

1 JULY to 31 DECEMBER 2012

# Half-yearly results and insights



NZ TRANSPORT AGENCY  
WAKA KOTAHĪ

## CONTENTS

### Section

#### Executive summary

2

Overview

3

Highlights

4

Challenges

#### Progress on our 8 key result areas

5

Customers

9

Safety

13

Freight

17

RoNS

20

Public transport

25

Canterbury

29

Auckland

31

Value for money

#### Financial and service delivery performance

34

NLTF financials

35

NZTA  
financials

41

Borrowing

42

Delivery

#### Organisational health and capability

48

Capability

49

People metrics

#### Appendices

51

Financial  
statements

56

NLTF funding  
commitments

## PERFORMANCE OVERVIEW

### Q2 A high level view of progress against the components of our four performance dimensions

Achieving the aims of our ten key result areas	<b>1</b> Customers	<b>2</b> Safety	<b>3</b> Freight	<b>4</b> RoNS	<b>5</b> Public transport	<b>6</b> Christchurch	<b>7</b> Auckland	<b>8</b> Value for money
Strong financial performance	<b>NLTF</b>		<b>NLTP expenditure</b> [8% under budget]	<b>A&amp;U revenue</b> [on budget]	<b>A&amp;U expenditure</b> [5% under budget]	<b>NZTA operating expenditure</b> [5% under budget]		<b>Borrowing</b> [as planned]
Strong service delivery performance	<b>Delivery targets</b> [good overall progress, with 9 areas to watch]							
Strong organisational health & capability	<b>Core systems and processes</b> [stable and strong]				<b>People metrics</b> [stable and strong]			

- Very good progress against plan – achieved all our targets and milestones for this quarter
- Good progress against plan – achieved most of our targets and milestones for this quarter. Issues to be resolved indicated in box
- Significant issues to be resolved to enable achievement of our targets and milestones for 30 June 2013

## KEY HIGHLIGHTS

### Q2 Nine key highlights from the quarter

		Page no.
1	Transmission Gully PPP announced long-term funding package agreed by Cabinet	33
2	2012's road toll was the second lowest in sixty years	9
3	Te Rapa section of Waikato Expressway opened ahead of schedule and under budget, and no loss time injury	17, 19
4	Customer experience survey: 82% of respondents rated their experience of using Transact (online transaction site) as 'Easy'	8
5	Christchurch Southern Motorway Stage 1 opened ahead of schedule, under budget and no loss time injury	25, 28
6	Natural event disasters have been effectively responded to, including Milford Sound	-
7	Integrated ticketing rollout on rail and ferry in Auckland, on time and on budget	21
8	Final delivery of Matangi trains for Wellington	22
9	Greater Christchurch Transport Statement successfully agreed	25

## KEY CHALLENGES

<b>Q2 Some of the key challenges or issues faced this quarter, and may be faced again going forward</b>			
	<b>Progress or performance issues</b>	<b>What are we doing about it?</b>	<b>Page no.</b>
	For the NZTA:		
<b>1</b>	Maintenance and operations review	We are expediting the implementation of the initiatives while building confidence and comfort with our partners	32
<b>2</b>	High productivity motor vehicle (HPMV) consolidated permitting	While resources have been increased, we are supporting a culture change towards greater customer focus	13
<b>3</b>	Embedding the safe system approach	We are giving more attention to implementing this ambitious strategic priority, focusing on regional leadership, integration and coordination	9
<b>4</b>	Ensuring value for money in the Christchurch rebuild	We are actively working with CERA to ensure audit framework, value for money metrics, work programme and business case are agreed. Focusing on ensuring value for money from the rebuild by the alliance (SCIRT) and CCC	26
<b>5</b>	NLTP expenditure is tracking 8% under budget	We expect year-end expenditure to still meet budget, but are monitoring this closely	39, 41
	For the sector:		
<b>6</b>	Public transport - long run target for achieving cost effectiveness will take time to achieve given increased capital expenditure	We expect rail investment in Auckland and other initiatives to increase patronage further and over time reduce long run average costs	20
<b>7</b>	Freight efficiency - results below long run target, but will improve with RUC and HPMV changes	We are continuing to roll out HPMV routes to support economic recovery	13




# KEY RESULT AREA 1: CUSTOMERS

**Our aim is to improve customer service while reducing compliance costs.**



In this quarter we have:

1. achieved all our desired results, and
2. made good progress on our deliverables


## Q2: Good results

Key customer service indicators	Baseline 2009/10	Quarter one result	Quarter two result	Status
Driver licensing customer satisfaction rating	74%	75%	73%	
Motor vehicle registration customer satisfaction rating		80%	81%	
State highways customer satisfaction rating	58%	58%	59%	

## Q2: Good progress

Objective	Q2 progress	Status
Negotiate with our investment partners unambiguous terms for the NZTA's investment delivery as part of streamlining	The NLTP lessons learnt review currently underway, together with our analysis of our stakeholder feedback, will provide us with an assessment of the degree to which we have fully embedded the planning and investing for outcomes way of working. We have established a planning and investing for outcomes leadership team and are currently going through a process of redefining what success means with our staff. This process is designed to enable staff to articulate what the change means for them personally and for our relationship with key stakeholders. From this work we will identify the ultimate result and the factors critical to the success of the planning and investing for outcomes way of working.	
Implement the modernised road user charges system in line with the Road User Charges Act 2012	From October to December road user charges assessment process changes were implemented to improve efficiency and incentivise early payment. Residual issues from the changes are being worked through and resolved in conjunction with the Ministry and industry. Initial design work on exempting certain vehicles from section 40 of the new Act was completed in December. A project has been initiated to meet the planned 1 July 2013 implementation date.	

Key result area 1 | Customer service

Objective	Q2 progress	Status
<p>Support a culture that will improve customer service and reduce compliance costs; Build a reputation of customer service excellence</p>	<p>Work is focusing on:</p> <ol style="list-style-type: none"> <li>1. Developing and implementing a NZTA wide complaints process. A project team is developing an action plan based on best practice and current status of complaints in NZTA.</li> <li>2. Designing and testing with SLT a capability building programme for all staff. We have engaged a dedicated resource from the Department of Internal Affairs to assist with assessing NZTA needs in this area and further dedicated NZTA resource is being explored.</li> <li>3. Identifying and implementing a more informative measure for reporting on customer service.</li> </ol>	

## Feature

### Customer insight: Online transactions

Last quarter we provided data on how our customers speak to us and the reasons they approach us. This quarter we are focusing on A&U's online transactions.

The NZTA is committed to actively participating in Result Area 10 - part of the Better Public Services agenda.

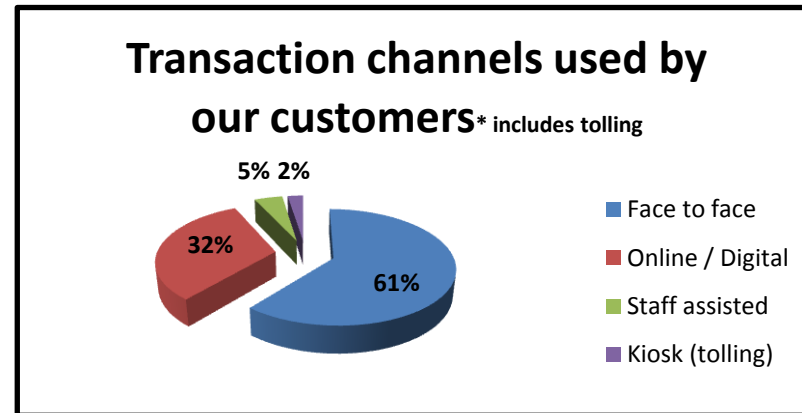
The objective of Result Area 10 is that New Zealanders can complete their transactions with government easily in a digital environment.

The target is for an average of 70% of New Zealand's most common transactions with government to be completed online by 2017.

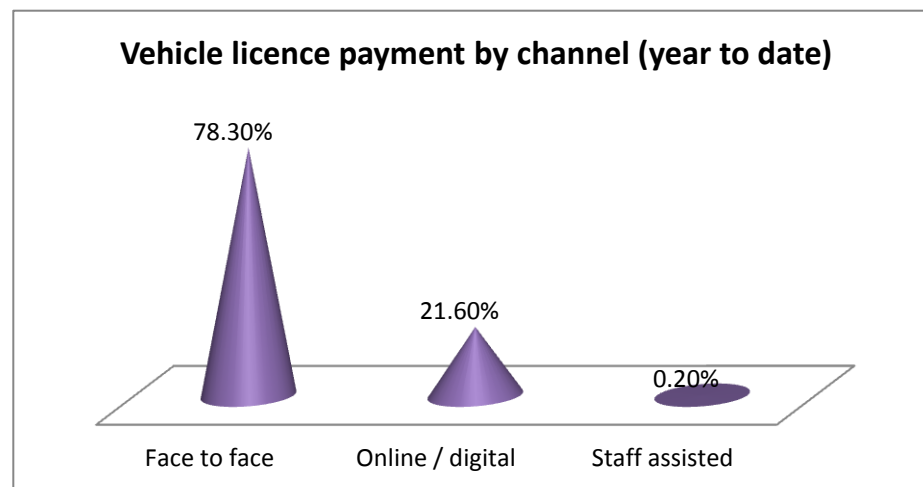
Most (62%) online transactions are vehicle licence renewals.

**We want our customers to be able to easily transact with us online.**

**Here's how our customers currently transact with us:**



**The NZTA is committed to increasing the percentage of people who pay for their vehicle licence digitally.**





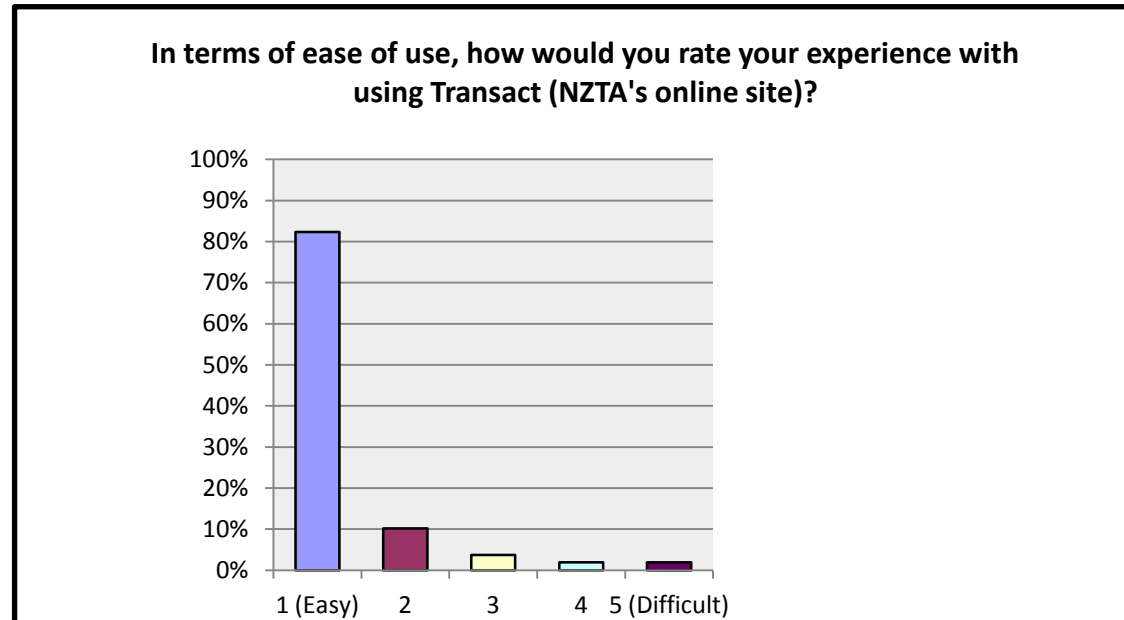
During Q2 the NZTA surveyed our customers' experience of their online transaction with us. We received 2,376 responses from the survey which ran between 11 December 2012 and 4 January 2013.

The survey identified what our customers like about our online Transact service and identified areas they found difficult.

A range comments were received on ways we could improve the Transact service.

