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# QUARTERLY RESULTS AND INSIGHTS

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Q4 2013/14

1 April to 30 June 2014



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Cover picture is an image of the Cromwell Bridge.

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# PERFORMANCE OVERVIEW

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

|   |   |   |   |   |  |
|---|---|---|---|---|--|
| Achieving the aims of our nine key result areas | <p><b>1 Customers</b></p> <p>Good results overall. Progress made on project milestones reflects a sharper focus on meeting customer needs. The annual success indicator confirms a positive trend which suggests that more staff are using customer feedback to improve our services.</p>   | <p><b>2 Urban network capacity</b></p> <p>Good overall progress, although the success indicator needs to be watched. CTOC is now fully operational. WTOC is operational between Wellington City Council and the Transport Agency, with all local councils in the regional committing to joining. Public transport patronage has grown in all the major centres. Annual success indicator results for Auckland show an increase in the proportion of stop start traffic, intermittent flow breakdowns and slight delays.</p> | <p><b>3 Freight</b></p> <p>Good results overall, with one area to watch. Time taken to process standard permits is less than two working days, however, complex permits are taking an average of four weeks, which is considerably longer than our five day target. Greater travel by HMPVs is estimated have resulted in savings of \$25m. Key milestones for the 50MAX have been reached, including the issuing of our 1000<sup>th</sup> permit. Our annual success indicator achieved the 20% target set for the end of 2013/14.</p> | <p><b>4 Safer speeds</b></p> <p>Good results against milestones. The framework for providing guidance on safe speed ranges for different circumstances has been developed with a supporting engagement and communications campaign, as well as a management guide having been well progressed. Our quarter four success indicator shows a further reduction in deaths and serious injuries.</p>     | <p><b>5 Efficient road Maintenance</b></p> <p>Good results overall, with one area to watch. Targeted support is being provided to approved organisations to improve understanding of the One Network Road Classification system. Collaboration opportunities to improve road maintenance investment and delivery are being progressed. Our annual success indicator shows programmed cumulative savings on renewal, maintenance and operations activities are on target.</p> |
|   | <p><b>6 Integrate one network</b></p> <p>Good results overall, with one area to watch. The Transport Agency helped shape submissions on the proposed Auckland Unitary Plan. We continued to support local government in Christchurch to implement the Land Use Recovery Plan, Progress on improving freight supply chain efficiencies has differed by region.</p> | <p><b>7 Shape smart choices</b></p> <p>Variable results against milestones, with three areas to watch. Design of the Maramarua Demonstration project has been delayed until 2014/2015. ITS work delivering travel time and user information has been delayed until more work is completed on Urban Network Capacity. Review of the effectiveness of alcohol interlocks will be delivered in July 2015.</p>  | <p><b>8 Deliver highway solutions</b></p> <p>Good results overall, with one RoNS to watch. The National Resilience Business Case is being included in the SHAMP to be considered for inclusion in the next NLTP. The SHAMP has progressed well, with the programme ready for the Board decision in August. Roll out of the network outcome contracts is running as expected.</p>  | <p><b>9 Maximise returns for NZ</b></p> <p>Good results overall, with one area to watch. Progress has been made on revising conditions on short-term borrowing facilities. The Transport Agency has proactively engaged the MoT to support the development of the GPS. There have been difficulties in optimising the Canterbury rebuild, resulting in a sub-optimal delivery of planned works.</p> |  |



|   |  |   |   |   |   |                                  |
|---|--|---|---|---|---|----------------------------------|
| Financial performance                     | <b>NLTF revenue</b><br>[2% over budget]  | <b>NLTP expenditure</b><br>[1% over budget] | <b>A&amp;U revenue</b><br>[12% over budget] | <b>A&amp;U expenditure</b><br>[5% over budget]  | <b>NZTA operating expenditure</b><br>[2% over budget] | <b>Borrowing</b><br>[as planned] |
| Service delivery performance              | <b>To be reported in our 2013/14 Annual Report</b>   |   |   |   |   |                                  |
| Strong organisational capability & health | <b>People metrics</b><br>[The FTE count, which includes active vacancies, was under the cap of 1372 at 30 June 2014. Unplanned turnover remains steady.] |   |   | <b>Health and safety</b>  |   |                                  |
|   |  |   |   | [NZTA employees: There were 15 injuries and ten near misses in the six months to 30 June 2014.]                                   |   |                                  |
|   |  |   |   | [NZTA contractors' worksites: There was one fatality and two serious harm incidents on our contractors' work sites this quarter.] |   |                                  |
|   |  |   |   | [Rail sector employees: no fatalities or serious harm incidents] <sup>1</sup>   |   |                                  |



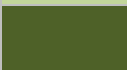




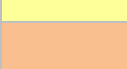
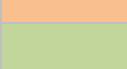






- Very good progress against plan – achieved all our targets and milestones for this quarter
- Good overall progress against plan – achieved all of our targets and milestones for this quarter, except one. Issues to be resolved indicated in box
- Good progress against plan – achieved most of our targets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

<sup>1</sup> Members of the public in the rail corridor: 3 fatalities and 1 serious harm incident.

## OPERATING CONTEXT

This section outlines the key developments in the regulatory and legislative environment in which the Transport Agency operates. In some cases, the Transport Agency is a key participant shaping this environment.

### Focus on integration to provide better services for our customers

| Initiative  | Rating  |   |   |   |   |
|---|---|---|---|---|---|
| Revenue and expenditure uncertainty   |    |   |   |   |   |
| Integrated Government Policy  |    |   |   |   |   |
| Health and Safety at Work Reforms   |    |   |   |   |   |
| Local Government Efficiency   |    |   |   |   |   |
| New Government Policy Statement on Land Transport                                   |    |   |   |   |   |
| Intelligent Transport Systems Action Plan   |   |   |   |   |   |
| Auckland – Proposed Unitary Plan  |  |   |   |   |   |
| Wellington – Reorganisation   |  |   |   |   |   |
| Christchurch – Recovery   |  |   |   |   |   |
| Negative  | Neutral   | Positive  |   |   |   |
|  |  |  |  |  |  |

### Revenue and expenditure uncertainties

End of year revenue is approximately 2% (\$55m) up on the SOI forecast, but down against earlier forecasts (including the published NLTP revenue forecast). The revenue forecasting process is now providing more robust results against actual fuel excise duty and road user charges in the short term. Longer term concerns around fuel usage predictions remain with a continued need to explore ways to diversify revenue sources.

Expenditure on local authority road and PT improvement activities was slightly down against the forecast during the last quarter of 2013/14, meaning that have we have not drawn down on the \$100m temporary facility for the July 2014 claims spike. However, it does set us up for increased programme spending in 2014/15 and raises concerns about local authority delivery of improvement programmes going into the 2015-18 NLTP.

### Integrated Government Policy

The Minister of State Services and the Minister of Finance have issued directions to apply whole of government approaches to Procurement, Information and Communications Technology, and Property, in order to improve public services, secure economies of scale, develop expertise and capability, ensure business continuity, and manage risks to the Government's financial position.

The Transport Agency is taking the appropriate actions to comply with these directives and does not foresee any disruptions or adverse effects on its Procurement, ICT and Property related activities.

### New Government Policy Statement on land transport

The recently released draft Government Policy Statement (GPS) on Land Transport 2015/16-2024/25 continues the investment strategy established in GPS 2012 with priorities of economic growth and productivity, road safety, and value for money. There is an increased emphasis on securing efficiency gains in the maintenance and operation of existing transport infrastructure and services.

Among the changes proposed are:

- A consolidation of some activity classes to give the Transport Agency more flexibility when considering trade-offs between existing and new infrastructure, and services to deliver better value for money.
- Increased upper funding ranges for maintenance of state highways and local roads.
- A new regional improvements activity class for regional roads to replace the existing regionally distributed funding.
- A focus on results expected to be delivered from the allocation of funding.
- Better reporting on investment results.

## Intelligent Transport Systems Action Plan launched

The Ministry of Transport has released the government's Intelligent Transport Systems Technology Action Plan 2014-18, Transport in the digital age (ITS Action Plan).

The ITS Action Plan identifies areas where the government has an essential role to play in the development and deployment of ITS technologies. These include providing strategic leadership, providing a supportive regulatory environment, funding and procuring infrastructure and services. A total of 42 government actions will be progressed between 2014 and 2018.

The release of the ITS Action Plan follows the recent launch of the New Zealand Transport Agency's position statement on intelligent transport systems at the Asia-Pacific ITS Forum in Auckland in April 2014

A forward work programme to incorporate the ITS Action Plan actions with the New Zealand Transport Agency's wider ITS work is currently being developed.

## Collaboration with local government

**Auckland:** The Proposed Auckland Unitary Plan (PAUP) has entered into the further submissions phase and will close in mid-July 2014. This process provides an opportunity for the Transport Agency and others to make further submissions in support or in opposition to what other submitters have previously made. The PAUP will have significant implications for the Transport Agency's operations,

maintenance and capital projects, as well as for its role as a co-investor of local government transport.

A recently announced third tranche of Special Housing Areas in Auckland includes seven areas where housing development is to be widely encouraged and comprehensively planned as a priority. The Special Housing Areas are significant for the Transport Agency and other infrastructure providers because they have implications for infrastructure planning and investment decisions. The Transport Agency continues to work closely with Auckland Council and Auckland Transport to ensure there is as much consistency as possible between land use, transport planning and investment programmes.

**Wellington:** The Local Government Commission has recently stated it will not release its draft reorganisation proposal until after the general election.

**Christchurch:** The Transport Agency continues to work closely with Christchurch City Council, Environment Canterbury and the Canterbury Earthquake Recovery Authority (CERA) on a number of transport initiatives, including:

- Ensuring the Christchurch City District Plan review (awaiting notification) reflects the Transport Agency's Investment and Revenue Strategy in giving effect to the Land Use Recovery Plan;
- Developing business cases and implementation plans for the Accessible City (Transport Plan) for the Central City Recovery Plan; development of the City Council strategic cycle network; and investment in infrastructure and services for public transport - a key milestone this quarter is

the expected award of a CERA led construction contract for the new central city bus interchange; and

- Significant work with the rebuild partners to confirm an optimal programme for the balance of the rebuild within available funds.

## KEY OPERATING ASSUMPTIONS

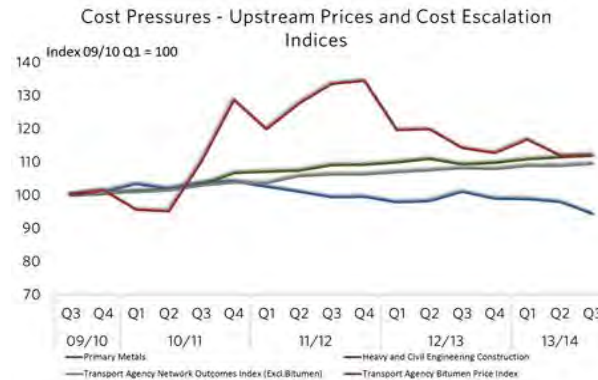
This section states the key assumptions under which the Transport Agency operates and key decisions are made. Assumptions fall into two categories – those that affect funding and those that affect procurement. All assumptions reflect a going concern basis and all growth rates in this section are expressed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

Revenue trend reflects increase in demand for travel on roads



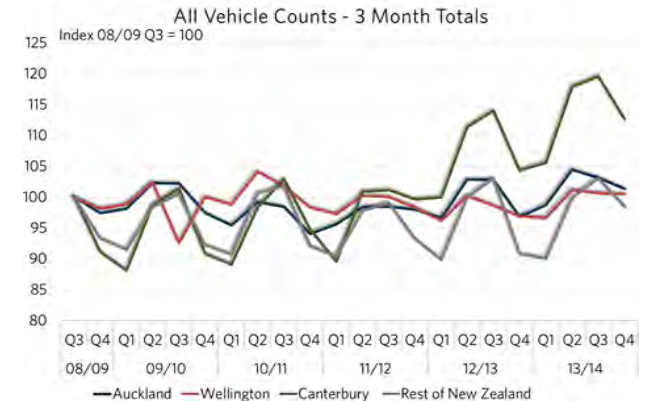
NLTF Revenues – Increasing. Revenues ended the year 2% ahead of the SOI budget. Net revenues generated from Fuel Excise Duties were on budget and Road User Charges revenue was 4% ahead of budget.

Prices reflect competitive dynamics in supplier markets



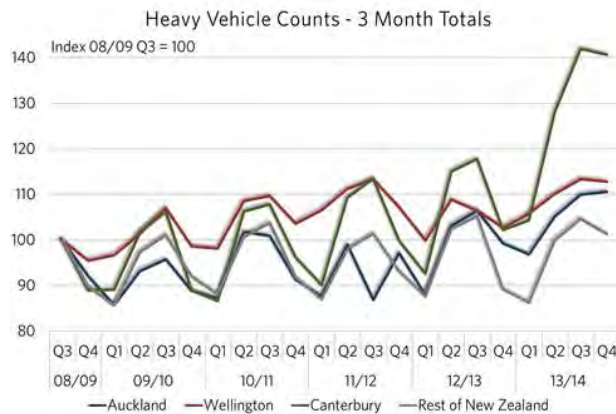
- Steel prices – Decreasing. NZ\$ metal prices declined by 6.6% in 2013/14 Q3 and by 3.6% when compared to the previous quarter.
- Heavy Construction and Civil Engineering Output Prices – Increasing. Civil construction output prices rose by 2.4% in 2013/14 Q3.
- Bitumen Cost Index – Decreasing. The Transport Agency's bitumen index contracted by a further 1.9% in 2013/14 Q3, but was up when compared to the previous quarter.
- Network Outcomes Index (excluding Bitumen) – Increasing. The Transport Agency's network outcome index for maintenance related projects rose by 1.3% during 2013/14 Q3 and by 0.4% when compared to the previous quarter.

Travel demand reflects buoyant domestic economy



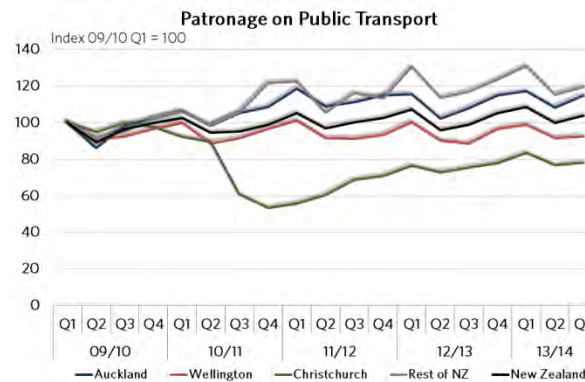
- New Zealand – Increasing. Total vehicle counts rose by 6.4% for the 3 months ended May 2014.
- Auckland – Increasing. Total vehicle counts rose by 4.7% over the same three month period.
- Wellington – Increasing. Total vehicle counts increased by 3.4% for the 3 months ending May 2014.
- Canterbury – Increasing. The number of counted vehicles increased by 8.0% over the reporting period.
- Rest of New Zealand – Increasing. Total vehicle counts outside of the major centres rose by 8.4% over the reporting period.

### Heavy vehicle travel in Canterbury reflects impact of rebuild



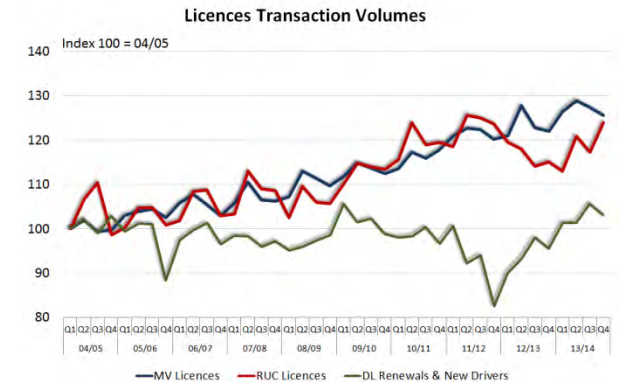
- New Zealand - Increasing. Total heavy vehicle counts rose by 6.0% for the 3 months ended May 2014.
- Auckland - Increasing. Heavy vehicle counts increased by 7.8% over the same three month period.
- Wellington - Increasing. Heavy vehicle counts rose by 6.4% during the quarter.
- Canterbury - Increasing. Heavy vehicle counts increased by 37.7% over the reporting period.
- Rest of New Zealand - Increasing. Heavy vehicle counts increased by 1.6% for the 3 months ending May 2014.

### Public transport patronage picking up across the country



- New Zealand - Increasing. Patronage increased by 5.3% in 2013/14 Q3 and by 4.2% when compared to the previous quarter.
- Auckland - Increasing. Patronage increased by 6.5% in 2013/14 Q3 and by 6.3% when compared to the previous quarter.
- Wellington - Increasing. Number of patrons using public transport rose by 4.9% in 2013/14 Q3 and by 1.0% when compared to the previous quarter.
- Canterbury - Increasing. Boardings grew by 3.2% in 2013/14 Q3 and by 1.7% when compared to 2013/14 Q2.
- Rest of New Zealand - Increasing. Patronage rose by 2.4% in 2013/14 Q3 and by 3.8% when compared to 2013/14 Q2.

### Transaction numbers generally reflect stronger demand for travel



- Motor Vehicle Licences - Increasing. The number of motor vehicle licencing transactions increased by 2.8% in 2013/14 Q4.
- Driver Licence Renewals and New Drivers - Increasing. Transaction volumes rose by 7.9% in 2013/14 Q4, but fell 2.4% when compared to the previous quarter.
- RUC Licences - Increasing. The number of RUC licence transactions increased by 7.7% over the same three month period.



# NZ TRANSPORT AGENCY RISK DASHBOARD

Quarter Ending 30 June 2014

| Risk Category  | Q3              | Q4 | Residual Risk (target) | Control Effectiveness | Outlook   | Comments   |
|--|-----------------|----|------------------------|-----------------------|-----------|--|
| 1. Large Project Costing                             |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>Waterview currently has an increased focus to ensure costs are managed.</li> </ul>  |
| 2. Information Security                              |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>Rapidly changing technology where people can make mistakes or oversights in their use or management means this risk needs continuous monitoring.</li> </ul>                   |
| 3. Road Network Outage Response                      |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>The risk has been reassessed, with greater consideration of current controls.</li> </ul>  |
| 4. Rail Safety Regulation                            |                 |    |                        |                       | Improving | <ul style="list-style-type: none"> <li>The reduction of the risk is due to an effective action plan, which has been collaboratively developed and implemented.</li> </ul>  |
| 5. Canterbury Rebuild                                |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>Improved level of information available to make decisions on priorities to be delivered with available funds.</li> </ul>  |
| 6. One Network Road Classification                   |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>Road Controlling Authorities' self-assessments have been completed and are in the process of being assessed.</li> </ul>   |
| 7. Threats to a Strong Reputation and Public Profile |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>Steps continue to be taken to reduce this risk, including but not limited to, co-branding for significant investments becoming a requirement for the 2015-18 NLTP.</li> </ul> |
| 8. Special Housing Areas                             | <b>New Risk</b> |    |                        |                       | N/A       | <ul style="list-style-type: none"> <li>Maintaining current controls and establishing others as required will be necessary to ensure impact levels do not rise.</li> </ul>  |
| 9. Funding Assistance Rates Review                   |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>Policy framework has been communicated and work is progressing on finalising remaining issues including timing of implementation.</li> </ul>                                  |
| 10. Business Continuity                              |                 |    |                        |                       | Improving | <ul style="list-style-type: none"> <li>Q1 will see exercises in every office, and the agreement of minimum service levels.</li> </ul>  |
| 11. Privacy Breaches                                 |                 |    |                        |                       | Static    | <ul style="list-style-type: none"> <li>An increasing number of incidents reported due to better privacy awareness. Three incidents reported to the Office of the Privacy Commissioner (OPC) in Q3 and 4.</li> </ul>  |

## Risk Assurance Overview

The dashboard introduced last quarter has been updated to reflect the SLT's feedback. Residual risk indicators and control effectiveness have been added and the action definition statements have been improved.

The risk positions of risks 1,2,3 and 4, have moved as a result of either, a combination of, or re-assessment of the risk and the control effectiveness. Risk 10 has reduced as a result of the progress in implementing the mitigations.

An additional risk has been proposed by P&I in relation to Special Housing Areas.

New definitions are under development and will be applied and discussed next quarter.

## Risk Category

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

## Control Effectiveness

- Controls implemented and tested
- Controls largely implemented
- Controls not known or not implemented / tested



# Externally focused risks

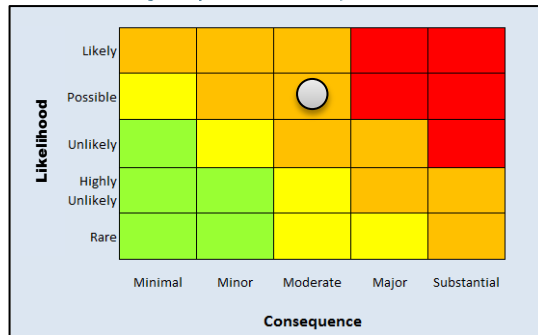
1

## Risk Description

### Large Project Costing

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

Risk Owner: Highway & Network Operations



## Challenge / Insight

- Our large projects are well resourced with our most experienced staff.
- Our focus is on Waterview as the scale and nature of the work put it in danger of exceeding its contract budget (there is a historic precedent for tunnelling projects to increase in cost).

## 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

- Along with the actions and controls already in place, our particular focus remains on maintaining value for money in order to minimise costs.

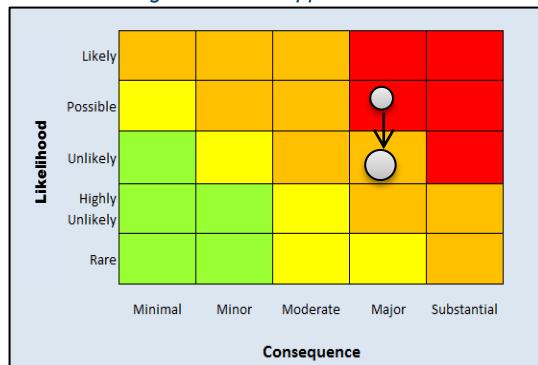
2

## Risk Description

### Information security

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

Risk Owner: Organisational Support



## Challenge / Insight

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

## Actions and Controls Already in Place to Address Risk

- Security architect processes are implemented.
- Security vulnerability scanning conducted regularly.
- GCSB recommendations for password security and Windows 7 implemented.
- A security awareness and education programme was completed during April and May 2014.

## Planned Risk Treatment Action

- Complete the security framework.
- Security reviews and privacy impact assessment's stop/go gate implemented.

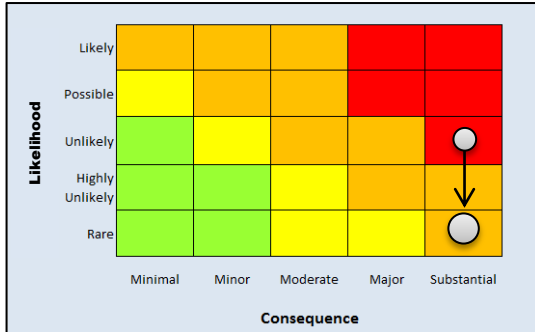
3

Risk Description

Road Network Outage Response

There is a risk of poor management or inadequate response to a network outage.

Risk Owner: Highway & Network Operations



Challenge / Insight

- Following further assessment we are satisfied that the systems in place are regularly tested through exercises and de-briefs, and continuous improvements are made to our BAU responses, and have therefore reduced the risk rating.

Actions and Controls Already in Place to Address Risk

- Professional competency, emergency response procedures and contract management.

Planned Risk Treatment Action

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

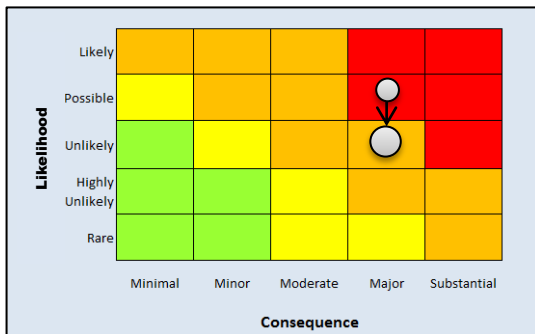
4

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 go-live rail transport network is not effective.

Risk Owner: Access and Use



Challenge / Insight

- The reduction of the risk is due to an effective action plan which has been collaboratively developed and implemented.

Actions and Controls Already in Place to Address Risk

- We have increased capability and capacity of the rail team.
- Regulatory leadership strengthened.
- Action plans for three high risk issues (Tunnel, Control Room and Auckland Electrification) completed.

Planned Risk Treatment Actions

- Next phase actions include the completion of the plan for the highest risk issue Signal Passed At Danger (SPADs):
  - Individual plans from TransDev and KiwiRail have been reviewed;
  - Feedback on each plan to be returned in Q1 of 2014/15;
  - Collaborative stakeholder workshops to take place in Q2.

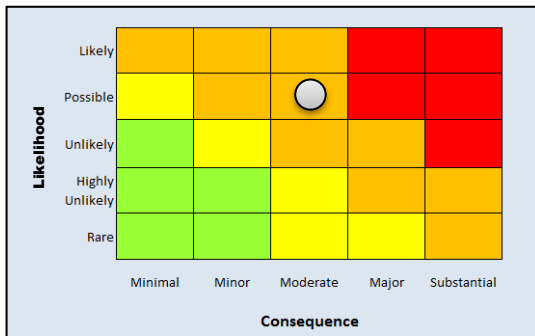
5

Risk Description

Canterbury rebuild – governance and management

The lack of effective governance and management controls, timely decision making and monitoring could significantly affect the ability to maintain rebuild momentum and confidence.

Risk Owner: Planning and Investment



Challenge / Insight

- Improved level of information available to make decisions on priorities to be delivered with available funds. There remains tension with scope and scale of works.

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. Infrastructure Recovery Technical Standards and Guidelines reviewed, but may lead to further review pending Cabinet decision.

Planned Risk Treatment Action

- Continue to work with the Horizontal Infrastructure Governance Group to confirm the optimal rebuild programme, Q1 work programme and the forward rolling annual implementation programme and appropriations.
- Continue to work with the Canterbury Earthquake Recovery Authority and Treasury to ensure our interests are appropriately provided for.

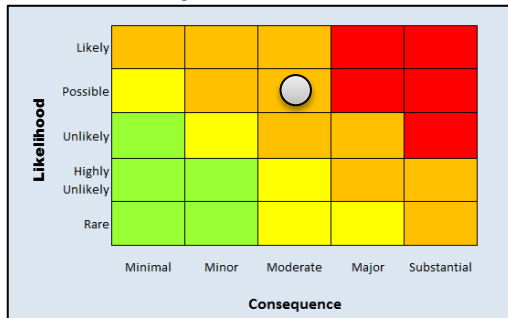
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Risk Description

One network road classification (ONRC)

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

Risk Owner: Planning and Investment



Challenge / Insight

- The likelihood and consequence of this risk remains unchanged.

