



# 2018/19 THIRD QUARTER PERFORMANCE REPORT

01 January – 31 March 2019

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# OVERVIEW

We report quarterly on the progress we are making against the commitments and plans in our *Statement of intent 2018–22* and our *Amended statement of performance expectations 2018/19* to deliver government priorities, including those set out in the Government Policy Statement on Land Transport 2018/19–2027/28 (GPS).

It includes 38 significant activities for 2018/19 and priority areas of interest to the Minister of Transport that we are monitoring. We also report our key risk areas and Transport Agency and National Land Transport Fund financial performance.

## Performance summary

### Q3 Deaths and Serious Injuries

Data shows that there were 2,973 people killed or seriously injured on the road network over the last 12 months<sup>1</sup>. Over this same period, 1,654 people were killed<sup>2</sup> or seriously injured on the open road where speed limits are 80 -100 kms per hour.

### Significant activities

This quarter, four of the 38 significant activities for 2018/19 identified as not being deliverable (Red rating) or unlikely to be delivered (Amber/Red rating). Another six significant activities are rated 'amber' where significant issues exist that require management attention. These appear resolvable if addressed promptly.

Rating	Position statement	Significant activity	Challenges
	Transport Technology	4.3 Understand the environment and have in place aligned forward plans for investment in the products	In Q3, we commissioned Deloitte to review the scope and timeline of the TransportOS programme. The findings of the review will inform how we progress the programme of work and prioritise investment in land transport technology; focusing on risk, safety and security. The results of the review are expected towards the end of May.
	Resilience	5.2 Draft the Resilience National Business Case	The tender for the National Programme Business case is delayed as it is being revised to align to the work on the Longer-Term View. The tender is expected to go to market in Q4.
	Transport Technology	4.2. Invest in the priority components necessary to deliver an enduring and flexible digital transport system	There are delays to the MobilityOS work programme as the launch of the new multi-modal transport application in Queenstown, to replace Choice, is delayed to Q4 or possibly later. The scope and a timeline for the MobilityOS programme is under review a provider portal has not yet started.
	Transport Agency	8.4 Progress all people leaders through the Great Leaders Programme	The Great Leaders Programme is being significantly revised to ensure it is fit for purpose following feedback from our people leaders.
	Safety	1.1 Begin delivery of a safe network improvement programme on high risk routes and intersections	Targeted investment on high risk intersections and corridors has begun with fast tracked approval of investment straight to detailed design on two corridors with 21 more in development. Three level crossing upgrades have been constructed with a further 31 to be completed before June 2020.
		1.2 Begin implementation of the Speed Management Guide on the highest risk routes and intersections	To improve safety outcomes and deliver this activity by year end, we are working with local government to focus on high priority corridors and smaller areas that have stronger community and stakeholder support. Communication and Engagement is beginning on 40 corridors across NZ

<sup>1</sup> Total deaths and serious injuries for the 12-month period January 2018 to December 2018. Data is reported a quarter in arrears.

<sup>2</sup> Total deaths and serious injuries occurring on open roads where the speed limit is 80-100km/h. Data is reported a quarter in arrears.

		1.5 Continue to work with the Ministry of Transport on developing a new Road Safety Strategy for 2019	There are critical risks to be managed including limits on: the range of interventions being considered; the modelling we can undertake regarding the effectiveness of packages of interventions; the ability to develop robust and affordable targets; the mismatched level of ambition between the road safety partners, which relates to future levels of funding.
	Transport Technology	4.1 Enable customers to have the opportunity to shape New Zealand's digital transport technology system through pilots and the roadmap	We are undertaking a review of our 'Future Transport' work programmes, looking at both the scope and timeline of the programme. The results of the review are expected in Q4 towards the end of May or early June. The single stage business case, which is seeking funding for the Future Transport work programme, has not been completed this quarter but is expected to be complete by the end of June.
	Environment	6.2 Develop a sustainability strategy, focusing on climate change, improving public health and reducing environmental harm that incorporates robust measures and targets and is supported by a comprehensive implementation plan	While the draft Sustainability Strategy and draft implementation plan has been developed, we are continuing internal engagement to test ideas and build an actionable implementation plan. This means that the Strategy will not be finalised by the end of Q4.
	Transport Agency	8.8 Improve our cyber security maturity.	An independent review is underway to help us validate our current Cyber Security Strategy and ensure that it will deliver the intended improvement in our cyber security. This involves analysing risk causes, our existing control and planned treatments, including resourcing the right level of capability.

### Highlights this quarter include:

- developing the draft business case for the integrated communications programme on the benefits of safer vehicles
- continued travel demand management trials and evaluations with a mode shift focus
- supporting local government to develop planning approaches and approvals that support multimodal transport choices
- making progress across all the Provincial Growth Fund funded state highway projects the Transport Agency is delivering in Northland, Taranaki, Gisborne and Hawkes Bay
- continuing development of a combined Transport Agency and ATAP work programme and working with Auckland Transport to improve understanding of ATAP funding arrangements
- progressing plans to collaborate with communities and businesses to build a shared understanding of risk tolerance
- being on track to implement year one of our Diversity and Inclusion plan.

### Output classes

21 measures (78%) in our output classes met their targets, while five measures did not meet expectations. These output class measures are:

Output class and measure	Reason
Licencing and regulatory compliance: Unit transaction costs	Unit transaction costs have increased as we continue to build and improve regulatory compliance capacity
Licencing and regulatory compliance: % of operational assurance activities completed	The target was not met this quarter due to reprioritisation of work to focus on action points from the regulatory review
Road tolling: % revenue compliance	Toll collection was impacted by the increased number of casual, visiting and other unidentifiable drivers over the holiday period.
Investment management: % of activities delivered to agreed standards and timeframes (transport planning)	A number of local authorities are yet to begin activities under the new NLTP while we remain focused on progressing activities from the previous NLTP such as <i>Let's Get Wellington Moving</i> .
Road safety promotion and management: % of activities delivered to agreed standards and timeframes	There were delays to two of the three activities scheduled for completion, namely Child Restraints and School Traffic Safety Team videos. These are on track to be launched in Q4.

## Capital projects

Capital projects are predominantly running as planned but there are issues to be managed to maintain the programme. Half of the Roads of National Significance have issues around geotechnical and ground conditions, weather impacts, scope changes, price changes. Auckland Transport projects have seen costs exceed budget in the Northern Corridor Improvements and large scope changes for the Southern Corridor Improvements. Half of the Accelerated Regional Roding Programme face challenges of appeals regarding heritage, cultural and environmental issues, remedial construction due to construction problems. The Provincial Growth Fund project business cases are all progressing according to agreed budgets and timeframes and there are no major risks associated with their delivery.

## Minister's monitoring priorities

We continue to progress our mode shift strategy and our Investment Decision Making Framework review. We also report on the progress being made on key improvement activities (see page 8–11) for more information.

## Financial performance summary for the nine months to 31 March 2019

Our financial performance is on track with three months to go to the end of the 2018/19 financial year (see pages 25–33).

### NATIONAL LAND TRANSPORT FUND REVENUE

\$69.7m  
below  
budget

Revenue year to date is 2% (\$69.7 million) below budget due to lower revenue received from fuel excise duty. Of our other revenue sources, road user charges are 3% (\$35.0 million) above budget while motor vehicle licensing and registrations are slightly ahead of budget.

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

\$264.8m  
below  
budget

Expenditure year to date is 9% below budget primarily due to lower spending on state highway improvements (\$142.4 million), Kaikoura earthquake response (\$34.0 million) and rapid transit (\$72.9 million). Rapid transit is currently not expected to spend these funds within this NLTP, and some funds may be released to other output classes.

### NZ TRANSPORT AGENCY OPERATIONAL EXPENDITURE

\$6.8m  
below  
budget

Total operational expenditure is 3% below budget primarily due to road safety promotion activity spend targeted to quarter four, lower commission and transaction costs and delays to projects in the corporate initiatives programme.

### MEMORANDUM ACCOUNTS

\$1.9m  
below  
budget

Memorandum account closing balances are \$1.9 million below budget. Lower expenditure in driver testing commissions has offset increased legal costs incurred on regulatory non-compliance issues and rectification costs for WoF, CoF and heavy vehicle certification.

### FUNDING AND LONG-TERM LIABILITIES

\$1,948.3m

The total long-term funding liability at 31 March is \$1,948.3 million. The Transport Agency is compliant with all loan conditions.

# MINISTER'S MONITORING PRIORITIES

The Government has set a new, transformational programme for the land transport system that aims to reshape the role of transport in New Zealand. This transformational programme through the Government Policy Statement on Land Transport (GPS) includes the delivery of significant long-term initiatives that require us to work differently to deliver in new areas.

To support this transformation, there are a number of priority areas for the Transport Agency that the Minister of Transport is monitoring. These priority areas fall into three categories:

1. our organisation capability and operating model
2. significant delivery and performance risks
3. specific projects.

## Organisational capability and operating model

We have an ambitious programme of work to deliver the Government's priorities. We need to ensure that our organisation (both systems and people) is flexible and responsive, and that we continue to build a mature approach to partnership and collaboration.

Challenges we face include developing transport solutions with other partners while managing future funding and investment pressures and addressing issues arising from external reviews, such as the Performance Improvement Framework (PIF) and the Investor Confidence Rating (ICR) reviews (see page 12).

### Organisational capability

During the last month of Q3, we identified eight organisational capability areas we need to strengthen in addition to developing our future state regulatory function and other priorities we have committed to. These areas include both our core activities and areas of interest to our Ministers, Board and other stakeholders.

The eight areas are:

- Developing a 'master plan' for the land transport system that takes a system planning approach and incorporates the Long-Term View. This includes a specific focus on mode shift and changes to policy needed for 2020 and beyond.
- A dynamic programme management approach to ensure National Land Transport Fund delivery and spend, both current and planned, to meet the Government's priorities. Our approach will inform stakeholder engagement.
- Developing a stakeholder campaign to provide clarity and transparency about the Government's priorities and how they translate into our funding programme and projects.
- Improving our road safety programme.
- Developing a short and medium-term plan to deliver IT infrastructure and associated change that lifts our capability.
- Establishing and developing management systems that monitor our performance through integrating business planning and performance reporting.
- Continuing to roll out a best practice health and safety programme.
- Completing the identification of all risks and developing action plans to mitigate these.

