

SECTION A OVERVIEW OF 2014/15

Vintage cars waiting
to drive at the opening
of the Tauranga
Eastern Link



CHAIR'S FOREWORD

I am pleased to present the 2014/15 annual report for the NZ Transport Agency.

This has been another successful year for the Transport Agency. We have continued to deliver strongly for New Zealand on the Government's priorities for the transport system and the people and businesses that rely on it.

This year has seen significant progress on putting the customer at the heart of our business, with benefits evident across the transport sector. We are pleased with the strong relationship with local government, and what we have achieved together in regional communities and our cities. We are a demanding client for our private sector contractors, always looking for good value from the investment of resources entrusted to us on behalf of users of our land transport system.

This year marked the end of the 2012-15 National Land Transport Programme (NLTP), with the 2015-18 programme launched on 30 June 2015. The development of the NLTP is an example of an effective partnership approach between the NZ Transport Agency, councils and local communities. We have extended this partnership with the development of joint ventures with local authorities for the delivery of road maintenance activities that benefit ratepayers and road users alike.

This success would not have been possible without the hard work and dedication of the Transport Agency's staff and my fellow Board members. Thank you. We are well placed to deliver on the ambitious work programme we have set ourselves in the coming year.

I wish to record the Board's thanks to Geoff Dangerfield, our Chief Executive who is stepping down in December. Geoff has led the development of the Transport Agency since its inception in 2008 and has been at the forefront of its approach to integrated transport networks and achieving best value for money. We wish him well for the future.



CHRIS MOLLER

Chair

THIS YEAR HAS SEEN SIGNIFICANT PROGRESS ON PUTTING THE CUSTOMER AT THE HEART OF OUR BUSINESS, WITH BENEFITS EVIDENT ACROSS THE TRANSPORT SECTOR.

CHIEF EXECUTIVE'S REPORT

The Transport Agency has made some significant achievements this year. We have focused our efforts and resources on the Government's clearly defined priorities and delivered on what we promised. Our reputation is built on getting things done and our constant challenge is to ensure that we plan for the long term and yet adapt our plans to meet changing circumstances and the needs of our customers.

The Board set some challenging performance expectations – and we have succeeded in most but not all cases. But we would rather strive for better performance than rest on our past successes.

It is the outcomes for New Zealanders that matter – what we do is for a purpose: creating transport solutions for a thriving New Zealand. We are focused on four long-term strategic goals:

INTEGRATING ONE NETWORK FOR CUSTOMERS

Our one network approach reflects the very nature of transport systems – connected and interlocking networks of different transport modes. The people who use them want to be able to move across networks and between them easily and seamlessly. The challenge is to ensure that our broader land use planning systems are well placed to integrate future transport requirements into how communities seek to be connected, and people and businesses function.

We have focused on improving our integrated planning, working with our regional planning and investment partners to ensure regional land transport plans, regional public transport plans, freight plans and the transport component of transport activity management plans will deliver one effective and resilient network for our customers. A key piece of work has been the involvement in Auckland Transport's investment planning, providing a strong strategic context for its Integrated Transport Programme.

The one network approach has seen us put more emphasis on integrating road and rail networks and ensuring effective connections with sea and airports in our transport planning. We have also placed a stronger emphasis on cycling networks and the interface with public transport.

Over the past year we have made significant progress on the One Network Road Classification system with local government. This is a major step forward in terms of gaining a strong understanding of the role and function of every part of the road network across New Zealand, and sets the stage for a more consistent and forward looking asset management approach that can adapt to changing requirements.



**WHAT WE DO IS
FOR A PURPOSE:
CREATING TRANSPORT
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SHAPING SMART TRANSPORT CHOICES

Our goal here is to make our transport system safer and to reduce deaths and serious injuries by enabling people to make smarter transport choices.

New Zealand's road safety performance has improved over recent years, but the reduction in deaths and serious injuries has plateaued in absolute terms and we do not have the road safety performance we see in Australia and elsewhere. This requires a concerted effort across many agencies and a clear sense of priorities.

We recognise the need to implement a Safe System approach to create a forgiving land transport system that accommodates human error and vulnerability. We have delivered Safe Systems in Practice training to around 1,100 people from the Transport Agency, NZ Police, local authorities, other agencies and consultancies.

Over the year we have improved road infrastructure with a substantial safety programme across the state highway network. The high-risk intersections project has seen improvements to eight high-risk state highway intersections completed over the last year from the top 100, with the rest at various stages of construction or planning. A number of high and medium-risk rural roads have also been improved, including SH2 Rimutaka Hill, SH29 Kaimai, SH75 Little River, and SH4 Kopaki. We expanded our rumble strips programme to lift safety on well-travelled tourist routes to help with the visiting drivers campaign and ensure the safety of all road users.

