

Quarterly report

Q2 2016/17

1 October – 31 December 2016



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EXECUTIVE SUMMARY

Our performance this quarter

We continue to make good progress at the halfway mark

Overall our performance is positive as we continue to deliver on the Government's priorities for New Zealand's land transport network. In quarter two, the majority of the quarterly milestones for our goals (99 percent) and priorities (97 percent) were either achieved or substantially achieved and we remain in a favourable year-to-date fiscal position.

Performance against the Minister of Transport's expectations is largely positive, with good progress on the Roads of National Significance (with the exception of the Wellington Northern Corridor) and the Accelerated Auckland Transport Programme. In quarter three, we will remain focused on ensuring that projects that are slightly behind schedule can achieve their annual milestones.

In addition, we are progressing well in our efforts to support a genuinely integrated land transport system, make greater use of technology, improve rail safety, and work across government to deliver results.

We continue to work collaboratively with our partners on regional growth plans – this quarter on the Tai Poutini West Coast Economic Action Plan to integrate transport investments with other dependent initiatives.

We are progressing well towards our target for enhancing the development of public electric vehicle charging stations and we are on track to deliver on our commitment to improve freight supply chain efficiency.

In transport technology trials, successful uptake of the Christchurch to Milford Sound Bluetooth in-car messaging pilot has led to an extension of the initiative, which we expect to report on in the third quarter.

Pages 6 to 9 summarise the Transport Agency's overall performance for quarter two. More detailed information can be found in the subsequent sections of the report.

Kaikoura earthquake response

We cannot ignore the Kaikoura earthquake of 14 November 2016 and its impact on our current programme.

We were pleased to be able to open State Highway 1 access to Kaikoura from the south on 21 December, following weeks of work by contractors, engineers, and geotechnical crews and we continue to work with both government agencies and private companies on the response. We are now a key member of the North Canterbury Transport Infrastructure Recovery (NCTIR) alliance. This group will be the lead delivery agency to repair the transport infrastructure damaged during the earthquake. This is an alliance that also includes KiwiRail, Fulton Hogan, Downer, Higgins and HEB Construction.

The result of this event is that we have seen the completion of some deliverables from the state highways resilience programme pushed out to quarter three.

Roads of National Significance (pages 19-20)

The Roads of National Significance remain largely on track. Highlights this quarter include awarding the Pūhoi-Warkworth public-private partnership contract; the opening of the Causeway on the Western Ring Route; awarding the Peka Peka to Ōtaki design and construction contract; and successful sod turnings on the Christchurch Northern Arterial and Christchurch Southern Motorway Stage 2.

The Wellington Northern Corridor is still being affected by some delays, but we did make good progress this quarter. Delays were largely due to Ōtaki to Levin section of the Wellington Northern Corridor being delayed for further investigations to incorporate additional economic and population information. This is now well advanced and will enable consultation to occur in the first half of 2017.

Auckland and Regional Accelerated Transport Programmes (pages 20-22)

Delivery of the Accelerated Auckland Transport Programme remains on track. All projects met their deliverables for this quarter and some significant milestones were reached with both the East West Link and Northern Corridor Improvements projects lodging applications with the Environment Protection Authority.

With the Regional Accelerated Transport Programme, most projects are on track to achieve their year-end deliverables. Construction continues on the tranche one projects and design continues on the tranche two projects. A change in approach to delivering the Mt Messenger Bypass project means that while our year-end deliverable is at risk, opportunities to start construction earlier may lead to faster project delivery overall. Tranche three projects have business cases under development.

Urban Cycleways Programme (pages 38-40, 54 and Appendix 2)

Overall, the Urban Cycleways Programme is tracking to schedule and is now over 40 percent complete. Construction has commenced on 55 percent of the projects. This quarter, we continued to collaborate with our partners to deliver planned activities.

In Auckland, there was good progress made on the Auckland City Centre Network package and section one of the cycleway in Glen Innes opened in December. There has been some delay in completing the design for New Lynn to Avondale due to challenges with crossing the rail lines, and commencement of the detailed design phase for Williamson Avenue to K Road Cycleway has been pushed out to early 2017.

In Wellington, alignment of the Melling to Petone cycleway section is yet to be finalised due to its interdependence on the ongoing design work on the Petone to Grenada project. It is not likely that we will achieve remaining milestones for the year. We are now revisiting targets and will report this in quarter three.

This quarter we also engaged with councils on investment in cycling for the 2018-21 National Land Transport Programme. This engagement is part of ensuring that our planning and investment policies are embedded into draft regional land transport plans. We will use feedback received to test and refine investment policies for urban cycling networks.

Service delivery measures – Investment management (page 41)

This quarter five service delivery performance measures did not meet expectations. Four of these measures are in the investment management output class.

The total cost of managing the funding allocation system as a percentage of the National Land Transport Programme expenditure was 0.15 percent above its 1 percent target – an improvement on last quarter's variance of 0.2 percent. The reason for the variance is because the beginning of the financial year sees the Investment Fund Allocation System spend typically ahead of National Land Transport Programme spend. Following the improvement on the quarter one result, we are confident we are on track for our annual target. The remaining measures are behind schedule due to project delays and the need to defer planned activity to prioritise urgent requirements.

National Land Transport Fund Notional Bank Balance (page 60)

The National Land Transport Fund ended the quarter with a notional bank balance at \$0.5b. This was a significantly higher balance than is normally carried for the fund. The reason for this is that higher than planned revenues in 2015/16 resulted in a larger balance at the end of the financial year, and revenues have continued to increase above budget in the first half of 2016/17.

Our current forecasts show this cash balance tracking around the same level for the rest of the current NLTP period, however, over the medium term it is projected to reduce as major improvement programmes are delivered.

Local Road improvements (page 61)

Local road improvements are forecast to under-deliver against the minimum of the Government Policy Statement funding range at the end of the 2015-18 programme by approximately \$46m due to the very low delivery in 2015/16. Auckland Transport's performance, which makes up between 50-60% of expenditure on local road improvements, is key to delivering this activity class, but to date its focus has been on other priorities. We will continue to monitor this activity class and look at other opportunities.

Our results at a glance

DELIVERING OUR STRATEGY

PAGE
11

99%
—

We achieved or substantially achieved 99 percent of the Q2 milestones underpinning our **goals**

97%
▼

We achieved or substantially achieved 97 percent of the Q2 milestones underpinning our **priorities**

DELIVERING SERVICES

PAGE
41

79%
—

We achieved 79 percent of our **service delivery** targets

ROAD POLICING PROGRAMME (DELIVERED BY NZ POLICE)

PAGE
47

70%
—

70 percent of intermediate outcomes meet desired trend

FINANCIAL PERFORMANCE

PAGE
57

8%
above

National Land Transport Fund revenue was 8 percent above budget

6%
above

National Land Transport Programme and Crown-funded expenditure was 6 percent above budget

11%
below

NZ Transport Agency operating expenditure was 11 percent below budget

63%
above

The memorandum account was 63 percent above budget

38%
below

Operational initiatives were 38 percent below budget



There were 9 minor injuries at the NZ Transport Agency



FTEs are tracking in line with our forward forecast



There were no notifiable¹ (serious) injuries on contractor work sites



Our annual leave liability was \$8.18m



40 percent of approved organisations' investment audits rated 'generally good' (5 audits)



Two critical risks



Internal assurance programme on track



One high risk under active management



Both internal assurance audit findings 'partially effective'



Two medium risks being monitored



One low risk

KEY TO MILESTONE ACHIEVEMENTS

- ≥76% of milestones or targets achieved.
- 51–75% of milestones or targets achieved.
- 26–50% of milestones or targets achieved.
- 0–25% of milestones achieved.
- ▼ Down from previous quarter
- ▲ Up from previous quarter
- No change from previous quarter

¹ A notifiable injury includes (but is not limited to) serious injuries eg amputation, head and eye injury, serious burns, spinal injury and hospital treatment.

Summary of delivering our strategy

PROGRESS ON OUR GOALS

100%	Integrate one effective and resilient network for customers Achieved or substantially achieved 9 milestones of 9	p11
100%	Shape smart, efficient, safe and responsible transport choices Achieved or substantially achieved 8 milestones of 8	p14
97%	Deliver efficient, safe and responsible, and resilient highway solutions for customers Achieved or substantially achieved 29 milestones of 30	p17
100%	Maximise effective, efficient and strategic returns for New Zealand Achieved or substantially achieved 8 milestones of 8	p23
100%	Growing agility Achieved or substantially achieved 17 milestones of 17	p26

PROGRESS ON OUR PRIORITIES

100%	Make it easier for our customers to do business with us Achieved or substantially achieved 7 milestones of 7	p29
100%	Predictable journeys for urban customers Achieved or substantially achieved 7 milestones of 7	p31
100%	Integrate road and rail to improve network productivity Achieved or substantially achieved 3 milestones of 3	p33
100%	Deliver Safer Journeys Achieved or substantially achieved 6 milestones of 6	p34
100%	Driving value through smart road maintenance Achieved or substantially achieved 4 milestones of 4	p36



Make urban cycling a safer and more attractive transport choice
 Achieved or substantially achieved 11 milestones of 12

p38

Summary of service delivery performance²

OUTPUT CLASSES THAT SUPPORT OUR ONE NETWORK GOAL



Investment management - 33 percent (2 of 6 targets)

p41

OUTPUT CLASSES THAT SUPPORT OUR SMART CHOICES GOAL



Licensing and regulatory compliance - 100 percent (6 of 6 targets)
Road tolling - 67 percent (2 of 3 targets)
Motor vehicle registry - 100 percent (5 of 5 targets)
Road user charges - 67 percent (2 of 3 targets)
Road safety promotion - 100 percent (1 of 1 target)

p42-44

OUTPUT CLASSES THAT SUPPORT OUR HIGHWAY SOLUTIONS GOAL



State highway improvements - 100 percent (1 of 1 target)
State highway maintenance - 100 percent (1 of 1 target)

p44-45

OUTPUT CLASSES THAT SUPPORT OUR MAXIMISE RETURNS GOAL



SuperGold Card - 100 percent (2 of 2 targets)
Local road maintenance - 100 percent (1 of 1 target)
Fuel excise duty - 100 percent (2 of 2 targets)

p45-46

² Note that some service delivery or investment measures are only available annually. The figures here represent the performance of those available measures.

DELIVERING OUR STRATEGY

Detailed progress on our goals



INTEGRATE ONE EFFECTIVE AND RESILIENT NETWORK FOR CUSTOMERS

Progress made in Q2

In quarter two we continued the good progress made in quarter one, achieving seven of our nine milestones. Of the remaining milestones, one was substantially achieved and one was delayed but with no material impact on year-end deliverables.

We continued to collaborate with our partners to develop long-term transport plans to ensure alignment with land use development and infrastructure investment. We made significant progress on the Queenstown Integrated Programme Business Case despite some delays due to local government elections. We also worked with stakeholders to develop the *Tai Poutini West Coast Economic Action Plan* to integrate transport investments with other dependent initiatives.

Together with local authorities, we delivered planned activities under the 2015-18 National Land Transport Programme that will positively impact key journeys in Auckland, Wellington and Christchurch.

To support the roll-out of the Public Transport Operating Model, we provided Transport Agency representatives to Auckland Transport so it can successfully negotiate the first tranche of directly appointed bus units. We have also processed all funding applications that give effect to Auckland's Integrated Transport Programme well within the targeted time frame.

Progress continued on an agreed national intelligent transport system architecture and while there were some delays in quarter two due to reprioritisation, we are on track to deliver our year-end milestone.

We are also on track to deliver on our commitment to improve freight supply chain efficiency. The Weigh/Right trial that started last quarter is progressing as planned. For the second tranche of additional high productivity routes, 75 percent have completed structural investigation, 50 percent have commenced structural improvements and 25 percent have been enabled. We continued to support the identification of opportunities to extend high productivity motor vehicles and the second tranche of additional high productivity freight routes. For the expanded and simplified 50MAX-1Network permit system, plans are well under way to make the changes required to deliver this initiative by year-end.

OBJECTIVE 1:
INTEGRATE LAND USES AND TRANSPORT NETWORKS

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
OB 1.1	<p>RESULT BY 2019 Land-use and transport plans for the top five growth areas demonstrate improved coordination of land-use development with transport infrastructure investment.</p> <p>We have collaboratively developed long-term transport plans for the four greenfield growth areas in Auckland and the growth area in Queenstown, and these are well aligned with the plans of the Auckland and Queenstown council groups.</p> <p><i>We continued to collaborate with our partners to progress the Queenstown Integrated Programme Business Case. This is slightly behind due to rescheduling meetings around local government elections. The council is expected to consider the business case in April 2017, followed by Transport Agency consideration. This delay poses no risk to the year-end milestones.</i></p>	Substantially achieved
OB 1.2	<p>RESULT BY 2019 Transport plans for government's four regional development plan areas are developed and integrated with land-use plans.</p> <p>For the five Regional Economic Growth Action Plans, transport investments are integrated with other dependent initiatives, and we have delivered the 2016/17 transport initiatives.</p>	Achieved

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

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
OB 2.1	<p>RESULT BY 2019 The benefits and outcomes from key journeys in major centres are being delivered.</p> <p><i>This is a shared result with local authorities.</i></p> <p><i>This is also a result for objectives 8 (p22) and 10 (p27).</i></p>	
OB 2.1.1	<p>OB 2.1.1 For the priority key journeys in Wellington, Christchurch and Auckland, we have delivered the activities outlined in the 2015–18 National Land Transport Programme.</p>	Achieved
OB 2.1.2	<p>OB 2.1.2 We have agreed a common national intelligent transport systems architecture with key partners, particularly Auckland Transport.</p> <p><i>An update of the current intelligent transport systems architecture is underway. While reprioritisation of our activities has caused some delays, there will be no material impact on our Q3 and Q4 milestones.</i></p>	Substantially achieved

MILESTONES FOR 2016/17

Q2 MILESTONE RESULT

OB 2.2 **RESULT BY 2019** We expect public transport boardings to increase by 10–16 percent (from a 2013/14 baseline) in the main urban centres of Auckland, Wellington and Christchurch.
This is a shared result with local authorities.

Through our advice, support, and National Land Transport Programme investment we have rolled out the Public Transport Operating Model in Auckland and Wellington and begun implementation of a national ticketing programme. The delivery of this will contribute to the effectiveness of regional public transport including improved patronage. Achieved

OB 2.3 **RESULT BY 2019** The strategy set out in Auckland’s Integrated Transport Programme is given effect in the 2015–18 National Land Transport Programme.
This is a shared result with Auckland Transport.

We have processed all qualifying funding applications that give effect to the Integrated Transport Programme within 20 working days. Achieved

**OBJECTIVE 3:
IMPROVE FREIGHT SUPPLY CHAIN EFFICIENCY**

MILESTONES FOR 2016/17

Q2 MILESTONE RESULT

OB 3.1 **RESULT BY 2019** More freight is moved on fewer truck trips, lifting productivity and safety.
This is a shared result with the Ministry of Transport.

OB 3.1.1 We have initiated the Weigh/Right investment programme. Achieved

OB 3.1.2 We have delivered the second tranche of additional high productivity freight routes. Achieved

OB 3.1.3 We have delivered an expanded and simplified 50MAX-1Network permit system. Achieved



SHAPE SMART, EFFICIENT, SAFE AND RESPONSIBLE TRANSPORT CHOICES

Progress made in Q2

We continue to make good progress on shaping smart, efficient, safe and responsible transport choices, with seven milestones achieved and one substantially achieved. It is not anticipated that the year-end deliverables will be affected.

Further work on the legislative changes needed to make compliance for Small Passenger Services easier for businesses awaits introduction of the Land Transport Amendment Bill to Parliament, which is now scheduled for February 2017. Our ability to meet the related year-end milestone is dependent on timely progression of the Bill through Parliament.

We have successfully taken the results of the Safe System benchmarking review and translated these into the completed Centre for Road Safety Excellence functional design.

We are progressing well towards our target for enhancing development of public electric vehicle charging stations.

We are also ahead of schedule with the Land Transport Vehicle Dimensions and Mass Rule, which was signed and gazetted in November and will come into force on 1 February 2017. The change should enhance productivity outcomes from the heavy vehicle fleet and support greater voluntary compliance.

In quarter two we began developing a draft framework to allow our expectations of rail licence holders to better suit the risks of their operation. This will give us an enhanced ability to target oversight towards more risky situations.

OBJECTIVE 4:

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

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
OB 4.1	<p>RESULT BY 2019 The successful elements of the safety signature programme are replicated elsewhere in New Zealand, where appropriate.</p> <p><i>This is a shared result with the Accident Compensation Corporation.</i></p>	
	<p>We have delivered the Visiting Drivers, High Risk Young Drivers and Future Streets projects to plan, and we have widely shared the lessons learned through the annual evaluation of the signature programme across the sector.</p>	Achieved
OB 4.2	<p>RESULT BY 2019 All relevant Transport Agency staff, community and business leaders and transport practitioners understand and apply the Safe System approach, and decision-making frameworks and partnerships support the successful implementation of a safe road system in New Zealand.</p> <p><i>This is a shared result with the National Road Safety Committee and local government.</i></p>	
	<p>We have successfully implemented the continuous improvement actions from the 2015/16 benchmarking review of the Safe System approach.</p>	Achieved

MILESTONES FOR 2016/17

OB 4.3	<p>RESULT BY 2019 Transport Agency monitoring and interventions are supporting and incentivising a strong safety culture in rail operator organisations.</p>	Achieved
	<p>We have enhanced our licensing and assessment processes to better target our interventions based on non-compliance and a risk assessment of the rail operators.</p>	
OB 4.4	<p>RESULT BY 2019 Transport Agency staff, community leaders and stakeholders are joined up and making demonstrably good progress on reducing deaths, serious injuries and near misses for road users and pedestrians interacting with the rail corridor.</p> <p><i>This is a shared result with rail operators and local government.</i></p>	Achieved
	<p>We have developed a business case for the level crossing programme and an implementation plan has been endorsed by all relevant funding partners. The plan identifies the biggest risks to be addressed in the short-term and sets out the 10-year milestones to reduce deaths, serious injuries, near misses and other negative effects for road users and pedestrians interacting with the rail corridor.</p>	

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

MILESTONES FOR 2016/17

OB 5.1	<p>RESULT BY 2019 Increased levels of compliance with safe vehicle, safe operator and safe road user requirements are contributing to reduced safety risk and to reduced disruption on the land transport network.</p> <p><i>This is a shared result with NZ Police and WorkSafe NZ.</i></p>	No Q2 milestone
	<p>We have enhanced our operational planning with other compliance-focused agencies (NZ Police and Work Safe NZ) to coordinate our compliance activity, resulting in fewer drivers and operators displaying risky behaviour.</p>	
OB 5.2	<p>RESULT BY 2019 Information to inform travel mode and travel time choice is readily available to customers using high-demand networks and corridors, and this is measurably improving journey predictability.</p>	Refer to priority 2 milestones
	<p>This result is enabled through priority 2, Predictable journeys for urban customers.</p>	
OB 5.3	<p>RESULT BY 2019 The Transport Agency has supported private sector provision of public electric vehicle charging infrastructure.</p> <p><i>This is a shared result with the Ministry of Transport and the Energy Efficiency and Conservation Authority.</i></p>	Achieved
	<p>We have supported the development of public electric vehicle charging infrastructure by clarifying the regulatory framework and providing national information and guidance.</p>	

OBJECTIVE 6:

REDUCE COSTS FOR TRANSPORT USERS THROUGH BETTER REGULATION AND WILLING COMPLIANCE

MILESTONES FOR 2016/17	Q2 MILESTONE RESULT
<p>OB 6.1 RESULT BY 2019 Reviews of the Vehicle Dimensions and Mass (VDAM) and Driver Licensing rules have reduced compliance costs for customers and make it easier for customers to meet their transport requirements. <i>This is a shared result with the Ministry of Transport.</i></p>	
<p>We have provided the Minister of Transport with advice and given effect to government decisions on how to progress the changes to the Driver Licensing Rule, the Land Transport Act and the Vehicle Dimensions and Mass Rule to reduce compliance costs for customers and make it easier for them to meet their transport requirements.</p>	Achieved
<p>OB 6.2 RESULT BY 2019 The opportunities in the annual regulatory programme to improve incentives for customers to operate efficiently and safely on the network are being identified and progressed without increasing costs. <i>This is a shared result with the Ministry of Transport</i></p>	
<p>OB 6.2.1 As part of the VDAM reform, we have provided the Minister of Transport with advice and given effect to government decisions on changes to enhance incentives to comply with VDAM requirements.</p>	Achieved
<p>OB 6.2.2 As part of the Small Passenger Services Review programme, we have provided the Ministry of Transport with advice and given effect to government decisions on incentivising compliance by ensuring new requirements do not impose unnecessary constraints and burden upon small passenger services.</p>	Substantially achieved
<p><i>An amendment proposal has not been submitted at this time to the Minister as we await the introduction of the Land Transport Amendment Bill to Parliament. We continue to be on track for delivery of the annual milestone, but it is dependent on timely progression of the Bill through Parliament.</i></p>	



DELIVER EFFICIENT, SAFE AND RESPONSIBLE, AND RESILIENT HIGHWAY SOLUTIONS FOR CUSTOMERS

Progress made in Q2

We continue to make progress on delivering this year’s programme, however, the earthquake in Kaikoura has impacted the delivery of the state highways resilience programme this quarter, seeing the completion of some deliverables pushed out to quarter three.

We have tested the Natural Hazards Assessment Framework and this has been used to help develop nine programme business cases on priority corridors. We are on track to complete scan of the state highway network in the third quarter.

We have presented the draft resilience Customer Levels of Service, which are part of the One Network Road Classification (ONRC), to partners.

Planning continues on developing the State Highway Investment Proposal for 2018-21. The priority programme business cases’ have been completed and will be key inputs into the proposal.

The majority of the Roads of National Significance (RoNS) programme continues to run to plan. The Ōtaki to Levin section of the Wellington Northern Corridor has been delayed due to further investigations to incorporate additional economic and population information being undertaken. This is now well advanced and will enable consultation to occur in the first half of 2017.

RoNS highlights this quarter include awarding the Pūhoi-Warkworth public-private partnership contract, the opening of the Causeway on the Western Ring Route, awarding the Peka Peka to Ōtaki design and construction contract, and successful sod turnings on the Christchurch Northern Arterial and Christchurch Southern Motorway Stage 2.

The Auckland Accelerated Transport Programme continues to plan, with all projects meeting their Q2 deliverables. Significant milestones were reached with both the East West Link and Northern Corridor Improvements projects lodging applications with the Environment Protection Authority

Progress continues on the Regional Accelerated Transport Programme with most projects on track to achieve their year-end deliverables. Construction continues on the tranche one projects and design continues on the tranche two projects. A change in approach to delivering the Mt Messenger Bypass project means that while our year-end deliverable is at risk, opportunities to start construction earlier may lead to faster project delivery overall. Tranche three projects have business cases under development.