## We are improving our insight into our customers' experience of transacting with us online.

### Most respondents said it's easy to transact online with us.



### Our next step is to consider what's stopping customers carrying out more online transactions with us.

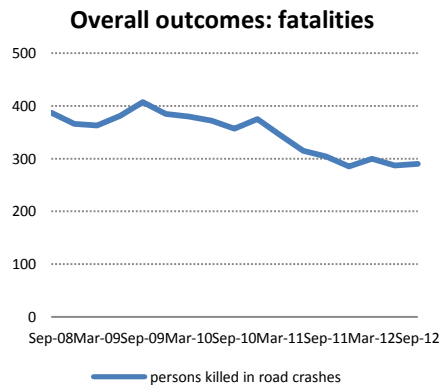
# KEY RESULT AREA 2: ROAD SAFETY

**Our aim is to reduce deaths and serious injuries**

In this quarter:

- 6 of the Safer Journeys goal result indicators moved in the right direction (reported one quarter in arrears)
- 6 of our Safer Journeys goal result indicators caused some concern (reported one quarter in arrears)
- We have progressed our deliverables

**Q2: Progress is plateauing**

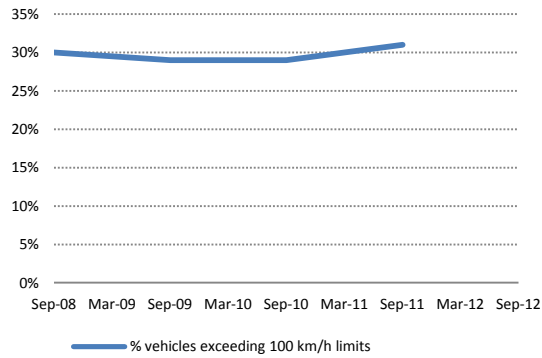


**Q2: Good progress**

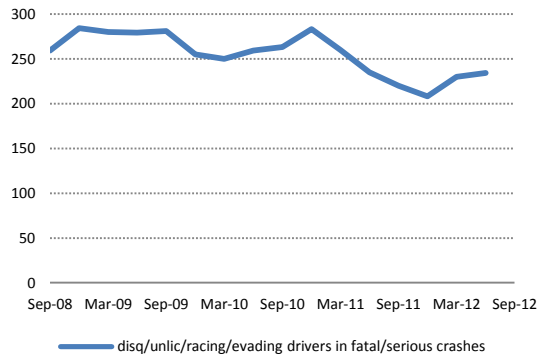
Objective	Q2 progress	Status
Contribute to the delivery of the 2011/12 Safer Journeys Action Plan, and the completion of the 2013-15 action plan	The NZTA has influenced the framework and content of the 2013-15 Safer Journeys Action Plan. Successful delivery of the plan will require substantial leadership and effort from the NZTA over the next three years, especially in relation to speed, vehicles and safe system signature projects.	●
Key NZTA manuals, policies and operating procedures aligned to require and not inhibit safe system treatments and interventions  (As specified in the 2012 edition of the NZTA's Road Safety Strategic Plan, which is contingent on the Safer Journeys Action Plan)	Good progress is being made.	●
Safe System training pilot successfully complete	Successfully completed	●
Embed the Safe System approach	Baseline work has been done to ensure each region can now identify its key road safety risks and trends. This sets a baseline for the Q4 review of progress in reducing the key regional risks. The current focus is mainly on inputs and outputs rather than outcomes. Each Regional Safety Portfolio Group has identified barriers to progress that need addressing through collective regional leadership.	●

## Q2: Six other areas of concern

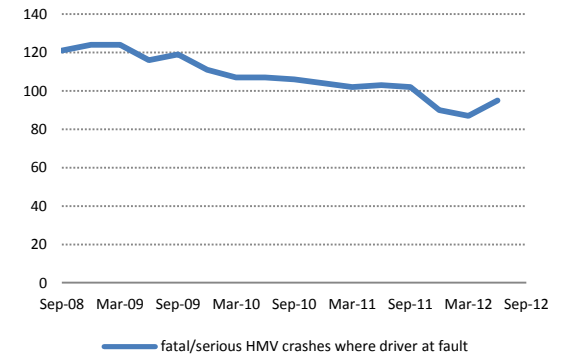
### Speed



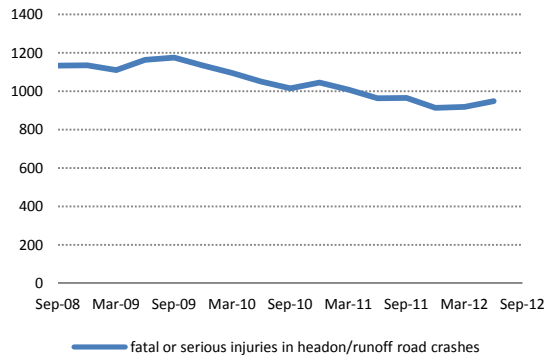
### High risk drivers



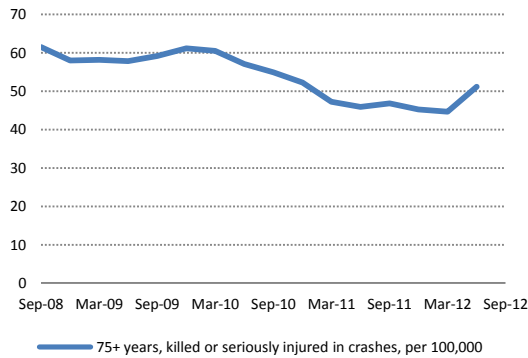
### Heavy vehicles



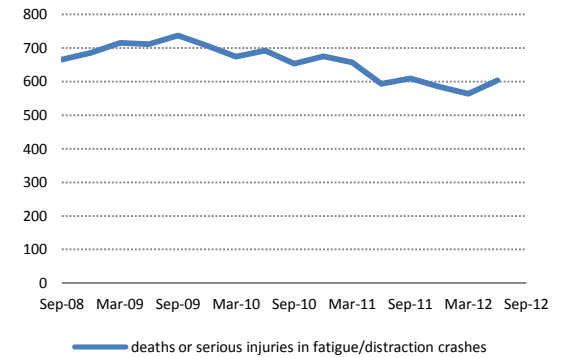
### Roads and roadsides



### Older road users

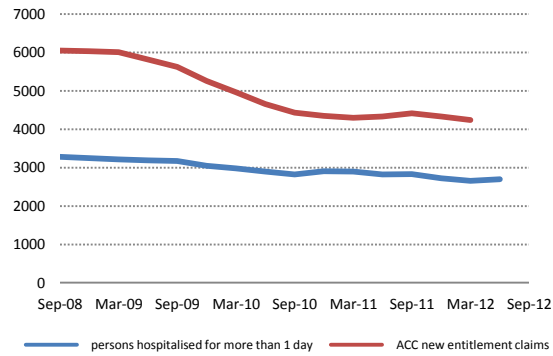


### Fatigue and distraction

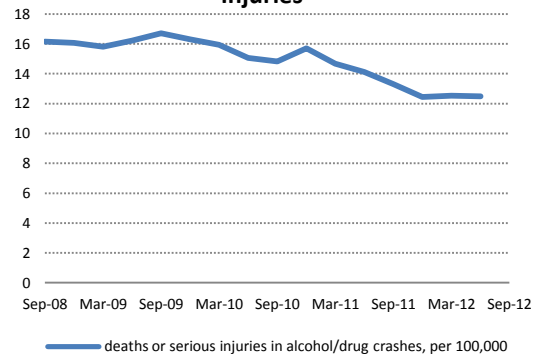


## Q2: Six positive or neutral results

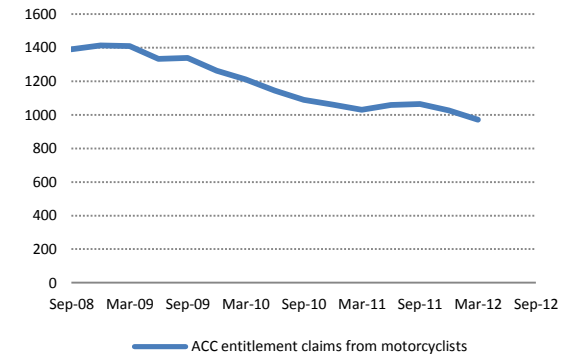
Overall outcomes: injuries



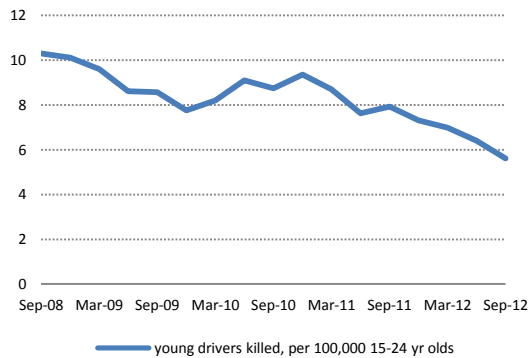
Alcohol and drug related deaths and injuries



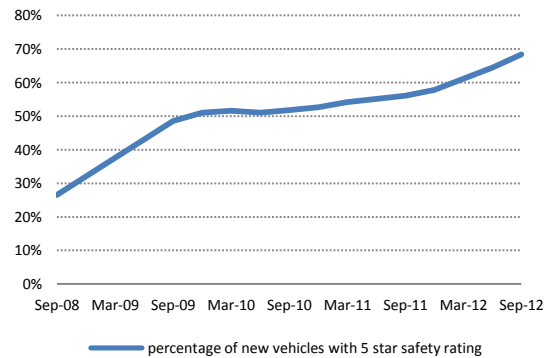
Motorcycle injury claims



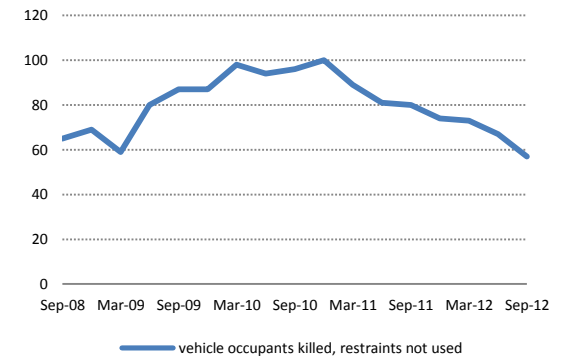
Young drivers killed



A safer new vehicle fleet



Fatalities without restraints



## Feature

### West Whanganui skid resistance project under a Safe System



Over the years a significant amount of the state highway network's road surface has 'flushed' or 'polished'. This results in the road surface not providing vehicles with sufficient grip to come to a stop in the shortest distance possible.

The Highways and Network Operations (HNO) team recently reviewed *T10 - Specification for State Highway Skid Resistance Management* to align it to the Safe System approach with a view to improving skid resistance and making the road more forgiving when drivers make mistakes.

In West Whanganui, the project team used a high-speed data survey in order to quantify the extent of the skid resistance problem. Once the extent was identified, the team prepared a list of priority sites that had a crash history using the new specification.

If a road surface can provide good skid resistance then a vehicle may stop before hitting another object or it may help reduce its speed so that any damage is less severe. It can also help reduce loss-of-control crashes on bends.

The project embedded a proactive approach to identifying risk and incorporated this into everyday asset management and maintenance planning. In the past the focus in this area has been to reseal the network based on the age of the surface. Now the need for resurfacing is linked to the locations where crashes occur, especially wet road accidents – so it targets to risk.

By the end of this financial year (2012/13) more than 53km of formerly flushed and polished state highway will provide increased levels of skid resistance that should reduce the number of deaths and serious injuries on the West Wanganui network.

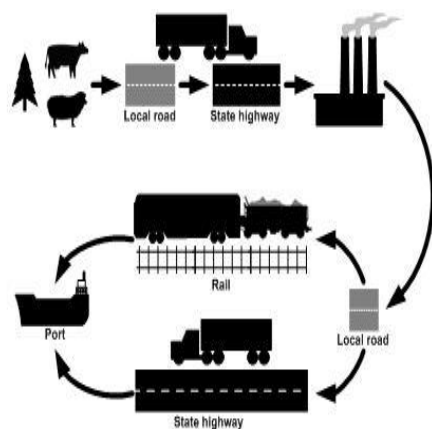
There was a very collaborative approach across the NZTA during the programme development to provide the best outcome for customers as soon as possible. The learnings can also be applied elsewhere in the network.