The development of a visiting drivers programme has been a major area of focus. We are working with a range of agencies to build a programme to give visitors from overseas a better understanding about driving on our roads and to make sure they are better prepared. There has been critical work undertaken with car and campervan rental companies to lift their awareness and scrutiny of overseas drivers and to help them be safe themselves on the road as well as lifting the safety of other road users.

We supported the Cycling Safety Panel and its work, and have picked up all the recommendations that are within our responsibilities. The Government has invested strongly in more cycling infrastructure, and we are working with local government and others to implement that programme over the next three years.

The Government has enhanced the effectiveness of regulations we administer. Learner and restricted licences now have time limits, new electronic stability control rules have been introduced, and we are supporting efforts to strengthen drug driving enforcement. The Government introduced lower drink driving limits and we worked with the NZ Police to support the change and help drivers be aware of their responsibilities.

As the rail safety regulator we are responsible for ensuring that those who hold rail operator licences exercise their safety obligations fully and effectively. Over the last year we have increased the resourcing for this work and built stronger relationships with WorkSafe NZ and the wide range of rail operators. There is ongoing work to do to ensure that level crossing risks are addressed and there is increased focus on urban crossings given the lift in metro rail operations in Auckland in particular. We have also become a more active member and funder of TrackSafe and its programme to improve public safety within the rail corridor.

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DELIVERING HIGHWAY SOLUTIONS FOR CUSTOMERS

The state highway system is a critical part of the country's economic infrastructure. While just 11% of the total road network, it carries around 50% of all traffic and 65% of all heavy traffic. This strategic road network is vital to connecting our major areas of economic activity across the regions, our export ports and the functioning of our major metropolitan areas. Our aim is to deliver efficient, safe and resilient highway solutions for all customers.

Over the last few years we have revised our asset management and maintenance contracting approach to make it more efficient and effective – and we have seen substantial efficiency gains achieved. A further seven state highway network outcome contracts have been awarded over the past year – in Northland, Bay of Plenty West, West Waikato, Central Waikato, East Waikato, Manawatū/Whanganui and West Coast.

Our major capital projects including the roads of national significance are all tracking on or ahead of schedule, with the exception of the Wellington Inner City Improvements. The Basin Reserve project – as part of better service to Wellington's eastern suburbs and the airport as well as for the Bus Rapid Transit system – will now not proceed and we are working with our partners to reassess the options for the future. At the beginning of the year we completed the procurement of the Transmission Gully project through a public private partnership (PPP) and given the good outcome achieved there, have now embarked on a further PPP approach for the procurement of the Pūhoi to Wellsford project.

The Tauranga Eastern Link opened in early August 2015 ahead of schedule and under budget. Construction is on schedule for the Waterview Connection and other projects as part of the Western Ring Route, and the Waikato Expressway. Memorial Park was completed on time for the ANZAC Day ceremonies.

MAXIMISING RETURNS FOR NEW ZEALAND

Every activity we carry out is viewed as an investment in New Zealand, and we are constantly looking for ways to maximise the returns. There are always more projects and services we can invest in than there are available resources, so it is crucial that we have a robust framework for assessing investment choices that give the very best benefits.

We lifted our focus on planning and investment for outcomes. A major focus during the year was the development of the 2015-18 National Land Transport Programme, developed to give effect to the Government Policy Statement on Land Transport for 2015/16–2024/25, released in December 2014.

We also embarked on a review of our Investment Assessment Framework which underpins our decision making for the National Land Transport Programme. Immediate and effective changes were made for the 2015-18 programme and we are well placed to make longer-term changes in line with best international practice for the 2018-21 programme.

Improvements to our procurement processes in our Highways and Network Operations Group have been implemented following a review this year, and all approved organisations have current procurement strategies approved by us.



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PROGRESSING OUR PRIORITIES

In delivering our shorter-term priorities we have focused on the following areas:

PUTTING CUSTOMERS AT THE HEART OF OUR BUSINESS

Our focus on our customers has continued to strengthen this year, with their needs front of mind in all our decision making. Customer feedback is actively sought and directed to the relevant teams so it can be used for continuous improvement.

Our online services website has also been upgraded to a mobile-friendly design making it easier for customers to transact with us. A great step forward this year is the improved capability to renew your vehicle licence online. Overall, the percentage of motor vehicle registry transactions completed online has risen from 31 – 35%.

We launched our new Transport Agency website to create a more customer orientated and efficient digital channel. The site allows our customers to find information that helps them to make good transport decisions, conduct easy digital transactions, and interact with us in a digital environment that accommodates mobile technology.

