

2019/20 QUARTER TWO PERFORMANCE REPORT

Performance for the quarter 01 October to 31 December 2019

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What this report covers

We report quarterly on the progress we are making against the commitments and plans in our *Amended statement of intent 2018–22* and our *Statement of Performance Expectations 2019/20*.

This report provides unaudited non-financial and financial performance as at 31 December 2019 and includes the performance of our position statement and target state measures (where available), significant activities, output class measures and significant capital projects.

This report also provides an update on key areas of interest to the Minister.

PERFORMANCE AT A GLANCE

Delivery against Government Policy Statement on land transport and ministerial priorities

Safety

- **Deaths and serious injuries remain high** – there was 2,918 deaths and serious injuries across the land transport system (12-month rolling total for 1 October 2018 to 30 September 2019)
- Targets have been developed (where appropriate) for key activities that provide a network wide general deterrence effect and contribute directly to achieving safety outcomes and a reduction in deaths and serious injuries
- We worked closely with the Ministry of Transport to **launch the new Road to Zero national road safety strategy and action plan** in December 2019.
- Draft requirements for the regulatory management system have been documented, and a forward plan is in place. Cabinet approved funds for the regulatory functions and delegated financing approvals to the Ministers of Transport and Finance. We continue to work with MoT to secure the first cash drawdown. Without the financing we would be unable to deliver necessary improvement to the regulatory function.
- In Q2, we have seen the health and safety measures stay fairly static for Transport Agency staff. The small dip in December is due to the holiday season rather than a change in reporting culture. **Total reportable injury frequency rates** are tracking down for contractors, from 5.2 in October to 4.8 in December 2019.

Access

- **The Mode Shift** National action plans, for Tauranga and Queenstown are progressing and on track to provide input into RLTPs.
- **Resilience national business case is underway** and due to be considered by the Transport Agency's Board in March 2020 and to provide input to the IDMF review.
- The new construction season started well with good progress made on Transmission Gully in Q2. The Cannons Creek to Linden earthworks was completed.
- The Transport Agency submitted a comprehensive proposal for **Auckland Light Rail business case** to MoT in November 2019. This proposal is being evaluated by MoT. It is expected that the evaluation will be completed by January 2020, and a recommendation made to Ministers for ratification in Q3.

Environment

- Engaged with MoT on draft **Sustainability Action Plan**. Broad NZTA communications and engagement planned for Q3.
- Commissioned and developing a proof of concept to understand and shape the emission profiles of TAIP, RLTPs and the NLTP.

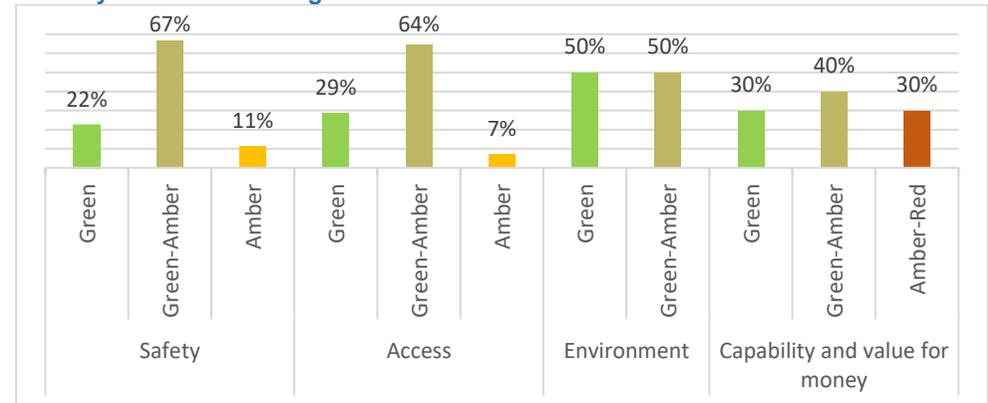
Value for money and capability

- **'Revitalising the Transport Agency'** has identified the initiatives required to address the gap between current and future capabilities and funding requests

made for a multiyear programme of work. Work continues on three high priority initiatives: Human Resourcing Information Systems, Payroll and a broader Enterprise Resourcing Planning strategy; Regulatory Back to Basics; and a Registry Modernisation Business Case.

- Developing a **new approach to improving engagement** with local government and other key stakeholders. We have confirmed dates for the stakeholder tour in 2020 and have commenced set up of regional relationship teams, who will meet with stakeholders in Q3.
- The draft design report on the **Investment Decision Making Framework** was released for consultation in December 2019, with feedback sought from AOs by 21 February 2020. Design changes include developing guidance on assessing options in a business case which will enable monitoring impacts on Te Ao Māori and other cultural values. Education, user-testing and development of training information will begin in Q3 and is on track for the changes to take effect on 1 July 2020.
- For **benefits management framework** a spatially-based web tool was developed and released to partners and key stakeholders in Q2 providing access to all the centralised benefits data we currently hold. Another achievement was the development of a new benefits framework that brings together a common conceptual base for monetised and non-monetised benefits.
- During Q2, a set of 15 key risk indicator dashboards were developed for the Regulatory Group. Work is underway to embed these dashboards that will assist with operation decisions and drive reporting to management and the board.

Delivery confidence for significant activities



Key to year-end delivery confidence assessment of significant activities

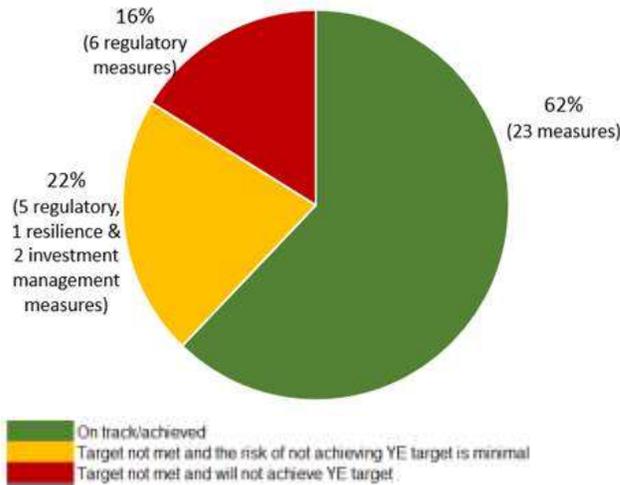
G	Successful delivery highly likely	G/A	Delivery probable but constant attention needed	R	Delivery unfeasible and significant issues exist that appear unresolvable
A	Delivery appears feasible but significant issues exist that appear resolvable with prompt attention	A/R	Delivery in doubt with major issues requiring immediate attention and whether a solution is feasible		

Rating | Activity

A/R	Three significant activities relating to internal and external technology programmes will require additional funding to be completed. Multi-year funding to be obtained (refer 4.1, 4.2 and 8.1.3 on page 26 of Appendix 1)
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Overall status of output class performance measures

Of our 80 output class performance measures for 2019/20, 37 (46%) are reported this quarter, with the remainder reported only at year-end. Four new performance measures this year where baselines are yet to be set were excluded in this summary, but included in the full results on pages 26-35.



There are six new regulatory output class measures were not achieved this quarter.

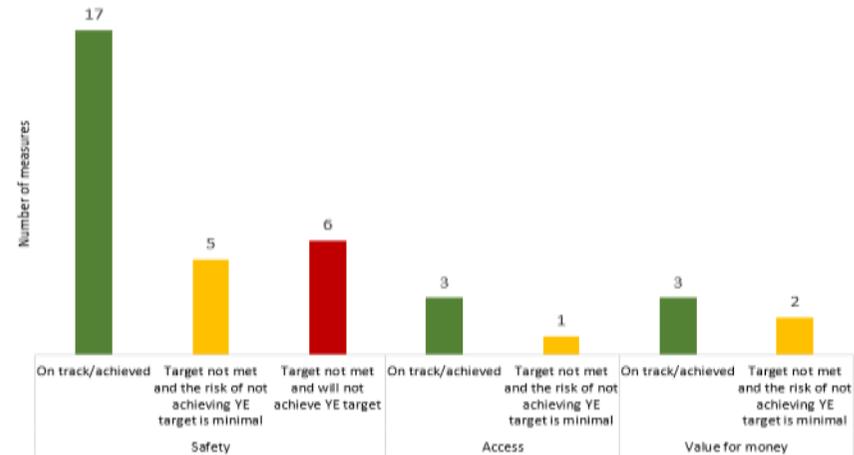
Three measures relate to non-compliance actions resolved on time (DLT6, CTO2 and VSC6) with a target of 100%, see pages 27 and 28. 'On time' is dependent on the due date assigned to each case at its commencement and that the due date depends on the size, scope and how complex each case may be. These measures are new measures for 2019/20, and it is now apparent that the target of 100% completion by due date will need to be adjusted as there is no allowance for cases completed a few days past due date. These three measures are currently under review for 2020/21.

There are increased costs for driver licensing and testing (DLT1, see page 27) due to increased costs associated with staff levels, new programmes and increased indirect costs.

The Q2 result for number of drug and alcohol assessments funded (DLT7 see page 27) is at 66% below the minimum target of 1,200 annual assessments). This result is not unexpected at this point in time because the number of assessments required is declining over time. One of the factors for the trending reduction in these assessments is that the courts are issuing more mandatory alcohol vehicle interlock sentences.

The measure for non-compliance actions for road user charges evasion (REV6, see page 29) calculates the number of assessments resolved as a proportion of the number of open assessments. All assessments are ultimately resolved, but at any given time a number are always in progress, meaning that target can never be achieved. This measure is currently under review for 2020/21.

Status of output class performance measures by GPS priority



Capital projects progress – see appendix 2 for more detail.

This quarter, 13 significant capital projects are experiencing issues with budget, schedule or quality. Seven of these projects are in the implementation phase (Pūhoi to Warkworth, SH1 WEX Hamilton section, Peka Peka to Ōtaki, Christchurch Southern Motorway (Stage 2), Christchurch Northern Arterial Rural with QE2, Loop Road North to Smeatons Hill safety improvements, Mt Messenger Bypass and Prebensen Hyderabad Intersection upgrade).

Full details of progress against significant capital projects are included on pages 36 -43.

Urban Cycleways Programme

Programme progress over 54 projects				\$	⌘
35 completed projects	17 projects in construction	0 project in pre-construction	2 de-scoped projects	●	●

Progress has been made with agreeing the remaining programme with Auckland Transport. Three of their projects have moved into the construction phase this quarter. All of section 2 of Glenn Innes to Tamaki Drive is now the Transport Agency's responsibility to deliver after a transfer from Auckland Transport, with this project expected to extend beyond 30 June 2021.

Financial performance

National Land Transport Fund Revenue	NLTF revenue is 2% (\$35.7 million) below budget mainly due to lower revenue received from fuel excise duty and delays in property settlements.
National Land Transport Fund Programme	<ul style="list-style-type: none"> • Overall NLTP and Crown funded expenditure is 12% (\$239.4 million) above budget: <ul style="list-style-type: none"> ○ Higher spending on State Highway Improvement (41% above budget). The 2018-21 NLTP spend is forecasted to reach the upper limit of GPS range. ○ The Transmission Gully dispute has been settled, the road is forecast to open in late 2020. ○ Slower spending on Walking and Cycling activity class (42% below budget). The 2018-21 NLTP is forecasted to be at the bottom of the GPS funding range as the delivery progress of some of large projects is slower than expected. ○ State highway maintenance is forecast to be at the top of the GPS range, and more funding will be required in the next NLTP to meet forecast maintenance requirements. ○ Rapid Transit may under-shoot the lower limit of the GPS funding range as progress and expenditure on the Auckland Light Rail project has been impacted by the evaluation progress underway.

NZ Transport Agency operational expenditure	Operational expenditure is \$0.7 million below budget but it is by 30 June 2020 forecast to be \$39.6 million above budget, which is mainly attributable to the 'back to basics' changes to the regulatory function, and accelerated IT-related business initiatives to remedy a number of defects in our legacy IT systems. The IT defect remediation is dependent on a budget bid for the regulatory related costs, which cannot be funded from the NLTF.
NZ Transport Agency capital expenditure	Transport Agency capital expenditure is materially on budget. The Auckland regional office relocation project is completed, and final costs received. There is additional capital expenditure forecast for technology risk remediation projects, IT hardware and the fit-out for the Palmerston North office. Full year expenditure is forecasted to be \$9.2 million above budget.
Memorandum Accounts	Memorandum account balances are in a deficit of \$0.9 million (\$1.2 million below budget) as at 31 December (a surplus of \$4.9 million on a cash basis). The closing balance is forecast to be in a deficit of \$31.5 million by June 2020 (\$23.2 million below budget) which is attributable to the 'back to basics' changes to the regulatory function. We are dependent on crown financing to establish a 'basic' regulatory function. The deficit will ultimately need to be recovered via the fees and funding review.
Funding and long-term liabilities	The total long-term funding liability is \$2,394.5 million, incorporating specific loan packages, public-private partnership commitments and the derivative financial liability. The Transport Agency is compliant with all loan conditions. The notional cash balance in the NLTF is \$234.9 million (\$500 million as at 30 November 2019). Based on the latest forecast, we are now expecting to utilise the short-term revolving facility in 2020/21.

SAFETY

GPS priority Our position

A land transport system that is free of death and serious injury

Transport safety It is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system

Regulatory Our systems should be intuitive and clear to ensure people make good transport choices, while harmful behaviour is swiftly dealt with.

Summary

Highlights

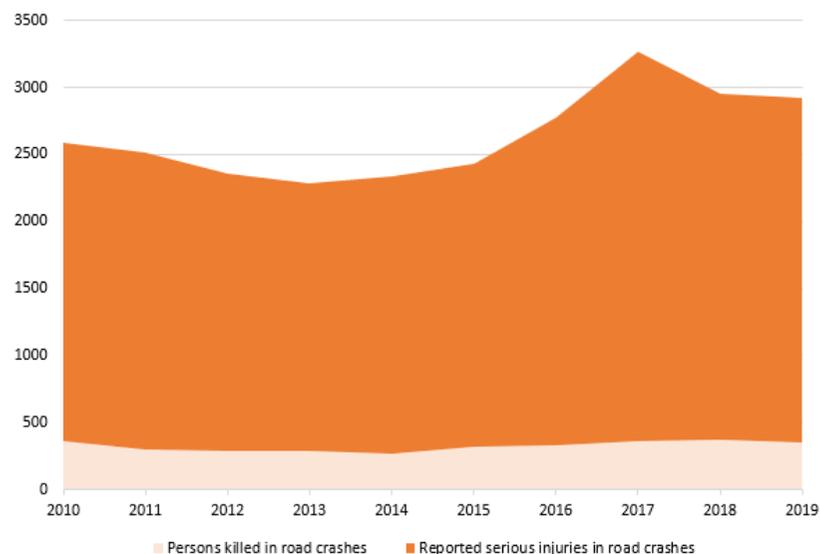
- MoT has progressed the 'Tackling Unsafe Speeds' package through Cabinet. However, drafting the Rule change is now scheduled for Q3. Targets have been developed (where appropriate) for key activities that provide a network wide general deterrence effect and contribute directly to achieving safety outcomes and a reduction in deaths and serious injuries. A number of these measures are in new areas, and now that the programme has been approved by Ministers and the measures and targets are confirmed, Police will increase focus in these areas through the roll out of the Road Policing Action Plan.
- Cabinet has approved a repayable capital injection (Crown loan) to finance an improvement in the regulatory function and delegated financing approvals to the Ministers of Transport and Finance. We are continuing to work with MoT to secure the first cash drawdown.
- The Board has endorsed commitment of non-budgeted expenditure to implement Regulatory Services Back to Basics plan, which covers basic improvements (dependant on Crown funding) outlined in the significant activity. Draft requirements for the regulatory management system have been documented, and a forward plan is in place to secure the first cash drawdown.

Challenges

- Revision of Speed Management Guide draft has been delayed indefinitely at the request of MoT to allow MoT to progress the 'Tackling Unsafe Speeds' package through Cabinet.
- Advertising to reduce demand for one and two-star safety rated vehicles has been delayed until 16 February 2020 to allow for testing of a revised advertising campaign with consumers.
- Deaths and serious injuries remain high – there was 2,918 deaths and serious injuries across the land transport system (12-month rolling total for 1 October 2018 to 30 September 2019)

Position statement performance measures

Safety: Deaths and serious injuries to 30 September 2019



For the period October 2018 to 30 September 2019, the total reported deaths and serious injuries were 2,918 (12-month rolling average). Deaths and serious injuries continue to remain high.

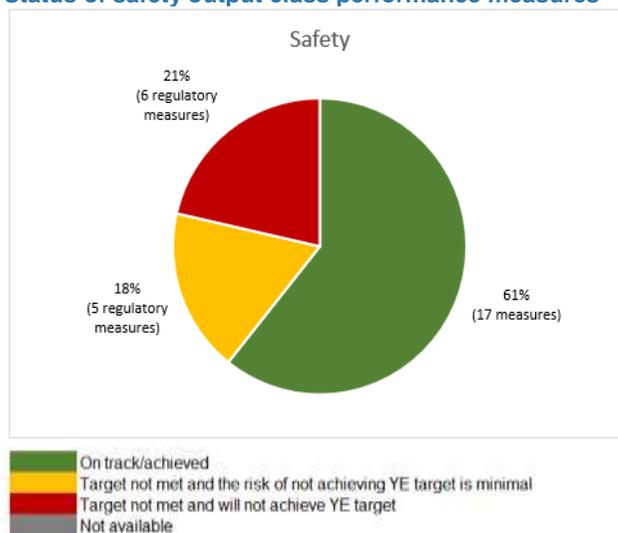
We are working with the Ministry of Transport to support the implementation of a new road safety strategy and with the New Zealand Police to deliver effective enforcement to reduce road deaths and serious injuries.