# KEY RESULT AREA 3: FREIGHT

**Our aim is to improve the efficiency of freight movements**

In this quarter we have:

1. not achieved our desired result
2. made (overall) good progress on our deliverables, with one area to watch





## Q2: Desired result not achieved

Efficiency indicators	Baseline 2009	Quarter one result	Quarter two result
Average daily measured weight of freight vehicles (tonnes)	22.7	22.56	22.04

## Q2: Good progress, with one area to watch

Objective	Q2 progress	Status
Upper North Island Freight Plan completed	Evidence collection for the Upper North Island Freight Story is near completion. The Freight Story will be a key input into the Freight Plan. Critical issues, evidence and proposed way forward reported back to the upper North Island ten partner chief executives in late October and the upper North Island Strategic Alliance mayors and regional chairs in early November where it was well received.	●
High productivity motor vehicle (HPMV) route investment programme initiated	<p>Bridge screening is continuing, with a number of bridges now opened up without the need for upgrade investment, such as Okere Bridge on State Highway 33 near Rotorua, which was a major blockage for an HPMV route from the forestry hinterland to the Port of Tauranga.</p> <p>An agreement has been reached with the NZ Police on the enforcement of HPMV permits. This will reduce a regulatory blockage to HPMV uptake. A review of over-length HPMVs is underway to ensure the approval process is robust. Feasibility work on lower-bound HPMVs is progressing with growing industry interest. Upgrade design work now underway.</p>	●
Progress network planning collaboration with KiwiRail	Collaborative work continues with KiwiRail on inter-regional freight plans, with significant progress made in the upper North Island where KiwiRail is actively engaged in the freight network and land use discussions as part of the technical working group. The NZTA has been working with KiwiRail to see if we can provide collegial advice on their network planning, route classification and levels of service. A short discussion paper has been developed that will be the focus of a leadership discussion in 2013.	●

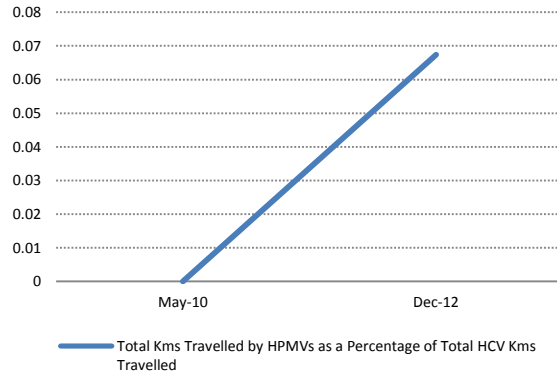
Objective	Q2 progress	Status
Develop a freight sector summary that reflects the sector's view of multi-modal and regulatory system requirements for the future (30 years)	Progress on the South Island Freight Plan has also been strong with consultation well underway. A total of 260 organisations have been invited to workshop sessions, from which a formal feedback summary will be prepared in April 2013. The central NZ freight story is also now underway and back on track with a discussion document circulated and a survey of the freight sector initiated, with facilitated discussions beginning in early 2013.	
Develop and implement a simple consolidated HPMV permitting system	Tracking behind where we wanted to be. In December, the project team, governance and support structures were being set up and detailed planning and internal measurement work was undertaken. We have increased resources to bring this project back on track by year end, but it requires full commitment from the project team.  DELIVERY RISK: The NZTA's permitting system provides a variable customer experience and urgent action is being undertaken to improve the level of service.	

### Observations for the quarter are:

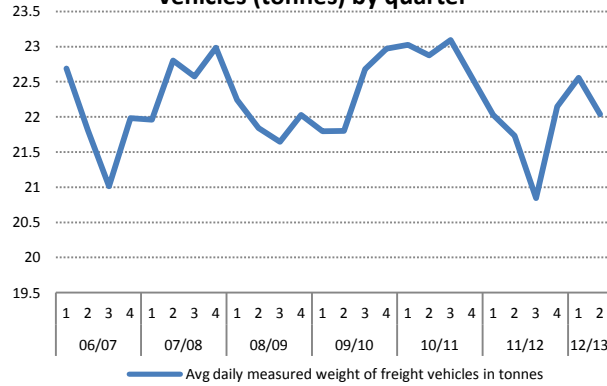
- Overall freight efficiency, as measured by average weight of freight vehicles, has been heavily influenced by global and domestic economic conditions.
- Industry uptake of high productivity motor vehicles (HPMV's), particularly of longer proforma vehicles, has been significant but network access constraints are holding back further growth.
- The increasing age of heavy vehicles suggests that industry is reluctant to invest in the purchase of new commercial vehicles due to the tough economic conditions and regulatory uncertainty created by the development of the VDM rule and the RUC amendment legislation.
- Fatal and serious injury crashes involving heavy vehicles continues to decline as a proportion of kilometres travelled.

Key result area 3 | Freight

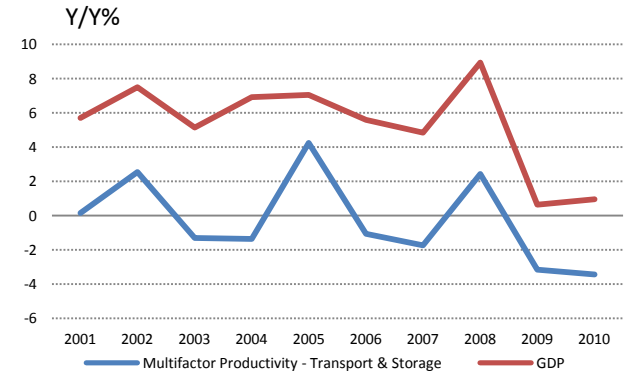
HPMV kms travelled



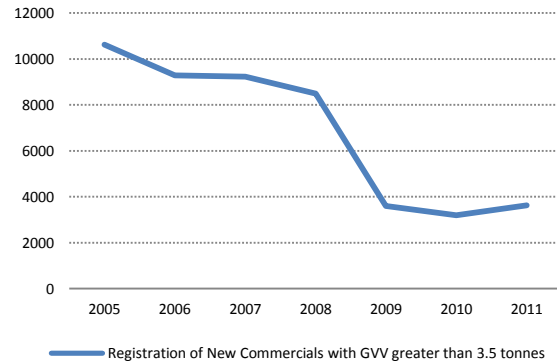
Average daily measured weight of freight vehicles (tonnes) by quarter



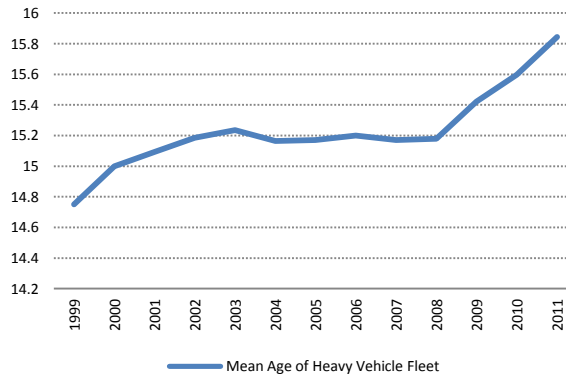
Transport and storage productivity



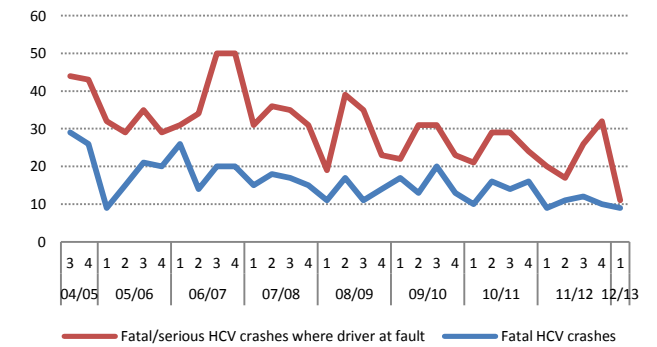
Registration of new commercials



Age of heavy vehicle fleet



Fatal/serious HCV crashes where driver at fault





## Feature

### Freight efficiency and safety improved through smarter, better use of state highway network and high productivity motor vehicles



High productivity motor vehicle crossing the Okere Bridge

The second quarter saw significant progress in the assessment of bridges for opening up access for high productivity motor vehicles (HPMV). Okere Bridge on state highway 33 near Mourea in the central Bay of Plenty is now being used by HPMVs, having been given the green light as an approved HPMV route following an engineering assessment. This bridge was the last obstacle restricting HPMV access on the route.

Detailed assessment of the bridge's capacity was undertaken and we were able to demonstrate that the bridge was suitable for HPMVs without any additional strengthening work. As a result, the Port of Tauranga to Taupo route is now able to be travelled by most HPMVs. Opening the Okere Bridge is part of the connected national HPMV network the NZTA is developing. The National Land Transport Programme will give priority to state highways and local roads that carry high volumes of freight traffic and provide access to areas of significant and sustainable freight production, consumption and distribution.

Freight owners and transport operators have welcomed this announcement, given the importance of the routes to the local economy and for New Zealand's exports. The Bay of Plenty road network carries the third largest freight traffic in the country, and has the heaviest vehicle weight intensity in the country (214,800 tonnes per kilometre compared with the New Zealand average of 106.5). The State Highway 33 route currently carries about 600 trucks per day. The use of HPMVs will reduce the number of truck movements for the freight moved, particularly given that the freight task in New Zealand is forecast to double by 2040. This will help reduce the impact of the increasing volume of freight being moved on other road users and local communities on the route.

# KEY RESULT AREA 4: ROADS OF NATIONAL SIGNIFICANCE

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

In this quarter we have:

- resolved the funding profile for the programme
- made very good progress on all the individual corridor projects



Tauranga Eastern Link - Aerial map

## Q2: Good progress across the whole programme

Project	Milestone 2012/13	Q2 progress	Status
Puhoi to Wellsford	Refer to key result area 7 - Growing Auckland		
Western Ring Route	Refer to key result area 7 - Growing Auckland		
Waikato Expressway	Construction continues on Te Rapa and Ngaruawahia sections (also refer to feature on page 19)	<p>Milestone: Rangiriri - Transpower relocation works commence: Not met. It took longer than expected to sign the Line Deviation Agreement. Transpower is undertaking detailed design and construction will commence in Feb 2013.</p> <p>Milestone: Huntly - complete specimen design: Specimen design is largely complete. The final drawings and reports are likely to be issued in February due to some delays in providing feedback to the design team.</p> <p><b>Quarterly highlight:</b> Milestone: Te Rapa - project open: The project was achieved ahead of schedule, under budget and no loss time injury. The section opened on 1 December, seven months early and \$40m under original budget.</p>	●
Tauranga Eastern Link	Construction continues	<p>Progress continues steadily and as expected.</p> <p>The two milestones for the quarter were met with two tender awards being made - one for the Maranui wetlands stormwater drainage and treatment, and the other for the Paengaroa weigh station.</p> <p>The Paengaroa weigh station is one of seven Tauranga Eastern Link enabling works projects. Five of the enabling works have already been completed - one currently underway to increase the size of the Maranui Wetland stormwater treatment pond. The completion of Paengaroa will mean the completion of this enabling programme for Tauranga Eastern Link.</p>	●

Key result area 4 | Roads of national significance

Project	Milestone 2012/13	Q2 progress	Status
Wellington Northern Corridor	Commence national consenting process - Wellington Inner City Improvements	<p>Another quarter of good progress on various sections of the Wellington northern corridor.</p> <p>On the Ngauranga to Aotea Quay section, the scheme assessment was approved and stage 1 design completed.</p> <p>The scheme assessment was also approved for the airport to Mt Victoria Tunnel section.</p>	●
	Buckle Street	<p>Construction commenced on the Memorial Park underpass.</p> <p>A temporary road is under construction and will be completed early in 2013. Archaeology investigations continue, site offices have been established, and service and utilities located and relocated.</p> <p>Consent condition monitoring is now in place and under active management.</p>	●
Christchurch Motorways	Refer to key result area 6 – Growing Canterbury		



Wellington Northern Corridor - SH1 Ngauranga to Aotea Quay



Buckle Street - the proposed design of Memorial Park viewed from the east

## Feature

### Te Rapa section opening a success



Left to right: NZ Transport Agency State Highway Manager, Kaye Clark; NZ Transport Agency Chair, Chris Moller; Mayor of Waikato District, Alan Sanson; Mayor of Hamilton, Julie Hardaker; Prime Minister John Key; MP for Hamilton East, David Bennett; Te Rapa Alliance Board chairman, Mike Howat; Tom Roa of Waikato Tainui; and Reverend Murray Pene

People turned out in their thousands on Saturday 1 December, to mark the opening of the new Te Rapa section of the Waikato Expressway, one of New Zealand's seven roads of national significance (RoNS).

Prime Minister John Key formally opened the 8km Te Rapa section, now called Mangaharakeke Drive, at the community event, which also featured displays on the project, emergency services displays, a live band, a fun run and walk.

Several hundred people gathered for the ceremony, while others turned up in a steady stream throughout the day to walk, cycle and run the new length of State Highway 1.

The Te Rapa section, which stretches from Horotiu, north of Hamilton, to Avalon Drive in the city's northwest, opened to traffic on the following Monday (3 December).

The \$194 million project has been delivered six months ahead of schedule and significantly under budget by the Te Rapa Alliance, made up of The NZ Transport Agency, Opus International Consultants and contractors, Fulton Hogan.

The new section of highway is an important piece of infrastructure not only for Hamilton but also for the Waikato region and for New Zealand, as it is central to providing safer and more efficient transport links between the business and freight hubs of Waikato, Auckland and Tauranga.

Importers, exporters, tourism operators and commuters will also benefit from having faster, more efficient connections between the Waikato and Auckland - and this activity will also benefit the region's and New Zealand's economy as a whole.

The NZTA has worked closely with key stakeholders - Hamilton City Council and Waikato District Council - to 'future proof' this length of the Waikato Expressway, to ensure that is fully integrated into the city and region's long term development plans.

Mangaharakeke Drive will improve traffic flows through the city's northern entrance and open up industrial and commercial development opportunities for the city and surrounding district.