We will apply significant focus and pace to these areas during Q4 and position our organisation for the year ahead.

### Review of our Investment Decision Making Framework

Our Investment Decision Making Framework (IDMF) is the framework that guides investment in New Zealand's land transport system. We are reviewing our the framework to ensure it supports fit for purpose decision making including supporting the direction signalled in the GPS. This includes ensuring:

- a mode neutral approach to evaluation and prioritisation of investments

- all modes and alternatives are considered, and decisions are based on ability to deliver positive social, environmental, and economic outcomes
- investment decisions are well-considered decisions that transparently recognise the trade-offs between different benefits and impacts.

The success of this review relies on working together with local government and support from them. Together, we need to develop the right policies, processes, tools and criteria to better assess and prioritise investments for the right outcomes. This will help us develop a framework for the future that is easy to use and ensures our decision-making is robust, transparent and easy to understand. This will ensure that we make the right investment decisions for New Zealand.

### Progress this quarter

The IDMF review work programme has five workstreams:

- strategic alignment
- building the case
- assessment of how investment proposals perform and compare
- prioritising the National Land Transport Programme and
- strengthening capability

During Q3, we progressed several activities across strategic alignment, building the case and assessing how investment proposals perform and compare. We investigated current and future state investment principles and policies and drafted a high-level IDMF process. Work was started to investigate current and future state assessment requirements, processes and tools taking into account all relevant Treasury requirements and legislative requirements, including reviewing the language used to communicate investment principles.

In Q4, we will close out the investigation stage and start designing our investment policies, assessment framework, economic appraisal approaches, and business case improvements, and begin investigation work into prioritisation methods and strengthening capability. We will also draft our engagement plan and begin engagement with local government and other key stakeholders.

## Significant delivery and performance risks

There are key risks that we monitor through our governance and risk and assurance processes. These risks are actively monitored and regularly reported to leadership and the board, including the work we are doing to manage and mitigate these risks. These risks include, amongst others, pressure on funding, responsiveness to change, our regulatory controls and health and safety.

### Safe system

The Transport Agency is responsible for monitoring the delivery and performance of road policing activities that are funded through the National Land Transport Fund.

We are working with our partners to build on our current processes and develop an improved and continuous assurance programme for the Road Safety Partnership Programme based on the principles of transparency and openness. Under this approach, monitoring the delivery of road policing activity will be completed through formalised quarterly reporting but will also include formal annual reviews of the programme to provide us with the opportunity to adjust the programme. This will ensure we are maximising the benefits of our collective investments.

We have also engaged an international expert to provide additional assurance and advice on the proposed programme for 2019-21, and to provide further advice on effective reporting of outcomes and delivery.

### Regulatory performance

Recent issues and the failure of our regulatory model requires us to move to more of a compliance and enforcement focus and away from an education-based model, putting focus and effort into the deficit in the regulatory ecosystem (both in and beyond the Transport Agency).

The Regulatory Non-Compliance programme involved establishing and operating several workstreams to manage the investigation, decision making and resolution of approximately 882 regulatory non-compliance matters since we began the extensive review into our compliance files.

Alongside the file review process, interim structures, policy, process and systems were developed to facilitate the work and provide a foundation for future state development of the Transport Agency Regulatory Compliance function.

During this quarter, we have taken more than 260 compliance actions across the areas we regulate.

We are also undertaking a review of 42 Heavy Vehicle Specialist Certifiers (HVSCs). In order to start the review process, last year we uplifted 398 certification files from those 42 HVSCs. Those files are currently being peer reviewed by appropriately qualified HVSCs. This quarter, we've reviewed, approximately half of the files. During the HVSC review, certain vehicles were identified as requiring inspection, and were ranked in order of priority for inspection. We are currently arranging for appropriately qualified external HVSCs to inspect those vehicles.

## Specific projects

### Auckland light rail

The Auckland Light Rail programme aims to provide light rail between the City Centre and Māngere and to Auckland's northwest within the next 10 years (2018-2028).

An Indicative Business Case (IBC) for the City Centre to Mangere light rail line has been developed and shared with our project partners, including the Ministry of Transport, for review and feedback.

Alongside this, NZ Infra, being a joint venture of New Zealand Super Fund (NZSF) and Caisse de depot et placement du Quebec (CDPQ Infra) have presented an unsolicited alternative approach to finance, design, build and operate light rail in Auckland, based on a public-public investment model. This is currently being reviewed by the Ministry of Transport (MOT) and Treasury. NZTA have been supporting this review.

Further work is required to progress the indicative business case to a Detailed Business Case, including the completion of the MoT/Treasury review and key decisions from the NZTA Board.

To provide certainty as soon as possible the Government requested the MoT and Treasury provide advice on alternative funding, delivery and operating models in March 2019. Further market engagement has been deferred during this time. This advice has now been received by the Ministers and is being considered.

Until the MoT and Treasury review of the NZ Infra proposal is complete, decisions arising from the IBC cannot be submitted to the Board for endorsement as it would be inappropriate to consider the business case in isolation.

Investigations for the City Centre to Northwest line are at a very early stage and further work is needed to develop a business case. Shorter-term bus improvements will be looked at as part of those investigations.

### Delivery of mode shift programmes in metropolitan areas

We have committed to having a mode shift strategy in place by 30 June 2019. Over Q3, we have worked on informing the scope and content of the mode shift strategy including the vision, outcomes, objectives and measures, what levers and interventions we can use, and how the mode shift strategy fits within the Transport Agency's wider strategy, alongside other considerations such as sustainability, public transport and travel demand management.

The mode shift strategy will help inform what changes we need to make to our systems and processes to support mode shift and what the short, medium and long-term priorities are. Our strategy will be supported by action plans that will detail national system-level improvements to policy, regulation, information, system planning and investment decision-making to achieve mode shift; and six place-based action plans for our high growth urban areas where the potential for mode shift is greatest – Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown. The national action plans and the place-based plan for Auckland will be in place by 30 June 2019, with the other place-based action plans to follow (using the Auckland plan as a blueprint).

We have briefed the Minister and Board on this approach and partnered with Auckland Transport, Auckland Council and the Ministry of Transport to develop the draft mode shift programme for Auckland. At the Minister's request, we have organised a workshop in Auckland on 12 April 2019, where the four agencies will present this draft programme to Ministers and other senior officials.

## Relationships with our local government partners/stakeholders

Local government brings the views of communities to our processes through Regional Transport Committees and facilitates the development of Regional Transport Plans which form the basis of the National Land Transport Programme.

The Transport Agency is represented by senior management on the Regional Transport Committee focusing on high level oversight of our relationships with councils. Each local government organisation is also supported by a cross organisation team covering long term special planning, business case development for specific projects, delivery maintenance and operations of the network. In the event of an unforeseen event such as a major weather event or earthquake, the Transport Agency responds by standing up a team to support the necessary activity to maintain network operations and undertake repairs as quickly as practicable.

We engaged with local government on a range of key regional and operational issues and projects. These include, amongst others, the Auckland Transport Alignment Project, Let's Get Wellington Moving, addressing growth in Queenstown through the Queenstown Spatial Plan, mode shift in the major metropolitan areas, Hamilton to Auckland Startup Rail, Provincial Growth Fund planning, and the Urban Form and Transport Initiative in the Western Bay of Plenty.

We are also working with local government to provide clarity around the national priority programmes (based on Targeted Enhanced Funding Assistance Rates (TEFAR) for mode shift and other priorities sought through the GPS), manage uncertainty with re-evaluation outcomes for state highways and continue engagement on speed management guides and safe networks programmes.

### Progress this quarter

During this quarter we:

- Continued to support local government with applications for Targeted Enhanced Funding Assistance Rates (TEFAR) to accelerate funding for locally delivered activities that help deliver the government's transport objectives since TEFAR thresholds were changed last quarter. Local government responded positively to this, submitting a large programme of activities in each activity class to be considered for funding support through the NLTP. We are working with local government to manage TEFAR applications while also managing funding pressures.
- Actively engaged with local government affected by re-evaluations of significant capital projects to ensure that relevant risks and concerns were recognised during the re-evaluation process.
- Worked with local councils on specific speed limits reviews in high risk corridors in preparation for consultation with affected communities as part of delivering the Safe Network Programme.
- Actively engaged with local authorities and other agencies on Provincial Growth Fund applications and projects.
- On 20 March 2019, we supported SmartGrowth partners in the Western Bay of Plenty on the agreed approach, scope and time frame for the Urban Form and Transport Initiative (UFTI). The Transport Agency is a joint Project partner with equal voting rights alongside the other Project partners (Bay of Plenty Regional Council, Tauranga City Council & Western Bay of Plenty District Council). We will work with UFTI to support their goals of creating solutions for urban planning and the land transport system by efficiently combining planning and investment for transport and land use that will result in more vibrant, interactive communities.

# RESPONSE TO EXTERNAL REVIEWS

The Performance Improvement Framework (PIF) review was published in April 2018, and the Investor Confidence Review (ICR) result was provided by Treasury New Zealand in August 2018.

The PIF review identified five key challenges facing the Transport Agency. The ICR review identified four areas that we need to improve. We've made commitments to address findings from these reviews and have summarised the findings and actions we need to take.

The assessment of the effectiveness of each improvement activity (as signalled in the Q2 report) is being undertaken in conjunction with the Ministry of Transport, under the new quarterly monitoring approach. Findings from this assessment will be published in the Q4 report.

Progress updates on the key improvement activities are provided below.

The Interim Chief Executive of the NZ Transport Agency has developed a 90-day programme to focus the Transport Agency on delivering key initiatives to position the agency to more effectively deliver its core functions alongside responding to key government priorities. Some improvement actions from the external reviews are in scope of the 90-day focus areas (see table). This will provide further impetus for progressing the improvements.

The monitoring and reporting of the Transport Agency responses to the external review improvement activities is also in scope for the Business Plan, performance measurement system and internal governance 90-day focus area.