Deaths and serious injuries to 30 September 2019*

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Persons killed in road crashes	357	303	288	285	264	323	333	366	376	356
Reported serious injuries in road crashes	2234	2212	2074	2003	2072	2109	2441	2900	2581	2562
Total DSI	2591	2515	2362	2288	2336	2432	2774	3266	2957	2918

*This is reported a quarter in arrears.

Status of safety output class performance measures



Full output class results are included on pages 26–35.

On track for successful delivery	22% (2) G
Probable successful delivery but requires attention <ul style="list-style-type: none"> 1.1 Support the proposed new approach to safe speeds (being developed by the Ministry of Transport) 1.2 Through the Road Safety Partnership (NZ Transport Agency, NZ Police, Ministry of Transport), develop and maintain a Road Safety Partnership Programme for 2018–21 that: <ul style="list-style-type: none"> 1.2.2 Represents value for money demonstrated through robust monitoring and assurance 1.3 Facilitate more automated enforcement, for example safety cameras (with New Zealand Police) 1.4 Reduce public demand for one-star and two-star safety rated and high-emission light vehicles In 2019/20, we will focus on improving our regulatory processes, systems and capability to enable us to transition towards a best practice regulatory compliance model that delivers to our core regulatory purpose, functions and objectives. 	67% (6) G/A
8.2 Implement the health and safety management system to ensure the health and safety of our people and contractors through workplace best practice	11% (1) A

Road Safety Partnership Programme

An initial performance framework has been developed and included within the Road Safety Partnership Programme. This performance framework aligns to the Road to Zero outcomes framework, and the proposed activity levels and measures link directly to the Road to Zero intervention, system performance, and outcome indicators.

Targets have been developed (where appropriate) for key activities that provide a network wide general deterrence effect and contribute directly to achieving safety outcomes and a reduction in deaths and serious injuries. A number of these measures are in new areas, and now that the programme has been approved by Ministers and the measures and targets are confirmed, Police will increase focus in these areas through the roll out of the Road Policing Action Plan.

The Transport Agency and NZ Police will provide a fuller joint quarterly report to Transport and Police Ministers across both the Road Safety Partnership Programme and the Safe Networks Programme to provide assurance and monitor performance.

Q2 Road Safety Partnership Programme results

Operational Priority	Results to which New Zealand police significantly contributes	Annual target	Results to end December 2019	Notes, trend and commentary
Speed	Mobile camera deployment activity (hours)	80,000 hours	31,462 hours	<p>The trend for mobile safety camera hours remains static and in line with previous performance. It is however unlikely Police will achieve the target in the programme, is primarily due to increasing equipment repair requirements and ongoing staffing levels of safety camera operators.</p> <p>Police are currently working on a number of mitigating factors including:</p> <ul style="list-style-type: none"> • a project to replace the existing fleet of cameras • two proof of concepts for enhanced mobile camera capability • an exercise to ensure that the current cameras are deployed to the best locations (based on road safety risk) to maximise their effectiveness
	Percent of 1-10km/h excess speed officer issued Infringement Offence Notices	15%	5.57%	<p>In Q2, the percentage of officer issued speed offences between 1-10km/h increased to 5.57%. This is an increase on the previous quarter.</p> <p>Police issued 75,045 total officer issued speed offence in the quarter, which was also an increase on the previous quarter.</p> <p>Now the RSPP has been approved, and this measure confirmed, we expect to see a continuing increase in this percentage as Police increase focus in this area.</p>
	Percentage of officer issued [speed] offence notices which are rural	66%	55%	<p>In Q2, the number of officer issued notices in rural areas with a speed limit of greater than 70km/h was at 55%. This metric is not currently increasing, and Police is analysing the data to understand why results remain static.</p>
	Number of Offender Management Plans in place for high risk drivers	1,700	435	<p>The number of offender management plans has been increasing since the end of 2018/19.</p> <p>Offender management plans are part of an existing process that collates calls for service into the Police Communications Centres in relation to high-risk driving behaviours. When a number of calls have been</p>

Operational Priority	Results to which New Zealand police significantly contributes	Annual target	Results to end December 2019	Notes, trend and commentary
				received about a particular vehicle, there is intelligence analysis undertaken to ascertain and then profile the likely high-risk driver. This analysis is sent to the relevant district for follow up action with the driver. As the target for this measure has increased to 1700, a new process is being designed that will incorporate the existing process and also include other high-risk behaviour indicators such as demerit suspensions, repeat dangerous or impaired driving.
Restraints	Number of restraint offences	52,000	23,490	Restraint offences are generally increasing and are on track to reach the target. In Q2, the number of restraint offences was 11,118. This measure is tracking up to the commitment of 52,000 offences detected by the end of the 2019/20 reporting period.
Impairment	Number of passive breath tests and breath screening tests (BST) conducted	2,000,000	1,121,359	Passive and breath screening tests are increasing and are on track to reach the target. It is anticipated that these numbers will continue to increase in line with targeted operations and also the summer risk focus on impaired driving. <i>Notes:</i> <i>There is always a time lag for collating the results of this impairment measure due to the data only being obtained from the yearly calibration of the devices. Police continue to deliver a project to investigate data collection solutions that are not based on the annual calibration cycle, to overcome this issue.</i>
Targeted Operations	Number of RIDS (restraints, impairment, distraction and speed) operations	Ongoing	Ongoing	Operation 5: Since July 2019, Police have been undertaking national monthly thematic RIDS operations. In the 12 months to September 2019 the number of RIDS offences was showing an upwards trend with the rolling 12 month count at 99,459 up from 85,241 at the same quarter 12 months ago. In this quarter, the national focus has been on impairment and speed and the resultant number of breath tests and speed notices has risen. It is likely that the targeted approach through Operation 5 is supporting this. As an example; Wellington District has resourced a dedicated Impairment Prevention Team which has breath tested 29,500 drivers at checkpoints since launching at Labour Weekend. 168 drivers have been processed for excess breath alcohol, and 6 for drug impairment. Operation 5 is an ongoing national focus on RIDS, where possible is aligned with the NZTA advertising calendar, and will continue into the next quarter. The national operations are continually supported by locally run district operations.

Health and safety of our people and contractors

Our people - Total recordable injury frequency rates (TRIFR)



In the past quarter we have seen the health and safety measures stay fairly static. There was a small dip in December 2019 figures, which is due to the holiday season rather than a change in reporting culture. With the continued displacement of our people in Palmerston North, we would expect to see this number rise again as we go in to the next quarter due to the final moves from temporary to permanent locations as our people settle into their new environment.

Contractors - Total recordable injury frequency rates



The current TRIFR trend is still tracking down, from 5.1 in October 2019 to 4.8 in December 2019. There is an increase in the reporting of near misses (close calls) and other incidents across the sector, along with positive intervention in areas like drug and alcohol testing. The injuries that were reported included trips and falls, minor lacerations to hands, and a serious near miss of a contractor truck roll which required notification to WorkSafe and a change to safety process on site.

ACCESS

GPS priority

A land transport system that:

- provides increased access to economic and social opportunities
- enables transport choice and access
- is resilient

Our position

Access

Everyone should have fair and equitable access to the transport system

Liveable

We will partner to efficiently combine planning and investment for transport and land use and this will result in more vibrant, interactive communities

communities

communities

Resilience

The resilience of the land transport system is increased by managing risks and long-term resilience challenges and by helping communities quickly recover from disruptions

Summary

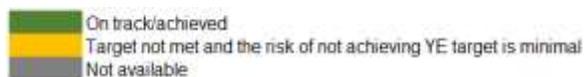
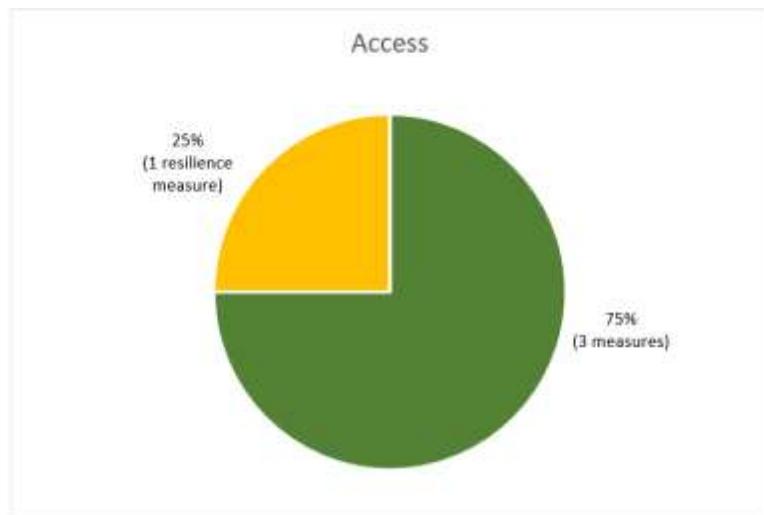
Highlights

- The Mode Shift National action plans for Tauranga and Queenstown are progressing and on track to provide input into RLTPs.
- The resilience national business case is underway and due to be considered by the Transport Agency's Board in March 2020 and the national business case will provide input to the IDMF review.
- The new construction season started well with good progress made on Transmission Gully in Q2. The Cannons Creek to Linden earthworks was completed.

Challenges

- Good progress is still being made, but some delays in project start up in developing the decision-making process for coastal induction risk response have resulted in late delivery against initial deadlines.
- Waiōeka Gorge: funding for this project is to improve resilience, and it is still to be determined whether this project will progress within the current NLTP period.

Status of access output class performance measures



Full output class results are included on pages 26–35.

Significant activities mapped to access

On track for successful delivery	25% (4) G
Probable successful delivery but requires attention <ul style="list-style-type: none"> 2.1 Accelerate the shift from private car to public transport, walking and cycling through national, system-level initiatives and place-based initiatives in Auckland, Wellington, Christchurch, Hamilton, Tauranga and Queenstown 3.1 Partner with the Auckland Transport Alignment Project agencies to implement the indicative package and progress the project's recommendations 3.3.1 Partner with local government and central government agencies to participate in spatial planning, growth strategies, regional and district plans and transport plans, and large multi-modal programmes in Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown, such as the joint approach to integrating urban form and the transport system in the western Bay of Plenty, to ensure integrated land transport planning and investment that supports the Government's transport and urban development outcomes 3.3.2 Explore areas other than Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown where urban development could be better supported through transport, for example by improving access to public transport infrastructure and services. 5.1 Delivering improvements (as detailed in appendix 1) to strengthen and improve the resilience of the land transport system through targeted protection and support works, new roads and assets and asset renewals built to newer design standards. Key projects to deliver this include: <ul style="list-style-type: none"> 5.1.1 Kaikōura Coast Earthquake Response 5.1.2 Manawatū Gorge Response 5.4 Investigating the risks of sea level rise to coastal state highways and reviewing and amending asset management plans accordingly 	56% (9) G/A
Successful delivery feasible but significant issues exist <ul style="list-style-type: none"> 5.5 Piloting community engagement projects in Waikato District and Kaikōura District to understand how we can make better decisions before and in response to disruptive events and help communities to be more self-sufficient. 	6% (1) A

ENVIRONMENT

GPS priority
Our position

A land transport system that reduces greenhouse gas emissions, as well as adverse effects on the local environment and public health
Environment We will responsibly manage the land transport system's interaction with people, places and the environment

Summary

Highlights

- Engaged with MoT on draft Sustainability Action Plan. Transport Agency comms and engagement is planned for Q3.
- Commissioned and developing a proof of concept to understand and shape the emission profiles of TAIP, RLTPs and the NLTP.

Significant activities mapped to environment

On track for successful delivery	50% (1) G
Probable successful delivery but requires attention <ul style="list-style-type: none"> • 6.2 Publish our first annual sustainability monitoring report, focused on climate change mitigation, improving public health (including air pollution) and reducing environmental harm, to establish a baseline from which to measure performance improvements. 	50% (1) G/A

VALUE FOR MONEY AND CAPABILITY

GPS priority Our position

A land transport system that delivers the right infrastructure and services to the right level at the best cost

Transport Agency The Transport Agency is respected by partners, stakeholders and customers for its responsive and engaged people and its timely delivery of sustainable transport solutions.

Transport technology We will combine technology and organisational capabilities to enable safer, sustainable and connected journeys

Summary

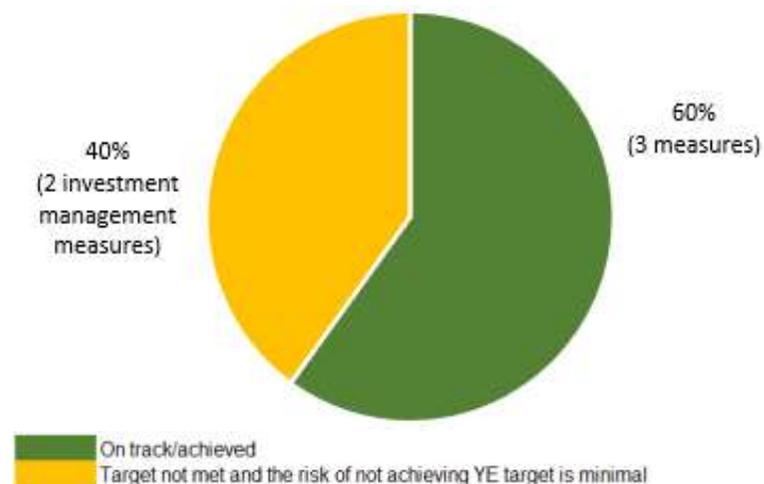
Challenges

- Programmes to invest in high priority technology solutions have insufficient funds. Funds for transport related projects are progressing through the National Land Transport Fund.

Highlights

- 'Revitalising the Transport Agency' has identified the initiatives required to address the gap between current and future capabilities and funding requests have been made for a multi-year programme of work. Work continues on three high priority initiatives: HRIS, Payroll and a broader ERP strategy; Regulatory Back to Basics; and a Registry Modernisation Business Case.
- Developing a new approach to improving engagement with local government and other key stakeholders. We have confirmed dates for the stakeholder tour in 2020 and have commenced set up of regional relationship teams, who will meet with stakeholders in Q3.
- The draft design report on the Investment Decision Making Framework was released for consultation in December 2019, with feedback sought from AOs by 21 February 2020. Design changes include developing guidance on assessing options in a business case which will enable monitoring impacts on Te Ao Māori and other cultural values. Education, user-testing and development of training information will begin in Q3 and is on track for the changes to take effect on 1 July 2020.
- For benefits management framework a spatially-based web tool was developed and released to partners and key stakeholders in Q2 providing access to all the centralised benefits data we currently hold. Another achievement was the development of a new benefits framework that brings together a common conceptual base for monetised and non-monetised benefits.
- During Q2, a set of 15 key risk indicator dashboards were developed for the Regulatory Group. Work is underway to embed these dashboards that will assist with operational decisions and drive reporting to management and the board.

Status of value for money output class performance measures



Full output class results are included on pages 26–35.

Significant activities mapped to value for money and capability

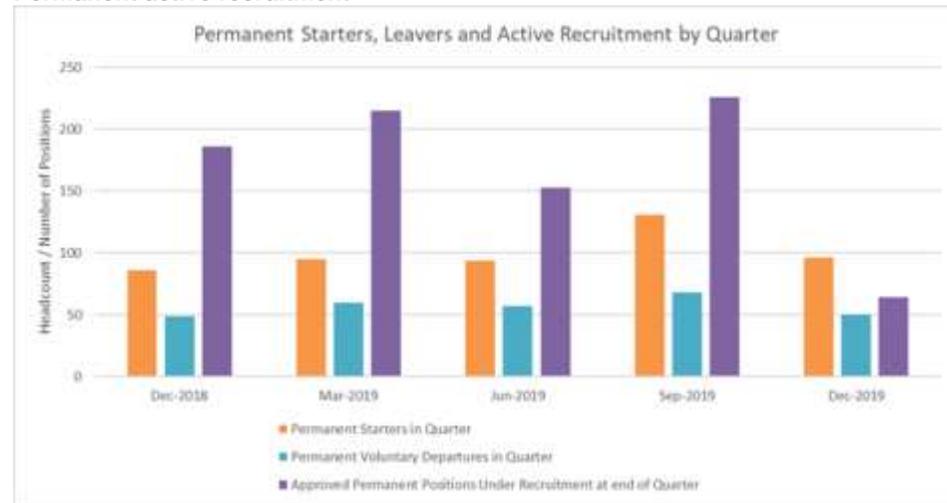
On track for successful delivery	30% (3) G
Probable successful delivery but requires attention <ul style="list-style-type: none"> 8.1 Identify ways to improve how the Transport Agency’s culture, capability (people, policy, process and technology platforms) and capacity can support its strategic intentions, including: 8.1.2 Expand our existing assurance and risk management programme over core internal controls, probity, contract management and infrastructure projects. This will provide greater insight and assurance over the delivery of our strategy and monitoring of key risks 8.3.1 Design and make changes to the Investment Decision Making Framework, including the Economic Evaluation Manual, working with councils, central government, iwi and disability representatives to develop a framework, policies and processes that are robust, transparent and easy to use and ensure the assessment and prioritisation of investments is mode neutral, system based, and considers all impacts, costs and benefits regardless of whether they can be quantified or monetised 8.3.2 Implement the new investment decision making framework that will align to the Transport Outcomes Framework, easily adapt for each Government Policy Statement on land transport, and support delivery of the best mix of investments to optimise benefits for people, the economy and the environment. This framework will be applied to any business cases for transport investment that are submitted after the framework is implemented and, where appropriate, to any existing business cases or projects that are re-evaluated 	40% (4) G/A
Successful delivery is in doubt with major risks or issues: <ul style="list-style-type: none"> 4.1 Invest in high priority technology solutions to address risk, resilience and reliability of current technology platforms and provide a modern base that will enhance how we use technology to improve the safety and accessibility of the land transport system 4.2 Develop an integrated plan to deliver the enabling technology that will support the organisational capabilities needed in the future. 8.1.3 Identify the organisational capabilities and enabling technology systems we need to improve while, in parallel, addressing immediate technology needs and capability gaps 	30% (3) A/R

Our people metrics

Overview

- There are 1,616.7 full-time equivalent employees (FTEs). Since last quarter, the number of FTEs has grown by 4.55%. This is due to new positions created to support delivery and capability such as our Regulatory function and improving road safety outcomes.
- As at 31 December 2019 there were 64 permanent, full-time roles in the active recruitment phase. This reduction is due to the holiday season and is expected to quickly rise by February 2020.
- Voluntary turnover, which includes permanent employees only, sits at 15.5%. This is a small increase on the 15.3% from the last quarter and 14.7% in December 2018. The increase in can be attributed to organisational changes throughout the Transport Agency, a strong employment market, and the high proportion of call centre employees, which has a higher turnover rate than other employment types.
- Average annual leave balance at the end of Q2 is 12.9 days (entitled leave and accrued leave, less any leave which has been booked for future use). This is an increase from the last quarter average of 11.8 days.
- Our total annual leave liability as at 31 December 2019 was 19% higher at \$8.8 million (this was \$7.4 million in December 2018). This average was approximately \$5,205 per person, which is a 9% increase from the same time last year (\$4,779 in December 2018). This is due to the increase in staff.