While six projects are behind where we anticipated for Q2 we anticipate these projects (with the exception of the Ōtaki to Levin component of the Wellington Northern Corridor and Mt Messenger Bypass – see below) to be on track to deliver their annual milestones by the end of the year.

OBJECTIVE 7: GREATER RESILIENCE OF THE STATE HIGHWAY NETWORK

MILESTONES FOR 2016/17	Q2 MILESTONE RESULT
RESULT BY 2019 A framework is in place that allows us to invest in resilience work where required on the network. <i>This is a shared result with other national network operators and local authorities.</i>	
The natural hazards assessment framework is available to project teams and provides national consistency and structure to meet investment assessment framework requirements.	Achieved

OB 7.2	<p>RESULT BY 2019 We have collaborated with local authority partners to agree alternative routes on the local road network, and can demonstrate a joined-up approach to resilience in all areas.</p> <p><i>This is a shared result with other national network operators and local authorities.</i></p>	Substantially achieved
	<p>Together with our local authority partners – through the Roothing Efficiency Group, road controlling authorities (RCAs) Forum and Lifelines – we have a plan to agree alternative routes and to align One Network Road Classification resilience Customer Levels of Service on the network, and we have shared tools and guidance for resilience analysis.</p> <p><i>We are slightly behind schedule as resources have been diverted to the Kaikoura earthquake response. The Roothing Efficiency Group has sought case studies as basis of the resilience customer levels of service review and two of these are being developed based on the case study scope agreed with Road Efficiency Groups. One case study is substantially complete, the other is in draft.</i></p> <p><i>We are also behind schedule on engaging with RCAs on local detour route tools, now planned for early 2017. We remain on track to achieve the year-end milestone.</i></p>	
OB 7.3	<p>RESULT BY 2019 We have identified the road corridors that require physical improvements, and these are included in the State Highway Investment Proposal (formerly known as the State Highway Activity Management Plan) and the 2018–21 National Land Transport Programme.</p> <p><i>This is a shared result with other national network operators and local authorities.</i></p>	Achieved
	<p>We have incorporated a programme of resilience-related improvements into the draft State Highway Investment Proposal (formerly known as the State Highway Activity Management Plan) 2018–21.</p>	

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

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
OB 8.1	<p>RESULT BY 2019 The State Highway Investment Proposal (formerly known as the State Highway Activity Management Plan) clearly demonstrates value for money through:</p> <ul style="list-style-type: none"> the benefits and outcomes of our operations the condition of the network and the levels of risk we are currently taking in maintenance and renewals our future investment needs for improvements and their return on investment. 	
	<p>The State Highway Investment Proposal (formerly known as the State Highway Activity Management Plan) is consistent with the One Network Road Classification framework.</p> <p><i>Priority programme business cases, which are key inputs to the State Highway Investment Proposal (SHIP), have been completed.</i></p> <p><i>The development of the SHIP tool requires updates to internal systems before it can be completed. These are in progress and we remain on track to achieve the year-end milestone.</i></p>	Substantially achieved
OB 8.2	<p>RESULT BY 2019 Based on data from our current contracts:</p> <ul style="list-style-type: none"> levels of service are consistent with the One Network Road Classification framework we have confirmed our future operating model for asset management we have reviewed the lessons learned and formalised principles for the next round of maintenance and operations procurement, including healthy market analysis. 	
	<p>Outcomes from the Activity Management Improvement Programme have influenced the development of the draft State Highway Investment Proposal (formerly known as the State Highway Activity Management Plan) 2018–21.</p>	Achieved

OBJECTIVE 9:
PROVIDE SIGNIFICANT TRANSPORT INFRASTRUCTURE

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
OB 9.1	<p>ROADS OF NATIONAL SIGNIFICANCE</p>	
	<p>OB 9.1.1 Pūhoi to Wellsford Auckland to Whāngārei programme business case completed to confirm long-term management response and programme for SH1 between Pūhoi and Whāngārei.</p> <p>Pūhoi to Warkworth preferred bidder announced and contract awarded for public private partnership Warkworth to Wellsford detailed business case completed and consultants procured for route protection</p>	Achieved
	<p>OB 9.1.2 Western Ring Route Waterview Connection and SH16 Causeway Widening open to traffic.</p>	Achieved

**Q2
MILESTONE
RESULT**

MILESTONES FOR 2016/17

OB 9.1.3 **Waikato Expressway** Longswamp section contract awarded and construction started
Hamilton sections construction started
Rangiriri section open to traffic

Achieved

OB 9.1.4 **Wellington Northern Corridor**

Ōtaki to Levin consents lodged
Ngauranga to Airport business case under development
Peka Peka to Ōtaki construction started
Transmission Gully construction under way
Mackays to Peka Peka construction complete

Not achieved but some progress made

Consultation on Ōtaki to Levin is scheduled to occur in the first half of 2017 (this was the Q1 milestone but was delayed due to further investigations being undertaken to incorporate newly available economic and population information). The year-end deliverable of lodging consents is now scheduled for the first half of 2018/19, twelve months later than originally planned.

Scenario assessment has started on the Ngauranga to Airport business case, however, there has been a delay in the overall programme due to additional analysis of potential scenarios, as well as disruptions caused by the Kaikoura earthquakes. Public consultation on the short-listed scenarios is expected to begin in Q4.

The design and construction contract has been awarded for Peka Peka to Ōtaki. Construction has continued on Transmission Gully, with critical path activities continuing to progress on programme.

OB 9.1.5 **Christchurch Motorways**

Northern Arterial with QE2 construction started
Groyne to Sawyers and Memorial Ave Interchange open to traffic
Christchurch Southern Motorway Stage 2 construction contract awarded and construction under way

Achieved

**OBJECTIVE 9.2:
ACCELERATED AUCKLAND TRANSPORT PROGRAMME**

**Q2 MILESTONE
RESULT**

MILESTONES FOR 2016/17

OB 9.2 **ACCELERATED AUCKLAND TRANSPORT PROGRAMME**

OB 9.2.1 **Northern Corridor Improvements** Consents lodged

Achieved

OB 9.2.2 **Southern Corridor Improvements** Southbound lane open to public

Achieved

OB 9.2.3 **State Highway 20A to Airport** Construction complete and road open to traffic

Achieved

MILESTONES FOR 2016/17
Q2 MILESTONE RESULT
OB 9.2.4 Auckland Manukau Eastern Transport Initiative

Our investment processes and collaborative whole-of-network planning facilitate the progress of Auckland Transport's implementation plan for its Auckland Manukau Eastern Transport Initiative, which is:

Stage 2a resource consents obtained (Panmure to Pakuranga)

Stage 2b consents lodged (including Pakuranga Town Centre works)

Sylvia Park Bus improvements, resource consents obtained and construction commenced

Achieved

OB 9.2.5 East West Connections Stage 1 construction completed; assessment of environmental effects lodged with the Environmental Protection Agency

Achieved

OBJECTIVE 9.3:
ACCELERATED REGIONAL TRANSPORT PROGRAMME
MILESTONES FOR 2016/17
Q2 MILESTONE RESULT
OB 9.3
ACCELERATED REGIONAL TRANSPORT PROGRAMME

OB 9.3.1 Kawarau Falls Bridge (Otago) Construction under way

Achieved

OB 9.3.2 Mingha Bluff to Rough Creek Realignment (Canterbury) Construction complete and road open to traffic

Substantially achieved

Behind schedule with delays to the installation of retaining walls due to extreme wet weather. Remedial action is underway. We are monitoring potential delay to completion at year-end due to extremely wet weather that may delay sealing work prior to winter.

OB 9.3.3 Akerama Curves Realignment and Passing Lane (Northland) Construction complete and road open to traffic

Achieved

OB 9.3.4 Normanby Overbridge Realignment (Taranaki) Construction complete and road open to traffic

Achieved

OB 9.3.5 Whirokino Trestle Bridge Replacement (Manawatu – Wanganui) Design and construction contract awarded

Achieved

OB 9.3.6 Motu Bridge Replacement (Gisborne) Construction started

Achieved

OB 9.3.7 Ōpawa Bridge Replacement (Marlborough) Design started

Achieved

OB 9.3.8 Taramakau Road/ Rail Bridge (West Coast) Design started

Achieved

OB 9.3.9 Loop Road North to Smeatons Hill Safety Improvements (Northland)

Achieved

OB 9.3.10 Mt Messenger and Awakino Gorge Corridor (Taranaki) Consents lodged.

Substantially achieved

Finalising negotiations with the contractor and construction of non-consented items is due to commence in January. We remain on track to achieve the year-end milestone.

MILESTONES FOR 2016/17**Q2 MILESTONE
RESULT**

OB 9.3.11 **Awakino Tunnel Bypass** Consents lodged.

Achieved

OB 9.3.12 **Mt Messenger Bypass (Taranaki)** Design completed.

Substantially
achieved

Due to the nature of the scheme, a different procurement strategy than originally planned is being pursued. The procurement model will now be an alliance, which will include both design and construction phases.

While this means the year-end deliverable will not be achieved, the change of approach should not adversely impact the ultimate delivery of scheme benefits and may result in the project being delivered earlier.

OB 9.3.13 **Napier port access package (Hawkes Bay)** This project is under investigation and next steps are to be reviewed.

Achieved

OB 9.3.14 **Nelson Southern Link** This project is under investigation and next steps are to be reviewed.

Achieved



MAXIMISE EFFECTIVE, EFFICIENT AND STRATEGIC RETURNS FOR NEW ZEALAND

Progress made in Q2

We are making good progress towards our year-end milestones for maximising effective, efficient and strategic returns for New Zealand – achieving six of our eight milestones for the quarter, with the remaining two substantially achieved. It is not anticipated that the year-end deliverables will be affected.

We have continued our work with our local partners in Canterbury to ensure we achieve best value for money from our contributions to the Canterbury transport recovery programme. Seventy-three percent of on-ground kilometres covered by the programme have been completed as at end of November with the Stronger Christchurch Infrastructure Rebuild Team rebuild programme now substantially complete.

This quarter we have been working on improving our Investment Assessment Framework in preparation for the 2018-21 National Land Transport Programme (NLTP) and we have shared our preferred framework with key central government stakeholders. The framework will be the basis of our engagement with our investment partners in early 2017, in addition to information we will be providing on the requirements for improvement activities for the next NLTP.

An important milestone was reached during the quarter with the alignment of national and inter-regional medium and long-term issues and opportunities. This alignment will inform our short-term investment in the next NLTP. Feedback received on a portfolio of programme business cases developed in quarter one has resulted in an update of the Long Term Strategic View³, which we have been sharing and testing with our stakeholders.

We identified the key customer benefits that will be measured for improvements on key journeys and planned the work programme to measure them. We also progressed towards our target this year of improving our processes and sector capability through the business case approach and the Transport Investment Online tool (TIO). As part of this work we completed the design and commenced delivery of a sector-wide capability programme in the use of the business case approach and started work on improving TIO. We have identified benchmark measures to evaluate feedback from our investment partners about our expectations on the use of the network performance measures within our investment decision-making processes.

To enhance the value delivered by transport investments, we have commenced engagement with the Ministry of Transport and The Treasury around financing options for procurement.

³ This was previously called the 30-Year View.

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 2016/17		Q2 MILESTONE RESULT
OB 10.1	<p>RESULT BY 2019 Identify and describe a comprehensive planning and investment decision-making process for the Transport Agency (including the use of its Investment Assessment Framework) that provides stakeholders with confidence that its investments are prioritised transparently and optimally (as measured through the stakeholder survey).</p>	
	<p>We have improved our Investment Assessment Framework, in preparation for the 2018–21 National Land Transport Programme (NLTP) so that the framework clearly aligns with wider government economic development objectives and increases clarity and transparency of the NLTP investment decision-making system.</p> <p><i>We have shared our preferred framework with key central government stakeholders (Ministry of Transport and The Treasury). Engagement with our investment partners is likely to commence in the third quarter after receiving board direction in December. We remain on track to achieve the year-end milestone.</i></p>	Substantially achieved
OB 10.2	<p>RESULT BY 2019 The recovery of Canterbury's transport networks is substantially complete and the NLTP contributions to Canterbury's recovery achieve best value for money delivery according to programme.</p> <p><i>This is a shared result with other central government agencies, local authorities and contractors.</i></p>	
	<p>Through our work with Canterbury local government, the Canterbury transport network recovery programme is on track, with 87 percent of on-ground kilometres complete within planned timeframes.</p>	Achieved
OB 10.3	<p>RESULT BY 2019 Urban network capacity investments in the next NLTP are consistent with the One Network Road Classification.</p> <p><i>This is also a result for objective 2.</i></p>	
	<p>For the 2018–21 NLTP we have clarified the operational policy for how the One Network Road Classification will inform investment in urban network capacity.</p> <p><i>The engagement with the sector will begin in Q3 following direction from the Board at its February meeting. We remain on track to achieve the year-end milestone.</i></p>	Substantially achieved
OB 10.4	<p>RESULT BY 2019 We have clearly identified national and interregional issues that drive our medium and long-term opportunities.</p>	
	<p>Within the Long Term Strategic View, we have identified the medium and longer-term issues and opportunities for priority interregional routes to inform our shorter-term investment in the 2018–21 NLTP.</p>	Achieved

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

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
OB 11.1	<p>RESULT BY 2019 The network monitoring framework to measure customer benefits is in place for selected key routes/journeys.</p> <p>We have put the network monitoring framework in place to measure customer benefits for two key journeys/routes.</p>	No Q2 milestone
OB 11.2	<p>RESULT BY 2019 We have increased the satisfaction level of our investment partners by 10 percent through our tools, systems, policies and procedures. <i>The milestone under result OB 10.1 (p27) also contributes to this result.</i></p> <p>Through our targeted process improvements and capability building, regional transport committees report increased confidence and satisfaction in using the business case approach to prepare regional land transport plans, and approved organisations report the same for using both the business case approach and the Transport Investment Online tool.</p>	Achieved
OB 11.3	<p>RESULT BY 2019 Network performance measures have been implemented and are being used by investment partners. <i>This is a shared result with local authorities.</i></p> <p>We have communicated and received feedback from our investment partners about our expectations on the use of network performance measures within our investment decision-making processes.</p>	Achieved

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

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
OB 12.1	<p>RESULT BY 2019 A Transport Agency revenue and financing framework has been developed.</p> <p>We have implemented the internal revenue and financing framework and we have agreed the principles of the external framework with our key central government partners.</p>	Achieved



GROWING AGILITY AS A HIGH-PERFORMANCE ORGANISATION

Progress made in Q2

We continue to make good progress with twelve milestones achieved and four substantially achieved.

We continue to make good progress developing clear strategic content and plans to lift capability through our information programme. The shift in culture and behaviour has been supported through Board endorsement of our Privacy Work Programme and delivery of key information security and business continuity outcomes.

Key achievements this quarter include:

- Beginning delivery of our harnessing knowledge training programme.
- Completing the first draft of our action plan to improve how we care for and improve the access to our top 20 percent high-value, high-risk information assets is in place
- Scoping of the security programme, which has been informed by the gap analysis of July 2016, is on schedule and delivering to plan.
- Identifying role holders for the two National Incident Management Teams in Auckland and Wellington. Some preliminary training has been completed.

As the complexity of our environment is increasing, we are taking more time to work through impacts across our organisation. Consequences of this complexity include delays to activity in relation to our intelligent transport systems architecture, with the Q2 deliverable now due in Q3. This is discussed in our 'Integrate one effective and resilient network for customers' goal on page 10. Progress on the Data Access and Storage Technology project has been delayed due to resourcing gaps; however we expect the project to be completed by the end of the year.

HARNESSING KNOWLEDGE

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
GA 1.1	RESULT BY 2019 Our people value information as a shared asset. We have developed leadership expectations and have a programme in place to help our people be confident in their ability to harness knowledge.	Achieved
GA 1.2	RESULT BY 2019 Our information tools and processes make it easy to find integrated information, and we continually strive to simplify and rationalise these tools and processes. GA 1.2.1 We have made it easier for our people to find and use information and to make smart evidence-based decisions, by embedding our new collaboration and information tools and aligning our agency-wide business intelligence programme.	No Q2 milestone
	GA 1.2.2 We have improved the quality of and access to the Transport Agency's evidence base (high-value information).	Achieved

Q2 MILESTONE RESULT

MILESTONES FOR 2016/17

GA 1.3	RESULT BY 2019 We effectively balance an open information culture with robust processes to ensure appropriate information security and privacy.	
	GA 1.3.1 We have agreed and achieved our safety, security and privacy maturity targets, aligned with the Protective Security Requirements, using an integrated approach to enhance the security of our personnel, information and physical assets.	Achieved
	GA 1.3.2 We have implemented the four top New Zealand National Cyber Security Centre security strategies and have a plan in place to achieve the remaining 16 strategies.	Achieved
	GA 1.3.3 We have achieved our target of level 3 in the Privacy Self-Assessment through a programme of business improvements that are aligned with the Government Chief Privacy Officer's core expectations.	Achieved
GA 1.4	RESULT BY 2019 We have a robust and fit-for-purpose business continuity planning framework.	
	GA 1.4.1 We have foundation disaster recovery in place for 27 core applications (as identified in 2014–16 business continuity plan work).	Achieved
	GA 1.4.2 We have approved and tested business continuity plans for all offices and critical functions.	Substantially achieved
	<i>We have tested 77 percent of critical function plans (table top exercising). Those plans that have not yet been tested are scheduled for Q3. These delays were anticipated due to plans taking longer to draft than expected. Additionally, competing operational priorities have delayed exercises for some plans. Twenty-five plans require simulation testing. An exercise schedule has been established and we remain on track to achieve the year-end milestone.</i>	
	GA 1.4.3 We have a business continuity plan in place to transfer and establish critical National Office leadership functions to the Auckland Regional Office in an emergency, and this is tested.	Achieved

CREATE VALUE WITH OTHERS

Q2 MILESTONE RESULT

MILESTONES FOR 2016/17

GA 2.1	RESULT BY 2019 We have matured our leadership practices to consistently operate in a collaborative way, across the state sector, to strengthen overall public sector integrity and inclusiveness.	
	We have strengthened our understanding and capability to operate as part of the wider public sector, and we are working with public sector partners in a way that contributes to our collective impact.	Achieved
GA 2.2	RESULT BY 2019 The Transport Agency is a great place to work that anticipates and responds well to change, is recognised as high performing and has outstanding, agile people.	
	We have embedded our people plan, which focuses on driving high performance, building engagement, consistent leadership, and being recognised internally and externally as a great place to work.	Achieved

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
GA 2.3	<p>RESULT BY 2019 We have created an environment where our people are highly engaged, recognising the correlation between high engagement and high performance in organisations.</p> <p>We have embedded good engagement principles into our people practices.</p>	Achieved
GA 2.4	<p>RESULT BY 2019 The principle underlying the Transport Agency's Zero Harm Strategy is that by 2020 or sooner all our people, regardless of employer will go home safe and healthy, every day, no exceptions</p> <p>GA 2.4.1 We have continued to implement the Zero Harm Strategy 2014–20 and helped improve transport industry collaboration and standards to ensure our people go home safe every day, no exceptions.</p> <p><i>Risk registers are in place for the operational areas of the business. The work has been largely completed with some on-going work with enhancements. We remain on track to achieve the year-end milestone.</i></p> <p>GA 2.4.2 We have increased our people's awareness of and commitment to the principles of zero harm.</p> <p><i>The Zero Harm portal is currently under development including a dashboard design. We will be ready to present this to the Board in February. We remain on track to achieve the year-end milestone.</i></p>	Substantially achieved
GA 2.5	<p>RESULT BY 2019 Our workplace allows our people to work where, when and how they need to by integrating technology, space and people capabilities to deliver greater performance.</p> <p>We have improved the capability and confidence of our people in using collaborative tools and spaces, as seen through higher adoption and utilisation.</p>	Achieved

ENCOURAGE CONTINUOUS IMPROVEMENT AND INNOVATION

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
GA 3.1	<p>RESULT BY 2019 We have a reputation as an innovator, where innovative thinking and behaviours underpin agile systems and processes, creating solutions that deliver outcomes for customers and stakeholders.</p> <p>OB 3.1.1 We have established a baseline and system for measuring our innovation maturity across the key enablers of an innovative culture, and we have used the findings to identify how we can improve our organisational approach to innovation.</p> <p>OB 3.1.2 We have supported the delivery of at least three intelligent transport systems trials.</p> <p><i>The Christchurch to Milford Sound Bluetooth in-car messaging pilot has been extended due to the success of the initial uptake. Lessons learned will now be published in the next quarter following the holiday season. A number of Auckland based intelligent system work is on-going. The Auckland Over height Detection system has been installed on a trial site with an integrated system lowering the amount of bridge strikes. We remain on track to achieve the year-end milestone.</i></p>	Achieved
		Substantially achieved

Detailed progress on our priorities



MAKE IT EASY FOR OUR CUSTOMERS TO DO BUSINESS WITH US

Progress made in Q2

In quarter two we achieved half of our intended milestones, with the remaining milestones substantially achieved. Looking towards the year-end milestones, we are in a good position to deliver our annual results.

Key achievements in the quarter include:

- exceeding our targets for improving customer experience with 88 percent of customers being able to book and sit their tests within 18 days
- providing in-car test recording and customer feedback for driver licences at all urban VTNZ sites
- completing the Grow Digital strategy ready for uptake from 2017/18 improving customers' access to tolling accounts by enabling own choice of user IDs – resolving an acknowledged customer pain-point.

