refreshment & Minor Works	229	200	115%	200	(29)	0	(29)
	12,059	15,581	77%	13,004	946	1,036	(91)

BORROWING

Short term facilities

Due to a number of uncertainties around cash inflows into the NLTF during June, we made a draw down on the short-term loan facility of \$30m on 19 June, however, this was repaid on 26 June. There was no other activity with these loans during the quarter.

The notional balance in the NLTF was \$40.9m as at 30 June 2015.

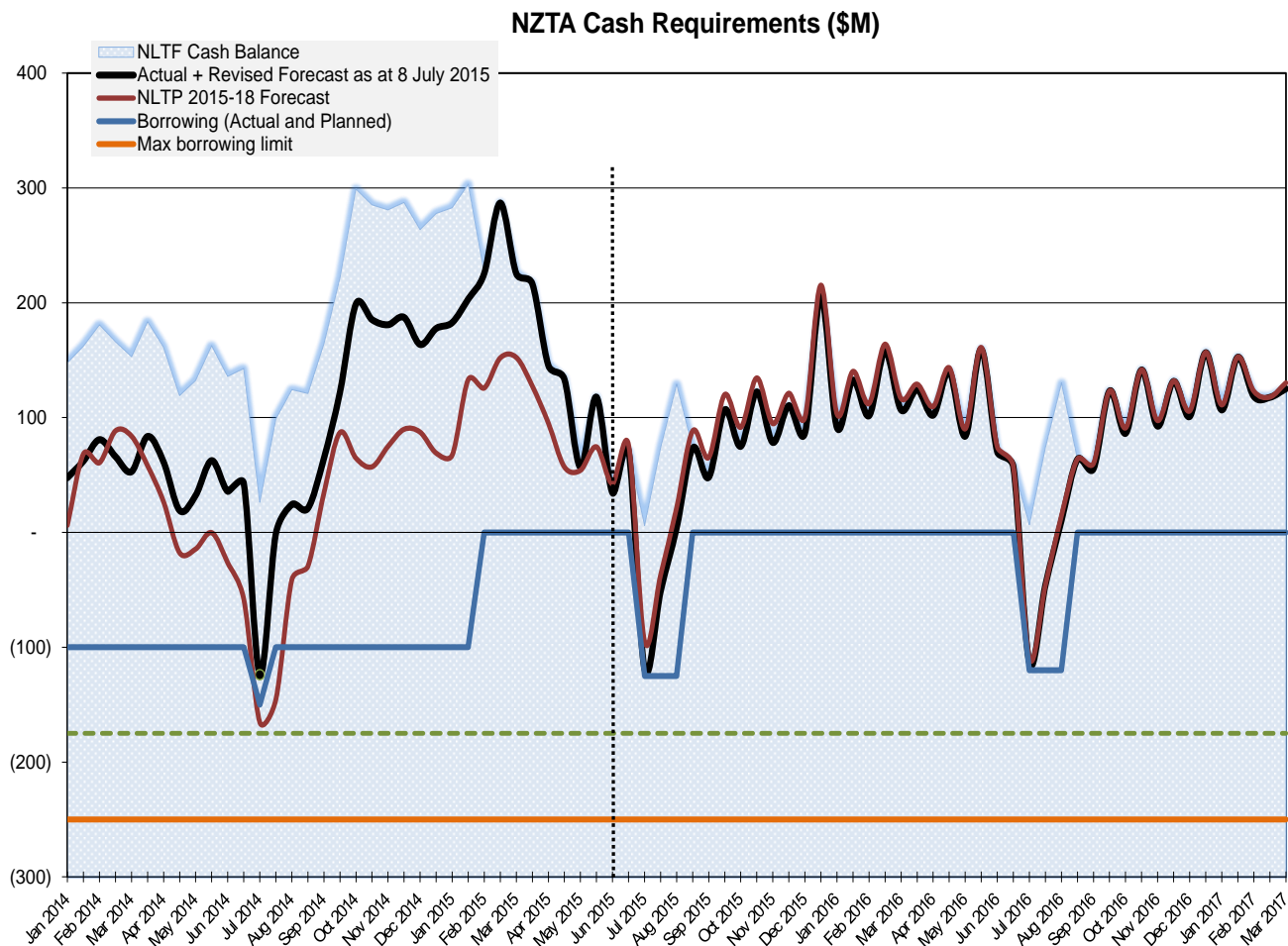
There was a drawdown on the short term facility on 20 July 2015 to cover the increased level of expenditure for the June claims being paid during the month of July.

The graph now fully reflects the revenue and expenditure forecasts being used for the 2015-18 NLTP. This is based on the revenue forecasts used for the GPS and the 2015-18 NLTP along with the corresponding expenditure targets published for the NLTP.

Longer term facilities

There has been no additional activity on the Christchurch Earthquake loan or the Auckland Transport Package loan during the quarter. For Christchurch, we have a June claim of around \$3.0m that will require a draw down on the loan facility. This will be initiated for drawdown on 31 July 2015. Any drawdown for the Auckland Transport Package is not expected until the middle of the 2015/16 financial year.