Actions and Controls Already in Place to Address Risk

- An investment policy approach to respond to the one network road classification.
- Investment signals to AOs clearly set out our expectations on incorporation of ONRC in Activity Management Plans (AMPs).

Planned Risk Treatment Action

- Guidelines are being prepared for assessment of AMP business cases including ONRC.
- Road Controlling Authorities' self-assessments of their capability to apply the ONRC to their network and to assist Local Government NZ Centre of Excellence to target its support are being assessed.

7

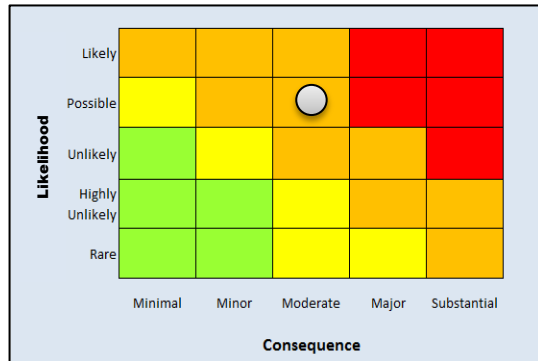
**Risk Description**

**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.

The realisation of the risk would detract from our ability to influence stakeholders as we integrate one network for customers and shape smart choices.

*Risk Owner: Strategy Communications and Performance*



**Challenge / Insight**

- Recent and upcoming changes to SLT may require a review of allocations for priority stakeholders.
- Careful management of timelines for the annual general meeting programme and NLTP midterm communications to the public to ensure there are not diminished returns in an election year.
- Keeping momentum on increasing the awareness of the Transport Agency activity by improving recognition in our brand and visual identity with partnerships, e.g. branding.

**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.
- New initiative to ensure the Government and the Transport Agency are acknowledged for contributions across transport.
- Negotiating dual branding with certain partners.
- Annual General Meetings.

**Planned Risk Treatment Action**

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

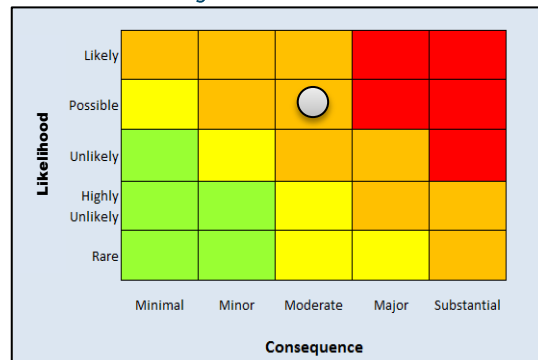
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**Risk Description**

**Special Housing Areas (SHAs)**

Transport network impacts resulting from Housing Accords are unable to be mitigated without significant unplanned additional investment.

*Risk Owner: Planning and Investment*



**Challenge / Insight**

- Not likely to see an improvement in risk outlook in the immediate future, but we are hopeful that our position will start to improve in Q3. In the meantime, maintaining current controls and establishing others as required will be necessary to ensure impact levels do not rise.

**Actions and Controls Already in Place to Address Risk**

- Ongoing monitoring and quantification of national costs, risks and benefits of Housing Accord and Special Housing Areas (HASHA) implementation and SHAs.
- Project management, governance and reporting arrangements.
- Communications in place including ongoing engagement with schedule 1 councils, relevant departments, other infrastructure providers and stakeholders, with discussions guided by approved principles.

**Planned Risk Treatment Action**

- Ensure an aligned and consistent engagement in Housing Accord and Special Housing Areas processes based around agreed principles.
- Clearly signal where infrastructure investment to accommodate special housing areas is unlikely to occur.

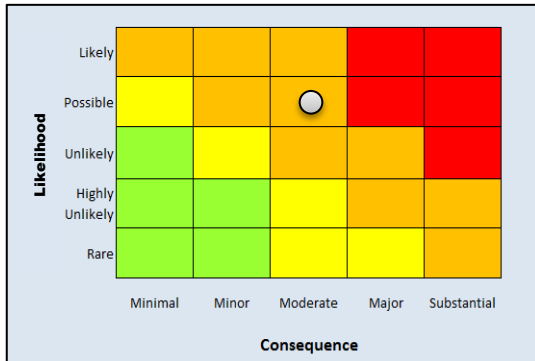
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Risk Description

Funding Assistance Rates (FAR) Review

There is a risk that the Transport Agency will come under pressure to adjust the FAR review proposals to make the transition longer or maintain a higher FAR for councils.

Risk Owner: *Planning and Investment*



Challenge / Insight

- Decisions around timing are under review and we are working on our proposal to progress the implementation.
- Most of the major Board decisions have been made and have landed well with the sector, however, as we move into the implementation stage of the review, away from the high level national conversation and into a far greater number of individual dealings with local councils, there is increased likelihood of the risk being realised with those councils adversely impacted.

Actions and Controls Already in Place to Address Risk

- The Board has approved the FAR policy framework and this has been communicated to Approved Organisations.
- The FAR review options discussion document is out for feedback. Clear timetable in place for implementation of any agreed FAR changes.

Planned Risk Treatment Action

- Work is progressing on finalising remaining issues such as refining options to determine FAR's approach to Special Purpose Roads and emergency works guidance.

# Internal risks

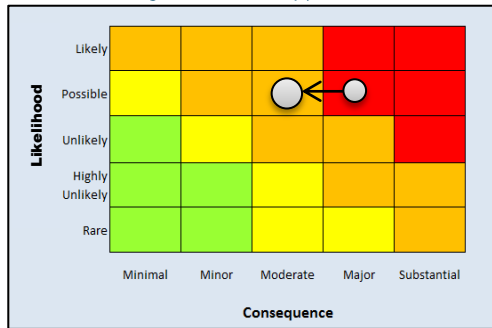
10

## Risk Description

### Business continuity plans (BCP)

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

*Risk Owner: Organisational Support*



## Challenge / Insight

- Confirming acceptable minimum levels of service during a disruption for people, property and technology without costs and options analysis has hindered resource allocation and prioritisation decisions.
- The strike during Q3 tested the prioritisation of customer service and proved the plan effective.

## 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.
- A DR test has occurred on the registers (externally hosted).

## Planned Risk Treatment Action

- Exercising of the readiness, response and recovery plans will occur in every office in Q1.
- Minimum service levels will be moderated and agreed in Q1.
- Information Services will have a DR business case completed by the end of Q1.

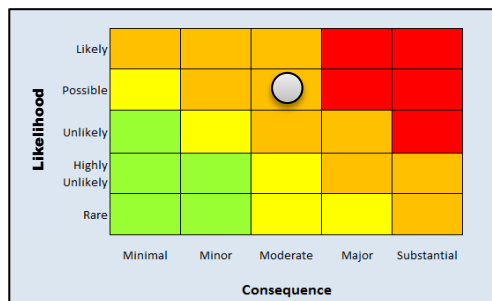
11

## 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) which would result in reputational damage.

*Risk Owner: Organisational Support*



## Challenge / Insight

- Increasing awareness and education to drive behaviour change.
- An increasing number of incidents reported due to better privacy awareness. Three incidents reported to the Office of the Privacy Commissioner (OPC) since 1 January 2014.

## Actions and Controls Already in Place to Address Risk

- Information Services (IS) penetration testing undertaken - 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.
- Privacy Information sessions offered to all Transport Agency staff.

## 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 9 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 four progress compared to quarter three |
|---|--|---|---|---|
| 1. Putting customers at the heart of our business     | 3  |   |   | =   |
| 2. Making the most of urban network capacity          | 5  | 1   |   | ↑   |
| 3. Moving more freight on fewer trucks                | 3  |   | 1   | ↓   |
| 4. Safe speeds to reduce deaths and serious injuries  | 3  |   |   | ↑   |
| 5. Efficient road maintenance investment and delivery | 5  | 1   |   | ↑   |
| 6. Integrate one network for customers                | 7  | 1   |   | ↓   |
| 7. Shape smart transport choices                      | 11   | 3   |   | ↑   |
| 8. Deliver highway solutions for customers            | 11   | 1   |   | ↓   |
| 9. Maximise returns for New Zealand                   | 9  | 1   |   | ↑   |

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 | 2012/13 result | 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          | 3.80           | 3.89           | 4.05        |  |



In this quarter:

- Building the capability to better understand customers is being rolled out across the Transport Agency (page 16)
- Generating customer insights is driving business improvements (page 17)
- Usability of the Transport Agency's payment system has improved (page 17)

## Q4: Good results overall.

| Milestones for 2013/14  | What we achieved   | Result  |
|---|--|---|
| <p>Customer capability training rolled out across the NZ Transport Agency</p> <p><b>Key result by 2016</b></p> <p><i>We better understand customer preferences for service provision and are adapting our business models to reflect this</i></p> | <p>The approach has been to create a variety of capability building initiatives across the business that recognise varying levels of understanding and cater to the different needs of each business group and team. Examples include:</p> <ul style="list-style-type: none"> <li>• A Customer Foundations workshop has been rolled out to 80% of Highways and Network Operations staff and a large number of staff in other business groups;</li> <li>• There have been advances in building service design capability, with staff from across the Transport Agency attending a variety of events;</li> <li>• The induction programme for all new employees now includes a segment dedicated to the Transport Agency's customer-focus; and</li> <li>• A skills and capability review, where all employees were invited to assess their customer service capabilities, was undertaken to inform the organisation-wide and business group specific customer service capability build in 2014/15.</li> </ul> <p>These initiatives provide a firm foundation for capability development and will be continued, with new and more advanced programmes planned for the coming year.</p> |  |

Key result area 1 | Putting customers at the heart of our business

| Milestones for 2013/14  | What we achieved  | Result  |
|---|---|---|
| <p>Customer insight techniques are being applied in all relevant business improvement projects</p> <p><b>Key result by 2016</b></p> <p><i>Every NZ Transport Agency team identifies and uses customer feedback as a fundamental feature of how they operate</i></p> | <p>Efforts have focused on gathering and generating customer insights to increase the Transport Agency's understanding of customers' needs, desires, and experience. These insights are then fed back into the business so that they can be incorporated in the design and redesign of services, policies and decisions. Examples of the efforts to generate these customer insights include:</p> <ul style="list-style-type: none"> <li>• Research into current levels of customer effort;</li> <li>• A customer complaints and feedback process which allows customers to easily provide their comments and identify any pain points;</li> <li>• Customer usability testing for the refresh of the Transport Agency's website and improvements to online transaction processes; and</li> <li>• The support business groups conducted a joint survey of their internal customers for the first time and the results will form a core source of data for service capability and customer preference.</li> </ul> <p>Using these insights in the early stages of business improvement projects is consistent with the Transport Agency's efforts to integrate design thinking techniques into appropriate projects.</p> |  |
| <p>Work programme underway to make it easier for customers to transact online</p> <p><b>Key result by 2016</b></p> <p><i>More services are available through digital channels</i></p>   | <ul style="list-style-type: none"> <li>• The service oriented architecture (SOA) "payment service" has been developed by the Transport Agency's Information Services team.</li> <li>• Extra emphasis was given to customer usability within design phase for the payment system.</li> <li>• The payment system was delivered.</li> <li>• Exceeded target within 5 Year Business Plan's Smarter Business Processes. The 2013/14 target was 36% and actual performance was 40%.</li> </ul>  |  |

# KEY RESULT AREA 2: URBAN NETWORK CAPACITY

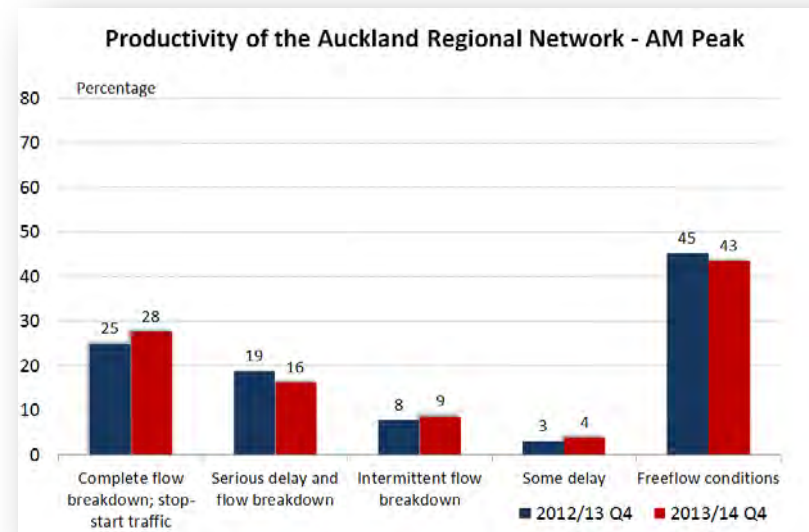
## Our aim is to make the most of urban network capacity

### In this quarter:

- Network plans for the major centres are informing programmed developments (page 19)
- Transport operations centres in Wellington and Christchurch are now operational (page 19)
- The Transport Agency has actively supported the development of business cases for various transport related projects in Canterbury (page 19)
- The refocusing of public transport activity in Wellington is progressing slowly, but is expected to benefit from lessons learnt previously in Auckland (page 20)
- Each of the major population centres are progressing the Public Transport Operating Model to improve public transport services (page 20)

| Success indicator   | 2012 baseline | 2012/13 result | 2013/14 result | 2016 target | Result |
|---|---------------|----------------|----------------|-------------|--------|
| Network productivity (vehicle speed and flow on urban networks in Auckland – am peak) | 68%           | 63%            | 63%            | 68-70%      | ●      |

Network productivity of Auckland's urban network was 63% in 2013/14, the same as that recorded for 2012/13, but lower than the 68-70% targeted for 2015/16. This result should be viewed in the context of activities that we've undertaken to address increases in travel demand (up 2.0% in 2013/14), including network operation activities, investment in public transport and steps taken to ease significant capacity pressure points on the Auckland urban network.



The chart shows the percentage of Auckland's networks operating within different productivity levels during the AM peak for two consecutive years. The underlying data can be used to identify areas of the network where congestion and flow breakdown have resulted in lower levels of capacity utilisation.

In Auckland, the productivity of the network in the AM peak has declined slightly over the past year as increasing traffic volumes have resulted in an increase in the proportion of stop start traffic, intermittent flow breakdown and delays.

**Q4: Good overall progress, although the success indicator needs to be watched.**

| Milestones for 2013/14  | What we achieved   | Result |
|---|--|--------|
| Network operating plans completed in Auckland, Wellington and Christchurch, including public transport  | <p>Network operating plans have been completed in Auckland, Wellington and Christchurch, and these are now being used as part of everyday business.</p> <p>They have been used to inform programme development for improvements and studies, including public transport, across these three networks, and are being used to inform the business cases for the Auckland Accelerated Project Programme.</p>  | ●      |
| Christchurch Transport Operating Centre (CTOC) is fully operational   | <p>The Christchurch Transport Operations Centre was successfully launched in quarter one of this year, and is now fully operational. It is providing real time travel information through media outlets, and is gaining a presence in regular weekly TV and radio slots. External feedback has been positive.</p>  | ●      |
| Wellington Transport Operating Centre is operational between Wellington City Council and NZTA, with all councils committed to join                  | <p>The Wellington Transport Operations Centre (WTOC) has made significant progress this year, with the WTOC being operational and Wellington City Council agreeing to join the WTOC in quarter three.</p> <p>Hutt City Council, Wellington City Council and Greater Wellington Regional Council are all part of the WTOC Board.</p> <p>Other Councils (excluding Wairarapa) have signed up to the One Network Charter that underpins the WTOC.</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 have supported the preparation of the draft business case for improvement to the public transport network and services to early draft status.</p> <p>Canterbury Earthquake Recovery Authority (CERA) has completed its business case for Crown funding for the interchange and has awarded a contract for construction. Christchurch City is yet to apply for funding for the NLTF contribution anticipated in the cost share agreement.</p> <p>The construction of the CERA-led bus interchange project has been awarded to an international consortium. The NLTF contribution to this project will be considered early in 2014-15.</p> <p>The Transport Agency has worked closely with the Christchurch City Council, Environment Canterbury and CERA to develop a business case for the planned changes to the Christchurch passenger transport network and passenger services to continue the recovery of passenger transport in Christchurch. The Transport Agency expects to consider the business case for funding for these improvements early in 2014-15.</p> | ●      |

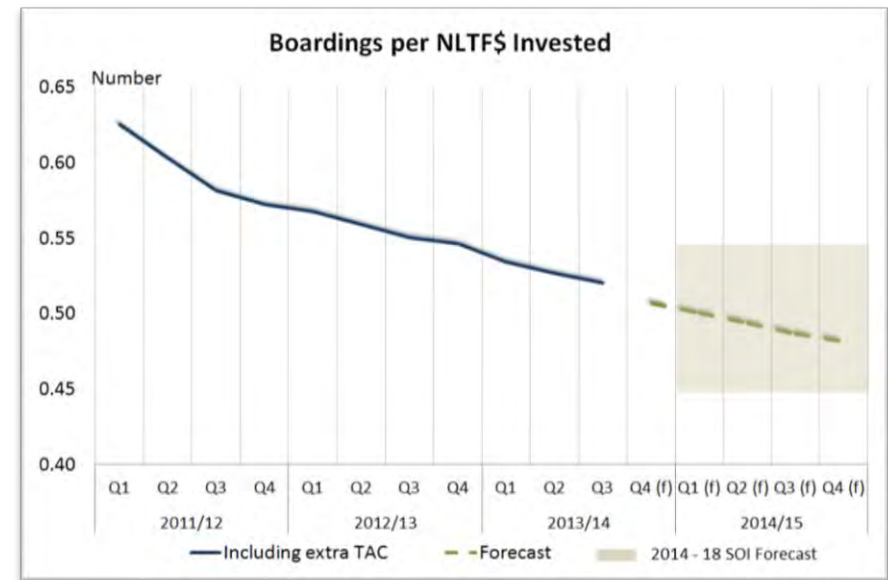
| Milestones for 2013/14   | What we achieved   | Result                               |
|--|--|--------------------------------------|
| <p>Through the implementation of the public transport operating model, public transport activities in Auckland, Wellington and Christchurch are being refocused so that they are making a measurable contribution to improved network capacity utilisation</p> | <p>Auckland Transport (AT), Greater Wellington Regional Council (GWRC) and Environment Canterbury (ECan) are progressing the Public Transport Operating Model implementation as one tool in improving public transport services. All three regions have re-designed their bus networks and timetables to improve services to better meet regional needs and grow patronage.</p> <p>As part of the design of the new operator contracts AT, GWRC and ECAN are reviewing bus fleet requirements in order to have more fit for purpose fleets - more comfortable for users, more efficient and lower carbon emissions.</p> <p>On the back of infrastructure improvements AT and GWRC have revised their metro rail timetables and are reviewing their rail services as they prepare to re-tender rail operations. The new Electric Multiple Units (EMUs) are entering service in Auckland and a second tranche is in production for Wellington. Both AT and GWRC are experiencing month on month patronage growth as the new EMUs commence service.</p> | <p style="text-align: center;">●</p> |

### Quarterly summary of public transport outcomes:

The accompanying chart shows the number of boardings per NLTF\$ invested in public transport services over time. Historic estimates are based on four quarter rolling totals of actual public transport patronage and apportioned investment. Forecast estimates are based on revised patronage and investment projections made in early 2014.

Ongoing investment in transport services has helped to grow patronage numbers on public transport during the first three quarters of 2013/14. However, boardings per NLTF\$ invested continues to decline as a result of this increased investment.

This decline is likely to continue during 2014/15. However, with infrastructure and improvement rollouts expected to boost patronage growth from 2015/16 onwards, this trend is likely to reverse and boardings per NLTF\$ should rise to 0.55 by 2017/18.

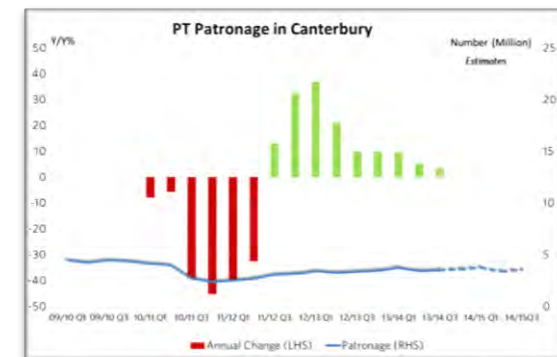
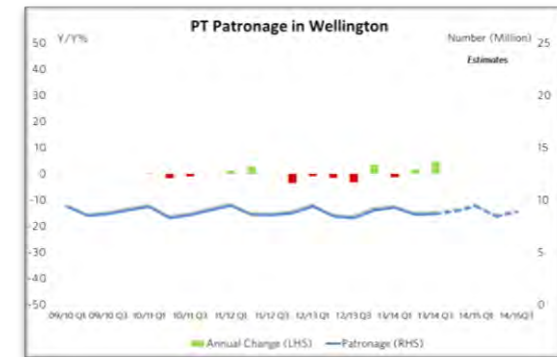
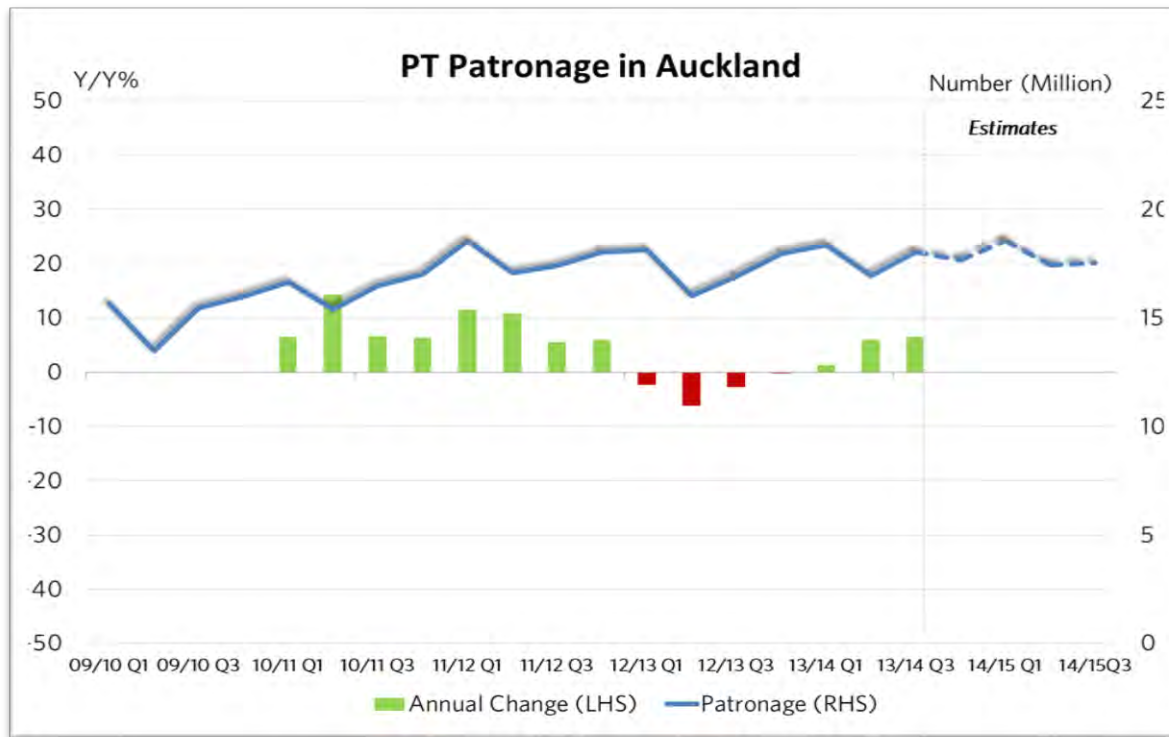




## Public transport patronage trends (with annual percentage change) for Auckland, Wellington and Canterbury

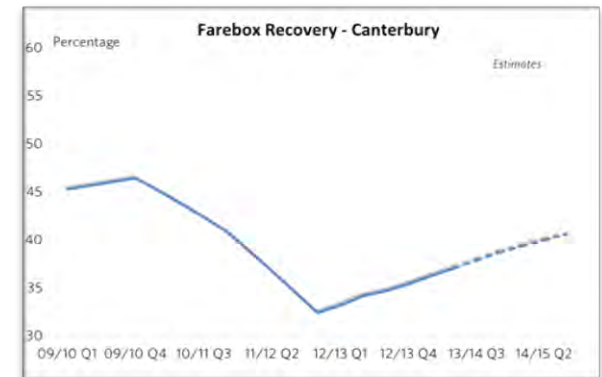
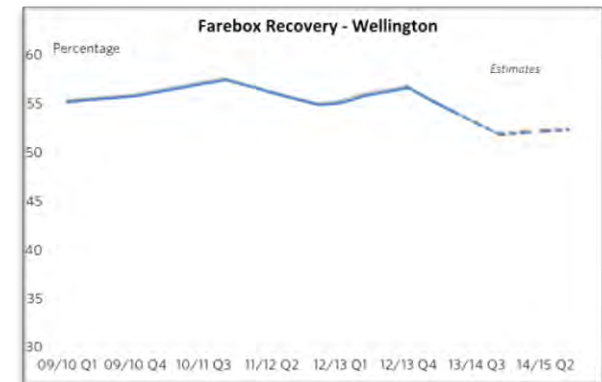
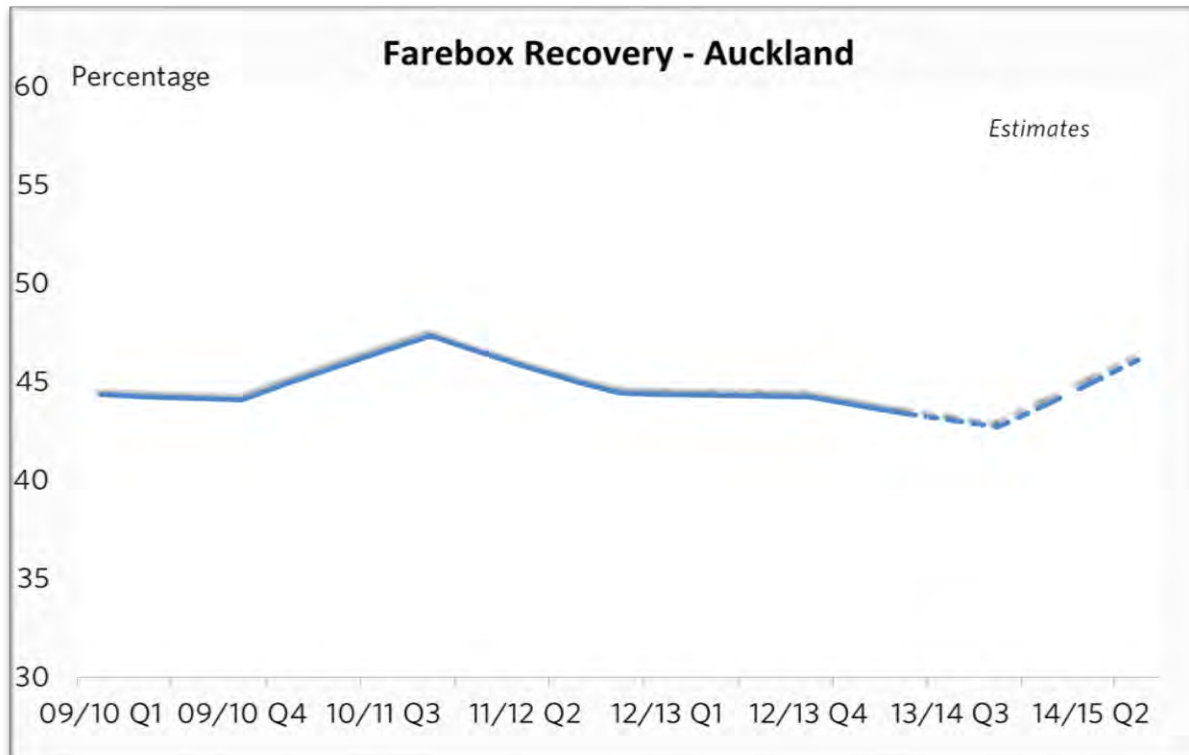
Public transport patronage numbers shown in the charts below are provided up to 2013/14 Q3, a quarter in arrears. The data was obtained from the Transport Agency's Transport Investment Online database. Key points include:

- Public transport patronage in Auckland reflects a positive trend with growth being posted for the third consecutive quarter. Patronage grew by 6.5% in 2013/14 Q3 and 6.3% when compared to 2013/14 Q2. This reflects a combination of factors ranging from service related improvements, e.g. implementation of the HOP card, introduction of electric trains, optimisation of bus services and on-going marketing campaigns to build awareness of public transport.
- Public transport patronage in Wellington has also showed some gains. Patronage grew by 4.9% in 2013/14 Q3 and 1.0% when compared to 2013/14 Q2. Investment in the Matangi train fleet and track upgrades has led to service improvements, which has helped to improve rail patronage numbers.
- Public transport patronage in Canterbury continues to grow, but the pace of growth has slowed to just 3.2% in 2013/14 Q3. Despite posting positive gains for the ninth consecutive quarter, current patronage levels remain well below those recorded just prior to the earthquakes.