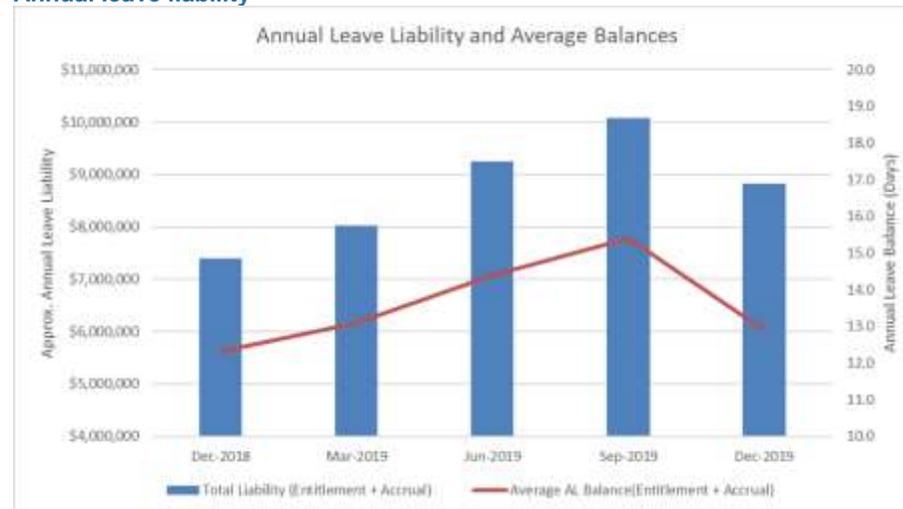
Permanent active recruitment



Full-time equivalent (FTE) employees



Annual leave liability



Urban Cycleways Programme

Programme progress (54 projects)				\$	⌚
Completed (35 projects)	In construction (17 projects)	Pre-construction (0 projects)	De-scoped (2 projects)		

Highlights

The Urban Cycleways Programme (UCP) has now completed 86 percent of the overall programme milestones. As at 31 December 2019, \$90 million of the \$100 million in UCF funds has been spent.

Of the original 54 UCP projects, 17 are still in construction. Six are forecasting completion by 30 June 2020, nine by 30 June 2021, and two projects will be completed after June 2021.

Challenges

Progress has been made with agreeing the remaining programme with Auckland Transport (AT), three of their projects moved into construction phase this quarter. Cost scope adjustments are being arranged for the projects facing increases. It is proposed that all of section 2 of Glenn Innes to Tamaki Drive has transferred from AT to the Transport Agency to expedite delivery and is expected to extend beyond 30 June 2021. This has allowed for AT to commit to the delivery of section 4 within similar timescales. This will allow all four sections of the route to be opened earlier than would have otherwise been the case.

Below are projects or project phases that were either completed or started construction up to the second quarter ending 31 December 2019.

Projects and Project Stages Completed to Date in 2019/20

- Completed the Ngauranga to Bunny St project in Wellington City (Q2)
- Completed the Kamo route in Whangarei (Q2)
- Completed the Salt Water Creek Bridge in Nelson (Q2)
- Completed the Heathcote Expressway (Ferry Road Section) the final project in the Christchurch Urban Cycleways Programme (Q1)
- Completed section 3 of the Glen Innes to Tamaki Drive cycleway in Auckland (Q1)
- Construction completed of the Linton Park Cycle Link in the Rotorua CyWay (Q1)
- Completed Te Tuaiwi ("The Spine") in Whanganui (Q1)
- Completed stage 1 of the Tahunanui Cycleway in Nelson (Q1)
- Completed public opening of sections 4-8 (Plummers Point Loop) of the Omokoroa to Tauranga Cycleway (Q1)

Projects and Project Stages moved into Construction Phase in 2019/20

- Commenced construction on the Petone to Melling Cycling Link in Lower Hutt (Q2)
- Construction of the New Lynn to Avondale shared path in Auckland is underway (Q2)
- Commenced construction of the Onepoto - Wi Neera shared path in Porirua (Q1)
- Commenced construction of the Utuhina cycleway, the last project in the Rotorua CyWay (Q1)

FINANCIAL PERFORMANCE

Financial performance summary

NATIONAL LAND TRANSPORT FUND REVENUE

\$35.7m
below budget

Revenue year to date is 2% below budget mainly due to lower revenue received from fuel excise duty and delays in property settlements.

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

\$299.0m
above budget

Expenditure year to date is 15% above budget primarily due to higher than budgeted NLTF funded expenditure (\$323.8 million). Crown funded expenditure is \$24.7 million below budget.

Expenditure is forecast to be \$135.3 million (3%) above budget by year-end. NLTF expenditure forecast is \$177.5 million above budget, with Crown expenditure being \$42.2 million below budget.

NZ TRANSPORT AGENCY OPERATIONAL EXPENDITURE

\$0.7m
below budget

Total operational expenditure is close to budget, with lower personnel costs offsetting higher operating expenses.

Expenditure is forecast to be \$39.6 million (11%) above budget by year-end as approved in December. This reflects increased regulatory costs, additional roles and IT investment.

MEMORANDUM ACCOUNTS

\$1.2m
below budget

Memorandum account closing balances are \$1.2 million below budget, due to \$0.5 million lower fees and charges received and higher costs incurred of \$0.7 million.

Closing balances are forecast to be \$23.2 million below budget by year-end as the regulatory function moves towards its new 'future state' operating model.

FUNDING AND LONG-TERM LIABILITIES

\$2,394.5m

The total long-term funding liability at 31 December is \$2,394.5 million. The Transport Agency is compliant with all loan conditions.

National Land Transport Fund AND National Land Transport Programme

NATIONAL LAND TRANSPORT FUND REVENUE

National Land Transport Fund (NLTF) year to date revenue is \$35.7 million (2%) below budget.

- **Fuel excise duty (FED)** is \$16.0 million (2%) below budget. Fuel consumption is 1% lower than budgeted, which accounts for \$8 million of the variance. The remainder of the variance is due to FED refunds being \$9 million ahead of budget. Vehicle Kilometres Travelled (VKT) is close to budget.
- **Road user charges (RUC)** are \$5.5 million (1%) below budget. Heavy vehicle RUC is \$30 million (5%) below budget, partially offset by higher light vehicle RUC.
- **Motor vehicle registration and licensing (MVR & Lic)** is \$0.7 million (1%) above budget.
- **Other revenue** is \$14.9 million (46%) below budget due to delay in property settlements.

SUMMARY

\$35.7m

below budget

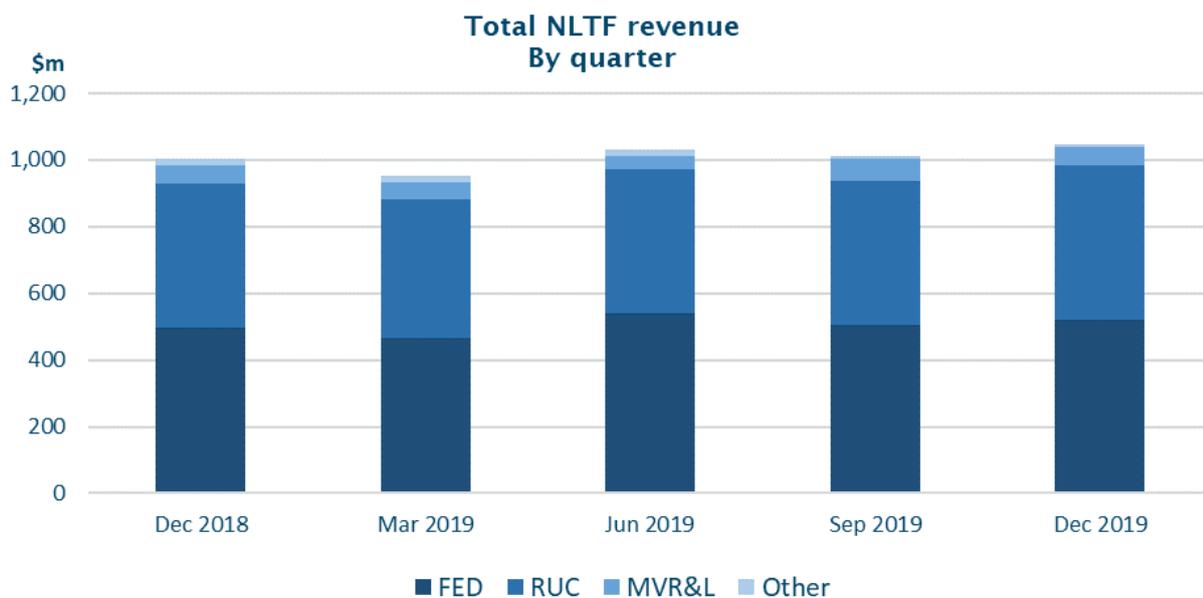
FED 2% below budget

RUC 1% below budget

MVR & Lic 1% above budget

	YEAR TO DATE				2019/20	
	Actual \$m	Budget \$m	Variance \$m	Variance %	Forecast [^] \$m	Budget \$m
Fuel Excise Duty	1,024.7	1,040.7	(16.0)	(2%)	2,095.4	2,063.3
Road user charges	894.5	900.0	(5.5)	(1%)	1,769.6	1,786.3
MV registration and licensing	122.8	122.1	0.7	1%	233.1	228.3
Other revenue	17.3	32.2	(14.9)	(46%)	26.2	70.5
Total NLTF revenue	2,059.3	2,095.0	(35.7)	(2%)	4,124.3	4,148.4

[^] The forecast is the October Baseline Update prepared by Ministry of Transport (MoT), with NZTA's input.



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

National Land Transport Programme (NLTP) year to date expenditure is \$323.8 million (17%) above budget.

- **State highway improvements** are \$298.5 million (51%) above budget. This is mainly due to the settlement payment of \$190.6 million for Transmission Gully. Current NLTP (18-21) expenditure is forecast to exceed revised allocation by \$235 million and be at the top of the GPS (and Board approved) range.
- **Regional improvements** are \$19.0 million (29%) below budget due to various projects progressing behind plan.
- **Public transport** is \$30.1 million (12%) above budget due to a strong delivery from local authority infrastructure projects. Programme cost increases due to higher fuel prices (compounded by Auckland's regional fuel tax) and labour costs have also contributed to the higher spend.
- **Walking and cycling** is \$15.2 million (42%) below budget due to delays in Auckland Transport projects, Wellington City Council's Eastern Package and the Christchurch City Rapanui to Shag Rock project.
- **Rapid transit** is \$7.8 million (104%) above budget due to budget phasing. Progress and expenditure on Auckland Light Rail have been impacted by the evaluation process now underway to assess alternate approaches by the Transport Agency and NZ Infra. Funding from the original allocation has been reallocated from Rapid Transit to other activity classes.
- **State highway maintenance** is in line with budget. An increase in spend for December is due to compensation to Central Waikato region for traffic volumes exceeding the assumptions under the contract. The year-end forecast is significantly above budget. This is mainly due the additional costs associated with contract rewards, establishment of Auckland System Management (ASM) and Total Traffic Management (TTM), contract variations relating to additional traffic volumes and allocation of increased Transport Agency operational costs.

Specific Crown-funded projects year to date expenditure is \$24.7 million (25%) below budget.

- **Accelerated Regional Roding Programme** is \$17.6 million (63%) below budget primarily due the delay in Mt Messenger Bypass project (\$16.4 million), caused by Resource Management Act and property acquisition processes.
- **Kaikoura earthquake response** is \$12.8 million (38%) below budget as costs assumed for project risk allowances contingencies have not eventuated.
- **Provincial Growth Fund (PGF)** is \$5.4 million (101%) above budget, which includes PGF funding for both Transport Agency projects and those delivered by approved organisations. All of the Transport Agency's PGF-funded projects are tracking to time and budget.
- **SuperGold Card** is \$2.1 million (8%) above budget due to councils having established processes for their bulk funding claims to be submitted earlier. Overall SuperGold Card funding is under pressure primarily due to passenger growth occurring in Auckland that was not accounted for. Discussions on further funding with MoT are underway.

SUMMARY

\$299.0m
above budget

NLTP

17% above budget

Crown

25% below budget

NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND) AND CROWN-FUNDED EXPENDITURE for SIX months ended 31 DECEMBER 2019

	YEAR TO DATE				2019/20	
	Actual \$m	Budget \$m	Variance \$m	Variance %	Forecast [^] \$m	Budget \$m
State highway improvements*	878.1	579.6	(298.5)	(51%)	1,425.0	1,113.2
Local road improvements	96.5	83.0	(13.6)	(16%)	274.0	272.0
Road safety promotion and demand mgmt.*	23.6	23.8	0.3	1%	60.0	56.8
Road policing	179.6	170.1	(9.4)	(6%)	385.0	352.1
Regional improvements*	47.0	65.9	19.0	29%	126.0	134.0
Public transport*	279.2	249.1	(30.1)	(12%)	618.0	592.7
Walking and cycling*	21.2	36.4	15.2	42%	70.0	104.5
Rapid transit*	15.4	7.5	(7.8)	(104%)	45.0	180.6
Transitional rail	23.3	17.3	(6.0)	(35%)	45.0	157.0
State highway maintenance*	319.2	323.3	4.1	1%	737.0	653.5
Local road maintenance	272.0	268.7	(3.3)	(1%)	689.0	666.0
Investment management*	36.9	33.9	(3.1)	(9%)	72.0	70.1
NLTP approved expenditure	2,191.8	1,858.6	(333.1)	(18%)	4,546.0	4,352.5
Auckland Transport Package*	0.0	0.0	0.0	0%	0.0	0.0
LR (Housing Infrast. Fund)**	4.6	14.1	9.4	67%	25.0	41.0
NLTF funded expenditure	2,196.5	1,872.7	(323.8)	(17%)	4,571.0	4,393.5
Accelerated Regional Rooding Programme*	10.1	27.7	17.6	63%	21.0	54.7
Kaikoura earthquake response*	21.1	33.8	12.8	38%	48.0	65.0
Provincial Growth Fund	10.8	5.4	(5.4)	(101%)	20.0	13.5
SuperGold card	29.0	27.0	(2.1)	(8%)	29.7	29.7
Urban Cycleways Programme	1.6	3.5	1.9	55%	10.0	8.0
Crown funded expenditure	72.6	97.3	24.7	25%	128.7	170.9
NLTP & Crown expenditure	2,269.0	1,970.0	(299.0)	(15%)	4,699.7	4,564.4
* Includes investment in state highways	1,315.8	1,069.4	(246.5)	(23%)	2,473.6	2,273.7

Operational expenditure	1,213.9	1,114.2	(99.7)	(9%)	2,776.4	2,757.3
Capital expenditure***	1,055.1	855.8	(199.3)	(23%)	1,923.3	1,807.1
Total expenditure	2,269.0	1,970.0	(299.0)	(15%)	4,699.7	4,564.4

[^] The forecast was prepared as at 31 December.

** Housing Infrastructure Fund expenditure is being initially funded through Crown borrowings. This has been classified as NLTP expenditure as the debt will ultimately be repaid by the NLTF.