The loan terms and loan structure for the Tauranga Eastern Link loan were finalised during the quarter with the Notice of Facility received from the Minister of Finance. We responded with our Confirmation of Facility Notice and a Loan Draw Down request for the full amount of \$107 m. This was paid to us on 30 June 2015.



LONGER-TERM FUNDING COMMITMENTS

Current NLTP

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

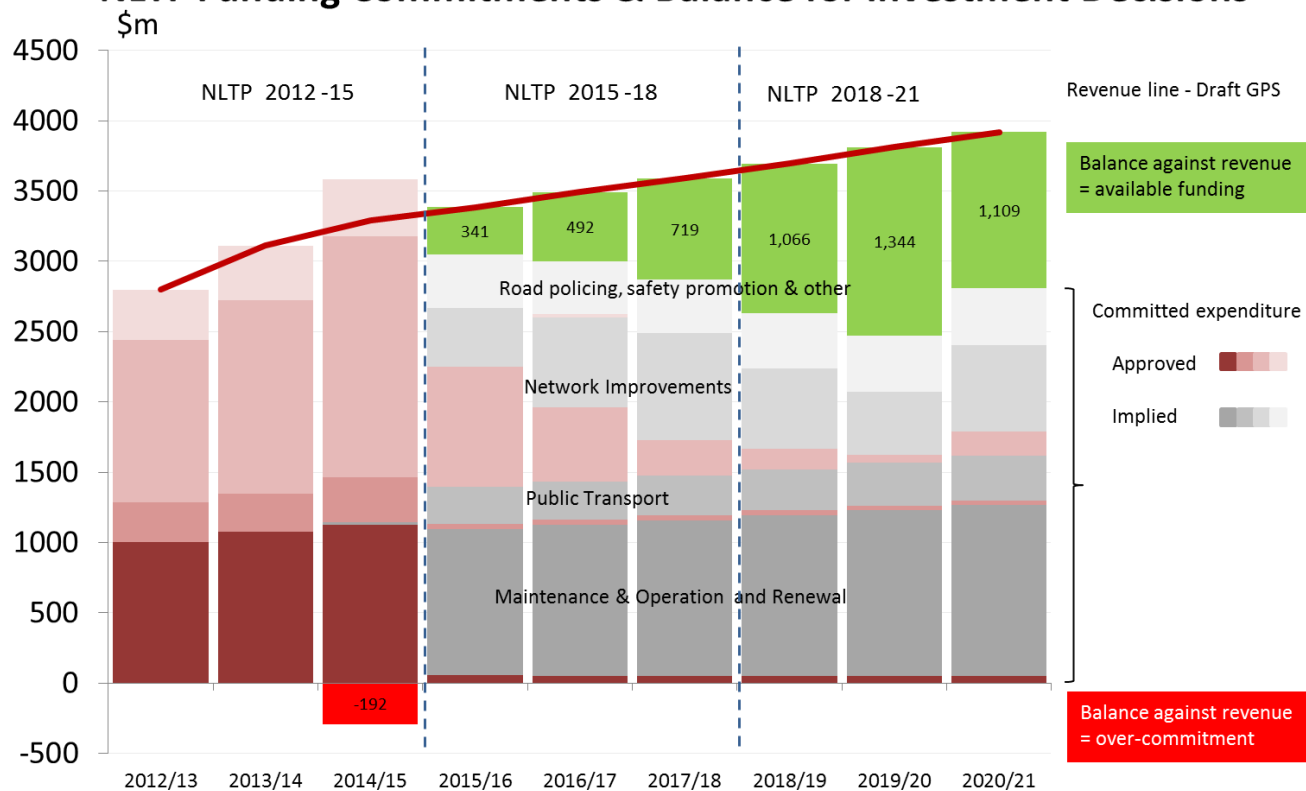
2015-18 NLTP

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

2018-21 NLTP

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

NLTF Funding Commitments & Balance for Investment Decisions



*The table above reflects March 2015 year to date results and will not be final until reconciled to Transport Investment Online.

LONG TERM DEBT COMMITMENTS

The Agency continues to explore and to enter into longer term funding options for projects that go beyond the short and medium-term financial reporting. Most of these longer term commitments are being progressively recognised as liabilities as drawdown occurs. These longer term debt commitments, where the individual projects are of a significant size, will be reported each quarter.

The table captures all current and known future facilities that the Agency is entering 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.