## Alignment of PIF/ICR Activities with the 90-Day Focus Areas

Improvement Activity	External Review Category	90 day focus area alignment
Development of the <b>Long Term Strategic View</b>	PIF - Transport system strategy	Master plan for NZ Transport System
Updating <b>Investment Assessment Framework</b> Review of the Transport Agency's <b>Investment Plan</b>	PIF – Transport system strategy ICR - Long-term investment planning	Stakeholder campaign Programme management approach to ensure NLTF delivery/spend of the NLTF
Develop the <b>Enterprise Technology Plan</b>	PIF - Organisational transformation	IT Infrastructure
Define and introduce <b>Portfolio Management</b>	ICR – Programme and portfolio management maturity	Business Plan, performance measurement system and internal governance
Design and develop new <b>tools and processes</b> for benefit management using the NLTP framework and process	ICR – Benefit delivery performance and measures	Stakeholder campaign Programme management approach to ensure NLTF delivery/spend of the NLTF

## Progress updates on key improvement activities

### PIF – TRANSPORT SYSTEM STRATEGY & ICR - LONG-TERM INVESTMENT PLANNING

The improvement actions of 'Updating Investment Assessment Framework' and 'Review of the Transport Agency's Investment Plan', are being progressed within the Investment Decision Making Framework project. Refer to page 7 for more information.

### PIF - TRANSPORT SYSTEM STRATEGY

The improvement action of 'Development of the Long Term Strategic View' is aligned with the 90-day focus area of Master plan for NZ Transport System.

### PIF - ENTERPRISE TECHNOLOGY PLAN

The intention with this plan (at the time of the PIF) was to cover the provision of more effective corporate systems and tools to support collaboration, improve information management and core

financial services processes, as well as the necessary investment in foundational technology services, such as cyber-security, service management and collaboration tools.

As part of its 90-day plan, we have committed to develop an IT infrastructure plan which responds to the focus areas in the PIF relating to information management. This work will set out a short and medium-term plan to deliver IT infrastructure and associated change that lifts the capability of the Transport Agency to a standard fit for the 2020s. The IT infrastructure plan is still in the scoping phase.

### ICR - PROGRAMME AND PORTFOLIO MANAGEMENT MATURITY

We have committed to implementing portfolio management across the agency. Progress has been delayed. There have been changes in key personnel within the Enterprise Project Management Office (EPMO).

To ensure that the EPMO has an organisation wide context and impact, the programme and project management capability has been moved into the corporate services function. This, combined with the EPMO function being in scope of the 90-day focus areas of business planing, performance measurement system and internal governance will ensure progress.

### ICR - BENEFIT DELIVERY PERFORMANCE AND MEASURES

This work is progressing well. A summary of the progress is in the following table. This work will allow us to tell benefits stories at any level – project, corridor, local, regional, national and outcome.

This work will also contribute to the 90-day focus areas of stakeholder campaign and programme management approach to ensure NLTF delivery/spend of the NLTF.

Table 1: Summary of The Activities to Improve Benefit Delivery Performance

Activity	Progress to March 2019
Identifying the benefits that the Transport Agency needs to measure	<p>The Transport Agency has been working closely with the Ministry of Transport to develop a series of performance measures and indicators to track contribution and delivery of the Government’s key outcomes for land transport, as set out in the 2018 GPS and the outcome areas in the Transport Outcomes Framework (TOF).</p> <p>Research was completed to identify enduring measures that will allow us to measure transport system performance and capability across all modes and all benefit areas.</p> <p>These measures were evaluated for their ability to tell the stories required by successive GPS’s past and present. 56 measures have been identified.</p>
Identifying and capturing the data allowing the Transport Agency to measure those benefits	A stocktake was completed to assess what data the Agency holds against each of the 56 measures. We initially held data against 21 measures.
Storage of the benefits data	<p>A geospatial view of the transport problem data we hold has been built. Functionality has been developed in Transport Investment Online (TIO) to store the benefits information against each improvement project record.</p> <p>Work has been completed to test the feasibility to automatically transfer data between the geospatial software and TIO.</p>
Defining how the Transport Agency will use the benefits information	<p>The Transport Agency is working to integrate its revised performance framework into its investment and planning processes.</p> <p>The Transport Agency’s new measures and indicators, developed against the GPS and TOF, are being integrated into the Investment Decision Making Framework (IDMF).</p> <p>This is an important step towards filtering the Government’s priorities and outcomes through the wider transport planning and investment system.</p>

## FEATURE | 'BELT UP. LIVE ON' CAMPAIGN

# BELT UP Whakamaua Live on Kia ora



Our position is that it is unacceptable for people to die or be seriously injured while working or travelling on the land transport system. Safety is our top priority and we want everyone to be safe.

Every year, over 90 people died because they weren't wearing a seatbelt. Research shows that many men, especially those from provincial areas in the age range of 20-40 years, think seatbelts are an optional accessory that should be worn only by children or older people.

We wanted to turn wearing a seatbelt from a perceived weakness to a sign of strength by celebrating real crash survivors who survived because they made a choice to buckle up. We tested our campaign concept with our target audience and found that the survival stories of real crash survivors really resonated. We received a huge response when we made a call for people to share their stories of survival.

We chose ten men, both drivers and passengers, to share their survival stories. To make the campaign effective and realistic, we worked with a special effects make up team to recreate the

injuries the men suffered. Each man provided photos of their injuries taken days after their crash and these were used as a reference. We also talked to their families. An Emergency Medicine Specialist lent her expertise to the campaign and she confirmed that a seatbelt will leave marks to show it saved a life.

Most of the survivors were photographed in their own homes around the country for the campaign. The survivors came up with the colloquialism 'belt up' and we used this sentiment for the key campaign message 'Belt up. Live on'.

On 20 February 2019, the 'Belt Up. Live On' campaign was launched by the survivors over their own social media channels. Huge billboards (ranging in size from 2 to 3.5 metres) of the survivors were created for the campaign. By working together with local councils, we carefully chose the locations of the bars and pubs where we could place the billboards. These bespoke billboards were placed in bar carparks throughout high risk, provincial areas including the hometowns and communities where each survivor lives. At the end of the quarter, there were 40 billboards in place. By the end of the Q4, we are looking to place approximately 20 additional billboards throughout New Zealand.

Within two weeks of the launch, the campaign was noticed and reported by six international media outlets, resulting in approximately 243,000 shares on social media reaching potentially 26m people<sup>3</sup>.

The Beltedsurvivors.nz website has had approximately 63,000 users visit the site since it was launched on 20 February 2019. Many people have engaged with the campaign content on the website and many have also shared their own stories of how they survived because they were wearing a seatbelt.

There are two phases to our 'Belt Up. Live On' campaign. The next phase is due to launch next quarter. In this phase, more crash survivors will tell their story about how they survived because they were wearing a seatbelt. Together with a tattoo artist, they will create a relevant design for a tattoo. The tattoo will represent the journey each survivor has been on and what they've got to achieve because they survived the crash by wearing their seatbelt. The design will be tattooed around a scar they have from the crash. While the campaign is less than two months old, we know by the responses received to date, that the message of seat belts saving lives has been well received. We've also been encouraged by the number of councils across the country who have contacted us asking for posters to display in their local bars.

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<sup>3</sup> Note: these numbers are based on estimates and some reach figures may include some duplication. These figures are based on the number of visits to the website from 20 February 2019 to 31 March 2019.

# HEALTH, SAFETY AND WELLNESS



## Health and safety risk workshops in April and May

Facilitated health and safety risk workshops will continue throughout April and May with more business groups and specialised areas of the organisation to build the safety risk information required for the formation of safety risk registers for each business unit. The safety risk registers will be held in the tool RISK Manager which the organisation uses for overall risk management allowing the:

- alignment of safety risk management and risk management in the same framework
- use one tool across various functions rather than having multiple apps or products
- same method of inputting data for a better user experience for staff.

The risk information gathered is additionally being used in various pieces of safety work being done in organisation.

## Critical risk audits

Audits continue to be developed and completed for the Transport Agency's nine critical risks with all the audits have being aligned to the governments 'Safepius' audit scheme and national and international best practice. Other government departments and the Government Health and Safety Lead were asked for their opinion on the audits approach and structure and all were positive. The organisations audit team have also been brought on board to help with these audits and ensure consistency and quality.

These audits will be redone annually to help show the progress the organisation is making on against its critical risks and provide input into the organisations management of these.

## Developed health and safety dashboard

We have completed the review of existing health and safety data sources used to provide dashboard and performance metrics. This involved assessing data sources and validating data sets for accuracy, which provided the input sources to develop a revised dashboard. The dashboards will inform a dynamic business intelligence platform that allows the Transport Agency to improve its trend analysis and insight generation. The dashboard has been provided to ELT and workplace committees.

The platform allows the dashboards to be updated in real time from health and safety reporting systems being implemented as part of the 2018/19 programme of work.

## Progressed improvements to worker safety and Temporary Traffic Management (TTM)

The TTM improvement programme has been focused on progressing improvements identified following the fatal workplace incident in Bay of Plenty. This has involved introducing additional traffic management controls to work being undertaken on Level 1 (Low volume) roads, specifically requiring traffic speeds to be reduced and additional protection vehicles being required to be in place when work is being undertaken in proximity of live traffic. These improvements have been developed in conjunction with our supply chain partners and are being progressed from an interim change on State highway operations to formal change to all road controlling authority activities through formal revisions to the Code of Practice for Traffic Management.

## Continued to develop our engagement and representation

The Transport Agency held its first Health and Safety representatives' day in February. This involved all our elected health and safety representatives attending a skill building and capability development day. The day involved a series of activities and workshops that:

- connected our representatives with the work programme and key initiatives that will be implemented over the coming months.
- allowed workplace committees to share their successes and local initiatives to improve health and safety
- helped build understanding of the importance of their role and gain skills to engage their workplaces around health and safety.

## Finalised contractor health and safety requirements

The Transport Agency has developed specific health and safety management requirements for contractors. These have been developed in conjunction with supply

chain partners to enable the implementation of good practice risk controls across our construction and maintenance operations. Initial elements of the expectations have been implemented across operations relating to: management of sub-contractors, drug and alcohol impairment, incident notification and management, performance reporting, use of vehicles and fatigue management.

## What we have planned for next quarter

### Implement a new monthly performance reporting system

We will be implementing a new monthly performance reporting system to allow our contractors to provide standardised health and safety metrics and information. This will be completed through an on-line system that the Transport Agency use for its pre-qualification processes, meaning that no additional cost or complexity has been introduced for our contractors. The revised reporting framework will provide data sources that will enable the Transport Agency to better understand trends and develop interventions.