More information is available at [www.nzta.govt.nz/waikato-expressway](http://www.nzta.govt.nz/waikato-expressway) or on Facebook at [www.facebook.com/waikatoexpressway](https://www.facebook.com/waikatoexpressway).



# KEY RESULT AREA 5: PUBLIC TRANSPORT

**Our aim is to improve the effectiveness of public transport**

**Q2: We have not achieved our desired value for money target, due to the high level of rail investment**

Key result indicator	Target	Quarter one result	Quarter two result	Status
Public transport boardings per NLTF \$ invested on public transport services (This measure is reported a quarter in arrears)	>0.67	0.61	0.53	 [in line with projected investment]

In this quarter we have:

1. not achieved our desired value for money result
2. achieved some good patronage growth
3. made (overall) good progress on our deliverables.

**Q2: Patronage is continuing to grow**

Key result indicator	Target	Quarter one result	Quarter two result	Status
Number of passengers using urban public transport services (bus, train and ferry) (This measure is reported a quarter in arrears)	>128 million	33 million	35 million	





Patronage growth is positive and continues to trend upward across most regions, including key regions like Auckland, this is reflected in the stand alone performance indicator "Number of passengers using urban public transport services";

However, the cost of providing the services and operations which drives this patronage growth, and the increase related to this, exceeds this increase in patronage, resulting in the lower level of efficiency being achieved as shown in this return against the target and what was being achieved previously;

Key reasons for the growth in operational costs relate to:

- i. Significant track access charge increases in both Auckland and Wellington to use the rail corridors, to accommodate the necessary cost outlay of running well maintained, effective, functioning and reliable corridors (track and signalling) across the commuter networks
- ii. The additional operational cost outlay necessary to support large technology based systems being run in public transport networks, such as the Auckland Integrated Fares System, where the first stage has now been implemented
- iii. Service expansion, particularly in Auckland, across all public transport modes where the additional cost outlay will (initially) exceed the resulting patronage growth. By 2014/15 we are expecting a turn-around in performance where this trend should reverse through greater patronage numbers, the resulting fare revenue being generated, and from this a lower subsidy provision from central and local government
- iv. A significant drop in efficiency in the Christchurch bus network due to the ongoing affects of the February 2011 earthquake. Although this is starting to turn around now, performance of the network is well down on that achieved in the last complete financial year prior to the earthquake. The affects of this drop were not reflected at the time of setting of this target.

**Q2: Good progress against objectives, with one area to watch closely**

Objective	Q2 progress	Status
Develop nationally consistent customer satisfaction survey to collect information about customer experience and service delivery	Implementation commencing with regions.	
Implement the new public transport operating model - emphasising commercial goals and public private partnerships to ensure a stronger focus on improved service performance	Procurement and other policy development work proceeding to plan in collaboration with regions and operators. Network reviews underway in three metros as part of lead into PTOM unit design.	
Complete implementation of integrated ticketing in Auckland, improving customer experience and driving service efficiencies	A business model change has resulted in scope and cost adjustments which relate to capital investment in equipment. These will be offset by inflows in future years. The original business model involved operating expenditure, which would have had no benefit in future years. Successful implementation on rail and ferry in Auckland. Planning well advanced for bus implementation to start from May 2013.	
Auckland, Wellington and Christchurch are developing effective public transport networks	Select committee submissions hearings on LTMA Bill completed. Overall, submitters were very supportive of PTOM with some suggestions for improving the workability of provisions. Auckland completing hearings on their Regional Public Transport plan which will be used to implement their new network plan and establish PTOM. Wellington progressing preparation for transition to PTOM. Canterbury successfully commenced operation of new hub services on the northern routes, despite a delay on the establishment of supporting infrastructure.	

## Feature

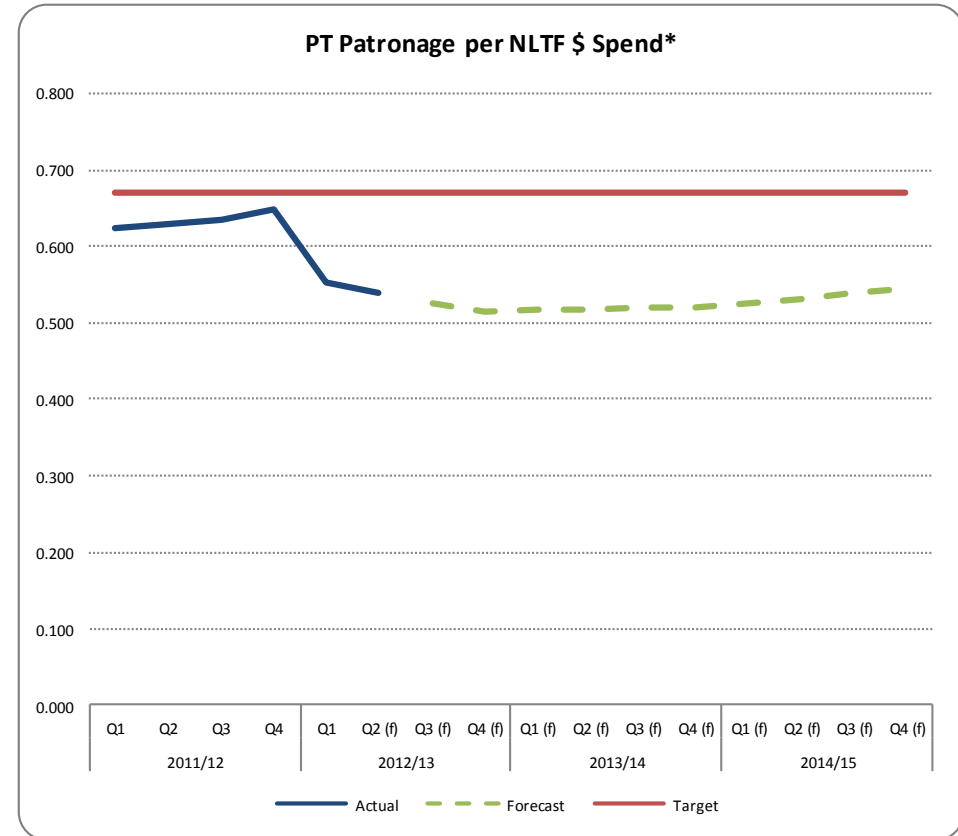
Public transport patronage trends (with annual percentage change) for the three largest regions (Auckland, Wellington Canterbury)

### This quarterly summary of public transport outcomes shows:

Public transport patronage per NLTF dollar declined significantly in the first quarter of 2012/13 due a significant rise in operational costs resulting from substantial increases in track access charges in both Auckland and Wellington to improve on service quality and reliability, and incurred operational costs for Auckland Integrated Fare Solution System (AIFS). These improvements are expected to encourage public transport use and consequently, higher patronage. Furthermore, the implementation of the Public Transport Operating Model (PTOM), intended to incentivise the delivery of effective public transport services, is expected to drive higher public transport patronage

### Key results for the quarter are:

- The Land Transport Management Amendment Bill progressed through Select Committee phases with submission hearings completed
- The Auckland Integrated Fare System successfully went live on rail at the end of October 2012 and on ferries at the end of November. The bus roll remains on track for the second quarter of 2013
- Negotiations with regions outside Auckland on joint procurement of a common integrated ticketing scheme have progressed well
- Discussions with all regions on improving public transport monitoring have achieved wide agreement that better data, monitoring and reporting are key objectives over the next NLTP period.

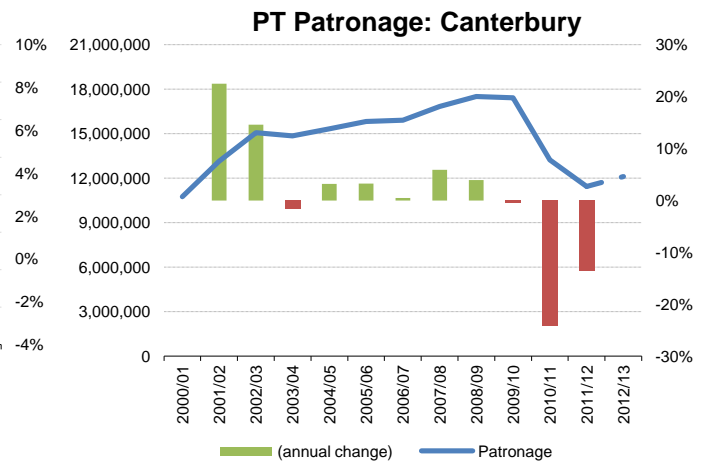
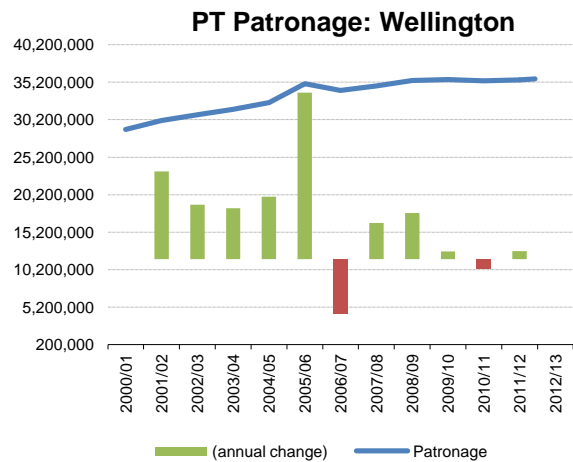
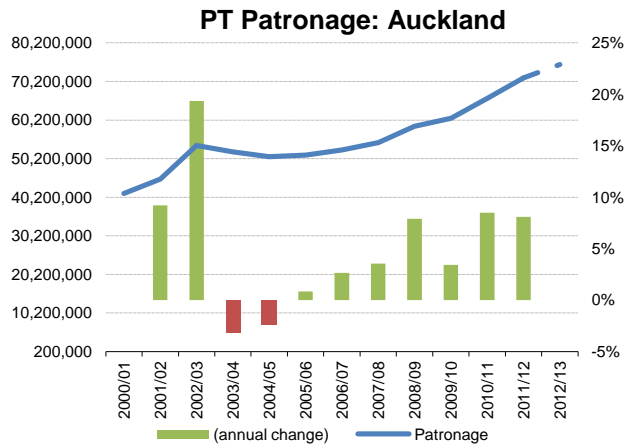


Result reflects rolling 12 months of PT patronage and NLTF dollar spend. From FY2012/13, the NLTF dollars spend reflects forecast estimate of actual operating cost that includes additional track access charges (TAC), contribution and improvement costs. This additional costs result in a step change in the forecast trend.

# PUBLIC TRANSPORT OUTCOME TRENDS

Public transport outcome measures in the following charts are provided up to the most recently available quarter. The data were obtained from the NZ Transport Agency's Transport Information Online (TIO). Key highlights include:

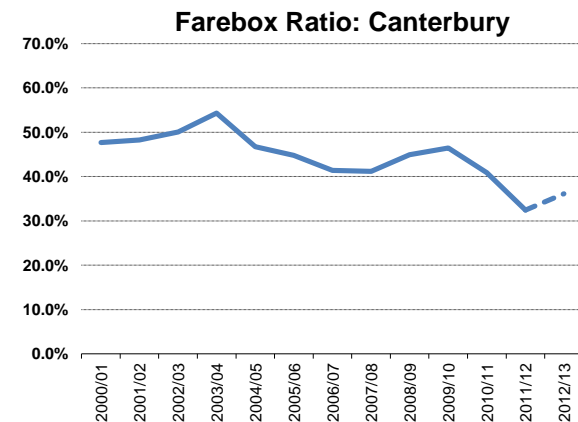
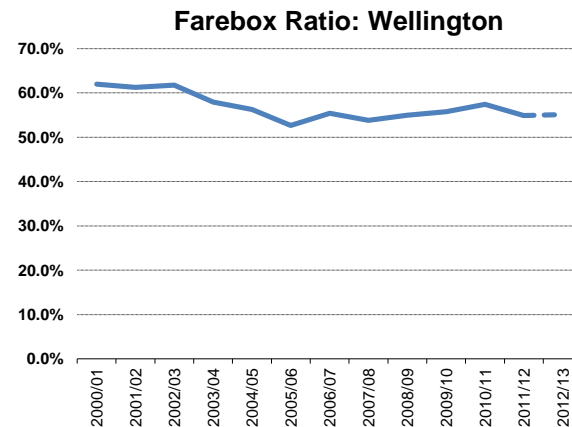
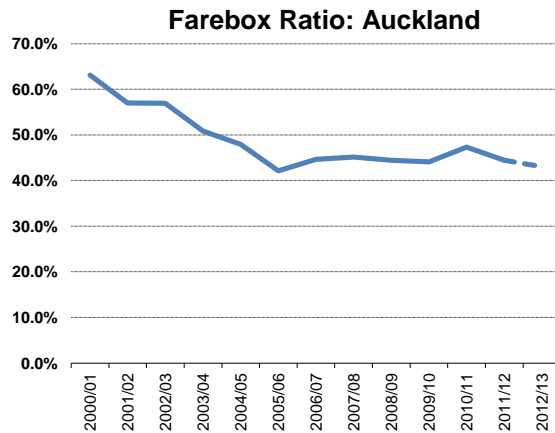
- Since 2005/06, strong annual growth in public transport patronage was observed in Auckland. This is expected to continue into the future.
- In Wellington, PT patronage remains static over the last 4 years. A significant increase in transport fuel prices may alter this trend.
- While the impact of the 2 major Canterbury earthquakes continue to affect PT patronage in the area, patronage is beginning to pick up again, showing positive annual growth from 2012-2013.