OTHER LONG TERM COMMITMENTS

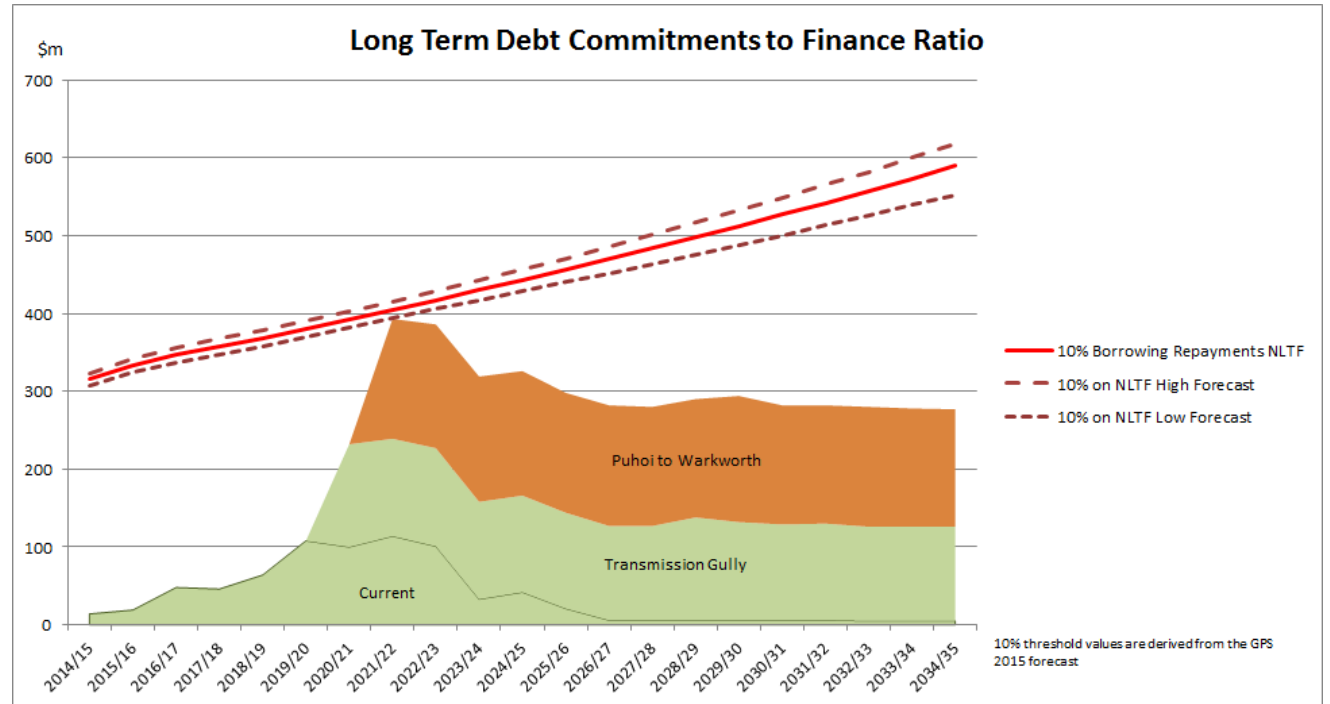
The remaining “Other Commitments” are funding arrangements covering cash flow management and the longer term commitments for Auckland and Wellington Rail, subject to future claims.

Project	Investment	Period	Notes
1. Debt Commitments			
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.
Christchurch Rebuild	\$183m	9yrs	Borrowing from NZDMO for Christchurch Earthquake expenditure above the \$50m per annum NLTP funding in the next 3 to 4 years repaid over the subsequent 5 or 6 years. This will be a series of fixed interest loans of varying terms.
Auckland Accelerated Initiatives	\$375m	10yrs	Northern Corridor, Southern Corridor, SH20A. Funding to be by way of an advance on cash flows of \$375m from the NZDMO with the interest written off to the Crown. The loan funds to cover all three of the current SH projects. Further funding may be considered for additional accelerated works such as the East/West Corridor and AMETI. However this has not yet been committed to us.
Transmission Gully (PPP)	\$1.0b	31yrs	Construction to occur over the next 6 years with an operating phase of the following 25 years. The Agency has entered into an interest rate swap with the NZDMO to fix the interest rate obligation over the period of the PPP providing certainty over this period. The unitary payments are approx. \$120 m per annum (a total commitment over the 25 years of \$3b).
2. Other Commitments			
Auckland Electrical Multiple Units	\$200m	35yrs	Committed contribution over a 35 year period matching expected useful life of the assets.
Auckland Depots	\$50m	50yrs	Committed contribution over a 50 year period.
Wellington Matangi Electric Multiple Units	\$85m	28yrs	Committed contribution over a 28 year period matching expected useful life of the assets.

LONG TERM DEBT COMMITMENTS (CONTINUED)