MILESTONES FOR 2016/17	Q2 MILESTONE RESULT
<p>PR 1.1 RESULT BY 2019 The reduced cost of doing business with us helps our small-medium enterprise commercial customers increase their productivity.</p>	<p>Substantially achieved</p>
<p>PR 1.1.1 We have developed a prioritised improvement programme to increase efficiency for small-medium enterprises based on the priority 'pain points' (real or perceived problems) identified in customer research.</p> <p><i>A broader, agency-wide approach being introduced later in the financial year will address this goal. In the meantime, we have shifted our resources and are focusing on delivering specific high priority projects, namely Electric Vehicles, Small Passenger Services and NZ Business Number, which all target delivery of business facing benefits. These are on track.</i></p> <p><i>Acting on an industry request, we are re-establishing web publication of our programme of small to medium size projects for tender, giving better advance warning of upcoming tenders. This provides small-medium enterprises with the ability to better plan for and target our projects for tender. This approach potentially replaces the need for a map-based tool. The need for a map-based tool will be further investigated. We remain on track to achieve the year-end milestone.</i></p>	
<p>PR 1.1.2 We have improved our third-party and supplier contract processes in line with the findings of the Transaction Services Delivery Strategic Review.</p>	<p>Substantially achieved</p>
<p><i>While the Transaction Services Delivery Strategic Review is currently paused, we have identified and implemented performance management improvements for contracts, such as the addition of key performance indicators. Our new business model for the contracts has yet to be designed but should result from the proposed review, which is rescheduled to take place in quarters three and four. We remain on track to achieve the year-end milestone.</i></p>	

MILESTONES FOR 2016/17

Q2 MILESTONE RESULT

PR 1.2	<p>RESULT BY 2019 The end-to-end driver licensing experience improves safety and makes it easier for everyone to be a safe driver.</p>	
	<p>PR 1.2.1 We have provided the Minister of Transport with advice and given effect to government decisions on how to progress the changes to the Driver Licensing Rule and the Land Transport Act to improve safety and make it easier for everyone to be a safe driver. <i>This is a shared milestone with the Ministry of Transport.</i></p>	Achieved
	<p>PR 1.2.2 We have improved the experience of sitting the driver licence test by ensuring that 85 percent of people who have booked their test sit it within the 18-day waiting period, an increase of 10 percent on 2015/16</p>	Achieved
	<p>PR 1.2.3 A prioritised cross-agency work programme has been developed to improve social and employment outcomes for New Zealanders by strengthening customer access to and progression through the driver licensing system. <i>This is a shared milestone with the Accident Compensation Corporation, Ministry of Social Development, Ministry of Business, Innovation and Employment and Ministry of Justice.</i></p>	No Q2 milestone
PR 1.3	<p>RESULT BY 2019 Our customers find it easy to interact with us digitally; they find the right information when they need it, in the form they need it and they can transact with us effortlessly.</p>	
	<p>PR 1.3.1 We have extended the use of digital services (DecisionHub and Common Payment Service) to improve the efficiency of processing complex transactions, and we have made it easier for customers to track the progress of applications online.</p>	Achieved
	<p>PR 1.3.2 We have improved the online experience for our customers by increasing the number of services accessible online and simplifying our web presence. <i>A plan for migrating services is being incorporated into a wider registers modernisation roadmap and consequentially is delayed until Q3. A series of continuous improvements to the website are planned. In November, we improved customer access to their tolling accounts by enabling their own choice of user IDs, often a point of difficulty in the past. Also, improved readability of information about learner licences is scheduled for March, meaning customers will not have to call us so often for clarification. We remain on track to achieve the year-end milestone.</i></p>	Substantially achieved
PR 1.4	<p>RESULT BY 2019 Customer insight is driving prioritisation and helping shape design of continuous improvement initiatives.</p>	
	<p>We have a joined-up process in place for capturing and sharing customer insight and using it to drive service design across the Transport Agency.</p>	No Q2 milestone



PREDICTABLE JOURNEYS FOR URBAN JOURNEYS

Progress made in Q2

Good progress was made during the quarter.

Travel time predictability performance on key urban journeys is measured monthly, and work is continuing to improve the underlying data. Google data is being used to address gaps in real-time data.

Development of state highway Corridor Management Plans is progressing. Opportunities to improve the performance of key urban journeys along state highways will be identified as part of this process.

Delivery of the system which will enable an enhanced and consistent approach to incident management, is progressing to plan. Implementation of the initial phase, which enables retirement of the current system, commenced in November.

A number of forums which include NZTA, local authorities and emergency services, have a focus on improved incident response, and work is progressing to facilitate the sharing of incident data between agencies.

Progress is also being made with the implementation of improved forward works and traffic management planning tools and processes.

MILESTONES FOR 2016/17	Q2 MILESTONE RESULT
PR 2.1 RESULT BY 2019 Key urban transport routes are planned and actively managed within and across modes to improve journey time predictability for customers	
PR 2.1.1 We have the information and the analysis capability to ensure that journey time predictability informs operational objectives and decision making in Auckland, Wellington and Christchurch.	Substantially achieved
<i>Travel time predictability on key urban journeys (ie key journeys in Auckland, Wellington and Christchurch) is measured and reported monthly to inform operational decision making. Work is continuing to improve the underlying data and analysis capability. We are on track to meet our year-end milestone.</i>	
PR 2.1.2 We have developed a framework for more consistent real-time journey monitoring and management in Auckland, Wellington and Christchurch.	Achieved
PR 2.1.3 We have identified network optimisation requirements on key urban journeys and we have the capability to address these.	Substantially achieved
<i>Ongoing optimisation of key urban journeys along state highways is progressing as part of the minor improvement programme, and routine signal optimisation. Corridor Management Plans are being developed for state highways, and further optimisation opportunities will be identified as part of this process. We are on track to meet our year-end milestone.</i>	

PR 2.2 **RESULT BY 2019** Our network operations are better integrated with key partners to manage multi-modal urban networks as a single system.

PR 2.2.1 We have recommended common data standards and a technology architecture to facilitate data sharing with local authorities and emergency services. Achieved

PR 2.2.2 We have agreed the scope and selected a supplier for a national multi-modal system for incident and event management on highways and key arterial roads. Achieved

PR 2.2.3 Improved forward works and traffic management planning tools and processes have been implemented to more effectively manage planned events. Achieved

PR 2.2.4 We have effective forums with local authorities and emergency services targeting measurable improvements in incident response times. Achieved



INTEGRATE ROAD AND RAIL TO IMPROVE FRIEGHT NETWORK PRODUCTIVITY

Progress made in Q2

To improve freight network productivity through road and rail integration, our work focussed this quarter on level crossing safety and we have made progress towards the year-end milestones.

Together with KiwiRail, we have delivered a prioritised plan for level crossing safety initiatives. Our collaboration with local authority partners resulted in the commencement of the design of 10 priority level crossing improvements where there is insufficient stacking room for longer vehicles. In addition, we have drafted sector guidance for pedestrian and cycling level crossings.

Last quarter we developed a business case for improving safety and freight efficiency on prioritised state highway and local road public level crossings immediately influencing state highway access. We continue to work on the actions plan for this.

We also continue to work with KiwiRail and others to identify and progress opportunities for greater system integration and alignment.

MILESTONES FOR 2016/17	Q2 MILESTONE RESULT
PR 3.1 RESULT BY 2019 Key urban transport routes are planned and actively managed within and across modes to improve journey time predictability for customers	
PR 3.1.1 We have delivered a draft long-term network framework to facilitate road/rail integration and freight productivity.	Achieved (Annual milestone)
<i>It has now been confirmed by Transport Agency management that determining the value of rail's wider contribution to the transport system and the economy is a matter for The Treasury and KiwiRail Ltd. The Transport Agency will continue to work with KiwiRail and others to identify and progress opportunities for greater system integration and alignment.</i>	
PR 3.1.2 We have investigated a programme of intermodal initiatives to enable greater road/rail integration and freight productivity.	Achieved
PR 3.1.3 We have developed a business case and a 10-year implementation plan, which is endorsed by our partners, to reduce deaths and serious injuries and other negative effects on public level crossings.	Substantially achieved
<i>As part of the safety action plan we are working collaboratively with local authority partners, on the design of 10 priority level crossing improvements where there is insufficient space 'stacking room' for longer vehicles to cross safely. In addition, we have drafted sector guidance for pedestrian and cycling level crossings. We remain on track to achieve the year-end milestone.</i>	



Progress made in Q2

Good progress was made during the quarter with all milestones substantively on-track.

Key achievements for this quarter include the Minister’s launch of the Speed Management Guide, completion of the Centre of Road safety functional design, and the development of draft programmes of work. Funding has been obtained to create an implementation for the Safer Journeys Action Plan with our sector partners, to translate all the activities into a cohesive set of deliverables.

The Infrastructure Risk Rating Tool is ready for road controlling authorities (RCAs) to use to develop national programmes of lower cost safety improvements on high-risk rural roads and effective treatments for high-risk local urban roads.

The launch of the Speed Management Guide incorporated a package of enabling tools including guidance around engagement and consultation, appropriate to RCAs as well as the Maps identifying the top 5–10 percent high benefit opportunities. Our staff in the regions are following up with RCA staff to ensure a slow but successful roll out.

Work on sector partnerships and relationships is ongoing and continues to grow our knowledge. A delegation from VicRoads and TAC (the Australian equivalent of our ACC) this month was a great opportunity to share insights and concerns between our staff with a focus on delivering safety infrastructure through alliancing. Both teams recognise the benefit of international partnering and the relationships are enduring.

MILESTONES FOR 2016/17	Q2 MILESTONE RESULT
PR 4.1 RESULT BY 2019 We have implemented the Transport Agency- led actions from the <i>Safer Journeys Action Plan 2016–20</i> and worked in partnership with other agencies to deliver on enabler actions for Smart and Safe Choices, Safer Motorcycling, and Safer Vehicles.	
PR 4.1.1 As part of the <i>Safer Journeys Action Plan 2016–20</i> , working with local road controlling authorities, we have developed and agreed a national programme of lower cost safety improvements on high-risk local rural roads. <i>This is a shared milestone with local authorities</i>	Achieved
PR 4.1.2 A national prioritised list of state highway safety improvements has been defined and endorsed, and priority projects have been delivered. <i>Projects are costed and delivery is ongoing, mainly through the Safe Roads Alliance, however, is currently behind programme. We are working with the alliance and our regional teams to bring this back on track and remain on track to achieve the year-end milestone.</i>	Substantially achieved
PR 4.1.3 We have contributed to developing cross-sector programmes of actions that enable smart and safe choices, make motorcycling safer, and encourage safer vehicles.	Achieved

PR 4.2 **RESULT BY 2019** Reduced deaths and serious injuries by 10 percent on the highest risk urban arterials.

As part of the *Safer Journeys Action Plan 2016–20*, working with local road controlling authorities, we have developed and agreed a national programme for safety improvements on specified highest risk local urban arterial roads (focusing on all modes and vulnerable users).

This is a shared milestone with local authorities.

Achieved

PR 4.3 **RESULT BY 2019** The public conversation about how individual behaviour and choices affect road safety outcomes is strong (as measured by attitude surveys) and is contributing to a positive road culture and a demonstrated improvement in community understanding of speed risk and attitudes to speed management.

This is a shared result with the National Road Safety Committee and local government.

We have established baseline measures of the public acceptance that different roads need different speeds depending on their level of safety, and have demonstrated that this understanding has improved using the Waikato demonstration project.

Delays to the introduction of the Speed Management Guide meant the launch would coincide with local body elections, so the programme start was deferred. Workshops with partner organisations have commenced and will continue through Q3. We expect the annual milestone to be achieved.

Substantially achieved

PR 4.4 **RESULT BY 2019** All road controlling authorities are working to one network speed management plans, applying the tools and methodologies in the Speed management guide, including routes identified in the state highway speed business case.

We have finalised the national speed management guide and rule and successfully introduced them to all road controlling authorities.

Achieved



Progress made in Q2

Our work this quarter focused on refining our Investment Assessment Framework. This will define the criteria on investment decision-making when applying the One Network Road classification (ONRC).

We received formal feedback from 40 approved organisations on our proposal for incorporating ONRC into our investment criteria. We have been working through the Road Efficiency Group’s regional workshops to discuss how to improve the criteria. We have begun clarifying the data and performance measures to be used in reporting investment decision for maintenance.

We have developed draft frameworks relating the relationship between customer service and technical outputs. These have proven more complex than expected and refining these into an operating framework has been challenging, and work will continue into the next quarter.

The dissemination of requirements for activity management plans (AMPs) and the business case approach to the sector has been deferred until next quarter to align with the release of the updated investment assessment criteria for maintenance. We expect to gain momentum towards achieving our year-end deliverable after the final decision on the investment criteria is made in February 2017. Meanwhile, we have been developing and testing our detailed AMP assessment criteria for engagement for further testing with the sector.

Through our participation in the Road Efficiency Group (REG), we have published case studies on collaborative procurement and working arrangements, and have shared these learnings in REG regional workshops.

MILESTONES FOR 2016/17	Q2 MILESTONE RESULT
PR 5.1	RESULT BY 2019 Road controlling authorities have improved capability to make maintenance decisions that deliver efficiencies through use of improved data and collaborative working arrangements.
	Through clarifying our policy on applying the One Network Road Classification in our investment decision making, and our joint work with local government on road asset data, road controlling authorities report increased confidence in making maintenance decisions. This confidence will be assessed through formal surveys and the ongoing interactions we have with the authorities.
	<i>The final decision on the investment criteria has been deferred pending Board decisions in February 2017 on the Investment Assessment Framework. (See also 5.2.2). We remain on track to achieve the year-end milestone.</i>

Substantially achieved



MILESTONES FOR 2016/17

Q2 MILESTONE RESULT

PR 5.2 **RESULT BY 2019** Customer understanding and experience of levels of service and costs shapes our delivery of consistent customer levels of service.

PR 5.2.1 We have developed a mechanism for linking state highway customer feedback to the levels of service and operational performance. Achieved

PR 5.2.2 For maintenance programmes in the 2018–21 National Land Transport Programme (NLTP), we have conveyed to each road controlling authority our investment signals to support the One Network Classification levels of investment. Substantially achieved

The dissemination of requirements for activity management plans (AMPs) and the business case approach to the sector has been deferred until end of February to align with the release of the updated investment assessment criteria for maintenance. We are developing and testing with sample approved organisations our detailed AMP assessment criteria for engagement. This slight delay will not impact on delivery of the year-end milestone.

PR 5.3 **RESULT BY 2019** Road controlling authorities increasingly demonstrate advanced activity management planning and procurement capability through collaborative working arrangements to deliver maintenance efficiencies.

We have facilitated collaborative working arrangements across road controlling authorities, and procurement strategies presented for our endorsement consider the value of collaborative service delivery. Achieved



MAKE URBAN CYCLING A SAFER AND MORE ATTRACTIVE TRANSPORT CHOICE

Progress made in Q2

Overall, the Urban Cycleways Programme is tracking to schedule and is now over 40 percent complete. Construction has commenced on 55 percent of the projects. This quarter, we continued to collaborate with our partners to deliver planned activities.

In Auckland, there is good progress on the Auckland City Centre Network package even with a slight delay in the approval of the K Road business case for design. The projects for the Eastern Connections to City Centre are on track and we have reached a milestone in the completion and opening of Section 1 of the cycleway in Glen Innes in December. For the Western Connections to City Centre, commencement of the detailed design phase for Williamson Avenue to K Road Cycleway has been pushed to early 2017. This was as a result of the late start of the consultation phase and the considerable input generated from the community. There has also been some delay in completing the design for the New Lynn to Avondale cycleway due to challenges associated with crossing the rail lines. Together with our partners, we are managing these delays and are still on track to meet our year-end milestones.

In Wellington, we are not yet able to finalise the alignment of the Melling to Petone cycleway section given the ongoing design work on the Petone to Grenada project. It is not likely that we will achieve remaining milestones for the year. We are now revisiting targets and will report this next quarter.

In Christchurch, construction of Section 1 of the Rapanui–Shagrock Cycleway and the scheme design of sections 2 and 3 have begun.

To ensure that our planning and investment policies are embedded into draft regional land transport plans, we have engaged this quarter with councils about investment in cycling for the 2018-21 National Land Transport Programme. We will use feedback received to test and refine investment policies for urban cycling networks.

We have also progressed our work to measure and report benefits of the cycling programme. This quarter, we reported the results of the baseline attitudinal survey. The baseline network use information that was initially planned to be reported last quarter will now be reported via the Geospatial platform that will be developed next quarter.

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
PR 6.1	RESULT BY 2019 Degree of development of the planned urban cycleway networks across Auckland, Wellington and Christchurch. This result is delivered through the Urban Cycleways Programme milestones (page 53 and Appendix 3). <i>This is a shared milestone with local authorities.</i>	Achieved
URBAN CYCLEWAYS PROGRAMME		
PR 6.1.1	Auckland: City Centre Network (City Centre Quay Street completed; Ian McKinnon Drive Cycleway construction started; K Road Cycleway construction started) <i>Note: The annual milestone for these projects was incorrectly published in the SPE and should be 'Design commenced'.</i>	Achieved
PR 6.1.2	Auckland: Eastern Connections to City Centre (Construction underway)	Achieved

MILESTONES FOR 2016/17		Q2 MILESTONE RESULT
PR 6.1.3	Auckland: Western Connections to City Centre (Construction started)	Achieved
PR 6.1.4	Auckland: links to public transport (Construction underway)	Substantially Achieved
<p><i>There has been some delay in completing the design for New Lynn to Avondale* due to challenges around crossing the rail lines. Kiwirail and the rail team at Auckland Transport (AT) have raised concerns about a level crossing on the route and the project team have been exploring options to address this issue with an overpass or underpass. These options have proved to be unfeasible, so AT is reconsidering route options.</i></p> <p><i>A property acquisition related to a design for a crossing on this route is now looking unlikely, therefore the milestone relating to property acquisition is no longer relevant.</i></p> <p><i>We are still on track to meet remaining the year-end milestone.</i></p> <p><i>*The New Lynn to Waterview project is now called the New Lynn to Avondale project.</i></p>		
PR 6.1.5	Melling to Petone (Construction started)	Not achieved, but progress made
<p><i>There is a delay to the project as a result of the planning and design phases taking longer than originally anticipated due to consideration of interdependencies with the Petone to Grenada project. As a result construction start is now estimated to be September 2017.</i></p>		
PR 6.1.6	Wellington CBD route package (No 2016/17 milestones)	No 2016/17 milestones
PR 6.1.7	Rapanui-Shagrock Cycleway (Christchurch) (Construction started)	Achieved
PR 6.1.8	Heathcote expressway (Christchurch) (No 2016/17 milestones)	No 2016/17 milestones
PR 6.1.9	Papanui Parallel (Christchurch) (Construction underway)	Achieved
PR 6.1.10	Nelson Coastal Route (No 2016/17 milestones)	No 2016/17 milestones
PR 6.2	RESULT BY 2019 Lower rate of fatal and injury crashes involving cyclists on the road network.	
	We have implemented the key recommendations from the Cycling Safety Panel.	Achieved

MILESTONES FOR 2016/17

**Q2 MILESTONE
RESULT**

PR
6.3

RESULT BY 2019 Cycling is given appropriate priority in the planning and management of urban transport networks and urban systems.

PR 6.3.1 We will ensure that our planning and investment signals to substantially complete urban cycling networks by 2029 using the integrated approach have been embedded into draft regional land transport plans by Auckland Transport and Wellington and Christchurch city councils.

Achieved

This is a shared milestone with local authorities.

PR 6.3.2 We are measuring and reporting on the benefits of the cycling programme, through our reporting and measurement framework.

Achieved

PR
6.4

RESULT BY 2019 Complete Urban Cycleways Programme.

This is a shared result with local authorities.

Construction has commenced on 75 percent of Urban Cycleways Programme projects (refer page 53 and Appendix 3 for programme milestones).

Achieved

SERVICE DELIVERY PERFORMANCE

Output class performance

Investment management

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
Total cost of managing the funding allocation system as a % of the NLTP expenditure	≤1%	1.15%	-0.15	Not achieved	On track
<p><i>IFAS spend is typically ahead of NLTP spend earlier in the year but reduces towards the 1% target towards the end of the financial year. This quarter's figure is a reduction from 1.2% last quarter.</i></p>					
% of activities that are delivered to agreed standards and timeframes (investment in the funding allocation system)	100%	99%	-1%	Not achieved	On track
<p><i>Northland Regional Council received funding for a priority 7 Public Transport activity (Trial Mid North Passenger Transport Service) which is below the priority threshold. Regional Manager P&I has been made aware of this and will seek approval by GM P&I for this exception.</i></p>					
% of operational assurance activities completed	100%	80%	-20%	Not achieved	On track
<p><i>We completed nine investment audits in the quarter as planned. We have changed our approach to the phasing of the post implementation review programme. This will address a backlog due to resource reallocation with completing these reviews. Detailed analysis of outcomes and benefits realisation of projects in the 2016/17 post implementation review programme was completed in Q2. Remaining review work and publication of the reports for each of the ten reviews will be completed in Q3 and Q4.</i></p>					
% of activities that are delivered to agreed standards and timeframes (transport planning)	≥90% (Q2 target 45%)	40%	-5%	Not achieved	On track
<p><i>Overall greater than anticipated input into both programme business cases and activity management planning was required. For programme business cases, this was primarily due to complexities in the scoping and alignment of partners. Consequently some programmes have been delayed. For activity management planning, increased input was required to maintain the momentum to complete the revised One Network Road Classification performance measures.</i></p> <p>Note: This is reported cumulatively with ≥90% the end of year target. The target for Q2 is 45%.</p>					
% of activities that are delivered to agreed standards and timeframes (sector research)	≥90%	100%	10%	Achieved	On track

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
Average number of days to deliver	≤20	6.3	13.7	Achieved	On track
% customer satisfaction (approved organisations/ stakeholders)	≥75%	Measured annually			On track

Licencing and regulatory compliance

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
Unit transaction costs	≤\$11.00	\$10.92	\$0.08	Achieved	On track
% of transactions completed online	≥30%	39%	9%	Achieved	On track
% of operational assurance activities completed	≥93%	96%	3%	Achieved	On track
% of activities that are delivered to agreed standards and timeframes	≥90%	90%	0%	Achieved	On track
Number of products/services delivered or processed	≥6.0m	3,192,216	Not applicable	Achieved	On track

Road tolling

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	STATUS	OUTLOOK STATUS
Unit transaction costs	≤\$0.75	\$0.58	\$0.17	Achieved	On track
% of revenue compliance	≥98%	95%	-3%	Not achieved	On track
<p><i>The year-to-date performance for tolling revenue was below target. Tolling revenue compliance measures the number of trips paid for as a percentage of all trips for the same period. Customers do not always pay their trips immediately, meaning a proportion of trips with outstanding payments are paid early in the next period.</i></p>					
Number of products/services delivered or processed	≥10.5m	7,173,597	Not applicable		

Motor vehicle registry

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
Unit transaction costs	≤\$6.00	\$5.10	\$0.90	Achieved	On track
% of transactions completed online	≥40%	40%	0	Achieved	On track
% of accuracy of registers	≥95%	95%	0	Achieved	On track
Number of products/services delivered or processed	≥9.5m	5,991,255	Not applicable	Achieved	On track
% customer satisfaction	≥88%	N/A	Not applicable	N/A	N/A

This is reported annually and will be reported on in Q4

Road user charges

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
Unit transaction costs	≤\$5.50	\$4.08	\$0.92	Achieved	On track
% of transactions completed online	≥60%	59%	-1%	Not achieved	On track
<i>Slightly below target. No anticipated risk to year-end achievement.</i>					
Number of products/services delivered or processed	≥3m	1,919,263	Not applicable	Achieved	On track

Road safety promotion

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	100%	100%	0	Achieved	On track
% of road safety advertising	≥75%	83%	8%	Achieved	On track

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
campaigns that meet or exceed their agreed success criteria					

State highway improvements

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	STATUS	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	≥90%	90%	0	Achieved	On track

State highway maintenance

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	STATUS	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes	≥90%	90%	0	Achieved	On track

Safe stopping: % of network meeting surface texture standards

≥98% N/A N/A N/A N/A

This is reported annually and will be reported on in Q4

Network resilience: % of rutting >20mm over state highway network

≤3% N/A N/A N/A N/A

This is reported annually and will be reported on in Q4

Safe stopping: % of travel on network above skid threshold

≥98% N/A N/A N/A N/A

This is reported annually and will be reported on in Q4

Smooth ride: % of travel on network classed as smooth

≥97% N/A N/A N/A N/A

This is reported annually and will be reported on in Q4

Availability of state highway network:
(% of unplanned road closures resolved within 12 hours)

≥90% 89% -1% Not achieved Anticipated to be achieved

The resolution of unplanned road closures did not meet target in quarter 2. This reflects closures due to the weather bombs in the Deep South and the Central North Island and Wellington areas. Note that the impact of the Kaikoura earthquake

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	STATUS	OUTLOOK STATUS
% customer satisfaction	≥50%	N/A			
<i>This is reported annually and will be reported on in Q4</i>					

Administration of the SuperGold cardholders scheme and enhanced public transport concessions for SuperGold cardholders

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
Average number of days to deliver (working days taken to process claims received from regional councils)	20	17	3	Achieved	On track
% of activities that are delivered to agreed standards and timeframes	100%	100%	0	Achieved	On track

Local road maintenance

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	Q2 STATUS	OUTLOOK STATUS
% of activities that are delivered to agreed standards and timeframes (Reinstatement of earthquake damaged local roads in Canterbury – Loan)	100%	100%	0	Achieved	On track
<i>We have made no draw on the loan yet.</i>					

Fuel excise duty

MEASURE	2016/17 TARGET	Q2 YTD ACTUAL	VARIANCE	STATUS	OUTLOOK STATUS
Average number of days taken to deliver	10	7.7	2.3	Achieved	On track
Number of products/services delivered or processed	≥70k	44,944	Not applicable	Achieved	On track

We track our operating environment to understand whether our assumptions differ from what we expected. If the assumptions outlined differ from expected, then we would expect aspects of our performance to be adversely impacted. Accordingly, we would (where appropriate) include it in performance variance commentary.