## Public transport farebox recovery rates (with annual percentage change) for Auckland, Wellington and Canterbury

- Auckland – The gradual decline in the farebox recovery rate seen in recent years is expected to improve as new electric trains are rolled out, HOP ticketing benefits are realised, and the new bus route configurations come into effect.
- Wellington - The farebox recovery rate, which has trended downwards in recent years, is expected to decline towards 50% in the near term as patronage growth fails to keep pace with investment in service capacity. A deliberate policy by the regional council to keep fare increases to a minimum in order to maintain customer loyalty should support patronage growth over the longer-term, resulting in a slight improvement in the farebox recovery rate.
- Canterbury – The farebox recovery rate is expected to rise in line with increases in patronage. However, as patronage growth moderates start to slow, fare box recovery rates are expected to flatten off.



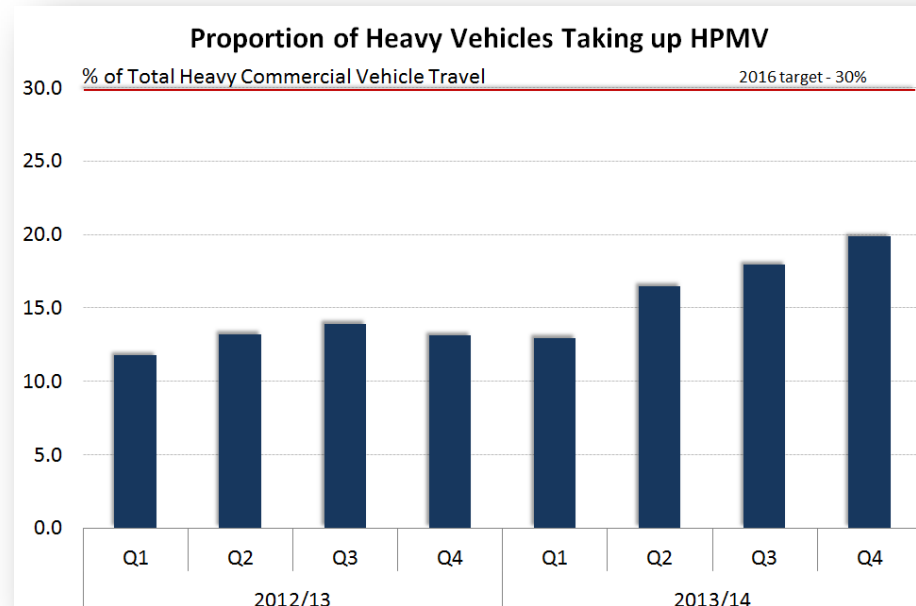
# KEY RESULT AREA 3: FREIGHT

**Our aim is to move more freight on fewer trucks**

**In this quarter:**

- Travel by HMPVs is estimated to have resulted in \$25m worth of savings (page 23)
- A number of key milestones for the 50MAX rollout have been reached (page 23)
- 45 councils are now included in the single 50MAX network access permit, with more expected to come on board (page 23)
- 1500km of the Upper North Island Network is now able to carry up to 58 tonnes (or 62 tonnes on selected routes) (page 24)
- Work on delivering HPMV routes is now being extended to the lower North island and South Island (page 24)
- The investment programme is focusing on a number of bridges deemed to be worth upgrading (page 24)
- Time taken to process standard permits is less than 2 working days, for complex permits, an average of 4 weeks (page 24)
- A weigh right operational strategy is being developed with the NZ Police (page 25)

**Success indicator**






**Current result: 20%**

**2014 target 20% (25% by 2015, 30% by 2016)**

Travel by high productivity motor vehicles (HPMV) expressed as a proportion of travel by all heavy vehicles achieved the 20% target set for the end of 2013/14. Increased travel by HPMVs (being a 10.5% increase from last quarter) and the resulting reduction in heavy vehicle trips is estimated to have yielded \$25m in productivity savings. In nominal terms, travel by HPMVs rose to 83m kilometres in 2013/14 Q4 - an increase of 5m kilometres when compared to the previous quarter. This reflects a significant uptake of 50MAX truck combinations that can weigh up to 50 tonnes and with an extra axle can access a much larger proportion of the network allowing them to carry more freight on highways and roads unsuitable for heavier HPMVs. During 2013/14 Q4 we reached some noteworthy milestones for the 50MAX rollout - over 20m kilometres were travelled, our 1000th 50MAX permit was issued and we signed up eleven additional local councils to the single 50MAX permit system. In terms of network coverage this means that 64% of local councils (45 in total) plus State highways are now included in the single 50MAX network access permit. Other local councils are considering joining and are looking at their network suitability, while continuing to consider permit applications themselves.

**Q4: Good results overall, with one milestone not achieved.**

| Milestones for 2013/14  | What we achieved   | Result  |
|---|--|---|
| Deliver access to 1500 kilometres on the strategic HPMV freight network   | We have delivered 1,500 kilometres of the High Productivity Freight Network in the upper North Island. The network is made up of the 'investment routes' for full-high productivity motor vehicles (HPMVs), which will be able to carry combinations weighing up to 58 tonnes (or 62 tonnes dependent on the routes being suitable for longer 23-25 metre HPMVs). These upgrades have also addressed the bridges on these high volume freight routes that were closed to 50MAX HPMV access. Work has now started on delivering the remaining 3,000kms of the High Productivity Freight Network in the lower North Island and South Island.   |  |
| 50MAX HPMV network available on 50% of road network                       | We have exceeded our target by having 64% of local councils signed up to the 50MAX one-stop permit system. This means that more than half the country's local road networks, plus state highways, are open to freight operators using a single 50MAX permit that is processed within five working days.  |  |
| All HPMV permits for state highways are approved within five working days | <p>During the year we have improved the service levels for HPMV permits, despite a significant increase in permit requests notably with the introduction of 50MAX permits in quarter two. By the end of the 2013/14 year we were delivering:</p> <ul style="list-style-type: none"> <li>• Standard permits (50MAX) within two days. During the year over 1000 permits were issued covering the state highway network and 64% of the local road network on behalf of 45 local councils.</li> <li>• Complex permits (other HPMVs) - Averaging at four weeks (19 working days) compared to nine weeks (45 working days) at the start of the year. We have improved the processing times for these following the significant increase in complex permits in quarter three.</li> </ul> <p>Processing all permits within the five working days objective has proved unrealistic, due to the significant engineering checks required for some applications. We are now reworking our thinking to develop a clearer service promise for HPMV customers, which is reflected in the 2014/15 SOI. This HPMV service promise distinguishes between 'standard' (requires little technical assessment) and 'complex' (requires considerable assessment) permits.</p> |  |

Key result area 3 | Moving more freight on fewer trucks

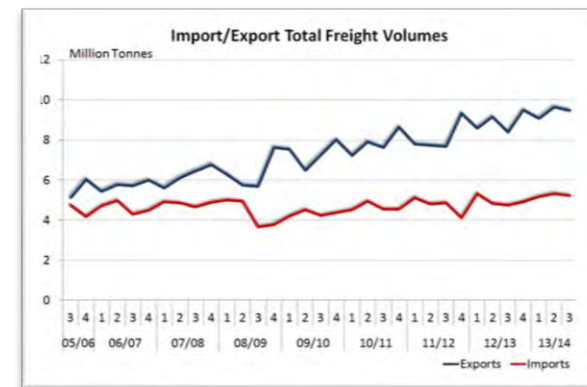
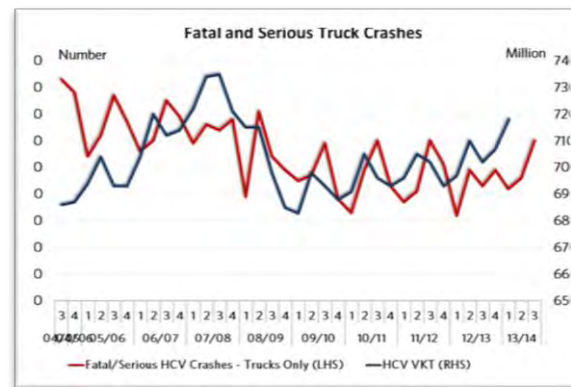
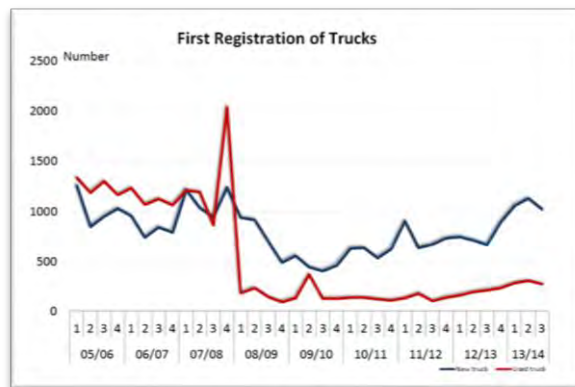
| Milestones for 2013/14  | What we achieved  | Result                               |
|---|---|--------------------------------------|
| <p>Weigh Right Action Plan completed and agreed with key parties involved.</p> <p><i>(Note: this is a shared desired result with NZ Police)</i></p> | <p>To make headway in the Weigh Right work the technical components, namely investment in smart weigh devices, were separated from the compliance and enforcement questions around weight compliance, such as discouraging illegal overloading, more efficient use of Police resource and collection of unpaid road user charges (RUC).</p> <p>To progress the functional aspects of the work programme a number of investment options for smart weigh devices have been developed in consultation with the NZ Police (CVIU). These are mostly on key freight routes, including routes where there are bridges with limited carrying capacity. Installation of these weigh devices offers the opportunity to open these bridges to HPMVs without the need for very costly and potentially uneconomic bridge upgrades. These weigh devices have been included in the SHAMP for the 2015-18 NLTP process. The task for 2014/15 will be the work with CVIU to develop the Weigh/Right operational strategy that will aim to maximise the technology investment to meet the regulatory and compliance needs of both the Transport Agency and the NZ Police.</p> | <p style="text-align: center;">●</p> |





## Q4: Quarterly summary of freight outcomes:

- An improving economy, evidenced in part by increasing export volumes (see graph below), has resulted in more freight activity in New Zealand. As a result, big/heavy truck combinations are now travelling about 20m kilometres more than they did the same time last year. With the increase in export volumes this increased activity is likely being concentrated on roads to and from ports and areas of export-related freight production, processing and consolidation. Bulk freight activity has continued to drive this export activity with most regional ports reporting higher volumes, however, there are signs that international demand for some bulk goods, such as logs, is softening. Recent industry announcements of a further consolidation of New Zealand's containerised trade could have significant network implications, especially for rail which moves a significant amount of containerised goods to and from the ports. This last quarter has also seen continued disruption of rail freight services, with reduced capacity on the Auckland-Christchurch service as a result of the Aratere interisland rail ferry being out of service, and other services disrupted by new diesel locomotives being placed out of service. As a result, industry representatives report that some freight volumes have been diverted from rail to road.
- It appears that HPMVs, especially 50MAX, are progressively replacing some of the standard big/heavy trucks on the roads with more travel being undertaken than this time last year. However, there also appears to be a degree of seasonality in travel patterns with longer and heavier HPMV travel tending to fluctuate from quarter to quarter. The first two quarters of 2014/15 should provide a better picture of industry uptake of HPMVs as freight volumes reach their annual peak. The enabling work of the 'more freight on fewer trucks' priority will then be most in evidence as more of the High Productivity Freight Network is opened up, completing more end-to-end routes for full HPMVs (up to 58 tonnes). This means that 6300 kilometres of road and highway is now available for heavier HPMVs, 1500 kilometres of which is available for full HPMVs. Work has also started on delivering the full HPMV routes in the lower North Island and South Island and industry has responded by investing in new HPMVs, notably 50MAX. This is reflected in continuing demand for new trucks registrations (see graph below) many of which have been built as HPMVs. Industry sources suggests that many of these new trucks are on order and will be delivered in the months ahead.
- Although serious and fatal crashes involving trucks reflect a long-term declining trend, there was an increase in serious crashes involving trucks during Q3 (when compared to the corresponding period a year earlier). The increase in economic activity, and resulting increase in truck movements and crash risk, may have contributed to this outcome. While it is too early to measure the impact the increased uptake of HPMVs on improving road safety, it is expected that greater use of HPMVs will reduce travel by standard big/heavy trucks resulting in lower crash risk exposure.





## Feature

### Industry applaud 50MAX mapping innovation

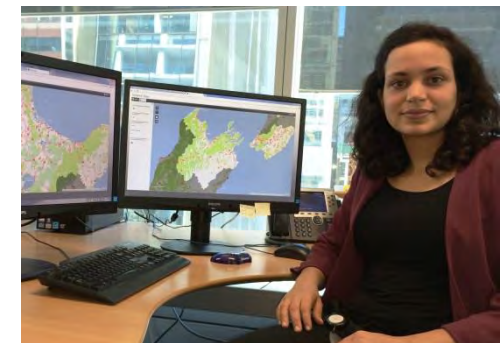


Operators of 50MAX high productivity motor vehicles have welcomed a major technological advance with the launch in May 2014 of a new interactive online map for these more efficient freight vehicles. The new online map was a specific response to feedback from operators who found the initial 50MAX mapping provisions a bit cumbersome, to say the least. Access maps are critical to the success of 50MAX, especially for ensuring compliance in keeping to the allowed areas of travel and avoiding 'do-not-cross' bridges. Unlike other high productivity motor vehicles that operate on defined routes, 50MAX freight vehicles have network permits. They can have network access because of their innovative design, being slightly longer with an extra axle, allowing them safe travel over bridges and pavements restricted to other HPMVs. This means that operators can use 50MAX more flexibly across the majority of the road network for jobs, such as milk collection, that varies from day to day and uses different roads. Around 64% of local councils have approved 50MAX access to date, so it is important for operators to avoid local roads where access has not yet been approved or is restricted (see national map).

Before the online maps, operators would have to carry around either bulky map-books showing the 50MAX suitable network, or try to navigate electronically through PDF map files. The Police would also have to use these tools to ensure compliance. Understandably, customer feedback on the new tool is "extremely positive, because the old PDF maps were very awkward to use so any web based map is a significant improvement" said Grant Foster, Principal Project Manager - Business Improvement who is working to roll-out 50MAX permitting. The online map tool had 1600 views (from separate users) recorded within the first few weeks. Some of the bigger freight transport operators have even provided the web-link on their portals after it went 'live' in May 2014. This also helps explain the jump in 50MAX use from around 6.5 million kilometres travelled in Q3 to over 20 million in Q4. Freight operators can now more easily find out where they can safely travel - they are voting with their wheels.

The new online tool was developed by Transport Agency staff in the National Office-based Geospatial Team. This innovation, a direct and immediate response to customer feedback, will help make road freight transport more efficient and safer. It will save them time, make compliance and enforcement easier and free up some of their working day to get on with the job of growing our economy.

*Geospatial Analyst Carla Coelho, based in the NZ Transport Agency's Chew's Lane office in Wellington, is part of the team that developed the electronic 50MAX Map*



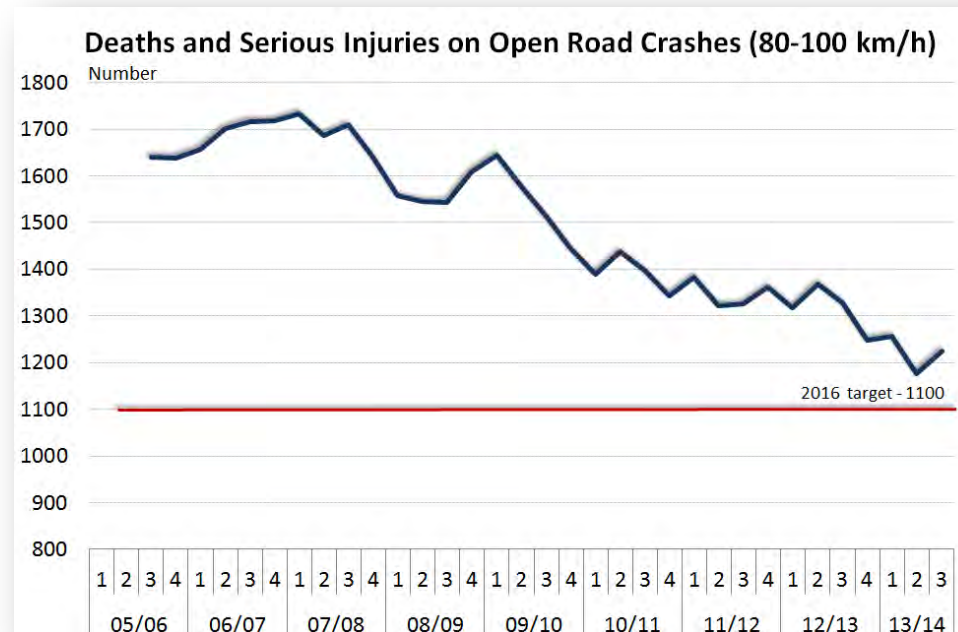
# KEY RESULT AREA 4: SAFER SPEEDS

**Our aim is that safe speeds reduce deaths and serious injuries**

**In this quarter:**

- New Safer Speeds Framework giving direction and guidance on safe and appropriate speed ranges for different road types has been developed (page 29)
- Brief for an engagement and communications campaign to build support for safer speed is being tested (page 29)
- A supporting Speed Management Guide that provides guidance on how to implement the New Safer Speeds Framework is expected to be completed in early 2015 (page 29)

**Success indicator**





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

**Current result: 1,225**

**2016 target: 1,100**

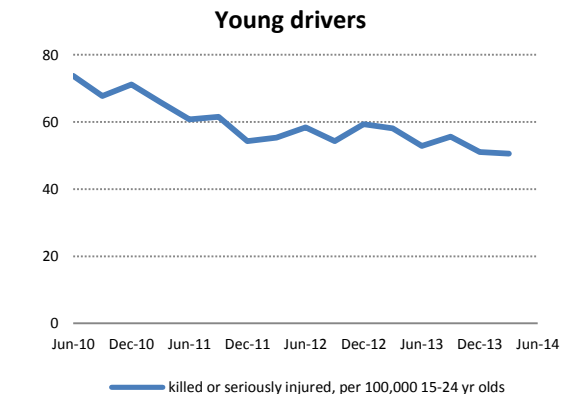
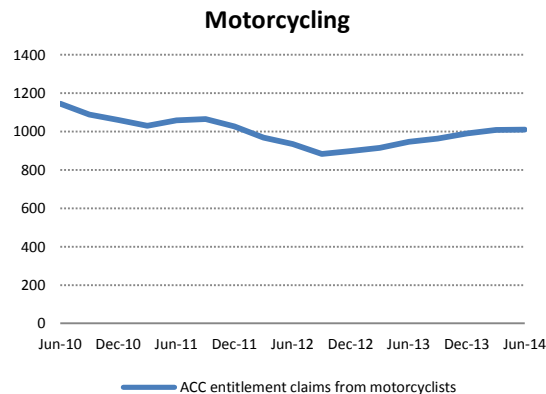
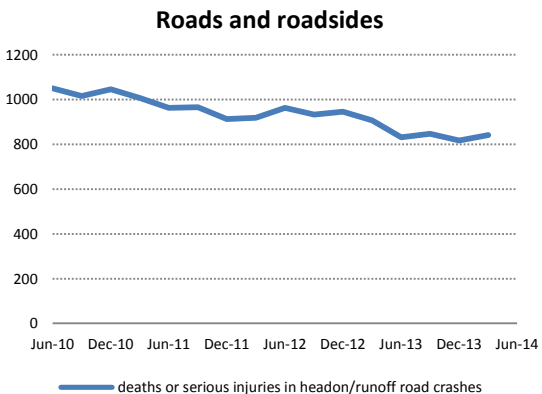
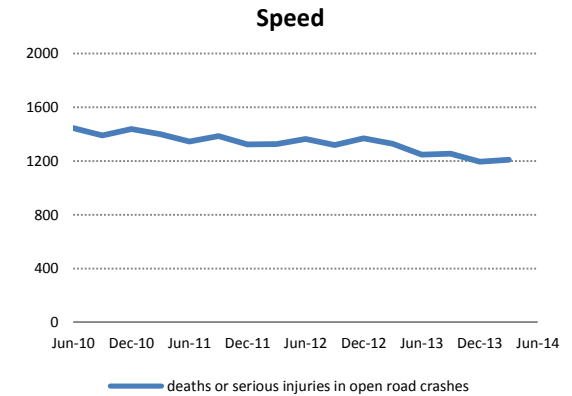
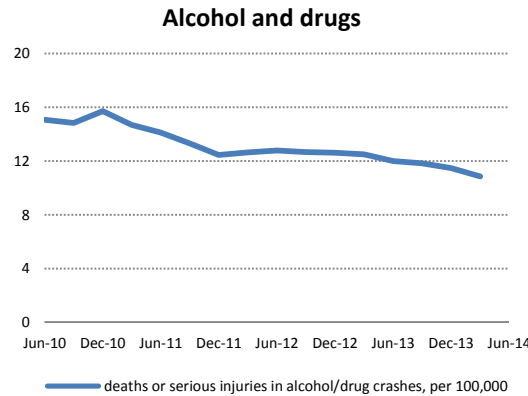
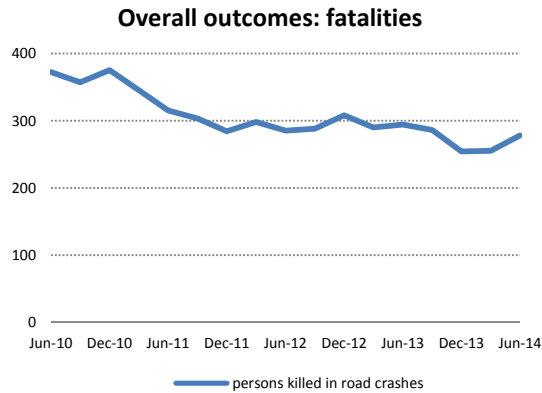
- The trend in deaths and reported serious injuries in open road crashes over the past ten years continues to be downward.
- If this decreasing trend continues, the total is likely to fall to around 1,080 by the end of 2016 and meet the target.
- There has been a sharper decline since 2012 which reflects the low overall road toll during 2013, but note that the overall road toll has risen slightly in 2014 and this key indicator may follow the same pattern.