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

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



NLTF INVESTMENT ASSURANCE



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

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




Q4: INVESTMENT AUDITS

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

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

AUDITEE	NZTA INVESTMENT VALUE (2012/15 NLTP)	KEY FINDINGS SUMMARY	RESULT
Carterton District Council	\$4.9 million	<p>Carterton District Council uses sound management practices to deliver its land transport programme, and has significantly improved its financial management since the last audit.</p> <p>The council's claims for financial assistance for the four financial years to 2013/14 were successfully reconciled against its general ledger records.</p> <p>The Transport Agency's procurement requirements are being complied with, although one recommendation was made to ensure contract documentation is complete. This will help mitigate a risk of legal implications resulting from unsigned or non-dated contracts.</p>	
Greater Wellington Regional Council	\$195.4 million	<p>Greater Wellington has good systems in place for the recording and reporting of public transport patronage, revenue, and SuperGold transactions. Financial assistance claims were validated through the council's general ledger records.</p> <p>There was a disappointing level of compliance with the Transport Agency's required procurement procedures. Evaluation methods not permitted by the Transport Agency's rules were used. Key documentation such as the tender evaluation report was missing. Greater Wellington has asked the audit team to return and review an extended sample of contracts to determine the scale of the issue for them to address. Quality assurance over the tender process should be improved.</p> <p>The lack of an integrated approach to road safety promotion is also inhibiting the effective and efficient delivery of the Transport Agency's road safety investment. There are ten independent and uncoordinated road safety promotion programmes being delivered in the Wellington region.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2012/15 NLTP)	KEY FINDINGS SUMMARY	RESULT
Wellington City Council	\$39.5 million	<p>While Wellington City's significant geographical constraints adversely affect the cost to do work on its network, data provided by the council still indicate it is expensive to maintain compared with other similar sized cities. The council disputes this conclusion but nevertheless acknowledges that the information it provides to the Transport Agency does imply a high cost network. Council staff need to be more involved in the scoping of capital projects to avoid additional costs, especially with material selection and geometric design features.</p> <p>Effective financial procedures are in place, with a concise reporting structure. The council's contract procurement procedures and professional services arrangements comply with Transport Agency requirements.</p> <p>Cycle safety continues to be a concern, with summary crash statistics unimproved since the previous technical audit in 2008. Good interventions have been put in place to improve downtown pedestrian safety.</p>	●
Christchurch City Council	\$278.1 million	<p>This special interim audit was done to provide assurance around the Christchurch City Council's claiming processes for large Transport Agency funding allocations relating to the Christchurch earthquake rebuild. The audit focused on a new claiming model being introduced to better apportion rebuild-related costs across different agencies.</p> <p>The new model once fully implemented will be an improvement on the current use of higher-level cost apportionment and assumptions about expenditure eligibility. It will also provide a more accurate picture of the Transport Agency funding assistance as the claims made to date are reconciled. But, in the interim, a risk still remains. It was recommended that all completed projects are checked in detail to ensure costs are apportioned correctly across the client funders.</p> <p>The Christchurch Transport Operations Centre (CTOC) was also reviewed. Whilst still in its infancy, expenditure and revenue was difficult to identify with any confidence. A recommendation has been made to address CTOC's ongoing financial management.</p>	●
Department of Conservation Hokitika	\$1.8 million	<p>The Department of Conservation (DoC) Hokitika office has good contract management processes in place to ensure it is getting value for money from its road contractors and consultant. However, continued claims for internal labour costs under network and asset management is a concern, but is being resolved with the assistance of the Transport Agency Planning & Investment regional staff.</p> <p>Claims for funding assistance were reconciled to original documentation and invoices with some difficulty but the recent introduction of a new financial management system should address this issue.</p>	●
West Coast Regional Council	\$0.2 million	<p>West Coast Regional Council is successfully managing Total Mobility services on the West Coast. It was noted though that it had not claimed its allocation for Total Mobility wheel chair hoist payments for the last two years. This was due to the provider choosing to not invoice the council despite several reminders.</p> <p>Other public transport services in the West Coast region are contracted and managed separately through Buller and Westland District Councils.</p>	●

AUDITEE	NZTA INVESTMENT VALUE (2012/15 NLTP)	KEY FINDINGS SUMMARY	RESULT
Westland District Council	\$8.1 million	<p>There is significant risk for Westland District Council's management of its land transport programme as a result of very high turnover of finance staff. It was also about to lose its roading manager at the time of the audit.</p> <p>Claims for funding assistance were unable to be reconciled directly to the general ledger, with reconciliation reliant on analysing supplier invoices. Procurement procedures were generally good but a few suggestions were made to reduce the risk of error in future requests for tender. It was also recommended that a follow-up audit occur 12-18 months to check on progress.</p>	
Environment Southland	\$0.6 million	<p>Environment Southland manages a small low risk regional land transport planning programme. Other public transport activities are managed and funded through Invercargill City Council.</p> <p>The council is demonstrating value for money initiatives through collaboration with Gore District Council for procurement of consultant services.</p>	
Invercargill City Council	\$21.1 million	<p>Invercargill City Council manages both its roading network and regional public transport activities on behalf of Environment Southland. It has very experienced and capable roading staff but its financial management needs improvement, particularly around its public transport related activities and retention management. Retentions are a portion of contractors' progress payment which is held back until the work is completed. NZTA allows the full progress payment to be recognised (including the retention) as expenditure in the month it is incurred. Processes to manage risk associated with ticket revenue reporting (including SuperGold) need further development.</p> <p>The network is well managed, but recent staff movements have left a gap with road safety knowledge. This will need addressing in the near future.</p>	

ROAD POLICING PROGRAMME PROGRESS REPORT

ROAD POLICING PROGRAMME PERFORMANCE HIGHLIGHTS

Q3: GOOD OVERALL PROGRESS ON ROAD POLICING PROGRAMME DELIVERY BY NZ POLICE, WITH 15 RESULT TRENDS POSITIVE, AND FOUR 'ON WATCH'.

In this quarter

- 15 of the 19 Road Policing Programme outcome results trended positively. Commentary on amber results is located in the table to the right.
- The recommendations of *Policing Excellence: The Future*, NZ Police's strategic change programme, will be submitted to Government in July.
- Results from a *Safer Summer Campaign* survey of perceptions showed public support.
- Installation of the first tranche of new-generation digital speed cameras is almost complete.
- Following extensive testing, red light cameras have been operational from 30 April at three intersections - one in Wellington and two in Auckland.
- Police are working with the Transport Agency to manage the change-over to electronic traffic crash reporting.