***Excluded from the above numbers are PPP costs that will be funded from NLTP in the future when repayments commence, developers' contributions and interests on loans from Treasury relating to Tauranga Eastern Link

NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND) AND CROWN-FUNDED three-year forecast EXPENDITURE

Output Classes	NLTP 2018-21						GPS FUNDING RANGES	
	Period	Period						
	to date	to date	NLTP	Revised			Lower	Upper
	Actual	Budget	Forecast^	Budget*	Variance	Variance		
	\$m	\$m	\$m	\$m	\$m	%	\$m	\$m
State highway improvements	2,098.7	1,987.3	3,850.0	3,615.0	(235.0)	(7%)	3,000.0	3,850.0
Local road improvements	322.2	275.8	772.0	753.0	(19.0)	(3%)	430.0	1,030.0
Road safety promotion and demand mgmt.	67.4	73.7	161.0	188.0	27.0	14%	155.0	225.0
Road policing**	517.1	523.1	1,110.0	1,063.0	(47.0)	(4%)	980.0	1,110.0
Regional improvements	185.5	178.2	385.0	405.0	20.0	5%	200.0	530.0
Public transport	790.5	798.1	1,840.0	1,825.0	(15.0)	(1%)	1,490.0	2,040.0
Walking and cycling	78.5	115.4	235.0	330.0	95.0	29%	235.0	360.0
Rapid transit***	25.3	137.9	109.0	150.0	41.0	27%	150.0	760.0
Transitional rail	42.5	52.7	264.0	376.0	112.0	30%	145.0	435.0
State highway maintenance	1,036.2	988.3	2,147.0	2,007.0	(140.0)	(7%)	1,810.0	2,130.0
Local road maintenance	949.0	960.2	2,040.0	2,019.0	(21.0)	(1%)	1,800.0	2,120.0
Investment management	100.4	104.2	215.0	215.0	0.0	0%	195.0	235.0
NLTP approved expenditure	6,213.1	6,194.9	13,128.0	12,946.0	(182.0)	(1%)	10,590.0	14,825.0
Auckland Transport Package	12.5	12.5	12.5	12.5	(0.0)	(0%)	0.0	0.0
LR improvements (Housing Infrast. Fund)	7.6	37.4	80.0	80.0	0.0	0%	0.0	0.0
NLTF funded expenditure	6,233.3	6,244.8	13,220.5	13,038.5	(182.0)	(1%)	10,590.0	14,825.0
Investment management CAS	0.2	0.8	2.3	2.3	0.0	0%		
Accelerated Regional Roding Programme	28.9	61.1	82.7	82.7	0.0	0%		
Kaikoura earthquake response	134.2	270.8	154.0	189.0	35.0	19%		
Provincial Growth Fund	27.9	45.4	59.0	59.0	0.0	0%		
SuperGold card	58.4	56.4	91.0	90.0	(1.0)	(1%)		
Urban Cycleways Programme	14.6	28.9	27.0	27.0	0.0	0%		
Crown funded expenditure	264.2	463.3	416.0	450.0	34.0	8%		
NLTP & Crown expenditure	6,497.4	6,708.1	13,636.6	13,488.5	(148.0)	(1%)		

^ The forecast was prepared at Quarter 2.

* Revised budget reflects adjustments made to the original NLTF allocation from reallocating funding from Rapid Transit to other activity classes.

** Subsequent to the revised budget there was additional funding provided to Police, this will need to be funded from other activity classes.

***Expenditure for Rapid Transit will be significantly under the \$463 million (original) allocation. Excess funds have been reallocated to other activity classes.

NZ Transport agency

NZ Transport agency operational REVENUE; operational AND CAPITAL expenditure

Transport Agency operational expenditure is \$0.7 million below budget.

- **Personnel costs** are \$2.1 million below budget, mainly due to a higher level of vacancies than budgeted.
- **Operating expenses** are \$2.0 million above budget, which is largely associated with regulatory non-compliance and recertification costs.

Full year expenditure is forecast to be \$39.6 million above budget, which is attributable to the 'back to basics' changes to the regulatory function, accelerated IT-related business initiatives, costs of relocating the office in Palmerston North, and other organisational changes.

Operational revenue is materially on budget.

Transport Agency capital expenditure is materially on budget. The Auckland regional office relocation project is completed, and final costs received. There is additional capital expenditure forecast for technology risk remediation projects, IT hardware and the fitout for the Palmerston North office. Full year expenditure is forecasted to be \$9.2 million above budget.

OPERATING EXPENDITURE

\$0.7m

below budget

OPERATIONAL REVENUE

\$0.5m

below budget

	YEAR TO DATE				2019/20	
	Actual \$m	Budget \$m	Variance \$m	Variance %	Forecast [^] \$m	Budget \$m
Expenditure classified by¹:						
Personnel costs	93.1	95.2	2.1	2%	207.2	185.4
Operating expenses	85.8	83.7	(2.0)	(2%)	183.3	165.8
Depreciation/amortisation	6.1	6.7	0.6	9%	14.5	14.2
Transport Agency operational expenditure	185.0	185.7	0.7	0%	405.0	365.4
Expenditure classified by:						
NLTP	89.9	91.2	1.4	2%	195.2	180.0
Regulatory (memorandum account)	95.2	94.5	(0.7)	(1%)	209.8	185.4
Operational revenue (memorandum account)	84.6	85.1	(0.5)	(1%)	166.5	167.3
Transport Agency capital expenditure	7.5	7.4	(0.1)	(1%)	23.8	14.6

[^] Forecast was approved by the Board in December.

¹ These costs represent the operating costs of the Transport Agency, including some costs that are ultimately allocated to land transport funding activities. Personnel costs include contractors backfilling establishment roles or necessary to address a temporary peak in workload.

Memorandum accounts

The combined **memorandum accounts** balance is \$1.2 million below budget. The biggest variances are mainly from:

- **Driver testing** \$1.0m above budget. Revenue is \$0.5 million above budget mainly due to more restricted Class 1 licences being issued, while commission costs are \$0.5 million below budget.
- **Motor vehicle licensing** is \$2.4 million below budget due to higher overheads and commission costs.

The closing balance is forecast to be \$23.2 million below budget, which is attributable to the 'back to basics' changes to the regulatory function.

The new rail licensing fees came into effect on 1 January 2020.

The Transport Agency is preparing a funding and fees review with the goal of a cabinet paper in March or April 2020. In the meantime, we are working with Treasury and Ministry of Transport on draw down the repayable loans provided by the Crown to cover the recertification costs and regulatory deficit including 'back to basics' costs.

SUMMARY

\$1.2m

below budget

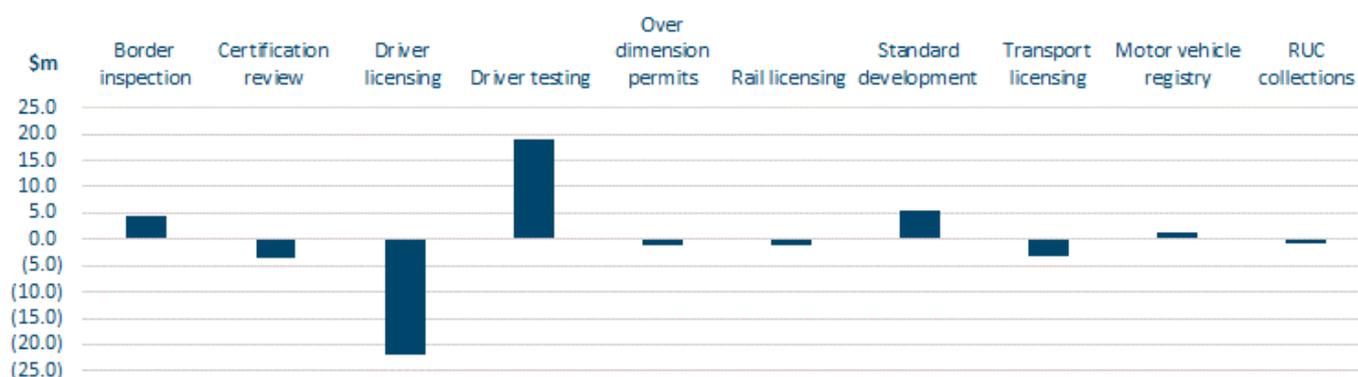
Closing balance

380% below budget

CLOSING BALANCE	YEAR TO DATE				2019/20	
	Actual \$m	Budget \$m	Variance \$m	Variance %	Forecast [^] \$m	Budget \$m
Border inspection	4.6	5.0	(0.4)	(8%)	4.4	5.2
Certification review	(3.7)	(3.6)	(0.1)	(4%)	(3.0)	(3.5)
Driver licensing	(21.8)	(22.3)	0.5	2%	(38.7)	(27.8)
Driver testing	19.1	18.1	1.0	5%	19.6	19.7
Motor vehicle registry	1.4	3.8	(2.4)	(63%)	(1.3)	1.7
Over dimension permits	(1.0)	(1.4)	0.4	30%	(0.9)	(1.5)
Rail licensing	(1.1)	(0.4)	(0.7)	(192%)	(2.2)	(0.9)
RUC collections	(0.7)	(0.9)	0.2	25%	(2.1)	(1.9)
Standard development	5.6	5.4	0.2	4%	4.2	6.7
Transport licensing	(3.3)	(3.4)	0.1	3%	(11.7)	(6.2)
Total closing balances	(0.9)	0.3	(1.2)	(380%)	(31.5)	(8.3)

Memorandum account

Year to date closing balance



Funding and LONG-TERM liabilities

The total long-term funding liability is \$2,394.5 million, incorporating specific loan packages, public-private partnership commitments and the derivative financial liability. This is equivalent to 58.1% of revenue, substantially below the Agency's 175% guideline. Debt repayments of \$15 million represent 0.36% of revenue, comfortably within the Agency's 10% guideline. The latter metric will rise with the start of availability payments associated with the Transmission Gully and Puhoi-Warkworth PPPs, but will remain well within guidelines.

The Transport Agency is compliant with all loan conditions.

The notional cash balance in the National Land Transport Fund is \$234.9 million (\$500 million as at 30 November 2019). Based on the latest forecast, we are now expecting to utilise the short-term revolving facility in 2020/21.

SUMMARY

NLTF Cash balance
\$234.9m

	BALANCE			STATUS	
	December 2019 \$m	June 2019 \$m	Movement \$m	Total Facility Available \$m	Remaining Repayment Period Years
Short term revolving facility	0.0	0.0	0.0	250.0	N/A
Auckland Transport Package loan*	370.0	370.0	0.0	5.0	8 years
Tauranga Eastern Link loan	107.0	107.0	0.0	0.0	32 years
Housing Infrastructure Fund loan	6.0	3.0	3.0	357.0	10 years
Loans	483.0	480.0	3.0	612.0	
Fair value and other adjustments	(26.8)	(30.8)	4.0		
Total loans	456.2	449.2	7.0	612.0	
Transmission Gully (PPP)	876.8	798.5	78.3	1,100.0	22 years
Puhoi to Warkworth (PPP)	592.5	517.9	74.6	950.0	22 years
Total public-private partnerships	1,469.3	1,316.4	152.9	2,050.0	
Derivative financial liability	469.0	461.7	7.3		
Total funding liability	2,394.5	2,227.3	167.2	2,662.0	

*For use by Auckland Transport

APPENDIX 1 – DETAILED RESULTS FOR SIGNIFICANT ACTIVITIES AND OUTPUT CLASS PERFORMANCE MEASURES

Transport Safety

Significant activities

		Budget	Timeline	Intended benefits	Overall year-end delivery confidence
1.1	Support the proposed new approach to safe speeds (being developed by the Ministry of Transport) <i>Revision of Speed Management Guide draft has been delayed indefinitely at the request of the MoT. MoT has progressed the Tackling Unsafe Speeds package through cabinet, however drafting of the Rule change is now scheduled for Q3.</i>	G	A	A	G/A
1.2	Through the Road Safety Partnership (NZ Transport Agency, NZ Police, Ministry of Transport), develop and maintain a Road Safety Partnership Programme for 2018–21 that:	G	A	G	G/A
1.2.1	Delivers effective enforcement to reduce road deaths and serious injuries	G	A	G	G
1.2.2	Represents value for money demonstrated through robust monitoring and assurance <i>A formal review has not yet been completed for the new Road Safety Strategy. This is scheduled to happen late January/early February. However, through the collaborative approach that was taken to the development of both the strategy and the RSPP we do not expect to see any significant change in the approach or the activities.</i>	G	A	G	G/A
1.3	Facilitate more automated enforcement, for example safety cameras (with New Zealand Police) <i>A formal review has not yet been completed for the new Road Safety Strategy. This is scheduled to happen late January/early February. However, through the collaborative approach that was taken to the development of both the strategy and the RSPP we do not expect to see any significant change in the approach or the activities.</i>	G	A	G	G/A
1.4	Reduce public demand for one-star and two-star safety rated and high-emission light vehicles <i>Advertising has been delayed until 16 February 2020 in order to reword and retest key messages with consumers. New testing confirms the new message.</i>	G	A	G	G/A
1.5	Support the development and delivery of the new road safety strategy and action plan (with the Ministry of Transport).	G	G	G	G
7.1	In 2019/20, we will focus on improving our regulatory processes, systems and capability to enable us to transition towards a best practice regulatory compliance model that delivers to our core regulatory purpose, functions and objectives. <i>The Board has endorsed commitment of non-budgeted expenditure to implement Regulatory Services Back to Basics plan. Cabinet has approved a top limit for financing and delegated financing approvals to the Ministers of Transport and Finance. We are continuing to work with MoT to secure the first cash drawdown. Plan for new staff has been completed and recruitment is underway. Draft requirements for the regulatory management system have been documented, and a forward plan is in place. The project business case has been drafted and confirmation of funding will be sought in Q3.</i>	A	G	G	G/A
8.2	Implement the health and safety management system to ensure the health and safety of our people and contractors through workplace best practice <i>The Transport Agency's Health & Safety Management System is being aligned to the all of government and business sector Safe Plus programme. Developing the Transport Agency's Health & Safety Management System is a three year work programme with multiple components (Critical H&S Risk and risk management generally, active H&S Leadership, Incident Management, H&S Assurance, Worker Engagement and Wellbeing) to this overall work programme that need to be implemented in order to be a sector leader in health and safety. There is a three year plan of works (Roadmap) that has been redeveloped following the revitalisation. This means that the overall health and safety management system is not going to be delivered by 30 June 2020. However, work has started H&S critical risk, worker engagement and incident management improvements.</i>	G	A	A	A

Output classes

RAG status key for output class performance

G On track/achieved **A** Target not met and the risk of not achieving YE target is minimal **R** Target not met and will not achieve YE target **N/A** Not available

		2018/19 Actual	2019/20 Target	Q2 result	Variance	Status
Road safety promotion and demand management						
RSP1	Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	89%	≥ 80%	89%	9%	G
RSP2	Proportion of road safety education programmes meeting targets for access to road safety information	New measure	Baseline to be set	100%	Not applicable	N/A
RSP3	RSP3 Proportion of travel demand management activities delivered to agreed timelines	New measure	Baseline to be set	Not reportable this year.	Not applicable	N/A
	<i>We are unable to report against this measure because it was intended to track the 2019/20 programme milestones agreed in the Travel Demand Management (TDM) Single Stage Business Case (SSBC). An unfavourable Investment Quality Assurance Report was completed in August 2019 and the business case did not proceed further. Although there are some TDM activities this year, this measure is not applicable as there is no active programme timeline to monitor against. TDM have been subsumed into other work programmes.</i>					
RSP4	Proportion of travel demand management strategies in high-growth centres approved jointly with councils	New measure	Baseline to be set	Not reportable this year.	Not applicable	N/A
	<i>We are unable to report against the measure because travel demand management (TDM) work has been subsumed by the mode shift work. TDM activity remains part of the Agency's work, but the indicator we are working to this year are mode shift plans that are created and agreed with regional and city councils for the 5 high-growth centres (Auckland was completed in May 2018). Mode shift plans will include TDM activities, however they will mainly be funded and delivered under other output classes.</i>					
Driver licensing and testing						
DLT1	Unit cost of providing user-facing driver licensing and testing services	New measure	≤ \$25.70	\$27.99	-\$2.29	R
	<i>There are increased costs for driver licensing and testing due to increased regulatory and indirect costs associated with staff levels and new programmes.</i>					
DLT2	Proportion of driver licence tests booked online	60%	≥ 55%	65%	10%	G
DLT3	Proportion of accuracy of data entry into registers	97%	≥ 97%	97%	0%	G
DLT4	Proportion of practical tests taken within 30 working days of booking	New measure	85% ²	90%	5%	G
DLT5	Proportion of audits for driver licence course providers completed against target	New measure	100%	100%	0%	G
DLT6	Proportion of non-compliance actions for driver licence course providers resolved on time	New measure	100%	86%	-14%	R
	<i>The lower-than-expected results for Q1 and Q2 means the we will not be able to achieve target by year-end. Volumes of non-compliance actions are small, and any case resolved past due date can have a significant effect on the overall result.</i>					
DLT7	Number of drug or alcohol assessments funded	1,051	1,200-1,400	407	-793	R

² The target was changed from 98% to reflect the impact of the extended booking period to improve customer choice, and the new target of 85% in the restructured contract with our service provider.