## Key result area 5 | Public transport





- Increased operational investment resulted in the decline of Auckland's farebox ratio beginning in the first half of the 00's. With improvements made in the rail network and the introduction of the Northern busway, resulted in more stability with subsequent improvements more recently.
- Although less dramatic, Wellington's farebox ratio has decreased and subsequently stabilised over the last decade. Patronage and fare revenue growth has been reasonably static across this period. While a slight decrease was observed, this is primarily due to an increase in cost resulting from cost escalation (primarily fuel) and a recognition to invest more in running and maintaining the network.
- Canterbury's ratio is quite different to both Auckland and Wellington. An increase in services and other amenities near the start of the last decade had a more immediate effect in influencing an increase in usage and fare revenue, resulting in a positive trending farebox ratio. The ratio dropped in the second half of the decade due to several key factors such as additional new services not being as successful as other new services introduced earlier, a drop in foreign student numbers, which bolstered earlier returns, and an increase in cost escalation. The more recent dramatic drop is purely the result of the major earthquakes in 2010 and 2011 which has severely affected peoples travel patterns and usage of the Christchurch network.



# KEY RESULT AREA 6: GROWING CANTERBURY

Our aim is to make a highly effective contribution to the reconstruction of the city



## Q2: Overall good progress against objectives, with one area to watch

Objective	Q2 progress	Status
<p>Christchurch roads of national significance</p> <ul style="list-style-type: none"> <li>Christchurch Southern Motorway (also refer to feature on page 28)</li> <li>Western Corridor</li> </ul>	<p><b>Quarterly highlight:</b> Stage 1 on the Christchurch Southern Motorway is now complete and the entire section of that motorway is now open to two-way traffic.</p> <p>The project was achieved ahead of schedule, under budget and no loss time injury.</p> <p>The tender has closed for construction of the Sawyers to Harewood section and the contract has been awarded.</p> <p>Construction continues on the Pyne Gould to Avonhead section.</p>	          
<p>Take part and fully support the various rebuilding planning processes</p>	<p>The NZTA led the development of the Greater Christchurch Transport Statement (GCTS) with the Canterbury Earthquake Recovery Authority (CERA), Christchurch City Council (CCC), Environment Canterbury (Ecan) and key stakeholders - this is now with all partners for their sign off.</p> <p>We worked closely with these stakeholders on the Accessible City (transport chapter) of the Central City Recovery Plan which is now out for consultation. We continue to work with the partners on understanding the funding implications of the Accessible City plan.</p> <p>Regional staff are working closely with the Greater Christchurch Urban Development Strategy (UDS) partners and CERA to develop the detailed proposal that will form the Land Use Recovery Plan requested by the Minister of Earthquake Recovery. We are engaged at governance, strategic and tactical level on the drafting of this for its delivery to the Minister by 6 June 2013.</p>	
<p>Continue to provide all our other services to underpin the region's full recovery</p>	<p>All services to the wider region continue to be delivered with support where required from other NZTA offices.</p> <p>We are reviewing our Christchurch and wider southern region P&amp;I resourcing to ensure we are providing quality timely support to the rebuild programme while maintaining core services to the region as a whole.</p>	

In this quarter we have:

- 1. made (overall) good progress on our objectives

Key result area 6 | Growing Canterbury

Objective	Q2 progress	Status
<p>Invest in the rebuilding of the city - the full cost to the NZTA of repairing damage is in the range of \$845-1,015 million over five or more years</p>	<p>The NZTA is working actively on the Client Governance Group (CGG)/ Stronger Christchurch Infrastructure Rebuild Team (SCIRT) for the rebuild programme to</p> <ul style="list-style-type: none"> <li>• resolve strategic issues that are affecting the rebuild programme,</li> <li>• improve the business case, and</li> <li>• provide advice on the updated rebuild estimate and funding plan for the entire rebuild programme - considered by the CGG on 18 December.</li> </ul> <p>The NZTA has been leading work on the rebuild audit and monitoring programme and cost allocation methodology.</p> <p>We are working with all partners to improve the governance and management arrangements from the combined clients' perspective.</p> <p>We are working with CCC to understand, shape and agree our support for their transport programme and cash flow needs as they prepare their Draft Long Term Plan 2013-2022 for consideration by Council in February 2013.</p>	
<p>Improving the effectiveness of public transport in Christchurch</p>	<p>We continue to work with Ecan and CCC on the business case for amendments to the operating model and contracts for PT services in Christchurch. We have expressed our support for the new hub and spoke operating model which commenced on 3 December, but as yet we do not have agreed position with Ecan on the form and cost of the complete package of proposed changes to their operating and contract model. We anticipate there will be significant further work required to develop a comprehensive business case for funding the planned service changes and capital investment requirements. Ecan's patronage is improving gradually, however it will be at least the end of Q3 before the impact of the recent operating and network changes are known.</p>	

Key result area 6 | Growing Canterbury

Objective	Q2 progress	Status
<p>Growing Canterbury (earthquake recovery strategy, plans &amp; programmes)</p> <p>Progress the Greater Christchurch Transport Statement, Central City Recovery Plan; Built Environment Recovery Plan &amp; SCIRT etc.</p>	<p>The Greater Christchurch Transport Statement (GCTS) is substantially complete - see commentary below.</p> <p>The SCIRT programme continues to ramp up and is on target to meet annual rebuild programme.</p> <p>The transport expenditure to 30 June 2013 is forecast to be up to \$60 million below original forecast - this is largely due to transport works waiting for underground services to be rebuilt first and a slight delay in resolving some of the technical solutions for retaining walls.</p> <p>SCIRT has sought agreement from clients to further ramp up the programme to 30 June 2013 by \$50m.</p>	<p>●</p>
<p>Ensure the health and welfare of Christchurch staff</p>	<p>Wellness survey results indicate areas where staff need support. Managers are cognisant of this and actions are being followed through. P&amp;C are organising consultant service/advice specialising in managing difficult insurance or EQC issues.</p> <p>Health and safety (H&amp;S) and wellness is regularly raised at staff, team and management meetings, including updates and reports.</p>	<p>●</p>



## Feature

### Christchurch Southern Motorway Stage 1 opens



The Minister of Transport, Gerry Brownlee, opened the new motorway on 14 December with a formal celebration, including a ribbon cutting and tree planting ceremony.

It's one of the largest road construction projects in the South Island.

Despite the challenges of the earthquakes, it opened ahead of schedule and on budget, with no time loss injuries.

The Christchurch Southern Motorway Stage 1 (CSM1) is the first of the Christchurch roads of national significance projects to be completed and is an outstanding achievement, says Christchurch State Highways Manager Colin Knaggs.

This is a significant milestone for Christchurch and the NZTA. In a city where drivers have found it challenging to move around during the last two years because of the earthquakes, the CSM1 will bring some relief.

Colin says it will help reduce traffic congestion, improve travel times and make local streets safer by moving heavy traffic onto the motorway, as well as improving the reliability of freight movements to and from Lyttelton Port. This will help to reduce vehicle operating costs and improve productivity.

And the project is not just about motor vehicles. In partnership with the Christchurch City Council, the NZTA has co-funded an 8.5km shared use path for cyclists and pedestrians to provide travel options for residents heading into or out of the city.

'This is a great project and everyone should be proud of the motorway we have built. We have achieved a significant outcome in some of the most challenging times to face the region.'



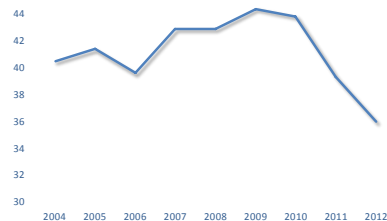
# KEY RESULT AREA 7: GROWING AUCKLAND

**Our aim is to support the growth of Auckland as a highly liveable and successful city**

In this quarter we have:

- made good progress on our objectives


Number of seconds delay per kilometre during AM peak - Auckland



## Q2: Good progress

Objective	Q2 progress	Status
<b>Puhoi to Wellsford</b> <ul style="list-style-type: none"> <li>Scheme assessment</li> </ul>	<p>The interim project alliance is well underway in developing the target outturn cost (TOC) for the Planning Alliance. Opportunities for a PPP are being explored.</p> <p>A working group has been put in place, and consultation underway regarding the inclusion or otherwise of motorway access at Puhoi.</p>	●
<b>Western Ring Route RoNS</b> <ul style="list-style-type: none"> <li>Construction continues on Waterview connection</li> <li>Tender for SH16 causeway works</li> </ul>	<p>Lincoln Road construction is on track against plan and construction of the Henderson Creek Bridge has commenced.</p> <p>Tenders have been received for the Te Atatu section development phase, and evaluation is underway for tender to start in March 2013.</p> <p>Earthworks at the southern entrance to the tunnels are well underway with twice daily blasting of the rocks to clear the path for the tunnel boring machine. We are communicating regularly with affected residents to inform them of progress and what noise to expect from this activity.</p>	●
Improving the effectiveness of public transport in Auckland	<p>We have continued to work with Auckland Transport (AT) as it implements the Public Transport Operating Model (PTOM). However, this has been delayed until the first quarter of 2013 as AT consults on its draft Regional Public Transport Plan (RPTP). The RPTP proposes a major redesign of networks and services, and the NZTA has submitted on the plan. We are supportive of the new direction. The network redesign also involves a zonal fare system which, together with integrated ticketing (recently implemented on rail and ferry), will ease transfer between services and modes. AT has been well represented on our PTOM Implementation Advisory Group as we develop operational policy and move to a review of the NZTA's <i>Procurement manual</i>.</p>	●
Improving the efficiency of freight supply chains in Auckland	<p>The initial outcomes of the Upper North Island Freight Story have been delivered. The response has been overwhelmingly positive. We are also working to address the issues raised through this project on the delivery of HPMV routes.</p>	●

Key result area 7 | Supporting Auckland's growth

Objective	Q2 progress	Status
Actively contribute to Auckland's discussions about revenue, demand management and pricing tools for transport in Auckland (with Auckland Council in the lead)	The NZTA regional team are well linked in with national office on the opportunities and constraints in this area. We are monitoring and observing the process around the Auckland Council Consensus Building Group. This approach will enable us and our partners to better contribute to possible pathways to better solutions.	



# KEY RESULT AREA 8: VALUE FOR MONEY

**Our aim is to deliver value for money (VFM) in all that we invest and do**

In this quarter we have:

1. made good progress towards our desired year-end results
2. made overall good progress on our deliverables

**Q2: Our financial targets are on track**

Key financial management VFM indicators	2012/13 target	Year-end outlook
Operating expenditure (excludes transfers to third party for research, training and road safety advertising)	\$237.6m	●
Operating expenditure as above as % of total expenditure	7.2%	●
Cost of administrative and support functions as % of total operating running costs	≤ 4.66%	●

**Q2: Two of our key projects face tensions between inclusiveness and timeliness**

Objective	Q2 progress	Status
Collaborate with other public sector agencies where we can help improve cross-agency performance, including examining opportunities for shared services	<p>There has been good progress made in developing the scope for transport sector shared service opportunities.</p> <p>The transport chief executives have agreed to five goals that need to be achieved, ranging from increased agility and responsiveness to maximising value for money.</p> <p>The NZTA is also signing up to all of government (AoG) procurement initiatives and actively involved in the AoG property initiative.</p>	●
Develop and commence implementation of a five-year Access and Use business transformation programme	<p>Resourcing for the core project team has been identified and is commencing early phases of project scoping to meet the following dates:</p> <ul style="list-style-type: none"> <li>• 31 March 2013 - High level five-year roadmap</li> <li>• 30 June 2013 - Business plan for 2013-15.</li> </ul>	●
Develop and embed a continuous improvement culture through implementation of Performance Improvement Framework (PIF) recommendations	<p>Communication and roll out of the PIF review across NZTA's leaders has been completed. We are now starting the conversation around how we respond to the findings. The follow up review highlighted some areas that require a concerted effort to ensure NZTA continues to achieve the government's objectives, including working closely with the Ministry of Transport to provide a better regulatory environment for transport operators and users, working effectively with local government towards integrated networks, and lifting the capacity of the NZTA to lead and manage in a more complex environment.</p>	●
Deliver transport planning and project development business improvements	<p>Moved from design phase to test phase. Focus of activity is on development and testing of processes and understanding implementation issues via regional engagement and pilots. Critical final go / no go decision on key changes at end of February.</p>	●



## Q2: Our service delivery targets are on track

Key service delivery VFM indicators	2012/13 target	Year-end outlook
Total cost of managing the funding allocation system, as % of NLTP expenditure	≤1%	
Unit transaction cost for licensing and regulatory compliance	<\$37.54	
Unit transaction costs for motor vehicle registrations	<\$5.99	
Cost of state highway renewals (excluding emergency works) per network land km	<\$9,687	
Cost of maintaining and operating the state highway network (excluding emergency works) per network lane km	<\$11,971	

Objective	Q2 progress	Status
Implement recommendations from maintenance and operations review	We continue to communicate our progress both internally and externally, with details on our contract model circulated to industry prior to Christmas. Contract boundaries are still to be finalised and we are aware that we need to be consistent in how we set these, while taking into account the impact on TLAs. Our regional offices are at various levels of discussion on collaboration, but these discussions are occurring.	
Implement recommendations from the maintenance and operations task force	Work on implementing the findings of the State Highway M&O Review is proceeding to programme with the new contracts due to be introduced in mid-2013. Progress on the shared workstreams (NZTA and LG) continues to be slow as we seek to build confidence and comfort with our partners, particularly LGNZ. The success of the project is to gain good levels of buy-in from all RCAs to ensure that the initiatives are adopted across the board.	
Partner with MoT to reform the vehicle and operator licensing regulatory framework	Cabinet received the proposed changes from the vehicle licensing reform in December. They have deferred making a decision to the new year. A project plan is being developed in readiness for implementation following anticipated Cabinet approvals in early 2013. The project team is undertaking detailed analysis to identify resource and capability needs to support a discussion with the steering committee on this topic in the new year.	