RPP ACTIVITY	RPP PRIORITY	DESIRED OUTCOME RESULTS POLICE CONTRIBUTE TO	ACTUAL TREND
High risk drivers	High	Decreased percentage of drivers driving while disqualified involved in injury crashes	↓
		Reduction of disqualified, unlicensed, fleeing or racing drivers in fatal/serious crashes	↓
Young drivers	High	Reduction in number of young drivers on graduated driver licences at fault in fatal/serious crashes	↓
		Increased percentage of youth surveyed who believe they will be stopped for non-alcohol/speed offences	↑
Motorcycling	High	Decreased percentage of motorcycles involved in injury crashes without a current WoF	↑
<p>Most Police Districts identified motorcycling as a high risk area which resulted in significant work with local motorcycling communities and a focus on the visible road policing of motorcycling during the quarter. As a result, and to address the annual summer increase in motorcycling, enforcement of it increased by 8% during the quarter over previous years. Graduated driver licence offences detected increased by 5% (on average), and helmet offences detected by 4%, when compared with the same quarter for 2013 and 2014. Interestingly, warrant of fitness offences detected were 6% lower when compared with the equivalent 2013 and 2014 quarter.</p>			
Alcohol/drug impaired driving	High	Increased percentage of people surveyed who think there is a high probability of being stopped at a compulsory breath test checkpoint	↓
<p>This is an annual measure and was discussed in detail in the Q2 report. The context is that the overall outcome of the number of deaths and serious injuries where alcohol and drugs are involved, per 100,000 population, has been trending down.</p>			

RPP ACTIVITY	RPP PRIORITY	DESIRED OUTCOME RESULTS POLICE CONTRIBUTE TO	ACTUAL TREND
Speed	High	Decreased percentage of vehicles exceeding posted speed limits	↓
		Increased percentage of people surveyed who believe there is a high probability of being detected speeding	↑
Traffic management	High	Increased compliance with the road user charges regime – measured in terms of the percentage of vehicles stopped by CVIU staff not in breach of RUC rules	↓
		Increased 'post-incident' availability of state highway network – measured in terms of average time State Highways closed as a result of crashes	↓
<p>The first outcome result for the traffic management activity, while showing a downward trend, reflects a change of just 1.1% between the highest (97.8%) and lowest (96.7%) points during the last eleven quarters. The second trend measure for this activity is impacted by a number of significant crashes where, by necessity, the highway remained closed for significant periods of time. It is also an emerging data set, with more incidents being recorded into the system, which will provide for improved reporting.</p>			
Restraints	Medium	Maintained percentage of vehicle occupants wearing safety belts in the front/rear/child seat as measured by annual MoT surveys	→
Heavy vehicle fleet	Medium	Decreased percentage of heavy vehicles exceeding speed limits	↓
Crash attendance and reporting	Medium	Increased percentage of fatal and serious crashes attended and reported by Police – measured in terms of 'within 10 weeks'	↑
		Increased percentage of ambulance and fire service districts surveyed who are satisfied with Police methods and cooperation at serious crash sites	↑
Roads and roadsides	Medium	Increased percentage of local authorities, Transport Agency and ACC regions surveyed who are satisfied with Police delivery and contribution to the road safety action planning process	↑
Light vehicle fleet	Medium	No change or decrease in the percentage of fatal and serious injury crashes with vehicle faults as a contributing factor in the crash	→

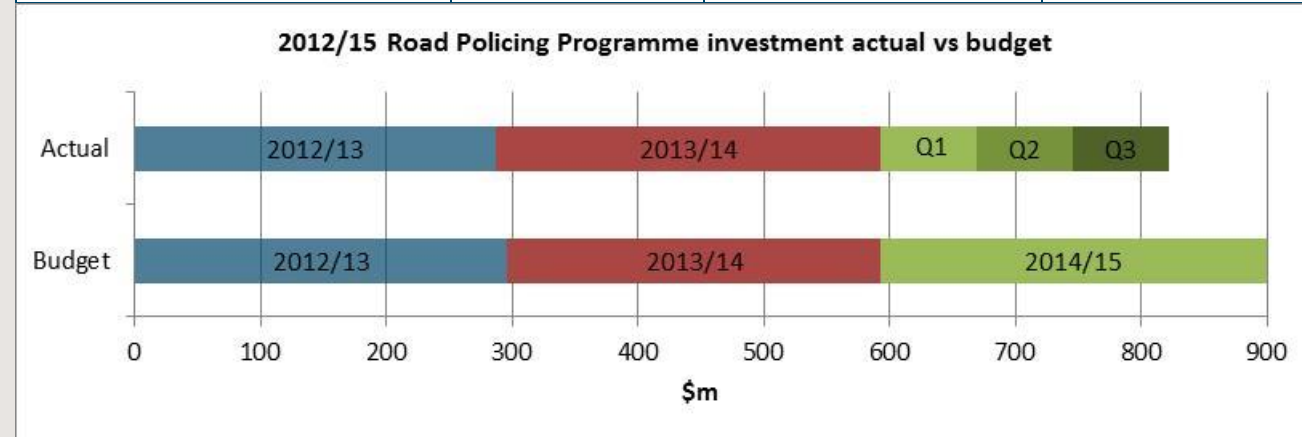
RPP ACTIVITY	RPP PRIORITY	DESIRED OUTCOME RESULTS POLICE CONTRIBUTE TO	ACTUAL TREND
Walking and cycling	Medium	Reduction in number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day	↓
Fatigue and distraction	Medium	Reduction of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