In this quarter, there is nothing outside our expected operating assumptions that we consider would impact on our performance.

Details of our operating assumptions are included in appendix 1 page 91.

Road Policing Programme

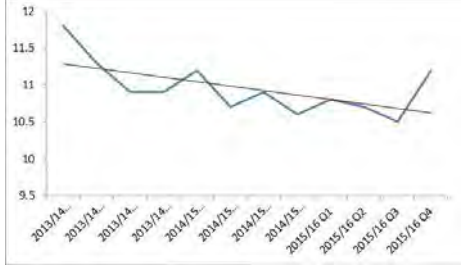
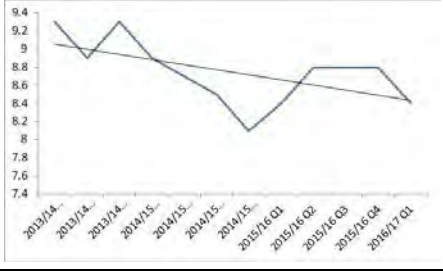
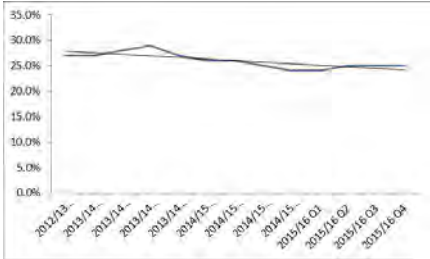
21 of 30 (70%) of intermediate outcomes meeting desired trends

Delivery highlights:

- Police are working with the Transport Agency to address the dislocation and safety of traffic in the upper South Island resulting from recent earthquakes.
- Work continues on Tranche 2 of the Speed Camera Expansion project.
- Police now use 'OnDuty', an online application available on mobile phones, for infringement notices, traffic crash reports, and commercial vehicle investigation reports.
- Given about 40 percent of vehicle occupants killed are unrestrained, Police recently ran 'Operation Habit', a national enforcement campaign supported by social media and main-stream news focusing on restraints and mobile phones (both 'in-car' behaviours).
- Over Labour Weekend all Police districts were tasked with delivering high-visibility patrolling, particularly on high-volume and high-risk roads throughout New Zealand.
- NZ Police was awarded the top Police Practitioner's Paper at the recent Australasian Road Safety Conference for the paper 'The development of an intelligence based deployment model to enhance road policing service delivery'.

RPP AREA OF CONCERN	OUTCOME RESULTS NZ POLICE MAKE A SIGNIFICANT CONTRIBUTION TO	DESIRED TREND* (A)NNUAL/ (Q)UARTERLY	TREND PERFORMANCE*
Commercial vehicle operators	Percentage of overweight heavy vehicles	Decrease (A)	↑
	Overall trend for the past six calendar years is increasing, with a relatively large increase in the last two calendar years – and with the difference between the lowest year (2011) and the highest year (2015) being 3.4%		
	Percentage of local authorities, NZ Transport Agency and ACC injury prevention consultants satisfied that police heavy vehicle activities addressed risk	Increase (A)	↑
Vehicle dimension and mass (VDAM)	Percentage number of VDAM offences detected	Decrease (Q)	↑
	Trend over the last three years to September 2016 has been decreasing		

RPP AREA OF CONCERN	OUTCOME RESULTS NZ POLICE MAKE A SIGNIFICANT CONTRIBUTION TO	DESIRED TREND* (A)NNUAL/ (Q)QUARTERLY	TREND PERFORMANCE*
High risk drivers	Number of disqualified driving offences	Decrease (Q)	↓
	Number of disqualified or unlicensed drivers involved in fatal/serious crashes	Decrease (Q)	↑
	<p>While the overall results for fatal and serious crashes involving disqualified and unlicensed drivers have remained relatively static during recent years at about 165, there has been a significant increase during the last two quarters to 199 and 222</p>		
Traffic management	In time to reinstate traffic flow after road or carriageway closure or crash	Decrease (Q)	↓
	Percentage of local authorities, NZ Transport Agency and ACC injury prevention consultants satisfied that police delivery of traffic management activities have addressed risk	Increase (A)	↑
Speed	Percentage of vehicles complying with open road (100km/h) speed limits	Increase (A)	↑
	Percentage of vehicles complying with urban road (50km/h) speed limits	Increase (A)	↑
	Percentage of heavy vehicles complying with open road (90km/h) speed limits	Increase (A)	↑
	Percentage of heavy vehicles complying with urban road (50km/h) speed limits	Increase (A)	↑
	Percentage of vehicles exceeding speed limits by 1-10km/h	Decrease (A)	↓
	Percentage of respondents agree that enforcing the speed limit lowers the road toll	Increase (A)	↓
	<p>The trend over the last six years has been decreasing</p>		

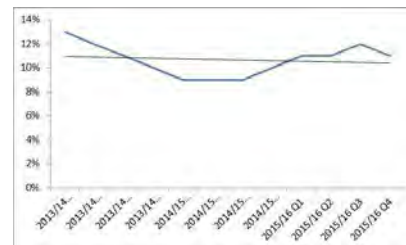
RPP AREA OF CONCERN	OUTCOME RESULTS NZ POLICE MAKE A SIGNIFICANT CONTRIBUTION TO	DESIRED TREND* (A)NNUAL/ (Q)QUARTERLY	TREND PERFORMANCE*
Young Drivers	Percentage of youth (15-24 yrs) have expectation that the risk of being caught drink driving is small	Decrease (A)	↓
	Percentage youth (15-24 yrs) have expectation that the risk of being caught speeding is small	Decrease (A)	↓
Alcohol	Number of fatal and serious injuries in alcohol/drug crashes per 100,000 population	Decrease (Q)	↑
	The longer term, three year, overall trend shows a desired decrease		
	Percentage of respondents agree that there is a good chance of being stopped at an alcohol checkpoint if driving late at night	Increase (A)	↑
Walking and cycling	Percentage of vehicles complying with urban road (50km/h) speed limits	Increase (A)	↑
	Number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day	Decrease (Q)	↑
	The longer term, three year, overall trend shows a desired decrease and, although the trend for the last six quarterly results has increased, the actual change is relatively minor (lowest result 8.1 pedestrians/cyclists injured per 100,000 population, and the highest result 8.8)		
Motorcycles	Percentage of motorcycles in crashes with a non-current wof	Decrease (Q)	↑
	The longer term, three year, overall trend shows a desired decrease – and even though the trend for the last six quarterly results has increased, the change is relatively minor (lowest result is 24% and the highest is 25%)		

RPP AREA OF CONCERN	OUTCOME RESULTS NZ POLICE MAKE A SIGNIFICANT CONTRIBUTION TO	DESIRED TREND* (A)NNUAL/ (Q)QUARTERLY	TREND PERFORMANCE*
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Light vehicles Percentage of light vehicles in crashes with a non-current wof

The longer term, three year, overall trend is showing a slight decrease – with the results from the period range from 13% (Sep 2013) to 9% (Sep 14 to March 15)

Decrease (Q) ↑



Restraints Percentage of adults wearing safety belts in the front seat

Percentage of adults wearing safety belts in the rear seat

Percentage of children aged 5-9 years using restraints (incl. Booster seat, child seat, child harness)

Percentage of children aged 0-5 years using a child restraints

Increase ↑

Increase ↑

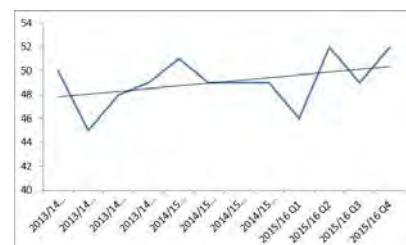
Increase ↑

Increase ↑

Older road users Number of fatal/serious injuries to older road users per 100,000

The longer term, three year, overall trend is increasing with results fluctuating between 52 (Dec 15 and Jun 16) and 45 (Dec 13) fatal and serious injuries to older road users per 100,000 population

Decrease (Q) ↑



Crash reporting Percentage of fatal traffic crash reports received within 10 weeks

Percentage of serious injury traffic crash reports received within 10 weeks

Percentage of minor injury traffic crash reports received within 10 weeks

Percentage of non-injury traffic crash reports received within 10 weeks

Increase (Q) ↑

Increase (Q) ↑

Increase (Q) ↑

Increase (Q) ↑

* 'Trend performance' represents the trend over the most recent six quarters to Q2 2016/17, or the most recent three annual results. Green arrows indicate that 'trend performance' is in line with the desired trend. Amber arrows indicate that trend performance is not in line with the desired trend. The Transport Agency regularly monitors all outcome trends, and Police use appropriate tools and interventions to target the risk associated with trend behaviours, with a focus on those registering amber.

Policing Excellence: the Future – application to road policing

Completed

The Police multi-criteria decision making process was applied to road policing in the context of Policing Excellence: the Future which informed the preparation of the variation to the 2015-18 Road Policing Programme and approved by the Minister of Transport in consultation with the Minister of Police.

*Prevention First Strategy – application to road policing*

Leveraging off the Road Policing Action Plan 2016 – 2020, Police provided an example of how the *Turning the Tide Strategy* could make a difference to outcomes being achieved. Responding to an unlicensed driver with unrestrained children in the car, Police took the opportunity to apply the strategy by looking into the circumstances, involving an Iwi liaison officer and, in the end, assisting with positive road safety and social outcomes for an at-risk family.

Development of a Road Policing Strategy to 2020

Completed

Police finalised the *Road Policing Action Plan 2016-2020* (<http://www.police.govt.nz/about-us/publication/road-policing-action-plan-2016-2020>), which came into effect on 1 July 2016. The Action Plan guides the implementation of the Road Policing Programme.

*Road policing intervention logic mapping (ILM)*

The paper focusing on the development of an intelligence-based deployment model to enhance road policing service delivery, which was the top Policing Practitioner's Paper at the recent *Australasian Road Safety Conference*, describes the evidence base for a number of alignment and restructuring initiatives put in place in the Southern District. The paper provides valuable information about utilising the road policing intervention logic map to most efficiently deliver road policing services to achieve outcomes.

Implementation of the Camera Programme Expansion

Construction of three of the seven camera sites that make up Tranche 2 of Speed Camera Expansion project is underway. Site setup, commissioning and testing will follow shortly. In parallel, work is underway to confirm 41 additional static camera sites. This work includes on-site engineering assessments, site construction designs, speed surveys and the preparation of tender documentation. And in addition, Police are upgrading its systems to provide for remote access to camera images which will remove the need to visit sites to download images.

Auditing of road policing systems

NZ Police has a number of organisational processes for auditing systems procedures and results. Regarding road policing, these include the auditing of its Annual Report, the integrity of the data being entered into the National Crime Register, the new Statistical Analysis System (SAS) reporting tool, and the quality management system of Police Calibration Services.

Developing Police infringement processing system replacement options

The project considering system replacement options has been put on hold pending work being undertaken on the future ownership and management of the safety camera programme.

⁴ Refer page 7 of the 2015-18 Road Policing Programme

Implementation of NZ Police mobility programme – including electronic traffic crash reporting



The Police’s ‘OnDuty’ application has been rolled out to all Police staff resulting in all infringement notices being issued through the application. As a result, the information from infringement notices is being loaded into the Police’s new SAS reporting environment within days of being entered, and road policing is leading other areas of Police in operationalising the data. Police continue to work with the Transport Agency to address minor issues with the electronic traffic crash reporting module of the application.

Purchasing of operating equipment



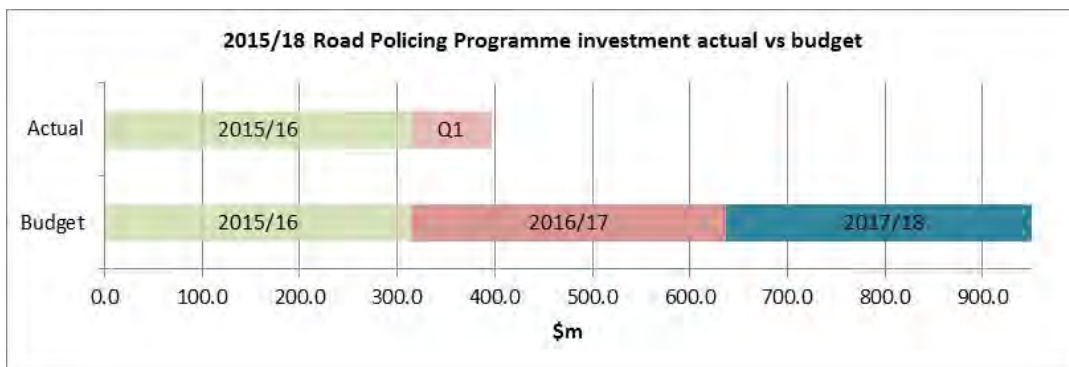
Police are working with the manufacturer to determine whether the new Drager 7510 breath testing devices could be used as hand held evidential breath testing devices.

NZ POLICE ROAD POLICING PROGRAMME EXPENDITURE AGAINST BUDGET

YEAR	ORIGINAL NLTF APPROVAL (\$M)	REVISED BUDGET (\$M)	ACTUAL/YTD (\$M)
2015/16	315.0	314.4	314.7
2015/16 – Speed camera Expansion Programme	8.0		
2016/17	637.0	323.0	80.4
2017/18		322.6	
Total 2015-18 (NLTF only)	960.0	960.0	395.1



NZ Police Road Policing Programme NLTF Vote Police expenditure is tracking near to budget.



Urban Cycleways Programme

Solid progress has been made during this quarter that marks the halfway point in the Urban Cycleways Programme (UCP).

The UCP is now 43 percent complete and moving into a significant construction phase. The spend of UCP funding has been relatively slow to date as projects have moved through the planning and design phases. Programme spend is projected to increase significantly over the next six months.

Following local body elections, there has been strong re-commitment to UCP projects.

Two more projects were completed in Quarter 2 (Glen Innes to Meadowbank and Spring Creek).

Six additional projects have moved to construction phase. Investigation and design is progressing on the remainder, with some higher risk programmes now back on track.

Auckland Transport is in the process of re-forecasting its forward programme, which will be reconfirmed in Q3. It has made consistent progress with construction funding approved for sections 3 of the Eastern connections, and progress on detailed design for Tamaki Drive and Stage 1 of the New Lynn to Avondale/Waterview project, and consultation on various sections of the city centre, Western and Links to Public Transport packages.

Wellington City Council (WCC) has been making steady progress on a set of short term milestones associated with its refreshed programme. Preliminary work has commenced on the Hutt Road section of the Ngauranga to Bunny Street package with the start of light pole removal and replacement, and construction of the shared path will begin in March. It is proposed that Ministerial agreement to the refreshed programme be sought by March 2017 as WCC makes further progress on its milestones.

Christchurch City Council (CCC) has continued to make good progress this quarter, with construction starting on several projects. Improved public consultation processes have helped keep project delivery on track and strong contractor performance is resulting in large packages of work being delivered simultaneously.

Design for the Melling to Petone project, previously high risk, has now been confirmed, and agreements with KiwiRail will be secured in Q3.

The Transport Agency and KiwiRail have developed design guidance to improve the KiwiRail approvals process and accelerate delivery.

For full detail on the programme schedule see Appendix 3 on page 105.

Quarter 2 achievements

- Glen Innes to Meadowbank cycleway in Auckland and Spring Creek in Blenheim completed
- Construction completed on Kapiti Road section of 'Stride 'n' Ride' package in Kapiti Coast
- Construction completed on MacIntyre section in Rotorua.
- Construction commenced on a number of Christchurch projects including Rapanui-Shagrock, Papanui Parallel, Little River Link City End, and the Ngahere St to Dovedale Ave section of the Uni-Cycle route
- In Wellington City, Ngauranga to Bunny St: construction commenced on the Hutt Road pathway upgrade in late October with the beginning of the light pole removal and replacement
- Wairoa Bridge concept design confirmed
- Consent lodged for Manawatu River Bridge

Key programme risks

RISK	MITIGATION
Political - Lack of political and community buy-in to deliver cycleway infrastructure	Whilst requiring ongoing management, this risk has reduced in Q2. In part this is attributable to close Transport Agency involvement in governance, steering and working groups, and in technical reviews of politically challenging projects. Project 'health check' self-assessments undertaken by councils and continued promotion of cycling events and activities have also assisted in mitigating this risk. In addition, following local body elections and the establishment of new Councils, overall there has been strong re-commitment to UCP projects.
Schedule – Projects at earlier stages of development and of significant size and complexity struggle to be delivered within the agreed timeframe	This risk has reduced slightly and the programme overall is 43 per cent complete against overall milestones. Some higher risk programmes are now back on track. However, several projects have been identified that will not be completed by June 2018 (Auckland City Centre and Eastern Connections, Wellington City, Christchurch (Rapanui-Shagrock), Dunedin). The completion timeframe and associated phasing of funding for these projects will be confirmed in Q3.
Budget - NLTF activity class and local funding cannot match fund all UCP projects and other priorities given all of other significant cycle and potential project cost overruns	This risk has largely been mitigated in Q2 with Cabinet approval changes to the GPS and walking and cycling activity class range. The amended GPS is scheduled to be confirmed Q3. Auckland Transport's programme re-forecasting will confirm programme scope and availability of funding for delivery.

Key project risks

RISK	MITIGATION
City Centre Network – Auckland Transport	Risks remain regarding both the budget and schedule for the City Centre Network package due to the complexity of undertaking work in the central city alongside other planned improvements such as the CBD rail loop. Karangahape Road is however unlikely to achieve the agreed completion date of June 2018. Auckland Transport is in the process of reviewing its forward programme, which will be reconfirmed in Q3. Note that three of the City Centre Network projects are reported against under the Urban Cycling priority.
Omokoroa to Tauranga – Western Bay of Plenty District Council	Risk remains due to complexity of project and given that the Council has not yet secured resource consent or additional funding sources due to the increased cost for the high quality design option chosen.
Nelson Coastal Route – Nelson City Council	Risk associated with scope as this is dependent on a decision regarding the Southern Arterial Investigation. Revised project scope and costs are to be confirmed in early 2017.