		2018/19 Actual	2019/20 Target	Q2 result	Variance	Status
	<i>The Q2 result for number of drug and alcohol assessments funded (is at 66% below the minimum target of 1,200 annual assessments). This result is not unexpected at this point in time because the number of assessments required is declining over time. One of the factors for this trend reduction in assessments is that the courts are issuing more mandatory alcohol vehicle interlock sentences. * This was incorrectly reported as achieved in Q1.</i>					
DLT8	Number of older driver licences subsidised	New measure	39,000-41,000	35,427	-3,573	G
Vehicle safety and certification						
VSC1	Unit cost of providing user-facing motor vehicle licencing services	New measure	≤ \$5.19 ³	\$5.61	\$0.42	A
	<i>We did not meet target because initial budget used in the setting of the target did not include increased costs due to Regulatory Services increased staffing levels and new programmes, along with a general increase in Corporate Overheads. It is unlikely that we will achieve target by year-end.</i>					
VSC2	Proportion of motor vehicle licensing completed online	57%	≥ 56%	58%	2%	G
VSC3	Proportion of accuracy of data entry into registers	97%	≥ 97%	96%	-1%	A
	<i>We did not meet target because there continues to be an increase in proportion of unconfirmed owners as part of change of vehicle ownership transactions, affecting a portion of the accuracy measure.</i>					
VSC4	Proportion of vehicles relicensed on time	New measure	≥ 98%	98%	0%	G
VSC5	Proportion of audits and reviews for inspecting organisations and vehicle inspectors completed against target	New measure	100%	100%	0%	G
VSC6	Proportion of non-compliance actions for inspecting organisations and vehicle inspectors resolved on time	New measure	100%	91%	-9%	R
	<i>The lower-than-expected results for Q1 and Q2 means the we will not be able to achieve target by year-end. Volumes of non-compliance actions are small, and any case resolved past due date can have a significant effect on the overall result. * This was incorrectly reported as achieved in Q1.</i>					
Regulation of commercial transport operators						
CTO1	Proportion of non-compliance actions for commercial operators resolved on time	New measure	100%	100%	0%	G
CTO2	Proportion of commercial operators reviewed or audited against target	New measure	100%	93%	-7%	R
	<i>'On time' is dependent on the due date assigned to each case at its commencement and that due date depends on the size, scope and how complex each case may be. This is a new measure for 2019/20, and it is now apparent that the target of 100% completion by due date will need to be adjusted as there is no allowance for cases completed a few days past due date This measure is under review for 2020/21.</i>					
CTO3	Proportion of standard permits issued within approved timeframes (less than or equal to 10 working days)	New measure	100%	100%	0%	G
Regulation of the rail transport system						
RTS1	Proportion of rail participants reviewed or audited against target	New measure	100%	84%	-16%	A
	<i>To-date, we have completed 27 assessments out of 32 that were planned for the period. Resourcing, including unplanned illness of Agency assessors, remain the main reason for deferring assessments.</i>					
RTS2	Proportion of non-compliance actions for rail participants resolved on time	New measure	100%	100%	0%	G
Revenue collection and administration						

³ The target was amended from ≤ \$4.10 due to a computational error at the time it was calculated. There was some double counting in the motor vehicle registry volumes resulting in the unit cost appearing lower than it should be.

		2018/19 Actual	2019/20 Target	Q2 result	Variance	Status
REV1	Unit cost of providing user-facing road tolling services	\$0.73	≤ \$0.73 ⁴	\$0.77	-\$0.04	A
	<i>We did not meet target because there has been an increase in the fees paid to merchants for processing credit card and POLI payments. Tolling is also drawing more indirect costs due to the increase in Corporate Overhead and higher level of service and cost in Regulatory Services.</i>					
REV2	Proportion of chargeable toll trips paid on time	96%	≥ 97%	96%	-1%	A
	<i>We did not meet target because of the increase in chargeable trips taken in December that has affected the overall proportion. Payment behaviour remains consistent.</i>					
REV3	Proportion of road user charges licences completed online	69%	≥ 69%	72%	3%	G
REV4	Unit cost of providing user-facing road user charges services	New measure	≤ \$3.32	\$3.03	\$0.29	G
REV5	Proportion of road user charges operators that are investigated or audited against target	New measure	100%	100%	0%	G
REV6	Proportion of non-compliance actions for road user charges evasion resolved	New measure	100%	28%	-72%	R
	<i>We did not meet target because of the limitations of the data collected for this measure. When reported at a point in time, current assessments in progress and new assessments are added, bringing down results even when all assessments at the beginning of the year have been resolved. * This was incorrectly reported as achieved in Q1.</i>					
REV7	Proportion of identified evaded road user charges repaid	New measure	Baseline to be set	85%	Not applicable	N/A
REV8	Proportion of road user charges refund claims processed within 20 working days	New measure	Baseline to be set	98%	Not applicable	N/A
REV9	Average number of days taken to process refunds of fuel excise duty	16 days	≤ 20 working days	15 working days	5 working days	G
REV10	Average number of days to process regional fuel tax rebate claims	New measure	≤ 10 working days	1 working day	9 working days	G

Inclusive Access

Significant activities

		Budget	Timeline	Intended benefits	Overall year-end delivery confidence
2.1	Accelerate the shift from private car to public transport, walking and cycling through national system-level initiatives and place-based initiatives in Auckland, Wellington, Christchurch, Hamilton, Tauranga and Queenstown	N/A	A	A	G/A
	<i>Successfully included mode shift directions in the draft GPS 2021. A formal review of the public transport operating model is underway and expected to be completed in Q3. Mode Shift Plans for Tauranga and Queenstown are progressing well and remain on track for delivery in time to provide input into Regional Land Transport Plans. An active inter-agency programme of work is implementing the Minister-driven changes for the bus driver workforce.</i>				

⁴ Target was amended from ≤ \$0.66 because the budget used in the calculation changed. The change is due to refinements made to the budget following the publishing of the SPE resulting in a different share of costs being funded from the Memo Accounts. This was mostly due to the 'Revitalising the Transport Agency' programme.

		Budget	Timeline	Intended benefits	Overall year-end delivery confidence
2.2	As a key partner in the Provincial Growth Fund programme, work with the Provincial Development Unit to advise on investment opportunities and applications and release funding for land transport projects.:	G	G	High	G
3.1	Partner with the Auckland Transport Alignment Project agencies to implement the indicative package and progress the project's recommendations	A	G	High	G/A
	<i>In December 2019. The Transport Agency communicated with Auckland Transport clarifying improvements to the application of the Business Case Approach for ATAP. This confirmed our view that ATAP provides an appropriate strategic context for the activities included in the ATAP package.</i>				
3.2	Complete the business case for Auckland's light rail project	N/A	N/A	N/A	Unable to report
	<i>The Transport Agency submitted a comprehensive proposal to MoT in November 2019 due to the Response Requirements Document. This proposal is being evaluated by MoT and is expected that the evaluation will be completed during January 2020. A recommendation is expected to be made to Ministers for ratification later in Q3.</i>				
3.3.1	Partner with local government and central government agencies to participate in spatial planning, growth strategies, regional and district plans and transport plans, and large multi-modal programmes in Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown, such as the joint approach to integrating urban form and the transport system in the western Bay of Plenty, to ensure integrated land transport planning and investment that supports the Government's transport and urban development outcomes	G	G	A	G/A
	<i>Overall, year-end successful achievement and delivery looks probable. The transport programmes to support staging and funding changes for Drury will continue into Q3, the Hamilton – Waikato Metro Spatial Plan development is ongoing, the UFTI interim report was published in December 2019 on land-use options in Tauranga. A foundation report is 80% complete for the Wellington Regional Growth Management Framework, the Christchurch Regional Policy Statement is being updated which includes a study to support public transport, and an early draft Queenstown spatial plan was circulated and discussed with the Spatial Plan Steering Group members in December 2019.</i>				
3.3.2	Explore areas other than Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown where urban development could be better supported through transport, for example by improving access to public transport infrastructure and services.	G	A	A	G/A
	<i>Established an internal agency group to address regional land transport plans and programme for consultation. There is ongoing support to Whangarei District Council in developing the Whangarei District Growth Strategy. There were submissions made and evidence heard on the Whangarei Urban and Services District Plan review, having a focus on the better integration of land use with the transport system. Supported Kaipara district Council in the development of spatial plans for Dargaville, Maungaturoto, Kaiwaka and Mangawhai. Provided input into the Waikato District's Growth Strategy 2070. Strategic and local guidance and requirements were developed. Regarding PoE and strategic business cases, we worked on improved alignment of resources and regional support prioritisation, with the aim of improving transparency, customer response and delivery rate. Engagement on BCA process and training with Auckland Transport, Christchurch City Council, Hamilton City Council, Waikato District/Regional Councils and Waipa District Council. The Regional hub support model and engagement plan is currently in development.</i>				
5.1	Delivering improvements (as detailed in appendix 1) to strengthen and improve the resilience of the land transport system through targeted protection and support works, new roads and assets and asset renewals built to newer design standards. Key projects to deliver this include:	A	A	A	G/A
5.1.1	Kaikōura Coast Earthquake Response	G	G	A	G/A
	<i>The reinstatement programme is now substantially complete. The improvement programme is progressing well. Following the latest correspondence from the Runanga in December 2019 we have paused progress on the shared use path. All milestones for Q2 have been completed.</i>				
5.1.2	Manawatū Gorge Response	A	A	A	G/A
	<i>The project is currently on budget. A number of items have been identified during the design and consenting processes that could impact on the overall project budget, and it is expected a price level adjustment will be prepared for the project early in 2020. Three of the four Q2 milestones are now expected to be in Q3, largely due to consenting delays. Designation appeals are expected to be resolved in Q3. Main resource consents have been delayed to Q3, to allow a completed mitigation plan and to provide the full application required by Environment Court proceedings. Concept design confirmed and detailed design has commenced. Work with community and iwi partners is continuing. The Project Alliance Agreement signing will now take place in February 2020, due to refinement of Target Outturn Cost.</i>				
5.1.3	Transmission Gully	G	G	G	G

		Budget	Timeline	Intended benefits	Overall year-end delivery confidence
	<i>The Q2 Earthworks milestone was completed. The PPP Contract restructure has been approved by the Transport Agency Board and all documents executed. A revised delivery date of 1 November 2020 has been agreed with the contractor, with a late date of 18 December 2020. This has moved project status from amber to green for both time and cost. The new construction season has started well with good progress made between September and November 2019.</i>				
5.1.4	Mt Messenger and Awakino Gorge Corridor <i>Awakino Tunnel Bypass is on budget and on schedule for an expected completion date of September 2022. The Mount Messenger project continues to be delayed due to consenting and property issues. Resource consent and designation was received on 19 December 2019. While the approval is "interim", it is subject to the finalisation of the Ngati Tama Agreement. In the interim, the Mount Messenger Alliance has been repurposed to design the permanent solution for State Highway 4 Matahiwi, providing a mitigation for much of the costs associated with pausing the Mount Messenger project.</i>	A	A	A	G/A
5.1.5	Waiōeka Gorge <i>This project is not funded, and it is still to be determined whether this project will progress within the current NLTP period.</i>	Unable to report	Unable to report	Unable to report	Unable to report
5.2	Refreshing the Resilience National Programme Business Case to enable us to prioritise where and when to plan and invest in improving resilience for the 2021–24 National Land Transport Programme and beyond	G	G	G	G
5.3	Delivering the Highways National Emergency Response Framework and plan, including training more staff to higher levels in incident management and engaging in internal and external emergency response exercises to increase capability and capacity to respond to significant disruptive events	G	G	G	G
5.4	Investigating the risks of sea level rise to coastal state highways and reviewing and amending asset management plans accordingly <i>Some delays in project start-up, due to time taken to agree data sharing arrangements with other agencies, have caused late delivery but good progress is being made. End of year targets appear achievable with the help of a revised change management programme.</i>	G	A	G	G/A
5.5	Piloting community engagement projects in Waikato District and Kaikōura District to understand how we can make better decisions before and in response to disruptive events and help communities to be more self-sufficient.	G	A	A	A

Output classes

RAG status key for output class performance						
G	On track/achieved	A	Target not met and the risk of not achieving YE target is minimal	R	Target not met and will not achieve YE target	
				N/A	Not available	
Measure		2018/19 Actual	2019/20 Target	Q2 result	Variance	Status
Public transport						
PT1	Number of boardings on urban public transport services (bus, train and ferry)	New measure	≥165 million	\$172,491,314	\$7,491,314	G
PT2	Number of boardings on urban public transport services (bus, train and ferry) per capita	New measure	≥ 34 boardings per capita	35 boardings per capita	1 boarding per capita	G
SuperGold card - administration of the public transport concessions scheme AND SuperGold card						

Measure		2018/19 Actual	2019/20 Target	Q2 result	Variance	Status
SG1	Proportion of 'on time' ⁵ payment of Crown SuperGold bulk allocation to approved organisations	64%	100%	0% ⁶	-100%	R

*SuperGold funding allocation levels for 2019/20 was approved on 25 September 2019. No claims were received from councils and no payments were made in Q1. By the end of Q2, all SuperGold funding claims have been received and paid. *Note that this is the result for the year.*

SG2	Number of boardings using SuperGold concessions	New measure	≥ 15.2 million	16,089,194	889,194	G
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State highway maintenance

SHM6	Availability of state highway network: proportion of unplanned road closures resolved within standard timeframes	85%	≥ 84%	79%	-5%	A
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We did not meet target because of major weather events during Q2 causing sizable slips and floods in rural areas, particularly in the lower and West Coast of the South Island. Events that were significant include State Highway 4 (Parapara) slip from October 2019, and the Haast pass slips and Rangitata river bridge washout in December 2019. The urban areas saw major crash events that had long closure times. Significant events include a crash in Papakura, Auckland on 12 October 2019 closing the SH1 for 5 hours 26 minutes and crash on 21 November closing the Redoubt Rd On-Ramp SH1 Northbound for 4 hours 30 minutes.

Environment

Significant activities

		Budget	Timeline	Intended benefits	Overall year-end delivery confidence
6.1	Ensure the Transport Agency gives effect to government climate change mitigation priorities and reduction targets in the Climate Change Response (Zero Carbon) Amendment Bill	G	G	G	G
6.2	Publish our first annual sustainability monitoring report, focused on climate change mitigation, improving public health (including air pollution) and reducing environmental harm, to establish a baseline from which to measure performance improvements.	G	A	A	G/A
<i>Engaged with MoT on draft Sustainability Action Plan. Broad NZTA comms and engagement planned for Q3. Published Results Sheet Q2 milestone unable to be achieved due to time delay for accessing relevant monitoring data and time to obtain relevant publication approvals.</i>					

⁵ 'On time' is defined as within the first quarter of the financial year.

⁶ This result was already included in the Q1 report. This quarter we are providing an update on the status of funding payments. This is the result for Q1 and is also the final year-end result for the measure.

Transport Technology

Significant activities

		Budget	Timeline	Intended benefits	Overall year-end delivery confidence
4.1	Invest in high priority technology solutions to address risk, resilience and reliability of current technology platforms and provide a modern base that will enhance how we use technology to improve the safety and accessibility of the land transport system	A	A	A	A/R
	<i>Enough funding has been obtained to enable these internal and external programmes to continue to planned timelines for the time being. Full multiyear funding needs to be obtained by March 2020 to enable the work to continue as planned. These (Transport and Corporate Technology Risk Remediation Programmes and the Revitalising the Transport Agency Programme) are multi-year programmes of work that will need to be delivered if we are to reduce the risk of technology system failure today and enable the organisation to perform at the level required in future.</i>				
4.2	Develop an integrated plan to deliver the enabling technology that will support the organisational capabilities needed in the future.	A	A	A	A/R
	<i>Enough funding has been obtained to enable these internal and external programmes to continue to planned timelines for the time being. Full multiyear funding needs to be obtained by March 2020 to enable the work to continue as planned. These (Transport and Corporate Technology Risk Remediation Programmes and the Revitalising the Transport Agency Programme) are multi-year programmes of work that will need to be delivered if we are to reduce the risk of technology system failure today and enable the organisation to perform at the level required in future.</i>				
8.1	Identify ways to improve how the Transport Agency's culture, capability (people, policy, process and technology platforms) and capacity can support its strategic intentions, including:	G	A	A	G/A
8.1.1	Continue to develop and implement our workforce strategy and supporting capability plan, focused on identifying future capabilities required and how we might develop, recruit, build or partner with others to bring these skills into the Transport Agency. In particular, ensure we have the capability to take a strong leadership role in the investment and delivery of public transport, rail and walking and cycling to achieve government outcomes:	G	G	G	G
8.1.2	Expand our existing assurance and risk management programme over core internal controls, probity, contract management and infrastructure projects. This will provide greater insight and assurance over the delivery of our strategy and monitoring of key risks	G	A	A	G/A
	<i>During Q2, a set of 15 key risk indicator dashboards were developed for the Regulatory Group. Rolling six-month audit programme was approved by the Board Chair in October 2019. Internal and Investment audit programmes on track. A risk workshop is scheduled with the Board on 19 February 2020.</i>				
8.1.3	Identify the organisational capabilities and enabling technology systems we need to improve while, in parallel, addressing immediate technology needs and capability gaps.	A	A	A	A/R
	<i>Enough funding has been obtained to enable these internal and external programmes to continue to planned timelines for the time being. Full multiyear funding needs to be obtained by March 2020 to enable the work to continue as planned. These (Transport and Corporate Technology Risk Remediation Programmes and the Revitalising the Transport Agency Programme) are multi-year programmes of work that will need to be delivered if we are to reduce the risk of technology system failure today and enable the organisation to perform at the level required in future.</i>				
8.1.4	Expand our programme of proactive and regular engagement with co-investors, partners and stakeholders based on openness and transparency. The programme will be supported by enhanced communications and measured annually.	G	G	G	G
8.3.1	Design and make changes to the Investment Decision Making Framework, including the Economic Evaluation Manual, working with councils, central government, iwi and disability representatives to develop a framework, policies and processes that are robust, transparent and easy to use and ensure the	A	A	G	G/A

