
QUARTERLY RESULTS AND INSIGHTS

Q3 2013/14

1 January to 31 March 2014



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PERFORMANCE OVERVIEW

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

Achieving the aims of our nine key result areas	<p>1</p> <p>Customers</p> <p>Good progress against all three of our 2013/14 milestones.</p> <p>Highways customer foundations workshop being rolled out across the country</p> <p>Upcoming workshop to sharpen focus on customer insight techniques</p> <p>Project to make it easier for customers to transact online is underway.</p>	<p>2</p> <p>Urban network capacity</p> <p>Variable progress, with two areas to watch.</p> <p>The business case for the Christchurch transport interchange, which was due to be completed by the end of quarter two, remains under development</p> <p>Network Operating Plans now complete for all major centres.</p>	<p>3</p> <p>Freight</p> <p>Good overall progress, with one area to watch.</p> <p>Complex HPMV permitting processing times continue to prove challenging</p> <p>80% of local authorities now signed up to 50MAX</p> <p>Our quarter three success indicator reached 16%, halfway to our 2016 target.</p>	<p>4</p> <p>Safer speeds</p> <p>Good overall progress, with one area to watch.</p> <p>National direction being developed with partners</p> <p>Progress on the speed risk management guide is slow, pending confirmation of the national direction and availability of resourcing.</p>	<p>5</p> <p>Efficient road maintenance</p> <p>Variable progress, with two areas to watch.</p> <p>There are various challenges with landing one network road classification, Roding Efficiency Group and asset management planning.</p> <p>At just over half way through the 2012-15 NLTP period, we have achieved almost 52% of the targeted saving of \$160m from renewals, maintenance and operations of the state highway network.</p>
	<p>6</p> <p>Integrate one network</p> <p>Good progress against all eight of our 2013/14 milestones.</p> <p>Two highlight achievements:</p> <p>Our formal submission on Auckland Unitary Plan completed, and</p> <p>Integrated ticketing system (HOP) operational on all Auckland public transport modes</p>	<p>7</p> <p>Shape smart choices</p> <p>Variable progress, with three areas to watch.</p> <p>Two annual milestones are expected to remain incomplete at year end:</p> <p>Stage II review of the Economic Evaluation Manual will not be completed in 2013/14, and</p> <p>We are delaying further work on travel time and user information until 2014/15.</p> <p>Vehicle Licensing Reform, child restraint and motor cycle licensing regulatory changes have been completed.</p>	<p>8</p> <p>Deliver highway solutions</p> <p>Good overall progress on our deliverables, with one area to watch.</p> <p>Our operational network resilience policy has been adopted.</p> <p>Rollout of outcome based contracts is on track.</p> <p>All Roads of National Significance projects continue to progress to plan.</p>	<p>9</p> <p>Maximise returns for NZ</p> <p>Variable progress, with three areas to watch.</p> <p>Challenges remain on the Canterbury rebuild, resulting in likely year end milestone non achievement.</p> <p>We have concerns re progress and quality of the Auckland Integrated Transport Programme</p> <p>Public transport operating model challenges persist (see KRA 2).</p>	

Strong financial performance	NLTF revenue [year end projection in line with SOI budget]	NLTP expenditure [7% under budget]	A&U revenue [10% over budget]	A&U expenditure [1% over budget]	NZTA operating expenditure [on budget]	Borrowing [as planned]
Strong service delivery performance	Delivery targets					
	We are making good progress against our 43 annual service delivery and investment targets, but 8 require attention. There is a risk that we will be unable to meet our year-end targets for customer satisfaction in Licensing and Regulatory Compliance and days taken to deliver Fuel Excise Duty Refunds.					
	[35 service delivery and investment results are on track to achieve targets]			[8 service delivery or investment results need to be watched]		
Strong organisational capability & health	Capability		People metrics		Health and safety	
	Good progress against our organisational agility projects, with two areas to watch. Harnessing Knowledge IS capability activities are on track, but there remain some alignment issues with business groups. Expected benefits may not be delivered due to differing change management expectations / requirements for IS and business groups – particularly for the common analytics platform.		[The current FTE number is less than the cap. Unplanned turnover has stabilised and there has been a further decrease in excessive annual leave balances, however we anticipate this will rise without specific intervention.]		[NZTA employees: 12 injuries and 5 near misses]	
					[NZTA contractors' worksites: three serious harm incidents]	
					[Rail sector employees: no fatalities or serious harm incidents] ¹	

- Very good progress against plan – achieved all our targets and milestones for this quarter
- Good overall progress against plan – achieved all of our targets and milestones for this quarter, except one. Issues to be resolved indicated in box
- Good progress against plan – achieved most of our targets and milestones for this quarter. Issues to be resolved indicated in box

¹ Members of the public in the rail corridor: 2 fatalities and 1 serious harm incident.

OPERATING CONTEXT

Improving efficiency continues to define our current operating context

Initiative	Rating	
Revenue and expenditure uncertainty		
Infrastructure development		
Health and Safety Reforms		
Local Government Efficiency		
Auckland - Implementation of the Unitary Plan		
Hawkes' Bay - Re-organisation		
Christchurch - Greater Investment Certainty		
Negative	Neutral	Positive
■	■	■

Revenue and expenditure uncertainty

Revenue to 31 March 2014 is \$58.6m (3%) ahead of the SOI budget. End of year projections are in line with the SOI, but remain down against earlier forecasts, including the published NLTP revenue forecast.

We continue to manage the shortfall by using the short-term debt facility and balancing under-claiming for most activity classes against maintaining the priority work streams of the Roads of National Significance, Auckland, and Christchurch recovery initiatives. Year-to-date expenditure is currently running \$4.9m under budget.

Infrastructure development

The Government has signalled it will retain a strong commitment to infrastructure investment as part of its Business Growth Agenda, including the construction of new state highways, road safety programmes and public transport investment.

Health and safety reforms

Health and safety reforms will require increased governance and verification of actions. In particular:

- The change in definition of a 'worker' will alter how we work with supply chains, especially in our Highways and Network Operations business
- The change in definition of a 'worker' will alter how we manage our obligations to individuals

- The definition and duties of an 'officer' will affect due diligence requirements
- The shift from a hazard based risk to a systematic risk based approach will alter how we identify and manage risks.

The implications of health and safety reforms for some other areas of our business remain unclear. The Ministry of Business, Innovation and Employment and WorkSafe NZ will clarify these implications in the coming year.

Consolidation of and collaboration with local government

Auckland: The Transport Agency continues to work collaboratively with Auckland Council and Auckland Transport on complex issues related to implementation of the Auckland Plan. In particular, we are engaged in aligning outcomes across the Proposed Auckland Unitary Plan (PAUP) and the next version of the Integrated Transport Programme (ITP).

The challenging scale of Auckland's growth continues to be a significant issue for the Transport Agency and other investors and infrastructure providers. We continue to work with various partners on planning for growth and special housing areas.

Northland: The Transport Agency and Northland's local government councils have been exploring options for the joint management of road maintenance services. Initial discussions focused on the Transport Agency co-locating with Whangarei

District Council and the development of a business case for a joint venture.

While the co-location approach is progressing well, the business case for a joint venture has been slowed by the recent proposal from the Local Government Commission (LGC) to form a Unitary Authority in Northland. The Transport Agency submitted in support of the proposal, because it is likely to facilitate successful transport collaborations. If the proposal is adopted, it is expected to be in place by November 2015.

Hawkes Bay: The Local Government Commission has also proposed a Unitary Authority for the Hawkes Bay. We again submitted in support of the proposal, highlighting the opportunities that a regional approach to transport planning and investment could provide, particularly in relation to freight.

Christchurch: We continue to work at governance and operational levels with Christchurch City Council, Environment Canterbury, the Canterbury Earthquake Recovery Authority (CERA), the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) Alliance for the rebuild of the Christchurch City Horizontal Infrastructure and the Horizontal Infrastructure Governance Group. Our current focus is on providing greater investment certainty through use of the Business Case approach. Current areas of work include:

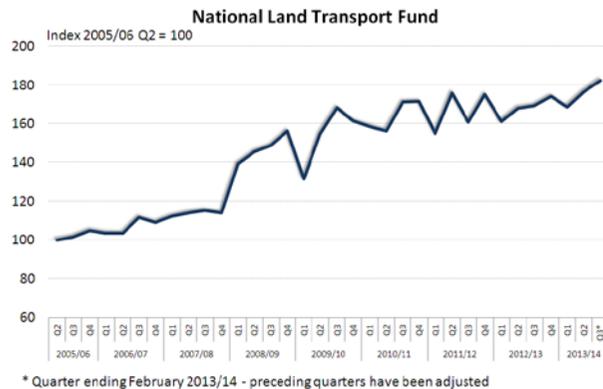
- giving effect to the Land Use Recovery Plan
- developing a business case and implementation plan for the Accessible City (Transport Plan) as part of the Central City Recovery Plan

- developing a business case for public transport infrastructure and service improvement investment.

KEY OPERATING ASSUMPTIONS

This section identifies the key assumptions under which the Transport Agency operates and makes decisions. Assumptions fall into two categories – those that affect funding and those that affect procurement. All assumptions reflect a going concern basis and all growth rates in this section are expressed as a year on year %.

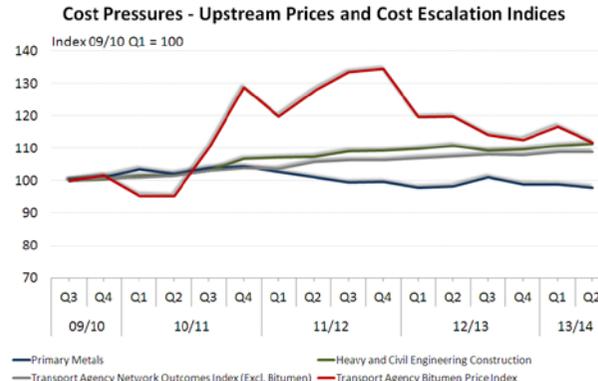
Revenue trend reflects improvement in demand for travel



Revenues are tracking to expectations

National Land Transport Fund Revenues – Trending upwards. Revenues are currently 3% ahead of the SOI budget. Net revenues generated from Fuel Excise Duties and Road User Charges were 4% and 3% ahead of budget, respectively.

Cost pressures reflect competitive dynamics in supplier markets

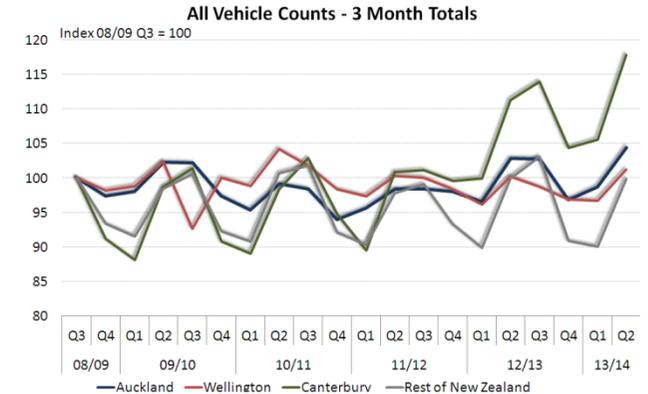


Input prices are in line with expectations

- Steel prices – Slightly reduced. NZ\$ metal prices declined by 0.3% in 2013/14 Q2.
- Heavy Construction and Civil Engineering Output Prices – Remains benign. Civil construction output prices rose by 0.5% in 2013/14 Q2.
- **Bitumen Cost Index – Reduced. The Transport Agency's bitumen index continued to contract, falling by a further 6.7% in 2013/14 Q2.**
- Network Outcomes Index² (excluding Bitumen) – Gradual rise. The Transport Agency's network outcome index for maintenance related projects continued to grow by 1.3% percent during 2013/14 Q2.

² The network outcome index is a composite index that uses data published by Statistics New Zealand. The index is made up of three components, i.e. materials, labour and plant, which are weighted 30%, 45% and 25%, respectively. The index excludes bitumen prices.

Travel demand reflects improving economic fortunes

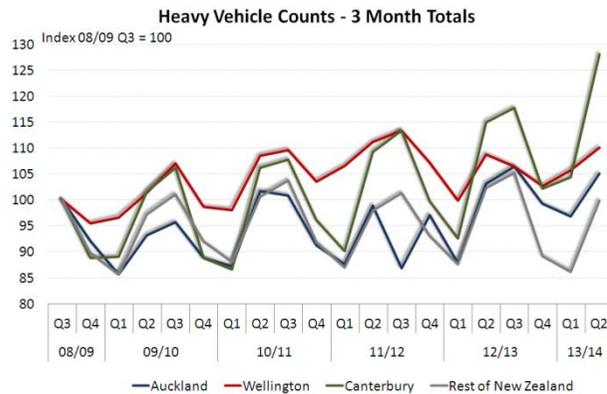


Travel demand is in line with forecasts

- New Zealand – Total vehicle counts increased by 1.3% in 2013/14 Q2.
- Auckland – Total vehicle counts rose by 1.6% over the same three month period.
- Canterbury – The number of counted vehicles jumped by 5.6% for the reporting period.
- **Wellington – Total vehicle counts rose by 1.0%.**
- Rest of New Zealand – Flat. Total vehicle counts outside of the major centres eased by 0.1%.

Key operating assumptions

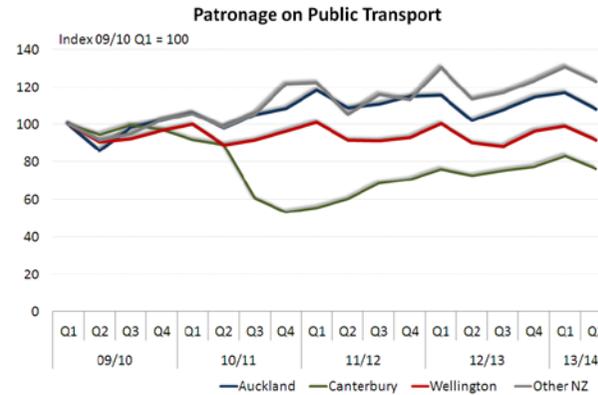
Heavy vehicle travel reflects activity in New Zealand's productive sectors



Heavy vehicle travel outside of the major centres is lower than forecast

- New Zealand - Sluggish growth. Total heavy vehicle counts rose by 0.3% in 2013/14 Q2.
- Auckland - Steady Improvement. Heavy vehicle counts increased by 1.9% over the same three month period.
- Canterbury - Strong growth. Heavy vehicle counts jumped by 11.4% over the reporting period.
- Wellington - Picking up. Heavy vehicle counts grew by 1.2% during the quarter.
- Rest of New Zealand - Marked slowdown. Heavy vehicle counts decreased by 2.4%

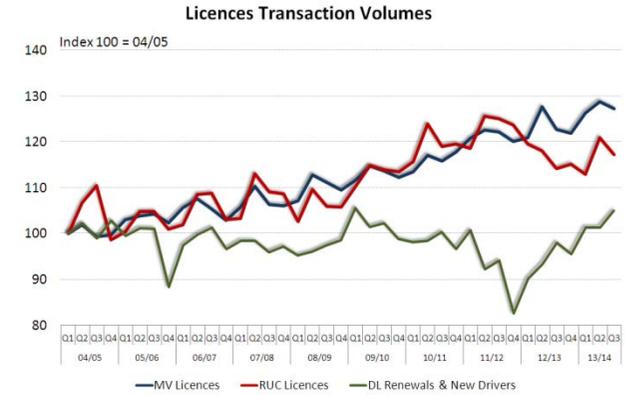
Public transport patronage patterns reflect seasonal drop-off



Public transport patronage has increased in line with expectations (with seasonal fluctuations)

- New Zealand - Strong growth. Patronage rose by 5% in 2013/14 Q2, but fell 7.4% from the previous quarter.
- Auckland - Strong growth. Boardings grew by 5.9% in 2013/14 Q2, but dropped 7.6% when compared to the previous quarter.
- Canterbury - Slowing growth. Patronage grew by 5.3% in 2013/14 Q2, but fell 8.1% from the previous quarter.
- Wellington - Steady growth. Number of patrons using public transport rose by 1.6% 2013/14 Q2.
- Rest of New Zealand - Higher growth. Patronage rose by 8.3% in 2013/14 Q2, but contracted by 5.9% from 2013/14 Q1.

Transaction volumes reflects stronger demand for transport



Vehicle and driver licence transaction volumes have increased in line with expectations

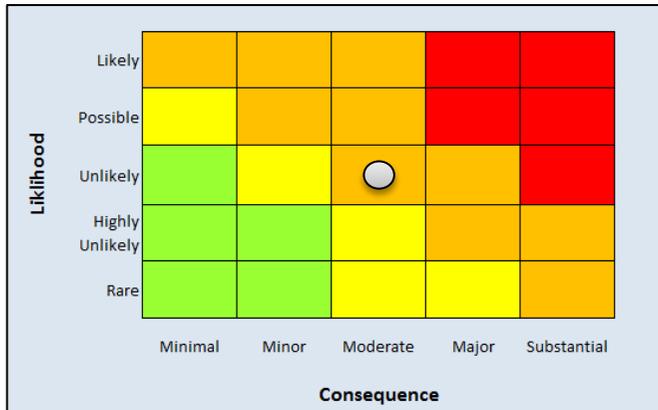
- Motor Vehicle Licences - Trending upwards. The number of motor vehicle licencing transactions rose by 3.8% in 2013/14 Q3.
- RUC Licences - Pickup up. The number of RUC licence transactions rose by 2.7% over the same three month period.
- Driver Licences - Continuing growth. Transaction volumes jumped 7.1% during the quarter.

EXTERNALLY FOCUSED RISKS

This risk profile represents the Transport Agency's current position of key risk areas and our planned actions following discussion and moderation with our senior leadership team.

1

Risk Owner: Highway & Network Operations



Risk Description

Road Network Outage

There is a risk of a network outage/delays or significant hazards created due to poor management or accident response, slip or weather event.

Actions and Controls Already in Place to Address Risk

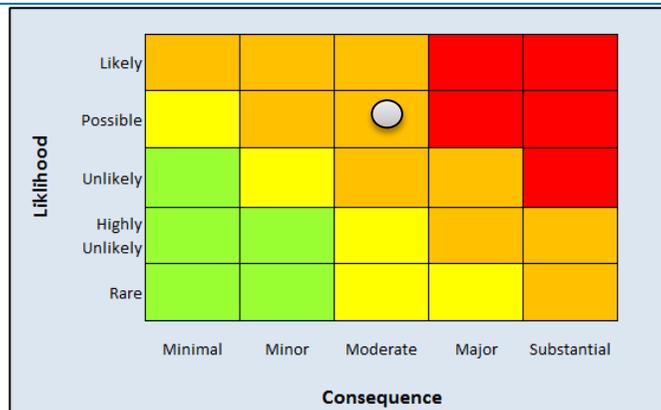
- Professional competency, emergency response procedures and linkage to contracts, risk management.

Planned Risk Treatment Action

- Network resilience project: significant work underway to test understanding of issues and to ensure the controls are adequate.

2

Risk Owner: Highway & Network Operations



Risk Description

Large Project Costing

There is a risk that one of a number of large highway projects may overrun the contract price.

Actions and Controls Already in Place to Address Risk

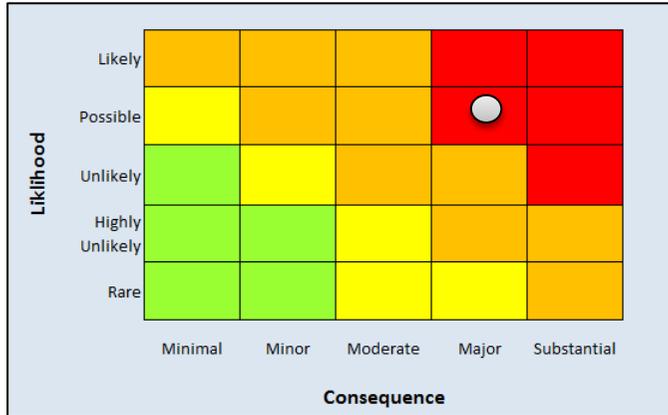
- Business processes, risk management
- The programme is scrutinised to ensure cost implications are understood and controls are reviewed

Planned Risk Treatment Action

- Retain focus on scope and standards that create value for money and minimise cost

3

Risk Owner: Organisational Support



Risk Description

Information security

There is an ongoing risk of unauthorised access from cyber-attacks to information used by systems hosted by the Transport Agency or by vendors using external sites.

Actions and Controls Already in Place to Address Risk

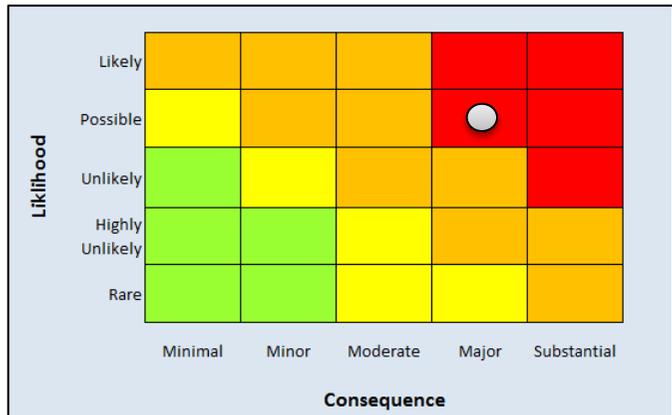
- Security architect reviews and IS project managed designs for security controls
- Regular scans of external facing systems are conducted to ensure known security vulnerabilities are not introduced
- Password security has been strengthened to meet GCSB recommendations
- Monthly and urgent security patching/fixes are applied to the Transport Agency's systems and firewalls.

Planned Risk Treatment Action

- Complete the security framework which includes a full set of policies, standards and guidelines and ensure information security is sufficiently designed into solutions and included in vendor contracts
- Where necessary, project implementation will be delayed until security reviews and privacy impact assessments are completed.

4

Risk Owner: Access and Use



Risk Description

Rail safety regulation

There is a risk that the Transport Agency's role as the rail safety regulator in securing the safe operation of the rail network might not be effective.

Actions and Controls Already in Place to Address Risk

A review of the rail safety function to increase effectiveness is complete and has been communicated to stakeholders.

First phase actions have focused on:

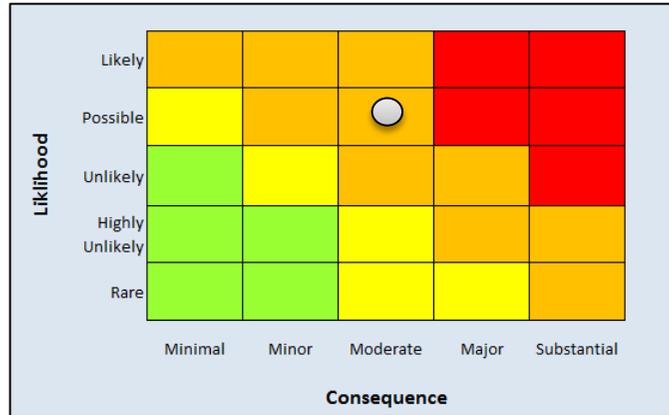
- Understanding safety performance of the rail sector
- Identifying and focusing on areas of highest risk Signals Passed at Danger (SPADs)/Tunnel/control room/Auckland electrification
- Developing relationships and rail safety focus with Transdev /KiwiRail executive teams
- Regulatory peer review completed on Auckland electrification project in March 2013.

Planned Risk Treatment Actions

- Next phase actions include:
 - Completion of plans for highest risk issues
 - Guidance for staff on effective use of regulatory tool
 - Complete resource action plan.

5

Risk Owner: Planning and Investment



Risk Description

NLTF revenue and commitments

Long term revenue uncertainty is compounded by the growing proportion of revenue that is tied or proposed to be tied to long term commitments, including debt financing.