## Q4: Good results against milestones.

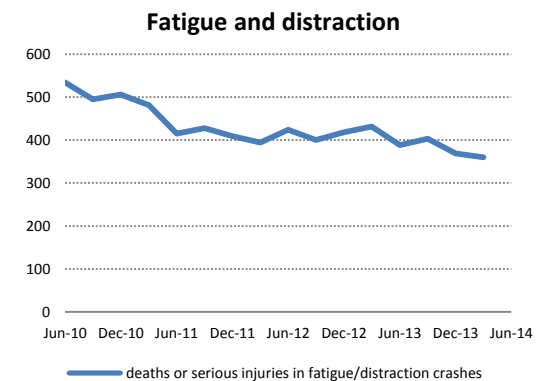
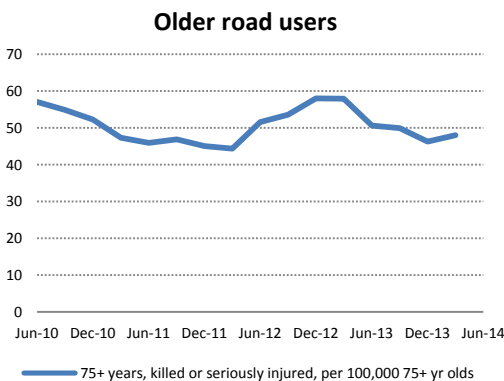
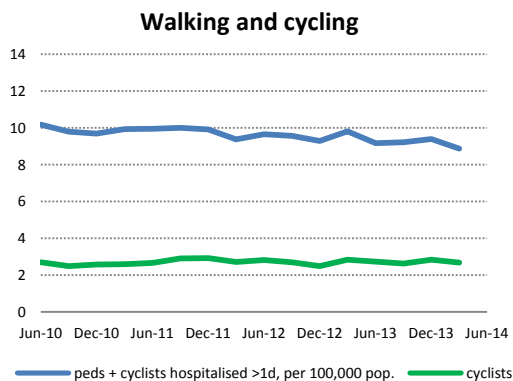
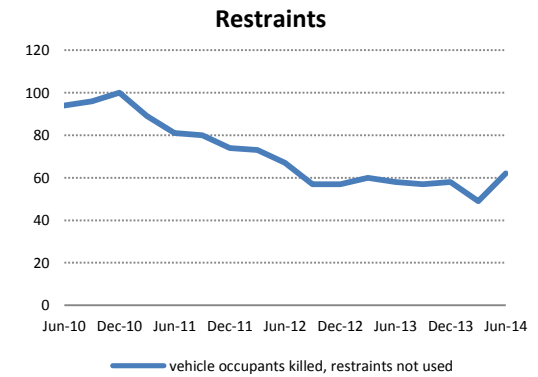
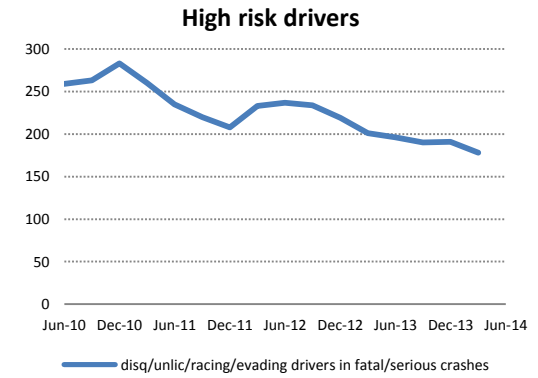
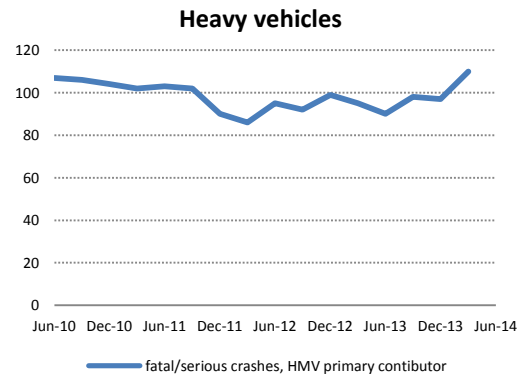
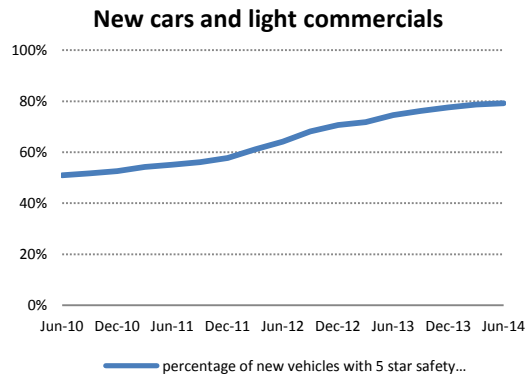
| Milestones for 2013/14   | What we achieved  | Result  |
|--|---|---|
| <p>Develop with road safety partners, a new national direction and guidance on speeds that are right for the road, the vehicle and the environment</p>   | <p>The draft Safer Speeds Programme contains a framework that gives guidance to the sector on safe and appropriate speed ranges for different road types, taking road classification, design, safety risk and road use into account. The programme also contains a set of five transformational actions to 2016 and beyond. Each of the lead agencies has commenced work on these actions.</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>A brief for an engagement and communications campaign to build sector and public support for safer speeds, which is one of the five transformational actions in the Safer Speeds Programme, is under way and being tested.</p> <p>This work has evolved to support the wider Safer Speeds Programme objectives, and reflect stakeholder views, in the previous twelve months; hence timing is behind original schedule but well aligned to the draft Safer Speeds Programme as a whole.</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>Development of the Speed Management Guide, which is one of the five transformational actions in the Safer Speeds Programme, is underway with a target completion date of early 2015 (this is behind original schedule, but well aligned to the draft Safer Speeds Programme). The programme gives direction to the Guide, which will give the sector guidance on best practice in implementing the national framework of safe and appropriate speeds, ensure more consistency of practice and more prioritisation of effort to risk.</p> |  |

## Q4: 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.



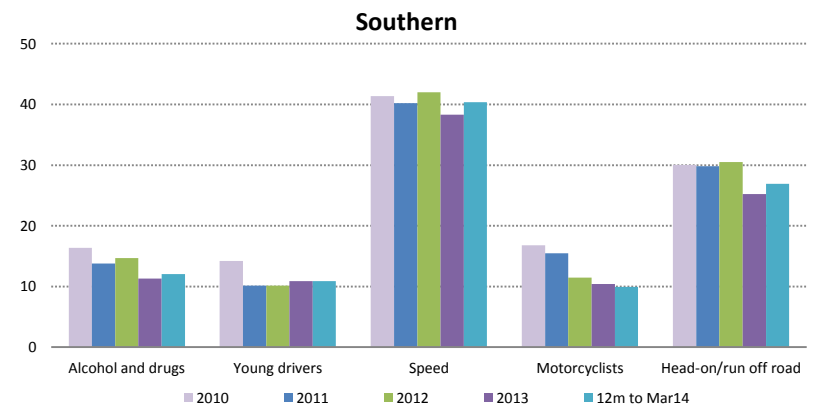
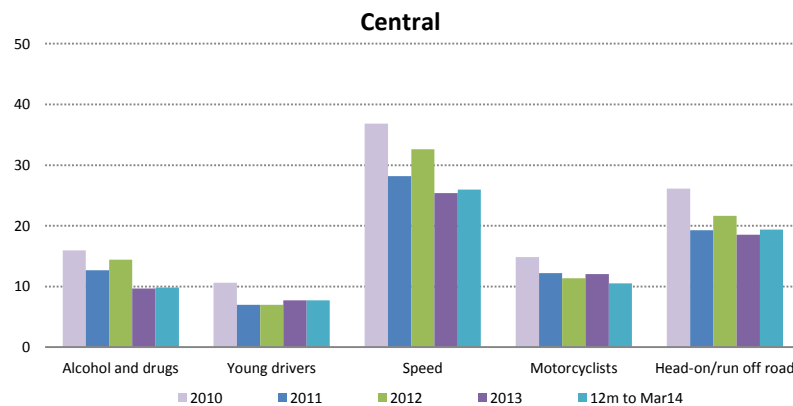
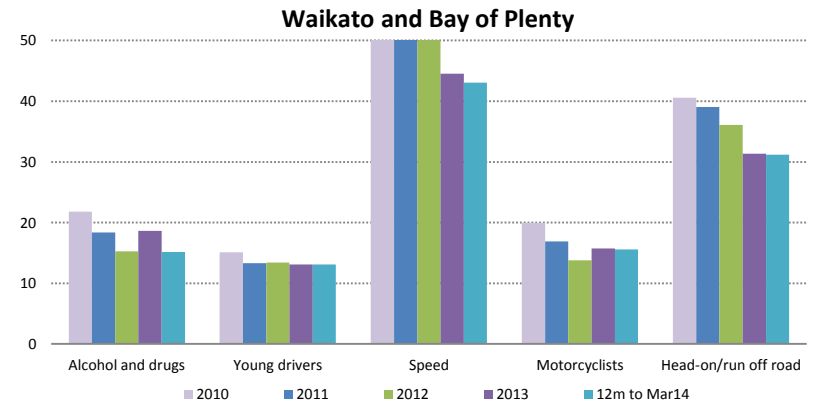
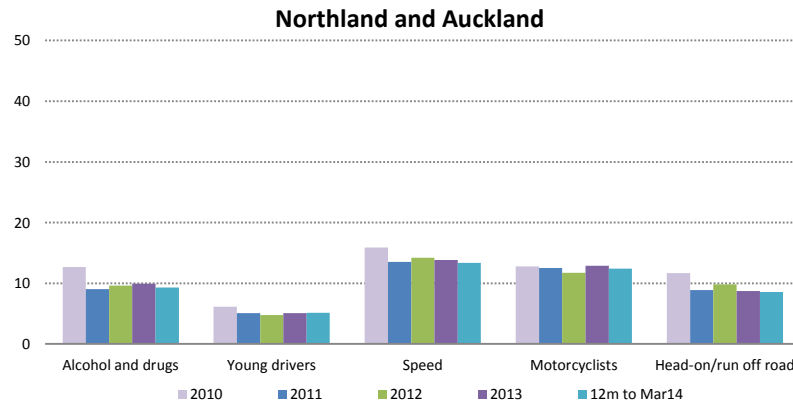
## Q4: Quarterly summary of Safer Journeys outcomes: Medium priority areas of concern and areas of continued focus



## Road safety outcomes by NZ Transport Agency region

The following charts and tables show trends over the past 5 years in the four NZ 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).

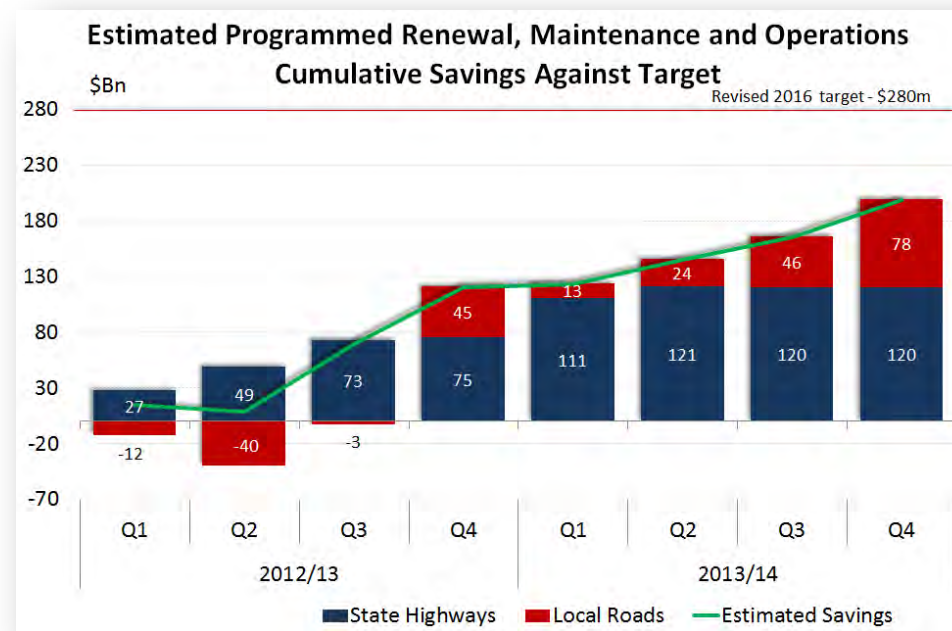
# KEY RESULT AREA 5: EFFICIENT ROAD MAINTENANCE

## Our aim is efficient road maintenance investment and delivery

### In this quarter:

- Cumulative programmed savings for both local roads and state highways are on target (page 33)
- Targeted support being provided to approved organisations to improve understanding of the One Network Classification System (page 34)
- Collaboration opportunities to improve road maintenance investment and delivery are being progressed (page 34)
- The Transport Agency is actively supporting approved organisations to improve activity management and plans (page 34)
- SHAMP programmes are expected to be ready for the Board in August 2014 (page 34)
- Tenders awarded so far under network outcome contracts are assessed as achieving the desired outcomes (page 35)
- The framework for assessing activity management plans has now been completed (page 35)

## Success indicator



**Current result: \$198m**





**2016 target: \$280m**

Our revised estimates of cumulative programmed savings on renewals, maintenance and operation of state highways and local roads suggest that we have achieved just over 70% of our revised 2015/16 target by the end of 2013/14. Of a total estimated savings of \$198m, about \$120m was achieved from state highway related activities, with the remainder coming from renewals, maintenance and operation of local roads.

Total estimated savings achieved on state highways are on track, having made 75% of our 2014/15 target of \$160m and 56% of our revised 2015/16 target of \$213m. Total estimated savings on local road renewal, maintenance and operation activities of \$78m already exceeds our target for 2015/16. To a large extent, this reflects lower than expected spending by local councils on renewals, maintenance and operations – at the end of the second year of the NLTP, spending was about \$57 million down against the published NLTP budget.





## Q4: Good results overall, with one area to watch.

| Milestones for 2013/14   | What we achieved   | Result  |
|--|--|---|
| <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>Changes to the Road Assessment Maintenance Management (RAMM) system have been completed, enabling the classification of networks.</p> <p>Self-assessment surveys are being used to provide targeted support to approved organisations. Targeting is being supported by our Partnership Assessment Tool reports and other regional knowledge. One network road classification (ONRC) performance measures have been developed and will be shared via workshops in July / August.</p> <p>We are aware that for a number of approved organisations this is a stretch target, particularly aligning their current network classification to the ONRC.</p>   |    |
| <p>Conversations with and between all RCAs and Business cases for the 4 - 5 early adopters</p>   | <p>Conversations with local authorities and collaboration opportunities continue to be identified and progressed.</p> <p>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 Operations Centre collaborations in Auckland, Wellington and Christchurch.</p> <p>South Canterbury councils (Ashburton, Mackenzie, Timaru and Waimate) have now signed an MOU aimed at collectively improving asset management.</p> <p>Dunedin and Waitaki are also in continued discussions around how to collectively improve their asset management and have identified a number of options.</p> <p>Through this initiative, we have built much better relationships with TLAs and we are continuing to work together.</p> |    |
| <p>Differences in AMPs identified and remedial measures explored</p>   | <p>Review and analysis of existing Activity Management Plans (AMPs) has informed the development of an assessment framework and other guidance material that helps identify the differences between AMPs. This has formed the basis for advice provided to Approved Organisations.</p>   |  |
| <p>Asset management planning and procurement policy and guidance is aligned to promote value for money</p>   | <p>The development of the SHAMP has progressed well. We are on track to have the programmes ready for the Board decision in August, which is in line with the NLTP timeframe.</p>  |  |



Key result area 5 | Efficient road maintenance investment and delivery

| Milestones for 2013/14                             | What we achieved   | Result  |
|--|--|---|
| Streamlined procurement practices                  | With 7 out of 22 network outcome contracts now awarded, we have just reached our first 'hold point' to review the outcome of tenders to date to confirm we are achieving the outcomes sought. We now have in place a set of supply market metrics for maintenance and operations that allow us to monitor the tender results, and to keep an eye on the market competition risks. In general the hold point confirmed we are on track, tenders are competitive and the quality of suppliers' submissions is having a significant influence on success. |  |
| The long term programme of investment is clarified | Development of an assessment methodology and framework for assessing activity management plans has been completed, which contributes to developing the long term programme of investment. The work of the Road Efficiency Group has also contributed to this, with the development of the One Network Road Classification system, including defining customer levels of service and development of performance measures.   |  |

# KEY RESULT AREA 6: INTEGRATE ONE NETWORK



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

**Q4: Good results overall, with one area to watch.**



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

In this quarter:



- Worked with the MoT to test travel demand implications for a range of divergent and plausible futures (page 36)
- In collaboration with others, helped to shape submissions on the Proposed Auckland Unitary Plan (page 36)
- In collaboration with Auckland Council and Auckland Transport, we have proactively used a “one network approach” when focusing on greenfield developments and special housing areas. (page 37)
- We continue to support local government in Christchurch to implement the Land Use Recovery Plan (page 37)
- We continue to work with our partners in Auckland to develop the next version of the Auckland Integrated Transport Plan (page 38)
- The procurement of integrated ticketing in Wellington is still early in the planning stage, but lessons learnt in Auckland, are expected to yield longer term benefits. (page 38)
- National and regional freight plans are progressing well, although each are at different stages of development (page 39)

| Milestones for 2013/14  | What we achieved   | Result  |
|---|--|---|
| <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 the Ministry of Business, Innovation and Employment for their “Regional Economic Activity Report” which is now published.</p> <p>Through the development of the 30-year National Land Transport Programme and draft Government Policy Statement, we have worked with the Ministry of Transport on testing transport demand implications for a range of different futures and scenarios. In turn, this work is assisting the Ministry of Business, Innovation and Employment to stay updated on transport trends and impact on economic growth and productivity.</p>                                 |  |
| <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>We worked collaboratively with other transport providers prior to the lodgement of submissions on the Proposed Auckland Unitary Plan, and supported the Ministry for the Environment in preparing the whole of Government submission. We have been able to influence the provisions of the Proposed Auckland Unitary Plan prior to notification through engagement with Auckland Council and its Council Controlled Organisations (CCOs), which has resulted in many key provisions becoming more enabling for transport infrastructure. The Transport Agency also made a formal submission in response to the Proposed Auckland Unitary Plan on 28 February 2014 and is currently preparing further submissions.</p> |  |



Key result area 6 | Integrate one network for customers

| Milestones for 2013/14  | What we achieved   | Result  |
|---|--|---|
| <p>The NZ Transport Agency works effectively with Auckland Council (AC) and Auckland Transport (AT) 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>We have worked closely with Auckland Council and Auckland Transport using a 'one network' approach on the greenfield land and special housing areas. We have provided input into the identification of new greenfield land, specifically supporting the Transport in Greenfield Areas (TIGA) work stream. We are supporting the Rural Urban Boundary (RUB) work through our Unitary Plan submission and planning sub-regional work with Auckland Council and Auckland Transport.</p> <p>We have worked collaboratively with Auckland Council and Auckland Transport to ensure our key principles are incorporated in the selection of and master planning for Special Housing Areas. We have also provided advice on the availability of funding for Special Housing Areas.</p> |  |
| <p>The NZ Transport Agency will work with CERA, ECAN 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> <p>We have had a significant role in shaping the draft District Plan in respect to integrated planning for infrastructure and have completed our work on the preparation of the draft District Plan - the draft is awaiting Ministerial direction to be publicly notified.</p>  |  |

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

| Milestones for 2013/14   | What we achieved  | Result  |
|--|---|---|
| Refer to Key Result Area 2: Making the most of urban network capacity on page 18.  |   |   |
| <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 (AMETI)</p> | <p>We worked closely with Auckland Transport to ensure they were aware of the 2015-18 National Land Transport Programme (NLTP) timeframes and early investment signals.</p> <p>There has been a high level of cross-organisational collaboration during the development of the next version of the Auckland Integrated Transport Programme to effectively deliver the Auckland Plan. Various work streams are well underway, including One Network Road Classification and Customer Level of Service implications on Activity Management Plan development, Integrated Transport Programme profiling workshops, development of performance measures and monitoring.</p> <p>The business case for the East West Link has led to changes in the overall Auckland-Manukau Eastern Transport Initiative programme.</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 33.</p>   |   |
| <p>Integrated ticketing procurement process commences in Wellington, and successful implementation of the Auckland Integrated Fare System</p> <p><i>(Note: these are a shared milestones with local government)</i></p>  | <p>The implementation of the Auckland integrated ticketing scheme was completed at the end of the third quarter. The scheme is operating successfully with normal continuous improvement processes. Auckland Transport is now planning a fundamental fare review to improve fare structures, enabled by the integrated ticketing scheme.</p> <p>Greater Wellington Regional Council (GWRC) is still at the early stages of planning its integrated ticketing requirements, as a first step towards procurement. Internal resource constraints have meant slower progress than anticipated - as GWRC has simultaneously been managing a wide range of public transport matters, e.g. trolley bus fleet, Public Transport spine, network review and real time information.</p>                                      |  |

### Objective 3: Improve freight supply chain efficiency

| Milestones for 2013/14  | What we achieved   | Result  |
|---|--|---|
| Refer to Key Result Area 3: Moving more freight on fewer trucks on page 23..  |  |   |
| <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>The key deliverable for the 2013/14 year was the Upper North Island Freight Accord, which is in draft following an additional round of facilitated discussions. The draft Accord builds on the work of the Upper North Island Freight Story - setting out the critical questions to progress for a safer and more efficient freight system - within and across the four regions. The draft will be the focus of engagement with stakeholders during the first quarter of 2014/15 and we expect parties to sign up when they are comfortable to do so in this time. The draft will also help shape regional, intra-regional and national freight discussions.</p> <p>The Central New Zealand freight story is in draft with an evidence base and key themes refined. Stakeholder engagement and completion of the plan will occur in quarter one of 2014/15.</p> <p>The South Island freight story has high level themes identified with an evidence base completed. The work will be progressed through stakeholder in Q2 of 2014/15.</p> <p>The National Freight Action Plan was designed to progress national questions from the three cross-regional plans. This work has now begun and will be progressed during 2014/15 as the national themes become clearer, such as regulation, workforce and safety.</p> |    |
| <p>Long-term strategic freight network planning proposal developed for KiwiRail/NZ Transport Agency</p>   | <p>The original milestone we set ourselves was overtaken by events during 2013/14. With a new Chief Executive at KiwiRail, the State Owned Enterprise is undertaking a refresh of its long-term business plans - entitled Rail 2045. Following the Government's further investment in the Turnaround Plan through Budget 2014, a working group from the Ministry of Transport, Treasury, and the NZ Transport Agency has been convened to provide advice to Ministers on the future role of rail freight in New Zealand's integrated transport system. Much of the work done so far on the rail network concept can be incorporated into this work. This would include looking at rail's potential future role in, and response to, the growing and evolving freight task (especially the freight types that make significant use of rail like processed dairy products). This work will also examine industry feedback from the freight plan processes and look at potential wider network impacts on changes to the rail freight task. This work will be a major focus through 2014/15.</p>  |  |

# KEY RESULT AREA 7: SHAPE SMART TRANSPORT CHOICES




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

## In this quarter:






- Over 1000 people have attended the Safe System in Practice course (page 40)
- The safe system approach is being embedded in a range of manuals, processes and decision making frameworks (page 40)
- A new road safety leadership model is expected to help ensure road safety issues are fully understood across regional business units (page 41)
- Safer Journey demonstration projects have been slightly delayed (page 41)
- Laws extending child restraint ages now fully implemented (page 41)
- Competency Based Training and Assessment courses became available on 1 March 2014 (page 41)
- Implementation of the time limits on drivers licence is on track for November 2014 (page 41)
- The top 100 high risk intersections have now been publicised (page 42)

**Q4: Variable results against milestones, 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   | What we achieved  | Result  |
|--|---|---|
| Refer to Key Result Area 4: Safe speeds to reduce deaths and serious injuries on page 28.  |   |   |
| National signature projects are launched and a minimum of four projects are underway<br><i>(Note: this is a shared milestone with ACC, NZ Police and local government)</i> | The national Signature Programme has been launched with a rural road safety signature project based in Eastern Bay of Plenty. This project has taken time to establish, which was expected given the challenging road safety and social issues in the area. Early lessons learnt from this have influenced the other three Signature Projects, which are all at various stages of development.<br><br>The Signature Programme now has four projects established: rural road safety in Eastern Bay of Plenty, Future Streets (active transport modes) and high risk young drivers in Auckland, and visiting drivers in the lower South Island. |    |
| Relevant NZ Transport Agency staff and leaders trained in the Safe System approach   | Over 1,000 people from across the sector have now been trained in the Safe System approach. The Safe System in Practice course has an established reputation for quality and relevance, with increasing numbers of private sector consultants enrolling. Demand for further delivery in 2014/15 is very strong, but delivery is dependent on establishing financial viability while keeping the course affordable.  |    |
| Key NZ Transport Agency manuals, processes and decision making frameworks reviewed and changed to deliver a safe road system   | Good progress has been made on embedding the Safe System approach across a range of manuals, processes and decision-making frameworks. The key outstanding area for focus in 2014/15 is the Economic Evaluation Manual.   |  |

Key result area 7 | Shape smart transport choices

| Milestones for 2013/14   | What we achieved  | Result   |
|--|---|--|
| <p>The remaining actions from the 2011/12 Safer Journeys Action Plan are completed<br/> <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>A new road safety leadership model was socialised throughout the year and good progress made, notably in Auckland and Southern region. This supports the Agency's stronger internal governance role, which is undertaken by the Regional Leadership Teams (RLTs) to ensure road safety issues are fully understood across regional business units. RLTs also take a strategic view in supporting regional road safety work in collaboration with regional partner agencies. Delivery is supported and measured through operational plans developed by Regional Road Safety Portfolio Groups. These plans also identify where activities are best delivered nationally, with regional partners, or by partners.</p>   |   |
| <p>2. Complete Coromandel demonstration project and ready Maramarua demonstration project for construction</p>   | <p><b>Safer Rides Southern Coromandel project</b> is in construction with some physical works now carried over into the 2014/15 financial year. Updated forecast completion date is now November 2014. The delay is due to Council consent conditions that mean some earthworks cannot commence until September.</p> <p><b>Maramarua Demonstration project</b> continues to progress to the revised programme timeframe, with design programmed in the 2014/15 State Highway Plan.</p> <p>The project is complex and over a long length of highway (17kms). The project had a lot of scoping work done in the early part of the year to determine a cross section giving an economic and optimal whole of life solution for retrofitting barriers. Ways to manage and potentially reduce the high number of property accesses to the highway using local road changes was also scoped and continues to be investigated. While this has meant a delay against the original programme, it has provided clarity around our requirements for the project.</p> | <br> |
| <p>3. Complete and promulgate High Risk Intersection Guide</p>   | <p>The High Risk Intersection Guide was completed, and the Top 100 intersections was socialised through the media.</p>  |    |
| <p>4. Complete motorcycle licence changes, introduce maximum time licence limits and Child restraint age extension</p>   | <p><b>Child restraints</b> - Implementation of the child restraints law is complete. The child restraint law change publicity campaign was completed in quarter two, informing parents and caregivers, schools and other groups that transport children of the changes. The campaign was well received.</p> <p><b>Competency Based Training and Assessment (CBTA)</b> - Implementation of the CBTA project is complete and courses have been introduced as an alternative option for people getting their restricted and full motorcycle licence. Providers of the courses were certified as assessors across the country from December 2013, with the courses available from 1 March 2014. In the first 3 months, 21% of customers presented a CBTA course certificate when testing for a restricted/full motorcycle licence.</p> <p><b>Time Limits on Driver Licences</b> - Time Limits business case was approved and implementation phase started. Go-live is on track for November 2014 (per the specified actions within Q4 are completed).</p>     |   |

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

| Milestones for 2013/14   | What we achieved   | Result  |
|--|--|---|
| <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>ITS Framework and Roadmap - Published internally and presented / released at ITS Conference to plan.</p> <p>We have done a lot of work in the Traveller Information space this year, getting the TOCs set up and operational (CTOC/WTOC) and aligned nationally, plus introducing the Journey Management capability.</p> <p>We ceased work on this initiative part way through the year, when it became obvious that the climate was not right to be pursuing this.</p>   |    |
| <p>Options to encourage less-safe vehicles to exit from the fleet are developed, considered and the action plan agreed</p>   | <p>Interim 'state-of-play' advice on options to accelerate the exit of less-safe vehicles was provided to the Associate Minister of Transport in December 2013. A subsequent cost-benefit analysis found that the market is operating to exit less-safe vehicles and significant government intervention to accelerate this process is not efficient (in terms of a national cost-benefit). The project has shifted its focus to assessing consumer information actions that support the market-led exit of less-safe vehicles. Key stakeholders have participated in the option development process and provided positive feedback on engagement to date.</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>There has not been sufficient evidence to undertake a review as Courts have awarded very few alcohol interlock licence penalties; as of 31 May 2014 there were only 207 persons holding an Alcohol Interlock Licence.</p> <p>The Alcohol Interlock Licence Effectiveness Review has been moved within the 'Impairment: Review of Sanctions for drink-driving' project and will be delivered in July 2015.</p>   |    |
| <p>The '100 highest-risk intersection' programme for state highways and local roads is launched and progressed</p>   | <p>All targets for this piece of work have been met.</p> <p>The Top 100 High Risk Intersections were identified and socialised through the media.</p> <p>The Programme has been approved and a number of these intersections have been included in the 2015-18 NLTP submission.</p> <p>Some high priority projects are already in progress.</p>  |  |



## Feature

### Safer Journeys partnership praised

The multi-agency programme delivering a very positive trend in road safety was praised recently by State Services Commissioner Iain Rennie.