### Safety statistics – Our contractors

The rolling 12 months data reflects a continued decrease in all key measures, apart from the three recent fatalities in the Bay of Plenty.

Nearly half of all fatalities in construction between 2013-2018 occurred between January – March. Last January there was a fatality and a serious injury immediately after returning from the Christmas/New Year break, so there has been a strong focus on the first day back site start-ups in 2019. These have included talks on wellness in the workplace; Stay Safe training with subcontractors and daily risk assessments to identify and control site specific risk. Safety observations and site inspections and audits are being undertaken by managers and supervisors with any learnings being shared through toolboxes and team briefs.

Near miss reporting continues to fall as improvements in awareness of and positive feedback for near miss reporting are now being seen. As more minor near misses are being addressed and actions put in place, serious near misses and/or incidents and injuries are being reduced as seen in the data below.

There is limited to no detail currently being provided for the notifiable and/or lost time injuries, but we do know that one of these injuries was a slip/trip that occurred on gravel, causing the worker to be put on alternate work duties and/or reduced hours.

### Completion of contractor health and safety requirements

We will complete the consultation phase for remaining elements of the health and safety requirements and implement these across our operations. The remaining elements relate to specific critical risk areas, including mobile plant, excavation, confined spaces working with asbestos and working at height.

### Health and safety information and guidance material

We are developing short video-based information sources for our people. These are being created to supplement written procedures and how to guides contained within the health and safety management system. This is being developed in conjunction with our work place representatives to act on feedback and identified improvement opportunities. This will enable our people to more easily connect with and understand health and safety requirements. Initial videos are being developed for incident / event reporting, working in and around vehicles and managing health and safety in office environments.

Key measure	Quarterly Trend	Current Quarter (1/01 – 31/03)	Previous Quarter (1/10 - 31/12)	Rolling 12 Months Apr 18 - Mar 19
Fatality	↑	3	0	3
Notifiable injury	↑	4	1	9
Lost time injury (LTI)	→	10	10	40
Medical treatment injury (MTI)	↓	8	13	52
First aid injury	↓	77	95	317
Near misses	↓	803	970	4077

## Safety statistics – Our people

Incident reporting has increased this quarter, but we expect this will continue to grow after we introduce the online reporting tool, 'Impac', this quarter. At that time, we will raise awareness of the process and what to report through a program of communications and training.

First aid incidents continue to be predominantly slip/trip events (3 incidents) and a couple of incidents where a hand has been caught in a door. Near misses included a couple of instances of abusive customers, cycling and/or pedestrian close call with cars and unsafe electrical power sources.

Key measure	Quarterly Trend	Current Quarter (1/01 – 31/03)	Previous Quarter (1/10 - 31/12)	Rolling 12 Months Apr 18 - Mar 19
Fatality	→	0	0	0
Notifiable injury	→	0	0	0
Lost time injury (LTI)	→	0	0	4
Medical treatment injury (MTI)	↑	2	1	4
First aid injury	↑	7	3	14
Near misses	↑	7	0	12

## OUR OUTPUT CLASSES

The Transport Agency delivers and invest in 19 output classes. This includes road policing, which is delivered by the New Zealand Police and appropriated through Vote Police. We measure our service delivery and investment performance through a range of time, cost and quality measures. We report our performance by exception. This quarter, 21 measures<sup>4</sup> (78%) met target, while five did not (see table below).

### KEY

	Target not met and the risk of not achieving year-end target is minimal
	Target not met and will not achieve year-end target
	Not available

OUTPUT CLASS	MEASURE	2018/19 TARGET	Q3 YTD	Q3 RESULT	VARIANCE
Licencing and regulatory compliance	Unit transaction costs	≤\$13.00	\$16.76 <sup>1</sup>		-\$3.60
	% of operational assurance activities completed	100%	85% <sup>2</sup>		-15%
<b>COMMENTARY</b>					
<p><sup>1</sup> Unit transition costs have increased due to uplifting capacity in the regulatory area, which increases overhead allocations. The December holiday period has also contributed with lower transaction volumes. Because of regulatory impacts, this target may need reviewing for the 2019/20 year.</p> <p><sup>2</sup> The target was not met this quarter as regulatory compliance activities continue to focus on actioning and managing cases identified as part of the Non-compliance Project. We expect targeted assurance activities to resume as the case load returns to manageable levels, the work is integrated into normal business activities, and our regulatory capacity increases through recruitment for new roles.</p>					
Road tolling	% revenue compliance	≥97%	96%		-1%
<b>COMMENTARY</b>					
The variance is consistent with results since inception of the tolling system and reflects the number of casual toll road users where the Transport Agency has been unable identify or locate the residential address of the liable driver (eg visiting drivers), or where casual users have failed to respond to debt collection activities. Overall compliance is affected by the holiday period with more casual drivers in Q2 and chasing up of payment continuing through Q3.					
Investment management	% of activities delivered to agreed standards and timeframes (transport planning)	≥90%	60%		-30%
<b>COMMENTARY</b>					
A number of local authorities are yet to begin activities in this early stage of the NLTP with those that have begun performing well to standards and timeframes. The Transport Agency, however, is slightly behind its activities as it continues to progress legacy activities such as <i>Let's Get Wellington Moving</i> .					
Road safety promotion and demand management	% of activities delivered to agreed standards and timeframes	100%	33%		-67%
<b>COMMENTARY</b>					
There were delays to two of the three activities scheduled for completion this quarter (namely <a href="#">Child Restraints</a> and <a href="#">School Traffic Safety Team videos</a> ) due to supplier or participant availability. A larger than normal work programme and high Official Correspondence requests also impacted delivery. We anticipate both activities to be completed within 2018/19.					

<sup>4</sup> This figure excludes 29 measures that are only able to be reported annually.

## Road Safety Partnership Programme<sup>5</sup>

Through the Road Safety Partnership Programme (RSPP), the New Zealand Police contributes to delivering a safe system on New Zealand's roads and targeting a reduction in death and serious injuries. Prevention and enforcement activity is focused on high-risk areas of the network and high-risk behaviours related to restraints, impairment, distraction and speed (RIDS).

In quarter three 92 people were killed in road crashes resulting in a total of 365 for the 12 months ended March 2019 compared to 102 people in quarter two and total of 379 for the 12 months ended December 2018. In quarter three last year, 105 people were killed in road crashes with a total of 393 killed in that 12 month period. Reported serious injuries this quarter have fallen slightly to around 2,500 per year, particularly from crashes involving alcohol, speed, fatigue and high risk drivers.

The tragic ten days from 29 March to 7 April 2019 saw 28 people die from road crashes and many more injured. This was an example of the system failures experienced by road users in this country and presented a call to action to the RSPP agencies.

Of the reported fatalities from that period, all but two were in rural areas and almost all were on roads of 100km/h with no centre or side barriers to protect motorists from mistakes. Appropriate roadside infrastructure could have prevented the deaths of 12 people and improved intersection controls could have prevented five. Alcohol was suspected to have contributed to three deaths, speed five deaths and lack of restraint use five deaths.

With our sector partners, we remain committed to supporting all elements of a Safe System and will continue to promote safe driving behaviour, but acknowledge that this is little comfort to the families who have lost their loved ones. Police continue to work with the Transport Agency and the Ministry of Transport on proposals for improved speed management expected to include speed reductions for the top 10% of roads across the network that have a posted limit that is too high for the conditions.

### Road Safety Partnership Initiatives

The Road Safety Partnership was established in February 2018 between the Police, the Transport Agency and the Ministry of Transport to deliver better road safety outcomes. The partnership is governed by a steering group and is led by co-directors from Police and the Transport Agency.

The high-level scope of the initiative is to lay the foundation for transforming how we work in partnership to achieve maximum road safety outcomes by providing an integrated management programme that aligns efforts across all partner initiatives. The partnership is well established at Police National Head Quarters and has grown to 12 full-time members who are working together on a programme of initiatives to:

- Develop a new operating model between the Transport Agency and Police that aligns organisational designs and strengths:
- Develop a new investment model for road policing
- Develop a new process for developing future RSPPs and delivering the 2019-21 RSPP
- Develop a shared knowledge (data, intelligence, and insights) capability for road safety
- Investigate options and deliver automated compliance solutions and a new intervention management system.

### RSPP expenditure against budget<sup>6</sup>

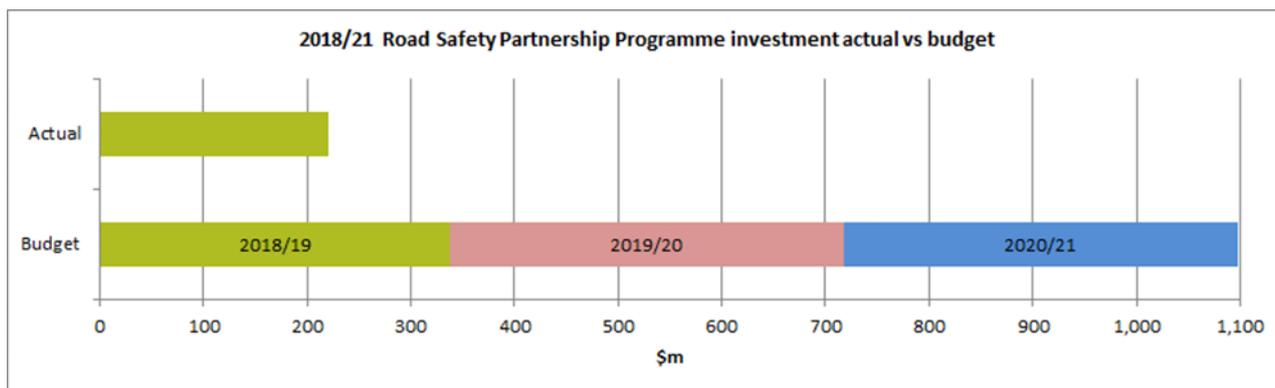
YEAR	NLTF APPROVAL (\$M)	ACTUAL/YTD (\$M) (TO FEB 2019)
2018/19	\$337.8*	\$220
2019/20	\$760.1**	N/A
2020/21		
<b>Total 2018-21 (NLTF only)</b>	<b>\$1,098.0**</b>	<b>N/A</b>

\* Following requested cashflow adjustment

<sup>5</sup> An improved reporting format is under development as the change is still to be agreed.

<sup>6</sup> Latest financial data not yet available for reporting.