Actions and Controls Already in Place to Address Risk

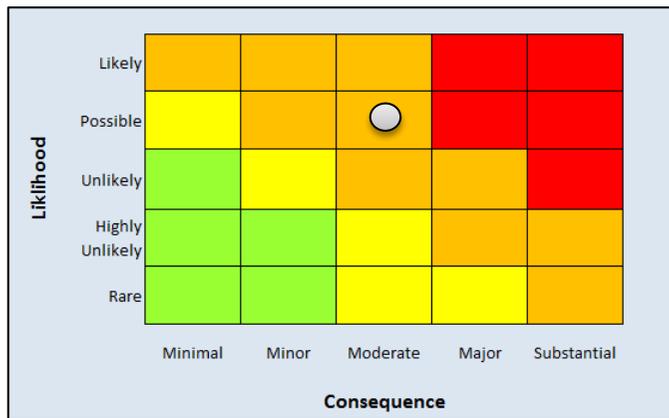
- Ongoing whole of programme management , which includes limiting proportion of long term commitments to around 7.5% of revenue to ensure that 'headroom' is maintained to respond to changes such as revenue.

Planned Risk Treatment Action

- Working with other business units to explore options for potential revenue diversification approaches. Also working with Finance in enhancing our liability reporting and the relationship with our revenue forecasting and Balance sheet impact.

6

Risk Owner: Planning and Investment



Risk Description

Canterbury rebuild - governance and management

Governance and management controls within some rebuild entities may affect the ability to maintain rebuild momentum and confidence.

Actions and Controls Already in Place to Address Risk

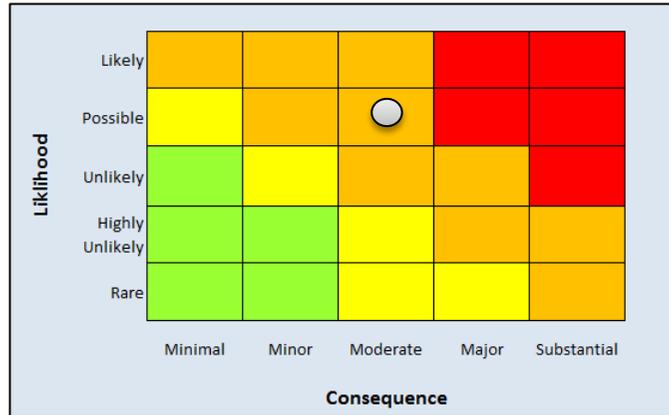
- The Christchurch Land Use Recovery Plan (LURP) has been published and the Transport Agency is well embedded in the District Plan reviews to give effect to the LURP. The Infrastructure Recovery Technical Standards and Guidelines (IRTSG) has been reviewed but might lead to further review pending cabinet decision on renewal funding.
- The three clients have agreed to establish a "task force" to quickly resolve rebuild programme prioritisation issues by the end of June.

Planned Risk Treatment Action

- Continue to work with the Horizontal Infrastructure Governance Group to confirm the Quarter 4 work programme and the forward rolling annual implementation programme and appropriations. Continue to work with the Canterbury Earthquake Recovery Authority (CERA) and Treasury to ensure our interests are appropriately provided for.

7

Risk Owner: Planning and Investment



Risk Description

One network road classification

We don't realise the full one network road classification outcomes (ONRC) and benefits due to a lack of understanding, sector capability, and approved organisations' data systems to support effective investment for the upcoming 2015-18 National Land Transport Programme.

Actions and Controls Already in Place to Address Risk

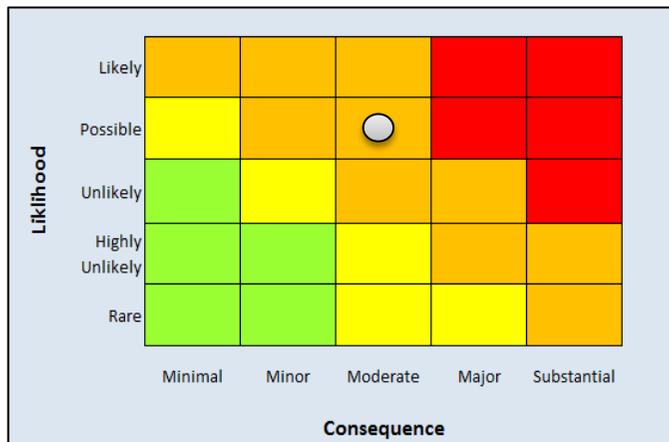
- Develop an investment policy approach to respond to the one network road classification.

Planned Risk Treatment Action

- Investment signals to Approved Organisations (AOs) clearly set out our expectations on incorporation of ONRC in asset management plans. Guidelines being prepared for assessment of Activity management Plan (AMP) business cases including ONRC.
- REG developing a self-assessment process for RCAs to assess their capability to apply the ONRC to their network and to assist LGNZ centre of excellence to target its support.

8

Risk Owner: Strategy Communications and Performance



Risk Description

Threats to a strong reputation and public profile

Limited visibility of the depth and breadth of the Transport Agency's activities and offerings to customers and stakeholders. The risk is exacerbated by inconsistent engagement with local authority partners with whom we deliver transport activities.

Actions and Controls Already in Place to Address Risk

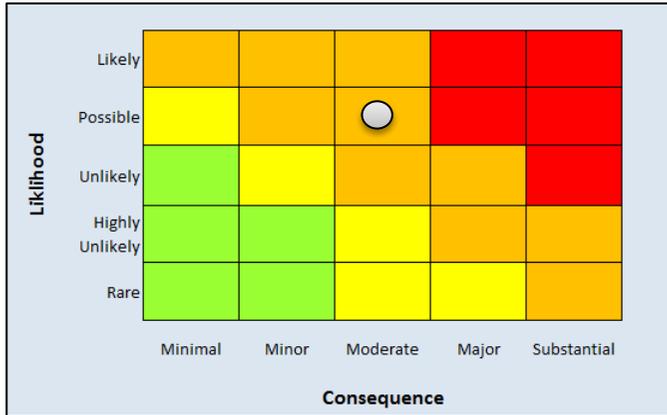
- Key stakeholder relationships and memorandums of understanding;
- Annual stakeholder survey;
- Proactive communications and media plan on broader range of activities and investments;
- Negotiating dual branding with certain partners;
- Annual General Meetings.

Planned Risk Treatment Action

- Logo use an expectation of funding for Approved Organisations in the 2015-18 National Land Transport Programme;
- Co-branding for capital projects and new contracts;
- Co-branding with agents.

9

Risk Owner: Planning and Investment



Risk Description
Funding Assistance Rates Review (FAR)

There is a risk that the review proposals are delayed and are unable to be implemented for the 2015-18 National Land Transport Programme.

Actions and Controls Already in Place to Address Risk

- The FAR review options discussion document is out for feedback. The closing date for submissions was extended to end of March 2014. Clear timetable in place for implementation of any agreed FAR changes.

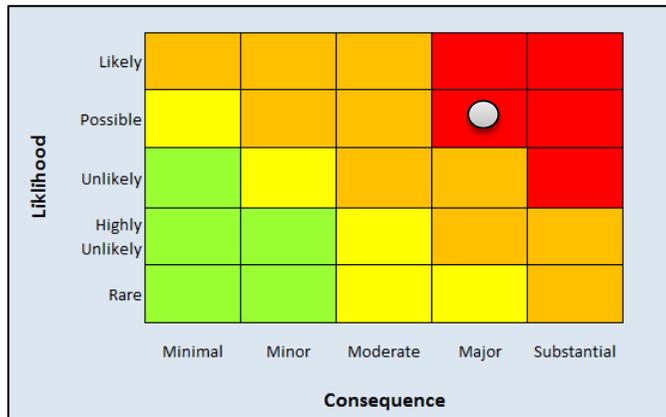
Planned Risk Treatment Action

- Workshops held with various groupings of Approved Organisations (AOs) and also individual meetings with stakeholders to explain FAR proposals set out in discussion document to raise understanding.
- Continuing to refine FAR options, including taking on board issues raised at recent Local Government New Zealand (LGNZ) transport summit.

INTERNAL RISKS

10

Risk Owner: Organisational Support



Risk Description

Business continuity plans (BCP) and disaster recovery plans (DR)

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

Actions and Controls Already in Place to Address Risk

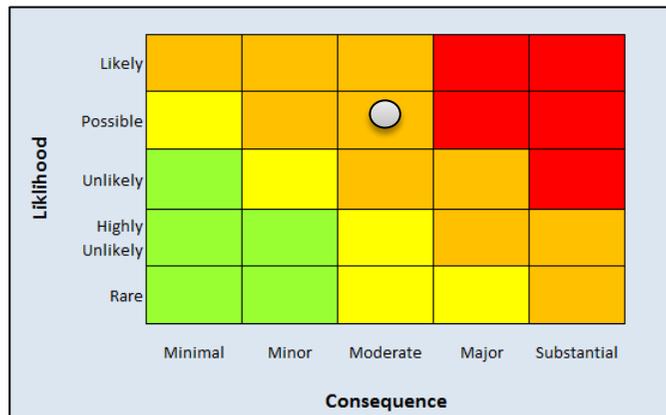
- Regional readiness, response and recovery plans and teams are in place in each region to immediately manage emergencies
- The business continuity framework has been refreshed to ensure critical business activities are the focus and accepted minimum levels of service are understood.

Planned Risk Treatment Action

- The current continuity planning activities are being drawn into a project to coordinate, implement and oversee three work streams to ensure an effective business continuity response is in place across the Transport Agency. The business case for Stage One is due April 2014.

11

Risk Owner: Planning and Investment



Risk Description

Privacy breaches

There is a risk that people's privacy could be breached through the accidental release of information or through unauthorised illegal access to our systems (internally or externally sourced).

Actions and Controls Already in Place to Address Risk

- Information Services (IS) penetration testing has been undertaken and we are confident the risk of unauthorised parties accessing our sensitive data is very low;
- Automated systems are being developed where possible to reduce the risk of inadvertent release of private information. For example, Intellidox enables the automated merging of data within letter templates.

Planned Risk Treatment Action

- The IS security programme is under continuous improvement and being reviewed by IS in the light of the GCIO recommendations.
- Ongoing communication to ensure people are aware and self-managing risk, and in terms of clear management process when a breach occurs.

OUR 11 KEY RESULT AREAS

- No issues / on-track / achieved
- Issues but active mitigation in progress
- Significant issues or risks / off-track / not achieved

Key result area	Number of objectives that are on track or achieved	Number of objectives that have minor issues	Number of objectives that have significant issues	Quarter three progress compared to quarter two
1. Putting customers at the heart of our business	3			=
2. Making the most of urban network capacity	3	2		↑
3. Moving more freight on fewer trucks	3	1		=
4. Safe speeds to reduce deaths and serious injuries	2	1		↓
5. Efficient road maintenance investment and delivery	4	2		↓
6. Integrate one network for customers	8			=
7. Shape smart transport choices	11	2	1	=
8. Deliver highway solutions for customers	11	1		↓
9. Maximise returns for New Zealand	7	3		↓

The following pages present the results and progress in detail.

KEY RESULT AREA 1: CUSTOMERS

Our aim is to put customers at the heart of our business.

Success indicator	2012 baseline	2013/14 result	2016 target	Result
Average Gallup score for staff who identify their team uses feedback from customers to improve our services	3.68	Gallup result available in Q4	4.05	-

In this quarter:

- Highways Customer Foundations Workshop being rolled out across the country, with events for Hamilton and Christchurch up next
- Upcoming workshop to sharpen focus on customer insight techniques
- Project to make it easier for customers to transact online in underway.

Q3: Good progress against all three of our 2013/14 milestones.

Milestones for 2013/14	Q3 progress	Status
<p>Customer capability training rolled out across the NZ Transport Agency</p> <p>Key result by 2016</p> <p><i>We better understand customer preferences for service provision and are adapting our business models to reflect this</i></p>	<p>The Highways Customer Foundations workshop has begun its full roll out. About 150 staff have now attended the programme at events in Wellington and Auckland. Further events are scheduled in these two locations plus Hamilton and Christchurch, with provisional dates for other locations to be confirmed shortly. Workshops will take place every two weeks between now and the end of the financial year.</p>	
<p>Customer insight techniques are being applied in all relevant business improvement projects</p> <p>Key result by 2016</p> <p><i>Every NZ Transport Agency team identifies and uses customer feedback as a fundamental feature of how they operate</i></p>	<p>Resourcing changes have led to a re-examination of the priority and a workshop is planned to 'reboot' both the focus and energy of the priority.</p> <p>User based design capability has been developed.</p>	
<p>Work programme underway to make it easier for customers to transact online</p> <p>Key result by 2016</p> <p><i>More services are available through digital channels</i></p>	<p>In quarter three customer satisfaction results (rating the ease of transacting online) have been maintained at 95%.</p> <p>The work programme has three strands:</p> <ol style="list-style-type: none"> 1. Business as usual focus aimed at educating customers on inbound phone calls and using social media (Facebook and Twitter) 2. Continuous improvement activities have responded to customer feedback with the most significant improvement being the upgrade to our payment options by releasing 'Poli 3' which provides much enhanced usability over 'Poli 2', resulting in a 50% increase in the volume of customers completing their transaction using this particular payment service since the end of February. 3. Specific business projects will deliver the generic services that will make the building and reuse of our online services more efficient for all products and services. The services identified are payments, vehicle, licence and customer. This is a longer term technology programme with the first deliverable expected early in the 2014/15 planning year. 	

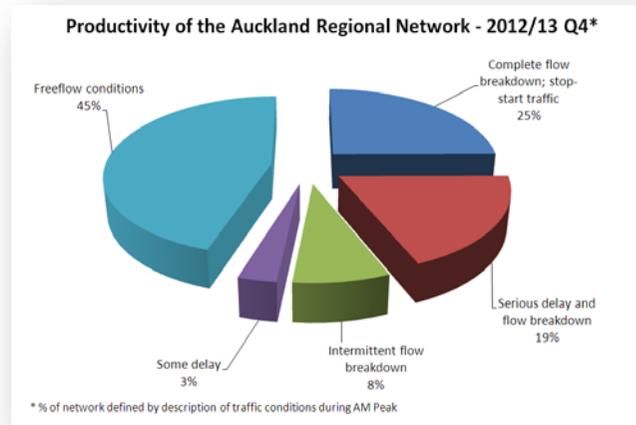
KEY RESULT AREA 2: URBAN NETWORK CAPACITY

Our aim is to make the most of urban network capacity

In this quarter:

- Completed Network Operating Plans for the major centres are being used to identify optimisation opportunities for the 2015-18 NLTP (page 16)
- The Christchurch Transport Operations Centre is now fully operational and the management of planning events is going well (page 17)
- Proposal to outsource IS support applies to all of the Transport Operations Centres (page 17)
- Progress is being made on public transport activities in our major centres, but relationship issues persist (page 17)
- Business case for the Christchurch Transport Interchange to now be completed by May (page 17).

Success indicator



This chart shows the proportions of the Auckland Regional Network operating within different productivity levels. This can be used to identify areas of the network where congestion and flow breakdown have resulted in a drop in the utilisation of the network.

These initial results are from the first use of Commercial GPS data and will enable ongoing monitoring of network productivity and assist understanding where projects are making a difference.

These results show that, while 45 percent of the network was operating in optimal “freeflow” conditions, parts of the network experienced delays illustrating the need for the ongoing attention focused on our urban networks.

2016 target: 68-70%

Note: 2013/14 data will be available in quarter four

Q3: Variable progress, with two areas to watch.

Milestones for 2013/14	Q3 progress	Status
Network operating plans completed in Auckland, Wellington and Christchurch, including public transport	<p>The Network Operating Plans (NOPs) for the three main centres have been completed.</p> <p>The draft Auckland NOP including lessons learnt has been presented and accepted by the Joint Transport Operations Centre Management Board.</p> <p>They are being used to identify optimisation opportunities which will feed into the 2015-18 NLTP.</p>	●

Key result area 2 | Making the most of urban network capacity

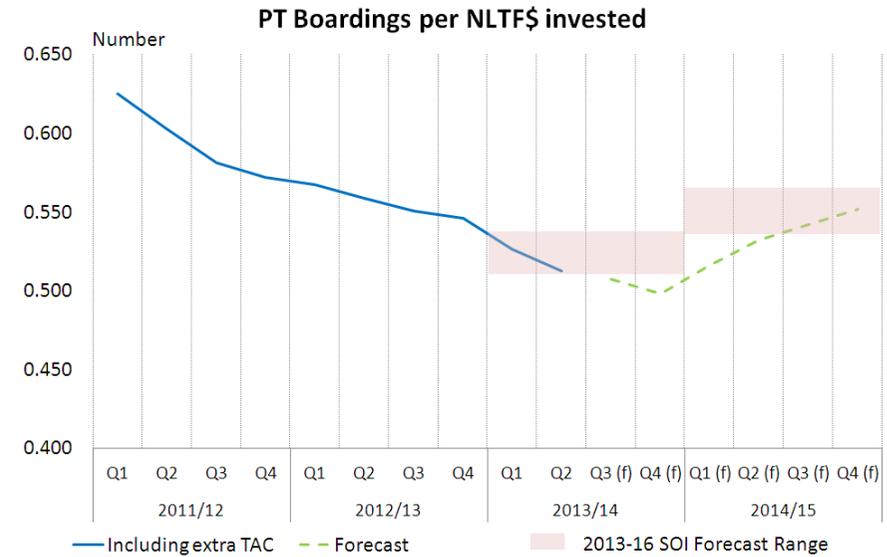
Milestones for 2013/14	Q3 progress	Status
Christchurch Transport Operating Centre (CTOC) is fully operational	<p>CTOC is fully operational. The management of planned events is going well and we are improving the management of unplanned events.</p> <p>There has been good uptake on the collaborative approach at the governance table.</p> <p>There is a proposal to outsource IS support for all the Transport Operating Centres (TOCs), due to growing service level expectations, including after hours, and an increasing number of services that can no longer be supported operationally. We will continue to own and manage services via our Vendor Management Office.</p>	
Wellington Transport Operating Centre is operational between Wellington City Council and the Transport Agency, with all councils committed to join	<p>We have full agreement with Wellington City Council to join the Transport Operating Centre, and are making good progress with the other regional TLAs.</p>	
Through the implementation of the public transport operating model, public transport activities in Auckland, Wellington and Christchurch are being refocused so that they are making a measurable contribution to improved network capacity utilisation	<p>Solid progress is being achieved with Auckland Transport and the relationship has improved.</p> <p>There are still issues with the Greater Wellington Regional Council relationship and progress is being actively managed.</p> <p>In Canterbury we are investigating a customised approach.</p>	
<p>Develop business case for Christchurch transport interchange and key hubs/spokes</p> <p><i>(Note: shared result with CERA, ECAN and CCC)</i></p>	<p>We are liaising with Christchurch City Council and Environment Canterbury to lead the draft business case development for the hub and spokes model.</p> <p>The business case for the Christchurch transport interchange, which was due to be completed by the end of quarter two, remains under development - concept design and indicative budget near final. Business case will be developed on completion of firm design and cost estimates - now likely to be May.</p>	

Quarterly summary of public transport outcomes:

The chart shows the number of boardings per NLTF\$ invested in public transport services over time. Historic estimates are based on four quarter rolling totals of actual public transport patronage and apportioned investment. Forecast estimates are based on patronage projections made in 2012 at the beginning of the current NLTP and revised investment projections made at the beginning of each year within the current NLTP.

The decline in the number of boardings per NLTF\$ invested during the first half of 2013/14 reflects the fact that investment in transport services has outpaced patronage growth and is tracking as expected.

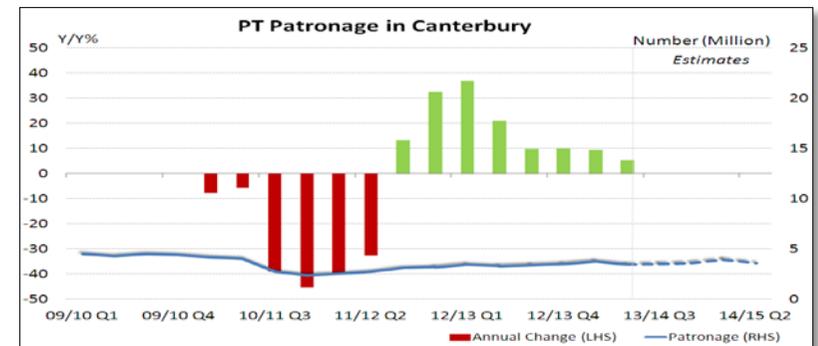
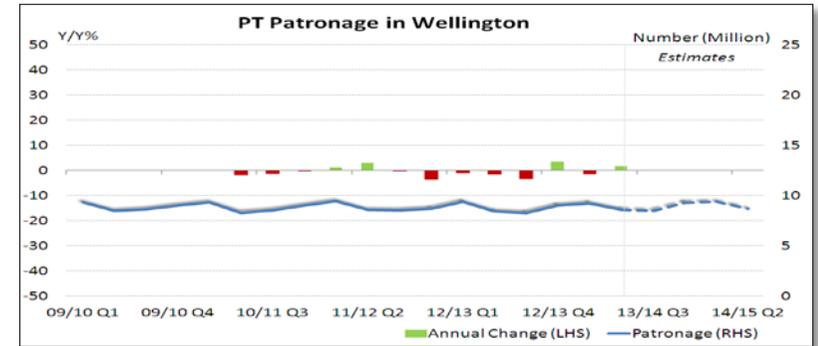
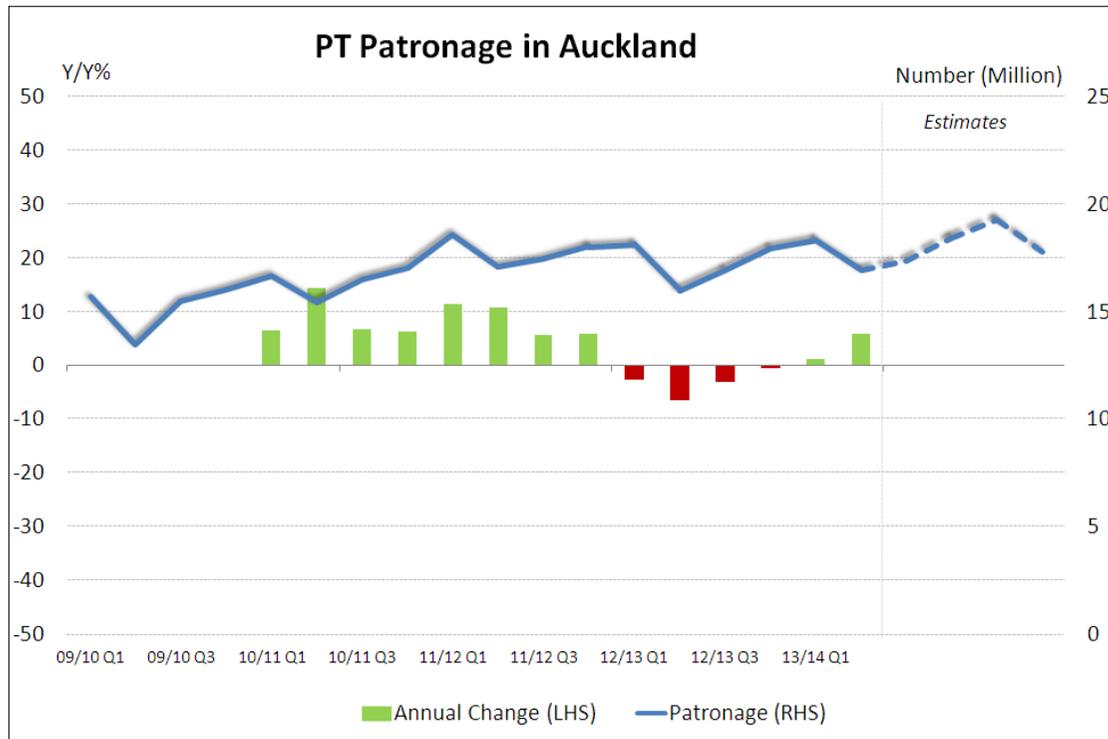
Despite a seasonal dip in patronage numbers during 2013/14 Q2, the trend in public transport patronage has turned positive. Should this trend continue (supported by developments in Auckland, i.e. full implementation of the HOP card, electric trains coming into operation, and optimised bus services) the number of boardings per NLTF\$ invested should start to improve over the coming year.