DELIVERY HIGHLIGHTS	STATUS
<p>Policing Excellence: The Future</p> <p>Policing Excellence: The Future is a strategic change programme building on the results of earlier work: Policing Excellence. During the quarter work focused on refining the draft strategic investment initiatives for the four agreed themes, namely: Safer Families, Iwi partnerships, evidence based policing, and service delivery model. The latter two, in particular, are likely to have implications for road policing.</p>	
<p>Safer Summer Campaign - 'Reach the Beach'</p> <p>The results of an independent survey that focused on public perceptions of the lower speed enforcement threshold and messaging around the Safer Summer Campaign - 'Reach the Beach' identified positive outcomes with respect to public support for enforcing speeding under 11 km/h. Notably:</p> <ul style="list-style-type: none"> • 62% said the campaign made a positive change to their behaviour • 64% said the campaign's messaging was clear (10% thought it was confusing) • 71% believed speeding by less than 11km/h over the speed limit should be ticketed on open roads • 79% believed speeding by less than 11km/h over the speed limit should be ticketed in urban areas. 	
<p>Static camera expansion programme</p> <p>Work has focused on completing the implementation of twelve new-generation digital speed cameras in Auckland and Wellington, and NZ Police has been working with the Transport Agency to confirm on-going funding for the programme.</p> <p>NZ Police continued testing for the introduction of three digital, dual function, cameras for the enforcement of red light running at three intersections, one in Wellington and two in Auckland. The cameras went live on 30 April 2015. Auckland Transport has also extended the number of sites, by five, for its existing red light cameras.</p>	
<p>Traffic crash reporting</p> <p>NZ Police is on track to incorporate traffic crash reporting onto its mobility platform. Following advice from the Transport Agency, the original establishment date of September 2015 may no longer be feasible and NZ Police is now working with the Transport Agency to develop proposals for a new timeframe.</p>	
<p>Commercial vehicle enforcement strategy</p> <p>NZ Police is developing a commercial vehicle enforcement strategy that will set Police's strategic direction for the enforcement of commercial vehicles, and ensure Police are positioned to meet future demands, challenges and opportunities. A draft environmental scan was produced during the quarter. During the April to June quarter, NZ Police will consult internal and external stakeholders (including the Transport Agency). It is expected that the strategy will be implemented during 2015/16.</p>	

POLICE RPP EXPENDITURE AGAINST BUDGET

STATUS

Year	Original NLTP approval (\$m)	Revised budget (\$m)	Actual/YTD (\$m)
2012/13	296.7	286.7 (actual)	286.7
2013/14	296.7	296.7	306.6 (NLTF) 1.6 (Vote Police)
2013/14 - 12/13 reinvestment		10.0	
2013/14 - Vote Police contribution		2.0	
2014/15	296.6	296.6	230.0
2014/15 - Speed cameras	10.0	10.0	1.7
Total 2012-15 (NLTF only)	900.0	900.0	825.0



NZ Police Road Policing Programme expenditure is currently tracking at 0.8% below the Q3 budgeted figure of \$231.9 million. NZ Police advise that it will manage the programme within the 2012-15 National Land Transport Fund appropriation of \$890 million, and expend part of the \$10 million allocation for speed cameras.

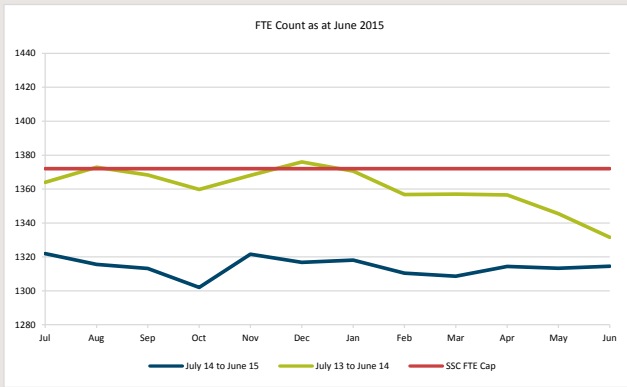


ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

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

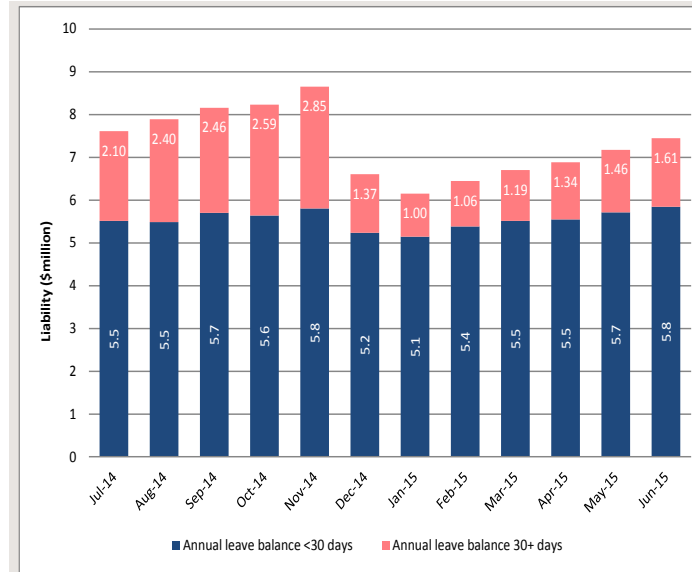
FULL-TIME EQUIVALENT (FTE) EMPLOYEES AGAINST CAP



As at 30 June 2015 there were 1,314.6 FTE employees and 66 active (permanent and fixed term) vacancies, bringing our total FTE to 1380.6.