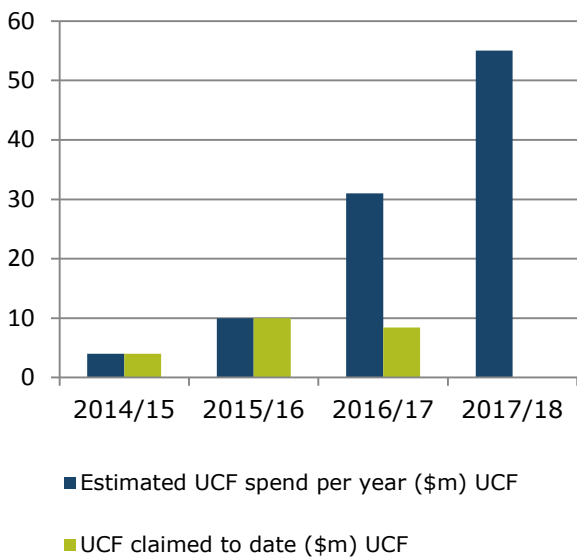
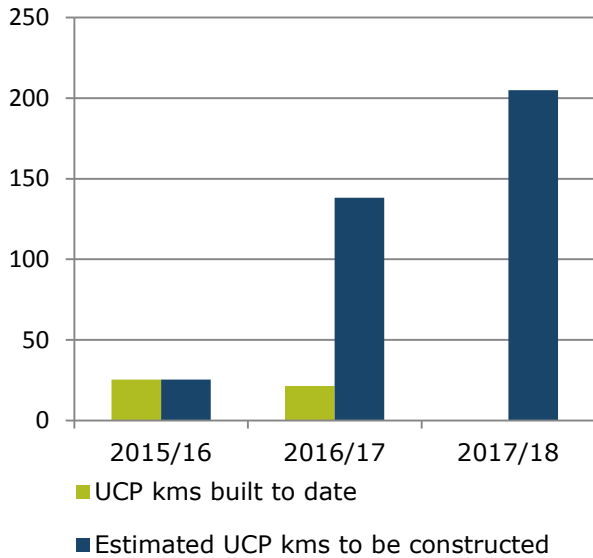
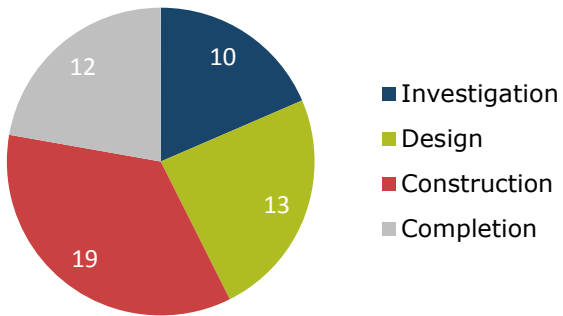
Programme statistics

PROGRAMME HEALTH

Schedule Budget Risk



Current project phases (54 projects)



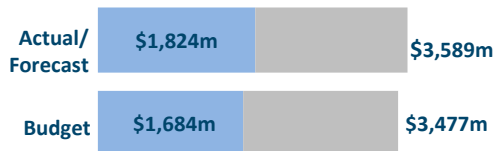
FINANCIAL PERFORMANCE

Financial performance summary

■ Year to date ■ Full year

NATIONAL LAND TRANSPORT FUND REVENUE

\$140m
above
budget



National Land Transport Fund revenue year to date is 8% above budget due to the increased travel demand as a result of raised levels of economic activity and the timing of fuel shipments

The full year revenue forecast is expecting revenue to be 3% above budget

National Land Transport Fund revenue is forecast to be 102% of the 2015-18 published National Land Transport Programme three year target

Watch list - no significant issues identified

NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND) AND CROWN FUNDED EXPENDITURE

\$87m
above
budget



Expenditure year to date is 6% above budget primarily due to higher spend in state highway improvements and public transport

Full year forecast is expected to be 1% below budget primarily due to the lower expenditure on Christchurch earthquake recovery

The 2015-18 National Land Transport Programme overall is on track to budget with 46% of the three year expenditure programme spent to date

Watch list (National Land Transport Programme)

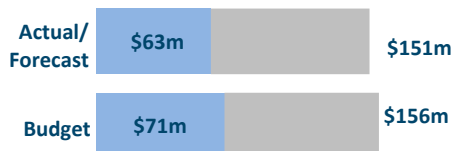
Likely under GPS funding range: local road improvements

To monitor: regional improvements and walking & cycling

Watch list (Crown projects) – Accelerated regional state highways and urban cycleways

NZ TRANSPORT AGENCY NET OPERATIONAL EXPENDITURE

\$7m
below
budget



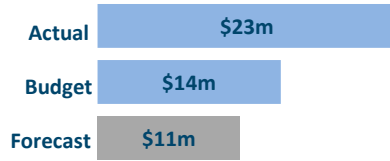
Net operational expenditure year to date is 11% below budget primarily due to extending the current road safety promotion campaigns and lower motor vehicle registry activities

Net expenditure is forecast to be \$5m (3%) below budget at year-end

Watch list - no significant issues identified

MEMORANDUM ACCOUNT

\$9m
above
budget



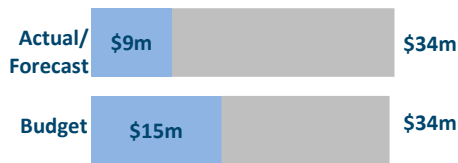
Memorandum account closing balances are \$9m (63%) above budget due to a better than planned 2015/16 that resulted in opening balances being \$5m above what was budgeted. The remaining balance is the year to date surplus of \$4m which is the result of higher revenues across the majority of accounts and lower costs as a result of a slower pace in the programme spend than anticipated year to date.

The full year forecast closing balance is \$8m above budget due to the higher opening balances and revenue being above budget

Watch list - Rail licensing fee review

NZ TRANSPORT AGENCY OPERATIONAL INITIATIVES

\$6m
below
budget



The Agency's initiatives expenditure year to date is 38% below budget mainly due to a number of initiatives put on hold to accommodate new higher priority initiatives that have only recently started

The full year forecast for initiatives expenditure is on track with budget

Watch list – potential under delivery of improvement initiatives on approved programme

LONGER TERM OUTLOOK

The 2015-18 National Land Transport Programme forecast has identified the following areas of concern with regards to meeting the Government Policy Statement on Land Transport funding ranges.







- **Local road improvements** are forecast to under-deliver against the minimum of the Government Policy Statement funding range at the end of the 2015-18 programme by approximately \$46m due to the very low delivery in 2015/16. An initiative to apply a targeted enhanced funding assistance rate for LED streetlight replacement would lift performance in 2017/18 but it would still be unlikely to achieve the funding range minimum.
- **Walking and cycling** is forecast to achieve the adjusted maximum Government Policy Statement funding range. This is largely driven by the success of the Government's Urban Cycleway Programme. The request to lift the Government Policy Statement funding range limit has gone through Cabinet. The increase given was \$13m lower than requested, therefore rationing of funds will continue for the balance of the 2015-18 National Land Transport Programme.
- **Regional improvements** under delivered in 2015/16 (due to difficulties in gaining momentum from a standing start in the new activity class). 2016/17 performance is tracking above budget, which at the start of the summer construction season bodes well with delivering within the \$180-270m Government Policy Statement funding range. There is nearly \$300m of funding approved, or close to being approved, providing a substantial base for delivery of the \$225m plan.

In addition to increasing the upper limit of the Government Policy Statement funding range for walking and cycling, increases have been approved for local road maintenance (\$75m) and investment management (\$5m). These increases are to reflect additional expenditure that was unplanned but necessary for the activity classes, i.e. Kaikoura earthquake response and the New Zealand Business Number All of Government initiative.

KAIKOURA EARTHQUAKE


- **Funding options** - There has been an in principle approval by Cabinet for a Crown Grant to reinstate State Highway 1 and other consequent highway improvements
- **Accounting treatment** - The Transport Agency's accounting treatment of the state highway asset has been reviewed and will likely result in an impairment or removal of part of the state highway network asset. The financial impact will be reported to the Audit, Risk and Assurance committee once the response plans have been finalised.

ASSURANCE AND COMPLIANCE OVER THE NATIONAL LAND TRANSPORT PROGRAMME AND CROWN FUNDED PROJECTS

NLTF cash position		The National Land Transport Fund has a positive cash position of \$519m at 31 December
NLTP 2015-18 funding		National Land Transport Fund revenue is forecast at over 100% of the expenditure target for the 2015-18 NLTP
Borrowings		There were \$701m of borrowings at 31 December. The Transport Agency is compliant with all borrowing conditions
Crown projects		2 out of 5 projects are tracking significantly below budget
Minimum GPS		1 out of 9 output classes is forecast to be below the minimum Government Policy Statement funding range (local road improvements).
Maximum GPS		There are no output classes forecast to be above the maximum Government Policy Statement funding range.

National Land Transport Fund and National Land Transport Programme

National Land Transport Fund revenue

SUMMARY	YEAR TO DATE				FULL YEAR				
	Actual	Budget	Variance	Variance	Forecast	Budget	Variance	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	
<div style="text-align: center;">  <p>\$140m above YTD budget</p> </div> <p>Budget Tracking 8% above year to date budget</p> <p>Full year Forecast Expected to be \$112m (3%) above budget</p> <p>2015-18 NLTP Revenue forecast at over 102% of NLTP three year target</p> <p>Watch list No significant issues</p>	Fuel Excise duty	939	852	86	10%	1,901	1,827	74	4%
	Road user charges	721	680	41	6%	1,412	1,357	54	4%
	Motor vehicle registration and other revenue	165	152	12	8%	277	293	(17)	(6%)
	Total NLTF revenue	1,824	1,684	140	8%	3,589	3,477	112	3%

National Land Transport Fund year to date revenue is 8% above budget and is expected to end the year 3% above budget.

Fuel excise duty year to date revenue is above budget due to increased travel demand as a result of raised levels of economic activity and the timing of fuel shipments. The revenue is earned at the time a ship comes to port and the shipping details are not known at the time of budget preparation, therefore the budget is phased based on historical trends.

The full year revenue is expected to be 4% above budget which reflects the increased economic activity.


Road user charges is above budget due to the continuing increase in the national fleet of diesel light vehicles, lower road user charges refunds and unbudgeted evasion and penalty revenue. This has been offset by lower heavy road user charges due to the uptake of high productivity motor vehicles. These trends are expected to continue through to the end of the year with the forecast revenue to be 4% above budget.

Motor vehicle registration and other revenue are above budget due to an increase in vehicle registration volumes and early settlement on some property disposals. The full year revenue, which is derived from the Ministry of Transport's forecast, is lower than budget as the forecast has licensing growth adjusted due to the high base in 2015/16 as a result of the ACC changes.

The Half Year Economic and Fiscal Update (HYEFU) forecast was completed in November 2016 in conjunction with the Ministry of Transport, the Treasury and Customs. However, the final forecast provided by the Ministry of Transport was not moderated and considered too optimistic. In light of a higher than expected half year position, the Transport Agency will review the forecast and will work with the Ministry of Transport to ensure an agreed position for the budget.

National Land Transport Fund revenue for the three year period 2015-18 is forecast to be 102% of the National Land Transport Programme three year expenditure target.

2016/17 National Land Transport Programme (funded from the National Land Transport fund) and Crown-funded expenditure

SUMMARY	YEAR TO DATE				FULL YEAR				
	Actual	Budget	Variance	Variance	Forecast	Budget	Variance	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	
	NLTP funded from NLTF	1,411	1,331	(80)	(6%)	3,268	3,234	(34)	(1%)
	Crown-funded projects	114	106	(7)	(7%)	280	358	79	22%
	NLTP & Crown expenditure	1,524	1,437	(87)	(6%)	3,548	3,592	44	1%

NLTP Budget
Tracking 6% above year to date budget

NLTP Full Year Forecast
Expected to be within 1% of budget

Crown Budget
Tracking 7% above year to date budget

Crown Full Year Forecast
Expected to be 22% below budget

National Land Transport Programme (NLTP) year to date expenditure is tracking 6% above budget. The latest forecast has expenditure settling at 1% above budget for the full year.

- **State highway improvements** year to date expenditure is \$32m above budget. This is due to the good progress on the Roads of National Significance programme and there was \$25m of property acquisitions in December. However the full year expenditure is expected to be approximately \$30m-\$50m below budget as new project commitments continue to be slower than planned and there have been substantial savings at the tender box on a number of high cost construction contracts. For example, savings on the Christchurch Northern Corridor and Christchurch Southern Motorway were \$92m in total. The full year forecast includes \$30m expenditure on the Lewis Pass alternative route.
- **Public transport** year to date expenditure is \$22m above budget due to higher expenditure on the infrastructure improvements, driven by higher costs for the Manukau Interchange and public transport costs identified for the East-West Link. The higher spend on infrastructure is expected to continue through the year but will be offset by some savings in services programmes now expected to be delivered under budget, resulting in a year-end forecast 2% above budget.
- **Local road maintenance** and **walking and cycling** year to date expenditure are tracking \$12m and \$7m above budget respectively. Local road maintenance is above budget due to increased expenditure on emergency works. Walking and cycling's performance is largely due to the urban cycleway programme, partly funded from the National Land Transport Fund (refer page 61 for further details). These trends are expected to continue throughout the year with the full year forecast expenditure for both activity classes to be \$20m above budget.

Specific Crown-funded projects year to date expenditure is above budget due to Auckland Accelerated (crown-funding assisted programme) expenditure being \$23m above budget. This is offset by underspends in Urban Cycleways and Regional Accelerated State highways projects. The full year expenditure for specific Crown-funded projects is expected to be significantly under budget mainly due to the budget including \$114m of Christchurch Earthquake expenditure of which only \$44m expenditure is expected to be incurred this financial year.

2015-18 National Land Transport Programme (funded from the National Land Transport Fund) and Crown-funded expenditure

SUMMARY	INCURRED TO DATE			3 YEAR NLTP			
	Actual \$m	Actual %	Budget %	Published \$m	Forecast \$m	Variance \$m	
2015-18 NLTP							
46% of three year programme spent to date	NLTP funded from NLTF	4,410	46%	46%	9,540	9,574	(34)
	Crown-funded projects	318	45%	47%	699	686	13
2015-18 NLTP watch list	<p>2015-18 National Land Transport Programme incurred to date expenditure for the 18 months to 31 December 2016 is tracking to budget. However, there are some significant variances within the output classes. Areas of concern are:</p>						
<i>Under GPS range</i>	<ul style="list-style-type: none"> Local road improvements incurred to date expenditure is \$150m which correlates to 32% of the three year National Land Transport Programme target, compared to a budget of 42%. Auckland Transport's performance, which makes up between 50-60% of expenditure on local road improvements, is key to delivering this activity class, but to date its focus has been on other priorities. There have also been delays to other projects, such as Hamilton's ring road extension as further options are being investigated. The Kaikoura earthquake will require some improvements to the local road access into the township, but this will not fully offset the above mentioned under-spends. It is expected that this activity class will perform below the minimum Government Policy Statement funding range by \$46m. An initiative to apply a targeted enhanced funding assistance rate for LED streetlight replacement would lift performance in 2017/18 but it would still be unlikely to achieve the funding range minimum. Walking and cycling incurred to date expenditure is \$60m which correlates to 59% of the three year National Land Transport Programme target, compared to a budget of 41%. This is largely driven by the Urban Cycleway Programme, which was not accounted for within the walking and cycling Government Policy Statement funding range. The request to lift the Government Policy Statement funding range limit has gone through Cabinet. The limit approved is \$65m, \$13m less than the Transport Agency requested. Tight management of funds will continue for the balance of the 2015-18 National Land Transport Programme. Regional improvements incurred to date expenditure is \$35m which correlates to 15% of the three year National Land Transport Programme target, compared to a budget of 31%. 2016/17 performance is tracking above budget, which at the start of the summer construction season bodes well with delivering within the \$180-270m Government Policy Statement funding range. There is nearly \$300m of funding approved, or close to be being approved, providing a substantial base for delivery of the \$225m plan. 						
Local road improvements							
<i>To monitor</i>							
Regional improvements							
Walking & cycling							

2015-18 National Land Transport Programme (funded from the National Land Transport Fund) and Crown-funded expenditure...continued

SUMMARY	
<p>2015-18 Crown projects 45% of three year funding spent to date</p> <p>2015-18 Crown projects watch list Under expected range Accelerated regional state highways Urban cycleways</p>	<p>Expenditure on specific Crown-funded projects incurred to date is tracking slightly below budget, with some significant variances at an individual project level</p> <ul style="list-style-type: none"> • Auckland accelerated (Crown-funding assisted programme) incurred to date expenditure is \$185m which correlates to 89% of the three year target, compared to a budget of 48%. The total amount of the Crown-funded facility is \$375m, of which \$208m had been originally budgeted for in the 2015-18 period. A significant amount of expenditure that was planned for 2018/19 has been brought forward to 2015/16 and 2016/17 with total appropriations for the three year period now at \$343m. • Accelerated regional state highways expenditure is \$50m which correlates to 25% of the three year target, compared to a budget of 35%. The three year forecast is now expected to be \$108m, compared to the published target of \$198m. The programme has had some changes since the National Land Transport Programme was published. A number of projects will not progress (for example, Rotorua Eastern Arterial and Wairau bridge) and funding of some projects will not come from the Crown now as the business cases determined they were of sufficient priority to fund from the National Land Transport Fund (for example, Taramakau and Whirokino Bridges). In addition, some projects, such as the Kawarau Falls Bridge Replacement project, are having slower than planned progress and are not expected to meet the three year expenditure target. However, the full \$212m Crown funds available are expected to be utilised by 2021. • Urban cycleways fund expenditure is \$18m which correlates to 19% of the three year target, compared to a budget of 53%. A substantial uplift in expenditure is expected toward the end of 2016/17 and will continue to escalate through to 2017/18, as more projects enter the implementation phase. Current expectations are that the three year expenditure will be below the budget.

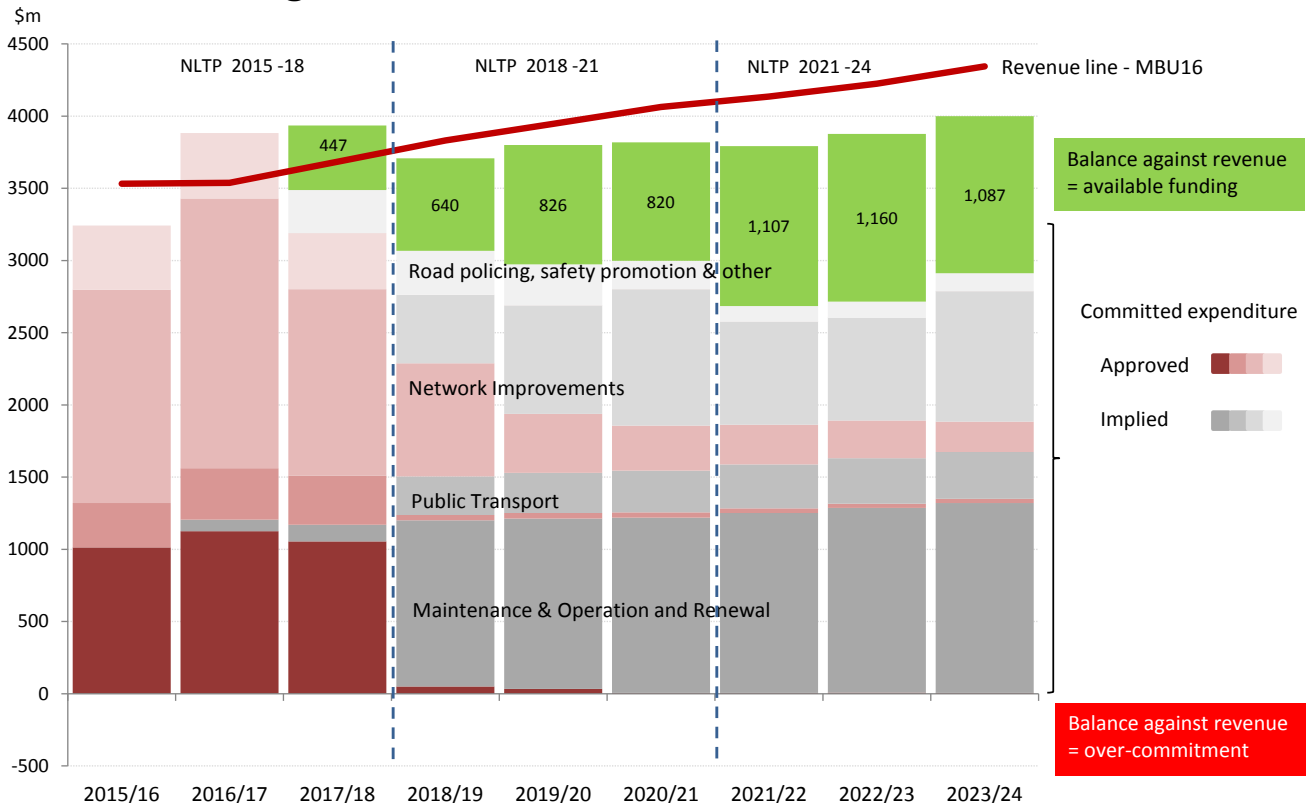
Current and future National Land Transport Programme commitments

SUMMARY	CURRENT AND FUTURE NLTP					
	2015-18 NLTP		2018-21 NLTP		2021-24 NLTP	
	\$m	%	\$m	%	\$m	%
Funding available						
\$6b available for future investment decisions up to 2024						
Current NLTP						
\$358m available for investment decisions						
Committed expenditure	10,396	97%	9,556	81%	9,350	74%
Discretionary expenditure	358	3%	2,286	19%	3,354	26%
Total expenditure	10,754		11,842		12,704	

The forecast level of funding available for future investment decisions over the nine year period (2015- 2024) is \$6.0b. This has increased by over \$900m from the last forecast. This is primarily the result of the increased revenue forecast of \$1.1b, offset by minor forecast expenditure adjustments.

The **2015-18 National Land Transport Programme** has 97% of the \$10.8b National Land Transport Fund investment committed, leaving \$358m of discretionary expenditure for investment decisions in the three year period. The discretionary expenditure is calculated as the 2017/18 available funding of \$447m, less the over-allocated funding in 2016/17 of \$89m.

NLTF Funding Commitments & Balance for Investment Decisions



NZ Transport Agency

Net operational expenditure

SUMMARY	YEAR TO DATE				FULL YEAR				
	Actual	Budget	Variance	Variance	Forecast	Budget	Variance	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	
<p>\$7m below YTD budget</p> <p>Total expenditure Tracking 2% below year to date budget</p> <p>Revenue Tracking 4% above year to date budget</p> <p>Full Year Forecast Net expenditure is forecast to be \$5m (3%) below budget</p> <p>Watch list No significant issues</p>	Total expenditure represented by:								
	NLTP	71	72	1	1%	153	149	(4)	(2%)
	Regulatory	91	94	3	3%	188	186	(2)	(1%)
	Total expenditure	162	166	4	2%	341	336	(6)	(2%)
	Less operational revenue	(99)	(96)	4	4%	(191)	(180)	11	6%
	Net expenditure	63	71	7	11%	151	156	5	3%

Total operational expenditure is 2% below budget due to:

- **Road safety promotion** being \$3.0m below budget primarily due to the success of the current advertising campaigns for speed and drink driving tracking well, which has resulted in delaying the new campaigns. The delivery of new advertising campaigns will now impact in the second half of the financial year with the full year expenditure expected to be close to budget.
- **Motor vehicle registry** expenditure being \$2.1m (7%) below budget as motor vehicle licensing volumes were down in July following a significant early up-take of licences in June 2016. This is expected to catch up by the end of the year with full year expenditure only \$0.5m below budget.
- **Public transport** expenditure being \$2.3m (57%) below budget due to under spend in NZ Transport Ticketing limited service delivery programme.
- These under spends have been offset by above budget expenditure in **Investment management** of \$1.1m for overspends on the long term pavement performance, road efficiency group and NLTP development projects. **State highway improvements** expenditure is \$2m over budget largely due to higher personnel costs which are expected to be funded from the National land transport programme.

Operational revenue is 4% above budget, with the significant variances within Access and Use revenue. Most revenue streams within Access and use are tracking above budget, with the following significant variances:

- **driver licensing and driver testing** revenue is \$1.5m (5%) above budget due to higher volumes. This trend is expected to continue through to the end of the year with the forecast to be 7% ahead of budget.
- **tolling** revenue is \$0.9m (16%) above budget and this is expected to continue through to the end of the year, with peak volumes expected over summer.
- These are offset by **motor vehicle registration** revenue which is \$1.5m (5%) below budget as a result of the early licensing up-take in June shifting revenue into the 2015/16 financial year. Current indications show an increased trend towards longer licensing. This is expected to result in lower administration fee revenue collected over the year. We are expecting to reach full year budget levels, as there has been a higher volume of registrations, change of ownership and plate revenue.

State Highway network asset – Financial impact of the Kaikoura earthquake

SUMMARY

Estimated carrying value of total assets in affected areas is \$270m, or less than 1% of network

The Transport Agency has network assets in the areas affected by the November 2016 earthquake in Kaikoura. The estimated carrying value (including land) pre-earthquake for the affected areas (Ward to Cheviot) was approximately \$270 million or less than 1% of the Transport Agency's network assets nationwide.