\*\*The values shown for 2019–21 and the overall 2018–21 period is provisional, pending endorsement by the NZTA Board in their May 2019 meeting.



### Quarterly progress

The 2018/19 RSPP has 18 outcome indicators covering RIDS and other indicators for high-risk drivers, vulnerable and active road users, vehicle safety compliance and network maintenance and efficiency. Through Operation Five, Police continue to focus effort to reduce road deaths by 5% per year through enforcement in the RIDS offences.

The proportion of RIDS offences is currently at 47%, indicating continuing increased targeting of high-risk behaviours.

#### RIDS offences by calendar year



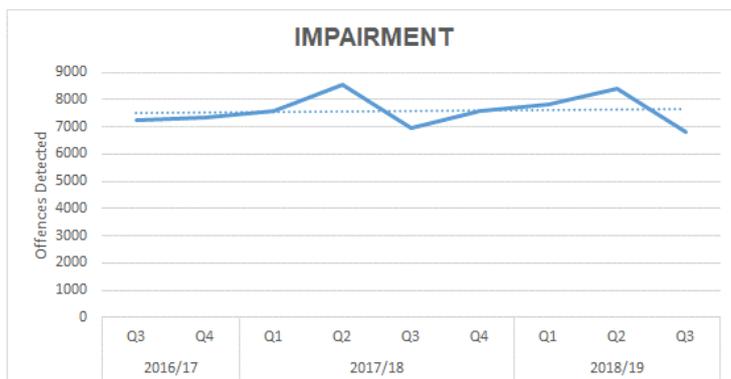
The Police response to the terrorist attack on two mosques in Christchurch has been significant. Police has been affected operationally, psychologically, physiologically and financially. It is not known how long some of the impact will last. There remains a significant response effort to these events and to ongoing security and protection of our communities. This means that delivery of Operative Five may be variable as many staff are re-deployed to other duties in the short term.



**Restraints** – Officer issued restraint enforcement has decreased over the quarter following an upswing in the second half of 2018 and the longer term trend remains largely flat. Individual road safety performance reports for districts have been produced and are the subject of targeted Police performance conversations. In addition, the Assistant Commissioner: Road Policing will

attend the District Commanders Forum on 17 April to discuss performance.

Police continue to deliver an ‘all of policing’ approach to restraint enforcement through both dedicated and non-dedicated road policing staff under operational order ‘see something – do something’.

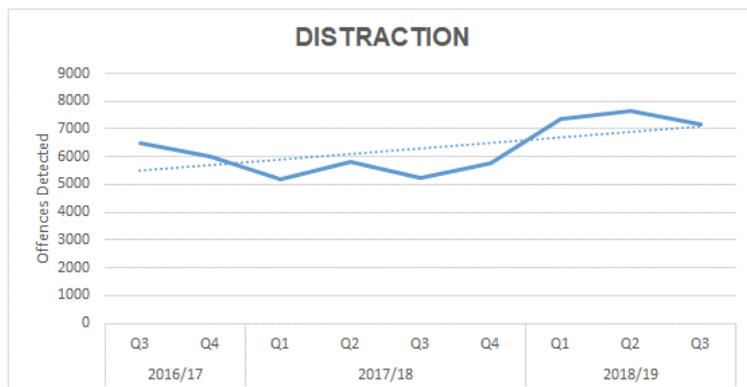


**Impairment** – Officer issued alcohol enforcement has also decreased over the quarter, however the longer term trend line continues to increase slightly.

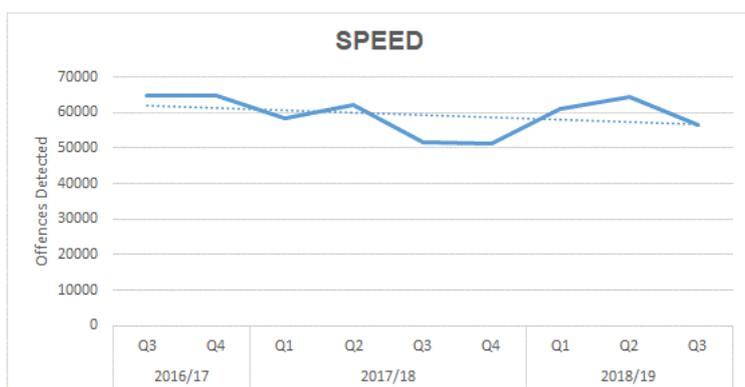
Over the last month we have discussed with Police the balance of general deterrence (through volume testing) and risk targetting (which returns a higher percentage of infringement issue per test). We have

agreed that while the levels of infringement issue continue to increase slightly (indicating strong risk targetting), the general deterrence effect is not as prominent as it could be, demonstrated by falling overall volumes of breath screening tests. We will start to measure both volumes and infringement issue in the 2019-21 RSPP to provide oversight that the balance is appropriate.

Police invested a further \$2,16m in alcohol detection devices and will invest \$5.2m between now and 2021 in Mobile Road Safety Bases for all districts to enable evidential processing of impaired drivers.



**Distraction** – The trend for distraction offences continues to improve, even though the infringement delivery in the last quarter fell slightly. Distraction activity is driven through an ‘all of policing’ approach with both dedicated and non-dedicated road policing staff contributing.



**Speed** - Officer issued infringements, mobile camera deployment hours and the number of written traffic warnings issued have all decreased over the quarter. Looking at speed notice distribution, it is evident that enforcement of the 11-15 km/h speed band has fallen off in favour of the 16-20 km/h band, indicating an increase in higher speeding offences being detected and actioned.

Higher level specific offending indicates a focus on high risk, something that has been promoted across the sector and is contained in the Ministry of Transport’s new approach to speed management. However, there is a risk that a focus on high-risk locations and speeds may impact negatively on the general deterrent effect achieved by high volume enforcement activity on the lower risk but more widespread issue of lower end speeding.

Police continues to work with partner agencies on aligning their deployment effort to risk, and complementing other activity on the network through joint operations.

# URBAN CYCLEWAYS PROGRAMME UPDATE

PROGRAMME PROGRESS (54 PROJECTS)				\$	⌚
Completed (29 projects)	In Construction (21 projects)	Pre-Construction (2 projects)	De-scoped (2 projects)		

## Our progress this quarter

Overall, the Urban Cycleways Programme (UCP) has now completed 79 percent of the project milestones. Below are projects or project phases that were either completed or started construction for the quarter ending 31 March 2019.

Of the original 54 UCP projects, two projects were descope from UCP as they will be delivered in future walking and cycling programmes.

There are now 14 projects that are forecast to be completed beyond 30 June 2019. The delivery time frames of these projects will extend through to June 2021 and means the \$100 million Urban Cycleways Funds will not be fully utilised this financial year and we will be carrying forward approximately \$7.5 million subject to necessary approvals. (BRI-1531 refers). We are seeking confirmation that all remaining projects will be completed by the deadline of June 2021, and that mitigations are being put in place to confirm delivery or amend the scope of projects to achieve this.

There is a significant funding and delivery risk around the Auckland Transport (AT) urban cycleways programme. All the AT projects are reporting delays and potential cost increases. AT are undertaking a review of their cycleways programme and reconfirming priorities. This review will be considered by the AT Board at a meeting in May. We expect the results of the review to be released to us later in Q4.

## Projects and Project Stages Completed in 2018/19

- Dunedin One Way Pair Cycle Lanes (Q3)
- Stage 1 of the Wainuiomata Hill Shared Path in Lower Hutt (Q3)
- Sections 17-19 (Lochhead Paper Road to Teihana Cycleway Crossing) of the Omokoroa to Tauranga trail (Q3)
- Turitea Bridge on the Manawatu River Bridge and Shared Path (Q3)
- St Hill Street shared pathway in Wanganui (Q3)
- Seabrook Ave Cycleway in the Links to New Lynn project in Auckland (Q2)
- Wainui Road shared walk and cycle pathway in Gisborne (Q2)
- Ian McKinnon Cycleway in the City Centre Network programme in Auckland (Q2)
- Stage 2 of the Kamo Route in Whangarei (Q2)
- Oriental Parade section of the Wellington Eastern Route package (Q2)
- Section 15 (Te Puna Road) of the Omokoroa to Tauranga trail (Q2)
- Ranolf project and Springfield phase two in the Rotorua CyWay (Q2)
- Water of Leith bridge in the Dunedin City's Central Cycle Network (Q2)
- Quarryman's Trail in Christchurch (Q1)
- Te Tuaiwi ("The Spine") in Wanganui (Q1)
- Eltham Rd Cycle Link in Blenheim (Q1)
- iWay Hastings Extension (Q1)
- Maitai to Rocks Road section of the Nelson Coastal Route Project in Nelson (Q1)
- Quay St extension, section 1 of the Tamaki Dr project in Auckland's City Centre Network (Q1)
- Ngauranga to Thorndon Quay section of the Ngauranga to Bunny St Project in Wellington (Q1)

## Projects and Project Stages Commencing Construction Phase

- K Road in the Auckland City Centre Network programme (Q3)
- Linton Park link works of the Rotorua Cy-Way (Q3)

- Kilbirnie routes in Wellington Eastern Connections (Q2)
- Section 4 (ECMT Railway to Bridge 1) and Section 6 (Bridge 1 to Huharua Reserve) on the Omokoroa to Tauranga trail (Q2)
- Rail Corridor shared pathway in Wanganui (Q2)
- Salt Water Creek Bridge in Nelson (Q2)
- Waitemata Safe Routes of the Western Connections to City Centre, Auckland (Q1)
- Stage 2 of the Wainuiomata Hill project in Lower Hutt (Q1)



A recently formed group of senior cyclists, the oldest 87, had an active role in the opening of the new Dunedin separated cycle lanes. They joined Dunedin North MP and Health Minister Hon Dr David Clark for a short ride along the cycle lanes after he had cut the ribbon to officially open them.