		Budget	Timeline	Intended benefits	Overall year-end delivery confidence
	assessment and prioritisation of investments is mode neutral, system based, and considers all impacts, costs and benefits regardless of whether they can be quantified or monetised				
	<i>The draft Design report was released for consultation in December 2019, feedback from AOs due by 21 February 2020 in order to finalise significant changes affecting AOs. This includes developing guidance for considering assessment of options in business cases which will enable monitoring impacts on Te Ao Māori and other cultural values. Education, user-testing and development of training information will begin in Q3 and is on track for the changes to take effect on 1 July 2020.</i>				
8.3.2	Implement the new investment decision making framework that will align to the Transport Outcomes Framework, easily adapt for each Government Policy Statement on land transport, and support delivery of the best mix of investments to optimise benefits for people, the economy and the environment. This framework will be applied to any business cases for transport investment that are submitted after the framework is implemented and, where appropriate, to any existing business cases or projects that are re-evaluated	A	A	G	G/A
	<i>Benefits have been aligned with the Transport Outcomes Framework. Tools and guidance have been developed to apply these aligned benefits in the business case process, for example, in an appraisal summary table and guidance on multi-criteria analysis. The framework applies to business cases from 1 July 2020.</i>				
8.4	Complete the development of a comprehensive benefit management framework that allows us to tell the story of what our National Land Transport Programme investments have delivered across the government's key priorities.	N/a	G	G	G

Transport Agency

Output class measures

RAG status key for output class performance							
G	On track/achieved	A	Target not met and the risk of not achieving YE target is minimal	R	Target not met and will not achieve YE target	N/A	Not available
Measure		2018/19 Actual	2019/20 Target	Q2 result	Variance	Status	
Investment management							
IM1	Total cost of managing the funding allocation system as a percentage of National Land Transport Programme expenditure	1.03%	≤ 1.10%	1.14%	0%	A	
<i>A portion of the additional costs forecast (IT projects) flow to Investment Management activity class placing additional pressure on keeping costs within target.</i>							
IM2	Proportion of investments that meet the Transport Agency's investment thresholds level	89%	100%	95%	-5%	A	
<i>This measure is comprised of two components: investments meeting the Transport Agency's threshold levels and investment decisions that meet required process standards. While all investments met threshold levels, one of nine investment decisions reviewed did not meet required process standards. The Omokoroa Road Corridor Improvements decision was missing information pertaining to the economic evaluation and did not include any sensitivity analysis or peer review. The information provided indicated that the benefit cost ratio is unlikely to be correct.</i>							
IM3	Proportion of planned transport system master planning activities delivered	New measure	Baseline to be set	57%	Not applicable	N/A	
IM4	Proportion of transport system master planning activities delivered that were not planned	New measure	Baseline to be set	42%	Not applicable	N/A	
IM5	Proportion of sector research activities delivered to agreed standards and timeframes	96%	≥ 95%	91% ⁷	-4%	A	
<i>Out of 14 research projects with activities programmed to be delivered this quarter, three were delayed. These were all subsequently addressed with milestone date contract variations.</i>							
IM6	Proportion of investment audit activities completed	100%	100%	100%	0%	G	
IM7	Average number of days to action new funding approvals	24.9 working days	≤ 20 working days	15.4 working days	4.6 working days	G	

⁷ This measure is reported a quarter in arrears. This report covers information from 1 July to 30 September.
 NZ TRANSPORT AGENCY

APPENDIX 2 – SIGNIFICANT CAPITAL PROJECTS

Capital projects reporting Q2 2019/20

Overview

This report provides a summary of projects that are on track and off-track and key issues. Reporting is against the following keys:

KEY

Programme budget (overall progress against budget)		Programme schedule (against overall project and quarterly milestone)		Programmes risks (overall)	
	On budget		On schedule		No known risks to future delivery, costs or quality
	5-10% variance		Over schedule <3 months		There are risks to future delivery, cost increases and quality issues that require constant monitoring
	>10% variance		Over schedule >3 months		There are significant risks to delivery cost increases and quality that will adversely impact project

Progress status towards delivery of 2019/20 milestones					
	On-track and there are no known risks to achieving the year end milestone.		There are some issues/delays but there no known risks to achieving the year end milestone.		There are significant issues/delays and there are risks of not achieving the year end milestone.

Kaikōura earthquake response and Manawatu Gorge response

Kaikōura earthquake recovery   	
<p>Reinstatement programme: The reinstatement programme is now substantially complete.</p> <p>Improvement Programme: The improvement programme is progressing well. Following the latest correspondence from the Runanga in December 2019 we have paused progress on the shared use path.</p>	
2019/20 milestone	Construction continues.
Q2 milestones	<ul style="list-style-type: none"> • Half Moon Bay seawall blocks completed • Rakautara Safe Stopping Area open for use • Hundalees Gita repairs complete • Financial close out of 10% of projects complete
Q2 progress update against milestone	All milestones planned for Q2 have been completed, and a Q3 milestone, Jacobs Ladder A, has been completed earlier than planned. 

Te Ahu a Turanga, Manawatū Tarana Highway (Manawatū Gorge Replacement)		\$	OK	●	
<p>Budget The project is currently on budget. Several items have been identified during the design and consenting processes that could impact on the overall project budget, and it is expected a price level adjustment (PLA) will be prepared for the project early in 2020.</p>					
<p>Schedule Three of the four Q2 milestones are now expected to be delivered in Q3, largely due to consenting delays.</p>					
2019/20 milestone	Designate corridor, award alliance and start regional consenting.				
Q2 milestones	<ul style="list-style-type: none"> • Confirm designation, via removing appeals • Lodge resource consents • Detailed design commences • Sign Project Alliance Agreement 				
Q2 progress update against milestone	<p>Designation appeals are expected to be resolved in Q3. Main resource consents have been delayed to Q3, to allow a completed mitigation plan and to provide the full application required by Environment Court proceedings. Concept design confirmed and detailed design has commenced. Work with community and iwi partners is continuing. The Project Alliance Agreement signing will now take place in February 2020, due to refinement of target outturn cost.</p>				

Significant state highways

Detailed Business Case phase

Warkworth to Wellsford		\$	OK	●	
<p>The detailed business case for Warkworth to Wellsford is now complete and going through approval processes.</p>					
<p>Budget The approved budget does not have any contingency for the ongoing delays to lodgement or allow for potential Environment Court appeals.</p>					
<p>Schedule The two Q2 milestones were partially achieved. The 2019/20 milestone will not be achieved before 30 June 2020.</p>					
<p>Risks Uncertainty over lodgement timeframes is creating a reputational risk for the Transport Agency with property owners.</p>					
2019/20 milestone	Route protection application (designation and consents) decisions announced.				
Q2 milestone	Approve detailed business case (DBC) and lodge consents.				
Q2 progress update against milestone	<p>Documents required to lodge applications for route protection (designation and construction consents) are complete. The route protection process is expected to take approximately 8 months to complete from the DBC being approved. The DBC is currently awaiting approval.</p>				
Ōtaki to Levin		\$	OK	●	
<p>The project is now proceeding with the Detailed Business Case and Notice of Requirement. The project plan will reflect new scope, budgets and milestones.</p>					
2019/20 milestone	Programme and funding under review.				
Q2 milestone	Procure professional services and set up the project team.				
Q2 progress update against milestone	<p>Procurement of professional services and establishment of the project team is expected to be completed early in Q3 2019/2020.</p>				

Implementation phase

Pūhoi to Warkworth		\$	OK	●
<p>On target for completion in October 2021. The Transport Agency has been notified a delay claim is being prepared.</p>				
2019/20 milestone	Construction continues.			

Q2 milestones	<ul style="list-style-type: none"> 875,000m3 earthworks All pavement designs to be issued All embankment works in the central southern area to reach practical completion 	
Q2 progress update against milestone	Earthworks about to commence – contractor has appointed additional resources Pavement design is expected to be completed in early 2020.	
Western Ring Route		
Project practical completion has been achieved, with one separable portion still to complete due to an unforeseen requirement to relocate an underground water main. A PLA has been indicated.		
2019/20 milestone	Practical completion achieved.	
Q2 milestone	Practical completion achieved.	
Q2 progress update against milestone	Q2 milestone was achieved.	
SH1 Waikato Expressway: Longswamp Section		
All four lanes of the Longswamp section of the Waikato Expressway opened to traffic before Christmas 2019. Final surfacing work will be completed by April 2020. Pavement quality is being addressed by introducing a levelling layer prior to the final surfacing.		
2019/20 milestone	Practical completion achieved.	
Q2 milestone	Practical completion achieved.	
Q2 progress update against milestone	The Q2 milestone to issue practical completion for Separable Portion 1 has been achieved. Final surfacing is underway.	
SH1 Waikato Expressway: Huntly Section		
The project is scheduled to open to traffic in Q3. A recent Treasury Gateway Review rated this project Green with a good level of confidence around the project opening, budget and quality.		
2019/20 milestone	Practical completion.	
Q2 milestone	No Q2 milestone.	
SH1 Waikato Expressway: Hamilton Section		
Originally due to open in June 2019. Following the two initial construction seasons where poor weather hindered progress, the project programme has been reforecast. The project is now ontrack for the newly programmed opening date of late 2021. The Q3 milestone of opening the Horsham Downs Bridge was completed earlier than expected on 19 December 2019. Project outturn cost has stabilised. Forecast is currently within the allocated budget, however will come under further pressure as the Alliance identifies and values variations.		
2019/20 milestone	Continue construction.	
Q2 milestone	Southern interchange earthworks complete.	
Q2 progress update against milestone	Southern Interchange Earthworks underway.	
Transmission Gully		
The PPP Contract restructure has been approved by the Transport Agency Board and all documents executed. A revised delivery date of 1 November 2020 has been agreed with the Contractor, with a late date of 18 December 2020. This has moved project status from amber to green for both time and cost based on the settlement of the dispute. The new construction season has started well with good progress made between September and November 2019. * Costs greater than original budget.		
2019/20 milestone	Construction continues.	
Q2 milestone	Zone 3 (Cannons Creek to Linden) earthworks complete.	

Q2 progress update against milestone	Q3 milestone achieved	
Peka Peka to Ōtaki		  
<p>A PLA was approved by the Transport Agency Board in November 2019, comprising several items including pavement re-design, increased property costs, increased quality control on pavement delivery, and implementation of a Transport Technology Integration Framework (TTIF).</p> <p>The contractor has submitted their Extension of Time (EOT) claim associated with integration of the shared path, and there is likely to be a further EOT claim relating to the delays associated with the pavement re-design. Based on the Engineer's assessment, road opening is assumed to be mid 2021, with practical completion in November 2021.</p>		
2019/20 milestone	Construction continues.	
Q2 milestones	<ul style="list-style-type: none"> • Open Rahui Road to traffic • Commencement of Bridge 9 West 	
Q2 progress update against milestone	Rahui Road has been reopened to local traffic, which was a great result for the project, iwi and the local community. Commencement of Bridge 9 West abutment has been delayed until early January 2020 to allow for completion of the northern end of the local arterial road and enable the traffic switch to occur after the peak holiday traffic period.	
CHCH Northern Arterial Rural with QE2		  
<p>The project is on schedule for a June 2020 opening, including high occupancy vehicle (HOV) lane. Initial enforcement of the HOV lane will be coordinated with NZ Police while capability is built within the Transport Agency.</p>		
2019/20 milestone	Complete all bridges.	
Q2 milestone	Complete deck widening on Waimakariri River bridge.	
Q2 progress update against milestone	Widening of Waimakariri river bridge is now complete and ready for sealing.	
CHCH Southern Motorway (Stage 2)		  
<p>The project is over budget due to several design and construction issues, although we have now reached an in-principle agreement with the contractor and have resolved outstanding contractual matters. The project is due to be completed in May 2020.</p> <p>A cyclist was tragically killed on site in late 2019 by a turning truck. This is subject to police investigation.</p>		
2019/20 milestone	Complete all bridges.	
Q2 milestone	Complete 8/8 bridges.	
Q2 progress update against milestone	Construction of all bridges has now been completed.	

Post implementation phase

SH1 WEx Rangiriri Section		  
The project is open to traffic.		
2019/20 milestone	Place final asphalt surfacing.	
Q2 milestone	No Q2 milestone.	

Significant investments in Auckland

Detailed Business Case phase

Auckland Harbour Bridge Shared Path (AHBSP) and SeaPath		\$	100%	●
<p>AHBSP</p> <p>The agreement to purchase the SkyPath Trust's Intellectual Property (IP) for the SkyPath concept design was concluded in December 2019. The consent application for AHBSP is programmed for lodgement in late May 2020.</p> <p>The procurement strategy was endorsed by the Transport Agency Board in October 2019. The Detailed Business Case was endorsed in December 2019, as well as funding for the pre-implementation phase, property acquisition and construction.</p> <p>Geotechnical investigations for the AHBSP commenced on the southern side of the Auckland Harbour Bridge in mid-December 2019. Investigations, analysis, specimen design and consenting activities for the AHBSP are continuing in parallel with the procurement process. The main project risks are around the consenting and property acquisition processes.</p> <p>SeaPath</p> <p>The NZTA Board approved implementation funding for construction of SeaPath in December 2019. The investigation, design and consenting activities for SeaPath are in progress. Procurement of the SeaPath construction contract is presently timetabled for late 2020, with contract award in the first quarter of 2021.</p>				
2019/20 milestone	Complete detailed business case and seek approval and funding for preferred option. Commence consenting for preferred option (if consenting unnecessary, complete detailed design for preferred option).			
Q2 milestone	Complete detailed business case and seek approval and funding for preferred option.			
Q2 progress update against milestone	<p>Procurement of a detailed design and construction partner for the AHBSP Hybrid Alliance is underway and will proceed through to award and formation of the AHBSP interim Alliance in late 2020.</p> <p>The Detailed Business Case was endorsed in December 2019, as well as funding for the pre-implementation phase, property acquisition and construction.</p>			
Additional Waitemata Harbour Connections		\$	100%	●
<p>The draft business case is expected to be completed in early 2020 and is proposed to go to the Transport Agency Board mid-2020. This delay in schedule is to address partner alignment between the Transport Agency, Auckland Council, and Auckland Transport. Project risks include costs and processes arising from land acquisition.</p>				
2019/20 milestone	Complete business case.			
Q2 milestone	Take the business case to the Transport Agency Board for approval.			
Q2 progress update against milestone	This project is now proposed to go to the Transport Agency Board mid-2020.			

Pre-implementation phase

East West Link		\$	100%	●
<p>We are continuing to investigate a re-evaluated scope for the project.</p> <p>Discussions are continuing with the aim of resolving Environment Court appeals. The other four appeals are going to court collectively in mid-2020. The outcomes of the High Court appeals could affect the delivery of the consented development and restrict possible options for a revised scope.</p> <p>Next steps are to complete additional analysis before taking the new scope to the Transport Agency Board.</p>				
2019/20 milestone	No confirmed milestones			
Q2 milestone	Continue discussions with appellants to the designation.			
Q2 progress update against milestone	Discussions with appellants to the designation continued.			

Implementation phase

Northern Corridor Improvements - Overall Package		\$	OK	●
The target completion date remains May 2022, project remains on budget.				
2019/20 milestone	Construction continues.			
Q2 milestones	<ul style="list-style-type: none"> • Mediation on ACI Sub-contract dispute • Reconcile Variation Orders • Implement November Traffic Switch • Complete & Commission National Hockey Centre 			
Q2 progress update against milestone	While not critical to the programme, several targets are complex issues that need to be resolved. Key project delivery targets have been met, and National Hockey Centre successfully opened on 13 December 2019.			🎯
SH1 Southern Corridor Improvements		\$	OK	●
An additional (third) lane on the Southern Motorway in both directions between Papakura and the northern side of the Takanini Interchange opened in time for Christmas and summer holiday peak travel. The remainder of the project, including shared use path and Great South Rd local road improvements are expected to be complete in Q3.				
2019/20 milestone	Construction completed and handed over to the network team.			
Q2 milestones	Three lanes available the length of the project north and south bound.			
Q2 progress update against milestone	<p>Q2 milestone achieved.</p> <p>While three lanes in each direction were open before Christmas 2019, the final seal will go down in early 2020. The shared use path and works on Great South Rd will be completed in Q3.</p>			🎯

Investment in regional connections

Business Case phase

Nelson Future Access		\$	OK	●
The detailed business case is expected to be completed by October 2020. This is several months behind schedule, due to procurement and project scope taking longer than expected.				
2019/20 milestone	Develop detailed business case(s).			
Q2 milestone	Network Operating Framework gap analysis complete to inform long list.			
Q2 progress update against milestone	Network Operating Framework gap analysis is complete, informing the long list of options and intervention package development and assessment.			🎯
Twin Coast Discovery Route business cases (Provincial Growth Fund)		\$	OK	●
2019/20 milestone	Deliver seven business cases to the Ministry of Transport.			
Q2 milestone	Final business cases to Ministry of Transport.			
Q2 progress update against milestone	All seven business cases completed and delivered to Ministry of Transport.			🎯
SH43 Forgotten Highway (Provincial Growth Fund)		\$	OK	●
2019/20 milestone	Pre-implementation complete by December 2020.			
Q2 milestone	Initial planning phase underway.			
Q2 progress update against milestone	Funding Agreement for implementation executed on 29 November 2019. Consultant for professional services has been commissioned. Initial planning is underway.			🎯

Pre-Implementation phase

SH10 Waipapa Intersection Improvement (Provincial Growth Fund)		\$	▶▶	●
On budget and on schedule for an expected completion date of December 2020.				
2019/20 milestone	Construction complete by December 2020.			
Q2 milestone	Resource consents granted by 31 December 2019.			
Q2 progress update against milestone	Early works commenced with permission of local authorities. Regional council consent received; working closely with Far North District Council to facilitate remaining consent.			🎯
SH35 Route Security (Provincial Growth Fund)		\$	▶▶	●
2019/20 milestone	Option shortlist approved by March 2020.			
Q2 milestone	Commence community and iwi engagement by 31 December 2019.			
Q2 progress update against milestone	Community engagement has been completed.			🎯

Implementation phase

Whirokino Trestle Bridge		\$	▶▶	●
Opening will occur in early 2020, ahead of the contractual completion date.				
2019/20 milestone	Open to traffic and practical completion.			
Q2 milestone	New alignment open to traffic.			
Q2 progress update against milestone	Opening will occur early in 2020 to allow time to complete the tie-ins to the existing state highway.			🎯
State Highway 2 Motu Bridge Replacement		\$	▶▶	●
New Motu bridge is open to traffic and the old Motu bridge removal is complete. Stage 2 (south side / 250m of road pavement construction) commenced in October 2019.				
2019/20 milestone	Construction completed.			
Q2 milestone	Contractor returns to site.			
Q2 progress update against milestone	Contractor returned to site on 19 October and commenced work.			🎯
New Ōpaoa River Bridge		\$	▶▶	●
Bridge structure is 90% complete - all beams were in place by the end of November and the final deck pour was completed before Christmas 2019.				
2019/20 milestone	Practical completion.			
Q2 milestone	Substantial completion of installation of bridge beams.			
Q2 progress update against milestone	The Q2 milestone was achieved in November.			🎯
Loop Road North to Smeatons Hill safety improvements		\$	▶▶	●
This contract was awarded later than the tender date. This delay has potentially added an additional construction season to the programme and an extension of time. The project team is working collaboratively to recover the time lost and complete the project on time.				
2019/20 milestone	Loop Road North Roundabout constructed.			