## Feature

### Transmission Gully PPP project kicks off



Last month, the procurement process for a Public Private Partnership (PPP) kicked off when registrations of interest were called for.

The Registration of Interest (ROI) allows the NZTA to start talking with organisations that have a serious interest in supplying services for Transmission Gully.

Kevin Doherty, who is leading the PPP team, was happy with the response.

'We are pleased with the level of interest being shown by private sector organisations from New Zealand and overseas,' said Kevin.

The NZTA is looking for a particular sort of organisation to be part of a PPP.

'We're not just looking for anyone - the companies have got to be experienced in financing, delivering, maintaining and operating major infrastructure projects and in delivering sound, long-term outcomes for road users and communities,' Kevin said.

The next step is for the NZTA to look at all groups of companies (also called consortia) who want to be involved and choose the consortia which could best deliver on our needs.

'We'll be looking for value for money and innovative ways of building and maintaining the road.'

'We'll also be looking for companies to deliver on the things that are important to the NZTA -for example, road safety; customer satisfaction; travel times and travel reliability; route security and resilience (that is building a road that can withstand an earthquake); health and safety and environmental performance.'

Transmission Gully, which links MacKays Crossing in the north with Linden in the south, is a 27km section of the 110-km Wellington Northern Corridor road of national significance. It will enable economic growth, improve road safety, improve efficiency of freight movements and reduce traffic congestion.

A possible PPP procurement will be evaluated against a "Public Sector Comparator" to assess its suitability and value for money.

# FINANCIAL PERFORMANCE

## National Land Transport Fund (NLTF)

### In this quarter:

- Revenue is lower than the original budget but is more in line with the NLTP budget revenue agreed in August of last year. This is a net result of RUC and FED revenue being lower than originally modelled (6% and 2% respectively), offset by MVR revenue remaining higher than budget (10%). The RUC shortfall has improved from the first quarter (-8%) which was impacted by a spike of refunds caused by the RUC changes in August. We expect revenue for the full year to be \$65m less than the SOI forecast. This was factored into the NLTP expenditure plans.
- The most significant outflow, the distributions to the National Land Transport Programme, is \$149m lower than forecast in line with NLTP expenditure which is lower than budgeted at this stage.
- The result of the above is a net surplus of \$130m (\$114m higher than expected).

### Consolidated statement of comprehensive income for the six months ended 31 December 2012

	Year to date			%
	Actual	Budget	Variance	
	\$000	\$000	\$000	
<b>Income inflows</b>				
Land transport revenue	1,358,597	1,396,058	(37,461)	(3%)
Government contribution to land transport revenue	1,260	0	1,260	0%
Management of Crown land and interest	22,956	30,349	(7,393)	(24%)
	1,382,813	1,426,407	(43,594)	(3%)
<b>Outflows</b>				
NZ Transport Agency/NLTP	1,108,720	1,258,149	149,429	12%
NZ Police	141,421	149,898	8,477	6%
Search and rescue	2,763	2,805	42	1%
	1,252,904	1,410,852	157,948	11%
<b>Net surplus/(deficit)</b>	<b>129,909</b>	<b>15,555</b>	<b>114,354</b>	

The distribution to the NZ Police is \$8m lower than forecast (resulting from the offset of their 2011/12 under-spend).

## Q2: Increased certainty around NLTF funding level

Objective	Q2 progress	Status
Ensure NLTF revenue profile is clarified	A significant turnaround from last quarter. With Cabinet's agreement to requested FED and RUC increases to support the first three years of the NLTP, we now have some certainty around revenue and the focus is on hitting our GPS targets. Spend to date on our RoNS programme is behind forecast, although we are still confident of programme timings.	●

## New Zealand Transport Agency (NZTA) Expenditure

### In this quarter:

- Total NZTA expenditure is \$112m (9%) under budget
- NZTA operating expenditure is \$7m (5%) under budget.

Most of the operating expenditure variance is due to:

- IT expenditure is below budget by \$4.8m; \$3.4m relating to the early completion of the registry project in 2011/12, \$1.1m attributable to delays in the RUC legislative change project, licensing projects and tolling. Savings of \$0.3m have been achieved in software licensing which are expected to be permanent.
- Professional services is behind budget by \$1.2m. The main reasons for this under-spend are:
  - the sector research programme started the year slower than expected (\$1m), with the cancellation of a large project and commissioning of new research for the year still under way
  - the road user safety programme also started the year slower than expected (\$0.2m).
- Advertising costs are under budget by \$0.8m. This is also attributable to the timing of work and should not impact our year-end outturn.
- While we are currently forecasting a year-end deficit, groups are now re working their detailed outturns for operating expenses and we expect this to turn into a year-end surplus as the outturns are updated.

## Q2: Overall expenditure is running behind budget year-to-date, but is on track to be very close to budget by year-end

Total expenditure on land transport including NZTA operating expenditure for the six months ended 31 December 2012

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	Budget \$000	Variance \$000	%
<b>NZTA contributes to:</b>								
Managing state highways	614,064	726,154	112,090	15%	1,534,865	1,549,000	14,135	1%
Planning and investing in land transport	473,308	469,322	(3,987)	(1%)	1,159,408	1,186,400	26,992	2%
Access to the land transport system	72,492	76,572	4,080	5%	148,824	149,211	387	0%
<b>Total expenditure</b>	<b>1,159,864</b>	<b>1,272,048</b>	<b>112,183</b>	<b>9%</b>	<b>2,843,097</b>	<b>2,884,611</b>	<b>41,514</b>	<b>1%</b>

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

NZTA operating expenditure for the six months ended 31 December 2012

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
<b>Our expenses classified by:</b>								
Personnel costs	54,832	54,392	(440)	(1%)	110,824	108,224	(2,600)	(2%)
Operating expenses	67,345	74,188	6,843	9%	143,124	144,322	1,198	1%
Depreciation and amortisation expense	4,004	4,583	579	13%	9,280	9,280	0	0%
<b>Total expenditure</b>	<b>126,181</b>	<b>133,163</b>	<b>6,982</b>	<b>5%</b>	<b>263,228</b>	<b>261,826</b>	<b>(1,402)</b>	<b>(1%)</b>

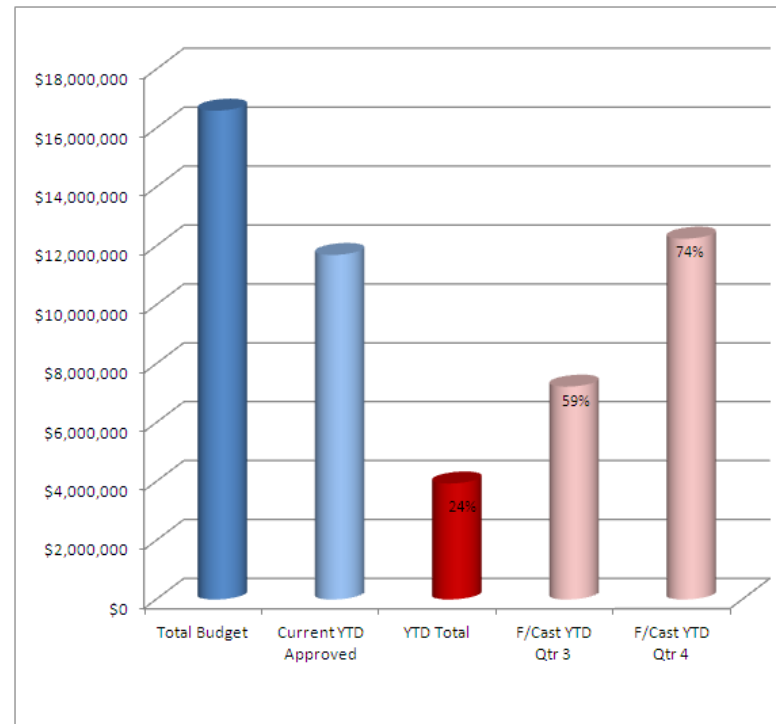
Personnel costs are now forecast to be \$2.6m above budget by year-end as a result of:

- An actuarial revaluation of employees' leave entitlements estimated to be an increase of \$1.0m.
- New positions to resource business improvement projects (+\$0.7m).
- Higher use of temp workers (+\$0.5m).
- A higher level of Kiwisaver uptake than expected (+\$0.4m).

## Capital Programme

- The \$10.6m capital programme for 2012/13 was increased to \$16.6m in August due to carry forwards from the 2011/12 programme (\$2.5m) and updates from the initial bids (\$3.5m). The SAP-enable project accounts for \$3.8m of the increase along with \$1.4m for CAPTIF and the Blenheim and Tauranga office projects.
- At the end of December \$3.9m has been spent. This puts the capital expenditure in line with the spending patterns of 2009/10 and 2010/11 and significantly ahead of the capital expenditure level reached at the end of December last year.
- While the forecast full year spend is \$12.2m, as the geospatial project is now not expected to be approved until later this year, historical patterns of spend suggest that this might end up nearer \$10m. The contingency budget is not expected to be required as there is now greater certainty around those projects which will be funded during the year.

This graph shows capital programme spend for the six months ended 31 December 2012 and forecast for this year.



## Access & Use

### In this quarter:

The year-to-date surplus of \$3.9m puts us ahead of a budget surplus of \$0.01m. This is due mainly to lower than anticipated project spend. An initial view of the full year forecast suggests an end of year surplus of \$1.7m which puts us \$0.4m behind its full year budget surplus of \$2.1m. This is partly due to short-term staff increases to drive key changes.

#### Access & Use revenue is close to budget.

- **Motor vehicle registration:** Revenue is \$1.3m ahead of budget as a result of higher volumes than forecast (shorter duration registrations) and higher than expected reimbursement of debt collection fees from ACC (reported previously).
- **Driver licensing and testing:** Revenue is \$0.4m ahead of budget, due to more driver test re-sits than forecast. The impact of more re-sits has been partially offset by the lower driver licensing volumes resulting from more test failures.
- **Standards development levy and transport licensing fees:** Revenue is \$1.5m below budget. The budget was set too high based on overstated 2011/12 revenue.
- **RUC:** Revenue is \$1.2m below budget, which is appropriated based on a lower level of expenditure to date.
- **Other:** Revenue is \$0.6m ahead of budget primarily as a result of higher than forecast border inspection volumes.

#### Access & Use expenditure is \$4m (5%) under budget.

- Project spend is lower than budgeted by \$5m. This is mainly attributable to Business Continuity Project IT costs of \$3m being budgeted in 2012/13 but carried out in 2011/12 and staff allocations to projects differing from the initial projections. Underspends have also occurred in other projects such as RUC, Driver Licensing Stop Orders and Tolling but year-end outturn indicates these project budgets will be spent.
- Project under-spend is partly offset by higher transaction costs (-\$0.7m) primarily resulting from the higher MVR volumes.

Note: While MVR registration volumes are 3% above budget levels, commission costs are only 1% above budget. This is due to a higher proportion of transactions being made online than budgeted. Transactions costs are 8% above budget, with the main contributor being other MVR products (such as plates, where volumes have been 13% higher than budgeted) and credit card costs.