We streamlined our process for distributing customer feedback and addressing any customer complaints. We have developed a tool to turn customer feedback into insights that are used to keep improving our services, and we are developing a consolidated Transport Agency-wide understanding of our customers, their needs and expectations to harness insights and identify gaps in what we offer.

Throughout the year, we have made it a priority to increase the capability and understanding that all Transport Agency staff have of what an exceptional customer experience looks like, and how their role can directly or indirectly help to achieve it. Local government mayors and chairs rated the Transport Agency as the central government body that makes the most effective contribution to local authorities. The majority (50%) rated the Transport Agency as the most helpful government agency.

ENHANCING URBAN NETWORK CAPACITY

This year we have continued to look for ways to improve our urban transport networks. The benefits to major cities and local communities of lifting throughput and safety are significant. A lot of effort has gone into understanding the transport choices that users make – between private motor vehicle, public transport, cycling and walking – and offering better solutions for users.

The number of people using public transport has grown in our three major cities this year, with Auckland public transport patronage seeing an increase of 10%. This year, New Zealanders made 144 million trips on public transport.

We have worked closely with local authorities to jointly offer better solutions for transport users. Planning work is now much more aligned and we see scope to further enhance the overall optimisation programmes across the three largest metros – Auckland, Wellington and Christchurch.

All three Transport Operations Centres (TOCs) are now producing network key performance indicator reports to their stakeholder boards, and we have seen progress on the Wellington Transport Operations Centre operating as a joint network entity together with Hutt, Upper Hutt and Porirua. The TOCs are positioned to ensure our customers have up-to-the-minute information to guide their travel choices.

MOVING MORE FREIGHT ON FEWER TRUCKS

We have achieved this year's target of 25% of heavy trucks now using high productivity motor vehicles (HPMVs). These safer and more efficient heavy vehicles travelled 403 million kilometres this year, which represents between \$125m to \$163m in operator cost savings.

Over 3,500 50MAX permits were issued throughout the year. For those parts of the road network that cannot carry heavier HPMVs, we have continued to grow 50MAX access.

We have seen the migration of heavy road freight to HPMVs continue, reflecting the increasing availability of network access and new HPMV-capable trucks and trailers being brought into service. These newer vehicles are more productive, cleaner and have more advanced safety equipment built in. New trailers are being registered in record numbers, however the registration of new trucks is now slowing.

The significant progress made this year means the Transport Agency can now look at ways to improve the efficiency of the wider freight network, particularly on the connections between road, rail and inter-modal freight hubs.

SAFE SPEEDS TO REDUCE DEATH AND SERIOUS INJURY

Safe speeds that reduce death and serious injury continue to be an extremely important area of focus for the Transport Agency. We know that travel speed affects the outcome of every crash, no matter what the cause.

Throughout the year we have maintained our focus on reducing deaths and serious injuries on open roads, working with local authorities to implement our *Speed management guide*, which aligns speeds to road function and design.

The *Speed management guide* has been developed to implement a stronger focus and guidance on ensuring speeds that are right for the road, the vehicle and the environment.

Progress has been made with the Road Policing Programme, providing a framework for NZ Police to work with other road safety partners on the roll-out of the speed management approach.

Safe speeds will not be achieved without the support of the public, our stakeholders and partners. We know from monitoring the driving behaviour of our own staff that we cannot take safe driving habits for granted. Since we introduced an internal education campaign to focus on this issue, we have seen driving speeds drop substantially.

EFFICIENT ROAD MAINTENANCE AND DELIVERY

This year we have developed a new priority for ensuring efficient road maintenance investment and delivery. Using the One Network Road Classification system allows us to focus on investing in roads with a view to maintaining effective and efficient levels of customer service.

Our focus on asset management and improved procurement practices has led to cumulative savings on state highway and local road renewals, maintenance and network operations of \$280 million. Local road renewals, maintenance and network operations expenditure ended the 2012-15 NLTP period with cumulative savings of \$94 million, significantly higher than the target of \$50 million. The cumulative estimated savings on state highways reached \$186 million, above the target of \$160 million for the same period.

The next step is to foster continued collaboration and information sharing between road controlling authorities to build capability for efficient activity management and procurement of road maintenance services.

REBUILDING CANTERBURY

Good progress is being made with the Christchurch rebuild. In the last year working closely with the Christchurch City Council, the Canterbury Earthquake Recovery Authority and the Stronger Christchurch Infrastructure Rebuild Team (SCIRT), we invested \$48 million in the earthquake-related transport network rebuild programme.

The Transport Agency has now invested \$361.5 million in the rebuild of the Christchurch city network to get the city moving again. The majority of the city programme is being delivered through the SCIRT alliance programme. SCIRT has completed about 75% of the total programme, including the repair of 62% of all roads and 80% of all bridges.