In 2013, New Zealand recorded the lowest number of road deaths in over sixty years. The international measure of deaths per 100,000 of population reduced from 8.6 when *Safer Journeys* was launched in 2010, to 5.7 at the end of 2013. While this is still too high and there is no room for complacency, it is clear that with the sustained partnership effort, the focus on a safe system approach and the support of the NZ public, New Zealand is moving in the right direction to lessen the burden of serious road trauma.

Launched in 2010, *Safer Journeys* is the government's road safety strategy to 2020. It is a collaborative initiative of the National Road Safety Committee (NRSC), which core members include the Ministry of Transport, the NZ Transport Agency, NZ Police, the Accident Compensation Corporation and Local Government NZ. The Health, Education and Justice Ministries as well as Work Safe NZ are associate members.

"This is a very fine example of collective impact," said Mr Rennie. "Clearly, when government departments work together, they produce results that otherwise would not have been possible had they been working separately. This is the essence of Better Public Services," he added.

The programme is based on the international best practice safe system approach that aims to create a forgiving road system where a mistake does not cost a life or a limb. Strengthening every part of the system is at the heart of the approach: safer speeds, safer vehicles, safer road use and safer roads and roadsides.




*Members of the National Road Safety Management Group, Lisa Rossiter from NZ Transport Agency and Superintendent Carey Griffiths from NZ Police, challenging Auckland stakeholders recently to adopt the world leading safe system approach to save lives and reduce serious injuries*



With a vision of 'a safe road system increasingly free of death and serious injury', *Safer Journeys* has initiated hundreds of actions in the last few years. The NZ Transport Agency is proud to be instrumental in working with our partners and the New Zealand public to:

- improve safety for young drivers by raising the minimum driving age to 16, adopting a zero youth drink drive limit, and strengthening the licensing process;
- improve the safety of the vehicle fleet by encouraging people to buy the safest car they can afford;
- improve speed management by introducing variable speed limits outside schools and lowering the speed enforcement tolerance during holiday periods;
- target investment to risk to make high risk rural roads and high risk intersections more forgiving of human error;
- encourage safer road use by introducing alcohol interlocks, strengthening child restraint requirements and changing the give way rule;
- design and construct Roads of National Significance to a minimum 4 star KiwiRAP safety rating;
- change the road safety conversation through campaigns such as 'Legend' and 'Mistakes'; and
- improve the understanding of the safe system approach and empower sector staff to apply it every day by training over 1000 people in the Safe System in Practice course.

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

| Milestones for 2013/14  | What we achieved  | Result  |
|---|---|---|
| The vehicle licensing reform (VLR) changes are successfully implemented   | <p>Changes successfully progressed include:</p> <ul style="list-style-type: none"> <li>• WoF frequency for all vehicles registered since 1 January 2000 implemented.</li> <li>• CoF Variable Frequency implemented as of 1 July 2014.</li> <li>• CoF Service Delivery Model was approved and is scheduled for implementation 1 December 2014.</li> <li>• Public consultation of Administration fees as of 14 February 2014.</li> </ul>  |    |
| The 2013/14 Rules Programme is delivered to agreed time, cost and quality standards   | <p>The following items in 2013/14 Rules Programme have been delivered within the projected timeframes:</p> <ul style="list-style-type: none"> <li>• The Vehicle Standards Compliance Amendment Rule was signed in August 2013</li> <li>• The Omnibus Amendment Rules 2013 were signed in November 2013</li> <li>• Light-vehicle Brakes Amendment Rule was signed in June 2014</li> </ul> <p>Timeframes for the following items were delayed by or in consultation with Ministry of Transport:</p> <ul style="list-style-type: none"> <li>• Vehicle Dimensions and Mass Amendment Rule (submitted to the Ministry in June 2014 for signing)</li> <li>• The signing of the amendment to the Driver Licensing Rule (deferred until July 2014)</li> </ul> |    |
| Our 'world class regulator' business plan is successfully completed, and the structures and resources set in place and committed to ensure successful realisation | <p>Good progress has been made in Year 1 of implementation of the 'world class regulator' business plan. Uplift has been confirmed in four of the five performance areas, with results in the remaining area still to come in but looking positive. Our ambitious Business Change programme was achieved, but some planned items on our Continuous Improvement programme were re-sequenced or deferred.</p>   |  |

# KEY RESULT AREA 8: DELIVER HIGHWAY SOLUTIONS




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

**In this quarter:**




- Work undertaken on the National Resilience Programme Business Case is being used to inform the SHAMP programme of activities (page 45)
- Network resilience will be included in the draft 2015-18 investment assessment framework (page 45)
- SHAMP development is on track and in line with the NLTP timeframes (page 46)
- Delivery of the first Annual Plan under the new Maintenance and Operations operating model has resulted in significant savings in renewals (page 46)
- Roll-out of the single supplier delivery model is on track (page 46)

**Q4: Good results overall, with one RoNS to watch.**

**Objective 7: Greater resilience of the state highway network**

| Milestones for 2013/14  | What we achieved   | Result  |
|---|--|---|
| Operational network resilience policy adopted   | <p>The operational network resilience policy has been adopted.</p> <p>We have developed a National Resilience Programme Business Case (Resilience PBC), which identifies resilience issues on the State highway network, based on a one network approach, and recommends a national programme of prioritised activities.</p> <p>We have developed a programme of activities that will result in a state highway network that is more resilient over time. This programme has a planning focus for the next three years; implementation is further down the track.</p> <p>The programme business case is being included in the SHAMP Programmes of activities that will to be submitted for the next NLTP</p> |    |
| Business case for national interventions for natural disasters on the state highway network is completed              | The business case is complete and is on track to be reflected in the SHAMP.  |   |
| The review of our Investment and Revenue Strategy incorporates the new operating frameworks around network resilience | Network resilience will be included in the draft 2015-18 investment assessment framework that, once finalised, is expected to give effect to GPS 2015. The GPS is expected to be finalised late in the 2014 calendar year.   |  |

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

| Milestones for 2013/14   | What we achieved   | Result  |
|--|--|---|
| <p>The State Highways Asset Management Plan reflects agreed differentiated levels of service and realises the targeted cost efficiencies</p> <ul style="list-style-type: none"> <li>• Optimisation – confirm the work activity trade-offs and reach board endorsement &amp; SHAMP2 finalisation – a final optimised State Highways Asset Management plan</li> <li>• 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</li> </ul> | <p>The development of the SHAMP has progressed well. We are on track to have the programmes ready for the Board decision in August, which is in line with the NLTP timeframe.</p>  |    |
| <p>Maintenance and Operations (M&amp;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>The Maintenance and Operations Review has been a significant project for the Highways and Network Operations group during the year.</p> <p>The new operating structure is in place and recruitment has gone well.</p> <p>We have delivered the first Annual Plan under this operating model, which has resulted in significant savings in renewals.</p> <p>The roll out of the network outcome contracts is running on programme.</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>The first phase of the single supplier delivery model was successfully implemented, and the ensuing roll out programme remains on track.</p>  |  |

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




### In this quarter:

- Consents granted to construct the first section of the Pūhoi to Warkworth section of the Ara Tūhono Pūhoi to Wellsford (page 47)
- A request for increased funds will follow confirmation of Western Ring Route construction costs (page 47)
- More than half the entire Waikato Expressway is now either under construction or completed (page 47)
- The full length of the Tauranga Eastern Link is expected to be complete and open to traffic by the end of 2015, rather than 2016 (page 48)
- Resource consent for the Basin Reserve Bridge project has been declined by the Board of Inquiry (page 48)
- The remaining six sections of the Christchurch Motorways project are progressing well and in accordance with the current programme (page 48)

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

| Road of national significance | Milestones for 2013/14  | What we achieved   | Result  |
|-------------------------------|---|--|---|
| Pūhoi to Wellsford            | Pūhoi to Warkworth development                                  | <p>A significant project milestone was achieved in quarter one with the lodgement of the documentation and consents for the Pūhoi to Warkworth section of the new highway.</p> <p>The subsequent Board of Inquiry (BOI) hearing took place between 7 April and 5 June 2014.</p> <p>A draft decision has now been released by the EPA Board of Inquiry to grant consents to construct the first section of the Pūhoi to Warkworth section of the Ara Tūhono Pūhoi to Wellsford Road of National Significance.</p> <p>A business case is being developed explore the potential of a public-private partnership.</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 significant delays to their target completion date.</p> <p>The Great North Road interchange and SH16 Causeway have met planned milestones for the year. The Interchange has one ramp which completed in quarter four and another underway, which is slightly ahead of planned progress.</p> <p>The next key date is the tunnel boring machine breakthrough at the northern end, planned for late September 2014. Achieving this significant target requires the coordination of a number of critical activities, including the completion of the northern approach trench.</p>   |    |
| Waikato Expressway            | Under construction: Rangiriri and Cambridge<br>Ngaruawahia open | <p>Good progress has been made through this financial year. More than half the entire Waikato Expressway is now either under construction or completed.</p> <p><b>Ngaruawahia section</b> - This section was completed on time and budget, and opened by the Minister in December 2013, followed by a public walkover.</p> <p><b>Cambridge section</b> - In quarter one construction on this 16km section started and good progress has been made. The Cambridge visitor centre at the site office on Victoria Road was officially opened to the public in November 2013, with hundreds of visitors attending over the first two days.</p> <p><b>Rangiriri section</b> - Construction progress is good. Ground improvements and the bridge piling programme are on track.</p> <p>The programme is proceeding to plan and we expect to deliver all sections of the Waikato Expressway by 2019/20 within forecast expenditure.</p> |  |

Key result area 8 | Deliver highway solutions for customers

| Road of national significance       | Milestones for 2013/14   | What we achieved  | Result  |
|-------------------------------------|--|---|---|
| <b>Tauranga Eastern Link (TEL)</b>  | Under construction   | <p>The construction of the Tauranga Eastern Link (TEL) has progressed smoothly through 2013/14 and is running ahead of the original expected completion date.</p> <p>A number of sections of the road are open to traffic and are operating satisfactorily.</p> <p>The full length of the TEL is expected to be complete and open to traffic by the end of 2015, rather than 2016.</p>  |  |
| <b>Wellington Northern Corridor</b> | <p><b>Under construction:</b><br/>MacKays to Peka Peka. Transmission Gully enabling and procurement</p> <p><b>In design:</b><br/>Basin Reserve improvements<br/>Peka Peka to Otaki</p>   | <p>Three of the eight sections of the Wellington Northern Corridor are now in construction.</p> <p><b>MacKays to Peka Peka</b> – Construction progressing to plan. A new public information centre was opened by the Associate Transport Minister in June.</p> <p>The <b>Tunnel to Tunnel</b> section progresses well. The Memorial Park tunnel is now enclosed and the project is on schedule for the April 2015 opening.</p> <p>Construction of <b>Transmission Gully</b> is planned to start in 2014/15.</p> <p>Resource consent for the <b>Basin Reserve Bridge</b> project has been declined by the Board of Inquiry.</p>  |  |
| <b>Christchurch Motorways</b>       | <p>Stage 2 in design</p> <p><b>Under construction :</b><br/>Harewood Road to Yaldhurst Road four-laning<br/>Sawyers Arms to Wairakei (Harewood) Road four-laning</p> <p><b>In design:</b><br/>Groynes to Sawyers Arms four-laning<br/>Western Belfast Bypass</p> | <p>The remaining six sections of the Christchurch Motorways project are progressing well and in accordance with the current programme.</p> <p>Some sections are now open to traffic. Much of the Sawyers Arms to Harewood section route is open to traffic. On the Waterloo to Yaldhurst section, traffic between Buchanans and Yaldhurst is now running on the newly constructed western carriageway.</p> <p><b>Western Corridor</b> - 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.</p> <p><b>Southern Corridor</b> - The 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. We are planning on tendering the construction phase in mid 2015/16.</p> |  |

# KEY RESULT AREA 9: MAXIMISE RETURNS FOR NZ



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

In this quarter:

- Progress has been made on revising conditions around short-term borrowing facilities (page 49)
- There has been a sub-optimal delivery of the Canterbury rebuild work programme (page 50)
- The draft Integrated Transport Programme in Auckland has progressed to the point where it can provide the strategic context for the next RLTP and LTP (page 50)
- The Transport Agency has proactively engaged with the MoT to support the development of the GPS (page 50)
- Planning and investment signals have been presented across the country (page 51)
- Implementation of PTOM in the major centres is progressing well with strong working relationship having been established (page 52)
- Progress on Transmission Gully has been good, with construction expected to start in early 2014/15 (page 52)
- Aspects of Puhoi to Wellsford's procurement as a PPP have been delayed in order to incorporate the learnings from Transmission Gully (page 52)




**Q4: Good results overall, with one area 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  | What we achieved  | Result  |
|---|---|---|
| Refer to Key Result Area 5: Efficient road maintenance investment and delivery on page 33.  |   |   |
| Adjust 2012–15 NLTP investment to match revenue to deliver maximum returns  | <p>The National Land Transport Fund (NLTF) Cash-flow Advisory Group monitored NLTF revenue and expenditure, as well as use of the NLTF short-term borrowing facilities. Decisions recommended included the deferral of drawing down Tauranga Eastern Link tolling debt to 2014/15 to better utilise available funding in 2013/14, as well as the decision not to draw down any of the \$100M temporary debt facility for the July 2014 claims spike.</p> <p>Some progress has been made by the Ministry of Transport to advance the case to Cabinet for revising conditions around the short-term borrowing facilities. The risk to the 2014/15 state highway improvements programme is around \$70M and it will become increasingly difficult to respond to a negative decision the longer it is delayed.</p> <p>Overall performance in matching expenditure to available revenue is reasonable. Expenditure by local authorities is down on plan and we have transferred the funding freed up by the under-spend to state highway improvements. The Highways and Network Operations group has done its best to utilise this funding, but ran out of time to invest all of it.</p> |    |
| Deliver Stronger Christchurch Infrastructure Rebuild Team (SCIRT) value and report<br><i>(Note: shared milestone with CERA and CCC)</i> | <p>Stronger Christchurch Infrastructure Rebuild Team (SCIRT) has delivered a draft value report to the Horizontal Infrastructure Governance Group (HIGG) for consideration. HIGG is developing a response to the SCIRT draft with a view to having a whole of rebuild programme monitoring report including a measure of the value of SCIRT completed by the end of the first quarter of 2014/15.</p> <p>The unit rates report has been received by HIGG and the Office of the Auditor-General briefed on the findings. HIGG has commissioned an independent review of the findings - due in the first quarter of 2014/15.</p>  |  |




Key result area 9 | Maximise returns for New Zealand

| Milestones for 2013/14  | What we achieved   | Result  |
|---|--|---|
| <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 work programme for the year has achieved 90% of target set for the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) alliance and 60% of the Christchurch City Council delivered programme. Due to the difficulties in optimising the rebuild programme and resolving a number of issues with residential red zone land there has been a sub-optimal delivery of planned works.</p> <p>The quarter four work programme is under review in tandem with whole of programme capital optimisation works. The audit programme is on track. CERA has commissioned independent review of the audit programme has yet to be presented to the Horizontal Infrastructure Governance Group (HIGG). HIGG has implemented a new management structure (the Horizontal Infrastructure management team - HIMT) which includes a dedicated resource focussed on monitoring and performance. HIMT has been working with the three clients and SCIRT to complete a full review of all audit workstreams and is providing guidance to HIGG on the future direction and focus of the audit programme as it awaits the independent review report.</p> <p>Optimisation is now finalised. Although the process for the forward work programme has been challenging and constrained, we anticipate its successful resolution as targets are now being set for the remainder of the work programme.</p> |    |
| <p>Contribute to the completion of the second version of the Auckland Integrated Transport Programme</p>  | <p>Auckland Transport's ITP 2015 has progressed in development, with Transport Agency support and guidance, to the point where a draft ITP has been prepared which can be relied upon with some confidence, to set the strategic context for the next RLTP and LTP.</p> <p>Adoption of the better business case approach, the development of an investment logic map, and the creation of a transport and investment calculator which is transparent have all been delivered. These underpin the ability to reflect a prioritised programme which not only demonstrates the link between the ITP Strategic Framework to the Transport Agency's Investment and Revenue Strategy, but also demonstrates an ability to deliver more with less capital investment than previously identified.</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>During the year we have engaged with the MOT to provide data and analysis to support the development of the GPS. As at year end, a draft GPS had been released for public engagement with a closing date for submissions of 11 August 2014.</p>   |  |

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

| Milestones for 2013/14  | What we achieved  | Result  |
|---|---|---|
| <p>Complete the review of the funding assistance rate system</p>  | <p>The Board will make initial policy decisions around the Funding Assistance Rate (FAR) policy. The Board has extended the timeline for completion of the review to address further matters, e.g. updating model inputs and Special Purpose Roads (SPR). These remaining matters are to be reported back to the Board in October.</p> <p>Regional teams have followed up with Approved Organisations (AOs) as appropriate to explain FAR framework and Board decisions to date.</p> <p>We have had an initial meeting with the Department of Conservation (DOC) to discuss the impact of the FAR review, with further discussion planned for first quarter of 2014/15.</p> <p>Project team currently progressing matters such as updating FAR model inputs, recalculating options, emergency work operational policy and approach to administration funding guidance for report back to Board in October.</p> <p>Project team supporting regions to work with AOs to determine transitional arrangements for SPRs.</p> |  |
| <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> | <p>The second set of planning and investment signals were successfully released in May. The Journey Approach and broader signals were presented to the Waikato/Bay of Plenty Joint RTC meeting in June, signals were delivered to each Regional Advisory Group and Technical Advisory Group all over the country. Regional council staff form part of our internal National Land Transport Programme (NLTP) project team with Planning and Investment staff embedded in influential roles in project governance for both Regional Land Transport Programmes (RLTPs).</p> <p>The draft outcomes modelling tool is complete and testing is underway.</p>  |  |

| Milestones for 2013/14  | What we achieved  | Result  |
|---|---|---|
| <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>The complexity of the Public Transport Operating Model (PTOM) implementation became very clear during the 2013/14 year. The three metros and provincial towns and cities have all been reviewing and re-designing their networks and public transport services to ensure they meet regional needs. Similarly they have been renewing their procurement approaches to include PTOM partnering requirements.</p> <p>We have established strong working relationships with Auckland Transport (AT), Environment Canterbury (ECan) and Greater Wellington Regional Council (GWRC), with a marked improvement recently with the latter.</p> <p>AT has completed the details of its new procurement approach and will be going out for its first competitive bus tenders in the first half of the 2014/15 year.</p> <p>ECan will be ready to tender and negotiate new bus operator partnering contracts in 2015. Both AT and GWRC are looking to enable competition in the market by ensuring opportunities for operators to consider both rail and bus opportunities, which affect the timing of bus contract tenders in Wellington.</p> <p>AT and GWRC are working closely to gain efficiencies from their parallel rail services procurements, starting in the first half of the 2014/15.</p> |  |

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

| Milestones for 2013/14   | What we achieved   | Result  |
|--|--|---|
| <p>Develop and assess procurement of Transmission Gully as a PPP</p>             | <p>Media following the announcement of the signing of the contract has been very positive. Planning is underway for construction commencement onsite within the next few months which will include enabling works such as site office establishment, site access and fencing.</p> <p>The construction is on track to start in early 2014/15.</p> |  |
| <p>Assess business case for procurement of Puhoi to Wellsford (P2W) as a PPP</p> | <p>The procurement strategy is complete, but we have delayed other aspects of the Puhoi-Wellsford Programme so we can incorporate the learnings from Transmission Gully.</p>   |  |

# NLTF INVESTMENT ASSURANCE

**Our aim is to provide assurance about the performance of the Transport Agency's land transport investments**

In this quarter we have:

- completed all of the six investment audits planned for the quarter.

(This report also summarises the findings of four audits done in the third quarter after the reporting deadline for that quarter's report. These audits are marked with an asterisk \*)

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








## Q4: Investment Audits

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


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

| Auditee  | NZTA Investment value (2012/15 NLTP) | Key findings summary  | Result |
|--|--------------------------------------|---|--------|
| Whangarei District Council                                   | \$40.0 million                       | Whangarei District Council has good management procedures in place for the effective delivery of its land transport programme. Over the past year it has had some relief from doing emergency works to fix bad storm damage.  | ●      |
| Auckland Transport*<br>(Central region technical audit only) | \$1,041.4 million                    | <p>Given the large size and scale of Auckland Transport's operations, the Transport Agency's investment assurance activities each year target various parts of its operations. This technical audit focused on the inspection of one of four road corridor maintenance areas - the Central region- and assessed network management performance and asset management.</p> <p>The condition of the road network in the Central region was very good. However, it is noted that Auckland Transport carries out significant additional works that are not funded through the National Land Transport Programme.</p> <p>Auckland Transport is organised by activity and at several different locations. This has created a silo structure presenting some communication challenges internally. Gaps in communication may be leading to an increase in maintenance and operating costs. Management is aware of this issue and is considering how to improve communication between teams. At the time of the audit there had been some attempts to educate staff about the wider long-term impact of their activities.</p> <p>Asset management is carried out at a strategic level by a dedicated team. Auckland Transport plans to enhance its Asset Management Plan to enable better consultation with ratepayers and councillors, in relation to the potential impact of funding constraints on levels of service. However, communication of objectives and intervention levels to operational staff was not sufficiently detailed to ensure consistency.</p> | ●      |
| Matamata-Piako District Council                              | \$15.7 million                       | Matamata-Piako District Council has good processes in place to ensure it is getting value for money from its land transport programme. The Council has undertaken to address an issue of not correctly allocating its in-house professional services against work categories. Addressing this issue will help the council calculate the actual costs of running these services.   | ●      |

NLTF investment assurance

| Auditee                                    | NZTA Investment value (2012/15 NLTP) | Key findings summary  | Result  |
|--|--------------------------------------|---|---|
| Western Bay of Plenty District Council     | \$19.4 million                       | <p>Western Bay of Plenty District Council needs to improve its audit trail between its general ledger and its financial claims made to the Transport Agency. This will help ensure all eligible expenditure is claimed correctly from the Transport Agency in a timely manner.</p> <p>A project design error in a road reconstruction project resulted in a substantial cost blow-out. The Council has learnt lessons from this, including amending its processes for seeking funding approval from the Transport Agency.</p>   |    |
| Whakatane District Council*                | \$17.6 million                       | <p>Whakatane District Council has improved its capability for delivering its land transport programme. It has brought some professional services activities back in-house and strengthened its consultant relationships by forming a joint management team. Some areas for ongoing improvement identified include strengthening its compliance with the Transport Agency's approved procurement procedures and improving the quality of its recording of information in its road assets database. In particular, better recording of faults on the network can help identify any dominant issues and target maintenance and preventative work.</p>                                |    |
| Hawke's Bay Regional Council               | \$7.2 million                        | <p>Several areas for improvement were identified for Hawke's Bay Regional Council's management of public transport services. An over-claim to the Council of nearly \$390,000 relating to SuperGold income was found. There was also significant overcharging to the Council of \$150,000 by the provider of bus services. The Council needs to address its minimal monitoring of patronage, especially with the SuperGold scheme.</p>  |    |
| Palmerston North City Council*             | \$13.3 million                       | <p>Palmerston North City Council has greatly improved its business systems and asset management procedures since the previous audit, in 2009. Value for money options are now being routinely considered as part of the Council's forward planning. Some minor issues with its procurement processes were identified, but these are low risk.</p>   |    |
| Highways & Network Operations Marlborough* | \$28.9 million                       | <p>Highways &amp; Network Operations Marlborough delivers its work programme through Marlborough Roads, which also manages Marlborough District Council's land transport programme (except for its public transport services - see next summary). Marlborough Road's management processes and administration systems are consistent with Transport Agency requirements and it is effectively monitoring network condition.</p> <p>Evidence seen during the audit suggested the administration fee charged by Marlborough Roads to Marlborough District Council may not include all associated costs. Highways &amp; Network Operations Marlborough has agreed to review this.</p> |    |
| Marlborough District Council*              | \$17.0 million                       | <p>Marlborough District Council's management of its small public transport service, SuperGold and Total Mobility schemes is fit for purpose. There is limited oversight of the local bus contract, focussing mainly on monitoring complaints and monthly comparative data analysis. But with a daily average of only 84 passengers using the service there is minimal risk to be managed.</p>   |  |
| Timaru District Council                    | \$22.0 million                       | <p>A collaborative approach between Timaru District Council and neighbouring local authorities has achieved efficiencies with roading asset management. The council continues to demonstrate good asset management practices and has well established procedures to support delivery of its land transport programme.</p>   |  |

## NLTF investment assurance



| Auditee                    | NZTA Investment value (2012/15 NLTP) | Key findings summary   | Result  |
|----------------------------|--------------------------------------|--|---|
| Southland District Council | \$39.5 million                       | Southland District Council has significantly improved its land transport management practices since the previous audit (in 2009). Notable improvements include in-house management capability and accounting systems aligned with operational activities. One improvement required is better process management with its minor improvements programme. |  |

\* Audit was completed in Q3, but after the reporting deadline for that quarter's report.


## Q4: Post Implementation Reviews

Assessing how well completed projects have delivered their main expected benefits and identifying lessons learned to make business improvements.