Following the earthquake it is expected that there will be the following adjustments made to the state highway asset value on the balance sheet:

- **Write offs** – for assets that will be demolished, replaced, beyond repair or abandoned. The value of the write offs will reduce the state highway asset and be expensed through to the Transport Agency's net surplus.
- **Impairment** – for assets that are impaired but will not be written off. The value of the impairment will reduce the state highway asset and the impairment expense will be charged against revaluation reserve in equity.
- **State highway improvements** - costs incurred to remediate an impaired asset or rebuild an asset (except for minor repairs) will be capitalised on the balance sheet to state highway assets. Demolition costs will be charged to an asset's cost or expensed depending on whether the demolished asset will be replaced in the same location.

In addition, there will be expenditure that will be recognised in the Transport Agency's net surplus and will not impact the state highway asset value on the balance sheet. This will include minor repairs and maintenance which will be recognised as network maintenance, local road maintenance and/or emergency works.

Further details will be provided to the Audit, Risk and Assurance committee meeting once the response plans have been finalised and the financial impact has been quantified.

Memorandum accounts

SUMMARY	YEAR TO DATE				FULL YEAR				
	Actual	Budget	Variance	Variance	Forecast	Budget	Variance	Variance	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	
 Closing balances budget Tracking 63% above year to date budget	Opening balance	19	14	5	32%	19	14	5	32%
	Revenue	85	83	2	2%	160	154	5	3%
	Expenditure	81	84	3	3%	167	165	(2)	(1%)
	Net surplus/(deficit)	4	(0)	4	100%	(8)	(11)	3	27%
	Closing balance	23	14	9	63%	11	3	8	217%

The **memorandum accounts** closing balance is \$9m above budget due to:

- **Opening balances** being \$5m above what was budgeted as a result of a better than planned 2015/16 financial year
- **Revenue** being \$2m above budget. Higher volumes in most memorandum accounts has resulted in an increase in revenue of \$3.8m, offset by motor vehicle licensing revenue being \$1.5m below budget due to a larger than expected amount of renewals of licences being completed late last financial year
- **Expenditure** being \$3m below budget. Motor vehicle licensing expenditure is \$2.1m below budget mainly due to the commission costs being lower from the reduced activity in July 2016, and Road user charges collections expenditure is \$0.5m below budget as some projects have been put on hold to make resources available for more urgent projects.

The full year **forecast** for the memorandum account closing balance is \$8m above budget. The higher opening balances account for \$5m of this variance. Performance trends mentioned previously are expected to continue throughout the rest of the year with better than budgeted surplus' in driver licensing and driver testing (\$1.3m above budget), motor vehicle licensing (\$0.5m above budget) and Road user charges (\$0.7m above budget).

The individual memorandum accounts are in positive balances and tracking favourable to budget with the following exceptions:

- The **rail licensing** memorandum account has a negative balance of (\$4m) and a fee review is in the early stages
- The **certification reviews** memorandum account has a negative balance of (\$6m) - however it has been tracking above budget and is forecasted to move towards a zero balance over time

There are two fee reviews planned for 2016/17. They are for rail licensing (as mentioned above) and motor vehicle licensing. The Motor vehicle licensing review is expected to start in March/April 2017.

Page 70 contains further details on the memorandum account balances.

Fee reviews

Two reviews planned for 2016/17

Watch list

Rail licensing fee review

Operational initiatives

SUMMARY	YEAR TO DATE						FULL YEAR			
	Opex Actual	Capex Actual	Total Actual	Total Budget	Variance	Forecast	Budget	Variance	Variance	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%	
<p>\$6m below YTD budget</p> <p>Budget</p> <p>Tracking 38% below year to date budget</p> <p>Funding</p> <p>Number of new initiatives funded from delay/deferral of approved projects and other savings</p> <p>Watch List</p> <p>Potential under delivery of the programme, in particular the improvement initiatives</p>	Regulatory	1.0	0.6	1.7	5.7	4.0	10.1	12.9	2.8	22%
	NLTP	0.0	0.0	0.0	1.2	1.2	1.3	4.3	3.0	70%
	Overhead	2.6	0.0	2.6	1.7	-0.9	8.5	3.2	(5.2)	(163%)
	Total business initiatives	3.7	0.6	4.4	8.6	4.2	19.9	20.4	0.5	2%
	Core infrastructure initiatives	3.3	1.4	4.7	6.0	1.3	14.2	13.5	(0.6)	(4%)
	Total initiatives	7.0	2.1	9.0	14.6	5.5	34.0	33.9	(0.1)	(3%)

The approved **operational initiatives** programme is underspent due to the continued impact of longer lead times to implement re-scoped initiatives as well as a number of initiatives being on hold or stopped to accommodate higher priority initiatives.

New initiatives have emerged since the approval of the 2016/17 budget:

- Internally, the Regulatory Stewardship programme, Focused: Future (phase one: explore and phase 2: design), L3 Chews Lane fit out, and Road Safety Centre of Excellence are among the additional initiatives with full year expenditure totalling \$8.2m which management are progressing.
- The Transport Agency has identified changes which have been made to existing programmes and projects (stop, slow or defer) to enable the new higher priority initiatives to be funded within the existing Transport Agency total operational budget.
- Externally, the all of government initiative known as The NZ Business Number is also a priority and has an estimated \$1m operating expenditure in 2016/17 for the initial investigation and business case. The Minister has agreed to lift the Government Policy Statement funding range limit on the Investment in the funding allocation system activity class to fund 50% of the total cost of the Transport Agency implementing the NZ Business Number initiative. The remainder is to be funded from existing funding levels within the Transport Agency.

The following **fiscal risks** have been identified and not included in the forecast:

- The Information and Technology Roadmap has identified a number of key delivery areas required to support Focused: Future that have indicated a funding requirement of an additional \$3.1m operational expenditure in 2016/17.
- The costs of Focused: Future (phase three: implementation) is still unknown and has not been included in the forecast.

Funding and long term liabilities

SUMMARY		Drawdown/ Liability	Total facility	Period
	Borrowings and financial liabilities	\$m	\$m	Years
NLTF cash balance At 31 December \$519m	Short term revolving facility	0	250	Less than 1 yr
	Christchurch earthquake loan	38	183	9 yrs
	Auckland Accelerated loan	169	375	10 yrs
	Tauranga Eastern link loan	107	107	35 yrs
	Total borrowings	314	915	
Short term facility There was no drawdown in quarter two	Transmission Gully (PPP)	301	1,100	31 yrs
	Puhoi to Warkworth (PPP)	0	1,000	28 yrs
	Total borrowings (incl PPP)	615	3,015	
	Derivative financial liability	102		
Long term facilities \$47m drawdown on Auckland Transport package loan in quarter two	Derivative financial asset	(15)		
	Total borrowings (incl PPP and derivatives)	701		
	Other Commitments		Commitment	Period
	Auckland Electrical Multiple Units		200	35 yrs
	Auckland Depots		50	50 yrs
	Wellington Matangi Electric Multiple Units		85	28 yrs

The notional balance in the National Land Transport Fund at 31 December 2016 was \$519m.

There has been no activity on the **short term facility** during the quarter.

Activity on the **longer term facilities** during the quarter was as follows:

- Auckland Transport package loan had a \$47.2m drawdown in the quarter ended 31 December 2016. This loan was established to accelerate the programme of projects to upgrade the northern and southern corridors of state highway 1 and also to upgrade state highways 20A to motorway standard.

The Transport Agency has two **public private partnerships** arrangements – Transmission Gully and Puhoi to Warkworth. Under the public private partnership arrangements, as the assets are being constructed, the Transport Agency progressively recognises the growing asset through “work in progress” along with a corresponding financial liability representing the obligation to pay a unitary payment to the contractor. This is until completion when the unitary payments commence. The Puhoi to Warkworth arrangement was entered into on 3 November 2016, however there had been no financial activity on the project up to 31 December 2016.

Funding and long term liabilities continued

SUMMARY

The **derivative financial asset** and **derivative financial liability** are the fair value of the interest rate swaps with the NZ Debt Management Office.

- The Transport Agency entered into interest rate swaps to hedge against fluctuating interest rates relating to the Transmission Gully and the Puhoi to Warkworth agreements.
- The interest rate swaps are revalued on a semi-annual basis by an external provider, BanCorp.
- As at 31 December 2016 there was a derivative financial liability of \$102m on the Transmission Gully interest rate swaps. This has decreased from 30 June 2016 when the fair value was \$206m due to increasing interest rates.
- As at 31 December 2016 there was a derivative financial asset of \$15m on the Puhoi to Warkworth interest rate swaps.

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

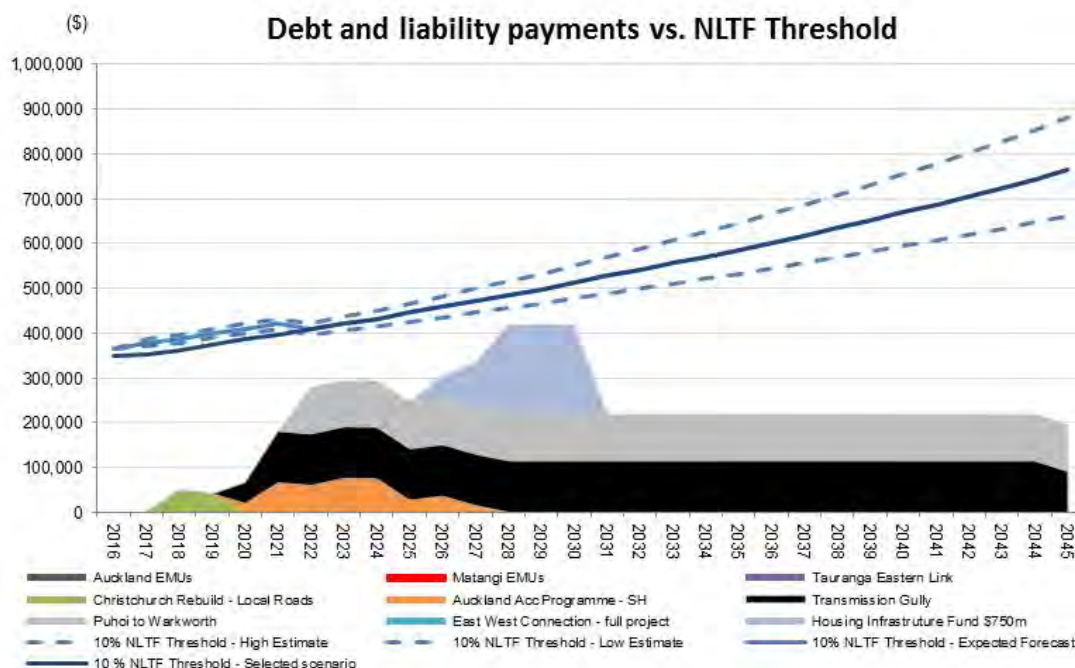
Page 70 contains further details of the borrowings and the current 10% NLTF repayment threshold

Supplementary financial information

Memorandum account balances

		YEAR TO DATE			FULL YEAR			Status
		Actual \$m	Budget \$m	Variance \$m	Forecast \$m	Budget \$m	Variance \$m	
Certification reviews	Opening balance	(7.0)	(7.5)	0.5	(7.0)	(7.5)	0.5	●
	Surplus/(deficit)	1.1	0.6	0.5	0.8	0.7	0.1	
	Closing balance	(5.9)	(6.8)	1.0	(6.2)	(6.8)	0.6	
Driver Licensing	Opening balance	5.1	4.6	0.5	5.1	4.6	0.5	●
	Surplus/(deficit)	(0.5)	(0.9)	0.3	(1.7)	(2.1)	0.4	
	Closing balance	4.6	3.7	0.9	3.4	2.5	1.0	
Driver testing	Opening balance	6.6	6.3	0.2	6.6	6.3	0.2	●
	Surplus/(deficit)	0.4	(0.5)	0.9	(0.2)	(1.1)	1.0	
	Closing balance	7.0	5.8	1.2	6.4	5.2	1.2	
Motor Vehicle Licensing	Opening balance	6.9	5.0	2.0	6.9	5.0	2.0	●
	Surplus/(deficit)	0.2	(0.5)	0.6	(5.6)	(6.2)	0.5	
	Closing balance	7.1	4.5	2.6	1.3	(1.2)	2.5	
Rail Licensing	Opening balance	(4.0)	(4.1)	0.1	(4.0)	(4.1)	0.1	●
	Surplus/(deficit)	(0.4)	(0.6)	0.2	(1.1)	(1.0)	(0.1)	
	Closing balance	(4.5)	(4.7)	0.2	(5.2)	(5.2)	0.0	
Road User Charges collections	Opening balance	3.0	2.9	0.1	3.0	2.9	0.1	●
	Surplus/(deficit)	0.5	(0.7)	1.2	(1.2)	(1.9)	0.7	
	Closing balance	3.6	2.2	1.4	1.8	1.0	0.8	
Other accounts	Opening balance	8.4	7.2	1.2	8.4	7.2	1.2	●
	Surplus/(deficit)	2.9	2.3	0.6	1.1	0.8	0.3	
	Closing balance	11.3	9.5	1.8	9.5	8.0	1.5	
Total	Closing balance	23.1	14.2	9.0	11.1	3.5	7.6	

Borrowings



National Land Transport Funded and Crown-funded expenditure 2016/17 financial year

	YEAR TO DATE				2016/17 FULL YEAR			
	Actual \$m	Budget \$m	Variance \$m	Variance %	FY17 Forecast	FY17 Budget	Variance \$m	Variance %
Regional improvements	22	6	16	268%	102	98	4	4%
Local road maintenance	241	229	12	5%	605	585	20	3%
Local road improvements	46	47	(1)	-3%	158	142	16	11%
Road safety promotion	15	17	(2)	-12%	36	38	(2)	-4%
Walking and cycling	18	11	6	57%	56	36	20	56%
Public transport	158	136	23	17%	338	332	6	2%
Investment management	33	28	5	16%	64	60	4	7%
State highway maintenance	230	240	(10)	-4%	562	568	(6)	-1%
State highway improvements	649	617	32	5%	1,345	1,375	(30)	-2%
NLTF funded expenditure	1,410	1,330	80	6%	3,266	3,233	33	1%
Supergold card	13	12	2	15%	28	28	(0)	0%
Auckland Accelerated	73	50	23	46%	133	110	23	21%
Canterbury earthquake	0	0	0	0%	44	114	(70)	0%
Urban Cycleways	8	20	(12)	-58%	31	51	(20)	-39%
Regional Accelerated	19	24	(6)	-24%	44	55	(11)	-20%
Crown funded expenditure	114	106	7	7%	280	358	(78)	-22%

Year to date expenditure is 6 months expenditure up to 31 December 2016

National Land Transport Funded and Crown-funded expenditure 2015-18

	INCURRED TO DATE			3 YEAR NLTP				Incurred to date spend on NLTP 2015-18	Status
	Actual \$m	Actual %	Budget %	Published \$m	Forecast \$m	Variance \$m	GPS funding range \$m		
Regional improvements	35	15%	31%	225	225	0	180-270		●
Local road maintenance	794	47%	46%	1,704	1,753	49	1,230-1,740*		●
Local road improvements	150	32%	42%	465	419	(46)	465-720		●
Road safety promotion	46	45%	51%	102	103	1	92-113		●
Walking and cycling	60	59%	41%	103	167	64	46 - 103*		●
Public transport	480	47%	46%	1,020	977	(43)	865-1,215		●
Investment management	95	54%	50%	176	185	9	162-180*		●
State highway maintenance	710	42%	48%	1,684	1,589	(95)	1,350-1,810		●
State highway improvements	2,042	50%	47%	4,061	4,156	95	3,150 - 4,350		●
NLTF funded expenditure	4,410	46%	46%	9,540	9,574	34		Actual Spend / NLTP 2015-18	
Add Road Policing				960	960	0			
NLTF funded expenditure (incl Police)				10,500	10,534	34			
NLTF Revenue				10,573	10,754	181			
Supergold card	41	48%	46%	86	86	0			●
Auckland Accelerated	185	89%	48%	208	343	135			●
Canterbury earthquake	23	21%	61%	111	68	(43)			●
Urban Cycleways	18	19%	53%	96	81	(15)			●
Regional Accelerated	50	25%	35%	198	108	(90)			●
Crown funded expenditure	318	45%	47%	699	686	(13)		Actual Spend / NLTP 2015-18	

Incurred to date expenditure on the NLTP is 18 months expenditure up to 31 December 2016

* The Minister has approved the following changes to the maximum limits of the GPS funding range: local road maintenance is now \$1,815m; walking and cycling is now \$167m; and Investment management is now \$185m.

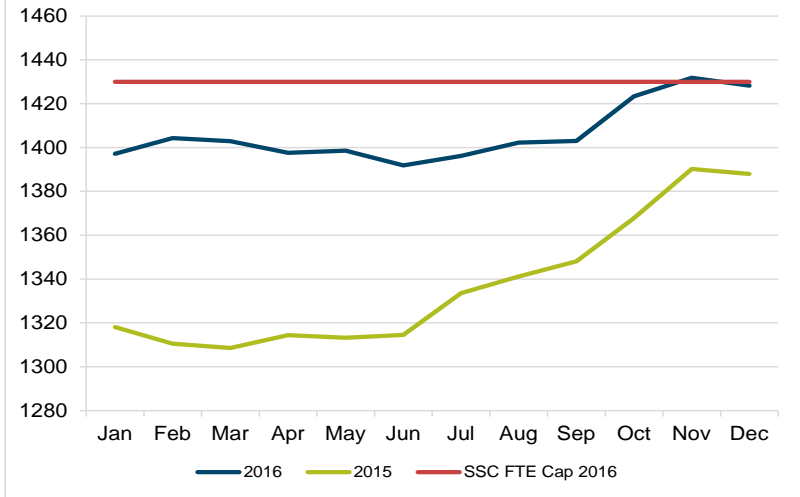
OUR PEOPLE

Key indicators

Full-time equivalent (FTE) employees against cap

As at 31 December 2016 there were 1428.2 FTE employees, up 1.8% since the last quarter. In addition, there were 14 active vacancies, bringing our total FTE to 1442.2.

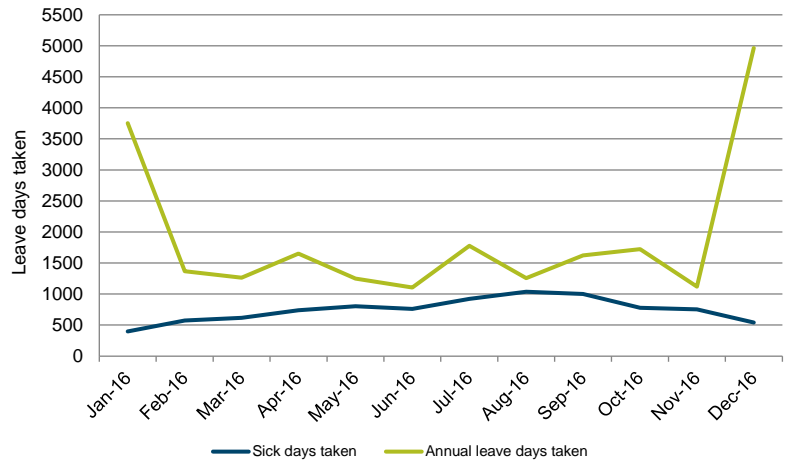
We continue to remain within an acceptable range of our forecast of total FTE (SSC FTE Cap).



Planned and unplanned leave taken

Our average annual leave balance as at 31 December 2016 was 15.0 days. This is a moderate drop since last quarter (16.1 days), which was expected as annual leave bookings for the holiday period are realised. The balance however still remains above our target average of 12.5 days, and is higher than at the same time last year (13.1 days).

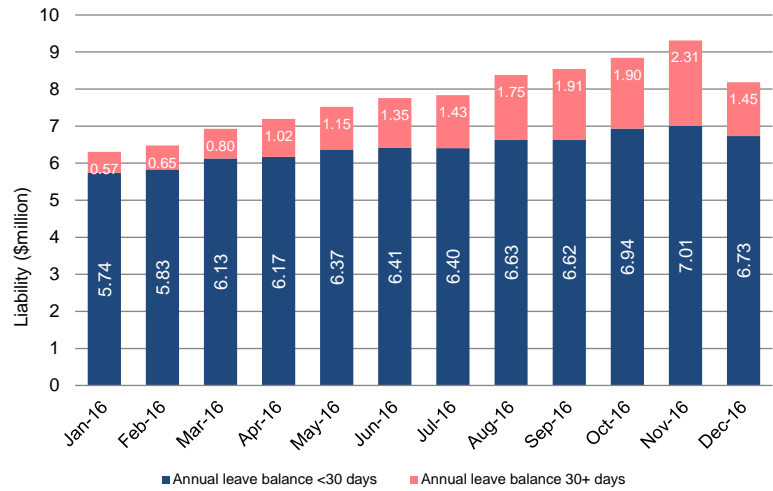
As predicted, the number of sick leave days taken since last quarter has decreased. This downward trend can be attributed to the generally much warmer months towards the end of the year. Although the number of sick leave days taken has dropped, it is higher than as the same time last year, which could be partly attributable to an increase of 2.4% in headcount since then.



Annual leave liability

Our average annual leave liability as at 31 December 2016 was \$8.18 million (approximately \$5,531 per person), which is \$360,000 less than the last quarter.

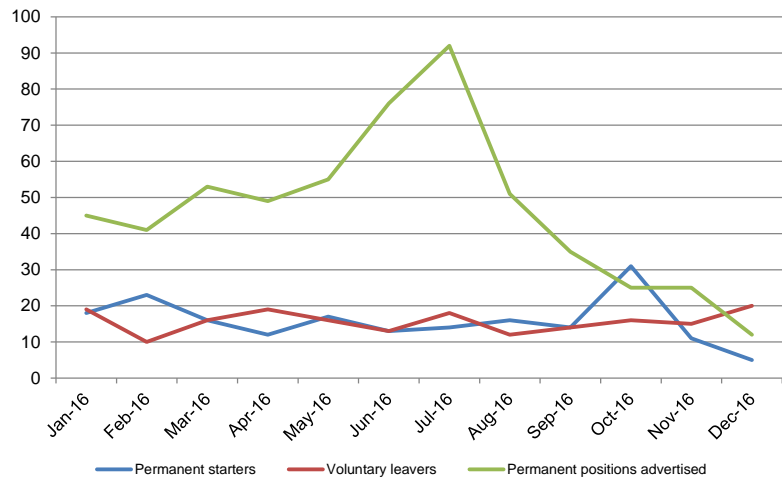
There were 104 employees with an excessive annual leave balance (30+ days), a 22% reduction since last quarter, and it is due to the holiday season. When future booked leave is taken into consideration there were only 19 employees with an excessive annual leave balance (1% of eligible employees).



Permanent comings and goings

As at 31 December 2016 there were 12 permanent vacancies advertised, which is significantly lower than the annual average of 47 at each month end. This is partly attributable to the time of the year.

Voluntary turnover sits at 13.4%, which is 3.5% more than as at the same time last year. The current rate is also 2.3% higher than the State Services Commission benchmark of 11.1%.