## What we're working on next quarter

### Construction expected to start on the following projects in Q4:

- Evans Bay route in Wellington
- Birchville to Te Marua sections on the Hutt River Cycleway
- Sections 21-22 (Te Puna Station Road) of the Omokoroa to Tauranga trail
- Salt Water Creek Bridge in Nelson
- Tahunanui Cycleway in Nelson
- Onepoto - Wi Neera shared path in Porirua

### Construction expected to be completed on the following projects/project phases in Q4:

- iWay Napier extension
- Sections 3 and 4 of the Kamo Route in Whangarei
- Rail Corridor shared pathway in Wanganui
- Stage 2 of the Wainuiomata Hill project in Lower Hutt
- Gladstone Road Bridge in Gisborne

# FINANCIAL PERFORMANCE FOR THE NINE MONTHS TO 31 MARCH 2019

## NATIONAL LAND TRANSPORT FUND REVENUE

**\$69.7m**  
below  
budget

Revenue year to date is 2% (\$69.7 million) below budget due to lower revenue received from fuel excise duty. Of our other revenue sources, road user charges are 3% (\$35.0 million) above budget while motor vehicle licensing and registrations are slightly ahead of budget.

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

**\$264.8m**  
below  
budget

Expenditure year to date is 9% below budget primarily due to lower spending on state highway improvements (\$142.4 million), Kaikoura earthquake response (\$34.0 million) and rapid transit (\$72.9 million). Rapid transit is currently not expected to spend these funds within this NLTP, and some funds may be released to other output classes.

## NZ TRANSPORT AGENCY OPERATIONAL EXPENDITURE

**\$6.8m**  
below budget

Total operational expenditure is 3% below budget primarily due to road safety promotion activity spend targeted to quarter four, lower commission and transaction costs and delays to projects in the corporate initiatives programme.

## MEMORANDUM ACCOUNTS

**\$1.9m**  
below  
budget

Memorandum account closing balances are \$1.9 million below budget. Lower expenditure in driver testing commissions has offset increased legal costs incurred on regulatory non-compliance issues and rectification costs for WoF, CoF and heavy vehicle certification.

## FUNDING AND LONG-TERM LIABILITIES

**\$1,948.3m**

The total long-term funding liability at 31 March is \$1,948.3 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 \$69.7 million or 2% below budget.

**Fuel excise duty (FED)** is \$102.6 million (7%) below budget due to the variable timing and quantities of imported fuel shipments.

**Road user charges (RUC)** are \$35.0 million (3%) above budget mainly from light vehicles. RUC assessment and penalty revenue are also contributing. RUC revenue is expected to remain above budget for the year.

**Motor vehicle registration and licensing (MVR & Lic)** is materially on budget.

**Other revenue** is \$3.2 million (6%) below budget due to the delay in property settlements (\$7 million) now planned in 2019/20. This is offset by favourable property management revenue arising from increased rental receipts due to delays in disposals, and properties coming on stream earlier than planned.

### SUMMARY

**\$69.7m**  
below budget

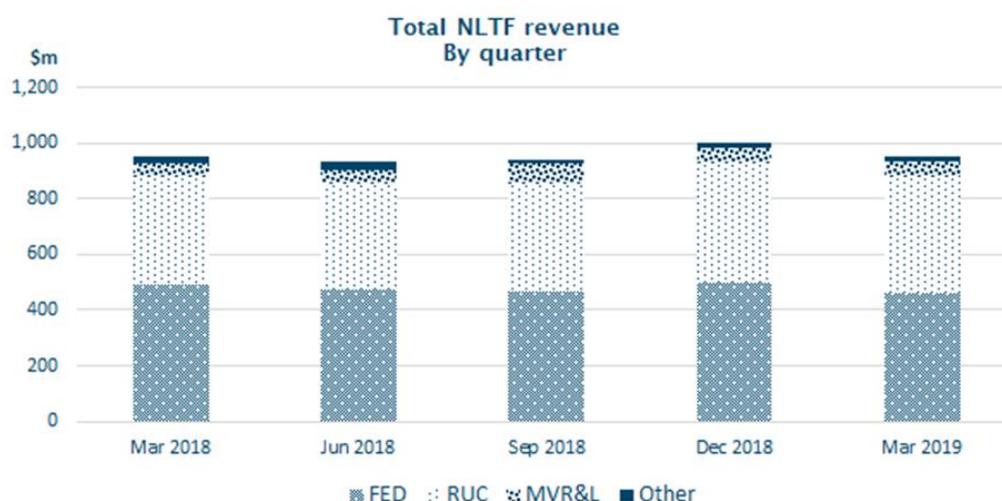
FED 7% below budget

RUC 3% above budget

MVR & Lic 1% above budget

Last quarter NLTF revenue was \$30.7m, 2% behind budget

	YEAR TO DATE				FULL YEAR
	Actual	Budget	Variance	Variance	Budget
	\$m	\$m	\$m	%	\$m
Fuel Excise Duty	1,429.2	1,531.8	(102.6)	(7%)	2,041.0
Road user charges	1,238.8	1,203.8	35.0	3%	1,602.0
Motor vehicle registration and licensing	175.5	174.4	1.1	1%	233.3
Other revenue	53.4	56.6	(3.2)	(6%)	79.9
<b>Total NLTF revenue</b>	<b>2,896.9</b>	<b>2,966.6</b>	<b>(69.7)</b>	<b>(2%)</b>	<b>3,956.2</b>



## 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 \$187.6 million (7%) below budget.

- **State highway improvements** is \$142.4 million (14%) below budget from lower activity than initially planned across many projects. The main underspends are: Auckland Northern Corridor Improvements (\$41m), Western Ring Route (\$21m), Mackays to Peka Peka (\$12m), Christchurch Northern Arterial (\$12m), Peka Peka to Ōtaki (\$11m), and Christchurch Southern Motorway (\$9m). Off-setting this trend is higher than budgeted expenditure on Property Acquisitions (\$4m). The state highway programme is under significant funding pressure.
- **Rapid transit** is \$72.9 million (90%) below budget. Activity is progressing to the next phase of further investigation and design work to support the application for planning approvals. It is forecast that \$19 million of the \$130 million budget will be required in 2018/19, with the balance carried forward or used for other activity classes.
- **Local road improvements** are \$27.4 million (28%) above budget reflecting tail of delivery of projects approved in the 2015-18 NLTP plus the impact of targeted funding assistance rates and the effect of the increased allocations to low costs low risk activities. Local road improvements is under significant funding pressure.
- **Public transport** is \$11.7 million (3%) above budget due to a strong delivery of local authority infrastructure projects. Programme cost increases due to higher fuel prices and labour costs, as well as the impact of Auckland's regional fuel tax, are also impacting expenditure. Public transport remains under significant funding pressure.
- **Regional improvements** are \$23.4 million (28%) above budget due to many projects progressing ahead of plan, and likely to be over the current year's budget but within the three-year programme.

**Specific Crown-funded** projects year to date expenditure is \$77.2 million (35%) below budget due to:

- **Kaikoura earthquake response** is \$34.0 million (27%) below budget mainly due to the unspent risk provision and cost efficiencies. The key project milestones remain largely on track. However, current NCTIR forecasts indicate that spend is expected to carry over into 2019/20 which has been notified to Treasury in the latest Budget & Economic Fiscal Update (BEFU).
- **Accelerated Regional Roding Programme** is \$11.7 million (45%) below budget due to the Mt Messenger (\$5.5m) and Awakino Tunnel bypass (\$2.4m) projects being behind schedule. Current forecasts indicate that spend is expected to carry over into 2019/20 which has been notified to Treasury in the latest Budget & Economic Fiscal Update (BEFU).
- **Provincial Growth Fund (PGF)** is \$27.8 million (93%) below budget as delivery plans are being firmed up and projects reviewed for suitability. PGF spend is expected to carry over into 2019/20 and beyond and a process for managing funding for projects that are deferred is to be agreed with the Ministry of Business, Innovation and Employment.

### SUMMARY

**\$264.8m**  
below budget

#### NLTP

7% below budget

#### Crown

35% below budget

\$171.9m below budget last quarter where NLTP was 6% below budget and Crown was 35% below budget.

	YEAR TO DATE				FULL YEAR			
	Actual	Budget	Variance	Variance	Forecast	Budget	Variance	Variance
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
Investment management*	36.6	48.2	11.6	24%	61.0	71.1	10.1	14%
Public transport*	359.3	347.6	(11.7)	(3%)	557.0	549.0	(8.0)	(1%)
Rapid transit	8.1	81.0	72.9	90%	15.0	130.4	115.4	88%
Transitional rail	4.5	9.0	4.5	50%	15.0	35.4	20.4	58%
Walking and cycling*	39.3	30.2	(9.1)	(30%)	75.0	79.0	4.0	5%
Road safety promotion and demand mgmt*	25.2	35.7	10.5	29%	45.0	52.9	7.9	15%
Local road improvements	123.8	96.4	(27.4)	(28%)	263.0	192.8	(70.2)	(36%)
Local road improvements (Housing Infrastructure Fund)	2.2	9.3	7.1	76%	5.0	23.3	18.3	79%
Local road maintenance	441.2	453.6	12.4	3%	705.0	690.5	(14.5)	(2%)
Regional improvements*	106.0	82.6	(23.4)	(28%)	145.0	112.3	(32.7)	(29%)
State highway improvements*	872.5	1,014.9	142.4	14%	1,230.0	1,365.6	135.6	10%
Auckland Transport Package*	12.5	12.5	0.0	0%	12.5	12.5	0.0	0%
State highway maintenance*	509.1	508.1	(1.0)	(0%)	687.0	666.9	(20.1)	(3%)
Road policing	1.2	0.0	(1.2)	(100%)	3.0	0.0	(3.0)	0%
<b>NLTF funded expenditure</b>	<b>2,541.5</b>	<b>2,729.1</b>	<b>187.6</b>	<b>7%</b>	<b>3,818.5</b>	<b>3,981.7</b>	<b>163.2</b>	<b>4%</b>
SuperGold card	28.2	28.2	0.0	0%	29.0	29.5	0.5	2%
Urban Cycleways Programme	7.8	11.5	3.7	32%	16.0	25.4	9.4	37%
Provincial Growth Fund	2.2	30.0	27.8	93%	6.0	40.0	34.0	85%
Accelerated Regional Roding Programme*	14.3	26.0	11.7	45%	24.0	33.4	9.4	28%
Kaikoura earthquake response*	93.5	127.5	34.0	27%	165.0	237.0	72.0	30%
<b>Crown funded expenditure</b>	<b>146.0</b>	<b>223.2</b>	<b>77.2</b>	<b>35%</b>	<b>240.0</b>	<b>365.3</b>	<b>125.3</b>	<b>34%</b>
<b>NLTP &amp; Crown expenditure***</b>	<b>2,687.5</b>	<b>2,952.3</b>	<b>264.8</b>	<b>9%</b>	<b>4,058.5</b>	<b>4,347.0</b>	<b>288.5</b>	<b>7%</b>
*Includes investment in state highways	1,662.8	1,951.1	288.3	15%	2,369.8	2,710.4	340.6	13%
Operational expenditure	1,397.2	1,379.4	(17.8)	(1%)	2,190.3	2,147.3	(43.0)	(2%)
Capital expenditure***	1,290.3	1,572.9	282.6	18%	1,868.2	2,199.7	331.5	15%
<b>Total expenditure</b>	<b>2,687.5</b>	<b>2,952.3</b>	<b>264.8</b>	<b>9%</b>	<b>4,058.5</b>	<b>4,347.0</b>	<b>288.5</b>	<b>7%</b>

\*\* 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's and developer's contributions.