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

| Project and responsible organisation  | Key findings summary   | Result  |
|---|--|---|
| Bethlehem Township Improvements – Highways & Network Operations Bay of Plenty<br>((\$2.5 million; completed in December 2010) | <p>This project widened State Highway 2 through Bethlehem township (Tauranga) from two to four lanes to improve traffic flows and reduce congestion. It was done in conjunction with a Tauranga City Council project to build a new roundabout at the western end of the township.</p> <p>Comparison of before and after project travel time surveys show the increased highway capacity through Bethlehem has not produced any travel time improvements. It appears traffic merging required at the roundabouts at each end of the township retards traffic flow. However, not widening the highway after Tauranga City built its new roundabout would likely have exacerbated the pre-existing congestion issues.</p> <p>This project was efficiently implemented three months ahead of schedule at a cost marginally less than its \$2.5 million funded cost. It was an early example of close collaboration between the Highways &amp; Network Operations group and another road controlling authority (Tauranga City Council). This helped produce the efficient construction of two adjacent projects and reduced disruption to the local community.</p> |    |
| Lake Road Widening – Auckland Transport<br>((\$16.5 million; completed in May 2011)   | <p>This project was undertaken on a section of Lake Road in Auckland which channels traffic between the Devonport Peninsula and Takapuna, with significant turning movements to and from the Auckland Harbour Bridge and the SH1 northern motorway. The review found the project achieved its expected benefits of reduced congestion, improved public transport travel times, and enhanced safety.</p> <p>The project was completed within the originally estimated timescale and within the cost estimate of \$16.5m.</p> <p>The review recommended improvements in the quantification of intended outcomes and associated monitoring arrangements.</p>  |  |

### For the 2013/14 year we have:



-  completed nine of the 12 post implementation reviews planned for the year. The remaining three reviews have been delayed to the first quarter of 2014/15 due to resource constraints and difficulty obtaining information for one of the projects.

NLTF investment assurance

| Project and responsible organisation   | Key findings summary  | Result  |
|--|---|---|
| <p>Manukau Harbour Crossing – Highways &amp; Network Operations Auckland</p> <p>(\$213 million; completed in September 2010)</p> | <p>This was a 4.7 km motorway duplication project on SH20 in Auckland as part of an overall strategy to develop a continuous western route between SH1 and SH16. The construction period for this overlapped with the adjacent Mount Roskill project.</p> <p>The project improved safety and reduced travel time, although traffic volumes were 31% less than forecast in the year after opening (2011).</p> <p>The project was completed seven months ahead of schedule. This contributed to the project costing 8% less than originally estimated.</p> <p>The review recommended better identification of intended outcomes and an assessment of forecasting techniques to explain the reason for overestimation of traffic demand.</p>   |    |
| <p>Mill Street Intersection Upgrades – Hamilton City Council</p> <p>(\$1.1 million; completed in May 2010)</p>                   | <p>This was an improvement of the Mill Street ‘cross city connector’ in Hamilton and its intersections with three key radial routes. The review found the project achieved its objectives to: reduce crashes (by much more than anticipated), reduce peak period traffic delays, re-route traffic away from sensitive sections of the Victoria Street approach to the central business district, and improve cycling facilities.</p> <p>The project was completed in two phases, separated by a monitored trial of proposed traffic management measures, which is good practice. The outturn cost for the project was within the original estimate of \$1.07m.</p> <p>The review recommended improvements in the identification and quantification of project outcomes.</p>   |    |
| <p>Mt Roskill Extension – Highways &amp; Network Operations Auckland</p> <p>(\$224 million; completed in May 2009)</p>           | <p>This project extended SH20 in Auckland by 4.5km as part of an overall strategy to create a continuous western route between SH1 and SH16 as an alternative to the southern motorway and the local road network.</p> <p>The project has improved safety significantly and reduced travel times in line with forecasts. Traffic volumes were 9% less than forecast in the year after opening (2011).</p> <p>The project cost 20% more than budgeted, mainly as a result of it being completed a year later than planned due to a need to undertake additional legislative and consultation procedures.</p> <p>The review found that funding conditions for post implementation monitoring had only been partly completed. Funding conditions should be adhered to. The review recommended improvements in post implementation monitoring and associated reporting.</p> |    |
| <p>Portobello Road at Vauxhall Widening – Dunedin City Council</p> <p>(\$1.2 million; completed in August 2011)</p>              | <p>This project is part of an overall package of measures to improve Portobello Road, the Otago Peninsula coast road. Expected project benefits have been achieved. These include increased resilience of the road by renewal of its seawall protection, and improved safety. Potential perceived safety and usage barriers to walking and cycling along the coastal road have been reduced by the provision of new walking and cycling facilities.</p> <p>The project was completed on time and within its budgeted cost of \$1.15m.</p> <p>Improvements in before and after monitoring were recommended by the review, together with clearer linkages between the project and other related elements of the coast road improvement package.</p>   |  |







NLTF investment assurance

| Project and responsible organisation   | Key findings summary   | Result  |
|--|--|---|
| <p>Ruby Bay Bypass SH60 – Highways &amp; Network Operations Wellington (Tasman)</p> <p>(\$27.6 million; completed in September 2010)</p> | <p>This project is a state highway bypass of the former SH60 coastal route via Ruby Bay in Tasman District. The review found the project achieved its outcomes to improve travel times and safety (both by more than forecast). It has also relieved the coastal road of traffic pressures, helped facilitate new development, and assist walking and cycling activity. The bypassed coastal route was revoked on completion of the project and was rebranded as a tourist route with lower speed limits.</p> <p>Favourable summer and autumn weather conditions for road construction and sealing contributed to the bypass being completed six months earlier than scheduled and \$2.5m less than budgeted.</p> <p>The review recommended improvements in forecasting techniques, especially the need for associated traffic modelling, and better monitoring of project outcomes.</p>   |  |
| <p>Twin Streams Walk and Cycleway – Auckland Transport</p> <p>(\$10.6 million; completed in mid-2010)</p>                                | <p>This project created a 9.6km network of mainly off-road walk and cycleways, with some on-road connections, centred along the reserves of two streams and their tributaries in Henderson, west Auckland.</p> <p>The project has successfully achieved its overall objective of providing safe, good quality facilities that encourage walking and cycling. This is reflected in the project winning national awards in 2009 for both best cycle facility and best practice walking facility.</p> <p>A specific project objective to improve dedicated walking and cycling access to local rail stations has also been achieved. But linkages between sections of the walk and cycleways and the wider regional cycling network are weaker than envisioned in parts – especially to the town centres of Henderson and Glen Eden. This was due to an inability to secure some relevant property acquisitions (with a policy decision also ruling out consideration of compulsory property acquisition). This review also found that navigation of the walk and cycleways, including to key destinations, would benefit from more intuitive and informative signage.</p> <p>The Twin Streams project was completed in stages aligned to different parts of the stream reserves between 2007 and mid-2010. The overall project cost was \$10.6 million, of which the Transport Agency was a minority investor. An Infrastructure Auckland grant of \$7.2 million provided the bulk of the project’s funding. This was supplemented by additional funding of \$1.6 million by Auckland Transport and \$1.8 million by the Transport Agency.</p> |  |

## Q4: Stronger Christchurch Infrastructure Rebuild Team (SCIRT) Audits

The Transport Agency's Investment Assurance team has led the development of an audit framework to provide assurance that the Christchurch infrastructure rebuild programme is being well managed and delivering value for money. The framework has allocated sixteen audits across Christchurch City Council, the Transport Agency, and the Canterbury Earthquake Recovery Authority (CERA). The key findings from four completed audits are summarised here. Their findings have been presented to the Horizontal Infrastructure Governance Group (HIGG). The remaining audits have started and are at various stages of the review process.

| Audit topic   | Key findings summary  | Result  |
|---|---|---|
| Cost Apportionment<br>(Lead - Transport Agency)   | Cost apportionment between funding clients is working well. There are a few issues at individual project level around the consistency of information. We recommended improvements to address these issues. We also recommended that the Christchurch City Council uses SCIRT data to more accurately estimate the apportionment of costs across asset types at an earlier stage.<br><br>Processes tend to get complicated and vulnerable to errors where non-rebuild activities are carried out by SCIRT. This is subject to a separate review within the audit framework.  |    |
| Prioritisation Process<br>(Lead - Transport Agency)   | Prioritisation was introduced to aid scoping of rebuild projects and determine priority for earliest assessment and design. The process is working well and being applied as documented.<br><br>A key lesson for the wider industry is the importance of sound pre-event planning and the value it adds to the event response phase, particularly when considering the interaction or trade-offs across different assets.   |    |
| Pain/gain Reporting<br>(Lead - Christchurch City Council)                                     | Pain/gain is currently calculated and forecast manually on a monthly basis. It is used by contractors to drive better performance in order to secure future work. It relies heavily on estimated "Cost to Complete" projects provided by contractors. There are moves to automate the process but there was a lack of documentation about how this will be done.<br><br>There is currently no reporting provided to the Horizontal Infrastructure Governance Group (HIGG) or SCIRT Board that considers the pain/gain payment allowances each client organisation needs to make at the conclusion of the SCIRT programme. We recommended that the HIGG should ensure the clients have a discussion around the timing and split of the pain/gain payment. Recommendations were also made relating to the treatment of low value work scope changes and documenting the pain/ gain calculation process. |    |
| Claims Verification and the Flow of Money Through SCIRT<br>(Lead - Christchurch City Council) | A review of a sample of monthly contractors' claims were tested against the key SCIRT controls and all were found to be correctly processed and authorised. Recommendations were made related to updating SCIRT's documented procedures and improving the verification of payments with better use of available data.   |  |

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# **FINANCIAL & SERVICE DELIVERY RESULTS**

# FINANCIAL PERFORMANCE

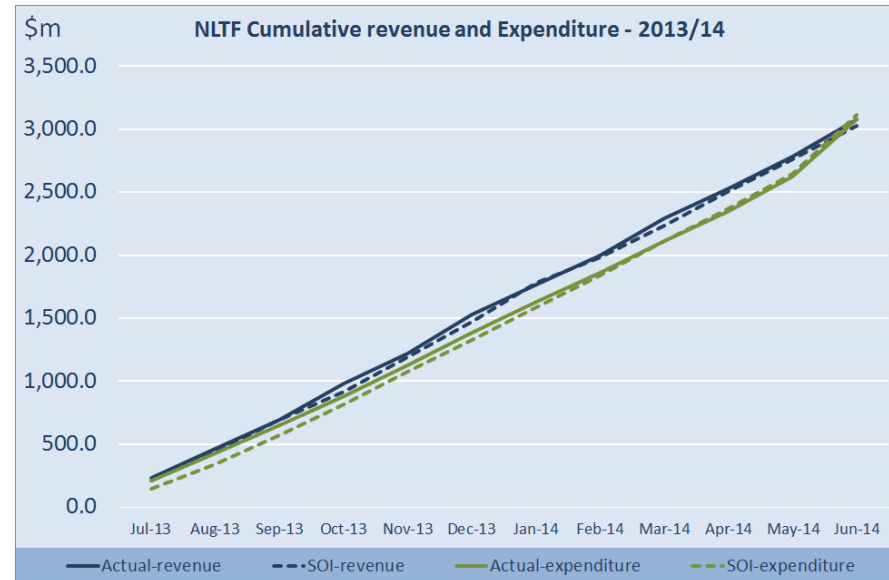
**Note:** The financial results of the NLTF and the NZ Transport Agency are still to be audited

## National Land Transport Fund (NLTF)

Revenue ended 2% ahead of budget (\$55m). FED revenue is in line with budget. Together RUC and MVR revenue are 4% above forecast. This is largely attributable to higher MVR registrations, with increased light RUC sales being the main driver for the RUC favourable variance. **Property disposal** has exceeded budget by \$12.3m (17%) with a number of large property transactions settling in June. The June disposals tallied \$27m, with two significant property transactions (Hobsonville Domain and a dairy farm at Taupiri) each selling for \$5.5m.

**The most significant outflow**, the distributions to the National Land Transport Programme, is \$74m above budget. This is largely due to the request to accelerate State Highways expenditure into the current year to balance the overall NLTP expenditure targets. NZ Police expenditure is in line with budget.

**The result of the above is a net deficit of \$0.6m (\$18.9m below budget).**



### National Land Transport Fund - Statement of comprehensive income for the twelve months ended 30 June 2014

|  | Year end         |                  |                   |               | Prior Year<br>2012/13<br>\$000 |
|--|------------------|------------------|-------------------|---------------|--------------------------------|
|  | Actual<br>\$000  | Budget<br>\$000  | Variance<br>\$000 | %             |                                |
| <b>Income inflows</b>                          |                  |                  |                   |               |                                |
| Land transport revenue - FED                   | 1,585,887        | 1,589,895        | (4,008)           | (0%)          | 1,529,209                      |
| Land transport revenue - RUC and other revenue | 1,392,469        | 1,344,348        | 48,121            | 4%            | 1,237,793                      |
| Management of Crown land and interest          | 101,837          | 90,600           | 11,237            | 12%           | 95,334                         |
|  | <u>3,080,193</u> | <u>3,024,843</u> | <u>55,350</u>     | <u>2%</u>     | <u>2,862,336</u>               |
| <b>Outflows</b>                                |                  |                  |                   |               |                                |
| NZ Transport Agency/NLTP                       | 2,774,132        | 2,699,899        | (74,233)          | (3%)          | 2,525,660                      |
| NZ Police                                      | 306,667          | 306,667          | 0                 | 0%            | 279,740                        |
|  | <u>3,080,799</u> | <u>3,006,566</u> | <u>(74,233)</u>   | <u>(2%)</u>   | <u>2,805,400</u>               |
| <b>Net surplus/(deficit)</b>                   | <b>(606)</b>     | <b>18,277</b>    | <b>(18,883)</b>   | <b>(103%)</b> | <b>56,936</b>                  |

## New Zealand Transport Agency (NZTA) Expenditure

● Total NZTA expenditure is \$18.5m (1%) under budget.

● NZTA operating expenditure is \$5.0m (2%) over budget due to increased commission and transaction costs associated with higher driver testing volumes. However, this is offset by increased revenue (\$5.9m).

- **Personnel costs \$2.4m under budget**

This underspend is due to lower than budgeted staffing levels, which is offset by a \$2.5m over-spend in professional services costs, primarily relating to A&U projects.

- **Operating expenses \$7.3m over budget**

This over-spend is mainly driven by commission and transaction costs (\$7.3m) associated with higher motor vehicle registration, driver testing and licensing volumes (which also generate increased revenue). The remainder of the variance is essentially made up of an over-spend in professional services (see above). This is partially offset by lower IT costs, associated with delays in projects such as Vehicle Licensing Reform and RUC Trade Plates, as well as lower advertising costs, due to timing of work (with the balance of the associated NLTP funding being carried forward into the 2014/15 year).

## Overall expenditure is 1% lower than budgeted

(This table excludes State Highway depreciation/asset write off)

Total expenditure on land transport including NZTA operating expenditure for the twelve months ended 30 June 2014

|  | Year end         |                  |               |           |
|--|------------------|------------------|---------------|-----------|
|  | Actual           | Budget           | Variance      |           |
|  | \$000            | \$000            | \$000         | %         |
| <b>NZTA contributes to:</b>              |                  |                  |               |           |
| Managing state highways                  | 1,756,382        | 1,693,865        | (62,517)      | (4%)      |
| Planning and investing in land transport | 1,115,398        | 1,203,659        | 88,261        | 7%        |
| Access to the land transport system      | 157,155          | 149,872          | (7,283)       | (5%)      |
| <b>Total expenditure</b>                 | <b>3,028,935</b> | <b>3,047,396</b> | <b>18,461</b> | <b>1%</b> |

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

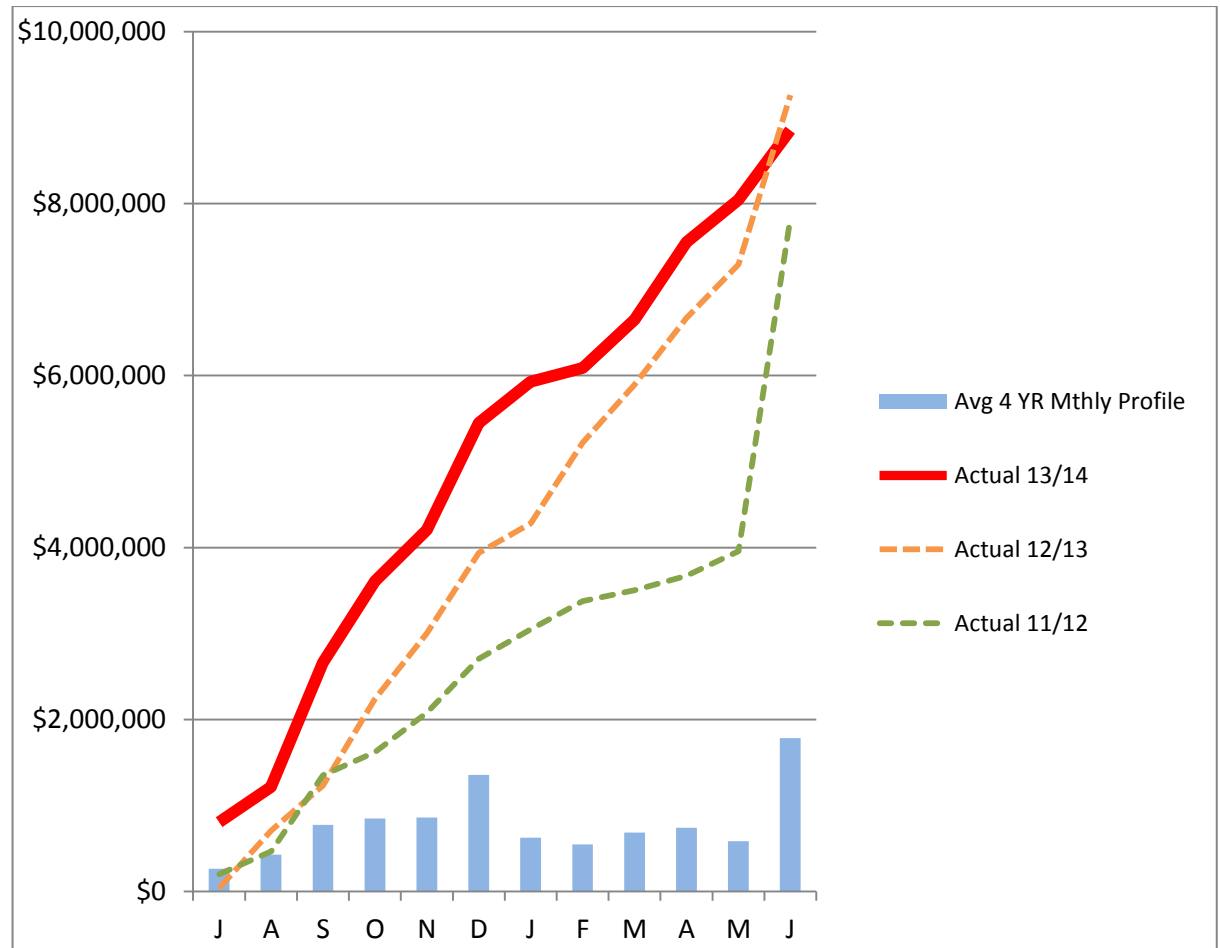
NZTA operating expenditure for the twelve months ended 30 June 2014

|                                       | Year end       |                |                |             |
|---------------------------------------|----------------|----------------|----------------|-------------|
|                                       | Actual         | Budget         | Variance       |             |
|                                       | \$000          | \$000          | \$000          | %           |
| <b>Our expenses classified by:</b>    |                |                |                |             |
| Personnel costs                       | 114,540        | 116,920        | 2,380          | 2%          |
| Operating expenses                    | 150,224        | 142,895        | (7,329)        | (5%)        |
| Depreciation and amortisation expense | 8,657          | 8,566          | (91)           | (1%)        |
| <b>Total expenditure</b>              | <b>273,420</b> | <b>268,381</b> | <b>(5,039)</b> | <b>(2%)</b> |

## Capital Programme

- The 2013/14 spend on capital projects was **\$8.9m** (74%) against the approved project budget of **\$12m**.
- The larger projects in the **\$8.9m** spend included:
  - SAP - \$3.1m (100% spent)
  - The IS Refresh programme - keeping hardware current - \$1.9m (100% spent)
  - NZTA Interchange - central payment collection system - \$0.4m (100% spent)
  - Geospatial - \$1.3m spent with \$0.2m of budget remaining
  - Wireless Phase 2 - \$0.4m spent with \$0.1m of budget remaining
  - VLR (WoF & CoF) - \$0.6m spent with \$0.8m of budget remaining
- Delayed projects include the RUC Assessment Payments project, (\$2.2m of delayed costs) and Time Limits on Driver Licences project (\$0.7m of delayed costs).
- In addition to the delays identified above, underspends in a number of other smaller projects resulted in a total carry forward of **\$3.1m** of project funding.

This graph shows capital programme spend for the twelve months ended 30 June 2014. It also includes previous years actual capital spend for comparison.



## Access & Use

The surplus of \$8.8m puts A&U ahead of its budget deficit of \$1.1m.

- **Access & Use revenue is \$17.2m (12%) above budget.**
- Driver licensing and testing:** Driver licensing and testing revenue is \$8.7m 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 \$3.0m ahead of budget. Unbudgeted project related recoveries contribute \$1.8m to the variance and are offset with project related expenses. Revenue from plates and registrations reflects another strong month for imported new and used car arrivals into New Zealand. The strong New Zealand dollar, competitive pricing and New Zealanders' confidence that the economy is improving has contributed to the strong market for commercial vehicles.
- Road User Charges:** A total of \$19.9m was appropriated in the year to cover the ongoing administration costs associated with this output class in addition to ensuring the financial stability of the Transport Agency's IT systems responsible for the collection of road user charges as it moves to third party fee revenue in the next financial year.
- Standards development levy and transport licensing fees:** Revenue is \$0.6m ahead of budget mostly due to higher than expected volumes of annual levies processed from passenger and goods transport service licence holders.
- Vehicle certification and other memo accounts:** Revenue is \$1.1m 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).
- Tolling:** Revenue is \$0.4m higher than budget due to a higher than anticipated number of tolling trips made during the year.

### Access to the land transport system – Financial results for the twelve months ended 30 June 2014

|   | Year end       |                |                |             |
|---|----------------|----------------|----------------|-------------|
|   | Actual         | Budget         | Variance       |             |
|   | \$000          | \$000          | \$000          | %           |
| <b>Income</b>                                   |                |                |                |             |
| Motor vehicle registration                      | 56,740         | 53,700         | 3,040          | 6%          |
| Driver licensing & Driver testing               | 53,788         | 45,100         | 8,688          | 19%         |
| Standard development levy & Transport licensing | 14,294         | 13,700         | 594            | 4%          |
| Vehicle certification - WoF                     | 5,728          | 5,215          | 513            | 10%         |
| Vehicle certification - CoF & Other             | 2,225          | 2,185          | 40             | 2%          |
| Other   | 2,319          | 1,820          | 499            | 27%         |
| Subtotal - Memo accounts                        | 135,093        | 121,720        | 13,373         | 11%         |
| RUC collection, investigation, and enforcement  | 19,936         | 17,046         | 2,890          | 17%         |
| Tolling   | 6,056          | 5,696          | 360            | 6%          |
| Other   | 4,867          | 4,282          | 585            | 14%         |
| Subtotal - Other                                | 30,858         | 27,024         | 3,834          | 14%         |
| <b>Total income</b>                             | <b>165,952</b> | <b>148,744</b> | <b>17,208</b>  | <b>12%</b>  |
| <b>Expenditure</b>                              |                |                |                |             |
| Staff   | 36,564         | 37,526         | 962            | 3%          |
| Commissions                                     | 47,844         | 41,594         | (6,250)        | (15%)       |
| Transactions                                    | 19,485         | 18,392         | (1,093)        | (6%)        |
| Information Technology                          | 14,491         | 15,277         | 786            | 5%          |
| Advertising, PR & Media                         | 970            | 962            | (8)            | (1%)        |
| Professional Services                           | 7,271          | 3,929          | (3,342)        | (85%)       |
| Other   | 7,701          | 9,457          | 1,756          | 19%         |
| Overhead - Accommodation costs                  | 4,114          | 3,818          | (296)          | (8%)        |
| Overhead - Corporate                            | 16,280         | 16,412         | 132            | 1%          |
| Overhead - Regional office                      | 2,321          | 2,393          | 72             | 3%          |
| Overhead - Regional Directors                   | 114            | 112            | (2)            | (2%)        |
| <b>Total expenditure</b>                        | <b>157,155</b> | <b>149,872</b> | <b>(7,283)</b> | <b>(5%)</b> |
| <b>Net surplus/(deficit)</b>                    | <b>8,797</b>   | <b>(1,128)</b> | <b>9,925</b>   | <b>880%</b> |



## Access & Use [continued]

● Access & Use expenditure is \$7.3m (5%) over budget.

- **Personnel costs** were under budget by \$1m due to lower than anticipated staffing levels.
- **Commission charges** are \$6.3m over budget mainly due to higher than budgeted driver testing volumes (see revenue section). These high volumes drive higher costs, which are offset by the additional revenue generated.
- **Transaction costs** are \$1.1m 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.
- Expenditure on **professional services** was over budget by \$3.3m, which is offset by the under-spend in personnel costs. The increased spend on professional services relates to bringing in outside expertise in order to complete project obligations.

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 licensing:** The account balance is above budgeted levels by \$2.8m, primarily due to increased volumes.
- **Driver testing:** The account balance is above budgeted levels by \$2.3m, primarily due to increased volumes.
- **Motor vehicle licensing:** The current balance is \$2.0m better than budget. Higher volumes than budgeted drive both higher revenue and expenditure. Most of the variance is attributable to unbudgeted project cost recoveries (Fleet Saver Programme, Synthetic Greenhouse Gases and Vehicle Safety Rating).
- **Certification review fees:** For the last few years certification costs have exceeded revenue by \$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 (\$3.3m) are being absorbed in the short term by the certification account. The cost of the VLR project will be recouped over a 5 year period once new fees are implemented in 2014/15.