We invested \$16 million in the newly opened \$53 million Christchurch central city bus interchange, and \$18 million in the first phase of the network changes within the central city to support the opportunities to grow public transport use, cycling and walking. We have worked with the Canterbury Earthquake Recovery Authority (CERA) and our Christchurch partners on the planning and funding of these key projects which will help make Christchurch one of New Zealand’s most accessible cities.

Development of the Christchurch Motorways is well on track, with the last of the three stages now underway for the Western Corridor and designations in place for both the Southern Motorway stage 2 and Northern Arterial. These new motorways are important to significantly improve network resilience and economic productivity, as well as ensuring motorists enjoy safer and more predictable journeys.



THE TRANSPORT AGENCY HAS NOW INVESTED \$361.5 MILLION IN THE REBUILD OF THE CHRISTCHURCH CITY NETWORK TO GET THE CITY MOVING AGAIN.

INVESTING IN AUCKLAND

The transport challenges in Auckland are substantial, and will only be addressed through a concerted and coordinated programme of action across all modes. This is especially important in terms of our relationship with Auckland Transport and the development of the integrated transport programme over the coming years. At year end, the Government and Auckland Council have jointly agreed to work together to identify an aligned strategic direction for the development of Auckland's transport system that delivers the best possible outcomes for Auckland and New Zealand. The Transport Agency is part of that process.

The Accelerated Auckland Programme is progressing on or ahead of schedule. The first improvements to the Northern Corridor opened to traffic ahead of schedule in December, design of the Southern Corridor is complete, and construction is underway for State Highway 20A.

There is substantial and continued investment with Auckland Transport on public transport services and good patronage results have been achieved this year. The cycleways programme is well underway.

REGIONAL INFRASTRUCTURE INVESTMENT

Last year the Government announced a Crown funded programme of regional state highway projects targeted for acceleration under the Accelerated Regional Roding Package. This initiative gave an additional boost to the State Highway Improvements Programme that could be accommodated within the resources of the National Land Transport Programme.

We have seen good progress over the last 12 months. The Panikau Hill and Wallis Hill slow vehicle bays on SH2 near Gisborne have been completed and four projects have either started their construction phase or are just about to begin - the new Kawarau Falls Bridge in Otago, Mingha Bluff to Rough Creek Realignment in Canterbury, Akerama Curves Realignment and Passing Lane in Northland, and the Normanby Overbridge Realignment in Taranaki.

The initial investigation stage has been completed on a further six projects, with another three in the investigation stage. The Government will make investment decisions on these projects once the initial phases have been completed.

THERE IS SUBSTANTIAL AND CONTINUED INVESTMENT WITH AUCKLAND TRANSPORT ON PUBLIC TRANSPORT SERVICES AND GOOD PATRONAGE RESULTS HAVE BEEN ACHIEVED THIS YEAR.



URBAN CYCLEWAYS

In September last year the Government established the Urban Cycleways Fund with \$100 million of resources for the next three years. Cycling is a fast growing mode of transport in several cities and towns across New Zealand.

We have resourced a stronger work programme on cycling, lifted our planning effort and the development of the Urban Cycleways Programme. Construction is now underway on the first tranche of projects. The Longburn Cycleway was completed in June – an off-road cycle and pedestrian path alongside a busy state highway corridor that links the Longburn community and commercial area with the rest of Palmerston North.

The Nelson Street Cycleway, which connects Newtown Road to Victoria Street in Auckland will open in December 2015, and construction of the Rolleston to Lincoln Cycleway is well underway – a new off-road path for pedestrians and cyclists that will connect fast growing townships to each other and to Christchurch. In late June, the second tranche of urban cycleway projects was announced – \$236 million will be invested in a further 41 projects.

PEOPLE AND TEAMWORK

It has been a privilege to lead the Transport Agency over the last seven years since it was established in 2008. I will step down as Chief Executive in December this year, well satisfied that the Transport Agency is in good shape to address the challenges of the future and with a strong track record of achievement across all its functions and responsibilities.

I am proud of the people who work here and the passion they bring to serving the people who use our transport systems and the communities they live in. Thank you. The public sector attracts people who are motivated to serve and work in the public interest, and I am proud of the relationships we build with the people and organisations we work with – across local and central government, the private sector and in individual communities.

My thanks to Ministers of Transport – past and present – for your leadership and support, and to the Board of the Transport Agency for your guidance and constant encouragement. To my Senior Leadership Team, your dedication and commitment is outstanding.



GEOFF DANGERFIELD

Chief Executive

I AM PROUD OF
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THEY BRING.