We continue to remain within an acceptable range of our current FTE cap of 1,372.

ANNUAL LEAVE LIABILITY

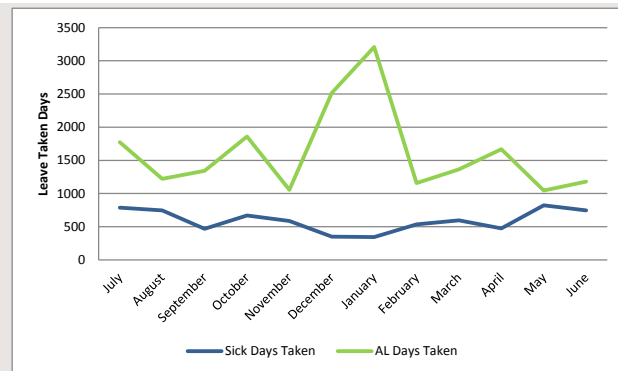


Our annual leave liability as at 30 June 2015 was \$7.4 million (approximately \$5,500 per person). This is 2.5% less than the liability of \$7.6m reported at this time last year.

There were 128 employees with an annual leave balance of more than 30 days and these employees accounted for 21% of the total liability.

Our current liability is \$0.7 million higher than last quarter.

PLANNED AND UNPLANNED LEAVE TAKEN

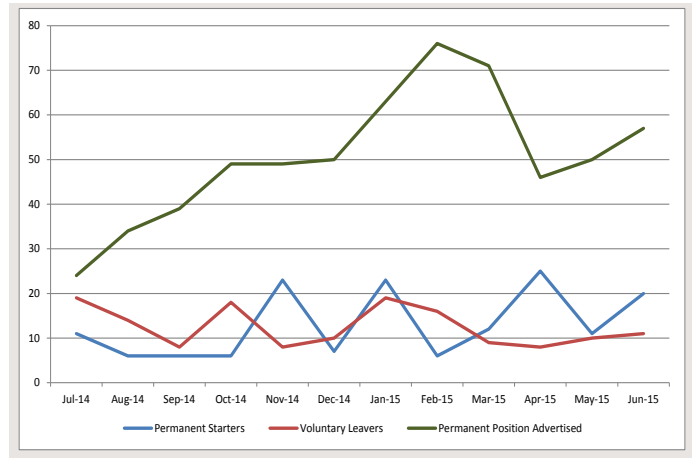


Our average annual leave balance as at 30 June 2015 was 15.9 days. This was higher than the previous quarter (14.5 days), and around 0.5 days less than at the same time last year (16.4 days).

There was a 32% decrease in the number of annual leave days taken this quarter when compared to the previous quarter.

As expected the number of sick days taken has increased as we entered the autumn and winter seasons.

PERMANENT COMINGS AND GOINGS



As at 30 June 2015 there were 57 (permanent) active vacancies, 14 less than as at 31 March 2015.

Voluntary turnover sits at 11.4%, the same as 30 June 2014, and this remains within an acceptable turnover range.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

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

During the fourth quarter we recorded seven injuries including hot water burns, slips, trips, falls, and hand cuts. The Zero Harm Reporting Tool (and App) is now being used to capture and report health and safety incidents. This system has been in use since January 2015.

Our contribution to health and safety within our wider industry was recognised in quarter four, when the Zero Harm Reporting App was awarded the Impac best significant health and safety initiative by a large organisation at the NZ Workplace Health & Safety Awards 2015.

In the fourth quarter, the Zero Harm Industry Leadership group met and agreed that the focus in Zero Harm for the next quarter would include:

- Updating the health and safety pre-qualification system for physical works
- Developing a construction plant competency framework
- Rolling out the Managing Safely training (for managers)
- Focus on developing the ConstructSafe scheme in partnership with AT and ACC.

ConstructSafe is a flexible competency testing platform. It was successfully trialled across three AT and NZ Transport Agency site locations in quarter four. We are now exploring implementing this as a construction industry initiative in consultation with key industry stakeholders.