## Access to the land transport system – indicator volumes

|                                      | Year end |        |          |      |
|--------------------------------------|----------|--------|----------|------|
|                                      | Actual   | Budget | Variance | %    |
|                                      | 000      | 000    | 000      | %    |
| <b>Driver licences - New drivers</b> | 195      | 152    | 43       | 28%  |
| - Reinstatements                     | 47       | 44     | 3        | 7%   |
| - Renewals                           | 231      | 239    | (8)      | (3%) |
| - Older drivers                      | 66       | 66     | 0        | 0%   |
| - Overseas conversions               | 60       | 47     | 13       | 28%  |
| - Replacements                       | 100      | 102    | (2)      | (2%) |
| <b>Driver testing - Theory</b>       | 156      | 120    | 36       | 30%  |
| - Practical                          | 207      | 148    | 59       | 40%  |
| <b>Certification - WoF passes</b>    | 5,812    | 5,762  | 50       | 1%   |
| - CoF passes                         | 367      | 363    | 4        | 1%   |
| <b>MVR - Registrations</b>           | 309      | 265    | 44       | 17%  |
| - Licences                           | 7,076    | 6,954  | 122      | 2%   |
| <b>RUC - Licences</b>                | 2,347    | 2,468  | (121)    | (5%) |
| <b>Toll - Trips</b>                  | 5,757    | 5,336  | 421      | 8%   |

## Memorandum accounts

| Funding Source              | Revenue      |                |                |               | Expenditure    |                |                | Balance as at |            |              |
|-----------------------------|--------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------|------------|--------------|
|                             | Actual       | Actual         | Budget         | Variance      | Actual         | Budget         | Variance       | Actual        | Budget     | Variance     |
|                             | 1 July       | Actual         | Budget         | Variance      | Actual         | Budget         | Variance       | Actual        | Budget     | Variance     |
|                             | \$000        | \$000          | \$000          | \$000         | \$000          | \$000          | \$000          | \$000         | \$000      | \$000        |
| Border inspection fees      | 2,316        | 947            | 420            | 527           | 327            | 480            | 153            | 2,936         | 1,800      | 1,136        |
| Certification review fees   | (3,667)      | 7,953          | 7,400          | 553           | 11,907         | 7,900          | (4,007)        | (7,621)       | (3,600)    | (4,021)      |
| Driver licensing fees       | (1,479)      | 33,115         | 30,300         | 2,762         | 29,150         | 31,100         | 1,950          | 2,486         | (300)      | 2,786        |
| Driver testing fees         | 4,209        | 20,673         | 14,800         | 5,873         | 19,431         | 14,800         | (4,631)        | 5,451         | 3,200      | 2,251        |
| Motor vehicle licensing     | 2,500        | 56,740         | 53,700         | 3,040         | 54,018         | 52,000         | (2,018)        | 5,222         | 3,200      | 2,022        |
| Over dimension permits      | 492          | 306            | 200            | 106           | 326            | 300            | (26)           | 473           | 400        | 73           |
| Rail licensing fees         | (2,431)      | 1,066          | 1,200          | (134)         | 1,591          | 1,500          | (91)           | (2,956)       | (2,600)    | (356)        |
| Standard development fees   | 2,766        | 5,751          | 5,500          | 251           | 6,447          | 5,800          | (647)          | 2,070         | 2,000      | 70           |
| Transport licensing fees    | (3,687)      | 8,543          | 8,200          | 343           | 6,610          | 8,300          | 1,690          | (1,754)       | (3,800)    | 2,046        |
| <b>Memo Account - Total</b> | <b>1,018</b> | <b>135,093</b> | <b>121,720</b> | <b>13,320</b> | <b>129,806</b> | <b>122,180</b> | <b>(7,626)</b> | <b>6,307</b>  | <b>300</b> | <b>6,007</b> |

## Planning & Investment and State Highways

- **NLTP expenditure is \$20.4m (1%) under budget** (\$83.0m under budget on planning and investing in land transport and \$62.5m over budget on managing state highways).

Commentary on activity classes:

- **Transport planning:** Transport planning expenditure ended the year \$1.1m below the \$16m NLTP allocation. This was due to a slower pick-up in activity management planning than expected. We do expect an increase in 2014/15 that will recover some of the under-spend as expenditure ramps up on activity management planning and programme business case development in preparation for the 2015-18 NLTP.
- **Sector research:** Sector research expenditure ended the year \$1.5m (27%) below the \$5.6m NLTP allocation. However the forecast research spend was adjusted down during the year from \$5m per annum to an average of \$4m per annum based on the number of topics assessed as high priority for research and the resources available internally to manage their delivery. The Transport Agency is managing the 2012-15 Sector Research activity class across the three-years, and is on target to spend the three-year budget at the GPS midpoint allocation of \$12m or an average of \$4m per annum during this period.
- **Public transport:** End of year expenditure is \$42.6m (13%) below budget. The variance is due to lower cost delivery of existing services, particularly in Wellington, fewer new services being progressed than was anticipated in the budget and slower than planned delivery of infrastructure projects in Auckland. At the end of the second year of the 2012-15 NLTP, expenditure is down \$54m (9%) on the published NLTP budget and is expected to be about \$94m (10%) down by the end of the three year NLTP.

- **New and improved infrastructure for local roads:** At the end of June, expenditure is \$35m (22%) under budget resulting from very low investment in new Christchurch roads relative to budget (about \$15m) and lower than planned delivery of minor improvement programmes and Auckland infrastructure. The under-spend reflects slow delivery of the roading aspects of the central Christchurch recovery and competing priorities for local funds. We expect expenditure to increase in the third year of the NLTP as Christchurch delivery ramps up and as local authorities utilise the remaining approved funding for minor improvements. Even so, we estimate that end of NLTP spend will be around \$80m (16%) down on the published NLTP budget.
- **Renewal, maintenance and operation of local roads:** Maintenance and operation of local roads expenditure is \$13.6m (5%) ahead of budget for the year, whereas renewal of local roads is \$13.2m (5%) below budget. This reflects local councils' decisions to defer renewals and transfer funding to maintenance, having taken a more rigorous approach to asset renewals by maximising the life of the existing assets. Expenditure at the end of the second year of the NLTP is around \$57m (5%) down on published NLTP budget and we expect it to be about 5% down by the end of the NLTP.
- **Walking and cycling:** Full year underspent by \$1.8m (9%). Good improvement in approved organisation claims over the last quarter and a great effort in state highway delivery. We'll continue to apply pressure to maintain expenditure in 2014/15, where over a 40% lift in expenditure is being signalled. Many of the funding approvals for this increase are already in place.

### Planning & investing in land transport – Expenditure report for the twelve months ended 30 June 2014

|   | Year end         |                  |               |           |
|---|------------------|------------------|---------------|-----------|
|   | Actual           | Budget           | Variance      | %         |
|   | \$000            | \$000            | \$000         | %         |
| Management of the funding allocation system     | 29,028           | 30,775           | 1,747         | 6%        |
| Transport planning                              | 14,918           | 15,990           | 1,072         | 7%        |
| Sector research                                 | 4,082            | 5,600            | 1,518         | 27%       |
| Public transport                                | 273,412          | 316,000          | 42,588        | 13%       |
| Road safety promotion                           | 32,440           | 32,100           | (340)         | (1%)      |
| New and improved infrastructure for local roads | 125,043          | 160,000          | 34,957        | 22%       |
| Renewal of local roads                          | 232,761          | 246,000          | 13,239        | 5%        |
| Maintenance and operation of local roads (1)    | 302,628          | 289,000          | (13,628)      | (5%)      |
| Walking and cycling                             | 18,197           | 20,000           | 1,803         | 9%        |
| <b>Total expenditure</b>                        | <b>1,032,508</b> | <b>1,115,465</b> | <b>82,957</b> | <b>7%</b> |

(1) Maintenance and operation of local roads includes \$11.9m of expenditure funded from Christchurch earthquake debt facility.

- **New and improved infrastructure for state highways:** At the end of June expenditure is \$56.1m (5%) over budget.

While final expenditure has exceeded budget, this is largely due to the request to accelerate expenditure into the current year to balance the overall NLTP expenditure targets. This meant that we were able to advance works from future years and start them earlier than planned. We managed to achieve 100% of the planned completions of large projects, 80% of the small projects and over 90% of the milestones within our Roads of National Significance programme. Over 1600 kilometres of HPMV investment routes have been delivered, which exceeds our target of 1500km. In addition to that, property acquisitions achieved their planned targets.

- **Renewal of state highways:** Renewals is \$53.4m (24%) underspent for the year. This is a result of both timing differences and savings from a more aggressive approach to renewals using our strategy of “nationally planned and regionally delivered”, which allows for a more rigorous approach to asset renewals. We have deferred some renewals to 2014/15.

We are also working our assets harder by renewing them later in their lifecycles, thereby extending their service life and reducing their periodic renewal cost. This approach has most impact on lower classification state highways to ensure the right level of risk is taken in the right places.

- **Maintenance and operation of state highways:** At the end of June we are over spent by \$59.9m (19%) as a result of the new approach to asset maintenance and renewals as previously reported.

#### Managing state highways – Expenditure report for the twelve months ended 30 June 2014

|   | Year end         |                  |                 |             |
|---|------------------|------------------|-----------------|-------------|
|   | Actual           | Budget           | Variance        |             |
|   | \$000            | \$000            | \$000           | %           |
| New and improved infrastructure for state highway | 1,215,087        | 1,159,000        | (56,087)        | (5%)        |
| Renewal of state highways                         | 168,558          | 222,000          | 53,442          | 24%         |
| Maintenance and operation of state highways       | 372,737          | 312,865          | (59,872)        | (19%)       |
| <b>Total expenditure</b>                          | <b>1,756,382</b> | <b>1,693,865</b> | <b>(62,517)</b> | <b>(4%)</b> |

- **National war memorial park:** Subsequent to the budget being finalised, the funding for the National War Memorial Park was increased by an additional \$5m of Crown funding, which was carried forward from 2012/13 into 2013/14.
- **Reinstatement of local roads in Canterbury:** At the end of March all of the \$50m NLTP funding set aside in the Maintenance and Operation of Local Roads output class has been allocated to these projects, and \$30.4m has now been claimed against the specific Crown funding

#### Specific projects funded by the Crown – Expenditure report for the twelve months ended 30 June 2014

|  | Year end      |               |              |           |
|--|---------------|---------------|--------------|-----------|
|  | Actual        | Budget        | Variance     |           |
|  | \$000         | \$000         | \$000        | %         |
| SuperGold card transport concessions         | 24,110        | 23,905        | (205)        | (1%)      |
| Administration of SuperGold card             | 79            | 95            | 16           | 17%       |
| Construction of passing opportunities on SH2 | 3,350         | 3,500         | 150          | 4%        |
| National war memorial park                   | 25,000        | 20,000        | (5,000)      | (25%)     |
| Reinstatement of local roads in Canterbury   | 30,351        | 40,694        | 10,343       | 25%       |
| <b>Total expenditure</b>                     | <b>82,890</b> | <b>88,194</b> | <b>5,304</b> | <b>6%</b> |

## National Land Transport Programme (NLTP)

- We have now reprioritised the programme reflecting reduced local government spending.

### Programme management overview

Expenditure in some activity classes, including new and improved infrastructure for local roads and public transport infrastructure, drifted down from our initial forecast during 2013/14 due to slower than planned delivery. At the end of the second year expenditure on non-state highway activity classes was down \$180m (8%) against the published NLTP budget (see activity class variance commentary for the detail). By the end of the NLTP, we expect this spend to be down \$215m (6%). During the year, the funding freed up by the under-spend has continued to be directed to high priority state highway improvements.

### National Land Transport Programme (NLTF funded)

|  | Published<br>NLTP<br>2012-2015<br>\$000 | Actual/forecast spend 2012-2015 |                            |                              |                  | Total<br>2012-2015<br>\$000 |
|--|---|---------------------------------|----------------------------|------------------------------|------------------|-----------------------------|
|  |   | 2012/13<br>Actual<br>\$000      | 2013/14<br>Actual<br>\$000 | 2014/15<br>Forecast<br>\$000 |                  |                             |
| <b>Allocation of funds to activity classes:</b>    |   |                                 |                            |                              |                  |                             |
| Transport planning                                 | 50,000                                  | 13,438                          | 14,918                     | 17,000                       | 45,356           |                             |
| Road safety  | 97,000                                  | 27,592                          | 31,806                     | 35,934                       | 95,332           |                             |
| Walking and cycling                                | 53,000                                  | 8,449                           | 18,197                     | 26,300                       | 52,946           |                             |
| Public transport                                   | 945,000                                 | 287,532                         | 273,412                    | 289,600                      | 850,544          |                             |
| Maintenance and operation of local roads           | 878,000                                 | 279,379                         | 290,728                    | 284,500                      | 854,607          |                             |
| Maintenance and operation of state highways        | 989,000                                 | 342,210                         | 372,304                    | 369,433                      | 1,083,947        |                             |
| Renewal of local roads                             | 738,000                                 | 204,410                         | 232,761                    | 245,000                      | 682,171          |                             |
| Renewal of state highways                          | 635,000                                 | 175,009                         | 168,558                    | 199,000                      | 542,567          |                             |
| New and improved infrastructure for local roads    | 515,000                                 | 152,562                         | 125,043                    | 157,000                      | 434,605          |                             |
| New and improved infrastructure for state highways | 3,400,000                               | 992,559                         | 1,215,087                  | 1,296,655                    | 3,504,301        |                             |
| Sector research                                    | 15,000                                  | 3,194                           | 4,082                      | 5,382                        | 12,658           |                             |
| Management of the funding allocation system        | 89,000                                  | 28,838                          | 28,623                     | 30,395                       | 87,856           |                             |
| <b>Total</b>                                       | <b>8,404,000</b>                        | <b>2,515,172</b>                | <b>2,775,519</b>           | <b>2,956,199</b>             | <b>8,246,890</b> |                             |

## Borrowing

### Short term facilities

There was no borrowing during the fourth quarter. The \$150m portion of the revolving facility remains fully repaid. The \$100m portion is fully drawn down. There was a drawdown of \$50m on the 18 July to meet the July peak which will be repaid on 31 July.

The notional balance in the NLTF was \$134m as at 30 June 2014.

The graph reflects the latest revenue forecasts being used for the GPS.

The Transport 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. We plan to be more proactive on this with Treasury. Our inability to repay and then redraw on the \$100m portion of this facility has incurred additional interest of approximately \$3.5m.

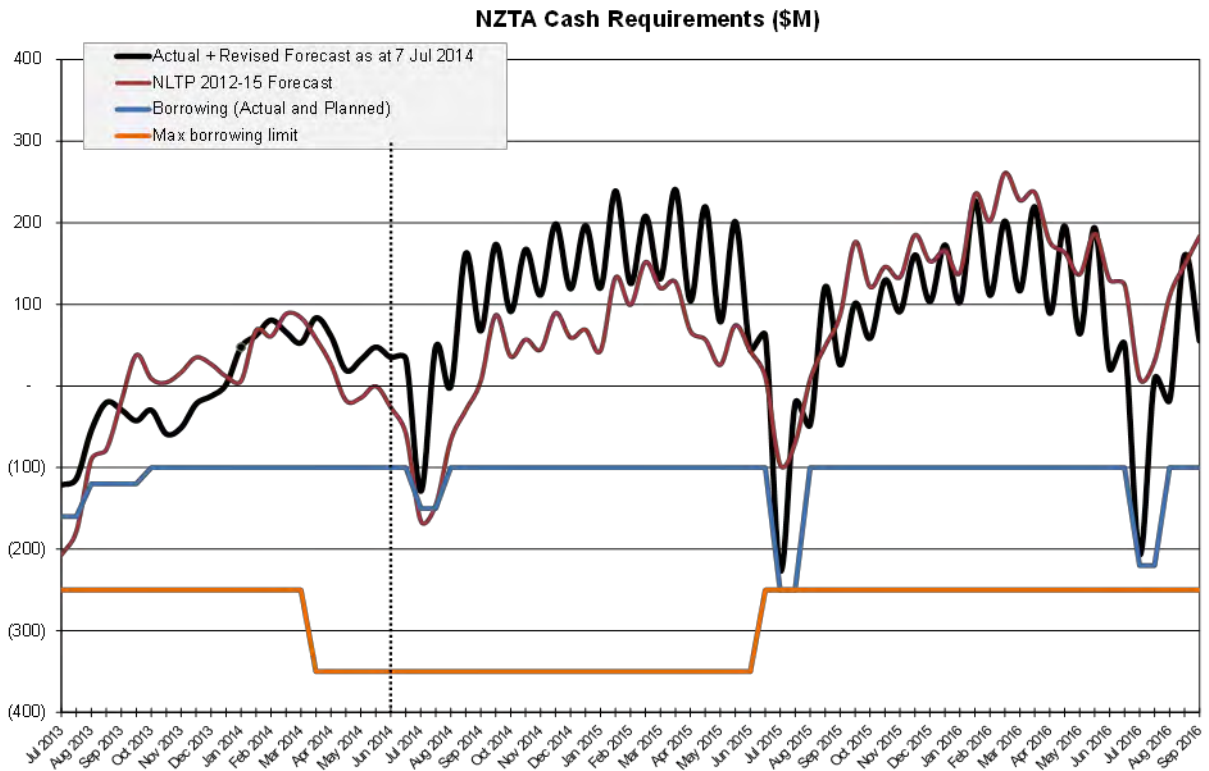
The \$100m additional short term facility has been finalised. A decision was made on 23 June that there was no need to draw down any portion of this facility due to the cash forecast to be available through the peak period of July 2014. As such, this facility was not required and the availability of funding has now lapsed.

### Longer term facilities

The Master Facilities Agreement was finalised on 25 June. The agreement covers all future fixed term lending between the NZDMO and the Transport Agency. The first two loans under the new arrangement are the Christchurch earthquake loan and the Auckland Accelerated Programme loan.

The loan facility for the Christchurch Earthquake (\$183.4m) was finalised on 25 June. There was no need to draw on this facility during the quarter, but an initial drawdown of \$12m is required on 1 August to meet the June claim for Christchurch. This is an interest bearing facility.

The loan facility for the Auckland programme (\$375m) was finalised on 27 June. There was no need to draw on this facility during the quarter. This facility is interest free to the Agency.



### Cash flows through 2013/14 to 2014/15.

The actual and forecast line in the graph reflects the latest revenue forecast used for the GPS as well as the June 2014 quarterly expenditure forecast. This is compared with the published NLTP forecast line, which was set in August 2012 and anticipated substantially higher revenue than has occurred and higher than is now forecast. During the course of 2013/14, there was an underspend against the start of year forecast and an increase in revenue. This has resulted in minimal additional borrowing being required to cover the July 2014 spike. The expenditure profile for 2014/15 reflects the existing plan, which is aimed at achieving as much of the published NLTP expenditure as possible, resulting in a peak in borrowing in July 2014/15.

## Longer-term funding commitments

### Current NLTP

- A further \$49m was committed during the quarter ended 31 March 2013, 59% of which was in state highway improvements.
- 99% of the \$9.05 billion NLTF investment in the 2012-15 NLTP is committed, leaving about \$132m of funding for decisions.

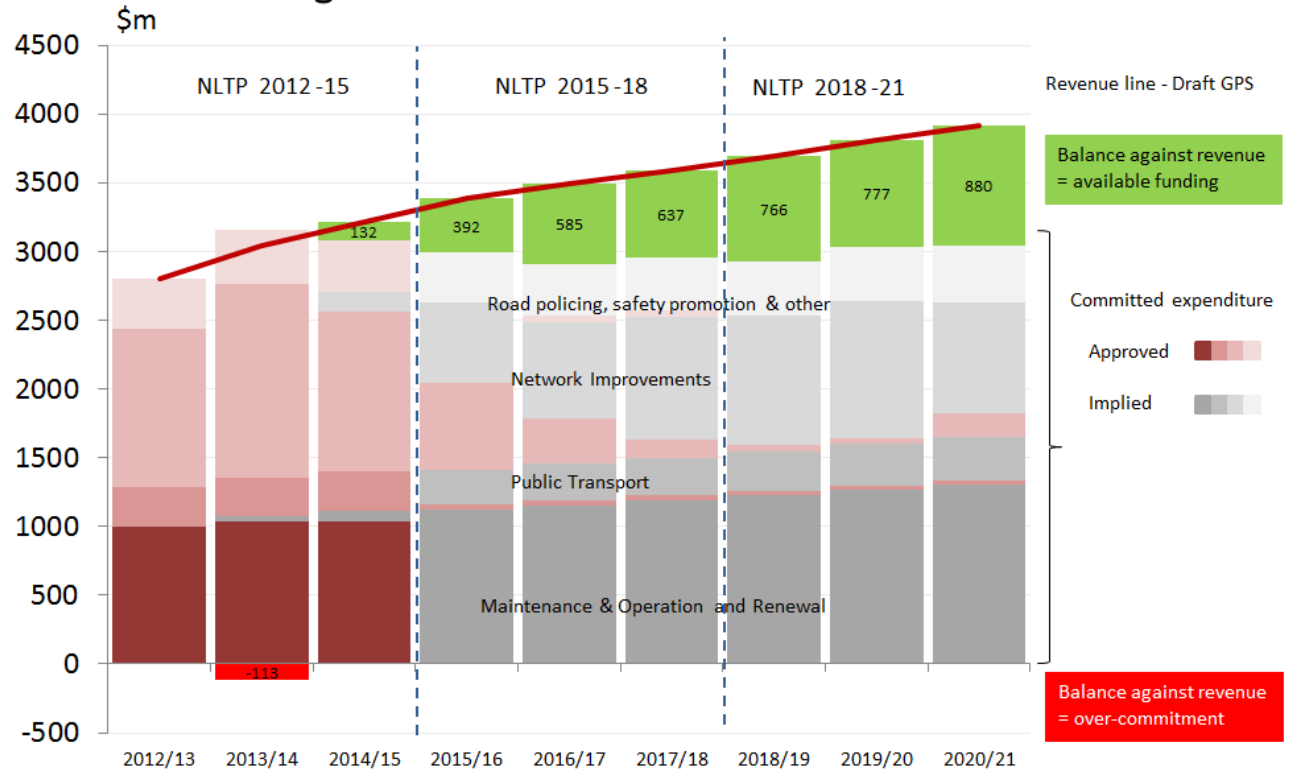
### 2015-18 NLTP

- With the inclusion of the Auckland Accelerated Programme, the committed funding for the first year of the 2015-18 NLTP has increased from 81% to **88% of revenue** while the overall commitment for the three year programme is now 85%. The "committed" funding comprises approved and implied programme funding
- A total of **\$1.6b of discretionary funds** is currently available for new approvals.

### 2018-21 NLTP

- The inclusion of the Auckland Accelerated Programme as well as a more conservative 2015 GPS revenue forecast means that "committed" (approved and implied) funding for the 2018-21 NLTP has increased to **79%** of forecast revenue, leaving about \$2.4b 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. Most of these longer term commitments are not currently recognised as liabilities in the Transport Agency's balance sheet. 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 those that are currently approved, those that have funding approval in principle and likely pipeline projects. These projects are considered to be contributing to the 7.5% threshold discussed by the Board for our 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.

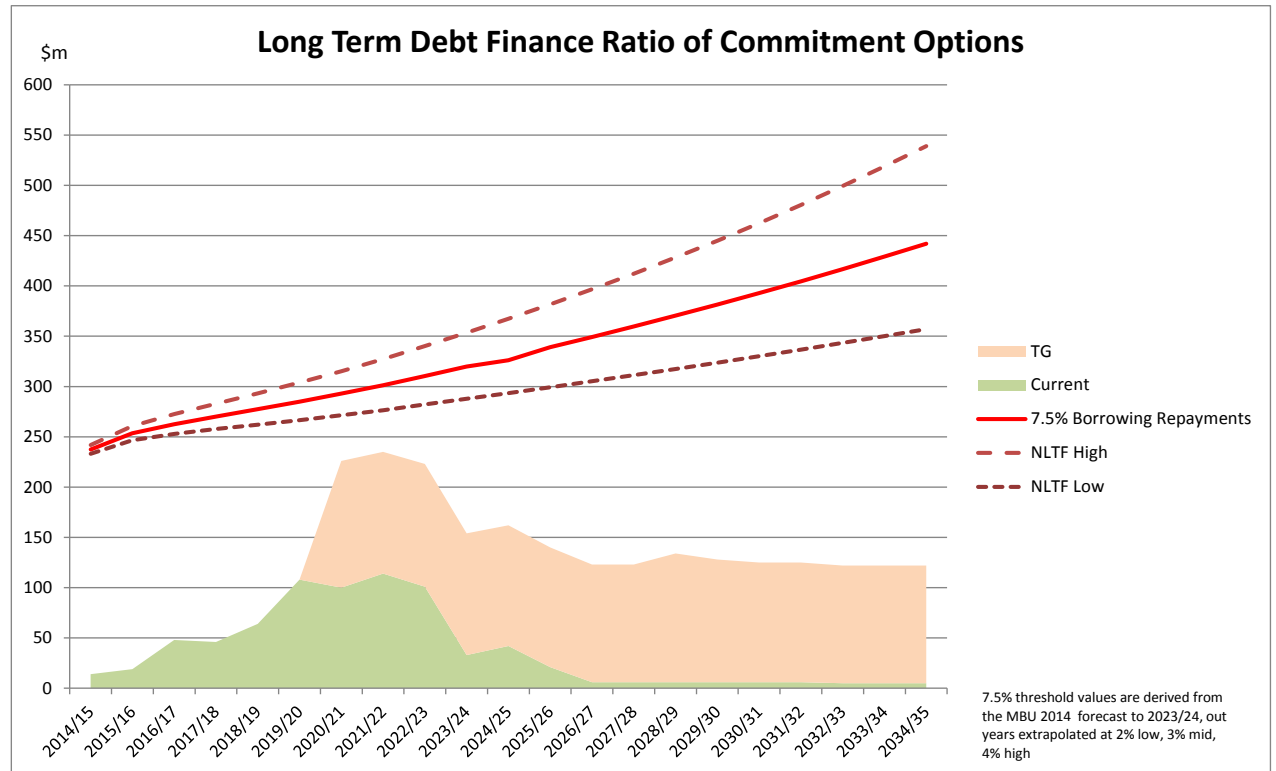
| Project                                    | Investment  | Period  | Notes   |
|--|-------------|---------|---|
| <b>1. Debt Commitments</b>                 |             |         |   |
| Tauranga Eastern Link                      | \$107m      | 35yrs   | Planned draw down of \$85m for the road and \$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 (a total commitment over the 25 years of \$3b).          |
| <b>2. Other Commitments</b>                |             |         |   |
| 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.  |



## Long term debt commitments (continued)

The graph provides the profile out 20 years of the longer term commitments contributing to the 7.5% threshold discussed by the Board for our long term debt commitments. This is providing some 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 a 2% growth and the higher is 4% growth.