Public transport patronage trends (with annual percentage change) for the three largest regions (Auckland, Wellington and Canterbury)

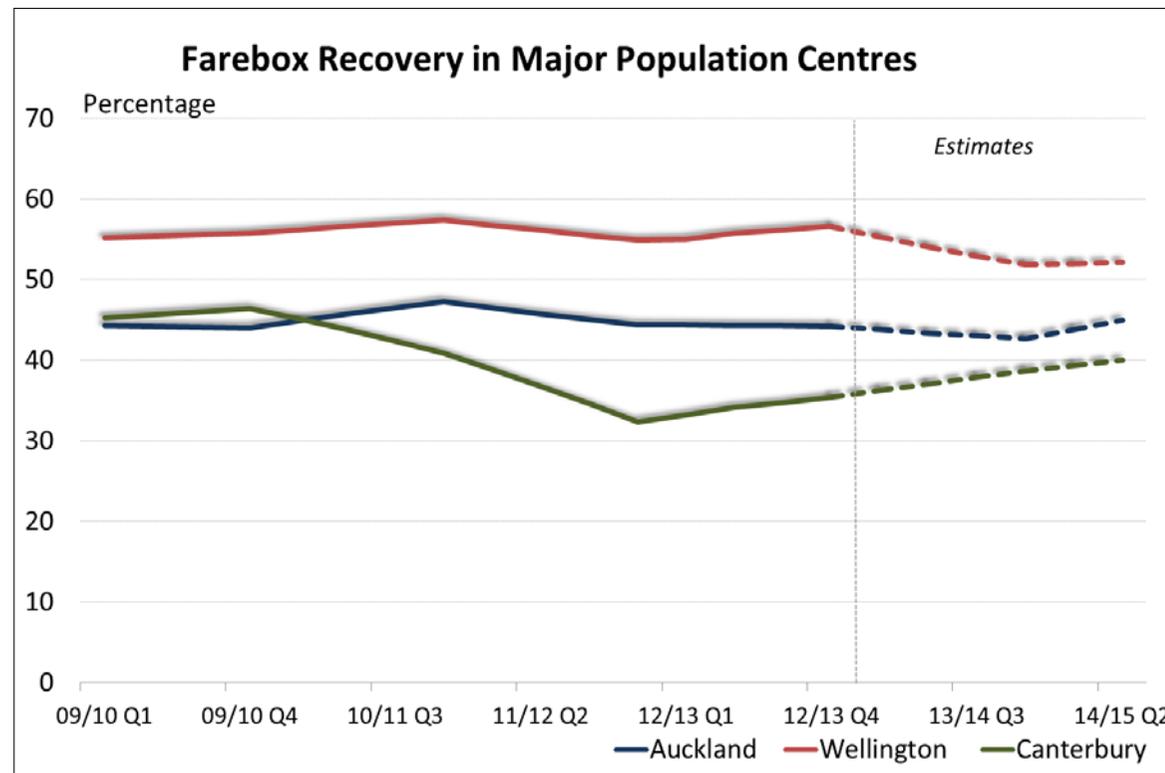
Public transport outcome measures shown in the following charts are provided up to 2013/14 Q2, a quarter in arrears. The data was obtained from the Transport Agency's Transport Investment Online database. Key points include:

- Public transport patronage in Auckland declined in 2013/14 Q2 compared to the previous quarter, but was still up on the same quarter last year. Closures due to the electrification of the network have negatively impacted upon rail and bus patronage, but a return to positive growth is expected. Meanwhile, ferry patronage has increased with the introduction of new services. Further improvements to public transport services should impact positively on patronage.
- Public transport patronage in Wellington remains relatively flat. Investment in the Matangi train fleet and track upgrades has led to service improvements, and this has encouraged rail patronage to grow slightly.
- Public transport patronage in Canterbury continues to grow positively, and is five percent up on the same quarter last year. Bus patronage is still to recover to pre-earthquake levels.



Public transport farebox recovery rates (with annual percentage change) for the three largest regions (Auckland, Wellington and Canterbury)

- Auckland - The fare-box recovery rate has been on a slow trajectory downwards from the end of 2010/11 until now. The situation is projected to improve as electric trains are rolled out, HOP ticketing benefits are realised, and the new bus route configurations come into effect.
- Wellington - The fare-box recovery rate has remained relatively healthy at around 55%. The rate is projected to decline towards 50% over the next two or three quarters (assuming patronage remains relatively stable despite increased investment in improved services).
- Christchurch - With the city now in the full swing of recovery mode, both patronage and the fare-box recovery are expected to improve significantly in the short term.



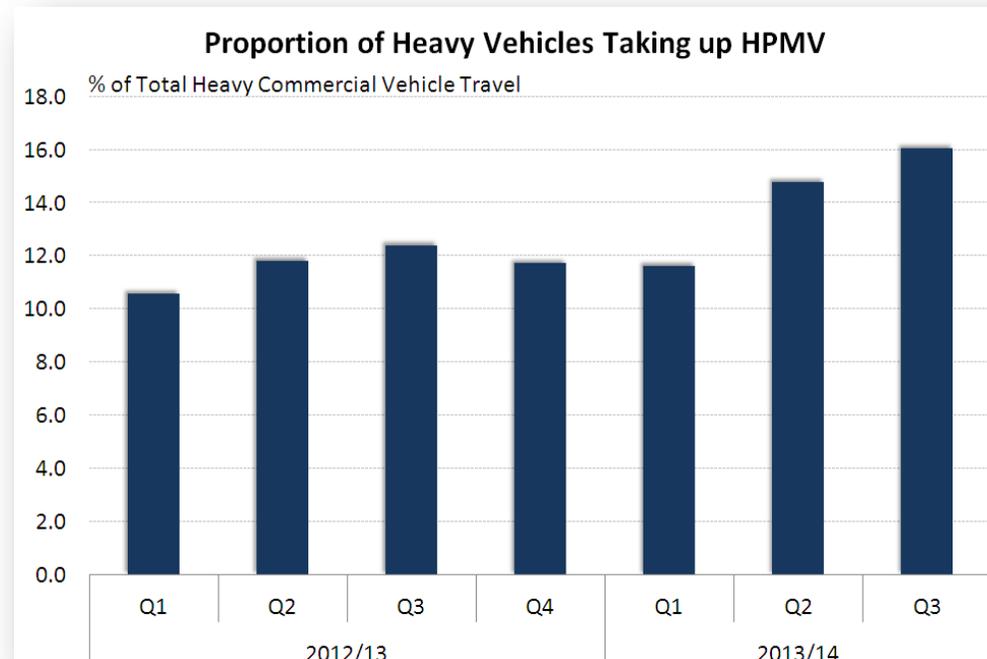
KEY RESULT AREA 3: FREIGHT

Our aim is to move more freight on fewer trucks

In this quarter:

- 50MAX permits are currently being turned around in 1-2 days.
- On track to meet targets for opening up the state highway network to high productivity motor vehicles
- 80% of local authorities are engaged and 50% are signed up to the 50MAX process
- Time taken to approve permits differs depending on the type of permit; complex permits are now taking five weeks to process

Success indicator



2016 target: 30%

We are halfway to achieving our 2016 target of 30%. Cost savings in the movement of freight transport through the greater use of high productivity motor vehicles (HPMV) for the nine month period ending 2013/14 Q3 are estimated to be in the region of \$33m, when compared with the 2012 baseline. Most of these savings took place in the last 2 quarters of the year, which saw an increase in uptake by freight transport operators.

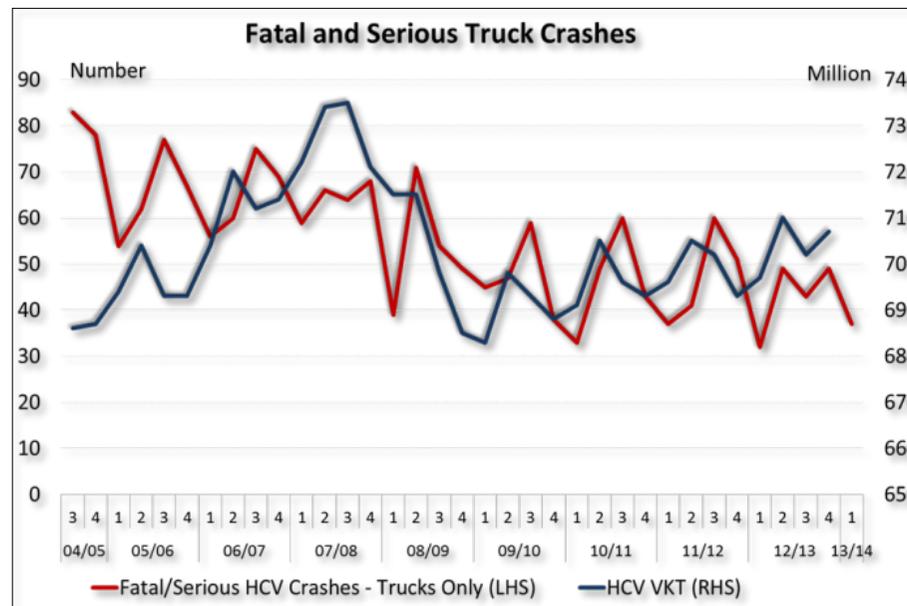
HPMVs are 14-20% more efficient in delivering the same amount of freight than standard heavy trucks. As such, estimated cost savings are calculated by multiplying the number of truck kilometres that were avoided as a result of the greater use of HPMVs with a unit cost saving of \$3 per avoided kilometre. Unit cost savings were estimated in a Monitoring and Evaluation Review in 2011.

Q3: Good overall progress, with one area to watch.

Milestones for 2013/14	Q3 progress	Status
Deliver access to 1500 kilometres on the strategic High Productivity Motor Vehicle (HPMV) freight network	<p>We remain on track to meet our target of making 1,500km of state highway network available for high productivity motor vehicles (HPMVs). This financial year to date we have opened up 959kms.</p> <p>Initial business cases have been completed for the 2015-18 investment routes.</p>	
50MAX HPMV network available on 50% of road network	<p>We have 80% of local authorities engaged in the 50 MAX process, and we have 50% with signed MOUs.</p> <p>Permits are currently being turned around in 1-2 days.</p>	
All HPMV permits for state highways are approved within five working days	<p>To the end of quarter three:</p> <ul style="list-style-type: none"> • Standard Permits (50 Max) - < 2 business days • Complex permits (HPMV) - Averaging at 5 weeks. The decline in Q3 due to seasonal variation. The turnaround time is showing signs of returning to the 4 week average 	
<p>Weigh Right Action Plan completed and agreed with key parties involved.</p> <p><i>(Note: this is a shared desired result with NZ Police)</i></p>	<p>To make headway in the Weigh Right work, we have separated out the technical delivery from the compliance and enforcement areas. A programme business case for Weigh in Motion sites is underway, and will be complete in time for the next NLTP.</p> <p>Future compliance and enforcement activities will be captured under the Beyond Compliance work-stream in next year's Freight Priority programme.</p>	

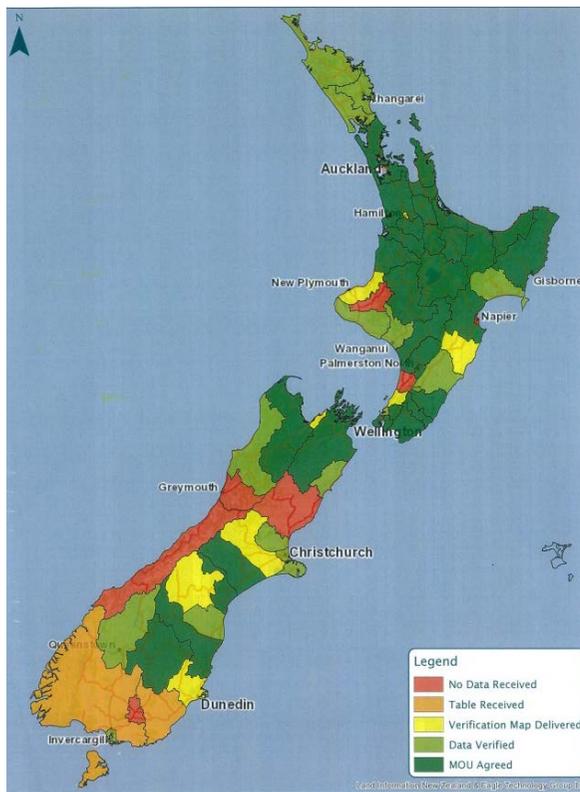
Q3: Quarterly summary of freight outcomes:

- Progress with the roll-out of high productivity motor vehicles (HPMV) continues with HPMV mileage rising to 16% of total heavy freight movements. This increase represents:
 - an additional five million kilometres of travel by permitted HPMVs, much of which has come from increased uptake of 50MAX combinations.
 - an estimated \$60-80 million in costs savings to industry, which is approximately \$20 million more in cost reductions than the same time last year.
- The 50MAX truck type continues to be a popular choice for industry with 50MAX permits almost doubling since the last quarter to 636. The popularity of this all-network HPMV with freight producers, particularly in rural New Zealand, has encouraged more local councils to make their networks available. Supported by the work of our regional staff 34 local councils are now signed up to the single 50MAX permitting system and a further 24 councils are providing bridge information. This is a significant achievement and will cement 50MAX as the future workhorse of the heavy road freight task.
- This growth in HPMV use is within the context of the economic recovery and a growing freight task, with a lift in the number of trucks being counted on the highway network with around a 2% increase activity in February 2014. Export volumes continue to grow, so some of this road freight growth is concentrated around regional and national ports. In looking at the purchasing of road user charges it is clear that much of this growth in freight volumes is being absorbed by HPMVs, rather than standard heavy trucks. This squares with continuing demand for new trucks many of which have been built as HPMVs, reflected in the growth in new heavy vehicle registrations.
- The downward trend in serious and fatal crashes involving trucks continues. While it is too early to measure the impact the increased uptake of HPMVs is having on road safety, as the economy improves there will be more truck trips and as a result a higher crash risk exposure so greater HPMV use should mitigate this increased risk.



Feature

Impressive uptake of 50 MAX by industry and local councils



NZ TRANSPORT AGENCY
50MAX RCA Status
As at 19/03/14

Late last year the Transport Agency launched 50MAX- a new generation of truck that allows for safer and more efficient transport of freight. These truck combinations operate up to a maximum gross weight of 50 tonnes and are around 10-15% more efficient than standard 44 tonne trucks. The additional loading capacity of 50MAX trucks is around five tonnes which means that if 500 tonnes of freight is hauled using standard 44 tonne trucks it would take around 17 trips (each carrying around 28 tonnes of freight). The same trip using a 50MAX truck would take around 15 trips (each carrying around 33 tonnes of freight).

Impressive uptake by industry and local councils

Since 50MAX permitting began, more than 600 vehicle combinations have received the stamp of approval. Over half of the local road network is also now available to 50MAX as councils realise the benefits these trucks bring to local communities.

The design of 50MAX means they can travel over the majority of the road network. Most of New Zealand's 90,000-odd kilometres of highways, roads and bridges are not suitable for heavier High Productivity Motor Vehicles (HPMVs) because their use would create significant damage. But the 50MAX design, with its longer length and extra axle, means there is no additional wear on pavements or bridges than a standard 44 tonne truck. This opens up ninety per cent of roads to the higher payloads 50MAX carries, bringing freight transport costs to and from communities in our productive heartlands down considerably.

50MAX trucks must have the same high safety standards that are required of other HPMVs, including increased resistance to roll over and the inclusion of electronic braking systems. A number of operators are also investing in even more safety measures, such as speed limiting, GPS monitoring, weight load cells and Electronic Stability Control. These features are additional benefits 50MAX will deliver to improved road safety through the reduction in truck trips needed to move the same amount of freight.

Key to the success of implementing the 50MAX initiative has been the work of Transport Agency staff - from highway bridge engineers to regional freight champions who have worked with councils to answer their questions and address their concerns.

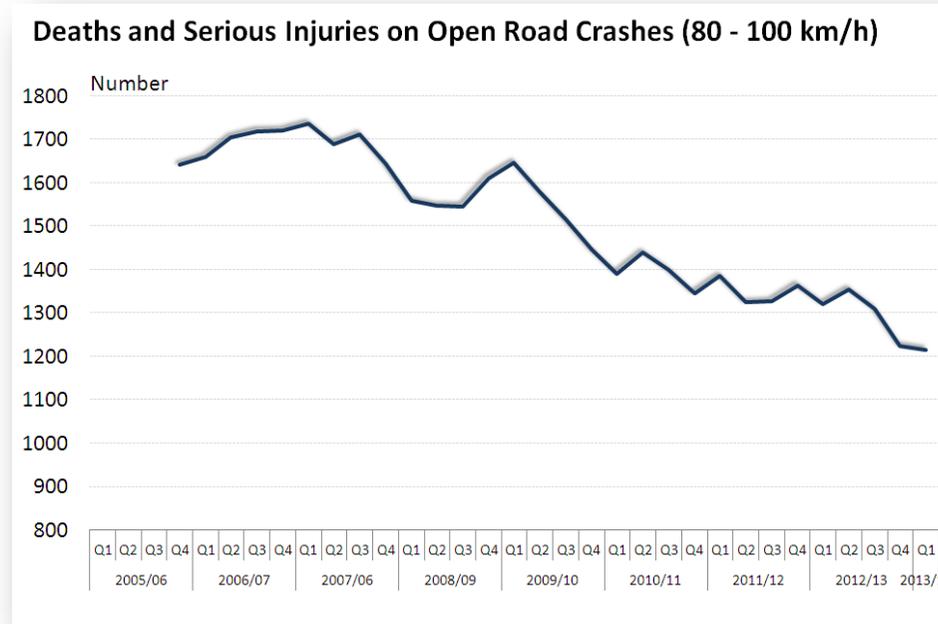
KEY RESULT AREA 4: SAFER SPEEDS

Our aim is that safe speeds reduce deaths and serious injuries

In this quarter:

- Transformational and evidence based priority actions to manage speed on higher risk routes have been developed with a range of different stakeholders
- Brief for a public relations campaign on the topic of safe speeds is underway
- The development of a speed risk management guide to inform speed interventions has been adversely impacted by resourcing constraints

Success indicator



2016 target: 1,100

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

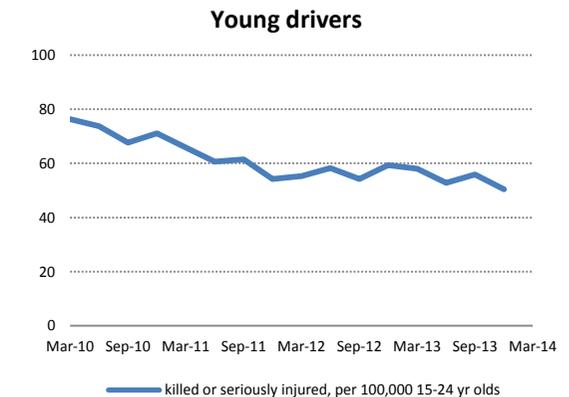
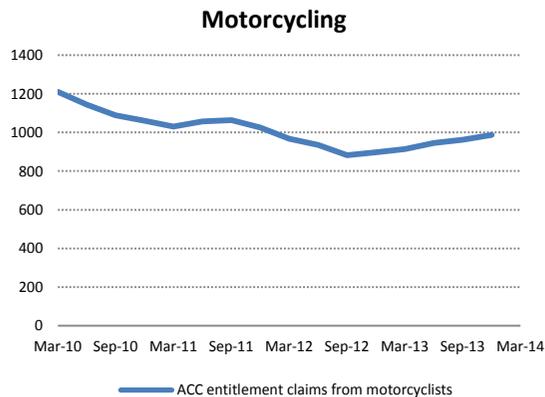
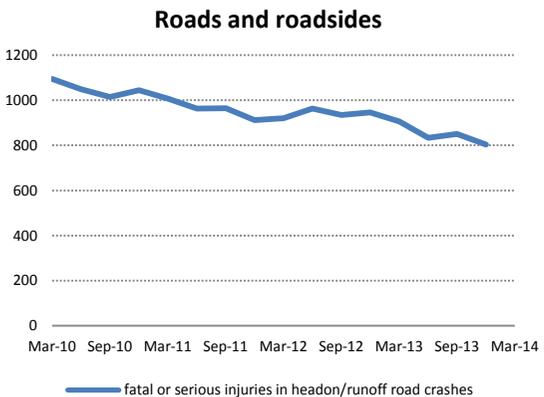
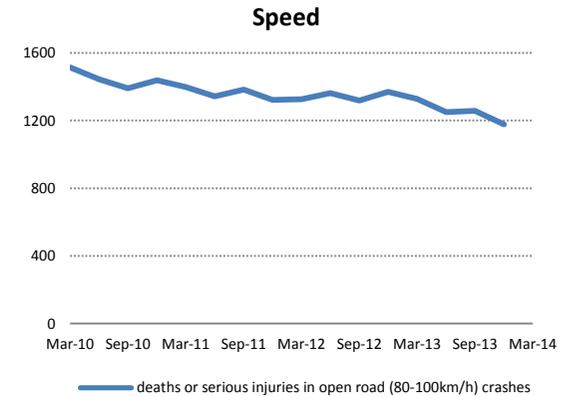
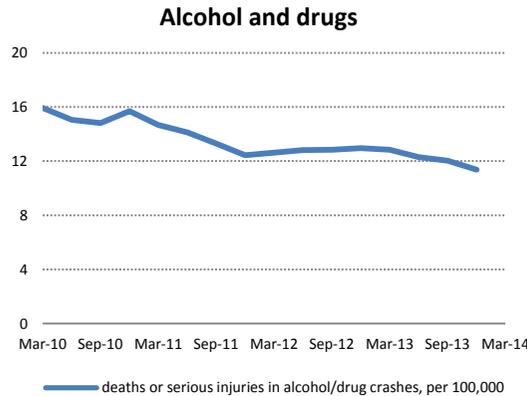
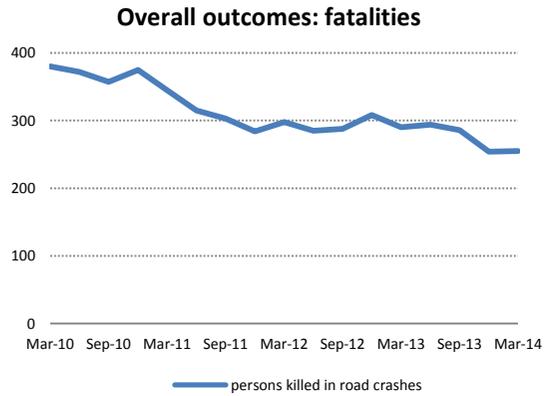
From a steady state during 2011-12, when around 1,350 deaths and reported serious injuries occurred in open road crashes each year, this total has fallen by approximately 10% across the country during 2013. The fall is greater than the overall reduction (around 6%) in deaths and reported serious injuries during the same period, and is more marked in Waikato (-18%), Hawkes Bay (-18%) and Southland (-33%). Increased Police speed enforcement may have contributed to the reduction in open road crashes, particularly in December as part of the Safer Summer campaign.

Q3: Good overall progress, with one area to watch.