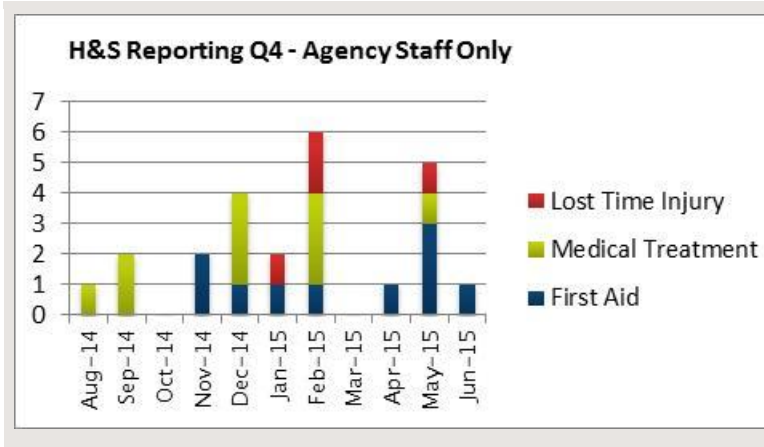
Communications for the new Wellbeing Fund was introduced. The Fund will be launched at the end of July, and allows our offices to fund wellbeing activities that best suit their needs. The fund is managed the National Health and Safety Committee, with Regional Health and Safety Committees managing local activities. The First Aider allowance was stopped earlier this year - this money has been redirected to the Wellbeing Fund to benefit all our people. Office health and safety committees have been reviewed and restructured (where necessary) to meet the requirements of the draft Health and Safety Act coming into effect in 2016.

Our office security hostile customer procedures were updated and implemented in quarter four. Our ‘at risk’ employees undertook training in this area.

The Safe Use of a Company Vehicle policy and procedure was also developed and rolled out.

During the fourth quarter, planning for the Zero Harm Knowledge Forum got underway. This forum will be held on 22-23 July, and will bring together nominated health and safety representatives who work on behalf of the NZ Transport Agency. This group will play a critical role in the NZ-wide shift towards Zero Harm within the roading industry.

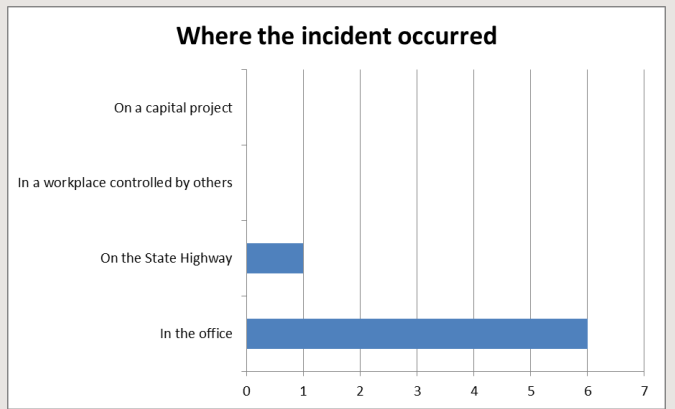
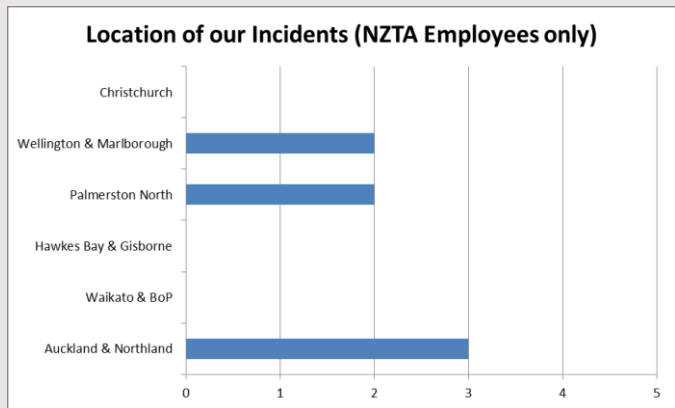
HEALTH AND SAFETY - NUMBER OF INJURIES PER MONTH BY SEVERITY (NZ TRANSPORT AGENCY EMPLOYEES ONLY)



There were seven health and safety incidents during quarter, four including hot water burns, slips, trips, falls, and hand cuts.

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

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

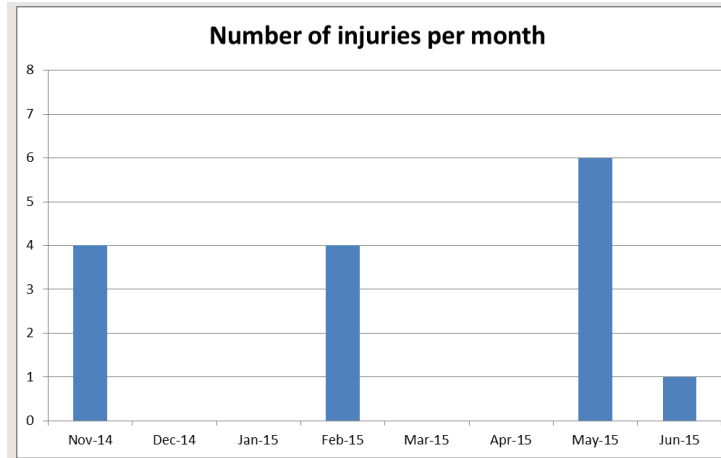


While we have a number of people whose roles take them out of the office, the majority of our staff are primarily office based.

This is reflected in the number of incidents in an office environment.

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

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



There were seven health and safety incidents to contractors reported during quarter four. Of those, four were serious harm injuries.

A total of 15 serious harm injuries have been recorded since the Zero Harm reporting tool was implemented.