Workplace health and safety

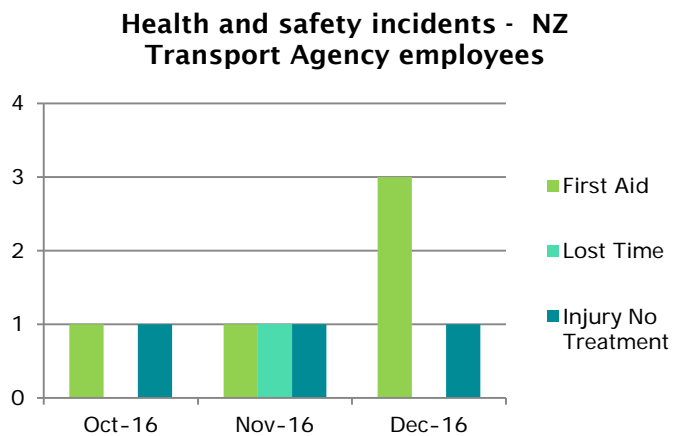
The Transport Agency Zero Harm Strategy 2014-2020 objective is that 'by 2020 or sooner, all our people,⁵ regardless of employer will go home safe and healthy, every day, no exceptions'.

In quarter two there were nine reported health and safety incidents including one lost time injury. Eight incidents were office based and one occurred at a customer's premises.

The three-year plan is underway to enable the Transport Agency to meet core requirements to establish a robust health and safety management system. As part of this, the development of a new suite of reporting tools and a due diligence dashboard began in quarter two. These tools will help the Transport Agency to capture more accurate and consistent reporting data with an increased focus on lead indicators.

Health and safety - number of injuries per month by severity (NZ Transport Agency employees only)

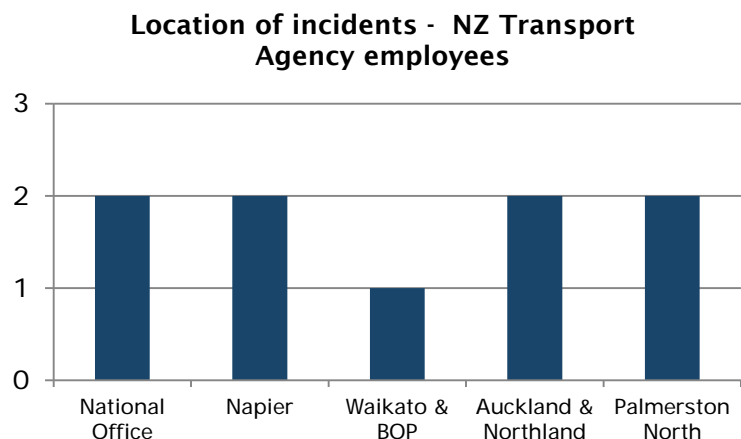
There were nine incidents reported for quarter two: five incidents required first aid treatment (two burns and three cuts/scratches), three incidents required no treatment, and one lost time injury due to an employee tripping over a chair.



Location of our incidents in quarter two (NZ Transport Agency employees only)

National office reported a sore neck and a burnt hand. Napier reported two incidents of cuts/scratches. Tauranga reported one lost time incident caused by tripping.

There was one cut/scratch and wrist strain reported in Auckland, while Palmerston North reported one burn and a slip on wet floor.



⁵ Employees, contractors, sub-contractors, agents and temporary staff engaged to work on behalf of the Transport Agency.

Serious harm incidents per month to contractors where the Transport Agency was a principal to contract.

The Transport Agency is actively working to increase monthly reporting on a number of health and safety performance indicators. Reporting is undertaken through a web based tool which is administered by the Transport Agency Zero Harm team. Data on external contractor performance will be included in this report in the near term as suppliers begin consistently meeting our reporting requirements.

ASSURANCE AND RISK

Total Assurance summary

Assurance activity

Assurance programme delivery is on schedule. Nine investment audits, one post implementation review and two internal audits were completed in the quarter. Several other pieces of work are in flight and the team has contributed to a number of other items outside of the assurance programme.



Investment assurance summary

Approved organisations reviewed in the quarter demonstrated effective financial systems and were able to clearly demonstrate that NLTP investment in the land transport programmes can be tracked and is being spent as intended.

An emerging theme is poor adherence to requirements for road safety audits during projects. Road safety audits are a funding condition for capital improvements. The audits are designed to identify any potentially serious issues with a project's design or build which might generate safety problems. They should be done at critical stages of a project's life cycle unless an exemption is granted.

Another common review finding relates to a lack of documentation between collaborating councils on boundaries infrastructure. In some cases, a boundary between councils might be at the midway point on a bridge. Agreements need to be formalised so that the roles and responsibilities for boundary infrastructure's long term maintenance and investment are clear.

Incident management & business continuity

In November, the earthquakes centred in Kaikoura, and the coinciding bad weather, impacted several Transport Agency buildings. Incident management processes were successfully implemented. The national office was closed for two days and the top three floors were reopened once temporary repairs were effected. Business continuity plans for the critical functions affected by the closures, including salary payments were used. A post incident review is underway to pick up any lessons from the incidents' management.

The Transport Agency communication tool for text alerts, Campaign Manager, was made available to the coordinators of travel around the Kaikoura area to enable travel text alerts to be sent to registered travellers.

As part of the business as usual incident management testing programme, local incident management teams in each Transport Agency office have been provided with a scenario for table top exercises. The exercises programme has been completed by seven offices, with learnings shared.





Disaster recovery

Failover testing was completed as scheduled for the foundation disaster recovery (DR) project. The testing assessed the cloud-based disaster recovery for the 11 critical systems currently 'backed up' in the Cloud. This involved testing the Transport Agency's ability to operationally use the DR capability, in the event of

an incident taking down the current in-house systems. The overall outcome was successful and the system resilience risk has reduced as a result.

National Land Transport Fund investment assurance


KEY TO RATINGS



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

Procedural investment audits

Procedural investment audits provide assurance that the NLTP investment in approved organisations' land transport programmes is being well managed and delivers value for money outcomes. There are four main areas of scrutiny:

- Assessment that effective financial systems are used to manage the investment and demonstrate the funding is spent as intended in approved work activities.
- Testing that the spend meets both Transport Agency procurement requirements and the approved organisations' endorsed procurement strategies.
- Reviewing contract management practices to assess how approved organisations know they are getting what they are paying for.
- Examining how approved organisations provide value for money with provision of professional services (either in-house or out-sourced).

AUDITEE	NZTA INVESTMENT VALUE (2015–18 NLTP INDICATIVE)	KEY FINDINGS SUMMARY	RESULT
Thames-Coromandel District Council	\$18.1 million	<p>Thames-Coromandel District Council's claims for funding assistance were successfully reconciled to its financial records.</p> <p>The Council has sound contract management processes in place to deliver its land transport programme. All contracts examined complied with the Transport Agency's requirements.</p> <p>Documentation showing tender evaluations and approvals supported decision making.</p> <p>However, Council needs to review its road safety audit processes to ensure compliance with funding requirements.</p> <p>Thames-Coromandel District Council accepts the findings of the audit and has agreed to take action to address two recommendations. There were no recommendations to the Transport Agency. Management actions are included in the assurance management action register. Actions agreed by councils are followed up in the quarter in which they are due to be completed.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2015–18 NLTP INDICATIVE)	KEY FINDINGS SUMMARY	RESULT
South Taranaki District Council	\$28.5 million	<p>South Taranaki District Council delivers its land transport programme well to manage its network.</p> <p>There is good alignment between operating expenditure and financial accounting systems. Claims for financial assistance were successfully reconciled.</p> <p>However, Council failed to meet procurement requirements by not engaging a qualified tender evaluator when procuring a consultant for local roading network management. Council also has a diminished capacity to meet road safety auditing requirements. Both matters have been raised and need to be addressed.</p> <p>Council's has a value for money statement which is allied to the Office of the Auditor General's definition. There is an active focus on demonstrating value for money in regular management practices.</p> <p>South Taranaki District Council accepts the findings of the audit and has agreed to take action to address two recommendations. There were no recommendations to the Transport Agency. Management actions are included in the assurance management action register. Actions agreed by councils are followed up in the quarter in which they are due to be completed.</p>	
Hutt City Council	\$27.5 million	<p>Hutt City Council has maintained good management practices and procedures to support the delivery of its land transport programme.</p> <p>Its financial system clearly links land transport activity expenditure to its general ledger. Robust procurement procedures are used and contract administration and record keeping well managed.</p> <p>Hutt City Council accepts the audit findings and has agreed to take action to address three recommendations. This audit made no recommendations to the Transport Agency. Management actions are included in the assurance management action register. Actions agreed by councils are followed up in the quarter in which they are due to be completed.</p>	

AUDITEE	NZTA INVESTMENT VALUE (2015–18 NLTP INDICATIVE)	KEY FINDINGS SUMMARY	RESULT
Waimate District Council	\$6.9 million	<p>Waimate District Council is managing its transport network well.</p> <p>Claims for financial assistance were successfully reconciled against the general ledger.</p> <p>The council considers a range of options when procuring land transport related activities. This is demonstrated through various collaborative procurement arrangements with its neighbouring councils.</p> <p>A combined roading maintenance contract with McKenzie District Council resulted in substantial savings overall, but a small financial disadvantage to Waimate District Council. The NZ Transport Agency approved the procurement subject to a transfer payment between the councils to remedy this. All transfer payments for the 2015/16 year were reviewed and confirmed correct during the audit.</p> <p>The Council needs to put in place written agreements with its neighbouring councils for the maintenance of boundary infrastructure, particularly bridges. This is to help avoid issues around their long term maintenance and planning for potential replacement.</p> <p>Waimate District Council accepts the findings of the audit and has agreed to take action to address three recommendations. No recommendations were made to the Transport Agency. Management actions are included in the assurance management action register. Actions agreed by councils are followed up in the quarter in which they are due to be completed.</p>	●

AUDITEE	NZTA INVESTMENT VALUE (2015–18 NLTP INDICATIVE)	KEY FINDINGS SUMMARY	RESULT
Queenstown Lakes District Council	\$17.3 million	<p>Queenstown Lakes District Council’s financial assistance claims were successfully reconciled to Council’s general ledger. However, the audit showed an over claim for street cleaning expenditure.</p> <p>The Council has established new management structures which should enhance the performance of its land transport network investment. However, the council needs to review quality systems for procurement to align with the funding requirements. Several audit issues were raised. For example:</p> <p>Council’s procurement procedures are inconsistent with the requirements in several areas. The audit reported a lack of mandatory non-price attributes for two contracts, quality assurance requirements were missing for four contracts. There was continued inclusion of a disqualified tenderer’s information in a tender evaluation process, and an apparent lack of consideration for the resulting size of a Supplier Quality Premium (SQP) value. Tender file processes were incomplete.</p> <p>Queenstown Lakes District Council accepts these audit findings and has agreed to take action to address six recommendations. There were no recommendations to the Transport Agency. Management actions are included in the assurance management action register. Actions agreed by councils are followed up in the quarter in which they are due to be completed.</p>	●





Post Implementation Review



Post Implementation Reviews assess how well completed improvement projects have delivered their expected benefits. Where relevant, they also identify lessons learned for future projects or to make business improvements.

PROJECT AND RESPONSIBLE ORGANISATION	PROJECT COST AND COMPLETION DATE	KEY FINDINGS SUMMARY	RESULT
Ohingaiti-Makohine realignment Manawatu/Whanganui Highways & Network Operations	\$13.6 million; completed in May 2011	<p>This project realigned a section of State Highway 1 (SH1) in the Rangitikei District to improve safety.</p> <p>Summary assessment of project outcomes</p> <p>The realignment project has successfully improved safety. Crash rates have dropped significantly with the removal of dangerous and winding section of state highway on Makohine Hill. A highway rail overpass has also removed safety issues associated with a former level crossing.</p> <p>Travel times and average speeds along the state highway improved initially, but have since fallen back to pre-alignment levels. It is unclear why this has happened. The highway's speed environment and traffic conditions have not changed since project completion and are better than they were pre-realignment.</p> <p>Project delivery and cost</p> <p>The project was completed in May 2011, four months ahead of schedule for \$13.6 million. This was 8% under budget due to the early completion date and a competitive tender price received for the project's construction.</p> <p>Lesson learned</p> <p>A lesson for other future projects is that the availability of pre-project traffic surveys and monitoring would have been beneficial for a more effective assessment of the project's benefits realisation.</p>	●

Internal assurance

KEY TO RATINGS

-  Strong: The controls are in place and are working very well. The controls are being performed in the manner for which they are designed to mitigate the risk. Either none or a small number of low findings, and either no or minimal scope for improvement has been identified.
-  Effective: The controls are good and the majority of the risk is managed. But there is room for some improvement to increase the effectiveness of these controls or reduce the risk of the control failing. Multiple low findings and/or a moderate finding has been identified.
-  Partially effective: The controls are adequate but manage only a portion of the risk. Management attention is required to implement new or improve existing controls. Multiple moderate findings and/or a low number of high findings have been identified.
-  Not effective: The controls are either not effective or non-existent. Urgent attention and management review are required to implement new controls. A large number of high findings have been identified and/or a critical finding has been identified.

AUDIT AREA	KEY FINDINGS SUMMARY	RESULT
FED Refund Policy Change	The processes and controls supporting FED refund decision making are Partially Effective. There are appropriate checks in place over the decision making process, however legal guidance and internal communication needs to be strengthened to ensure that the right decision is being made and efforts should be made to improve the relationship with agents.	
Total Mobility Scheme	The processes and controls over the management of Total Mobility Scheme are variable and are therefore partially effective. The material issues relate to: <ul style="list-style-type: none"> • mobility provider system compatibility with Ridewise; • trip validation (including verification standards); and • Ridewise enhancements (smart cards, GPS). 	
Reviews in flight:	HNO procurement Legal Services Panel	

Other Centre of Excellence Activity

Pilot of Management Control Framework assessment of COF/WOF agent

To complement the compliance reviews over inspection activities the Transport Agency trialed an assessment of the Management Control Framework of one of the vehicle inspection and certification agents. A management control framework review covers the monitoring and oversight functions in place to ensure a consistently high standard is delivered. The pilot was successful as it identified a number of opportunities for improvement for both the inspecting agent and the Transport Agency to feed into the contract management processes. The areas for improvement for the Transport Agency were enhancements to the Quality Management System guidance, tightening user access controls and improving reporting from the agent. The Centre of Excellence will continue to collaborate with A&U to use this control assessment approach to review agents.

Assurance reviews of the regulatory functions are scheduled from February. The reviews will be end to end process reviews and will encompass both the processes of both the Transport Agency and its agents. Contract and relationship management of the agents is an important component that will be considered in the review.

Incident Management and Business Continuity Lessons Learnt

The response to the Palmerston North power outage and the Kaikoura quakes have provided opportunities to assess Transport Agency incident readiness. The lessons learnt from the power outage will be used to enhance the planning documentation and target emergency management training and education across the Transport Agency. The results of the lessons learnt review from the earthquakes are being consolidated and will be reported in Quarter 3.

Project Assurance

A number of milestone reviews and Independent Quality Assurance reviews have been carried out in the quarter. The findings from the reviews are communicated to the project's steering committee and the Project Management Office. The reviews have highlighted the benefits of strong internal project management with well performing projects demonstrating adherence to project methodology.

Risk report

Risk management summary



There are five risks included in the Q2 management report for the Transport Agency’s risk profile.

The risks have been identified from business unit risk profiles and represent a “bottom-up” assessment of Transport Agency risks. The senior leadership team have a risk workshop scheduled in February to refresh the risk profile.

The previously reported risk related to rail regulatory scope and effectiveness has reduced and remaining treatments are considered operational. This risk is now being managed by the Access and Use group.

The risk related to delivering the State highway improvements programme is considered low and is now being managed by the Highways and Network Operations group.

The Health & Safety risk has reduced to medium due to planned risk treatment actions being implemented.

Three new risks have been added to the profile this quarter – two of which emerge as the Planning & Investment Team commences planning for the 2018-21 National Land Transport Programme (NLTP). The on-going reprioritisation of work is resulting in reduced levels of engagement with partners and may result in a less than optimal 2018-21 NLTP.

The third risk added to the Agency profile this quarter (management of rock fall) has increased recently due to traffic growth (particularly tourists), seismic activity and changing weather patterns.

The following table summarises the key risks currently facing the Transport Agency.

RISK SUMMARY: KEY TO RATINGS

- 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

Risk summary table

	Q1	Q2	RISK THAT WARRANTS ATTENTION	TARGET	WHAT WE SEE INFLUENCING THE RISK	PROGRESS OF RESPONSE
ROCK FALL	●	●	Risk that rock fall processes do not provide sufficient controls to manage exposure to rock fall/slips, which impact safety and route availability	●	<ul style="list-style-type: none"> • Increasing traffic volumes, particularly tourists • Increasing seismic activity • Climatic changes • Rock fall hazard rating system focused on known active sites only - not entire network 	<ul style="list-style-type: none"> • High risk and active sites being managed • Review on international best practice commissioned
CONNECTED 2018-21 NLTP STORY	New	●	Risk that the Transport Agency will not be able to tell a one transport system story through the 2018-21 NLTP due to an uncertain internal operating environment and changing external factors	●	<ul style="list-style-type: none"> • Information and capability limitations • GPS limits ability to make trade-offs 	<ul style="list-style-type: none"> • Improving sector collaboration to tell a cohesive transport story • Cross-Agency steering and governance groups established to ensure various viewpoints considered • Participation in development of GPS
CUSTOMER EXPERIENCE 2018-21 NLTP	New	●	Risk that NLTP development will not deliver a good customer experience in delivering the 2018-21 NLTP	●	<ul style="list-style-type: none"> • Good customer experience is not defined • Inconsistent customer experience between regions • Engagement approach is not comprehensive 	<ul style="list-style-type: none"> • Changes being proposed are shaped by customers • Consistency has improved through joint NLTP governance across the three operational groups
BUSINESS CONTINUITY	●	●	Risk that business continuity planning & disaster recovery is incomplete and therefore ineffective	●	<ul style="list-style-type: none"> • Plan preparation in progress • Lack of readiness to act • Capability & capacity to embed plans 	<ul style="list-style-type: none"> • Continuity plans progressing • Disaster recovery project successfully tested • Business continuity plan testing continues – progress slowed due to operational priorities
HEALTH & SAFETY	●	●	Risk that the Zero Harm culture is not embedded and health and safety legislative obligations are not met	●	<ul style="list-style-type: none"> • Occupational health and safety management framework • Development of trend analysis 	<ul style="list-style-type: none"> • Health and safety reporting version two developed • Zero Harm action plan in place • Performance measures established • Lone working policy developed



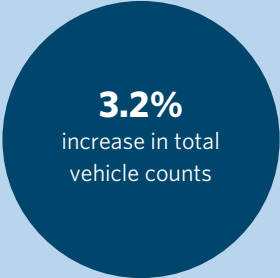
APPENDICES

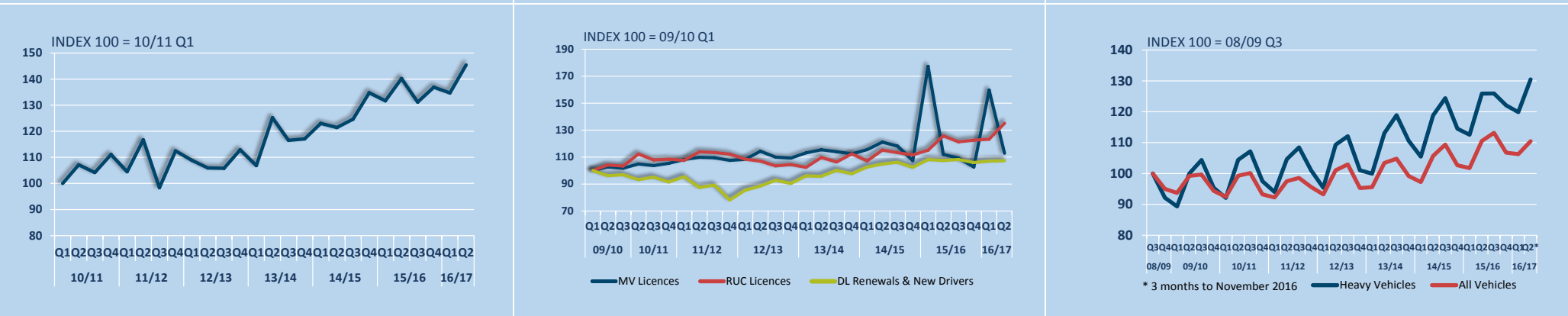
Appendix 1: Operating assumptions

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
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<p>REVENUE PERFORMANCE REFLECTS GROWTH IN TRAFFIC VOLUMES</p>	<p>TRANSACTION VOLUMES REFLECT GROWTH IN TRAVEL VOLUMES AND CHANGING PURCHASING PATTERNS</p>	<p>VEHICLE COUNTS ON THE STATE HIGHWAY NETWORK INCREASE BUT PACE OF GROWTH EASES</p>
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<div style="text-align: center;">  <p>\$1.82bn flows into the National Land Transport Fund</p> </div> <p>Revenues for the 6 months ending December 2016 came in 8% or \$140m higher than budget, with inflows from FED, RUC and MVR coming in 10%, 6%, and 8% ahead of budget respectively.</p>	<div style="text-align: center;">  <p>2.3m licence transactions were completed</p> </div> <p>The number of licence transactions rose by 2.0% in 2016/17 Q2, compared to the corresponding quarter in the previous year. The main contributor was a 7.5% increase in RUC licence transactions which more than offset a 0.1% drop in DL volumes over the period.</p>	<div style="text-align: center;">  <p>3.2% increase in total vehicle counts</p> </div> <p>Total vehicle and heavy vehicle counts at selected telemetry sites rose by 3.2% and 5.2% respectively for the three months ending November 2016, compared to the corresponding period in 2015.</p>
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REGIONAL STATE HIGHWAY TRAFFIC VOLUMES PUBLIC TRANSPORT VOLUMES REGIONAL PUBLIC TRANSPORT VOLUMES

REGIONAL TRAVEL GROWTH REMAINS MOSTLY POSITIVE

PATRONAGE ON PUBLIC TRANSPORT CONTINUES TO INCREASE

PATRONAGE IN AUCKLAND AND WELLINGTON REMAINS POSITIVE, NOT SO FOR CANTERBURY

2.7%
increase in total vehicle counts in Auckland

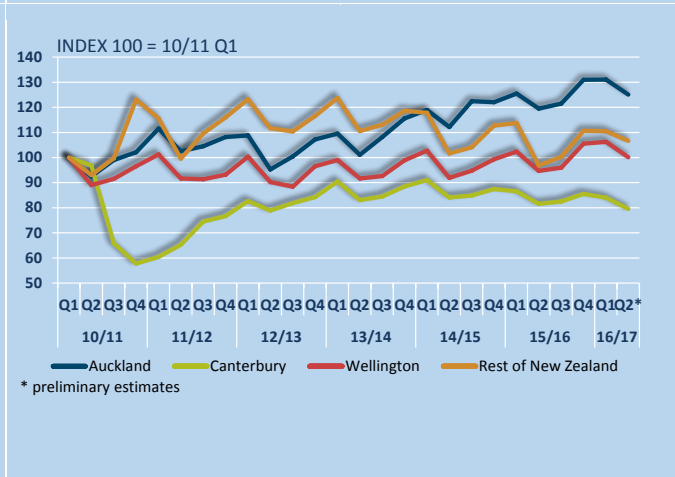
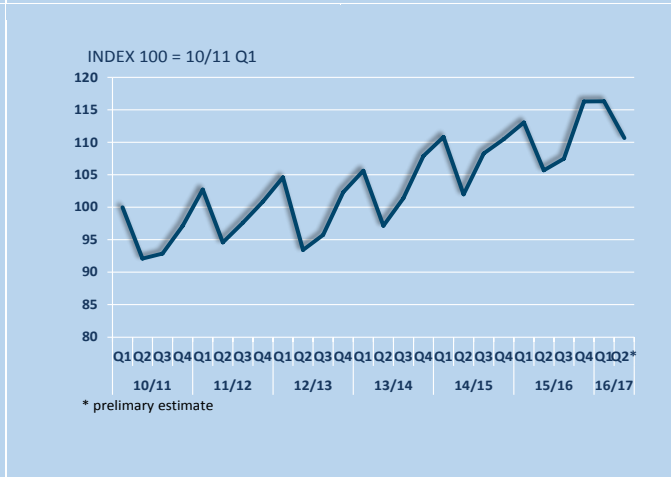
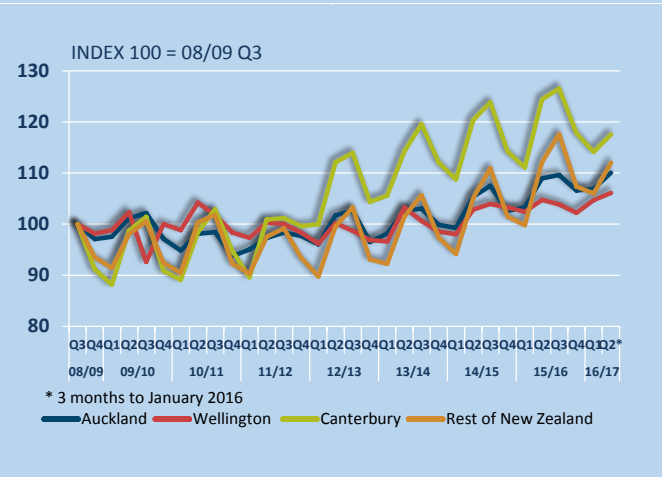
Vehicle counts in Auckland and Wellington rose by 2.7% and 1.4% respectively, but fell 1.6% in Canterbury for the three months ending November 2016 compared to the same period in 2015. Vehicle counts in the rest of New Zealand rose by 5.2% over the same period.