NLTP Three-year Forecast	FORECAST				NLTP		GPS FUNDING RANGES	
	2018/19	2019/20	2020/21	Total	2018-21	Variance	Lower	Upper
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Investment management	61.0	71.0	68.0	200.0	215.3	15.3	195.0	235.0
Public transport	557.0	613.0	625.0	1,759.0	1,765.0	6.0	1,490.0	2,040.0
Rapid transit	15.0	175.0	273.0	463.0	463.0	0.0	150.0	760.0
Transitional rail	15.0	157.0	183.0	355.0	376.1	21.1	145.0	435.0
Walking and cycling	75.0	117.0	109.0	301.0	299.6	(1.4)	235.0	360.0
Road safety promotion and demand mgmt	45.0	58.0	64.0	166.0	188.0	22.0	155.0	225.0
Local road improvements	263.0	271.0	266.0	800.0	740.3	(59.7)	430.0	1,030.0
Local road improvements (Housing Infrastructure Fund)	5.0	25.0	50.0	80.0	109.0	29.0		
Local road maintenance	705.0	680.0	649.0	2,034.0	2,019.0	(15.0)	1,800.0	2,120.0
Regional improvements	145.0	130.0	135.0	410.0	405.0	(5.0)	200.0	530.0
State highway improvements	1,230.0	1,150.0	1,069.0	3,449.0	3,425.0	(24.0)	3,000.0	4,000.0
Auckland Transport Package	12.5	0.0	0.0	12.5	12.5	(0.0)		
State highway maintenance	687.0	666.0	657.0	2,009.0	1,987.0	(22.0)	1,810.0	2,130.0
Road policing *	344.0	361.0	358.0	1,063.0	1,062.8	(0.2)	980.0	1,110.0
<b>NLTF funded expenditure</b>	<b>4,159.5</b>	<b>4,474.0</b>	<b>4,506.0</b>	<b>13,101.5</b>	<b>13,067.6</b>	<b>(33.9)</b>	<b>10,590.0</b>	<b>14,975.0</b>
SuperGold card	29.0	30.0	31.0	90.0	90.9	0.9		
Urban Cycleways Programme	16.0	8.0	2.0	27.0	25.0	(2.0)		
Provincial Growth Fund	6.0	20.0	33.0	59.0	125.0	66.0		
Accelerated Regional Roding Programme	24.0	50.0	9.0	82.7	94.0	11.3		
Kaikoura earthquake response	165.0	24.0	1.0	189.0	225.0	36.0		
<b>Crown funded expenditure</b>	<b>240.0</b>	<b>132.0</b>	<b>76.0</b>	<b>447.7</b>	<b>559.9</b>	<b>112.2</b>		
<b>NLTP &amp; Crown expenditure</b>	<b>4,399.5</b>	<b>4,606.0</b>	<b>4,582.0</b>	<b>13,549.2</b>	<b>13,627.5</b>	<b>78.3</b>		

\*The majority of forecast expenditure on road policing relates to funding which is passed directly to NZ Police for road policing activities.

## NZ Transport Agency

### NZ Transport Agency operational REVENUE; operational AND CAPITAL expenditure

- **Transport Agency operational expenditure** is \$6.8 million (3%) below budget due to lower commission and transactions costs and lower spending on the road safety promotion and demand management as the programme is now weighted towards the latter part of the financial year. There have also been lower spend on some projects on the initiatives programme, primarily in IT infrastructure. Operational expenditure also includes increased personnel costs, largely because of contractors being used to fill vacant positions, and increased legal costs and rectification provisions incurred on review of regulatory non-compliance issues.
- **Operational revenue** is \$5.1 million (4%) above budget due to higher Crown funding received for the Drive project as well as from other sources such as personalised plates, regional fuel tax administration and training and education.
- **Transport Agency capital expenditure** is \$6.0 million (39%) below budget due to delays to project spend on the corporate initiative programme, primarily in IT infrastructure and the Auckland regional office relocation.

#### OPERATING EXPENDITURE

**\$6.8m**  
below budget

#### OPERATING REVENUE

**\$5.1m**  
above budget

Last quarter operating expenditure was \$6.7m below budget and revenue \$5.3m above budget.

	YEAR TO DATE				FULL YEAR			
	Actual	Budget	Variance	Variance	Forecast	Budget	Variance	Variance
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
<b>Expenditure classified by<sup>7</sup>:</b>								
Personnel costs	123.2	114.2	(9.0)	(8%)	160.2	153.4	(6.8)	(4%)
Operating expenses	126.4	141.4	15.0	11%	194.5	188.3	(6.2)	(3%)
Depreciation/amortisation	9.2	10.0	0.8	8%	14.0	14.1	0.1	1%
<b>Transport Agency operational expenditure</b>	<b>258.8</b>	<b>265.6</b>	<b>6.8</b>	<b>3%</b>	<b>368.7</b>	<b>355.8</b>	<b>(12.9)</b>	<b>(4%)</b>
<b>Expenditure classified by:</b>								
NLTP	105.2	116.2	11.0	9%	158.7	150.1	(8.6)	(6%)
Regulatory	153.6	149.4	(4.2)	(3%)	210.0	205.7	(4.3)	(2%)
<b>Operational revenue</b>	<b>149.7</b>	<b>144.6</b>	<b>5.1</b>	<b>4%</b>	<b>195.5</b>	<b>191.7</b>	<b>3.8</b>	<b>2%</b>
<b>Transport Agency capital expenditure</b>	<b>9.5</b>	<b>15.5</b>	<b>6.0</b>	<b>39%</b>	<b>19.2</b>	<b>20.0</b>	<b>0.8</b>	<b>4%</b>

<sup>7</sup> 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 \$1.9 million (8%) below budget.

Revenue for the year to date is materially on budget. Costs associated with the regulatory review and rectification costs (including \$2.5 million provision for recertifications related to Patrick Chu) have caused large overspends in the Certification review and Standards Development memorandum accounts. The recertifications cost related to Patrick Chu have now been recoded to standard development from certification review to better reflect the nature of the costs incurred.

The rail licensing fee review is due to go to Cabinet for approval shortly. There have been delays with taking the paper to Cabinet, and the fee increase is now expected to take place from 1 October 2019, not 1 July. Driver licensing and driver testing fee reviews are in the preparation phase. Implementation is contingent upon an anticipated wider review of regulatory funding following conclusion of the current Ministry of Transport review of the Transport Agency's regulatory function. The scope of fee review programme has now been widened to include all licensing domains. A team is in place working on the fee review process.

### SUMMARY

**\$1.9m**  
below budget

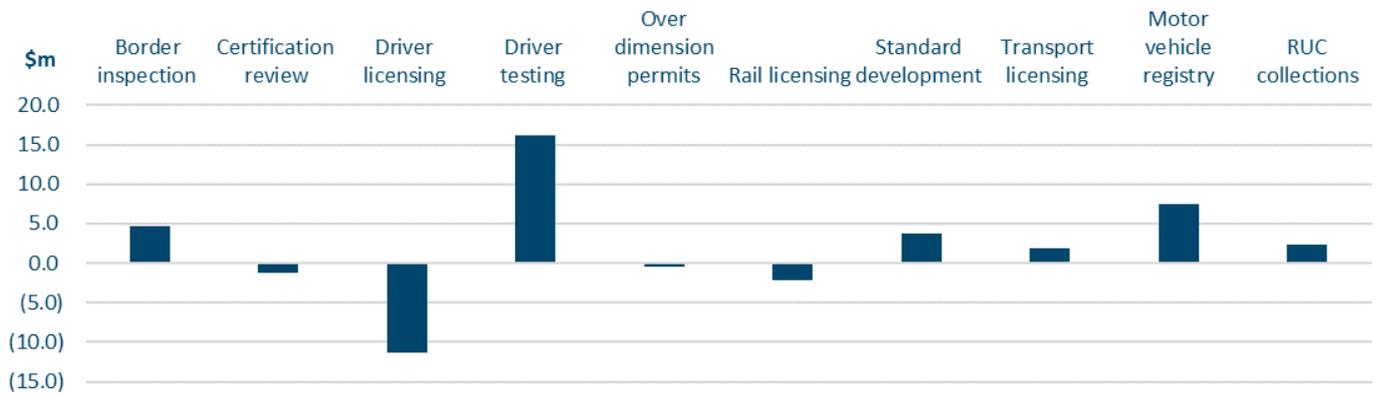
#### Closing balance

8% below budget

Last quarter the balance was \$4.3m (17%) above budget

Closing Balance	YEAR TO DATE				FULL YEAR
	Actual	Budget	Variance	Variance	Budget
	\$m	\$m	\$m	%	\$m
Border inspection	4.7	4.9	(0.2)	(4%)	5.0
Certification review	(1.3)	1.6	(2.9)	(181%)	2.9
Driver licensing	(11.4)	(11.6)	0.2	2%	(14.7)
Driver testing	16.1	13.9	2.2	16%	14.8
Over dimension permits	(0.5)	(1.3)	0.8	62%	(1.8)
Rail licensing	(2.2)	(2.5)	0.3	12%	(5.5)
Standard development	3.7	6.3	(2.6)	(41%)	7.3
Transport licensing	1.8	2.3	(0.5)	(22%)	2.6
<b>Licensing and regulatory</b>	<b>10.9</b>	<b>13.6</b>	<b>(2.7)</b>	<b>(20%)</b>	<b>10.6</b>
Motor vehicle registry	7.5	6.5	1.0	15%	5.7
<b>Motor vehicle registry</b>	<b>7.5</b>	<b>6.5</b>	<b>1.0</b>	<b>15%</b>	<b>5.7</b>
RUC collections	2.4	2.6	(0.2)	(8%)	2.1
<b>RUC collections</b>	<b>2.4</b>	<b>2.6</b>	<b>(0.2)</b>	<b>(8%)</b>	<b>2.1</b>
<b>Total closing balances</b>	<b>20.8</b>	<b>22.7</b>	<b>(1.9)</b>	<b>(8%)</b>	<b>18.4</b>

**Memorandum account**  
Year to date closing balance



## Funding and Long-Term liabilities

The total long-term funding liability at 31 March 2019 is \$1,948.3 million, incorporating specific loan packages, Public-Private Partnership commitments and the derivative financial liability.