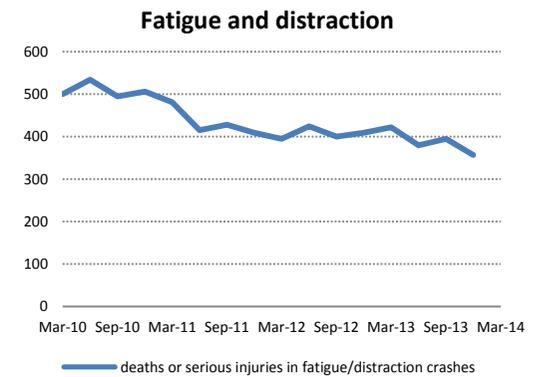
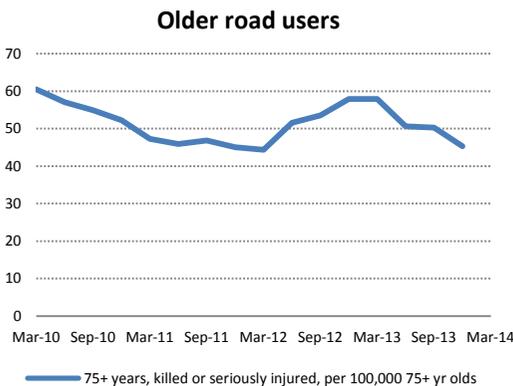
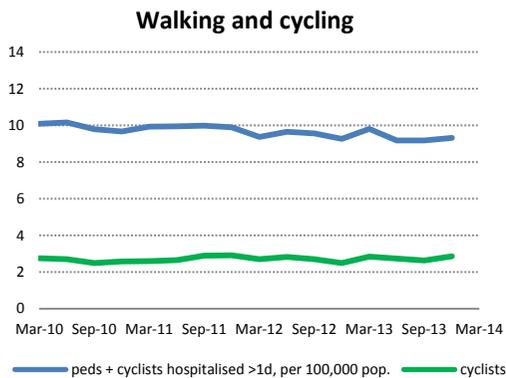
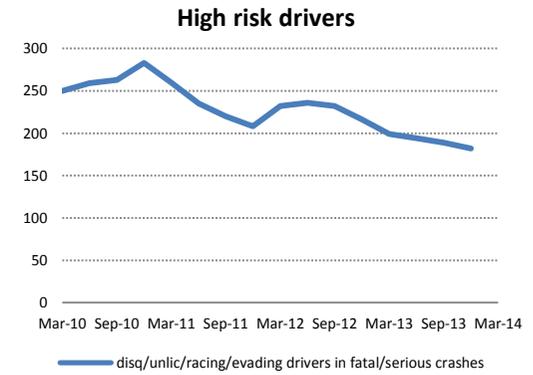
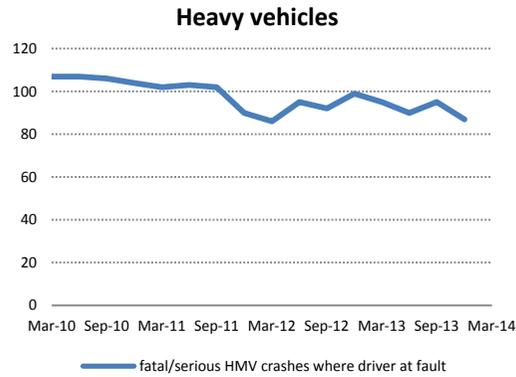
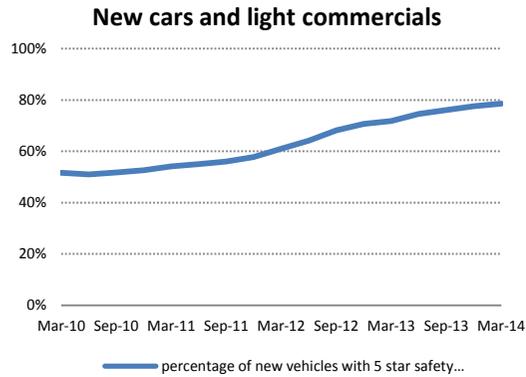
Milestones for 2013/14	Q3 progress	Status
<p>Develop with road safety partners, a new national direction and guidance on speeds that are right for the road, the vehicle and the environment</p>	<p>A draft programme based on high level analysis has been developed containing a set of transformational and evidence based priority actions, focusing on new conversations with the public, more effective enforcement, and providing more guidance to the sector about managing speed on higher risk routes. On some routes with higher collective risk, this includes infrastructure improvements to bring these routes to a KiwiRAP 3 star, or above, level.</p> <p>Engagement with the sector commenced in March and will continue through to April. The engagement has three objectives: to share the evidence base, to seek feedback on the draft programme, and to provide stakeholders with enough early information to make regional decisions in the RLTP development process that will keep them aligned with the emerging national direction.</p>	
<p>Develop a comprehensive, long-term communication and engagement programme to increase partner, stakeholder and public understanding of, and support for, safe speeds. This will have a strong education focus</p>	<p>The brief for a public relations campaign is underway, based on the tag line "not all roads are equal", and a testing process is being developed.</p>	
<p>Develop a speed risk management guide to inform speed interventions across all parts of the road safety system and link application of the guide to investment</p>	<p>Progress on the speed risk management guide is slow, pending confirmation of the national direction and availability of resourcing.</p>	

Q3: Quarterly summary of Safer Journeys outcomes: High priority areas of concern

Road safety outcome measures in the following charts and tables are provided for the last five years, up to the most recently available quarter. The measures are obtained from the Transport Agency’s Crash Analysis System, ACC entitlement claims, Ministry of Health hospital discharge data, Ministry of Transport speed, restraint and public attitude surveys, Statistics NZ population data, and new vehicle registration figures.



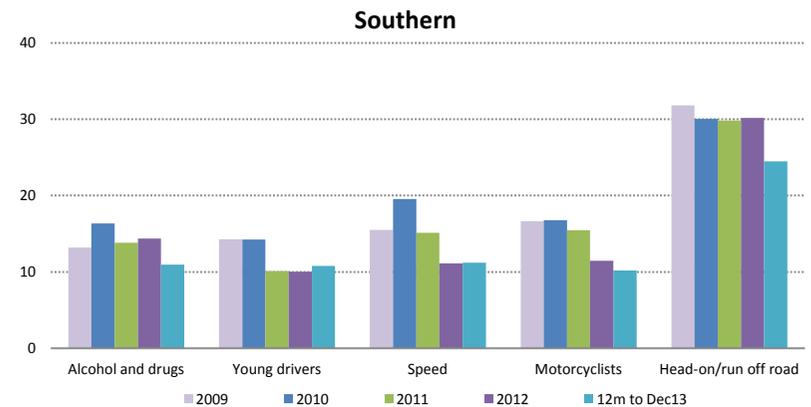
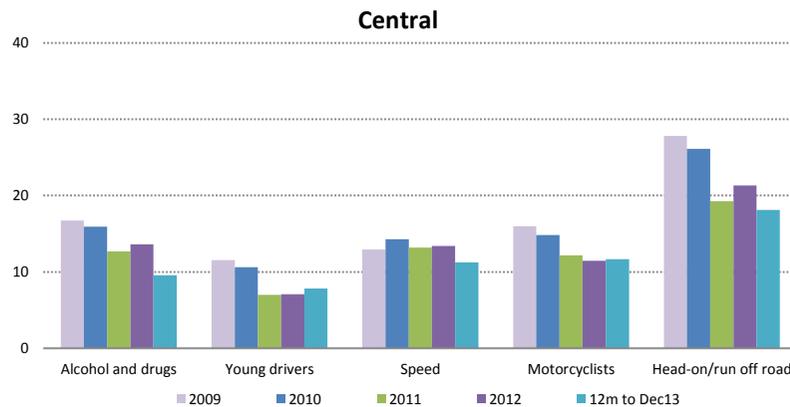
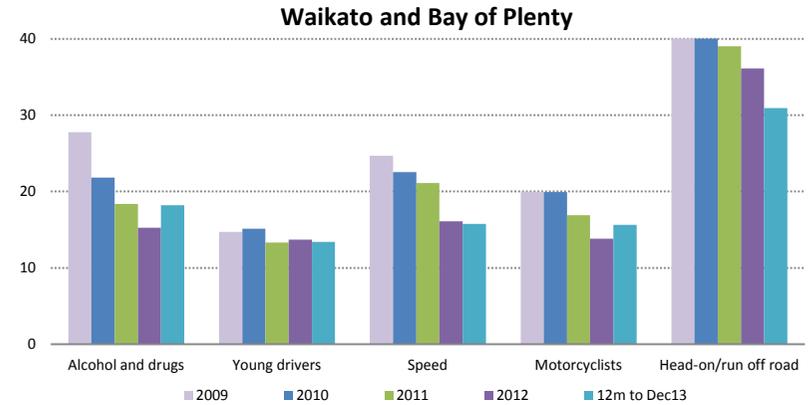
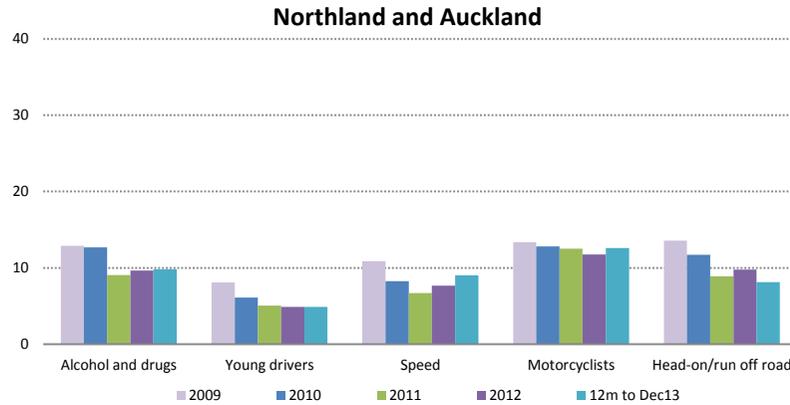
Q3: Quarterly summary of Safer Journeys outcomes: Medium priority areas of concern and areas of continued focus



Road safety outcomes by Transport Agency region

The following charts and tables show trends over the past 5 years in the four Transport Agency regions for the high priority road safety concerns in *Safer Journeys*. The final bar in each set shows the value for the 12 months to the end of the latest available quarter, to allow full-year comparisons with the preceding annual values.

Fatal and serious injuries* in crashes, per 100,000 population



* Motorcycle casualties = hospitalisations for more than 1 day; head-on and run-off road crashes are open road crashes (80-100 km/h).

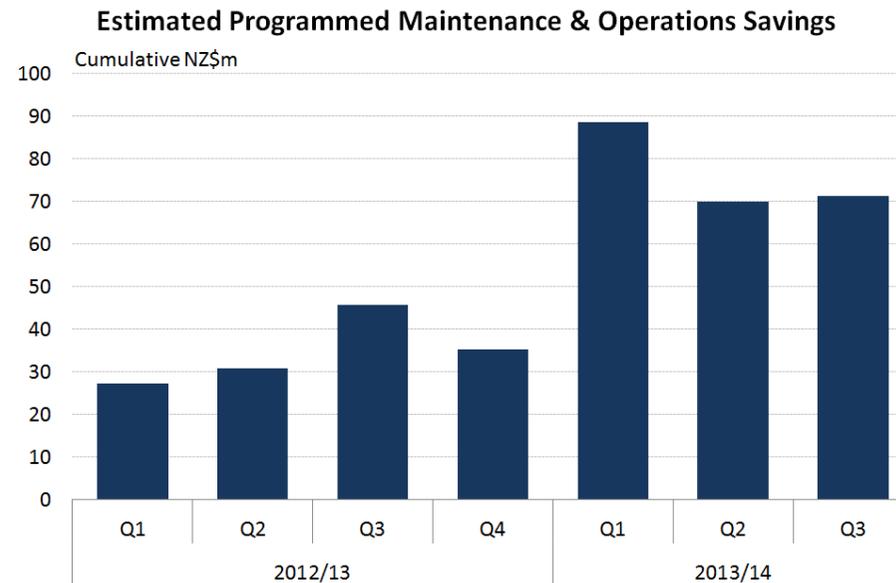
KEY RESULT AREA 5: EFFICIENT ROAD MAINTENANCE

Our aim is efficient road maintenance investment and delivery

In this quarter:

- Working with local government and road controlling authorities to implement the One Network Road Network Classification (page 31)
- The Roothing Efficiency Group (REG) has prompted many initiatives in the asset management space (page 31)
- Five significant highways and local authority collaborations occurring outside of the major centres (page 31)
- Review of asset management plans to feed into the development of best practice advice (page 32)
- REG preparing self-assessment for councils to measure their capability in applying the One Network Road Classification (page 32)
- An assessment framework for asset management under the business case approach is being developed (page 32)

Success indicator



2016 target: \$210 million

Savings have increased slightly during this quarter. At just over halfway through the 2012-15 NLTP period, we have achieved almost 52% of the targeted saving of \$160m from maintenance, operations and renewals of state highways. We have made 34% progress towards our 2016 target. Savings of approximately \$71m on renewals, maintenance and operations of state highways were achieved for the period starting July 2012 and ending March 2014. Programmed savings on renewals, maintenance and operations activity of just over \$100m are expected for the two-year period ending June 2014. We are therefore expecting \$29m of savings in the next three months.

Note: These estimates do not include the results from local road activities.

Q3: Variable progress, with two areas to watch.

Milestones for 2013/14	Q3 progress	Status
<p>Develop a One Network Classification tool and determine associated levels of service</p> <p>Align the understanding of the One Network Classification System with RCA partners and its use in investment decisions</p> <p>Alignment on the investment process</p>	<p>We are working with local government and various Road Controlling Authorities (RCAs) in the following ways to plan and implement the roll out of One Network Road Classification (ONRC):</p> <ul style="list-style-type: none"> - REG activity management group is work-shopping with the Transport Agency and local government to develop levels of service and performance measures within the framework of the One Network Road System (ONRS), that are effective and affordable - Councils will complete a self-assessment by June of their ability to implement the ONRS. This will form the basis for identifying sector risks and mitigation needed. The main risk being the deferred opportunity for efficiencies and cost savings. - Local Government NZ is establishing a centre of excellence to assist the roll out of the ONRS. - in the next version of the Agency's planning and investment signals we are being very clear on the expectation of ourselves and Councils, and the assistance available. 	
<p>Conversations with and between all RCAs and Business cases for the 4 - 5 early adopters</p>	<p>The Roading Efficiency Group (REG) has now provided the opportunity to all Territorial Local Authorities to facilitate collaborative discussions and build their respective business cases.</p> <p>As a result, there are five significant highways and local authority collaborations occurring in Northland, Western Bay of Plenty, Eastern Bay of Plenty, Gisborne and Marlborough, which have various Governance and Service Delivery agreements in place, in addition to the three Transport Operation Centre collaborations in Auckland, Wellington and Christchurch.</p> <p>While this is a good start, REG has agreed to do another round of discussions with TLAs to encourage additional collaborations where there are significant savings to be made.</p>	

Key result area 5 | Efficient road maintenance investment and delivery

Milestones for 2013/14	Q3 progress	Status
Differences in Asset Management Plans (AMPs) identified and remedial measures explored	<p>A number of REG initiatives are under way to ensure AMP practice is improved.</p> <ol style="list-style-type: none"> 1. Fifteen AMPs have been reviewed against best practice. These reviews will be published shortly. 2. In order to support Territorial Local Authorities to align their AMPs with the ONRC, the REG is preparing a self-assessment to help Road Controlling Authorities assess their capability in relation to applying the ONRC to their networks. 3. Roadshows commenced in late March on the early work on performance measures underpinning the customer levels of service. 4. We are developing an investment assessment framework for AMPs under the business case approach. 	●
Asset management planning and procurement policy and guidance is aligned to promote value for money	We remain on track to have programmes developed by May 2014, with options for different levels of investment.	●
Streamlined procurement practices	An interim reporting mechanism was established to collate and analyse contract performance data in time for the newly awarded network outcomes contracts. A more permanent solution will be implemented in the future, but is no longer a critical path issue. The programme of network outcome contract awards remains on track.	●
The long term programme of investment is clarified	Assessment of strategic and programme business cases for both SHAMP and its priority objectives is assisting in developing the assessment methodology. Draft methodology for AMPs in place. This work is a quarter behind schedule.	●

KEY RESULT AREA 6: INTEGRATE ONE NETWORK

Our aim is to integrate one effective and resilient network for customers.

In this quarter:

- Working with the Ministry of Transport on their futures thinking work (page 33)
- We made a formal submission in response to the proposed Auckland Unitary Plan (page 33)
- We continue to work collaboratively with both Auckland Council and Auckland Transport (page 34)
- We continue to work with the authorities Christchurch to give effect to the Land Use Recovery Plan (page 34)
- Integrated ticketing system is working well in Auckland (page 35)
- Freight plans are all progressing well with drafts to be completed by end of 2013/14 (page 36)
- Draft rail long-term planning proposal shared with KiwiRail and freight planning teams for comment (page 36)

Q3: Good progress against all eight of our 2013/14 milestones.

Objective 1: Integrate land uses and transport networks to shape demand at national, regional and local levels

Milestones for 2013/14	Q3 progress	Status
<p>Complete work with the Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Transport (MoT) on national and regional futures and scenarios and their land transport demand implications</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>Transport futures and scenarios information and information from our 2013-16 Statement of Intent was provided to MBIE for their "Regional Economic Activity Report" which is now published.</p> <p>Through the development of the 30 year NLTP and GPS we are working with MOT on testing transport demand implications for a range of different futures and scenarios. This work is on-going for 2013/14.</p> <p>Although this milestone is complete, some residual work will continue in quarter four.</p>	COMPLETE
<p>Auckland Council (AC) and Auckland Transport (AT) ensure that cost effective provision of infrastructure is recognised and facilitated by the Auckland Unitary Plan</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>QUARTERLY HIGHLIGHT:</p> <p>The Transport Agency made a formal submission in response to the Proposed Auckland Unitary Plan by 28 February 2014. The Agency's interest in the unitary plan covered (a) enabling the ongoing development, management and operation of the state highway network, and (b) aligning future growth and transport investment. Specific issues of influence included the integration of infrastructure and future growth areas, reverse sensitivity issues (noise, vibration, land-use), development controls (storm water, discharges, earthworks, coastal, heritage etc).</p>	

Key result area 6 | Integrate one network for customers

Milestones for 2013/14	Q3 progress	Status
<p>The NZ Transport Agency works effectively with Auckland Council and Auckland Transport on the planning of infrastructure for brownfield and greenfield development and special housing areas identified through the Auckland Housing Accord</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>Auckland:</p> <p>We have provided input into the identification of new greenfield land, specifically supporting the Transport in Greenfield Areas work stream. We are supporting the Rural Urban Boundary work through our Unitary Plan submission and commencing sub-regional work with Auckland Council and Auckland Transport on the north-west area.</p> <p>We are working collaboratively with Auckland Council and Auckland Transport on ensuring our key principles are incorporated in the master planning for approved Special Housing Areas - tranches one and two.</p> <p>Rest of NZ:</p> <p>In this quarter four new regions were announced as locations for housing accords (Tauranga/Western Bay of Plenty, Wellington, Christchurch and Queenstown). We are developing a co-ordinated and consistent approach to the development of accords in these regions and reallocating resources accordingly.</p>	
<p>The NZ Transport Agency will work with Canterbury Earthquake Recovery Authority, Environment Canterbury and Christchurch City Council to ensure that cost effective provision of infrastructure is recognised and facilitated by the Christchurch Land Use Recovery Plan</p> <p><i>(Note: this is a shared result)</i></p>	<p>Focus has now moved to assisting Christchurch City Council's District Plan Review to give effect to Land Use Recovery Plan.</p>	

Objective 2: Integrate national and local transport networks to support strategic connections and travel choice

Milestones for 2013/14	Q3 progress	Status
Refer to Key Result Area 2: Making the most of urban network capacity on page 16.		
<p>Initiate investment conversations with Auckland Transport (AT) for the 2015-18 NLTP, and specifically for 'one network' transport planning and the programme priorities around the multi-modal east-west corridor, the south-west multi-modal airport rapid transit and the Auckland-Manukau Eastern Transport Initiative</p>	<p>We have regular meetings with AT's RLTP development team and we are contributing to financial envelope analysis. We have also established a timeline for Auckland RLTP taking into account parallel processes such as Integrated Transport Programme of which we are a partner, Land Transport Programme, and Asset Management Plan.</p> <p>The Transport Agency is contributing to financial envelope analysis.</p>	●
<p>A national road classification is successfully completed</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>Refer to Key Result Area 5 on page 30.</p>	
<p>Integrated ticketing procurement process commences in Wellington, and successful implementation of the Auckland Integrated Fare System (AIFS)</p> <p><i>(Note: these are a shared milestones with local government)</i></p>	<p>QUARTERLY HIGHLIGHT:</p> <p>Project successfully completed - integrated ticketing system now working on all modes across Auckland network. At the end of March 2014 the AIFS programme closed down - and the AT HOP ticketing system moved into operational mode.</p>	●

Objective 3: Improve freight supply chain efficiency

Milestones for 2013/14	Q3 progress	Status
Refer to Key Result Area 3: Moving more freight on fewer trucks on page 21.		
<p>Upper North Island freight plan accord is agreed with representatives from across freight sector</p> <p>South Island and Central New Zealand freight stories completed</p> <p>National Freight Action Plan agreed with representatives from across the freight sector</p> <p><i>(Note: this is a shared milestone)</i></p>	<p>Upper North Island freight plan drafted for tabling with Freight Operators Forum on 10 April, it is then on track for completion by June.</p> <p>Central and Southern have an initial draft of a freight plan that will now be aligned with the format used for the Upper North Island freight plan. Engagement with key stakeholders on the draft plans will then occur aiming to complete by mid-year or soon after.</p>	
<p>Long-term strategic freight network planning proposal developed for KiwiRail/Transport Agency</p>	<p>Draft long-term rail planning proposal completed and shared with KiwiRail and freight planning teams for comment. This document includes the findings of the recently released National Freight Demand Study 2014, which identifies potential future freight volume for rail freight. A leadership meeting has been scheduled for early April to discuss the idea within the context of KiwiRail's strategic planning work they have underway.</p>	

KEY RESULT AREA 7: SHAPE SMART TRANSPORT CHOICES

Our aim is to shape smart, efficient, safe and responsible transport choices.

In this quarter:

- Road Safety Action planning approach is being implemented across a number of areas with some key delays (page 38)
- Competency based training for motor cyclist went live nationally on 1 March 2014 (page 38)
- Changes to the Driver licensing rule are unlikely to meet planned target date (page 38)
- Work on travel time and user information improvement projects is being delayed until next year (page 39)
- Cost-benefit analysis on options to encourage less-safe vehicles to exit the fleet completed (page 39)
- Vehicle licensing reform changes with Cabinet (delayed) (page 41)

Q3: Variable progress, with three areas to watch.

Objective 4: Implement the Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability

Milestones for 2013/14	Q3 progress	Status
Refer to Key Result Area 4: Safe speeds to reduce deaths and serious injuries on page 25.		
National signature projects are launched and a minimum of four projects are underway <i>(Note: this is a shared milestone with ACC, NZ Police and local government)</i>	Eastern Bay of Plenty (EBoP) project starting to gain momentum. Community social norms surveying has been commissioned which will help shape the initiatives to be implemented. An online interactive tool to help road controlling authorities develop a complete safe system approach is also being developed. Consultants have been engaged to undertake monitoring and evaluation for the project. A project manager is being sought externally. A regional project steering group has been set up, but a leadership gap remains. The National Road Safety Committee endorsed the inclusion of a visiting driver project based in the lower South Island, and has agreed to updated programme milestones. Programme is on track to deliver the revised milestones.	
Relevant NZ Transport Agency staff and leaders trained in the Safe System approach	No Safe System in Practice courses delivered in quarter three. Programme of 6-8 courses set up for 2014 calendar year (dependent on ACC funding to be confirmed). Three courses will be held in quarter four for approximately 150 people. Initial scoping and planning for "Safe System Forum" pilot course to target community and business leaders is delayed due to resource constraints.	
Key Transport Agency manuals, processes and decision making frameworks reviewed and changed to deliver a safe road system	The Stage II review of the Economic Evaluation Manual includes a review of the "Vehicle operating costs", "Crash Costs" and "Health benefits of active modes" modules. The review of these modules to incorporate the Safe System approach has not been completed. The "crash costs" module update is dependent on completing research on the statistical life values. The review is expected to be completed in 2014/15. Both the Safety Audit and RoNs guidelines (including the Geometric Guidelines) have been reviewed and updated from a Safe System perspective.	