38.9m
boardings on public transport in 2016/17Q1

Public transport patronage is estimated to have increased by 2.9% in 2016/17 Q1 compared to the corresponding quarter in the previous year. Although data is incomplete, preliminary estimates suggest growth of 4.9% in 2016/17Q2 when compared to the corresponding period in the previous year.

4.6%
increase in PT patronage in Auckland in 2016/17Q2

Patronage in Auckland and rose by 4.6% in 2016/17 Q2 but fell by 2.4% in Canterbury over the same period. Recent data for the 3 months ending November 2016 suggests that public transport patronage in Wellington grew strongly in 2016/17 Q2 after posing growth of 3.8% in 2016/17 Q1.



PUBLIC TRANSPORT VOLUMES BY MODE TRANSPORT AGENCY COST ADJUSTMENT INDICES MARKET PRICES

PATRONAGE BY MODE SHOWS POSTIVE GROWTH TREND

BITUMEN COSTS REFLECT CHANGES IN GLOBAL CRUDE OIL PRICES

CIVIL ENGINEERING COST PRESSURES BENIGN, BUT STARTING TO PICK UP

10.9%
increase in rail patronage in 2016/17 Q1

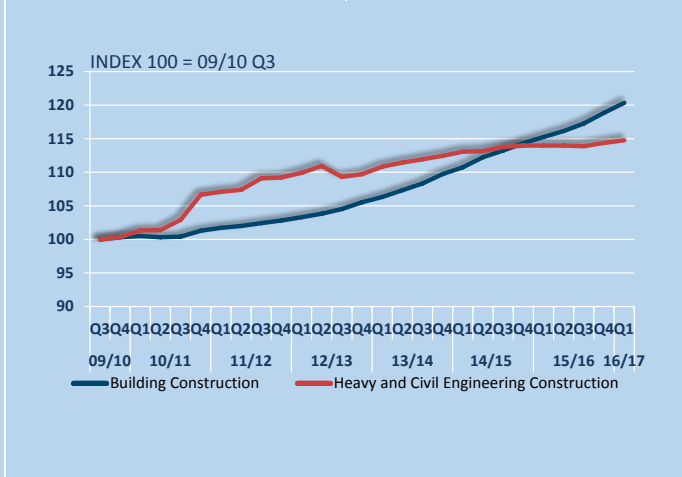
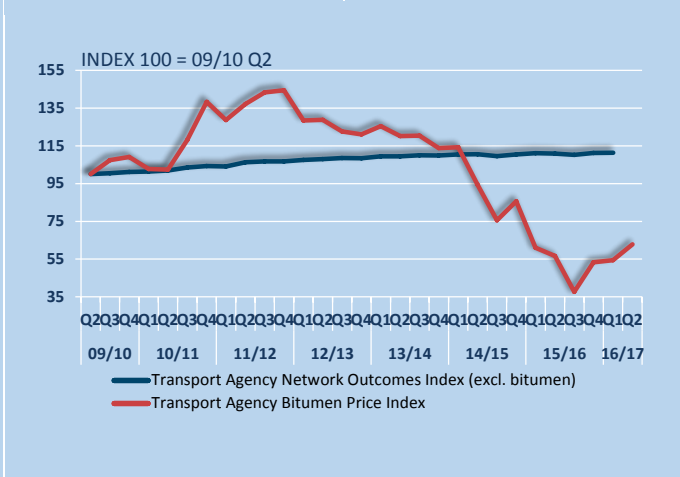
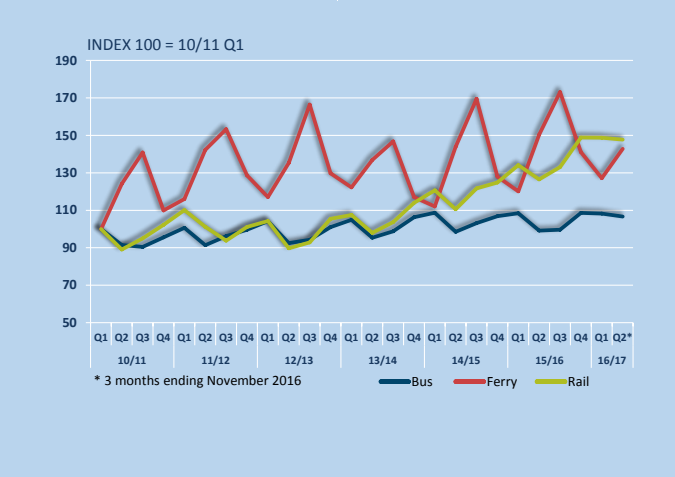
Rail patronage increased by 10.9% while bus patronage fell 0.2% in 2016/17 Q1 compared to the same quarter in the previous year. Rail patronage for the 3 months ending November 2016 was estimated to be 80.5m (compared to 69.0m in 2015/16 Q2) while bus patronage was 28.7m (up on the 26.7m recorded for 2015/16 Q2).

10.9%
increase in our bitumen cost index

Our bitumen price index rose 10.9% in 2016/17 Q2 when compared to the same period in the previous year and by 15.3% when compared to 2016/17 Q1. Our network outcomes index increased by 0.3% in 2016/17 Q1 due to higher labour and material costs.

0.7%
increase in civil engineering prices

Building and construction costs rose by 4.4% in 2016/17 Q1 compared to the same period in the previous year. Growth in heavy and civil engineering prices picked up marginally rising to 0.7% over the same period (up on 0.4% and 0.1% recorded in previous quarters).



Appendix 2: Urban Cycleways Programme project report Quarter 2, year 2: Detailed progress report

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule	Budget	Risk	Estimated construction start	Estimated construction completion	Risk commentary
Kamo Route	Design	Whangarei District Council	6.6	Stage 2 request to KiwiRail approved.	G	G	G	16 Mar 2017	30 Jun 2018	Possible delay with KiwiRail permits for construction, but overall programme is still on track
Don Buck Cycleway	Complete	Auckland Transport	1.0		-	-	-		-	
Airport to CBD	Complete	Auckland Transport	0.4		-	-	-		-	
Central Park Drive	Complete	Auckland Transport	0.4		-	-	-		-	
Nelson St Cycleway	Complete	Auckland Highways and Network Operations	15.4		-	-	-		-	

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule	Budget	Risk	Estimated construction start	Estimated construction completion	Risk commentary
City Centre Network	Construction	Auckland Transport	37.5	Public consultation underway for Parnell. Westhaven to CBD and K Road routes. Detailed design significantly completed for Tamaki Drive section.	A	R	A	12 Mar 2016	7 Dec 2018	The complex inner-city environment due to the City Rail Link construction may impact the completion of package. Original cost estimates for the Tamaki Drive, Parnell Road and Ian McKinnon Drive sections have increased by \$9M, for aspects including tree removal requirements; design, repair and resurfacing costs; additional consultant costs. Quay St segment of Tamaki drive route due to start construction in March 2017.
Western Connections to City centre	Design	Auckland Transport	16.9	Public consultation for all Waitemata Safe Routes completed and underway for Great North Road and Herne Bay to Westhaven projects. Great North Road design contract awarded.	A	G	G	16 Jan 2017	20 Mar 2018	Physical works to begin in the next quarter on the Waitemata Safe Routes section.
Eastern Connections to City centre	Design	Auckland Transport	31.0	Construction funding approved by the Agency for section 3.	A	A	A	1 Feb 2017	25 Mar 2019	Section 4 schedule delay due to complex property negotiations and route selection. Section 3 due to start construction early 2017.

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule	Budget	Risk	Estimated construction start	Estimated construction completion	Risk commentary
Glen Innes to Meadowbank	Complete	Auckland Highways and Network Operations	4.4	Construction complete to St Johns Rd (Section 1).	-	-	-	19 Oct 2015	9 Dec 2016	Section 2 includes construction by HNO and AT
Links to public transport	Design	Auckland Transport	25.8	Detailed design substantially completed for Stage 1 of New Lynn to Avondale/Waterview. Stakeholder consultation completed for Links to New Lynn.	A	G	A	13 Mar 2017	30 Jun 2018	New Lynn to Avondale/ Waterview project delayed due to route selection and ongoing KiwiRail negotiations.
Western Rail Trail	Construction	Hamilton City Council	6.7	Construction continued	G	A	G	26 Aug 2016	17 Mar 2017	Due to several issues arising, including unforeseen ground conditions, contract schedule errors, unrealised value engineering savings and time delay costs, the total project cost estimate has increased.
Te Awa - Ngaruawahia to Horotiu section	Construction	Te Awa Trust	4.7	Detailed designs completed for final stages.	G	G	G	1 July 2015	30 Apr 2017	Bridge construction due to commence in March 2017

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule	Budget	Risk	Estimated construction start	Estimated construction completion	Risk commentary
Omokoroa to Tauranga	Construction	Western Bay of Plenty District Council	7.7	Wairoa bridge design concept announced by Western Bay of Plenty District Council. Construction on Cooney reserve- Lynley Park section commenced.	A	G	R	5 Aug 2016	30 Jun 2018	Likely cost increase due to chosen Wairoa bridge concept design. Council is exploring other funding sources. Includes a large, complex bridge project with significant consenting and geotechnical components.
Tauranga urban CBD connections	Construction	Tauranga City Council	7.0	Shared path connections to the SH29 Poike overbridge completed. A number of sections are in detailed design stages.	G	G	G	31 Dec 2015	30 Jun 2018	Likely to be a combined opening of the shared paths connections with the (non-UCP) Poike overbridge opening next quarter.
Wainui to CBD and local connections part 1	Investigation	Gisborne District Council	4.2	Council approved Detailed Business Case.	A	G	G	1 Sep 2017	30 Jun 2018	Carpark removal may pose some risk to acceptance of design.
Rotorua Cy-Way	Construction	Rotorua Lakes Council	5.5	Detailed design on Brent Road completed. Construction of MacIntyre section completed. Consultation on Waiwhero section completed.	G	G	G	30 Apr 2016	30 Jun 2018	Brent Rd section due to complete February 2017; joint opening event for Brent Road/ sod-turning for Morey St planned for end of February.

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule Budget Risk	Estimated construction start	Estimated construction completion	Risk commentary
iWay Napier extension	Construction	Napier City Council	5.0	Marewa Loop opened. Railway route progressed to Stage 2 of KiwiRail application. Westminster Ave initial design complete. George's Drive opened.	G G G	4 Apr 2016	30 Jun 2018	Route 3a (Plantation Drain I) due to start 3 April 2017.
iWay Hastings extension	Construction	Hastings District Council	3.0	Detailed design of Pakowhai Road and Haumoana Safer Routes projects continues. Detailed design on Whakatu shared pathway underway.	G G G	14 Nov 2015	30 Jun 2018	Pakowhai Road due to start construction 1 March 2017. Napier Road off-road shared pathway due to start construction 1 Aug 2017.
Mangati Pathway - Parklands Ave to Coastal Pathway	Complete	New Plymouth District Council	0.1		- - - -		-	
Coronation Ave - Upjohn St to Coronation Ave	Investigation	New Plymouth District Council	0.4	Community consultation underway.	G G G	1 Sep 2017	30 Nov 2017	Due to the project involving car park removal, the consultation and detailed design stages may take longer than originally anticipated.

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule Budget Risk	Estimated construction start	Estimated construction completion	Risk commentary
Te Tuaiwi ("The Spine")	Design	Wanganui District Council	2.0	KiwiRail negotiations progressed. Detailed design substantially complete.	G G G	8 Feb 2017	30 Jun 2018	Joint event planned in February to celebrate the sod-turning and completion of Stage of the City to North Mole Cycleway (below).
City to North Mole Cycleway	Construction	Wanganui District Council	1.3	Completion of Stage 1.	G G G	15 May 2016	30 Jun 2018	
Manawatu River Bridge and shared path	Construction	Palmerston North City Council	13.1	Bridge consent lodged in December. Stage 1 of the pathway completed.	G G A	9 May 2016	29 Jun 2018	Large complex project that has delivery timeframe challenges and some issues around consenting and potential cost increases. Opening for Stage 1 planned for early 2017.
Mangaone Underpasses	Design	Palmerston North City Council	0.6	Tender for construction complete and awarded.	G G G	24 Jan 2017	21 Apr 2017	
Longburn Cycleway	Complete	Palmerston North City Council	1.0		- - - -		-	

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule Budget Risk	Estimated construction start	Estimated construction completion	Risk commentary
Rail Corridor Route	Construction	Upper Hutt City Council	2.9	Professional services contract awarded. Short section of shared path constructed in conjunction with redevelopment of the adjacent property, on the Silverstream to Hutt River section. Use of construction contractor panel approved by NZTA.	G G G	25 Oct 2016	24 Nov 2017	KiwiRail approvals required including working through details for level crossings associated with later sections.
Seal and Widening Hutt River Trail	Construction	Upper Hutt City Council	2.2	Construction commenced on the Moonshine to Maoribank section including bitumen trial.	G G G	17 Oct 2016	30 Jun 2018	Moonshine to Maoribank section completion mid-February 2017 (an event around this may involve MfE).
Beltway	Investigation	Hutt City Council	3.5	Revised vision and phasing for delivery of project. Single-stage business case underway.	A G A	1 Jan 2018	30 Jun 2018	Vision and phasing has been agreed, risk remains until continued progress toward delivery is demonstrated.
Eastern Bays shared path	Investigation	Hutt City Council	0.3	Indicative business case and community consultation on conceptual styles and widths completed.	A G A	1 Jan 2018	30 Jun 2018	Risk associated with managing community expectations, which are potentially higher than current project scope.

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule Budget Risk	Estimated construction start	Estimated construction completion	Risk commentary
Wainuiomata Hill	Construction	Hutt City Council	7.2	Hutt City to Summit construction phase tendered. Safety audit requirements completed and signed off by NZTA.	G G G	15 Apr 2015	31 Jul 2017	Construction of Hutt City to Summit section expected to commence in January 2017.
Stride n' Ride Kāpiti Coast	Construction	Kāpiti Coast District Council	5.5	Kāpiti Road section completed. Detailed design for Raumati Road completed and tender evaluation completed. Poplar Avenue works detailed design completed and ready to tender. Consultation on Waikanae treatment options underway.	G G G	1 Nov 2015	30 Mar 2018	
Onepoto - Wi Neera shared path	Design	Porirua City Council	0.8	Detailed design commenced. Community engagement substantially completed.	G G G	17 Apr 2017	30 Jun 2017	Construction start dates may change as a consequence of structural engineering issues being worked through during detailed design.
Melling to Petone	Investigation	Wellington Highway & Network Operations	14.0	Shared path consenting design near complete and submitted to KiwiRail for approval.	A A A	September 2017	30 Jun 2018	The project is on schedule for completion by June 2018, with construction start date tracking three months later than anticipated. The interdependencies associated with the project and Petone to Grenada are being worked through and will be confirmed in Q3

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule Budget Risk			Estimated construction start	Estimated construction completion	Risk commentary
					Schedule	Budget	Risk			
CBD route package	Investigation	Wellington City Council	1.5	Scope reduced. Package of minor improvements being investigated.	A	G	G	26 Apr 2017	11 Oct 2017	
Eastern Route package	Investigation	Wellington City Council	17.0	Incoming Council reconfirmed support for refreshed programme including investment in the increased scope of the Eastern package and Indicative Business Case completed.	A	G	A	6 Dec 2017	25 Feb 2019	Work underway, risk remains as Council needs to continue to demonstrate progress with community engagement, design on projects within this package.
Ngauranga to Bunny St	Construction	Wellington City Council	10.5	Construction funding approved for Hutt Road section and initial light pole removal and replacement commenced late October. Council confirmed Thorndon Quay preferred route for Thorndon section.	A	G	A	31 Oct 2016	6 Mar 2019	Risk associated with challenging design and public engagement process. Road space reallocation required, including some car park loss to businesses.
Spring Creek	Complete	Marlborough Roads	0.7	Construction completed				30 Aug 2016	19 Dec 2016	Opening event planned for 27 January.
Taylor River Reserve	Design	Marlborough District Council	0.4	Tender for construction awarded.	G	G	G	27 Jan 2017	12 Apr 2017	Project construction was delayed as a result of November earthquake.
Eltham Rd Cycle Link	Investigation	Marlborough District Council	0.3	Options development and business case underway.	G	G	G	3 Jan 2018	30 Mar 2018	

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule	Budget	Risk	Estimated construction start	Estimated construction completion	Risk commentary
Nelson Coastal Route	Design	Nelson City Council	TBC	Consultation on Tahunanui section commenced.	A	G	R	1 Jul 2017	30 Jun 2018	Reconfirmation of project scope dependent on decision on Southern Arterial Investigation. Revised project scope and costs to be confirmed in early 2017.
Papanui Parallel - Stage 1	Complete	Christchurch City Council	0.9		-	-	-			
Matai Street East	Complete	Christchurch City Council	1.8		-	-	-			
Rapanui - Shagrock Cycleway	Construction	Christchurch City Council	15.2	Construction commenced for Worcester St to Aldwins section. Consultation on Aldwins to Dyers Road section commenced.	A	G	A	24 Oct 2016	30 Jul 2018	Some delays and possible cost increase due to Kaikoura earthquake effects on contractor availability.
Heathcote Expressway	Investigation	Christchurch City Council	10.9	Consultation commenced and public engagement and drop in sessions are on-going.	A	G	A	1 Dec 2017	30 Jun 2018	Risk that identifying a route that will provide an acceptable level of service will not be acceptable to the community.

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule	Budget	Risk	Estimated construction start	Estimated construction completion	Risk commentary
Papanui Parallel	Construction	Christchurch City Council	15.3	Construction started on all sections (Bealey Ave to Trafalgar, Trafalgar to Tomes and Grassmere to Sawyers Arms Road) of the route.	G	G	G	24 Oct 2016	28 Jul 2017	Continued risk that community may demand changes that reduce level of service or increase cost.
Northern Line Cycleway	Investigation	Christchurch City Council	6.9	Consultation underway. Council approved the scheme to proceed to detailed design and construction. KiwiRail approval received to use the corridor.	G	G	A	16 Jun 2017	6 Mar 2018	Detailed design to begin in early 2017. KiwiRail signoff for the detailed design and crossing treatments still required.
Little River Link City End	Construction	Christchurch City Council	5.4	Construction commenced.	G	G	G	24 Oct 2016	27 Apr 2017	
Quarryman's Trail	Design	Christchurch City Council	12.9	Detailed design commenced.	A	G	A	5 May 2017	30 Apr 2018	Project risks around property purchase are being effectively managed.
Uni-Cycle	Construction	Christchurch City Council	7.0	Construction on section 3 commenced.	G	G	A	18 Apr 2016	30 Sep 2017	Section 3 estimated for completion in September 2017.

Project name	Phase	Organisation	Updated cost (\$m)	Q2 progress	Schedule	Budget	Risk	Estimated construction start	Estimated construction completion	Risk commentary
Rolleston to Lincoln	Complete	Selwyn District Council	1.0		-	-	-	-	-	
Rangiora to Kaiapoi	Design	Waimakariri District Council	1.5	Cycleway scheme design presented to Community Boards and at community events.	G	G	G	4 Sep 2017	16 Mar 2018	Involves KiwiRail approvals
Rangiora to Woodend	Design	Waimakariri District Council	0.8	Cycleway scheme design presented to Community Boards. UCP Projects received well at two major community events.	G	G	G	4 Sep 2017	16 Feb 2018	
Central City Cycle Network	Design	Dunedin City Council	8.2	Re-scoped programme of works agreed by DCC linking to SH1 One Way Pair project.	A	G	A	May 2017	29 Oct 2018	Leith Bridge section may not be complete by June 2018. Construction planned to begin by May on SH1 One Way Pair.
South Dunedin Cycleway Enhancements	Complete	Dunedin City Council	1.7		-	-	-	-	-	