# ROAD POLICING PROGRAMME PROGRESS REPORT

## Road Policing Programme (RPP) performance highlights

### In this quarter:




- 17 of the 19 NZ Police RPP outcome results trended positively.
- The NZ Police intervention logic project is making good progress. A full draft report will be submitted to the Transport Agency in August 2014, and will help to shape the development of the 2015/18 RPP. (page 74)
- Police are on track to roll-out the first 12 new-generation static cameras during June to November 2014, ahead of a further expansion in 2015. (page 74)

## Q3: Good overall progress on Road Policing Programme delivery by NZ Police, with 17 result trends positive and 2 'on watch'

| RPP Activity  | RPP Priority | Desired outcome results Police contribute to  | Actual Trend |
|---|--------------|---|--------------|
| High risk drivers   | High         | Decreased percentage of drivers driving while disqualified involved in injury crashes   | ↓            |
|   |              | Reduction of disqualified, unlicensed, fleeing or racing drivers in fatal/serious crashes   | ↓            |
| Young drivers   | High         | Reduction in number of young drivers on graduated driver licences at fault in fatal/serious crashes                                   | ↓            |
|   |              | Increased percentage of youth surveyed who believe they will be stopped for non-alcohol/speed offences                                | ↑            |
| Motorcycling  | High         | Decreased percentage of motorcycles involved in injury crashes without a current WoF  | ↑            |
| <p>During Q3 Police increased enforcement to mitigate the increasing motorcycle deaths and injuries. Police also worked with the Motorcycle Advisory Group to address increasing motorcycling trauma as part of the Safe System and, in tandem with road safety partners, Police districts targeted high risk locations and major motorcycling events, ran checkpoints, and engaged in various promotion and education campaigns. Police has also proposed that the sector take a renewed look at motorcycling issues and investigate reasons behind the trend.</p> |              |   |              |
| Alcohol/drug impaired driving   | High         | Increased percentage of people surveyed who think there is a high probability of being stopped at a compulsory breath test checkpoint | ↑            |
| Speed   | High         | Decreased percentage of vehicles exceeding posted speed limits  | ↓            |
|   |              | Increased percentage of people surveyed who believe there is a high probability of being detected speeding                            | ↑            |

Road Policing Programme progress report

| RPP Activity   | RPP Priority | Desired outcome results Police contribute to   | Actual Trend |
|--|--------------|--|--------------|
| Traffic management   | High         | Increased compliance with the road user charges regime – measured in terms of the percentage of vehicles stopped by CVIU staff not in breach of RUC rules                      | ↑            |
|  |              | Increased 'post-incident' availability of state highway network – measured in terms of average time State Highways closed as a result of crashes                               | ↓            |
| <p>Several Police districts carried out initiatives to improve the post-incident availability of the roading network during the quarter. These included the purchase and use of advanced scene mapping equipment. Police response times to high-priority traffic events in urban areas continued to improve, with the Q3 result being near the best in the past three years. The trend measure for this activity has been impacted by a few significant crashes where, by necessity, the highway had to remain closed for a significant period of time to undertake required actions safely.</p> |              |  |              |
| Restraints   | Medium       | Maintain percentage of vehicle occupants wearing safety belts in the front/rear/child seat as measured by annual MoT surveys   | ↔            |
| Heavy vehicle fleet  | Medium       | Decreased percentage of heavy vehicles exceeding and speed limits  | ↓            |
| Crash attendance and reporting   | Medium       | Increased percentage of fatal and serious crashes attended and reported by the NZ Police – measured in terms of 'within 10 weeks'  | ↑            |
|  |              | Increased percentage of ambulance and fire service districts surveyed who are satisfied with NZ Police methods and cooperation at serious crash sites                          | ↑            |
| 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 | ↑            |
| Light vehicle fleet  | Medium       | Decreased percentage of vehicles in fatal/serious crashes without a current WoF/CoF  | ↓            |
| Walking and cycling  | Medium       | Reduction in number per 100,000 population of pedestrians/cyclists killed or seriously injured enough to be hospitalised for longer than one day                               | ↓            |
| Fatigue and distraction  | Medium       | Reduction of fatalities and serious injuries in fatigue and/or distraction crashes   | ↓            |
| Older road users   | Low          | Reduction in fatal/serious injuries to older road users per 100,000  | ↓            |

| Delivery highlights   |                              |                      |             | Status  |
|---|------------------------------|----------------------|-------------|---|
| <p><a href="#">Intervention Logic Mapping</a></p> <p>In the context of developing its RPP Intervention Logic Mapping, NZ Police has undertaken extensive work to identify the best value and mix of RPP activities. This work will provide for a better link between investment and performance, which will underpin both the preparation of and the delivery rationale for the 2015/18 RPP, and will provide assurance regarding both efficiency and effectiveness.</p>  |                              |                      |             |  |
| <p><a href="#">Safer Summer Campaign</a></p> <p>Early results of the Safer Summer Campaign, which targeted drink driving and speed over the summer months, are very pleasing. The campaign included an extended period of operating a reduced speed tolerance during December 2013 and January 2014. The evaluation of the campaign is yet to be completed but early results, compared to the same period of last year, show that:</p> <ul style="list-style-type: none"> <li>• deaths decreased by 26%</li> <li>• mean speeds reduced by 0.5km/h</li> <li>• the proportion of drivers (as detected by mobile speed cameras) over 100km/h decreased by 36%</li> <li>• mobile speed camera notices for driving in excess of 110km/h decreased by 48%.</li> </ul> |                              |                      |             |  |
| <p><a href="#">Speed Camera Expansion Programme</a></p> <p>As part of the speed camera expansion programme, together with key regional and local partners, Police completed the identification of a set of national sites which will undergo full on-site engineering assessments to confirm their suitability for the installation of camera systems and infrastructure. Road controlling authorities will participate in the on-site engineering assessments and provide input into the safety aspects of installation.</p>   |                              |                      |             |  |
| NZ Police RPP expenditure against budget  |                              |                      |             | Status  |
| Year  | Original NLTP approval (\$m) | Revised budget (\$m) |             | Actual/YTD (\$m)  |
| 2012/13   | 296.9                        | 286.7 (actual)       |             | 286.7   |
| 2013/14   | 296.8                        | 296.8                | 224.9 (YTD) | 220.5 (2% below budget)   |
| 2013/14 - 12/13 reinvestment  |                              | 10.0                 |             |   |
| 2014/15   | 296.6                        | 296.6                |             |   |
| 2014/15 - Speed cameras   | 10.0                         | 10.0                 |             |   |
| <b>Total 2012-15</b>  | <b>900.0</b>                 | <b>900.0</b>         |             | <b>507.2</b>  |

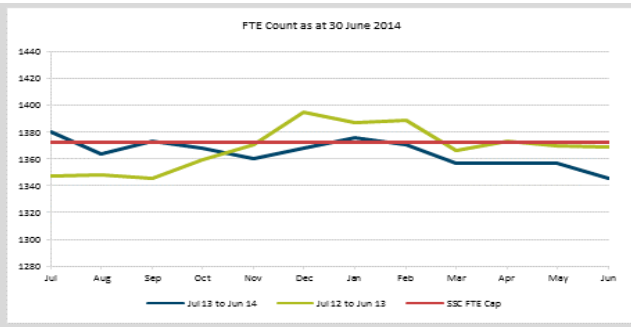
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# **ORGANISATIONAL CAPABILITY & HEALTH**

# PEOPLE METRICS

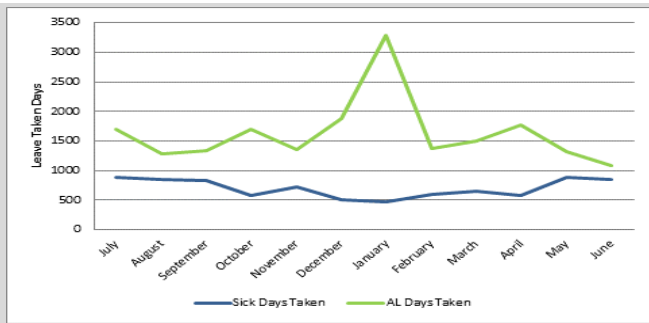
The FTE count, which includes active vacancies, was under the cap of 1372 at 30 June 2014. Unplanned turnover remains steady.

## Full-time Equivalent (FTE) employees against cap



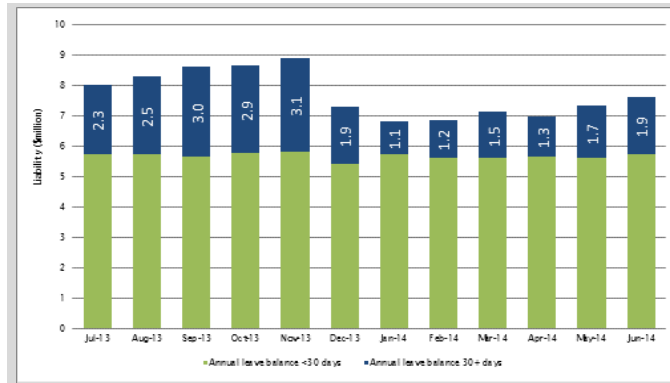
The NZTA's FTE cap is 1372 FTEs. Actual FTE count as at 30 June 2014 was 1,344 (down from 1,379.8 at 30 June 2013). As at the end of June 2014, there were 30 permanent roles advertised, five of those being FTE neutral. The total FTE count reported to the State Services Commission was 1369.

## Planned and unplanned leave taken



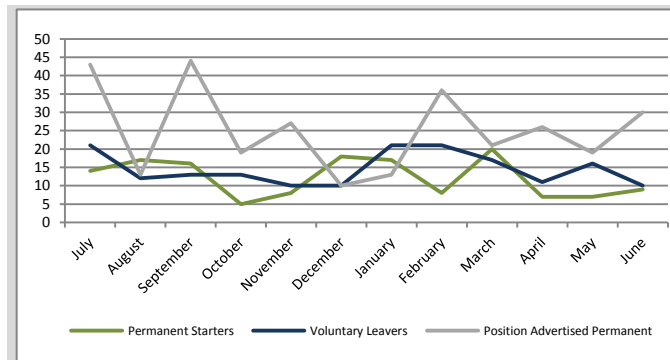
The average annual leave balance is 16.40 days - up from 15 at the end of the last quarter. The number of annual leave days taken is low this quarter, and the liability has increased as a consequence. There should be an increase in annual leave taken next month due to the school holidays. Sick leave days have gone up during the cold months as per the expected pattern.

## Annual leave liability



The Transport Agency is currently carrying an annual leave liability of around \$7.6m (around \$5,400 per person). The 136 people who have annual leave balances of more than 30 days account for 33% of the total liability. The figures have increased since the last quarter.

## Permanent comings and goings



At 30 June 2014 there were 30 permanent roles going through the recruitment process. The majority of these were to fill new or vacant roles and will increase the FTE numbers by 25. Voluntary turnover sits at 11.7%, higher than the 10.2% reported in June 2013 but still within an appropriate turnover rate.

# ENSURING HEALTH AND SAFETY IN THE WORKPLACE

## Update on Zero Harm implementation

Our Zero Harm work plan is currently being implemented with an initial focus on the following:

- Agency wide risk assessment is underway. This will be completed by the end of August 2014 and the action plan for our high risk areas by late September;
- Communication of the plan to our people and industry partners;
- Agency wide Zero Harm performance indicators implemented internally and industry implementation is due on 1 September 2014;
- Zero Harm content for new employees during their induction; and
- Development of the Zero Harm web portal.

## Summary of events for July

During July we achieved a Zero Harm month for our employees, however we sustained one Serious Harm Injury on the Waterview Alliance and a serious dangerous occurrence at the Makays to Peka Peka Alliance (M2PP).

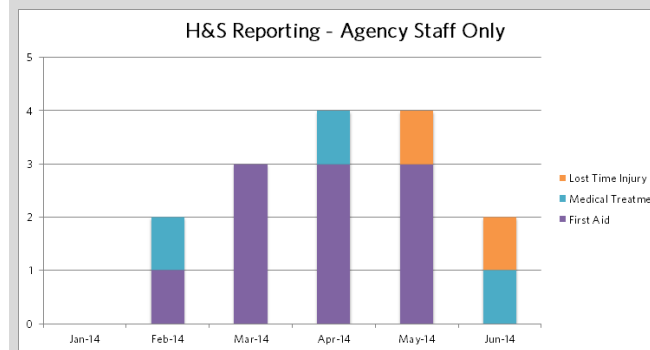
- At Waterview a Carpenter suffered multiple fractures to his right thumb whilst carrying four 1.2m planks and tripped on a rebar hook bar. Whilst falling, he put his hand out to stop the fall and caught his thumb on the rebar.
- At M2PP a plant operator was loading “slash” on to a dump truck using an excavator fitted with bucket and a “thumb”. Slash is debris left around the site from tree clearing. This load contained a 3m log, which came loose when discharging over the side of the moxy. The log came back at the operator through the front glass windshield and struck him on the leg. He was treated for bruising and back at work during the week. The excavator should have had a full protective cage to the cabin to prevent this.

We are working with both sites to conduct a full investigation with a focus on lessons learnt to prevent these events happening in future. Safety Alerts have been developed and shared with our industry partners and committees.

## Inter-Agency Collaboration

A Transport Agency led Health and Safety group has been established between the Civil Aviation Authority, Ministry of Transport and Maritime NZ. The focus of this group is to share lessons learnt and collaborate on joint initiatives to ensure value for money for the public sector. The group will meet every two months with an initial focus on standardised reporting to ensure consistency across agencies and allow for performance benchmarking against our peers.

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



There were 15 injuries and ten near misses between January and June. We have had an increased rate of reporting since bringing a new reporting system online in October. Most of the injuries can be attributed to scalds from hot water dispensers, cuts from kitchen implements or sprains and strains of various types.

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 two serious harm incidents and one fatality on our contractors' work sites this quarter. There were four 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.

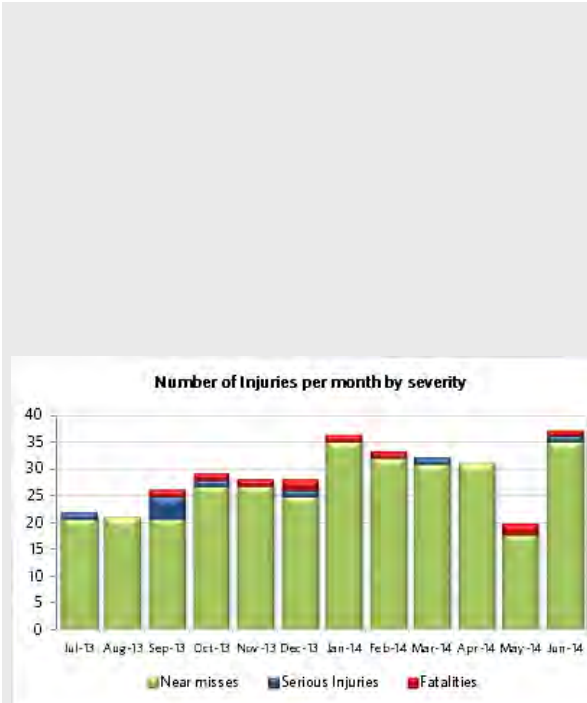
| Incident Date | Contract No. | Contract Name             | Region     | NZTA Contract Manager   | Main Contractor | Incident Description (Cause of Accident and Nature of Injuries)   | Investigation By            |            |      |
|---------------|--------------|---------------------------|------------|-------------------------|-----------------|---|-----------------------------|------------|------|
|               |              |                           |            |                         |                 |   | MBIE                        | Contractor | NZTA |
| 3/2/14        | HMW08        | West Wanganui Maintenance | Taranaki   | Richard Ashman (Acting) | Downer          | Cape mowing tractor (working for Downer) hit from rear by Halls refrigerated truck (40 tonne+) near Smiths Road, east of Kai Iwi township on the straight. Cape driver in hospital with laceration to back of head (in hospital for more than 48 hrs), Halls driver had a small abrasion to knee, but remained on scene. Serious Crash & CVIU investigating. Independent witness on farm nearby.  | Notified, not investigating | Yes        | Yes  |
| 2/5/14        |              | SH2 Sth Eketahuna         | Wellington | Barry O'Shea            | Higgins         | Trying to free a boulder in a hole with crow bar, crowbar slipped and fell backward awkwardly on ankle with crowbar still in hand, which then crushed ankle. Broken ankle, in cast for six weeks  | Notified                    | Yes        | No   |
| 24/6/14       |              | SH1 Coastal Southland     | Southland  |                         | Fulton Hogan    | As the Traffic Management was being set up as per the approved traffic management plan, a local truck travelling to Bluff slowed down. A blue Mazda with a driver and passenger following behind failed to slow down and rear ended the truck. This resulted in the passenger - a 65 year old man - sustaining fatal injuries and the driver was seriously injured and taken to hospital. The Police were notified and closed the State Highway to conduct investigations. The road was reopened at 11:15am. The planned works have been postponed and will be carried out at a later date. | Notified                    | Yes        | Yes  |

|   |
|---|
| <b>Below is the definition of Serious Harm from Schedule 1 of the Health and Safety in Employment Act 1992</b>  |
| 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 April – 30 June 2014:

Total occurrences (accidents and incidents) reported to the Transport Agency this quarter: The Rail Information System (RIS) database shows **941** occurrence reports were recorded in the period.

Of the **941** occurrences reported in the quarter, there were:

- Three fatalities: Two occurred at a level crossing when a vehicle struck a train. The third death related to a trespasser on the rail corridor, who was struck by a train.
- One serious injury when a train collided with a digger
- Eighty four near collisions were reported

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, received from a licensee.

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# **APPENDIX: FINANCIAL STATEMENTS**

# NZTA FINANCIAL STATEMENTS

## Variance commentary

**Revenue from the Crown:** See Table "Specific projects funded by the Crown" and related commentary.

**Revenue from the NLTF:** See Planning & Investment and State Highways section.

**Revenue from third parties:** See Access & Use section.

**Investment in land transport:** See Planning & Investment and State Highways section.

**NZTA operating activities:** See NZTA Operating expenditure section.

**State highway depreciation/asset write off:** Higher than expected depreciation on state highways.

### NZ Transport Agency – Consolidated statement of comprehensive income for the twelve months ended 30 June 2014

|   | Year end        |                 |                   |       | Prior Year<br>2012/13<br>\$000 |
|---|-----------------|-----------------|-------------------|-------|--------------------------------|
|   | Actual<br>\$000 | Budget<br>\$000 | Variance<br>\$000 | %     |                                |
| <b>Income</b>                                 |                 |                 |                   |       |                                |
| Revenue from the Crown                        | 84,202          | 91,242          | (7,040)           | (8%)  | 71,773                         |
| Revenue from the National Land Transport Fund | 1,915,301       | 1,864,290       | 51,011            | 3%    | 1,853,425                      |
| Revenue from third parties                    | 158,983         | 130,915         | 28,068            | 21%   | 134,302                        |
|   | 2,158,486       | 2,086,447       | 72,039            | 3%    | 2,059,500                      |
| <b>Expenditure</b>                            |                 |                 |                   |       |                                |
| Investment in land transport                  | 2,761,578       | 2,787,715       | 26,137            | 1%    | 2,480,024                      |
| NZTA operating activities                     | 273,420         | 268,381         | (5,039)           | (2%)  | 256,274                        |
| State highway depreciation/asset write off    | 477,480         | 427,500         | (49,980)          | (12%) | 449,006                        |
|   | 3,512,479       | 3,483,596       | (28,883)          | (1%)  | 3,185,304                      |
| Net surplus/(deficit)                         | (1,353,993)     | (1,397,149)     | 43,156            | 3%    | (1,125,804)                    |
| Capital expenditure                           | (1,455,300)     | (1,404,500)     | 50,800            | 4%    | (1,182,555)                    |
| <b>Net surplus/(deficit) after capex</b>      | <b>101,308</b>  | <b>7,351</b>    | <b>93,957</b>     |       | <b>56,751</b>                  |

## Variance commentary

### Assets:

**Debtor NLTF:** Debtor is higher than budget which reflects the funding due to the Transport Agency from the NLTF.

**Other:** Optimisation of cash management has resulted in less cash being held.

**Non-current assets:** At the time of preparing this quarterly report, we have not yet received the 2013/14 state highway valuation from our valuers

### Liabilities:

**Borrowing:** Borrowing at year end is lower than budget because NLTF funds were available to meet NLTP commitments as they were due.

**Other:** Creditors is higher than budget reflecting higher than anticipated claims from Approved Organisations in the month of June.

**Non-current liabilities:** Lower than budget as the TEL borrowing facility has not been drawn upon.

**Retained funds:** See net surplus.

**Memorandum account:** See Access & Use section.

### NZ Transport Agency – Consolidated statement of financial position as at 30 June 2014

|                                       | As at 30 June 2014 |                   |                   |           | Prior Year<br>2012/13<br>\$000 |
|---------------------------------------|--------------------|-------------------|-------------------|-----------|--------------------------------|
|                                       | Actual<br>\$000    | Budget<br>\$000   | Variance<br>\$000 | %         |                                |
| <b>Assets</b>                         |                    |                   |                   |           |                                |
| Current assets                        |                    |                   |                   |           |                                |
| Debtor National Land Transport Fund   | 468,145            | 398,168           | 69,977            | 18%       | 443,424                        |
| Other                                 | 174,950            | 109,902           | 65,048            | 59%       | 261,246                        |
| Non-current assets                    | 28,185,208         | 28,364,036        | (178,828)         | (1%)      | 26,140,158                     |
|                                       | 28,828,302         | 28,872,106        | (43,804)          | (0%)      | 26,844,828                     |
| <b>Liabilities</b>                    |                    |                   |                   |           |                                |
| Current liabilities                   |                    |                   |                   |           |                                |
| Borrowing                             | 100,000            | 250,000           | 150,000           | 60%       | 100,000                        |
| Other                                 | 409,837            | 296,502           | (113,335)         | (38%)     | 453,413                        |
| Non-current liabilities               | 4,675              | 124,900           | 120,225           | 96%       | 4,860                          |
|                                       | 514,512            | 671,402           | 156,890           | 23%       | 558,273                        |
| <b>Net assets</b>                     | <b>28,313,791</b>  | <b>28,200,703</b> | <b>113,087</b>    | <b>0%</b> | <b>26,286,556</b>              |
| <b>Equity</b>                         |                    |                   |                   |           |                                |
| General funds                         | 5,606              | 5,806             | (200)             | (3%)      | 5,606                          |
| Retained funds                        | 46,348             | 45,221            | 1,127             | 2%        | 44,318                         |
| Memorandum account - Third party fees | 6,307              | 300               | 6,007             | 2002%     | 1,018                          |
| State highway network                 | 28,255,530         | 28,149,376        | 106,154           | 0%        | 26,235,614                     |
| <b>Total equity</b>                   | <b>28,313,791</b>  | <b>28,200,703</b> | <b>113,088</b>    | <b>0%</b> | <b>26,286,556</b>              |

## Variance commentary

**Cash flows from operating activities:** Reduced payments to suppliers offsets lower NLTF receipts.

**Cash flows from investing activities:** Reduced cash flows from investing activities reflects the lower than planned capital expenditure on the state highway network.

**Cash flows from operating activities:** See Borrowing section.

### NZ Transport Agency – Consolidated statement of cash flows

|  | Year end        |                 |                   |              | Prior Year<br>2012/13<br>\$000 |
|--|-----------------|-----------------|-------------------|--------------|--------------------------------|
|  | Actual<br>\$000 | Budget<br>\$000 | Variance<br>\$000 | %            |                                |
| <b>Cash flows from operating activities</b>      |                 |                 |                   |              |                                |
| Receipts from Crown/NLTF revenue                 | 2,006,343       | 2,092,604       | (86,261)          | (4%)         | 1,827,009                      |
| Receipts from third party/interest revenue       | 193,636         | 130,636         | 63,000            | 48%          | 130,815                        |
| Payments to suppliers and employees              | (1,609,036)     | (1,702,007)     | 92,971            | 5%           | (1,381,548)                    |
|  | 590,942         | 521,233         | 69,709            | 13%          | 576,276                        |
| <b>Cash flows from investing activities</b>      |                 |                 |                   |              |                                |
| Receipts from sale of state highway properties   | 82,604          | 70,000          | 12,604            | 18%          | 60,771                         |
| Purchase of assets                               | (8,801)         | (10,600)        | 1,799             | 17%          | (112,560)                      |
| State highway network (incl. property purchases) | (1,455,300)     | (1,623,983)     | 168,683           | 10%          | (1,152,555)                    |
|  | (1,381,497)     | (1,564,583)     | 183,086           | 12%          | (1,204,344)                    |
| <b>Cash flows from financing activities</b>      |                 |                 |                   |              |                                |
| Capital contributions                            | 801,227         | 778,600         | 22,627            | 3%           | 620,481                        |
| Borrowing  | 20,000          | 370,000         | (350,000)         | (95%)        | 160,000                        |
| NLTF debtor borrowing reduction/interest         | (23,330)        | (105,200)       | 81,870            | 78%          | (194,098)                      |
|  | 797,897         | 1,043,400       | (245,503)         | (24%)        | 586,383                        |
| Net (decrease)/increase in cash                  | 7,342           | 50              | 7,292             | 14584%       | (41,685)                       |
| Cash at the beginning of the period              | 16,580          | 50,000          | (33,420)          | (67%)        | 58,265                         |
| <b>Cash at the end of the period</b>             | <b>23,922</b>   | <b>50,050</b>   | <b>(26,128)</b>   | <b>(52%)</b> | <b>16,580</b>                  |



# NLTF FINANCIAL STATEMENTS

## Variance commentary

**Debtors** fluctuate typically between \$200m and \$250m, largely depending on the timing of FED shipments.

**Creditors and other payables** is in line with the level of funding due to the Transport Agency.

### National Land Transport Fund - Statement of financial position as at 30 June 2014

|                                      | As at 30 June 2014 |                  |                   | Year end            |
|--------------------------------------|--------------------|------------------|-------------------|---------------------|
|                                      | Actual<br>\$000    | Opening<br>\$000 | Movement<br>\$000 | SOI Budget<br>\$000 |
| <b>Current assets</b>                |                    |                  |                   |                     |
| Cash and cash equivalents            | 133,937            | 113,662          | 20,275            | 16,830              |
| Debtors                              | 218,301            | 214,463          | 3,838             | 206,017             |
|                                      | 352,238            | 328,125          | 24,113            | 222,847             |
| <b>Current liabilities</b>           |                    |                  |                   |                     |
| Creditors and other payables         | 468,145            | 443,426          | (24,719)          | 398,168             |
|                                      | 468,145            | 443,426          | (24,719)          | 398,168             |
| <b>Net assets</b>                    | <b>(115,907)</b>   | <b>(115,301)</b> | <b>(606)</b>      | <b>(175,321)</b>    |
| General funds                        | (115,907)          | (115,301)        | (606)             | (175,321)           |
| <b>General funds closing balance</b> | <b>(115,907)</b>   | <b>(115,301)</b> | <b>(606)</b>      | <b>(175,321)</b>    |

## Variance commentary

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

### National Land Transport Fund - Statement of cash flows

|   | Year end       |               | Prior Year     |
|---|----------------|---------------|----------------|
|   | Actual         | SOI Budget    | 2012/13        |
|   | \$000          | \$000         | \$000          |
| <b>Cash flows from operating activities</b>               |                |               |                |
| Receipts from land transport revenue                      | 3,080,193      | 3,024,843     | 2,862,336      |
| Payments to NZTA and NZ Police                            | (3,080,799)    | (3,006,565)   | (2,805,400)    |
|   | (606)          | 18,278        | 56,936         |
| Net decrease/(increase) in Debtors                        | (3,838)        | (13,479)      | (23,743)       |
| Net (decrease)/increase in Creditors                      | 24,719         | (26,320)      | 35,972         |
|   | 20,881         | (39,799)      | 12,229         |
| Net (decrease)/increase in cash and cash equivalents      | 20,275         | (21,521)      | 69,165         |
| Cash and cash equivalents at the beginning of the period  | 113,662        | 38,351        | 44,497         |
| <b>Cash and cash equivalents at the end of the period</b> | <b>133,937</b> | <b>16,830</b> | <b>113,662</b> |