Key result area 7 | Shape smart transport choices

Milestones for 2013/14	Q3 progress	Status
<p>The remaining actions from the 2011/12 Safer Journeys Action Plan are completed <i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police, local government and ACC):</i></p>		
<p>1. Implement revised Road Safety Action Planning approach</p>	<p>Alongside the changes to the road safety leadership model we:</p> <ul style="list-style-type: none"> • are providing clear planning and investment signals for the 2015-18 NLTP, • are improving access to road safety and crash information, • have set objectives for Police to actively participate in road safety action planning, and • have developed a new regional and road safety model in Southern region. 	
<p>2. Complete Coromandel demonstration project and ready Maramarua demonstration project for construction</p>	<p>Safer Rides Southern Coromandel project is in construction and remains on track for completion this financial year.</p> <p>The Maramarua Demonstration project is running a quarter behind. The two highest crash rate sections of the corridor are progressing in the investigation phase, with design and construction programmed in the 2014/15 State Highway Plan.</p>	
<p>3. Complete and promulgate High Risk Intersection Guide</p>	<p>All six planned training sessions have now been completed.</p>	
<p>4. Complete motorcycle licence changes, introduce maximum time licence limits and Child restraint age extension</p>	<p>Child Restraints</p> <p>Roll out completed, with a letter to over two thousand school Principals (accompanied by a roll related supply of the revised brochure 'Child restraints save lives') has reinforced the intent of the law change of 1 November 2013.</p> <p>Motorcycle Licence Changes</p> <p>Competency Based Training Assessment (CBTA) has successfully been implemented. Courses went live nationally on 1 March 2014, when providers across the country could start offering CBTA courses to the public.</p> <p>Time Limits</p> <p>Drafting of Rule underway.</p>	

Objective 5: Incentivise and shape safe and efficient travel choices using a customer-focused approach

Milestones for 2013/14	Q3 progress	Status
<p>Immediate travel time and user information improvement projects are being successfully implemented</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>We are delaying further work on this initiative until next year when we will have done more work in the Urban Network Capacity priority.</p>	
<p>Options to encourage less-safe vehicles to exit from the fleet are developed, considered and the action plan agreed</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport, NZ Police and ACC)</i></p>	<p>Cost-benefit analysis design complete. Evidence base continues to be developed as further data becomes available. Stakeholder engagement paused while baseline cost-benefit analysis is completed.</p>	
<p>The effectiveness of alcohol interlocks is reviewed and recommendations made for their future use</p> <p><i>(Note: this is a shared milestone with the Ministry of Transport)</i></p>	<p>The Ministry of Transport provided a briefing to the Minister in December, including a progress report and updated figures for sentences issued and uptake of the programme. The briefing also noted that a more comprehensive review of the interlock programme will be undertaken in 2014.</p>	
<p>The '100 highest-risk intersection' programme for state highways and local roads is launched and progressed</p>	<p>Programme launched in March 2014 (refer to feature on next page).</p>	

Feature

Taking a safe system approach to improvements



In March, two programmes of work were announced that will help the Transport Agency and other road controlling authorities (RCAs) better target time and resources to where they'll make the biggest difference to safety.

We published information outlining improvements made or being planned to improve safety at many of [New Zealand's 100 highest-risk intersections](#). The high-risk intersection list was recently finalised with input from local authorities, by using the High Risk Intersection Guide. The guide was developed in 2013 to provide a nationally consistent method of assessing crash data to identify intersection crash risks. It also provides a nationally consistent application of proven countermeasures.

Since developing the draft list last year, progress has been good.

- Work has already been completed on 22 intersections included in the top 100 (varying from minor improvements up to full transformational upgrades)
- An agreed plan is in place for upgrading a further 47 high risk intersections
- Some intersections are further behind in the planning process, 18 in total
- There remain 13 intersections where work has not yet been programmed.

All intersections will continue to be monitored and reassessed using the methodology in the High Risk Intersection Guide to check intersection safety performance.

The [Safer journeys for rural schools guide](#) has also been published. It outlines a comprehensive set of possible Safe System solutions for schools and RCAs to assess (and if necessary improve) road safety for rural schools.

The guide is part of our Rural Schools Road Safety Programme, which is a series of initiatives to improve safety outside rural schools.

There are three parts to the programme:

- Introducing a trial of variable speed limit signs to reduce the speed of through traffic past a number of schools where there is an identified 'turning traffic' or pedestrian safety risk. (This trial is underway with over 20 schools - it will be finished by July this year).
- The publication of the *Safer journeys for rural schools guide*.
- Assessing the degree of road safety risk around all rural schools and identifying actions needed to improve safety at the highest risk ones

In addition to this, the Safer journeys for schools - guidelines for school communities companion guide is targeted to parents, school staff and boards of trustees to help them improve road safety in their local community. It contains a clear process that school communities can follow, guidance on how to communicate with relevant RCAs and a 'toolbox' of good practice solutions that may be used to address school road safety issues locally.

Work has also begun on a *Safer journeys for urban schools guide* which will be published by the middle of this year. This will enable the highest risk school environments in both urban and rural areas to be prioritised in tandem.

Safer journeys for rural schools



Objective 6: Reduce costs for transport users through better regulation and willing compliance

Milestones for 2013/14	Q3 progress	Status
The vehicle licensing reform (VLR) changes are successfully implemented	WoF frequency change phase-in has commenced and is progressing well.	
The 2013/14 Rules Programme is delivered to agreed time, cost and quality standards	The Omnibus Amendment Rules 2013 were signed in November 2013.	
Our 'world class regulator' business plan is successfully completed, and the structures and resources set in place and committed to ensure successful realisation	Rollout of the strategy to wider staff and stakeholders is complete and "keeping the conversation going" workshops were completed in February. The work programme is largely on track, but requires ongoing adaptation and reprioritisation.	

KEY RESULT AREA 8: DELIVER HIGHWAY SOLUTIONS

Our aim is to deliver efficient, safe and responsible highway solutions for customers.

In this quarter:

- Operational network resilience policy has been adopted (page 42)
- Business case for interventions in natural disasters is behind schedule (page 42)
- Contract rollout programme for asset management remains on track (page 43)
- All RoNS on track (pages 44 and 45)

Q3: Good overall progress on our deliverables, with one area to watch.

Objective 7: Greater resilience of the state highway network

Milestones for 2013/14	Q3 progress	Status
Operational network resilience policy adopted	QUARTERLY HIGHLIGHT: Operational network resilience policy adopted	COMPLETE
Business case for national interventions for natural disasters on the state highway network is completed	We remain behind schedule, but work is progressing. In May the Board will receive an update of the plan and we are on track to present the Programme Business Case to the Board for approval in July.	
The review of our Investment and Revenue Strategy incorporates the new operating frameworks around network resilience	The Ministry has advised that the focus on resilience will be strengthened in the forthcoming GPS. We have commented on and provided resilience related content for inclusion in the draft GPS.	

Objective 8: Deliver consistent levels of customer service that meet current expectations and anticipate future demand

Milestones for 2013/14	Q3 progress	Status
<p>The State Highways Asset Management Plan (SHAMP) reflects agreed differentiated levels of service and realises the targeted cost efficiencies</p> <ul style="list-style-type: none"> • Optimisation - confirm the work activity trade-offs and reach board endorsement & SHAMP2 finalisation - a final optimised State Highways Asset Management plan • Change asset management plans and re-prioritise resources within these plans to reflect agreed differentiated levels of service and realise the cost efficiencies from this process 	<p>We remain on track to have programmes developed by May 2014, with options for different levels of investment.</p>	
<p>Maintenance and Operations (M&O) Review - implementing the change in highways structure to focus on the core functions of asset management, one network operations and customer service delivery and achieve a step change in the capability of delivery. Keep programming on the rollout of the new single supplier model</p>	<p>M&O is progressing as planned.</p> <p>Most of the internal change is now complete and becoming business as usual. Core business processes have been developed to enable the M&O operating model to work.</p> <p>The Regional Network Performance Group has been set up to ensure the operating model is bedded down.</p> <p>Lessons learnt are being undertaken following each Network Outcomes Contract tender. This process is ongoing, with the results being fed back to industry.</p>	
<p>The first phase of the 'single supplier' delivery model for asset management is successfully implemented and the supporting internal restructuring completed</p>	<p>Contract roll out programme remains on track.</p> <p>Regular updates are being provided at various forums, including the industry liaison meetings.</p> <p>There continues to be some concern around the 'healthy market'. We will continue to monitor and will stay in touch with the industry and other stakeholders.</p>	

Our aim is to deliver the six remaining projects on time and at or below budget

In this quarter:

- All RoNS continue to progress to plan

Objective 9: Plan for and deliver the roads of national significance (RoNS)

Road of national significance	Milestones for 2013/14	Q3 progress	Status
Puhoi to Wellsford	Puhoi to Warkworth development	<p>The Further North Alliance is on track to obtain the designation and resource consents for the Puhoi to Warkworth section of the RoNS in 2014.</p> <p>The next phase is procurement for detailed design and construction.</p> <p>A business case is being developed to explore the potential of a PPP procurement process.</p>	
Western Ring Route	WRR under construction including Waterview and Causeway	<p>All sections of the Western Ring Route continue to progress well without any delays to their target completion date.</p> <p>Tunnel boring on the Waterview project continues to plan. The media have been active around this section of this RoNS, with positive coverage.</p> <p>The Great North Road interchange is progressing well with the first ramp construction now well underway.</p> <p>SH16 Causeway: Project is progressing well. Revised traffic management plans have been introduced to keep traffic speed and volumes at efficient levels.</p>	
Waikato Expressway	<p>Under construction: Rangiriri and Cambridge</p> <p>Ngaruawahia open</p>	<p>The programme is on track to deliver all sections of the Waikato Expressway by 2019/20.</p> <p>Overall budget is tracking well within the constraints of the forecast out turn costs.</p> <p>Cambridge - Major earthworks have commenced including initial bridging activities.</p> <p>Hamilton - Detailed design underway and progressing well</p> <p>Rangiriri - Construction progress is good. Ground improvements and bridge piling programme for third quarter is on track.</p>	
Tauranga Eastern Link (TEL)	Under construction	<p>The project continues well ahead of original programme.</p> <p>A number of sections are open to traffic and are operating satisfactorily.</p>	

Key result area 8 | Deliver highway solutions for customers

Road of national significance	Milestones for 2013/14	Q3 progress	Status
Wellington Northern Corridor	<p>Under construction: MacKays to Peka Peka Transmission Gully enabling and procurement</p> <p>In design: Basin Reserve improvements Peka Peka to Otaki</p>	<p>Overall programme on track.</p> <p>MacKays to Peka Peka - Construction progressing well.</p> <p>Construction of Transmission Gully is expected to commence in mid-2014, with final arrangements being made with PPP partners.</p> <p>Tunnel to Tunnel - We have submitted our Basin Bridge Project evidence to the Board of Inquiry.</p> <p>Basin Reserve - The Board of Inquiry period has been extended by three months.</p>	
Christchurch Motorways	<p>Stage 2 in design</p> <p>Under construction : Harewood Road to Yaldhurst Road four-laning Sawyers Arms to Wairakei (Harewood) Road four-laning</p> <p>In design: Groynes to Sawyers Arms four-laning Western Belfast Bypass</p>	<p>The remaining six sections are progressing well and in accordance with the current programme.</p> <p>Northern Corridor - The Notice of Requirement has been lodged and we are now waiting on a joint hearing date for this project and the Christchurch City Council's Northern Arterial Extension project.</p> <p>Western Corridor -</p> <ul style="list-style-type: none"> • Work continues on the investigation of a lower cost route option for the Western Belfast By-pass. We are working towards a construction start in late 2014 or early 2015. • Harewood to Yaldhurst four laning - The Christchurch City Council and Environment Canterbury publicly notified our consent applications in mid-November. Eighteen submissions were received and a hearing is scheduled for the end of March. • Much of the Sawyers Arms to Harewood section route is open to traffic. • Waterloo to Yaldhurst section, traffic between Buchanans and Yaldhurst is now running on the newly constructed western carriageway. <p>Southern Corridor - Christchurch Southern Motorway Stage 2 - The design progresses well. The Environmental Protection Authority's Board of Inquiry approved the application for the notice of requirement and resource consents in November. All planned quarter three milestones have been met and the various sections of the project are progressing as expected.</p>	

KEY RESULT AREA 9: MAXIMISE RETURNS FOR NZ

Our aim is to maximise effective, efficient and strategic returns for NZ.

In this quarter:

- Undertaking a range of initiatives to match revenue and expenditure (page 46)
- Stronger Christchurch Infrastructure Rebuild report has been delayed with final report due mid-April (page 46)
- Auckland Integrated Transport Programme running behind schedule (page 47)
- Submission on the funding assistance rate system options paper extended to the end of March (page 48)
- A consistent set of investment signals have been delivered to local government (page 48)
- Implementation of Public Transport Operating Model progressing well, but significant issues remain with the approach adopted by Greater Wellington Regional Council (page 48)
- Progress on PPPs are progressing well (page 49)

Q3: Variable progress, with three areas to watch.

Objective 10: Align investment to agreed national, regional and local outcomes, and improve value for money in all we invest in and deliver

Milestones for 2013/14	Q3 progress	Status
Refer to Key Result Area 5: Efficient road maintenance investment and delivery on page 30.		
Adjust 2012–15 NLTP investment to match revenue to deliver maximum returns	<p>The Cash Flow Advisory Group has monthly cash-flow management meetings. The current NLTF revenue and expenditure position, forecasts through to the end of the current NLTP and the expected borrowing position of the fund are reviewed at these meetings. Where necessary, the group considers options to manage the programme to optimise outcomes. Progress on obtaining more flexible overdraft conditions on the existing borrowing facilities that will allow best use of the NLTF has been slow this quarter. It is now intended to get this moving in the next month otherwise any advantage of such a flexible loan will be lost.</p> <p>We are also:</p> <ul style="list-style-type: none"> • reviewing claiming and forecasting policy and guidelines to improve claiming behaviours and reduce the impact of year-end claims • seeking additional walking and cycling initiatives to address the significant forecast underspend in this activity class • reinforcing internally and externally the importance of robust quarterly and annual expenditure forecasts to optimise investment • exploring all levers including Tauranga Eastern Link loan draw down as mechanisms to manage NLTF cash-flow. 	
Deliver Stronger Christchurch Infrastructure Rebuild Team (SCIRT) value and report <i>(Note: shared milestone with CERA and CCC)</i>	<p>This remains behind schedule. Horizontal Infrastructure Governance Group (HIGG) has a programme of work in place to respond to Office of Auditor-General findings. Initial construction rates benchmarking considered by HIGG in February with final report due mid-April.</p> <p>Quality work programme and capital rationing are slower than desirable. The Infrastructure Recovery Technical Standards and Guidelines (IRTSG) has been reviewed, including independent peer review, but will be subject to further review to take account of pending Cabinet decisions on renewal funding. Our audit work stream is underway; first reports are to be delivered shortly.</p>	

Key result area 9 | Maximise returns for New Zealand

Milestones for 2013/14	Q3 progress	Status
<p>Complete the prioritised 2013/14 Canterbury rebuild work programme on time and within budget</p> <p><i>(Note: shared milestone with CERA, SCIRT and CCC)</i></p>	<p>The bus interchange is on track, however, other co-funded improvements are behind schedule.</p> <p>We have approved approximately \$5m (of \$30m NLTP) of new improvements this quarter and continue to negotiate a fully prioritised capital improvements programme with Christchurch City.</p>	
<p>Contribute to the completion of the second version of the Auckland Integrated Transport Programme</p>	<p>We are represented on the Integrated Transport Programme (ITP) Steering Group and also on the Project Control Group. Auckland Transport is modelling scenarios and the strategic front end is now being developed. However, the programme is running behind, and the ITP base programme and comparison scenarios are only now being refined for comparative evaluation to determine the preferred recommended version 2.</p>	
<p>We provide effective support to the development of the 2015-18 GPS, drawing on lessons learnt from the 2012-15 NLTP development and delivery</p>	<p>A draft of the 2015 GPS has now been received from MoT. Sector consultation is now likely to commence in May.</p>	

Objective 11: Ensure effective and efficient co-investment with our partners

Milestones for 2013/14	Q3 progress	Status
Complete the review of the funding assistance rate system	Board paper in May on specific methods to be used in setting funding assistance rates and follow-up work/discussions required prior to finalising funding assistance rates for the 2015-18 NLTF investment period.	
<p>Ongoing implementation of the planning and investing for outcomes approach via an integrated focused programme of work</p> <p>Identified and documented key national and regional network issues</p> <p>Improved critical tools, processes and systems, including (but not limited to) assessment framework, business case approach, benefits realisation model, shared evidence base and review of the Economic evaluation manual</p>	We have delivered a consistent set of investment signals to local government both at their national forum and in individual regions. We are making good progress in developing tools to support and communicate our decision making processes for the next NLTP. As part of that progress we have commenced engaging with our partners in local government, KiwiRail and the NZ Police regarding the outcomes we are seeking on our national journeys and identifying with our partners what outcomes we should be seeking together on other regionally important journeys.	
<p>Implementation of the Public Transport Operating Model (PTOM) is progressing to plan in major urban areas as networks are reviewed and new contracts established with service operators</p> <p><i>(Note: this is a shared milestone with local government)</i></p>	<p>Solid progress is being achieved with Auckland Transport.</p> <p>We are actively managing the relationship with Greater Wellington Regional Council.</p> <p>In Canterbury we are investigating a customised approach.</p>	

Objective 12: Explore innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments

Milestones for 2013/14	Q3 progress	Status
Develop and assess procurement of Transmission Gully as a PPP	<p>The Wellington Gateway Partnership was notified and announced as the preferred bidder in December 2013.</p> <p>The delivery team structure has been agreed.</p>	
Assess business case for procurement of Puhoi to Wellsford (P2W) as a PPP	<p>The Planning Alliance work has been reviewed and its current progress indicates that it is not likely to be an impediment to the PPP Programme.</p> <p>Property is progressing to programme; and the designation footprint and consents are appropriately flexible to permit innovation from the PPP.</p>	

FINANCIAL & SERVICE DELIVERY RESULTS

FINANCIAL PERFORMANCE

National Land Transport Fund (NLTF)

Year to date:

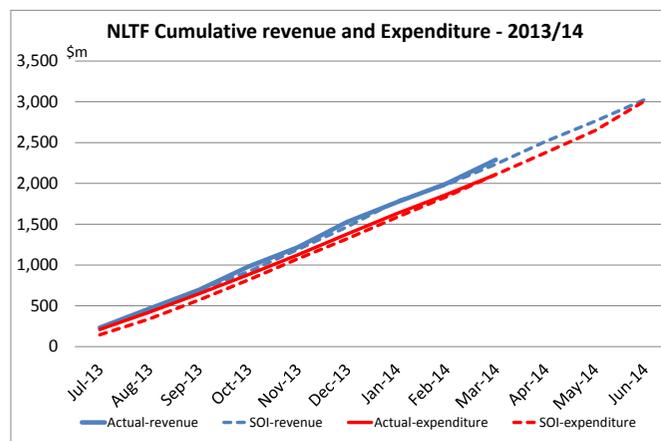
● Revenue is 3% ahead of SOI budget (\$58.6m). FED revenue is tracking 4% ahead of budget. While domestic fuel production is reasonably stable, imported fuel fluctuates from month to month depending on ship movements. Net RUC revenue is 3% higher than forecast, with increased light RUC sales being the main driver for this favourable variance. MVR revenue is 3% above forecast. This is largely attributable to higher than forecast motor vehicle registrations. Property disposal is \$17.9m lower than anticipated (-23%) as the process of disposing of identified properties is taking longer than anticipated.

The end of year projection for total revenue remains in line with the SOI (confirmed in the recent March Baseline Update).

● National Land Transport Programme expenditure is on track and the outturn is expected to be achieved. NZ Police expenditure is slightly behind budget but is expected to meet outturn.

● The result of the above is a current net surplus of \$180m (\$53.7m higher than expected).

Financial performance



National Land Transport Fund - Statement of comprehensive income for the nine months ended 31 March 2014

	Year to date			SOI Budget %	Year end SOI Budget \$000
	Actual \$000	Budget \$000	Variance \$000		
Income inflows					
Land transport revenue - FED	1,186,124	1,142,267	43,857	4%	1,589,895
Land transport revenue - RUC and other revenue	1,043,428	1,010,838	32,590	3%	1,344,348
Management of Crown land and interest	59,871	77,750	(17,879)	(23%)	90,600
	2,289,423	2,230,855	58,568	3%	3,024,843
Outflows					
NZ Transport Agency/NLTP	1,889,757	1,880,401	(9,356)	(0%)	2,699,899
NZ Police	219,426	223,920	4,494	2%	306,667
	2,109,183	2,104,321	(4,862)	(0%)	3,006,566
Net surplus/(deficit)	180,240	126,534	53,706	42%	18,277

New Zealand Transport Agency (NZTA) Expenditure

Year to date:

- Total NZTA expenditure is \$138.0m (6%) below budget.
- NZTA operating expenditure is in line with budget. Higher operating expenses driven by commissions and transactions costs are offset by lower personnel and depreciation costs.

- **Personnel costs \$0.7m under budget.**

This under-spend is the net result of lower permanent staff costs, partially offset by higher temp staff costs and redundancies, following internal restructures.

- **Operating expenses \$0.9m over-budget.**

This over-spend is driven by commissions and transactions costs (\$4.8m) associated with higher driver testing volumes, which also generate increased revenue. This over-spend is partially offset by lower Professional services and IT costs associated with delays in projects such as NZTTL and RUC Trade Plates.

- **Depreciation costs \$0.6m under budget.**

This is the result of delays on the corporate capital programme (See Capital programme section)

- **Outturns**

The **\$6.7m** overspend forecasted for year-end reflects the trends highlighted above:

- Higher commission and transaction costs (\$6.6m)
- The acceleration of the new business model implemented following the M&O review (\$1.2m), partially offset by projected underspend in Sector Research (1.1m)
- Expected personnel and depreciation outturns are lower than budgets as per the explanations above.

Q3: Overall expenditure is 6% lower than budgeted

Total expenditure on land transport including NZTA operating expenditure for the nine months ended 31 March 2014

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
NZTA contributes to:								
Managing state highways	1,193,539	1,239,953	46,414	4%	1,754,007	1,693,865	(60,142)	(4%)
Planning and investing in land transport	733,269	826,171	92,902	11%	1,141,125	1,203,659	62,534	5%
Access to the land transport system	115,716	114,381	(1,335)	(1%)	156,501	149,872	(6,629)	(4%)
Total expenditure	2,042,524	2,180,505	137,981	6%	3,051,633	3,047,396	(4,237)	(0%)

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

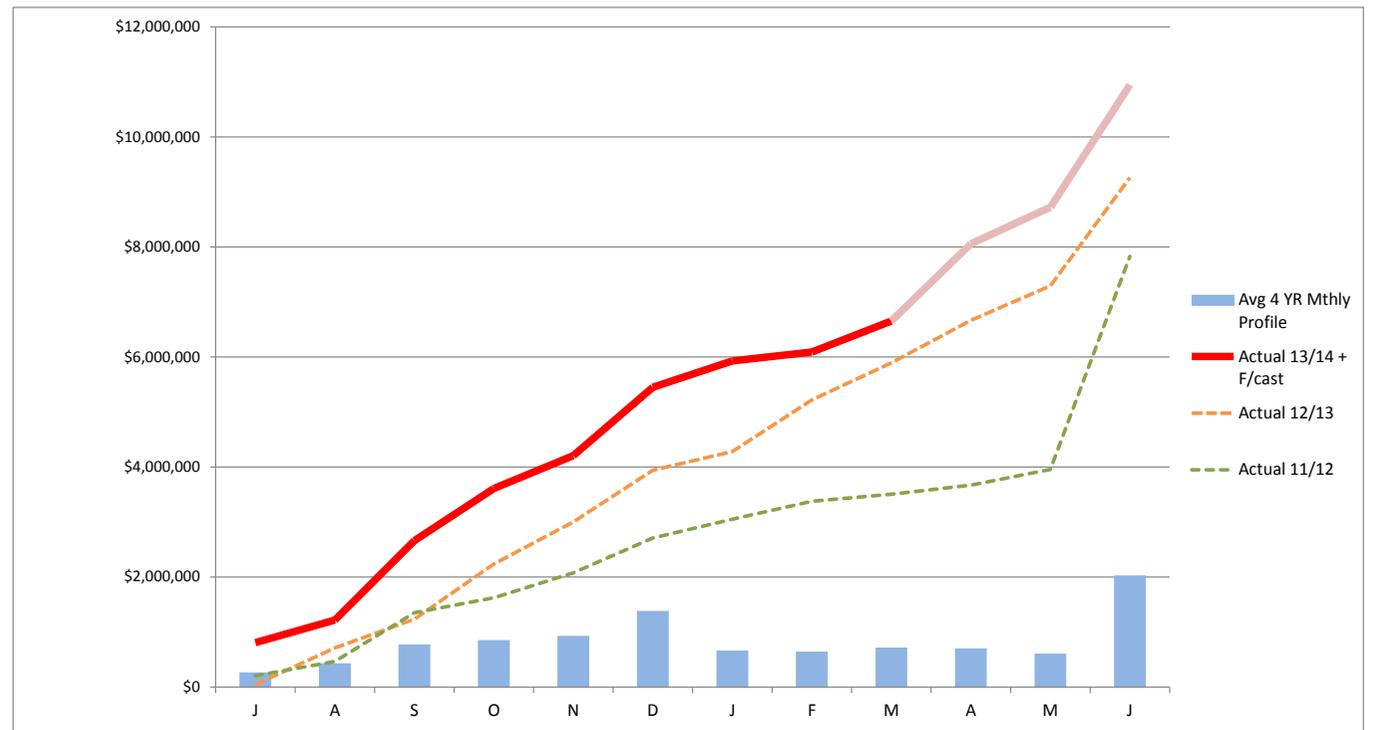
NZTA operating expenditure for the nine months ended 31 March 2014

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
Our expenses classified by:								
Personnel costs	84,874	85,553	679	1%	115,975	116,920	945	1%
Operating expenses	109,352	108,463	(889)	(1%)	151,550	142,895	(8,655)	(6%)
Depreciation and amortisation expense	6,411	7,024	614	9%	7,596	8,566	970	11%
Total expenditure	200,637	201,041	403	0%	275,121	268,381	(6,740)	(3%)

Capital Programme

- The current **forecast** for 2013/14 is now **\$11m**
- The larger projects in the **\$11m** forecast include:
 - SAP - \$3.1m (100% spent)
 - The IS Refresh programme - keeping hardware current - \$1.9m (56% spent)
 - Geospatial - \$1.5m (52% spent)
 - VLR reform - \$1.1m (17% spent)
 - RUC assessments payments module - \$0.9m (4% spent)
- **At the end of March, we have spent \$6.7m**, (60% of the current forecast) which is significantly ahead of the level we have historically been able to achieve at the end of the third quarter.
- It will be challenging to deliver the forecast programme as this relies on a significant portion of the spend to occur in the last quarter of the year. The largest project - SAP - is now 100% completed and the spend incurred to date on all remaining projects is collectively less than 50% of the total forecast expenditure.