Q2 milestone	Traffic switch to new alignment (east of existing) to allow roundabout construction.			
Q2 progress update against milestone	Traffic switch to new alignment was successfully implemented on 2 November 2019. A PLA for the dual-lane roundabout scope variation was approved on 9 December 2019.			
SH3 Awakino Tunnel Bypass				
On budget and on schedule for an expected completion date of September 2022.				
2019/20 milestone	Construction start.			
Q2 milestone	Construction start.			
Q2 progress update against milestone	Construction started.			
Mt Messenger Bypass				
The project continues to be delayed due to consenting and property issues. Resource consent and designation was received on 19 December 2019. While the approval is “interim”, it is favourable toward the Transport Agency and is subject to the finalisation of the Ngati Tama Agreement. In the interim, the Mount Messenger Alliance has been repurposed to design the permanent solution for State Highway 4 Matahiwi, providing a mitigation for much of the costs associated with pausing the Mt Messenger project.				
2019/20 milestone	Resource Management Act (RMA) appeals resolved, property rights and pest mitigation area secured.			
Q2 milestone	<ul style="list-style-type: none"> Environment Court RMA appeals hearing decision received Ngati Tama agreement finalised and signed Project affordability review complete 			
Q2 progress update against milestone	Interim designation was received on 19 December 2020. Ngati Tama will take offer to iwi members for a vote in February 2020, with ultimate acceptance of mitigation and land offers due in March 2020. Project affordability review complete.			
Hawke's Bay Expressway Safety Treatments				
Construction continues and is on programme.				
2019/20 milestone	Practical completion achieved on main contract works			
Q2 milestone	Construction continuing.			
Q2 progress update against milestone	Construction continuing.			
Prebensen Hyderabad Intersection upgrade				
A re-evaluation of the project scope and benefits is being undertaken, looking more at walking and cycling connectivity as well as efficiency improvements.				
2019/20 milestone	Re-evaluation of the project scope and benefits.			
Q2 milestone	Complete re-evaluation / re-scope and get approval from delegations to proceed with recommended option.			
Q2 progress update against milestone	Re-evaluation is being finalised. A PLA for scope and price change, along with re-evaluation report, will be considered for approval in Jan 2020.			

APPENDIX 3 – NEW ZEALAND TRANSPORT AGENCY AND NATIONAL LAND TRANSPORT FUND FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

This Appendix includes special purpose financial statements and explanatory notes for both New Zealand Transport Agency (Transport Agency) and National Land Transport Fund (NLTF) for the six-month period ending 31 December 2019 (the “interim statements”). The statements should be read in conjunction with the normal quarterly information contained on pages 17 to 24, and the Transport Agency and NLTF annual financial statements for the year ended 30 June 2019.

This is the second time that the Transport Agency has published the special purpose interim statements. The interim statements have been prepared in accordance with generally accepted accounting principles (GAAP). The accounting policies adopted are consistent with those followed in the preparation of the Transport Agency and NLTF’s annual financial statements for the year ended 30 June 2019. The interim statements are unaudited.

The preparation and publication of interim statements is designed to provide additional transparency over the financial performance of the Transport Agency and its management and disbursement of the NLTF.

Highlights from Transport Agency financial statements:

- A decrease in the surplus/(deficit) from \$1.2 million at 31 December 2018 to (\$12.6 million) at 31 December 2019, mainly reflecting the cost increases to better meet the Transport Agency’s regulatory obligations and to address issues and risk with legacy information technology systems.
- Public-private partnership assets increased from \$1,316.4 million at 30 June 2019 to \$1,742.9 million at 31 December 2019 and mainly reflects the settlement of the Transmission Gully claim for \$190.6 million, the provision for the proposed Pūhoi to Warkworth settlement of \$83.0 million and an increase in work in progress.
- A substantial reduction in payables to \$411.6 million from \$490.7 million at 30 June 2019, which reflects the significant number of claims from approved organisations made at the end of each financial year.

Highlights from NLTF financial statements:

- NLTF revenue of \$2,059.4 million is higher than the previous comparative period of \$1,944.4 million with the increase in FED and RUC rates applying from 1 October 2019.
- NLTF expenditure of \$2,183.0 million is higher than the previous period expenditure of \$1,746.4 million and budget of \$1,859.4 million mainly due to higher spending on state highway improvements including the settlement of Transmission Gully claims for \$190.6 million and the provision for the Pūhoi to Warkworth settlement of \$83.0m.
- Cash and cash equivalents balance \$234.9 million at 31 December 2019 is significantly lower than \$419.0 million at 30 June 2019 due to the settlement payment for the Transmission Gully claim.
- The NLTF general funds balance moved in the period to (\$2,174.8 million) from (\$1,882.7 million) at 30 June 2019. The negative balance mainly reflects debt obligations, including public-private partnerships held by the Transport Agency to be met from future land transport revenue.

Signed by:

Howard Cattermole
Chief Financial Officer
29 February 2020

NZ TRANSPORT AGENCY SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of comprehensive revenue and expense For the half year ended 31 December 2019

	Note	Actual Unaudited HY 2019/20 \$M	Budget Unaudited HY 2019/20 \$M	Actual Unaudited HY 2018/19 \$M
Revenue				
Funding from the National Land Transport Fund	1	1,252.3	1,175.4	1,065.4
Funding from the Crown	1	47.9	43.6	53.9
Revenue from other activities	1, 3	108.5	100.6	114.9
Total revenue		1,408.7	1,319.6	1,234.2
Expense				
Land transport funding		979.0	881.3	797.2
Employee costs*		61.0	62.0	51.1
Operating expenses		96.3	91.5	90.5
Interest and finance costs		3.9	11.0	12.9
Depreciation, amortisation and state highway write-off	4	281.1	281.8	281.3
Total expense	1	1,421.3	1,327.6	1,233.0
Surplus/(deficit)		(12.6)	(8.0)	1.2
Other comprehensive revenue and expense				
Gain/(loss) state highway network	4	(27.9)	0.0	21.5
Net movement in cash flow hedges		(10.6)	0.0	(82.3)
Total other comprehensive revenue and expense		(38.5)	0.0	(60.8)
Total comprehensive revenue and expense		(51.1)	(8.0)	(59.6)

* Excludes contractor costs

NZ TRANSPORT AGENCY SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of financial position As at 31 December 2019

		Actual	Budget	Actual
		Unaudited HY 2019/20 \$M	Unaudited HY 2019/20 \$M	Audited FY 2018/19 \$M
	Note			
Assets				
Cash and cash equivalents		82.2	50.0	81.4
Debtor Crown		14.2	64.3	33.8
Receivables and other assets		96.6	76.3	119.3
Debtor National Land Transport Fund		284.0	229.5	335.7
Debtor National Land Transport Fund – debt related		2,391.7	2,399.2	2,223.2
Property assets held for sale		14.8	35.0	14.8
Public-private partnership assets	5	1,742.9	1,647.8	1,316.4
Property, plant, equipment and intangible assets		62.3	67.2	60.3
State highway network	4	50,133.9	47,488.7	49,657.0
Total assets		54,822.6	52,058.0	53,841.9
Liabilities				
Payables		411.6	416.6	490.6
Employee entitlements		16.4	19.0	15.0
Derivative financial liability		469.0	298.3	461.7
Borrowing and other liabilities		456.2	447.5	449.2
Public-private partnership liabilities	5	1,469.3	1,647.8	1,316.4
Total liabilities		2,822.5	2,829.2	2,732.9
Net assets		52,000.1	49,228.8	51,109.0
Equity				
Contributed capital		0.0	5.6	0.0
Retained funds		11.5	20.1	24.3
Equity derived from the state highway network		52,390.8	49,428.3	51,476.3
Cash flow hedge reserve		(402.2)	(225.2)	(391.6)
Total equity	6	52,000.1	49,228.8	51,109.0

NZ TRANSPORT AGENCY SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of changes in equity For the half year ended 31 December 2019

		Actual	Budget	Actual
		Unaudited HY 2019/20	Unaudited HY 2019/20	Unaudited HY 2018/19
	Note	\$M	\$M	\$M
Balance at 1 July		51,109.0	48,374.0	44,265.5
Surplus/(deficit)		(12.6)	(8.0)	1.2
State highway network		(27.9)	0.0	21.5
Movement in cash flow hedges		(10.6)	0.0	(82.3)
Capital contribution		942.2	862.8	852.6
Balance as at 31 December	6	52,000.1	49,228.8	45,058.5

NZ TRANSPORT AGENCY SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of cash flows For the half year ended 31 December 2019

	Actual	Budget	Actual
	Unaudited HY 2019/20 \$M	Unaudited HY 2019/20 \$M	Unaudited HY 2018/19 \$M
Cash flows from operating activities			
Receipts from the National Land Transport Fund	1,361.7	1,444.3	1,366.2
Receipts from the Crown	70.8	29.7	61.5
Receipts from other revenue	125.6	126.0	120.1
Payments to employees	(59.1)	(62.3)	(55.5)
Payments to suppliers	(1,223.3)	(1,238.9)	(1,138.3)
Goods and services tax (net)	(12.5)	-	(14.5)
Net cash from operating activities	263.2	298.8	339.5
Cash flows from investing activities			
National Land Transport Fund receipts from sale of state highway – held properties	0.0	12.8	12.8
Purchase of property, plant, equipment and intangible assets	(8.1)	(9.7)	(6.8)
Investment in the state highway network	(982.2)	(868.6)	(949.6)
Net cash from investing activities	(990.3)	(865.5)	(943.6)
Cash flows from financing activities			
Capital contribution from the National Land Transport Fund	704.4	500.1	541.3
Capital contribution from the Crown	23.3	56.1	79.5
Receipts from borrowing	3.7	14.4	31.8
Repayment of borrowing	0.0	0.0	(11.0)
Interest paid on borrowing	(3.5)	(3.9)	(3.0)
Net cash from financing activities	727.9	566.7	638.6
Net increase/(decrease) in cash and cash equivalents	0.8	(0.0)	34.5
Cash and cash equivalents at the beginning of the year	81.4	50.0	120.3
Cash and cash equivalents at the end of the year	82.2	50.0	154.8

NZ TRANSPORT AGENCY SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Reconciliation of net surplus to net cash from operating activities

	Actual	Budget	Actual
	Unaudited	Unaudited	Unaudited
	HY	HY	HY
	2019/20	2019/20	2018/19
	\$M	\$M	\$M
Surplus/(deficit)	(12.6)	(8.0)	1.2
Add/(deduct) non-cash/non-operating items:			
Depreciation, amortisation and state highway write-off	281.1	281.8	281.3
Movement in discounting of receivables	(3.5)	4.3	(1.5)
Interest on borrowing	2.8	7.6	2.7
Movement in discounting of borrowing	3.6	0.0	(1.9)
Movement in ineffective portion of cash flow hedge	(3.3)	(0.9)	4.2
Total non-cash/non-operating items	280.7	292.8	284.8
Add/(deduct) movements in working capital:			
(Increase)/decrease in Debtor National Land Transport Fund and Debtor Crown	61.3	252.2	270.1
(Increase)/decrease in receivables and other assets	22.6	25.4	26.7
Increase/(decrease) in creditors and other payables	(90.2)	(263.3)	(242.9)
Increase/(decrease) in employee entitlements	1.4	(0.4)	(0.4)
Net movements in working capital items	(4.9)	13.9	53.5
Net cash from operating activities	263.2	298.7	339.5

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

1 Operating funding revenue and expense

	Funding revenue			Expense		
	Actual	Budget	Actual	Actual	Budget	Actual
	HY	HY	HY	HY	HY	HY
	2019/20	2019/20	2018/19	2019/20	2019/20	2018/19
	\$M	\$M	\$M	\$M	\$M	\$M
National Land Transport Fund						
State highway improvements	274.4	281.4	278.0	275.0	275.0	278.4
Local road maintenance	272.0	268.7	262.6	272.0	268.7	262.6
State highway maintenance	249.6	208.5	218.1	258.4	207.4	228.1
Public transport	248.1	218.7	175.2	248.1	218.7	175.0
Local road improvements	96.5	82.8	74.5	96.5	83.0	74.5
Local road improvements (Housing Infrastructure Fund)	4.6	10.1	0.0	4.6	14.1	0.9
Investment management	35.3	32.9	22.4	36.3	33.9	23.7
Road safety promotion and demand management	22.2	22.0	15.4	22.3	23.0	15.5
Transitional rail	23.3	17.3	0.1	23.3	17.3	0.1
Walking and cycling	14.3	15.7	16.7	14.3	15.7	16.7
Regional improvements	9.6	14.9	0.0	9.6	14.9	0.0
Revenue collection and administration	2.4	2.4	2.4	2.7	2.2	2.6
Other	0.0	0.0	0.0	0.0	0.0	1.0
Total National Land Transport Fund funding and expense	1,252.3	1,175.4	1,065.4	1,263.1	1,173.9	1,079.1
Crown						
SuperGold card administration and public transport concessions	29.0	27.0	27.3	29.0	27.0	27.3
Kaikōura earthquake response	5.9	10.2	15.5	5.9	10.2	15.5
Other Crown funding and expense	13.0	6.4	11.1	14.0	6.9	12.0
Total Crown funding and expense	47.9	43.6	53.9	48.9	44.1	54.8
Total	1,300.2	1,219.2	1,119.3	1,312.0	1,218.0	1,133.9
Total funding and expense from fees, charges and other revenue	108.5	100.6	114.9	109.3	109.6	99.1
Total revenue and expense	1,408.7	1,319.6	1,234.2	1,421.3	1,327.6	1,233.0

Operating spend between the Transport Agency and other approved organisations

The total land transport funding paid from the National Land Transport Fund to approved organisations was \$979.0 million (HY 2018/19 \$797.2 million).

The total for the Transport Agency's maintenance of state highways and operating expense was \$442.3 million (HY 2018/19 \$435.8 million).