#### Access to the land transport system – Income and expenditure for the six months ended 31 December 2012

	Year to date				Year end			
	Actual \$000	Budget \$000	Variance \$000	%	Outturn \$000	SOI Budget \$000	Variance \$000	%
<b>Income</b>								
Motor vehicle registration	27,748	26,462	1,286	5%	53,623	52,773	850	2%
Driver licensing & Driver testing	23,932	23,540	392	2%	45,547	45,319	228	1%
Standard development levy & Transport licensing	6,037	7,488	(1,451)	-19%	13,123	14,596	(1,473)	-10%
Vehicle certification - WoF	2,705	2,674	31	1%	5,268	5,268	0	0%
Vehicle certification - CoF & Other	1,131	991	141	14%	2,278	2,278	0	0%
Other	1,664	1,032	633	61%	1,980	1,980	0	0%
Subtotal - Memo accounts	63,218	62,187	1,031	2%	121,819	122,214	(395)	0%
RUC collection, investigation, and enforcement	8,754	9,907	(1,153)	-12%	17,457	18,514	(1,057)	-6%
Tolling	2,752	2,843	(91)	-3%	6,000	6,000	0	0%
Other	1,702	1,649	53	3%	5,215	4,555	660	14%
Subtotal - Other	13,208	14,399	(1,191)	-8%	28,672	29,069	(397)	-1%
<b>Total income</b>	<b>76,426</b>	<b>76,586</b>	<b>(160)</b>	<b>0%</b>	<b>150,491</b>	<b>151,283</b>	<b>(792)</b>	<b>-1%</b>
<b>Expenditure</b>								
Staff	18,053	18,594	540	3%	37,894	37,083	(811)	-2%
Commissions	21,926	21,802	(124)	-1%	44,572	43,386	(1,186)	-3%
Transactions	8,823	8,154	(669)	-8%	16,866	16,566	(300)	-2%
Information technology	7,369	11,870	4,501	38%	16,206	19,739	3,533	18%
Advertising, PR & media	620	396	(224)	-56%	1,245	773	(472)	-61%
Professional services	1,338	1,325	(13)	-1%	3,090	3,002	(89)	-3%
Other	3,824	3,555	(269)	-8%	7,447	7,159	(288)	-4%
Overhead - Accommodation costs	1,620	1,672	52	3%	3,350	3,350	0	0%
Overhead - Corporate	7,449	7,593	144	2%	14,890	14,890	0	0%
Overhead - Regional office	1,297	1,434	136	10%	2,884	2,884	0	0%
Overhead - Regional Directors	172	177	5	3%	380	380	0	0%
<b>Total expenditure</b>	<b>72,492</b>	<b>76,572</b>	<b>4,080</b>	<b>5%</b>	<b>148,824</b>	<b>149,211</b>	<b>387</b>	<b>0%</b>
<b>Net surplus/(deficit)</b>	<b>3,934</b>	<b>14</b>	<b>3,920</b>		<b>1,667</b>	<b>2,072</b>	<b>(405)</b>	<b>-20%</b>

## Access & Use [continued]

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

- **Driver licensing:** Revenue is behind budget due to fewer new driver licences being applied for than forecast. Volumes have not yet returned to the pre age-change levels as expected. As mentioned previously, driver licensing volumes are being negatively impacted by higher than anticipated driver test re-sits. Expenditure is close to budget as an under-spend on commissions and transactions is offset by higher staff costs being allocated as a result of an internal review of how costs are distributed.
- **Driver testing:** Revenue is ahead of budget due to higher volumes of practical driver tests than expected. Expenditure is lower than budget due to lower staff costs being allocated due to the cost allocation review. This is partially offset by higher than expected commission costs.
- **Motor vehicle licensing:** The current balance is \$3.2m better than budget. This is due to the Business Continuity Project being completed earlier than budgeted in last financial year.
- **Standards development:** Expenditure is significantly under budget as a result of lower staff costs being allocated due to the cost allocation review.
- **Transport service licensing:** Revenue is behind budget due to the budget being based on overstated revenue in 2011/12. Expenditure is ahead of budget due to higher staff costs being allocated due to the cost allocation review.

### Access to the land transport system – indicator volumes

		Year to Date				Year end			
		Actual	Budget	Variance		Outturn	Budget	Variance	
		000	000	000	%	000	000	000	%
<b>Driver Licences (Granted)</b>									
	New Drivers	76	97	-21	-22%	161	192	-30	-16%
	Renewals	144	142	2	1%	293	280	13	5%
	Replacements	50	54	-4	-7%	100	107	-7	-7%
<b>Driver Testing</b>									
	Theory	60	61	-1	-1%	119	120	-1	-1%
	Practical	86	79	7	9%	175	155	19	12%
<b>MVR</b>	Licences	877	851	26	3%	1,743	1,709	34	2%
<b>RUC</b>	Licences	1,134	1,046	88	8%	2,408	2,315	93	4%
<b>Tolling trips</b>		2,580	2,532	48	2%	5,296	5,224	72	1%

### Memorandum accounts

Funding Source	Revenue					Expenditure				Balance as at 31/12/12		Balance as at 30/06/13	
	Actual	YTD	YTD	YTD	Full Year	YTD	YTD	YTD	Full Year	YTD	YTD	Forecast	SOI Budget
	1 July 2012	Actual	Budget	Variance	Budget	Actual	Budget	Variance	Budget	Actual	Budget	\$000	\$000
Border inspection fees	736	735	400	335	800	96	106	10	210	1,375	971	1,878	1,267
Certification review fees	(1,925)	3,837	3,665	172	7,546	3,828	3,648	(180)	7,246	(1,916)	(1,232)	(2,497)	(949)
Driver licensing fees	(2,221)	15,540	15,816	(276)	29,960	14,424	14,518	94	28,112	(1,105)	(482)	(1,816)	68
Driver testing fees	1,214	8,429	7,761	668	15,359	7,245	7,568	323	15,264	2,398	1,098	806	1,000
Motor Vehicle Licensing *	0	27,748	26,462	1,286	52,773	26,819	28,719	1,900	53,309	929	(2,257)	1,400	(536)
Over dimension permits	574	235	111	124	220	140	111	(28)	220	669	363	711	363
Rail licensing fees	(2,439)	657	484	173	960	520	617	96	1,188	(2,302)	(2,420)	(2,580)	(2,515)
Standard development fees	674	3,454	3,276	178	6,185	1,740	3,617	1,877	7,212	2,388	1,602	2,930	916
Transport licensing fees	(3,208)	2,583	4,212	(1,629)	8,411	5,063	3,638	(1,426)	7,498	(5,688)	(4,339)	(5,580)	(4,000)
<b>Memo Account - Total</b>	<b>(6,595)</b>	<b>63,218</b>	<b>62,187</b>	<b>1,031</b>	<b>122,214</b>	<b>59,875</b>	<b>62,541</b>	<b>2,666</b>	<b>120,259</b>	<b>(3,252)</b>	<b>(6,695)</b>	<b>(4,748)</b>	<b>(4,386)</b>

\* MVL became a memorandum account in July 2012.

## Planning & Investment and State Highways

### In this quarter:

- NLTP expenditure is \$91m (8%) under budget.

Expenditure is behind schedule in New and improved infrastructure for state highways and local roads and Transport planning, while being significantly ahead of schedule in Maintenance and operation of local roads and Renewal of local roads.

Commentary on activity classes:

- Transport planning:** Uptake of new activities and progress of existing activities by both AOs and NZTA has been slower than expected. This is to enable further work on optimising the programme to ensure most efficient use of funds for the 2012-15 NLTP. We are confident that the full allocation from the 2012-15 NLTP will be utilised (currently 70% committed).
- Maintenance and operation of local roads:** It was agreed earlier this year that the funding of emergency reinstatement of local roads in Canterbury would initially come from this activity class (so far \$35m of the \$50m Canterbury funding has been spent). Crown funding will then start to be used. The pattern of spending by activity class will therefore be different from that anticipated when the budget was set. We anticipate that all of the funding available for maintenance and operation will be used by the end of the year (98% is currently committed) and the outturn increases slightly to \$289m to reflect an increased emergency works forecast from AOs.

[continued below]

### Planning & investing in land transport – Expenditure report for the six months ended 31 December 2012

	Year to date				Year end				2012/13 SOI Budget
	Actual	Budget	Variance		Outturn	NLTP Budget	Variance		
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	\$000
Management of the funding allocation system *	14,647	14,922	275	2%	29,775	29,000	(775)	(3%)	29,775
Transport planning	5,476	8,469	2,994	35%	17,433	16,000	(1,433)	(7%)	20,000
Sector research	1,050	2,057	1,006	49%	5,000	5,000	0	0%	4,000
Public transport	135,376	141,547	6,171	4%	308,000	300,000	(8,000)	(3%)	310,000
Road safety	11,784	13,001	1,217	9%	32,500	32,000	(500)	(2%)	32,000
New and improved infrastructure for local roads	44,792	59,408	14,616	25%	150,000	160,000	10,000	6%	165,000
Renewal of local roads	82,719	71,219	(11,500)	(16%)	223,000	234,000	11,000	5%	228,000
Maintenance and operation of local roads	157,839	120,940	(36,899)	(31%)	289,000	285,000	(4,000)	(1%)	298,000
Walking and cycling	3,359	4,309	950	22%	13,000	13,000	0	0%	13,000
<b>Total expenditure</b>	<b>457,041</b>	<b>435,872</b>	<b>(21,169)</b>	<b>(5%)</b>	<b>1,067,708</b>	<b>1,074,000</b>	<b>6,292</b>	<b>1%</b>	<b>1,099,775</b>

\*The NLTP budget for MoFAS does not include \$775k Crown funding for the Crash Analysis System

### Managing state highways – Expenditure report for the six months ended 31 December 2012

	Year to date				Year end				2012/13 SOI Budget
	Actual	Budget	Variance		Outturn	NLTP Budget	Variance		
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	\$000
New and improved infrastructure for state highways	383,110	499,542	116,432	23%	1,010,000	1,010,000	0	0%	992,216
Renewal of state highways	70,593	72,754	2,162	3%	184,000	210,000	26,000	13%	195,000
Maintenance and operation of state highways	160,362	153,858	(6,504)	(4%)	340,865	329,000	(11,865)	(4%)	325,865
<b>Total expenditure</b>	<b>614,064</b>	<b>726,154</b>	<b>112,090</b>	<b>15%</b>	<b>1,534,865</b>	<b>1,549,000</b>	<b>14,135</b>	<b>1%</b>	<b>1,513,081</b>

For explanations of major variances by output class, refer to the following page.

### Specific projects funded by the Crown – Expenditure report for the six months ended 31 December 2012

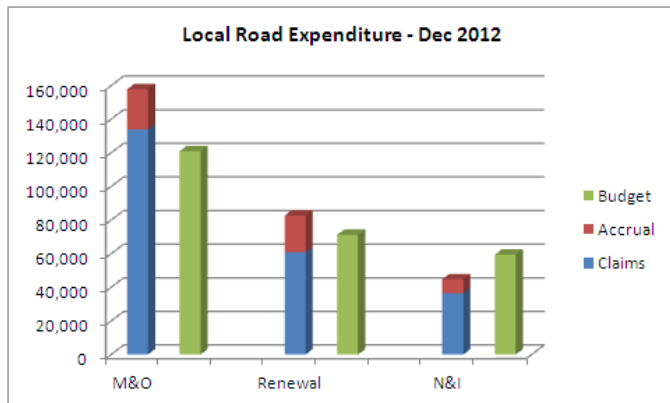
	Year to date				Year end			
	Actual	Budget	Variance		Outturn	SOI Budget	Variance	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%
Reinstatement of local roads in Canterbury	0	22,749	22,749	0%	58,500	91,000	32,500	36%
SuperGold card transport concessions	11,245	10,653	(593)	(6%)	21,505	21,305	(200)	(1%)
Administration of SuperGold card	22	48	26	55%	95	95	0	0%
National war memorial park	5,000	0	(5,000)	(100%)	11,600	0	(11,600)	(100%)
<b>Total expenditure</b>	<b>16,267</b>	<b>33,450</b>	<b>17,183</b>	<b>51%</b>	<b>91,700</b>	<b>112,400</b>	<b>20,700</b>	<b>18%</b>

The funding of emergency reinstatement of local roads in Canterbury will come from the Maintenance and Operations output class (\$50m allocated to Canterbury) before the specific Crown funding starts to be used.



## Financial performance

- **Renewal of local roads:** is over budget due in part to some claims being made against this activity class when the expenditure was originally forecast against New and improved infrastructure. The outturn has now been reduced to \$223m based on forecasts from Approved Organisations (99% committed).
- **New and improved infrastructure for local roads:** is under budget due to Auckland Transport having had a number of projects declined for funding from the NLTP, which were previously included in the forecast expenditure. Some projects have subsequently been accepted for funding from Renewals, as indicated above. The activity class is 98% committed against the latest forecast outturn.