This graph shows capital programme spend for the nine months ended 31 March 2014 and forecast for the year. It also includes previous years actual capital spend for comparison.



Access & Use

Year to date:

The surplus of \$8.1m puts A&U ahead of its \$2.0m budget deficit.



Access & Use revenue is \$11.5m (10%) above budget.

- Driver licensing and testing:** Driver testing revenue is \$5.4m ahead of budget due to higher than expected volumes for driver tests, which have also caused driver testing costs to be higher than budget. Restricted licence test revenue continues to increase steadily. Both full and learner licence test revenues remain steady, although still tracking above budget due to the higher than planned volumes.
- Motor vehicle registration:** Revenue is \$2.0m ahead of budget with most of the variance attributable to unbudgeted project cost recoveries. Successful delivery of Fleet Saver Programme and Synthetic Greenhouse Gases projects resulted in project cost recoveries of \$0.5m, with a further \$0.6m coming from the Vehicle Safety Rating project. The growing New Zealand vehicle fleet size is contributing \$0.5m to volume related revenue, which is partially offset by increased expenditure.
- Standards development levy and transport licensing fees:** Revenue is \$0.3m ahead of budget, mostly due to higher than expected volumes of annual levies processed from passenger and goods transport service license holders.
- Vehicle certification and Other memo accounts:** Revenue is \$0.4m ahead of budget as a result of higher than forecast WoF pass rates (revenue recognition occurs when tests are passed and a label is issued).



Access & Use expenditure is \$1.3m (1%) over budget.

- Commission charges** are \$4.1m over budget mainly due to higher than budgeted driver testing volumes (see revenue section). Volumes are expected to stay ahead of budget until the year-end, **driving higher costs which will be offset by the additional revenue generated.**

Access to the land transport system – Financial results for the nine months ended 31 March 2014

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
Income								
Motor vehicle registration	42,795	40,835	1,961	5%	56,171	53,700	2,471	5%
Driver licensing & Driver testing	39,768	34,340	5,428	16%	52,793	45,100	7,693	17%
Standard development levy & Transport licensing	10,658	10,315	343	3%	13,700	13,700	0	0%
Vehicle certification - WoF	4,177	3,912	265	7%	3,718	3,718	0	0%
Vehicle certification - CoF & Other	1,545	1,612	(67)	(4%)	3,682	3,682	0	0%
Other	1,611	1,376	235	17%	2,130	1,820	310	17%
Subtotal - Memo accounts	100,554	92,389	8,164	9%	132,194	121,720	10,474	9%
RUC collection, investigation, and enforcement	12,583	12,785	(202)	(2%)	17,000	17,046	(46)	(0%)
Tolling	4,635	4,379	256	6%	5,696	5,696	0	0%
Other	6,074	2,837	3,237	114%	5,382	5,382	0	0%
Subtotal - Other	23,291	20,000	3,291	16%	28,078	28,124	(46)	(0%)
Total income	123,845	112,390	11,456	10%	160,272	149,844	10,428	7%
Expenditure								
Staff	27,224	29,454	2,230	8%	35,700	37,526	1,826	5%
Commissions	35,802	31,681	(4,121)	(13%)	47,000	41,594	(5,406)	(13%)
Transactions	14,342	13,741	(601)	(4%)	19,600	18,392	(1,208)	(7%)
Information Technology	11,051	11,748	697	6%	15,277	15,277	0	0%
Advertising, PR & Media	387	721	334	46%	962	962	0	0%
Professional Services	4,744	3,477	(1,267)	(36%)	5,770	3,929	(1,841)	(47%)
Other	5,444	6,770	1,326	20%	9,457	9,457	0	0%
Overhead - Accommodation costs	3,059	2,997	(62)	(2%)	3,818	3,818	0	0%
Overhead - Corporate	11,935	11,907	(28)	(0%)	16,412	16,412	0	0%
Overhead - Regional office	1,646	1,807	161	9%	2,393	2,393	0	0%
Overhead - Regional Directors	82	78	(4)	(5%)	112	112	0	0%
Total expenditure	115,716	114,381	(1,335)	(1%)	156,501	149,872	(6,629)	(4%)
Net surplus/(deficit)	8,129	(1,991)	10,121		3,771	(28)	3,799	

Outturns revised at the end of March 2014

Access & Use [continued]

- **Personnel costs** are under budget by \$2.2m due to lower than budgeted staffing levels. This has been reflected in the current year-end outturn **(\$1.8m lower than budget)**
- Expenditure on **professional services** was over budget by \$1.3m, offsetting the under-spend in personnel costs as work programme obligations are met in the project environment.
- **Transaction costs** are \$0.6m over budget due to a combination of higher than budgeted costs for MVR plates and printing and RUC credit card fees. The higher transaction costs for MVR plates are in line with trends in the motor vehicle industry with increased vehicle imports, as reflected in registration volumes.

The net **memorandum account balance** shows a **favourable variance** against budget due to higher than budgeted revenue.

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

- **Driver testing:** The account balance is above budgeted levels by \$3m, primarily due to increased volumes.
- **Motor vehicle licensing:** The current balance is \$2.5m better than budget. Higher volumes than budgeted drive both higher revenue and expenditure. Most of the variance to budget is attributable to project cost recoveries and is not volume related. As a result, the outturn at year end is expected to be \$1.9m higher than planned.
- **Certification review fees:** For the last few years certification costs have been running at a deficit of approximately \$1m per annum and this is reflected in the opening deficit balance of \$3.7m. Fees supporting these products are currently undergoing a review for the first time in twelve years.
In addition to this, the costs of the VLR programme are being absorbed in the short term by the certification account. VLR costs to the end of the 13/14 financial year are forecast as being \$3.5m, thus the deficit is expected to grow to \$7.5m by the end of this financial year. The cost of the VLR project will be recouped over a 5 year period as new fees are implemented in 14/15 financial year.

Access to the land transport system – indicator volumes

	Year to Date				Year end			
	Actual	Budget	Variance		Outturn	Budget	Variance	
	000	000	000	%	000	000	000	%
Driver licences - New drivers	146	114	32	28%	194	152	42	28%
- Reinstatements	35	33	2	6%	46	44	2	5%
- Renewals	174	179	(5)	(3%)	232	239	(7)	(3%)
- Older drivers	50	49	1	2%	66	66	0	0%
- Overseas conversions	44	35	9	26%	59	47	12	26%
- Replacements	76	77	(1)	(1%)	101	102	(1)	(1%)
Driver testing - Theory	118	90	28	31%	157	120	37	31%
- Practical	155	111	44	40%	206	148	58	39%
Certification - WoF passes	4,376	4,321	55	1%	5,833	5,762	71	1%
- CoF passes	279	272	7	3%	372	363	9	2%
MVR - Registrations	229	198	31	16%	305	265	40	15%
- Licences	5,286	5,236	50	1%	7,035	6,954	81	1%
RUC - Licences	1,755	1,858	(103)	(6%)	2,335	2,468	(133)	(5%)
Toll - Trips	4,361	4,093	268	7%	5,603	5,336	267	5%

Memorandum accounts

Funding Source	Revenue					Expenditure				Balance as at			
	Actual	YTD	YTD	YTD	Full Year	YTD	YTD	YTD	Full Year	31/03/2014		30/06/2014	
	1 July	Actual	Budget	Variance	Budget	Actual	Budget	Variance	Budget	YTD	YTD	Full Year	Full Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Border inspection fees	2,316	731	315	416	420	240	377	137	480	2,807	1,798	2,682	1,800
Certification review fees	(3,667)	5,722	5,524	198	7,400	8,881	5,970	(2,912)	7,900	(6,827)	(3,546)	(7,517)	(3,600)
Driver licensing fees	(1,479)	23,419	23,205	213	30,300	21,935	23,641	1,705	31,100	4	64	321	(300)
Driver testing fees	4,209	16,350	11,135	5,215	14,800	14,284	11,018	(3,265)	14,800	6,275	3,317	6,737	3,200
Motor vehicle licensing	2,500	42,795	40,835	1,961	53,700	40,061	39,588	(473)	52,000	5,234	2,746	5,080	3,200
Over dimension permits	492	212	161	51	200	241	187	(55)	300	463	474	392	400
Rail licensing fees	(2,431)	668	900	(232)	1,200	1,073	1,133	60	1,500	(2,836)	(2,533)	(2,847)	(2,600)
Standard development fees	2,766	4,285	4,149	136	5,500	4,694	4,374	(319)	5,800	2,358	2,075	2,466	2,000
Transport licensing fees	(3,687)	6,372	6,166	206	8,200	4,855	6,429	1,575	8,300	(2,170)	(3,964)	(3,787)	(3,800)
Memo Account - Total	1,018	100,554	92,389	8,164	121,720	96,264	92,718	(3,546)	122,180	5,309	432	3,527	300

Planning & Investment and State Highways

Year to date:

- NLTP expenditure is \$124.5m (7%) under budget** (\$78.1m on planning and investing in land transport + \$46.4m on managing state highways).

Commentary on activity classes:

- Transport planning:** YTD expenditure is \$2m (19%) below budget. Our expectation that approved organisations would increase expenditure to improve their activity management plans in preparation for the 2015-18 NLTP appears to have been premature. Expenditure on studies and strategies is also down on plan, due to a hiatus as the sector transitions to the business case approach. We do, however, expect an increase in 2014/15 that will recover some of the under-spend.
- Public transport:** YTD expenditure is \$27.9m (13%) below budget. The variance is due to fewer new services being progressed than was anticipated in the budget and slower than planned delivery of infrastructure projects in Auckland. As a result, the end of year outturn is expected to be \$24m below budget.
- New and improved infrastructure for local roads:** YTD expenditure is \$18.5m (20%) under budget. As previously reported, this output class will be under-spent at year-end as reflected in the outturn (\$19.5m under for 2013/14 and approximately \$60m under across the 2012-15 NLTP). This is due to proposed projects not progressing as rapidly as expected. In particular re-prioritising of expenditure in Auckland is reducing the investment in new infrastructure for local roads.

Planning & investing in land transport – Expenditure report for the nine months ended 31 March 2014

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Management of the funding allocation system	20,955	22,557	1,602	7%	30,775	30,775	0	0%
Transport planning	8,663	10,656	1,994	19%	13,500	15,990	2,490	16%
Sector research	2,994	3,197	203	6%	4,500	5,600	1,100	20%
Public transport	189,693	217,613	27,920	13%	291,600	316,000	24,400	8%
Road safety promotion	19,562	21,947	2,385	11%	32,900	32,100	(800)	(2%)
New and improved infrastructure for local roads	74,296	92,827	18,531	20%	140,500	160,000	19,500	12%
Renewal of local roads	143,958	174,393	30,435	17%	246,000	246,000	0	0%
Maintenance and operation of local roads	214,654	206,595	(8,058)	(4%)	285,000	289,000	4,000	1%
Walking and cycling	7,199	10,240	3,041	30%	13,000	20,000	7,000	35%
Total expenditure	681,972	760,026	78,054	10%	1,057,775	1,115,465	57,690	5%

Managing state highways – Expenditure report for the nine months ended 31 March 2014

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
New and improved infrastructure for state highway	825,496	848,728	23,233	3%	1,233,500	1,159,000	(74,500)	(6%)
Renewal of state highways	116,994	155,859	38,866	25%	176,421	222,000	45,579	21%
Maintenance and operation of state highways	251,050	235,365	(15,684)	(7%)	344,086	312,865	(31,221)	(10%)
Total expenditure	1,193,539	1,239,953	46,414	4%	1,754,007	1,693,865	(60,142)	(4%)

Specific projects funded by the Crown – Expenditure report for the nine months ended 31 March 2014

	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
SuperGold card transport concessions	16,051	17,929	1,878	10%	23,905	23,905	0	0%
Administration of SuperGold card	32	71	39	55%	95	95	0	0%
Construction of passing opportunities on SH2	2,250	2,625	375	14%	4,000	3,500	(500)	(14%)
National war memorial park	17,500	15,000	(2,500)	(17%)	25,000	20,000	(5,000)	(25%)
Reinstatement of local roads in Canterbury	15,464	30,521	15,056	49%	30,350	40,694	10,344	25%
Total expenditure	51,297	66,145	14,849	22%	83,350	88,194	4,844	5%

- Maintenance, operation and renewal of local roads:** Maintenance and operation of local roads expenditure is \$8.1m (4%) above budget, partially due to the \$50m capped contribution from the NLTF to the Christchurch earthquake rebuild works having been allocated. Renewal of local roads is \$30.4m (17%) below budget, due to councils taking a more rigorous approach to asset renewals by maximizing the life of the existing assets. Overall the forecast outturn for the two activity classes is close to budget but this may reflect some optimism from approved organisations in their delivery of renewals during the balance of the year.
- Walking and cycling:** YTD under spend is \$3.0m (30%). Some improvement in claims over the quarter, but underlying delivery and expenditure continue to underperform, particularly in Auckland, and this is expected to continue to year end. This output class continues to be a low priority project within councils who, apart from some small maintenance on their existing walking and cycling infrastructure, have most of their resources allocated into what they perceive to be higher priority projects. We are applying pressure to increase the expenditure in 2014/15 to re-initiate momentum in the programme.
- New and improved infrastructure for state highways:** YTD expenditure is \$23.23m (3%) under budget, due to slower than planned progress on some activities.

Our financial results to the end of March are generally consistent with our historic profile. The year-end outturn is \$75m higher than the SOI as the work programme for the financial year was targeting a higher level of expenditure than the SOI. While a large chunk of the programme is to be delivered in the last quarter, including a large portion of the property acquisition programme, we are confident this outturn will be achieved.

- Renewal of state highways:** The current YTD underspend in Renewals is \$38.9m (25%). We are continuing our strategy of 'nationally planned, regionally delivered', which allows for a more rigorous approach to asset renewals.

The programme is currently behind target due to a number of regions having experienced significantly high levels of rainfall during the key summer months, which stifled progress on the programme.

Regions remain confident that year end targets will be achieved. This is very much dependent on the weather as we have now reached the end of the renewals season and the risk of not achieving our targets increases.

- Maintenance and operation of state highways:** The YTD over spend of \$15.7m (7%) is a result of the new approach to asset renewals as previously reported. Full year outturn is expected to be higher than budget for the same reason.
- Reinstatement of Local Roads in Canterbury.** At the end of March the \$50m NLTP funding set aside in the Maintenance and Operation of Local Roads output class has been allocated to these projects, and \$15.4m has been claimed against the specific Crown funding.

It is worth noting that while we are 75% of the way through the year, AOs claims are overall running at about 57% of the full year budget, with some activity classes significantly behind. We continue to work with AOs seeking to positively influence claiming behaviour.

National Land Transport Programme (NLTP)



We have managed the NLTP to the reduced revenue level and re-directed funds to priority projects.

Programme management overview

Overall programme expenditure continues to be managed in response to lower revenue levels than were forecast at the start of the programme. This is reflected in the lower total forecast spend for the NLTP of \$8.26b against the published NLTP forecast spend of \$8.40b. The 2013/14 forecast total is approximately \$7m lower than the December quarter forecast, due to an adjustment of the state highway property revenue forecast that sees some of the sales being spread into the 2015-18 NLTP.

Expenditure in a number of activity classes, including new and improved infrastructure for local roads, is drifting down due to slower than planned delivery. To balance to available revenue, and to deliver closer to the published NLTP, the funding released continues to be directed to the new and improved state highway infrastructure activity class for safety and economic growth and productivity outcomes.

National Land Transport Programme (NLTF funded)

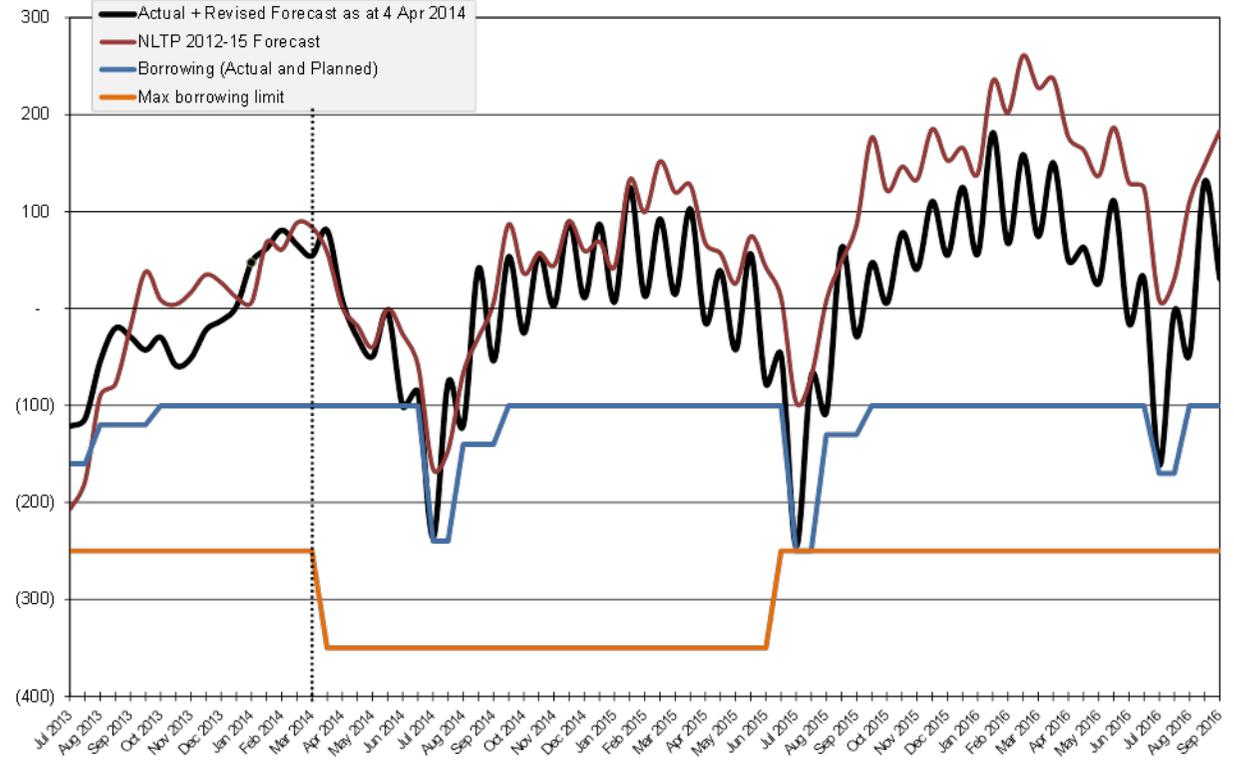
Published NLTP	Actual/forecast spend 2012-2015				Total 2012-2015
	2012/13	2013/14	2014/15		
	Actual	Forecast	Forecast		
\$000	\$000	\$000	\$000	\$000	\$000
Allocation of funds to activity classes:					
Transport planning	50,000	13,438	13,500	23,356	50,294
Road safety	97,000	27,592	32,900	33,350	93,842
Walking and cycling	53,000	8,449	13,000	18,000	39,449
Public transport	945,000	287,532	291,600	319,391	898,523
Maintenance and operation of local roads	878,000	279,379	285,000	285,000	849,379
Maintenance and operation of state highways	989,000	342,210	344,086	362,114	1,048,410
Renewal of local roads	738,000	204,410	246,000	251,000	701,410
Renewal of state highways	635,000	175,009	176,421	213,853	565,283
New and improved infrastructure for local roads	515,000	152,562	140,500	167,000	460,062
New and improved infrastructure for state highways	3,400,000	992,559	1,233,500	1,221,500	3,447,559
Sector research	15,000	3,194	4,500	6,100	13,794
Management of the funding allocation system	89,000	28,838	30,000	30,000	88,838
Total	8,404,000	2,515,172	2,811,007	2,930,664	8,256,843

Borrowing

- There was no borrowing activity during the quarter. The \$150m portion of the facility remains fully repaid keeping us compliant with the requirement to fully pay down this portion of the facility at least once in the cycle. The \$100m portion remains fully draw down.
- The notional cash balance in the NLTF was \$154m as at 31 March 2014 with the Transport Agency balance at \$10m.
- The graph reflects the revenue forecast from the Budget Economic Forecast Update and the latest expenditure forecasts. It shows that we are now forecasting to get close to the \$250m borrowing limit in July 2014. Should expenditure go higher than currently forecast we would use the additional \$100m borrowing facility.
- The Agency, Ministry of Transport and Treasury have had further discussions in order to amend the conditions for use of the existing \$250m borrowing facility with the aim of making it more flexible. The intention is to include any change into the current GPS process allowing also for the conditions of the facility to be reviewed on a regular basis as part of future GPS reviews.
- The Debt Management Office (NZDMO) and the Transport Agency have finalised all the loan documentation for the additional \$100m facility. This facility is now ready for use. It remains unlikely that we will need to draw on this facility until July 2015. Reporting on this facility will now be included in the Quarterly Report to the Ministers.

A Master Facilities Agreement is close to being finalised. The agreement will cover all future fixed term lending between the NZDMO and the Transport Agency. The first loan under the new arrangement will likely be the Christchurch earthquake loan with a close second being the Auckland Accelerated Programme.

NZTA Cash Requirements (\$M)



Longer-Term Funding Commitments

Current NLTP

- A further **\$133m** of funds were committed during the quarter ended 31 March 2013, 83% of which was in state highway improvements
- **99% of the \$9.05 billion** NLTF investment in the 2012-15 NLTP is committed, leaving about \$250m of funding for decisions.