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

2 Capital funding and expenditure

	Capital funding			Capital expenditure		
	Actual	Budget	Actual	Actual	Budget	Actual
	HY 2019/20 \$M	HY 2019/20 \$M	HY 2018/19 \$M	HY 2019/20 \$M	HY 2019/20 \$M	HY 2018/19 \$M
National Land Transport Fund						
State highway improvements	324.2	299.3	286.9	324.2	298.4	286.9
Public-private partnerships	437.1	295.3	286.1	437.1	295.3	286.1
State highway maintenance	60.8	115.3	92.1	60.8	116.0	92.3
Regional improvements	37.3	51.0	66.6	37.3	51.0	66.6
Public transport	30.8	30.4	30.7	31.0	30.4	30.7
Rapid transit	15.4	6.0	5.3	15.4	7.5	5.3
Walking and cycling	6.7	20.7	8.3	6.7	20.7	8.3
Investment management	0.7	0.0	0.0	0.7	0.0	0.0
Road safety promotion and demand management	0.6	0.7	0.1	0.6	0.7	0.1
Auckland Transport Package	0.0	0.0	12.5	0.0	0.0	12.5
Total National Land Transport Fund capital funding and expenditure	913.6	818.7	788.6	913.8	820.0	788.8
Crown						
Kaikōura earthquake response	15.2	23.7	52.0	15.2	23.7	52.0
Other Crown capital funding and expenditure	11.4	32.3	8.8	11.4	32.3	8.8
Total Crown capital funding and expenditure	26.6	56.0	60.8	26.6	56.0	60.8
Total capital funding and expenditure	940.2	874.7	849.4	940.4	876.0	849.6

Capital funding is recognised as a capital contribution when expenditure for capital projects is incurred.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

3 Other revenue

	Actual HY 2019/20 \$M	Actual HY 2018/19 \$M
Fees and charges		
Motor vehicle licensing fees	27.2	28.1
Driver licensing fees	18.5	17.7
Driver testing fees	12.9	12.3
Road user charges collections	6.6	6.7
Transport licensing fees	6.3	6.4
Certification review fees	6.2	6.3
Standards development fee and certification levies	3.7	3.8
Over-dimension and overweight permits	0.7	0.7
Rail licensing fees	0.4	0.6
Border inspection fees	0.4	0.4
Total fees and charges	82.9	83.0
Recoveries from National Land Transport Programme activities	8.9	10.4
Tolling fees and contributions	7.9	7.7
Interest and finance income	4.9	10.3
Levy on personalised plates for community road safety initiatives	2.0	1.9
Rental recoveries	1.0	0.7
Administration fee from Accident Compensation Corporation	0.3	0.3
Miscellaneous revenue	0.7	0.6
Total revenue from other activities	108.5	114.9

4 State highway network

	Actual HY 2019/20 \$M	Actual FY 2018/19 \$M
	Note	
Opening balance	49,657.0	43,204.3
Additions	779.8	1,752.5
Depreciation	(270.0)	(497.5)
Write-offs	(5.0)	(42.1)
Assets vested to local authorities	-	(24.4)
Disposals	-	(35.9)
Movement in value of state highway network	(27.9)	5,265.3
Assets transfer from/(to) held for sale	-	34.8
Closing balance	50,133.9	49,657.0

a. Depreciation, amortisation and state highway write-off balance in the statement of comprehensive revenue and expense included \$6.1 million (FY 2018/19 : \$12.7 million) of depreciation and amortisation relating to property, plant, equipment and intangible assets which are not included in the state highway network disclosure above.

b. The period ended 31 December 2019 includes an impairment against the revaluation reserve for the pavement degradation of the Ngāruawāhia and Te Rapa sections of the Waikato Expressway totalling \$27.9 million.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

5 Public-private partnership assets and liabilities

Public-private partnerships

The Transport Agency has entered into public-private partnership agreements with:

- Wellington Gateway Partnership to deliver the Transmission Gully project
- Northern Express Group to deliver the Pūhoi to Warkworth project.

Public-private partnerships for the construction of state highways are treated as service concession arrangements and accounted for in accordance with PBE IPSAS 32 *Service Concession Arrangements: Grantor*.

During construction the cumulative cost, including financing, is recognised as an asset. A matching liability represents the Transport Agency's obligations under the agreement should conditions exist such that the agreement will not continue through to the service commencement date. Before the service commencement date, there are no scheduled payments under the agreement.

On completion, the asset and liability will be remeasured to fair value. Once operational, the public-private partnership assets will be accounted as part of the Transport Agency's state highway assets.

From the time the public-private partnership assets become operational, the Transport Agency will pay the contractor a unitary charge quarterly in arrears, subject to satisfactory performance against agreed service levels. The corresponding reduction in the public-private partnership liability will be recognised in the period incurred.

The operational agreements run for 25 years from the service commencement date, after which the responsibility for ongoing operation and maintenance of both roads will revert to the Transport Agency. As both projects are under construction, no depreciation on the assets has been incurred.

Transmission Gully public-private partnership

In February 2019, the Transport Agency received a claim for \$352.0 million from CPB Contractors Pty Limited and HEB Construction Limited (together the Builder), passed through by Wellington Gateway Partnership No. 2 LP, in relation to the Transmission Gully project. The claim related to delays in the commencement of work on Transmission Gully. The claim has been previously disclosed as a contingent liability in the Transport Agency's Annual Report for the year ended 30 June 2019.

In December 2019, the Transport Agency and the Builder entered a pre-settlement agreement for all prior claims in respect of the Transmission Gully project subject to satisfying certain conditions. Under the pre-settlement agreement, the Transport Agency has paid the Builder the agreed amount of \$190.6 million with the Builder providing the Transport Agency with "on-demand" bank bonds for the same amount which may be redeemed by the Transport Agency should the Builder not meet the conditions of the pre-settlement agreement. The payment of \$190.6 million has been capitalised as part of the public-private partnership asset. As a result, the public-private partnership asset is greater than the public-private partnership liability as at 31 December 2019.

As the planned settlement would be a full and final payment in respect of the claims relating to Transmission Gully, the contingent liability of \$352.0 million no longer exists.

Pūhoi to Warkworth public-private partnership

On 30 September 2019, the Transport Agency entered without prejudice discussions with the NX2 Group (representing the Builder and Contractor) regarding various contractual claims to recover additional costs they have incurred on the project in relation to delays and disruption. The Builder and Contractor indicated that the additional costs incurred were approximately \$150 million in total. The Builder and Contractor are in the process of finalising their claim against the Transport Agency. In parallel the parties are in negotiations to try to resolve the disputes on this project. As a result of the progress of those discussions the Transport Agency has made an estimate for sums that could be paid to the Builder to resolve the claims, which have been added to the PPP asset.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

6 Equity and capital management

The table below shows movements in equity during the year.

	General funds \$M	Retained funds \$M	Memorandum accounts \$M	Equity derived from the state highway network \$M	Cashflow hedge reserve \$M	Total \$M
Balance at 1 July 2018	5.6	16.4	26.9	44,344.8	(128.2)	44,265.5
Surplus/(deficit)	0.0	21.4	(23.9)	0.0	0.0	(2.5)
Other comprehensive revenue and expense	0.0	0.0	0.0	5,265.3	(263.4)	5,001.9
Total comprehensive revenue and expense	0.0	21.4	(23.9)	5,265.3	(263.4)	4,999.4
Changes in equity – capital contribution from National Land Transport Fund	0.0	0.0	0.0	1,842.3	0.0	1,842.3
Changes in equity – prior year adjustment for PBE IFRS 9 expected credit loss	0.0	(0.7)	0.0	(0.7)	0.0	(1.4)
Changes in equity – prior year Community Road Safety Programme to equity	0.0	3.2	0.0	0.0	0.0	3.2
Changes in equity – transfer regulatory losses from memorandum accounts to retained funds	0.0	(4.2)	4.2	0.0	0.0	0.0
Changes in equity – transfer rail licensing deficit to retained funds	0.0	(2.5)	2.5	0.0	0.0	0.0
Changes in equity – transfer from general funds	(5.6)	5.6	0.0	0.0	0.0	0.0
Changes in equity – transfer developer contributions from retained funds to equity derived from the state highway network	0.0	(24.6)	0.0	24.6	0.0	0.0
Total changes in equity	(5.6)	(1.8)	(17.2)	7,131.5	(263.4)	6,843.5
Balance at 30 June 2019/1 July 2019	0.0	14.6	9.7	51,476.3	(391.6)	51,109.0
Surplus/(deficit)	0.0	(1.8)	(10.8)	0.0	0.0	(12.6)
Other comprehensive revenue and expense	0.0	0.0	0.0	(27.9)	(10.6)	(38.5)
Total comprehensive revenue and expense	0.0	(1.8)	(10.8)	(27.9)	(10.6)	(51.1)
Changes in equity	0.0	(0.2)	0.0	942.4	0.0	942.2
Total changes in equity	0.0	(2.0)	(10.8)	914.5	(10.6)	831.5
Balance at 31 December 2019	0.0	12.6	(1.1)	52,390.8	(402.2)	52,000.1

Memorandum accounts

Below are the closing balances of the memorandum accounts by funding activities.

	Actual	Actual
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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

	Note	HY 2019/20 \$M	FY 2018/19 \$M
Driver licensing and testing		(2.7)	0.2
Regulation of commercial transport operators and the rail transport system		(5.5)	(1.0)
Road user charges collections		(0.7)	0.3
Vehicle safety and certification	a	7.8	10.2
Total memorandum accounts – other fees and charges		(1.1)	9.7

a.. Vehicle safety and certification activities include border inspections, certification reviews, motor vehicle licensing, and standards development and certification.

Memorandum accounts reflect the cumulative surplus or deficit of those regulatory services that are intended to be fully recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend to zero over time. The Transport Agency has commenced a fee and funding review for its regulatory activities. In September 2019, Cabinet approved two repayable loans of \$15 million to provide interim financing for rectification costs and \$30 million for the operational deficit and additional 'back to basics' regulatory costs to remedy deficiencies in regulatory operations. In addition to the interim financing, a comprehensive review of regulatory fees and funding is underway to address the long-term structural deficit. A Cabinet paper is planned for March or April 2020. However, a new regulatory funding regime will not take effect before 1 July 2021 at the earliest. Further funding or financing will be required to meet the costs of the regulatory function until a new funding regime is in place.

7 Contingencies

Contingent liabilities as at 31 December 2019

Regulatory function

The Transport Agency has changed the way it manages its regulatory function. As a result of these changes, several service providers were suspended during the period to 30 June 2019, and the Transport Agency has offered to pay certain re-certification costs for work undertaken by the suspended service providers where a potential safety risk exists. The Transport Agency has provided \$3.9 million for the cost of these re-certifications. If further non-compliance issues with other regulated service providers are discovered, additional costs may be incurred. Until ongoing investigations are completed, the final costs of regulatory re-certification are uncertain.

There are currently regulatory appeals before the courts against decisions made by the Transport Agency in its capacity as regulator. These include appeals against decisions to decline to grant or revoke a passenger endorsement, revoke a transport service licence, revoke a vehicle inspector's appointment or request the return of a personalised licence plate. The estimated value of possible obligations arising from current regulatory appeals is not material.

Roading and other contract disputes

There are claims totalling \$51.2 million (2018/19: \$385.4 million) relating to a variety of roading and other contract disputes.

Apart from the above matters, there is regular dialogue between the Transport Agency and its contractors over technical and commercial matters that may result in dispute between the parties. As at 31 December 2019, the Transport Agency does not consider that any of these matters that have not been formally notified to date are likely to have a material financial impact.

Southern Corridor vibration complaints

The Transport Agency has received complaints of vibration damage from the road works being undertaken as part of the Southern Corridor improvements project in Auckland. Complaints are being considered by the Transport Agency on a case by case basis to assess their validity. Until these assessments are completed, the final cost of addressing these complaints is

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

uncertain. An immaterial amount has been provided in the financial statements for cases where a valid claim has been demonstrated.

NATIONAL LAND TRANSPORT FUND SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of comprehensive revenue and expense For the half year ended 31 December 2019

	Actual	Budget	Actual
	Unaudited	Unaudited	Unaudited
	HY	HY	HY
	2019/20	2019/20	2018/19
	\$M	\$M	\$M
Revenue inflows ^a			
Land transport revenue	2,042.0	2,062.8	1,911.6
Management of Crown land	8.5	22.3	22.4
Tolling revenue	6.1	5.5	5.5
Interest revenue	2.8	4.4	4.9
Total revenue inflows	2,059.4	2,095.0	1,944.4
Outflows			
National Land Transport Programme	1,998.6	1,686.4	1,573.4
Road Policing Programme	179.5	170.1	170.1
Fuel excise duty/road user charges administration	2.4	2.4	2.4
Forecasting and strategy	2.5	0.5	0.5
Total outflows	2,183.0	1,859.4	1,746.4
Surplus/(deficit) from current National Land Transport Fund balance	(123.6)	235.6	198.0
Fair value gain on long term payables	0.4	4.0	2.4
National Land Transport Fund expenditure to be funded long term	(165.0)	(248.7)	(290.7)
Finance charges	(4.0)	(4.3)	(3.8)
Deficit to be funded from future National Land Transport Fund balance	(168.6)	(249.0)	(292.1)
Surplus/(deficit)	(292.2)	(13.4)	(94.1)

- a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

NATIONAL LAND TRANSPORT FUND SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of financial position

As at 31 December 2019

	Actual	Budget	Actual
	Unaudited	Unaudited	Audited
	HY	HY	FY
	2019/20	2019/20	2018/19
	\$M	\$M	\$M
Assets			
Cash and cash equivalents	234.9	446.1	419.0
Receivables	265.9	223.9	257.2
Total assets	500.8	670.0	676.2
Liabilities			
Current payable to the Transport Agency - to be funded from current balance ^a	284.0	236.5	335.7
Current payable to the Transport Agency - to be funded from future balance ^a	15.0	15.0	15.0
Non-current payable to the Transport Agency - to be funded from future balance ^a	2,376.7	2,390.6	2,208.2
Total liabilities	2,675.7	2,642.1	2,558.9
Net assets	(2,174.9)	(1,972.1)	(1,882.7)
General funds			
General funds	(2,174.9)	(1,972.1)	(1,882.7)
General funds closing balance^b	(2,174.9)	(1,972.1)	(1,882.7)

- a. Current payable to the Transport Agency - to be funded from current balance is non-interest bearing and normally settled by the end of the month following the date of supply. Therefore, the carrying value of the payables approximates their fair value.
Current payable to the Transport Agency - to be funded from future balance is a mixture of interest and non-interest-bearing advances that will be settled within one year.
Non-current payable to the Transport Agency - to be funded from future balance is a mixture of interest and non-interest-bearing advances that will be settled between one year and 31 years.
Non-interest bearing non-current payables are discounted to present value as at 31 December 2019.
- b. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

NATIONAL LAND TRANSPORT FUND SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of changes in general funds balance For the half year ended 31 December 2019

		Actual Unaudited HY 2019/20 \$M	Budget Unaudited HY 2019/20 \$M	Actual Unaudited HY 2018/19 \$M
Note				
General funds opening balance				
General funds - current		340.5	59.7	435.3
General funds - long term		(2,223.2)	(2,018.4)	(1,547.3)
Total general funds opening balance		(1,882.7)	(1,958.7)	(1,112.0)
Changes in general funds balance				
Surplus/(deficit) to be funded from current balance		(123.6)	235.6	198.0
Surplus/(deficit) to be funded from future balance		(168.6)	(249.0)	(292.1)
Total changes in general funds balance		(292.2)	(13.4)	(94.1)
General funds closing balance				
General funds - current		216.9	295.3	633.3
General funds - long term		(2,391.8)	(2,267.4)	(1,839.4)
Total general funds closing balance ^a	1	(2,174.9)	(1,972.1)	(1,206.1)

a. This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

NATIONAL LAND TRANSPORT FUND SPECIAL PURPOSE FINANCIAL STATEMENTS (UNAUDITED)

Statement of cash flows For the half year ended 31 December 2019

	Actual Unaudited HY 2019/20 \$M	Budget Unaudited HY 2019/20 \$M	Actual Unaudited HY 2018/19 \$M
Cash flows from operating activities			
Receipts from land transport revenue	2,050.7	2,140.9	1,973.7
Payments to suppliers	(2,234.8)	(2,051.0)	(2,052.5)
Net cash from operating activities	(184.1)	89.9	(78.8)
Net increase/(decrease) in amounts held by the Crown	(184.1)	89.9	(78.8)
Amounts held by the Crown at the beginning of the year	419.0	356.2	515.5
Amounts held by the Crown at the end of the year^a	234.9	446.1	436.7

- a. The National Land Transport Fund is a notional account only. There are no actual cash and cash equivalents as funds are held by the Crown. However, this statement has been provided to meet the requirements of section 11 of the Land Transport Management Act 2003.

Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual Unaudited HY 2019/20 \$M	Budget Unaudited HY 2019/20 \$M	Actual Unaudited HY 2018/19 \$M
Surplus/(deficit)	(292.2)	(13.4)	(94.1)
Add/(deduct) movements in working capital items:			
(Increase)/decrease in receivables	(8.7)	45.9	29.4
Increase/(decrease) in payables	116.8	57.4	(14.1)
Net movements in working capital items	108.1	103.3	15.3
Net cash from operating activities	(184.1)	89.9	(78.8)

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

1 General funds		
	Actual	Actual
	HY	HY
	2019/20	2018/19
	\$M	\$M
General funds - current	216.9	633.3
Total general funds – current	216.9	633.3
National Land Transport Programme to be funded long term		
Auckland Transport Package	(370.0)	(370.0)
Housing Infrastructure Fund	(7.6)	0.0
Public-private partnerships	(1,871.6)	(1,295.6)
Reinstatement of earthquake-damaged roads in Christchurch	0.0	(12.9)
Tauranga Eastern Link	(107.0)	(107.0)
Fair value changes in financial instruments	(35.6)	(53.9)
Total general funds – long term	(2,391.8)	(1,839.4)
Total general funds closing balance	(2,174.9)	(1,206.1)

The National Land Transport Fund has a negative general funds balance due to programmes that were accelerated and debt funding sourced from the Crown. The funding received has been recognised as long-term payables that are not due until 1 year to 31 years from balance date.

Although the National Land Transport Fund has a negative general funds balance, the board considers the going concern assumption valid because:

- the Fund's liquidity is actively managed
- the Fund has a positive cash balance of \$234.9 million as at 31 December 2019 (30 June 2019: \$419.0 million)
- the Fund's long-term forecasts demonstrate its ability to repay its obligations when they fall due
- the Fund's main revenue source is land transport revenue, which is forecast with inputs from other government departments and has been accurately forecast in recent years and is forecast to be sufficient to meet all future outgoings and commitments
- the Fund has the option to slow expenditure on the National Land Transport Programme or utilise the short-term borrowing facility of \$175 million if required to meet seasonal cash-flow cycles
- the Fund has the option to utilise the short-term borrowing facility of \$75 million to cover any revenue or expenditure shocks
- a debt management framework is in place to determine a sustainable and efficient level of future liabilities and is based on the expected level of Fund inflows and forward commitments and comprises measures and target operating ranges to guide decision making.