The Transport Agency is compliant with all loan conditions.

The first loan drawdown of \$2 million from the Housing Infrastructure Fund was made in quarter three.

The final drawdown of the Auckland Transport Package for state highways has been completed. It is unlikely that the remaining \$5 million available for local roads will be drawn-down by Auckland Transport.

The notional cash balance in the National Land Transport Fund is \$616.3 million.

### SUMMARY

#### NLTF Cash balance at 31 March

\$616.3m

#### Long term facilities

\$2.0m drawdown on Housing Infrastructure Fund loan in Q3

	BALANCE			STATUS	
	March 2019	June 2018	Movement	Total Facility Available	Remaining Repayment Period
	\$m	\$m	\$m	\$m	Years
Short term revolving facility	0.0	0.0	0.0	250.0	N/A
Christchurch earthquake loan	11.5	23.0	(11.5)	0.0	Less than 1 year
Auckland Transport Package loan*	370.0	338.2	31.8	5.0	8 years
Tauranga Eastern Link loan	107.0	107.0	0.0	0.0	32 years
Housing Infrastructure Fund loan	2.0	0.0	2.0	361.1	10 years
<b>Loans</b>	<b>490.5</b>	<b>468.2</b>	<b>22.3</b>	<b>616.1</b>	
Fair value and other adjustments	(31.3)	(31.5)	0.2		
<b>Total loans</b>	<b>459.2</b>	<b>436.7</b>	<b>22.5</b>	<b>616.1</b>	
Transmission Gully (PPP)	724.2	549.3	174.9	1,100.0	22 years
Puhi to Warkworth (PPP)	474.7	306.2	168.5	950.0	22 years
<b>Total public-private partnerships</b>	<b>1,198.9</b>	<b>855.5</b>	<b>343.4</b>	<b>2,050.0</b>	
Derivative financial liability	290.2	203.8	86.4		
<b>Total funding liability</b>	<b>1,948.3</b>	<b>1,496.0</b>	<b>452.3</b>	<b>2,666.1</b>	

\*For use by Auckland Transport

# ORGANISATIONAL HEALTH

## Our people metrics

We are continuing to support the strategic priorities of the Transport Agency, particularly through the development of our draft Workforce Strategy, iterating and improving our Leadership development offerings such as the Great Leaders Programme and Leader as Coach, and the Core Capability Portal.

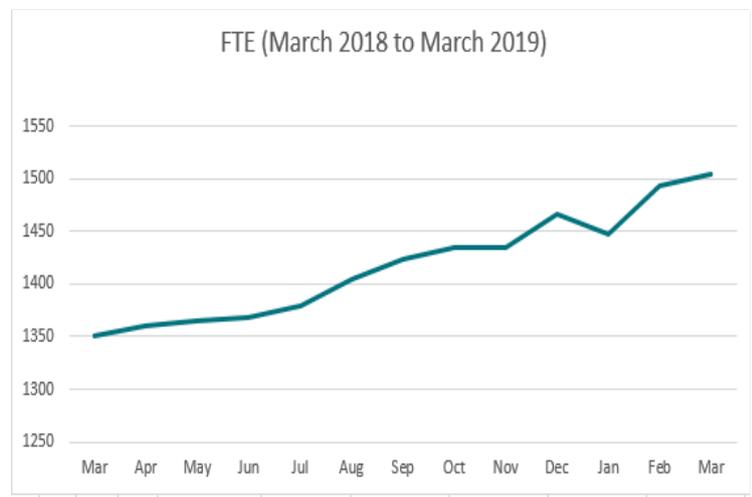
In quarter three, a focus has been on filling several new positions in the Regulatory and Service Design and Delivery business units.

We continue to focus on reducing the annual leave balances for those with a high leave balance of 30+ days of entitled annual leave by working in partnership across the business.

### Full-time equivalent (FTE) employees

As at 30 March 2019 there are 1474.91 full-time equivalent employees (FTEs). Since the last quarter the number of FTEs has grown by 1.75%. This is due to new positions created to support the delivery of the Transport Agency's strategy and new priorities, such as light rail and new regulatory positions.

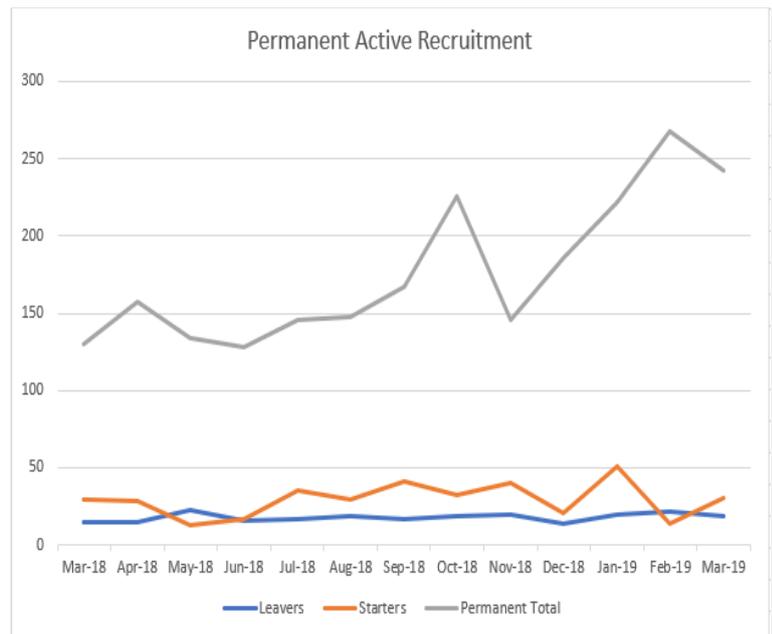
The increase in November/December 2018 reflects managers confirming additional resourcing because of an increase in general workload, and the Regulatory review culminating in 35 new positions at the end of 2018. A small dip in FTEs in January 2019 was due to a series of fixed-term contracts ending in December 2018.



### Permanent new starters and departures

As at 30 March, there were 242 permanent, full-time roles in the active recruitment phase with 33 of these roles in the regulatory business unit.

Voluntary turnover, which includes permanent employees only, sits at 14.6% in quarter three which is consistent with 14.7% in the last quarter.



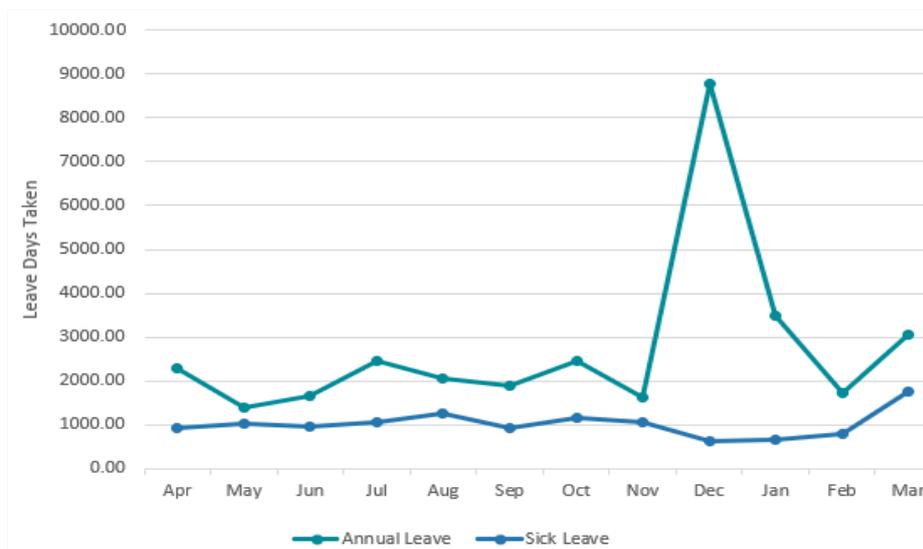
## Planned and unplanned leave taken

Our average annual leave balance at 30 March 2019 was 10.9 days (entitled leave and accrued leave, less any leave which has been booked for future use). This is a substantial decrease from the last quarter average of 16.1 days.

Annual leave usage in quarter three follows the established trend of high use over the holiday season and throughout the mandatory shut-down period (tracking through quarter two and into quarter three). This usage eased by February 2019 in accordance with established patterns.

Leave plans were put in place for those staff members with a high annual leave balance, which has seen the average balance reduce below our target average of 12.5 days.

Average sick leave taken over the year is 7.8 days, a slight increase from the quarter two average of 7.18 days. A small increase in sick leave taken in March 2019 is due to late-summer illness throughout New Zealand. Sick leave usage overall is not of concern.



## Annual leave liability

Our average annual leave liability as at 30 March 2019 was \$8.10 million (approximately \$5,104 per person), which is 5.6% more than the liability of \$7.84 million recorded at the same time last year.

There were 20 employees with an excessive annual leave balance of 30+ days entitled leave, a significant decrease since the last quarter. When annual leave that has been booked but not yet used is taken into consideration, the number of employees with an excessive annual leave balance reduces significantly to 35 employees (2.3% of staff). Of those 35 employees, 17 have an entitled annual leave balance of over 20+ days (also factoring in future booked leave).

Business Partners have been working closely with business groups to establish leave plans for those with high annual leave balances, and a drastic reduction in leave can be seen since November 2018. To continually manage leave balances over time, the Employee Experience team are now actively monitoring annual leave balances, and any employee leave balance over 20 days will trigger a conversation with the manager and employee to discuss and establish leave plans.