2015-18 NLTP

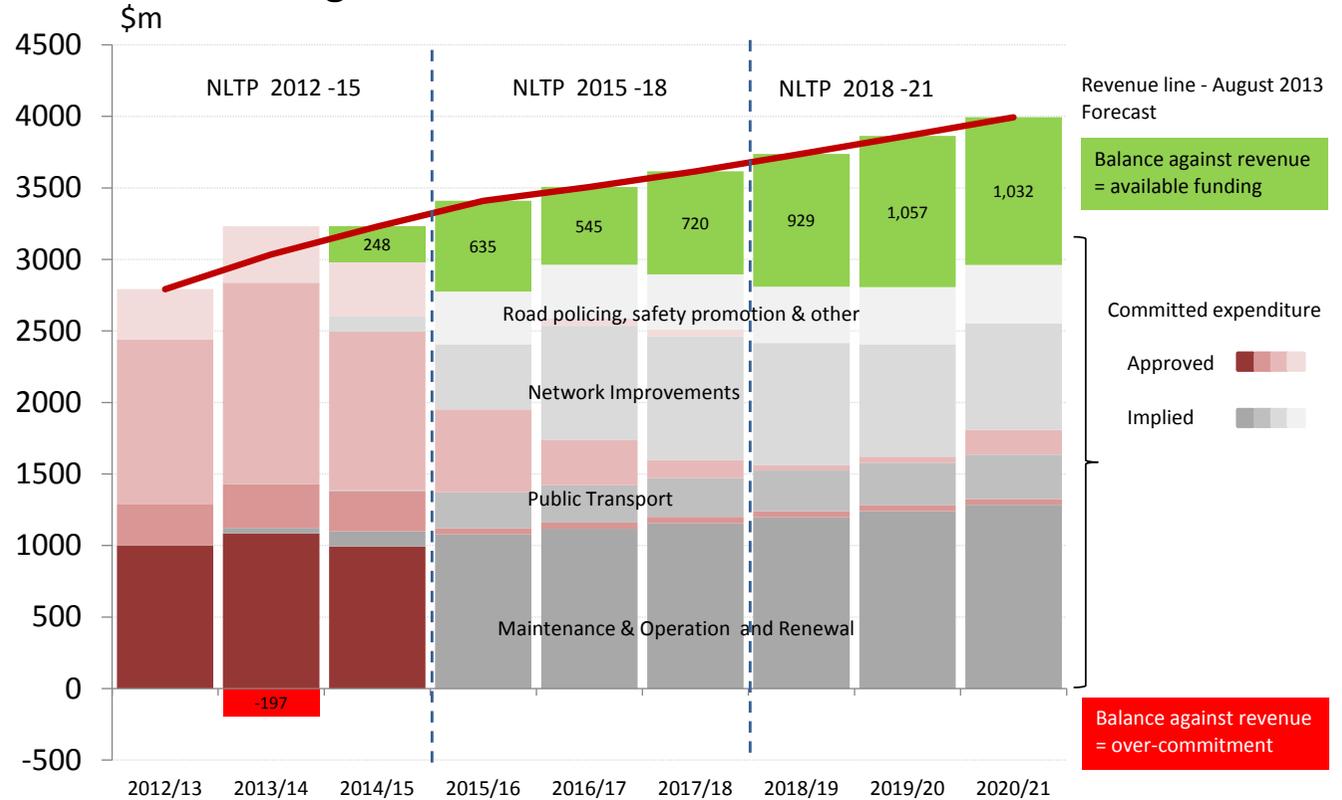
- Following an adjustment of the forecast during work done to assist development of the 2015 GPS, the committed funding for the first year of the 2015-18 NLTP has reduced from 83% to **81% of revenue** while the overall commitment for the three year programme remains at 82%. The "committed" funding comprises approved and implied programme funding.

- A total of **\$1.9b of discretionary funds** are currently available for new approvals

2018-21 NLTP

- The "committed" (approved and implied) funding for the 2018-21 **remains at 74%** of forecast revenue, leaving about \$3b of discretionary funds for new approvals

NLTF Funding Commitments & Balance for Investment Decisions



Long term debt commitments

The Transport Agency continues to explore and to enter into longer term funding options for projects that go beyond the short- and medium-term financial reporting. The plan is to report here each quarter on those longer term debt commitments where the individual projects are of a significant size.

The table captures all of the current and known future facilities that the Transport Agency is entering into. It splits them into:

currently approved, shown in green in the table and graph, and

funding approved in principle, shown in orange in the table and graph.

The currently approved projects and the funding approved in principle are considered to be contributing to the 7.5% threshold set by the Board for the Agency's long term commitments.

Other long term commitments

The remaining "Other Current or Future Commitments" are funding arrangements covering cash flow management and the longer term commitments for Auckland and Wellington Rail.

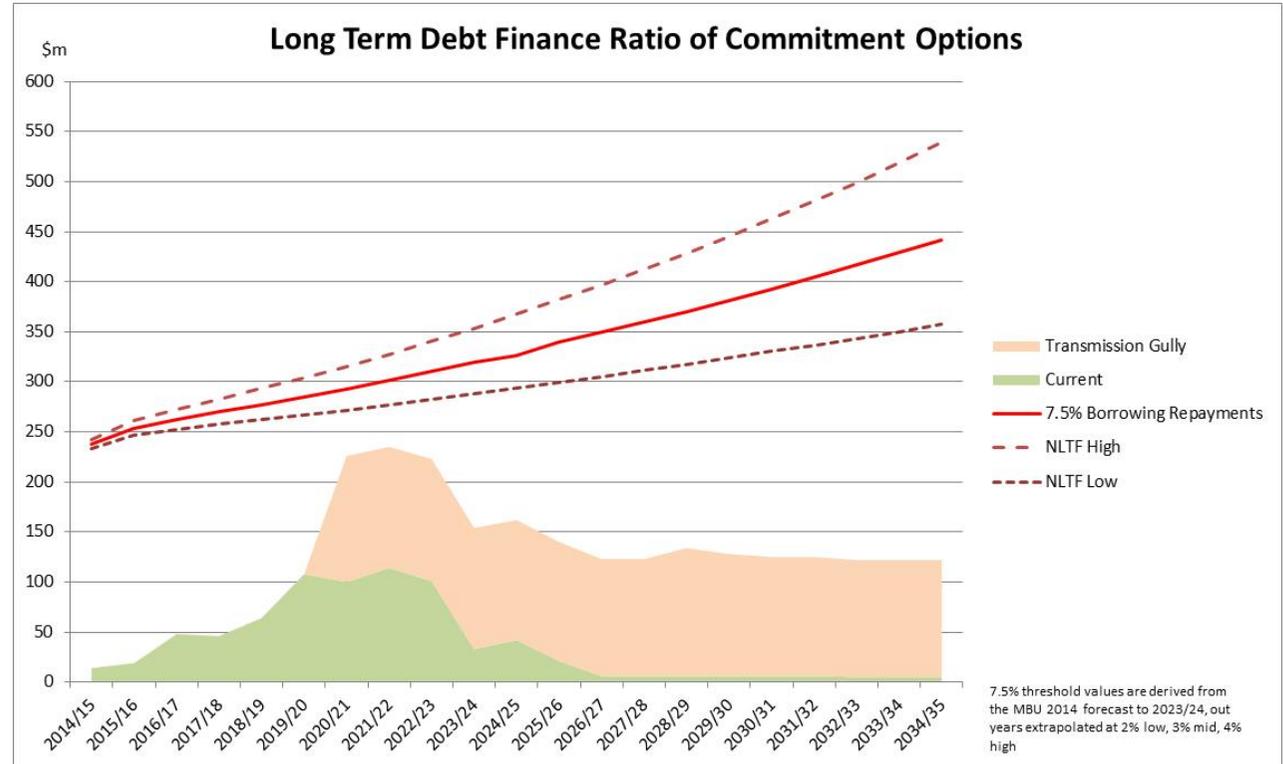
Project	Investment	Period	Notes
1. Long Term Debts Commitments			
Tauranga Eastern Link	\$107m	35yrs	Planned draw down of \$85m for the road and \$22m for the tolling infrastructure from the NZDMO for repayment over the following 35 years from tolling revenue. Repayment rate impacted by the traffic volumes and interest rates.
Christchurch Rebuild	\$185m peak	9yrs	Borrowing from NZDMO for Christchurch Earthquake expenditure above the \$50m per annum NLTP funding in the next 3 to 4 years repaid over the subsequent 5 or 6 years.
Auckland Accelerated Initiatives	\$375m	10yrs	Northern Corridor, Southern Corridor, SH20A. Funding to be by way of an advance on cash flows of \$375m from the NZDMO with the interest written off to the Crown. The loan funds to cover all three of the current SH projects. Further funding may be considered for additional accelerated works such as the East/West Corridor and AMETI.
Transmission Gully (PPP)	\$1.0b	31yrs	Construction to occur over the next 6 years with an operating phase of the following 25 years. We are working with Treasury to obtain a price for them to take the financing risk and allow the Agency to have greater certainty. The unitary payments are approx. \$120 m per annum.

2. Other Current or Future Commitments			
Auckland Electrical Multiple Units	\$200m	35yrs	Committed contribution over a 35 year period matching expected useful life of the assets.
Auckland Depots	\$50m	50yrs	Committed contribution over a 50 year period.
Wellington Matangi Electric Multiple Units	\$85m	28yrs	Committed contribution over a 28 year period matching expected useful life of the assets.
Short-Term Borrowing facility	\$250m	Ongoing	Ongoing facility from NZDMO with the ability to pay back and redraw as required.
Short-Term Borrowing facility	\$100m	1yr	New facility from NZDMO providing any draw down to occur by 30 June 2014 with repayment in full by 30 June 2015.

Long term debt commitments (continued)

The graph provides the 20 year profile of the longer term commitments contributing to the 7.5% threshold discussed by the Board for our long term debt commitments. This is providing greater transparency of our long term liabilities, some of which have not yet been formally signed off. The potential impact of funding the long term commitment projects needs to be considered in the context of the long term liability finance ratio. The discussion around the 7.5% threshold was to ensure that unallocated funds remained available without locking up future governments for future transport commitments.

The revenue line indicating the 7.5% maximum borrowing repayments is based on the 2014 March Baseline Update. From year ten the growth rate is assumed at 3% while the lower limit is 2% growth and the higher is 4% growth.



DELIVERY

Our aim is to deliver value for money in all that we do

Q3: Performance summary

Type of performance measure			
Value for money	Service quality	Customer satisfaction	Investment*
12	17	2	4
1	3	-	-
1	2	1	-

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

Status key

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

Q3: We are making good progress against most of our annual service delivery targets, but the following areas are either not currently achieving target or are not expected to at year end

LICENSING AND REGULATORY COMPLIANCE

Service delivery measures	2013/14 target	Q1 YTD actual	Q2 YTD actual	Q3 YTD actual	Current status	Variance commentary	Outlook status
% customer satisfaction	>73%	65%	69%	65%		More robust customer survey tools are being explored to capture a larger volume of customer feedback, with changes expected in 2014/15. Customer experience enhancements are continuing to be designed and implemented.	

ROAD TOLLING

Service delivery measures	2013/14 target	Q1 YTD actual	Q2 YTD actual	Q3 YTD actual	Current status	Variance commentary	Outlook status
% of transactions completed online	>65%	60%	60%	61%		A marketing campaign was initiated in quarter two to lift customer awareness of online payment options. This should produce an increase in transactions completed online during quarter four.	

REFUND OF FUEL EXCISE DUTY

Service delivery measures	2013/14 target	Q1 YTD actual	Q2 YTD actual	Q3 YTD actual	Current status	Variance commentary	Outlook status
Average number of days taken to deliver	10	15.2	13.6	14		The number of agents and associated third party claims continues to increase beyond expectations. Slow agent responses to application questions have also adversely affected our ability to meet the standard. In this quarter resources have been increased and technical issues have been resolved in relation to the online application system under development.	

Service delivery performance

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM							
Service delivery measures	2013/14 target	Q1 YTD actual	Q2 YTD actual	Q3 YTD actual	Current status	Variance commentary	Outlook status
% of operational assurance activities completed	100%						
% of lessons learned from assurance activities that are applied		100%	100%	80%		Four of five lessons learned initiatives are on track to being completed. One initiative is incomplete because we agreed not to fund AOs for minor improvements if up to date approved lists are not attached to TIO.	
% of approved organisation audit programme completed on time		83%	87%	95%		21 out of 22 scheduled audits completed. One re-scheduled into fourth quarter to accommodate auditee availability.	
TRANSPORT PLANNING							
Service delivery measures	2013/14 target	Q1 actual	Q2 actual	Q3 actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	>90%	95%	69%				
% of transport planning activity delivered to agreed standards and timeframes		95%	69%	77%		There was slower progress with some studies for a range of reasons, including resources no longer being available due to other priorities such as the Auckland acceleration package, strategic cases not being sufficiently advanced to progress, and to ensure better alignment and certainty of direction.	
% of activities completed on activity management planning delivered to agreed standards and timeframes		97%	53%	62%		For Long Term Pavement Performance Monitoring, expenditure has been lower than anticipated.	

Service delivery performance

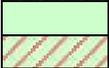
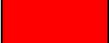
SECTOR RESEARCH							
Service delivery measures	2013/14 target	Q1 YTD actual	Q2 YTD actual	Q3 YTD actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	100%	100%	98.3%	92%		The publication of two research reports is currently on hold, pending further information.	
ROAD SAFETY PROMOTION							
Service delivery measures	2013/14 target	Q1 YTD actual	Q2 YTD actual	Q3 YTD actual	Current status	Variance commentary	Outlook status
% of target audience aware of road user safety messages <i>[this measure is reported a quarter in arrears]</i>	≥70%	60%	61%	58%		The current methodology is not reporting accurate numbers. Survey methodology has been changed for upcoming quarters.	
NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS							
Service delivery measures	2013/14 target	Q1 YTD actual	Q2 YTD actual	Q3 YTD actual	Current status	Variance commentary	Outlook status
% of activities that are delivered to agreed standards and timeframes	>90%						
% of property acquisition programme completed to agreed standards and timeframes - Cost vs budget		12.5%	31%	43%		The property acquisition programme has slowed in quarter three as the larger, more complex deals are taking longer to settle than planned. While there is some risk to achieving the year-end target, the balance of the programme contains a number of high value transactions that are close to agreement or contracted to settle in quarter four.	

ROAD POLICING PROGRAMME PROGRESS REPORT

for the quarter ended 31 December 2013

The recent amendment to the LTMA changed the responsibility for monitoring and reporting on the delivery of the Road Policing Programme (RPP) from the Ministry of Transport to the Transport Agency, therefore the RPP progress report is now included in this report.

Status keys for the assessment and rating of criteria

	Dark green	The Transport Agency is 'very confident' with NZ Police delivery of RPP activities
	Light green	The Transport Agency is 'confident' with NZ Police delivery of RPP activities
	Pink	The Transport Agency is 'less than confident' with NZ Police delivery of RPP activities
	Red	The Transport Agency is 'concerned' with NZ Police delivery of RPP activities

OVERALL ASSESSMENT

Description: Assessment of overall delivery of the Road Policing Programme (RPP)			
Q3 (2012/13)	Q4 (2012/13)	Q1 (2013/14)	Q2 (2013/14)

Overall assessment for Q2 2013/14

The Transport Agency remains confident in NZ Police delivery of road policing activities. For Q2 of 2013/14, the delivery of each of the fourteen RPP activities received a rating of confident. The outcome trends for four of the six high priority activities are trending positively, and likewise for the remaining eight medium and low priority activities (see explanation under "outcome trends" heading below). Expenditure against the three-year 2012-15 Road Policing Programmes is planned to be within allocation, and likewise for the 2013/14 financial year.

Delivery rationale

For Q2, Police provided an overview of the delivery of all activities by all districts, focussing on examples of how districts delivered. Implementation of intervention logic mapping, planned for later in 2014, will result in a step change in how Police report on road policing delivery rationale in the light of outcome trends. The Assistant Commissioner Road Policing and National Manager Road Policing continue their

engagement with district staff to keep the focus on key strategic priority activities. For Q2, the focus in particular was on speed, alcohol, restraints and intersection enforcement. The renewed focus on intersection enforcement was due to the large number of intersection crashes in the previous quarter.

Outcomes trends to which the Police significantly contribute

Seventeen of the 21 outcome result indicators to which NZ Police make a significant contribution are trending in a positive direction. These include the high priority activities of high risk drivers, young drivers, alcohol/drug impaired drivers and speed; and the medium priority activities of restraints, heavy vehicles, crash attendance and reporting, roads and roadsides, light vehicle fleet, walking and cycling and fatigue and distraction. The low priority older road user activity has turned around from a negative trend to positive one.

The two activities where the outcome trends are less positive are motorcycling and traffic management. Regarding motorcycling, Police report that all districts had a strong focus on motorcycling enforcement during the quarter, and the additional enforcement activity is reflected in the volumes delivered. For traffic management, the monitored trend relates to the average time state highways are closed as a result of crashes. The measure is an emerging one and changes can move the trend line from positive to negative over just one quarter. The measure is also influenced by crashes where the highway has been closed for significant periods of time to clear the site safely (eg in a previous quarter one crash closed the highway for 19 hours).

RPP Improvement Programme

Police are still on track to have the draft Intervention Logic Mapping approved by the NZ Transport Agency/NZ Police RPP Strategic Oversight Committee by June 2014. An extensive evaluation of available literature has been completed, and the Police and the Transport Agency met early in Q3 and agreed that a marginal costing methodology would be adopted for the exercise. The benchmarking component of the Improvement Programme will be focussed on internal Police benchmarking, and this work will be progressed once the Intervention Logic Mapping document has been approved in June 2014.

Safer Summer Campaign

Police, in partnership with the ACC and other road safety partners, launched the Safer Summer campaign targeting alcohol and speed over the summer months. It included an extended period of operating a reduced speed tolerance during December and January. The evaluation of the campaign is yet to be completed, however Police report that the early results are promising, with the December road toll of 23 being the lowest recorded since 1950.

Warrant of Fitness and Certificate of Fitness enforcement

With the introduction the new Warrant of Fitness (WoF) inspection regime on 1 April 2014, Police and the Transport Agency have agreed the following enforcement and advertising package:

- The introduction of 'safe vehicle - safe driver' checks as part of normal vehicle stops. Officers will check vehicle tyres, windows, indicators, rust and lights (TWIRL), and conduct breath tests and driver licence checks
- An assessment of speed camera notices to check the currency of WoFs
- A joint media campaign highlighting the importance of vehicle compliance as well as the increased focus of Police on vehicle safety
- A training package to provide officers with the specialist knowledge to undertake the 'safe vehicle-safe driver' checks.

Static camera expansion programme

Police has completed its evaluation of the tenders received for the acquisition of digital static speed cameras. A preferred supplier has been identified and contract negotiations are progressing. The speed camera site selection process continues, with the identified sites undergoing a review in consultation with key regional and local stakeholders (the Transport Agency, the Automobile Association and Territorial Local Authorities) to determine appropriateness. Work is also underway on the required changes to the Information, Communications and Technology infrastructure and systems to support the new digital static camera network.

Other developments of note

The scheduled review of the sector's **Centre for Road Safety Intelligence** has commenced. The review will be in two parts. The first will assess CRSI activities against the charter and the second will determine the role of the CRSI in informing sector decision making.

DELIVERY RATIONALE

Description: Why Police delivered what they did in terms of targeting RPP activities to risk so as to influence outcome trends			
Q3 (2012/13)	Q4 (2012/13)	Q1 (2013/14)	Q2 (2013/14)
<p>The Transport Agency's overall Q2 rating for the NZ Police reporting on delivery rationale is at the midpoint of the confident rating.</p> <p>Police provided a national overview of activity delivery, indicating the number of districts that had identified particular activity risk areas to be focused on during the quarter. The overview then draws on District examples to show how each of the activities were delivered.</p> <p>As part of the national overview, Police provided further commentary around how activity data was tracking, and actions to be taken where greater effort was required.</p>			

ROAD POLICING ACTIVITY VOLUMES DELIVERED

Description: Evidence of the activities being delivered			
Q3 (2012/13)	Q4 (2012/13)	Q1 (2013/14)	Q2 (2013/14)
<p>The overall Q2 rating for activity volumes delivered was confident. The NZ Police quarterly report provided an extensive range of activity volume measures, with commentary on the results.</p> <p>Most measures of the level of activity are at or around the estimated level of demand for Q2.</p>			

EXPENDITURE AGAINST APPROVED PROGRAMME

Description: Information relating to the level of RPP expenditure on each activity			
Q3 (2012/13)	Q4 (2012/13)	Q1 (2013/14)	Q2 (2013/14)
<p>The overall Q2 rating for expenditure against the approved programme is currently at 'very confident' as the NZ Police provided quarterly and year-to-date expenditure for each of the 14 RPP activities.</p> <p>Current expenditure is tracking at \$4.0 million (2.6%) below the budgeted spend for Q2. Police anticipate that this underspend will be corrected as the Safer Summer returns from the contestable fund are received from Districts and additional camera operators come on board.</p>			

TREND INDICATORS FOR RESULTS THE NZ POLICE SIGNIFICANTLY CONTRIBUTE TO, BY THE 14 RPP ACTIVITIES

Activities are listed in the same order as for the 2012-15 RPP, where they align with RPP investment priorities. The overall rating for all activities is at confident.

Where the trend is going in the wrong direction a brief commentary is provided on the trend and Police delivery.

Trend arrow directions and colours correspond graphs:



There is an increasing trend in the result indicator, which needs to be read in the context of the desired trend



The trend of the result indicator is flat, which needs to be read in the context of the desired trend



There is a decreasing trend in the result indicator, which needs to be read in the context of the desired trend

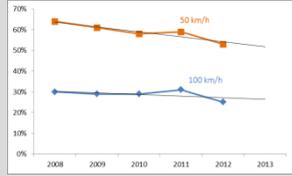
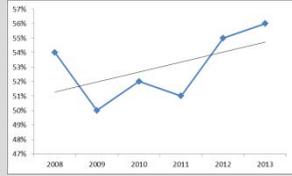
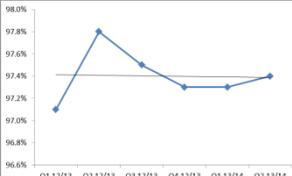
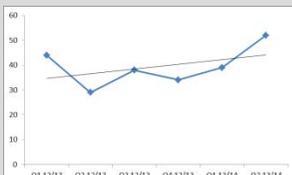


The colours of the graph trend lines, and the colours of the 'overall trend' arrows, are linked.

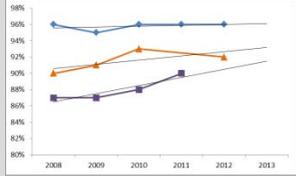
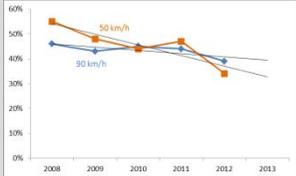
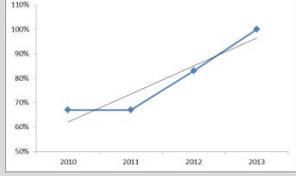
RPP activity (RPP Priority)	Result indicator	Frequency	Result indicator trend line	Desired trend	Overall trend
High-risk drivers (High)	Decreased <i>number</i> of drivers driving while disqualified, <i>involved in injury crashes</i>	Quarterly			
	Reduction of disqualified, unlicensed, fleeing or racing drivers in fatal/serious crashes	Quarterly			
Young drivers (High)	Reduction in number of young drivers on graduated driver licences at fault in fatal/serious crashes	Quarterly			

Road Policing Programme progress report

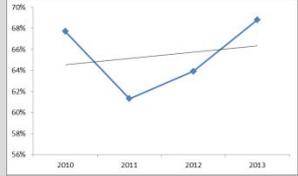
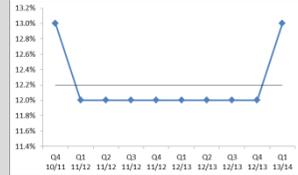
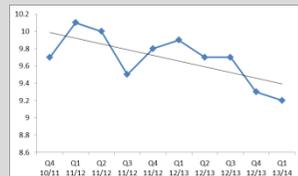
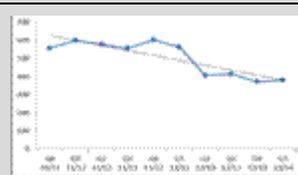
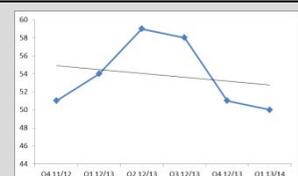
RPP activity (RPP Priority)	Result indicator	Frequency	Result indicator trend line	Desired trend	Overall trend
	Increased percentage of youth surveyed who believe they will be stopped for non-alcohol/speed offences	Annual (Oct)		↑	↑
Motorcycling (High)	Decreased percentage of motorcycles involved in injury crashes without a current WoF	Quarterly		↓	↑
	<ul style="list-style-type: none"> It is worth noting that while the trend line in the above graph is showing an increase, the actual change is just two percent The sector road safety outcome (ACC entitlement claims from motorcyclists) shows that while there has been a declining trend since September 2009, in the last year the number of claims has been increasing Motorcycle enforcement activity has increased during the quarter with offences detected above the previous quarter's result and also above the equivalent 2012/13 quarter In addition to enforcement activity, districts are also engaged in various promotional/education campaigns with local road safety partners All Police districts had a strong focus on motorcycling for Q2 Police is keen to explore with the Transport Agency the development of a sector wide strategy to improve road safety for motorcyclists 				
Alcohol/drug impaired driving (High)	Increased percentage of people surveyed who think there is a high probability of being stopped at a compulsory breath test checkpoint	Annual (Oct)		↑	↑
	Increased percentage of people surveyed who think there is a high probability of being tested for drugs	Annual (Oct)	Under development	↑	

RPP activity (RPP Priority)	Result indicator	Frequency	Result indicator trend line	Desired trend	Overall trend
Speed (High)	Decreased percentage of vehicles exceeding posted speed limits (50 km/h - orange and 100 km/h - blue)	Annual (Dec)		↓	↓
	Increased percentage of people surveyed who believe there is a high probability of being detected speeding	Annual (Oct)		↑	↑
Traffic management (High)	Increased compliance with the road user charges regime - <i>measured in terms of the percentage of vehicles stopped by CVIU staff not in breach of RUC rules</i>	Quarterly		↑	→
	Increased 'post-incident' availability of state highway network - <i>measured in terms of average time State Highways closed as a result of crashes</i>	Quarterly		↓	↑
	<ul style="list-style-type: none"> The post-incident availability result is influenced somewhat by crashes where, by necessity, roads have had to remain closed for a significant period of time to undertake required actions safely Police response time to P1 traffic events in urban areas has continued to improve, with the Q2 result being one of the lowest in the past three years In contrast, Police response times to rural events increased in Q2 when compared with previous quarters' results - and Police will be closely monitoring this in coming quarters 				

Road Policing Programme progress report

RPP activity (RPP Priority)	Result indicator	Frequency	Result indicator trend line	Desired trend	Overall trend
Restraints (Medium)	Maintain percentage of vehicle occupants wearing safety belts in the front/rear/child (blue/purple/orange) seat as measured by annual MoT surveys	Annual (2-3 yrly)			
Heavy vehicle fleet (Medium)	Increased percentage of heavy motor vehicles travelling without vehicle or operator offences	Quarterly	Under development		
	Decreased percentage of heavy vehicles exceeding 90km/h (blue) and 50km/h (orange) speed limits	Annual (Dec)			
Crash attendance and reporting (Medium)	Increased percentage of fatal (blue) and serious (orange) crashes attended and reported by the NZ Police within 10 weeks	Quarterly			
	Increased percentage of ambulance and fire service districts surveyed who are satisfied with NZ Police methods and cooperation at serious crash sites	Annual (Aug)	 <i>Note: small sample size</i>		

Road Policing Programme progress report

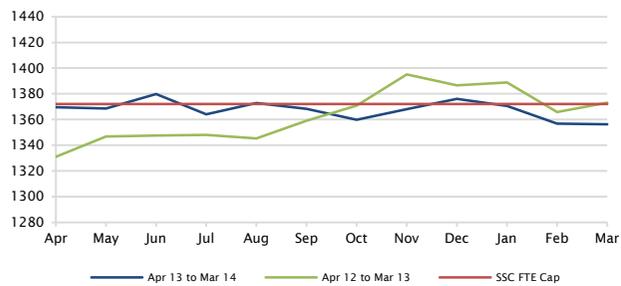
RPP activity (RPP Priority)	Result indicator	Frequency	Result indicator trend line	Desired trend	Overall trend
Roads and roadsides (Medium)	Increased percentage of local authorities, NZTA and ACC regions surveyed who are satisfied with NZ Police delivery and contribution to the road safety action planning process	Annual (Aug)		↑	↑
Light vehicle fleet (Medium)	Decreased percentage of vehicles in fatal/serious crashes without a current WoF/CoF	Quarterly		↓	→
Walking and cycling (Medium)	Reduction in number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day	Quarterly		↓	↓
Fatigue and distraction (Medium)	Reduction of fatalities and serious injuries in fatigue and/or distraction crashes	Quarterly		↓	↓
Older road users (Low)	Reduction in fatal/serious injuries to older road users per 100,000	Quarterly		↓	↓

ORGANISATIONAL CAPABILITY & HEALTH

PEOPLE METRICS

The current FTE number is less than the cap. Unplanned turnover has stabilised and there has been a further decrease in excessive annual leave balances, however we anticipate this will rise without specific intervention.

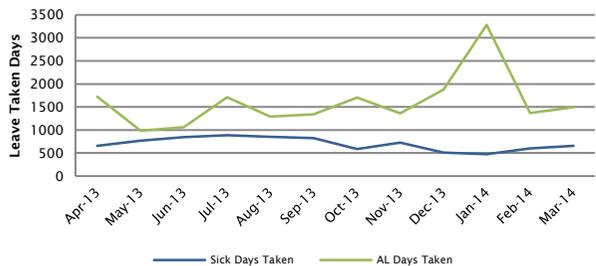
Full-time Equivalent (FTE) employees against cap



The Transport Agency's FTE cap is 1372 FTEs. Actual FTE at 31 March 2014 was 1356. At the end of March 2014 there were 21 roles being advertised, and at least four people have been appointed to roles but have not yet started.

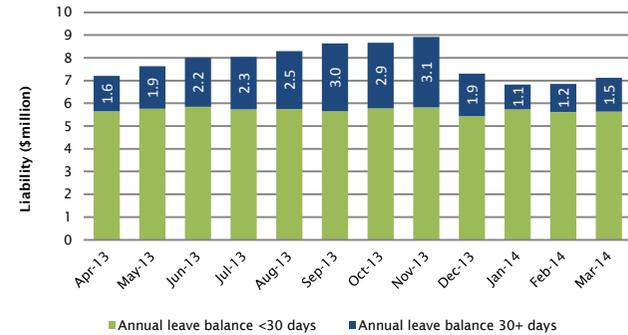
The organisation will be within the target of 1372 FTE's by 30 June 2014.

Planned and unplanned leave taken



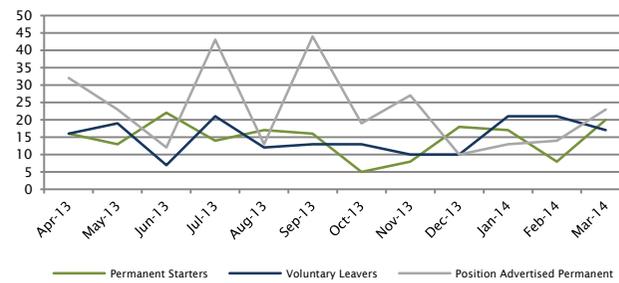
The average annual leave balance is 15 days - down from 16.9 at the end of the last quarter. The number of annual leave days taken peaked in January with a corresponding drop in liabilities; however we anticipate this will rise again without specific intervention. Sick leave levels remain consistent.

Annual leave liability



The Transport Agency is currently carrying an annual leave liability of approximately \$7.1m (around \$5,000 per person). The number of people who have annual leave balances of more than 30 days has dropped to 121, which accounts for 21% of the total liability. The figures have decreased since the last quarter as expected.

Permanent comings and goings



At 31 March 2014 21 roles were being recruited, although the majority of these will be FTE neutral as they are to cover staff leaving the organisation or on unpaid leave. Voluntary turnover sits at 11.9%, up from 10.0% in March 2013 which, while an increase, remains within an appropriate turnover rate.

ENSURING HEALTH AND SAFETY IN THE WORKPLACE

Health and Safety Incidents

During the last quarter there have been a number of Health and Safety incidents involving NZ Transport Agency employees and contractors.

1. A near miss with potentially severe implications occurred in Auckland where a Transport Agency employee attended a rail derailment in an area where a historic asbestos dump had been identified. Investigations were carried out by KiwiRail and, on this occasion, the employee wasn't exposed to any asbestos. A lessons learnt document is currently in development with KiwiRail.
2. An incident occurred in Waikato (SH3) where a news media helicopter, which attended a road incident, came too close to the scene endangering Transport Agency employees and emergency personnel who were attending the incident. The incident has been referred to the Civil Aviation Authority to follow up.
3. Chemical spill

The incident occurred at approximately 5.30am, when a 1,000 litre Intermediate Bulk Container (IBC) of hydrochloric (HCL) acid (33%) was accidentally pierced by a telehandler, resulting in the chemical spilling onto the bunded floor inside the project's hazardous substances storage building. The worksite area was immediately evacuated and the emergency services were called. Both the Fire Service and the project team initiated a full emergency response.

The HCL acid is kept on site for the treatment of excess grout laden waters from tunnelling operations. The spill occurred inside the project's purpose built hazardous substances storage building. The spill was contained within the bund of the building.

No harm to the public, personnel or the environment during this incident.

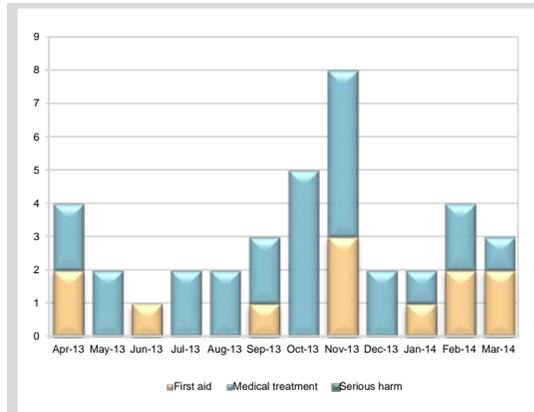
4. Tanker

On Monday 31 March at 9am a lane closure was put in place on SH29, closing the passing lane from Poripori Road up to Thorn Road.

At 4pm the lane closure was packed up and a shoulder closure put in place in accordance with the TMP. After the site had been left a tanker driving up the Kaimai headed towards Hamilton came around the corner over the metaled shoulder and into an excavation for retaining blocks rolling and coming to rest at the bottom of a bank next to a shelter belt.

This incident occurred in a construction work area, but after hours, therefore there were no staff on site.

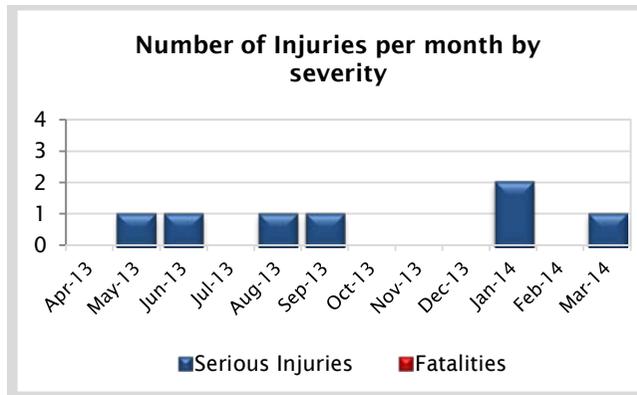
Health and Safety - Number of Injuries per month by severity (NZTA employees only)



There were 12 injuries and five near misses in the quarter ended 31 March 2014. Most of the injuries can be attributed to office related activities, e.g. cuts from kitchen implements or sprains and strains of various types, though slips in the office.

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

Number of serious harm incidents per month by severity (contractors where the Transport Agency was a principal to contract)



There were three serious harm incidents on our contractors' work sites this quarter. There were no serious harm incidents in the previous quarter.

Work site health and safety incident register

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

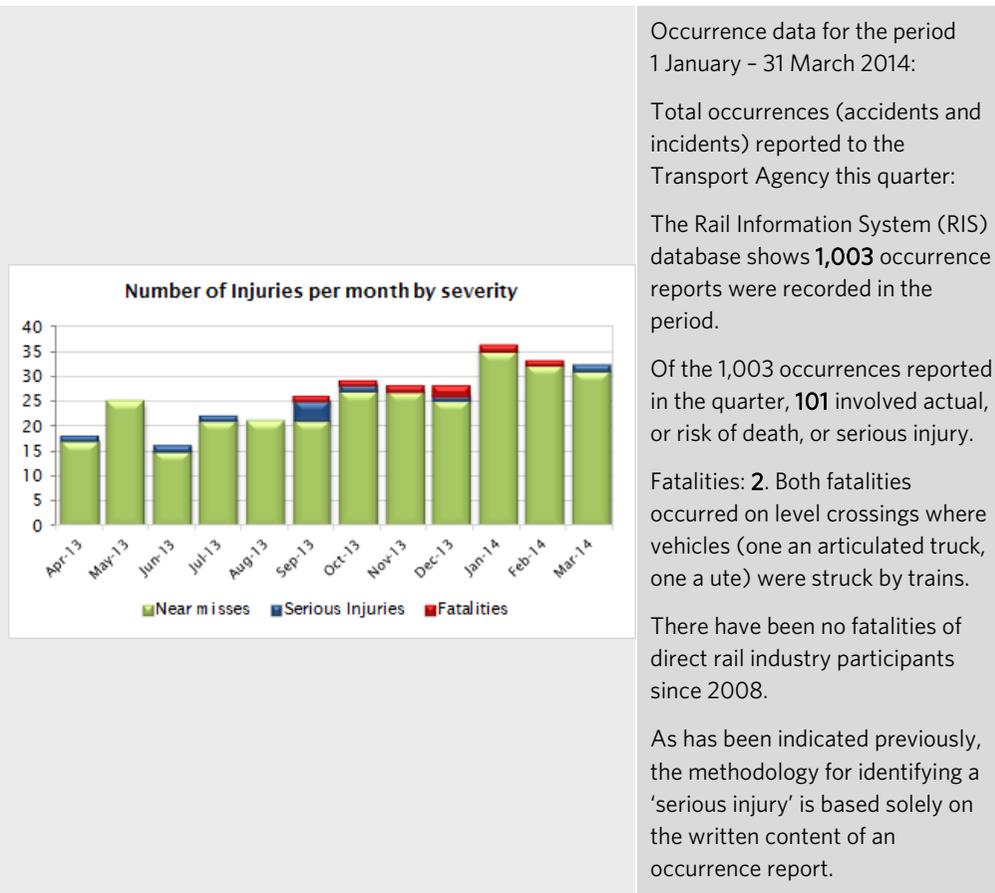
Incident Date	Contract No.	Contract Name	Region	NZTA Contract Manager	Main Contractor	Incident Description (Cause of Accident and Nature of Injuries)	Investigation By		
							MBIE	Contractor	NZTA
8/01/14	TNZ63014	Yaldhurst to Waterloo Road	Canterbury	Albert Chan	HEB	A HEB employee was working in a 1.2m deep trench compacting backfill on top of a pipe that had been laid when the side of the trench collapsed. The block of material that fell into the trench trapped his leg against the pipe. This caused a distal fracture to his left tibia at the ankle joint, which required surgical intervention. The employee was hospitalised overnight awaiting surgery and will be off work for at least three weeks.	Notified	Yes	Yes
10/01/14	NZTA63017	SH1 Yaldhurst Rd to South Island Main Trunk Railway 4 Lane	Canterbury	Albert Chan	HEB	A HEB employee was working on installing a new cesspit as part of the storm water drainage works. In order to install the inlet pipe to the cesspit, a number of cesspit raisers had to be cut to remove one side of the square. On the final cut on one of the cesspit raisers, the loose block dropped and caught the blade, causing it to kick-back and up into the worker's face. This caused severe laceration to the face from the left cheek bone through the lips extending to beneath the chin, which required over 300 stitches. The employee will be off work for eight days.	Notified	Yes	
20/3/14	NZTA O144/100	SH87 Sealing Chip Stockpile Site	Otago	Marcos Santana	Downer	A Downer employee was trying to free a stuck loading ramp which led onto a transporter trailer by jumping on it. The truck / trailer operator was in the cab at the time and activated the controls resulting in the ramps moving up under considerable pressure. The employee was thrown off the ramp, landing on the ground some distance away. Upon impact he sustained broken vertebrae and a fractured arm. The employee will be off work for three months.	Notified	Yes	

Below is the definition of Serious Harm from Schedule 1 of the Health and Safety in Employment Act 1992
Serious harm means death, or harm of a kind or description declared by the Governor-General by Order in Council to be serious for the purposes of the Act; and "seriously harmed" has a corresponding meaning.
Until such an Order in Council is made, the following types of harm are defined in Schedule 1 as "serious harm" for the purposes of the Act:
1. Any of the following conditions that amounts to or results in permanent loss of bodily function, or temporary severe loss of bodily function: respiratory disease, noise-induced hearing loss, neurological disease, cancer, dermatological disease, communicable disease, musculoskeletal disease, illness caused by exposure to infected material, decompression sickness, poisoning, vision impairment, chemical or hot-metal burn of eye, penetrating wound of eye, bone fracture, laceration, crushing.
2. Amputation of body part.
3. Burns requiring referral to a specialist registered medical practitioner or specialist outpatient clinic.
4. Loss of consciousness from lack of oxygen.
5. Loss of consciousness, or acute illness requiring treatment by a registered medical practitioner, from absorption, inhalation or ingestion of any substance.
6. Any harm that causes the person harmed to be hospitalised for a period of 48 hours or more commencing within 7 days of the harm's occurrence.
The definition of serious harm is relevant to employers' duties to manage hazards, notification requirements, employees' rights to refuse to do dangerous work, and inspectors' powers to issue prohibition notices.



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

Number of fatalities, serious injuries and near misses by month (rail operators and others who did not have cause to be on the rail corridor)



Occurrence data for the period 1 January – 31 March 2014:

Total occurrences (accidents and incidents) reported to the Transport Agency this quarter:

The Rail Information System (RIS) database shows **1,003** occurrence reports were recorded in the period.

Of the 1,003 occurrences reported in the quarter, **101** involved actual, or risk of death, or serious injury.

Fatalities: **2**. Both fatalities occurred on level crossings where vehicles (one an articulated truck, one a ute) were struck by trains.

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

As has been indicated previously, the methodology for identifying a 'serious injury' is based solely on the written content of an occurrence report.

APPENDIX:

FINANCIAL STATEMENTS

NZTA FINANCIAL STATEMENTS

Variance commentary

(1) See Table “Specific projects funded by the Crown” and related commentary

(2) In line with budget

(3) See Access & Use section

(4) See Planning & Investment and State Highways section

(5) See NZTA Expenditure section

(6) In line with budget

NZ Transport Agency – Consolidated statement of comprehensive income for the nine months ended 31 March 2014

	Year to date				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Income					
Revenue from the Crown (1)	54,044	68,818	(14,774)	(21%)	91,242
Revenue from the National Land Transport Fund (2)	1,248,190	1,277,334	(29,143)	(2%)	1,864,290
Revenue from third parties (3)	114,496	97,435	17,061	18%	130,915
	1,416,730	1,443,587	(26,857)	(2%)	2,086,447
Expenditure					
Investment in land transport (4)	1,820,898	1,984,905	164,007	8%	2,780,975
NZTA operating activities (5)	200,637	201,041	403	0%	275,121
State highway depreciation/asset write off (6)	315,300	320,625	5,325	2%	427,500
	2,336,835	2,506,571	169,736	7%	3,483,596
Net surplus/(deficit)	(920,105)	(1,062,984)	142,879	(13%)	(1,397,149)
Capital expenditure	(929,087)	(1,022,135)	(93,048)	9%	(1,404,500)
Net surplus/(deficit) after capex	8,982	(40,849)	49,831		7,351

Variance commentary

- (1) Debtor less than budget as higher NLTF revenue has reduced the requirement for borrowing
 (2) Optimisation of cash management has resulted in less cash being held
 (3) See Borrowing section
 (4) Creditors is lower than budget in relation to lower NLTP expenditure
 (5) Lower than budget as the TEL borrowing facility has not been drawn upon
 (6) See net surplus
 (7) See Access & Use section

NZ Transport Agency – Consolidated statement of financial position as at 31 March 2014

	As at 31 March 2014				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
Assets					
Current assets					
Debtor National Land Transport Fund (1)	335,603	423,054	(87,451)	(21%)	398,168
Other (2)	65,902	115,456	(49,554)	(43%)	109,902
Non-current assets	26,792,726	27,583,774	(791,047)	(3%)	28,364,036
	27,194,231	28,122,284	(928,052)	(3%)	28,872,106
Liabilities					
Current liabilities					
Borrowing (3)	100,000	142,612	42,612	30%	250,000
Other (4)	200,164	243,422	43,258	18%	296,502
Non-current liabilities (5)	4,653	94,700	90,047	95%	124,900
	304,817	480,734	175,917	37%	671,402
Net assets	26,889,414	27,641,550	(752,135)	(3%)	28,200,703
Equity					
General funds	5,606	5,606	(0)	(0%)	5,806
Retained funds (6)	74,169	43,251	30,918	71%	45,221
Memorandum account - Third party fees (7)	5,309	432	4,877	(1129%)	300
State highway network	26,804,330	27,592,261	(787,931)	(3%)	28,149,376
Total equity	26,889,414	27,641,550	(752,135)	(3%)	28,200,703

Variance commentary

(1) Reduced payments to suppliers is matched by reduced receipts which reflects the lower than budget NTLF activity

(2) Reduced cash flows from investing activities reflects the lower than planned expenditure on State Highway New and Improved and Renewals output classes

(3) See Borrowing section

NZ Transport Agency – Consolidated statement of cash flows

	Year to date				Year end SOI Budget \$000
	Actual	Budget	Variance		
	\$000	\$000	\$000	%	
Cash flows from operating activities (1)					
Receipts from Crown/NLTF revenue	1,383,852	1,472,589	(88,737)	(6%)	2,092,604
Receipts from third party/interest revenue	116,320	105,184	11,136	11%	130,636
Payments to suppliers and employees	(1,213,235)	(1,268,382)	55,146	4%	(1,702,007)
	286,937	309,391	(22,454)	(7%)	521,233
Cash flows from investing activities (2)					
Receipts from sale of state highway properties	45,071	52,500	(7,429)	(14%)	70,000
Purchase of assets	(4,924)	(7,950)	3,026	38%	(10,600)
State highway network (incl. property purchases)	(929,087)	(1,022,135)	93,048	9%	(1,623,983)
	(888,940)	(977,585)	88,645	9%	(1,564,583)
Cash flows from financing activities (3)					
Capital contributions	593,731	555,381	38,350	7%	778,600
Borrowing	60,000	202,612	(142,612)	(70%)	370,000
NLTF debtor borrowing reduction/interest	(62,613)	(73,900)	11,287	(15%)	(105,200)
	591,118	684,093	(92,975)	(14%)	1,043,400
Net (decrease)/increase in cash	(10,885)	15,899	(26,784)	(168%)	50
Cash at the beginning of the period	21,384	50,000	(28,616)	(57%)	50,000
Cash at the end of the period	10,499	65,899	(55,400)	(84%)	50,050

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Variance commentary

- (1) Cash and cash equivalents are expected to come back in line with year-end budget by 30 June 2014
- (2) Debtors fluctuate typically between \$200m and \$250m, largely depending on the timing of FED shipments
- (3) Is currently in line with the budgeted year-end position

National Land Transport Fund - Statement of financial position as at 31 March 2014

	As at 31 March 2014			Year end
	Actual \$000	Opening \$000	Movement \$000	SOI Budget \$000
Current assets				
Cash and cash equivalents (1)	154,388	113,662	40,726	16,830
Debtors (2)	246,154	214,463	31,691	206,017
	400,542	328,125	72,417	222,847
Current liabilities				
Creditors and other payables (3)	335,603	443,426	107,823	398,168
	335,603	443,426	107,823	398,168
Net assets	64,939	(115,301)	180,240	(175,321)
General funds	64,939	(115,301)	180,240	(175,321)
General funds closing balance	64,939	(115,301)	180,240	(175,321)

Variance commentary

The current cash position of the NLTF reflects higher than planned revenue (see NLTF section) and lower than planned expenditure on the NLTP.

We expect the cash position to get closer to budget by 30 June as expenditure typically spikes at the end of the financial year.

National Land Transport Fund - Statement of cash flows

	Year to date	Year end
	Actual \$000	SOI Budget \$000
Cash flows from operating activities		
Receipts from land transport revenue	2,289,423	3,024,843
Payments to NZTA and NZ Police	(2,109,183)	(3,006,565)
	180,240	18,278
Net decrease/(increase) in Debtors	(31,691)	(13,479)
Net (decrease)/increase in Creditors	(107,823)	(26,320)
	(139,514)	(39,799)
Net (decrease)/increase in cash and cash equivalents	40,726	(21,521)
Cash and cash equivalents at the beginning of the period	113,662	38,351
Cash and cash equivalents at the end of the period	154,388	16,830