It should be noted that the actual expenditure for local roads activity classes is based on approved claims submitted in TIO plus accruals. AOs continue to be slow at making claims.

- **New and improved infrastructure for state highways:** is behind budget as a result of a number of unders and overs in the improvements programme, i.e. property acquisition and small projects are both behind baseline and are unlikely to make full use of funds allocated this financial year (currently 88% committed). To compensate for this we have increased target expenditure on the Waterview Connection project.

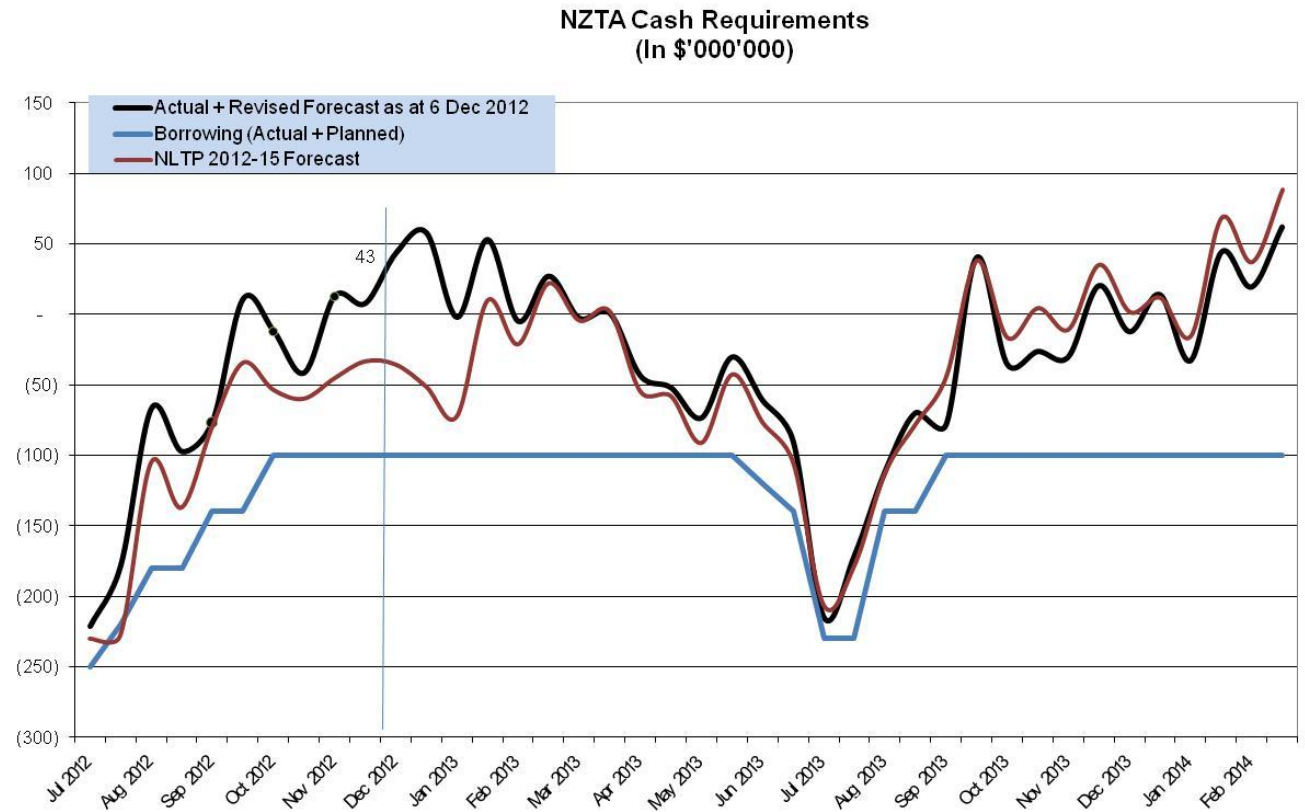
- **Renewal of state highways:** Expenditure versus budget does not have a significant variance year-to-date. The expected year-end outturn variance to the NLTP budget is a result of the reprioritisation of the Renewals programme over the 2012-15 NLTP period (funding fully committed in the current year).
- **Maintenance and operation of state highways:** Expenditure year-to-date is slightly ahead of budget. Our regional delivery teams are forecasting continued good delivery in the second half of the year and in line with the programme (95% of funding is committed). The NLTP budget includes a nominal allowance for emergency work of \$70m. To date, we have spent \$25.6m (36% of full year budget) and the current forecast is for a full year spend of \$52.5m (75% of full year budget).

## National Land Transport Programme

	Published NLTP 2012-2015 \$000	Actual/forecast spend 2012-2015			
		2012/13 Forecast \$000	2013/14 Forecast \$000	2014/15 Forecast \$000	Total 2012-2015 \$000
<b>Allocation of funds to activity classes:</b>					
Transport planning	50,000	17,433	16,427	16,153	50,013
Road safety	97,000	32,500	33,200	33,600	99,300
Walking and cycling	53,000	13,000	20,000	20,000	53,000
Public transport	945,000	308,000	311,000	320,000	939,000
Maintenance and operation of local roads	878,000	289,000	289,000	293,000	871,000
Maintenance and operation of state highways	989,000	340,000	330,000	345,000	1,015,000
Renewal of local roads	738,000	223,000	246,000	246,000	715,000
Renewal of state highways	635,000	184,000	203,000	209,000	596,000
New and improved infrastructure for local roads	515,000	150,000	170,000	195,000	515,000
New and improved infrastructure for state highways	3,400,000	1,010,000	1,250,000	1,365,000	3,625,000
Sector research	15,000	5,000	5,000	5,000	15,000
Management of the funding allocation system	89,000	29,000	30,000	30,000	89,000
<b>Total</b>	<b>8,404,000</b>	<b>2,600,933</b>	<b>2,903,627</b>	<b>3,077,753</b>	<b>8,582,313</b>

## Borrowing

- \$40m was repaid at the start of the second quarter, so the \$150m seasonal variation portion of the debt facility was fully repaid in the second quarter, satisfying the requirement to do this at least once in each 12 month period.
- The notional cash balance in the NLTF is approx \$143m as at 31 December 2012, along with \$28m of cash in the NZTA.
- The NZTA is in a position to repay some of the \$100m longer-term debt facility but we have not yet reached an agreement with the Ministry of Transport and Treasury in regards to NZTA having more flexibility to manage the \$100m as a revolving debt facility. There are, therefore no plans for repayment of this portion of debt in the near future.
- Some catch up of delayed expenditure is expected during December to April (construction season) if weather is favourable.
- An additional borrowing facility of \$100m is currently being negotiated with the Ministry of Transport, Treasury & Debt Management Office. This new facility is intended to provide a more long term buffer against potential revenue risk.
- The current level of borrowing has reduced due to year to date expenditure being \$112 million less than budget. This results in a relatively positive cash position for the NZTA and the Fund. Since forecast expenditure for the year still approximates budget, we expect the cash reserves to reduce over the year and borrowing facility to be needed around May - Sept 2013.



# DELIVERY

In this quarter we have:



- made good overall progress against our year-end service delivery targets. Of the 40 service delivery measures we report against throughout the year, we have nine areas to watch:
  1. % of audit activities of transport operators completed against planned
  2. % of audit activities of certifying agents completed according to standard
  3. % of road user charges transactions completed online
  4. % of transport planning activity delivered to agreed standards and timeframes (not under NZTA's control)
  5. % of activities completed on strategic studies and models delivered to agreed standards and timeframes (also not under NZTA's control)
  6. % of investments that meet the NZTA's investment criteria benchmark level (aggregate of all investment output classes)
  7. % of NZTA investment decisions which meet required process standards (aggregate of all investment output classes)
  8. % of target audience that rate road user safety messages as relevant to them
  9. % of state highway block projects programme completed (construction phases) to agreed standards and timeframes

## Q2: We are making good progress against most of our annual service delivery targets, but the following areas are receiving attention



LICENSING AND REGULATORY COMPLIANCE						
Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
<b>% of operational assurance activities completed</b>						
% of audit activities of transport operators completed against planned	100%	100%	36%	●	Fewer audits were undertaken than planned as staff focus for the quarter was on educating operators regarding the ORS implementation and the new RUC system.	●
<b>% of activities that are delivered to agreed standards and timeframes</b>						
% of audit activities of certifying agents completed according to standard	100%	67%	68%	●	An investigation is underway to fully understand and address this performance issue with the auditing system.	●
% of Official Correspondence activities that meet statutory timeframes	100%				For the six months to 31 December 2012: 272 of 327 Ministerials were completed on time, 83% on time completion. There were minimal delays on a small number of Ministerials.	
Ministerials		80%	87%	●		
Parliamentary questions		100%	100%	●	91% of these Ministerials were accepted by the Ministers office. 46 of 46 PQ's completed on time, 100% on time completion.	●

Service delivery performance



**MOTOR VEHICLE REGISTRY**

Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
% of transactions completed online	>20%	18.40%	18.40%		Motor vehicle online transactions remain unchanged since last quarter, due to a reduction in the online usage over the December period. However, previous trends indicate this will rebound and be achieved by the end of 2012/13.	

**ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT**

Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
% of transactions completed online	>55%	42.97%	42.95%		RUC payments have shifted between online channels rather than grow the entire pool as anticipated. Initiatives are underway to allow customers to pay RUC invoices online and to lift the \$1,000 limit for the transact site. It is anticipated that this should see an increase in the online percentage.	













**REFUND OF FUEL EXCISE DUTY**

Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
Average number of days taken to deliver	10	8.82	10.65		Volumes increased during this quarter due to a refund rate change, which meant that customers were required to lodge applications for both pre and post change. Volumes are expected to return to normal in quarter three.	



Service delivery performance


TRANSPORT PLANNING						
Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
<b>% of activities that are delivered to agreed standards and timeframes</b>						
% of transport planning activity delivered to agreed standards and timeframes	100%	97%	92%	●	Transport studies for Waikato FutureProof have been put on hold and are unlikely to proceed as anticipated in 2012/13.	●
% of activities completed on strategic studies and models delivered to agreed standards and timeframes	100%	94%	82%	●	Development of packages for the Rotorua Integrated Network Strategy has been held up by further technical issues.  In Wellington, projects progressed slower or required a higher resource input than anticipated.  However, some state highway projects that were expected to start later this year have already kicked off in quarter two.	●

Service delivery performance

MANAGEMENT OF THE FUNDING ALLOCATION SYSTEM						
Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
<b>Total cost of managing the funding allocation system as a % of NLTP expenditure</b>	≤1%	1.32%	1.12%		Management of the Funding Allocation System year to date actual is less than budget, but total NLTP expenditure to date is also less than budget.	
<b>% of operational assurance activities completed</b>						
% of approved organisation audit programme completed on time	100%	83%	92%		12 of the 13 programmed audits have been completed for the year to date. One planned audit was postponed due to an approved organisation's availability; rescheduled for February 2013.	
<b>% of activities that are delivered to agreed standards and timeframes</b>						
% of actual NLTP expenditure spent within budget cost standard	100%	-	91.6%		Methodology for reporting against these two measures was developed in quarter one and is being used for the first time in quarter two.	
% of NLTP expenditure spent within forecast cost standards	100%	-	91.9%		Due to the Christmas/New Year break, a claim was delayed to January which will appear in the quarter three report.	
% of investments that meet the NZTA's investment criteria benchmark level (aggregate of all investment output classes)	100%	100%	99.8%		One "Safety Retrofit" project was approved, but according to information in TIO was not "Included in 2012-15 NLTP". An explanation has been requested.	
% of NZTA investment decisions which meet required process standards (aggregate of all investment output classes)	100%	n/a	80%		The Post Approval Review process is one of many tools used to monitor the effectiveness of investment decisions and underlying policy environments. One review has found areas requiring operational policy clarification. Actions have been initiated to address these findings.	





Service delivery performance

ROAD SAFETY							
Service delivery measures	2012/13 target	Q4 2011/12 actual	Q1 2012/13 actual	Q2 2012/13 actual	Current status	Variance commentary	Year-end outlook
<b>% of target audience that rate road user safety messages as relevant to them</b> [this measure is reported a quarter in arrears]	≥60%	53%	53%	51%		New campaigns are not yet seen as relevant to a large section of our target audience. We are currently assessing the ongoing tracking of road safety advertising and how it works in today's fragmented market. The relevance measure is a specific part of this assessment.	



PUBLIC TRANSPORT							
Investment results indicator	2012/13 forecast	Q4 2011/12 actual	Q1 2012/13 actual	Current status	Variance commentary	Year-end outlook	
<b>Public transport boardings per NLTF \$ invested on public transport services</b> [this measure is reported a quarter in arrears]	>0.67	0.61	0.528		Patronage has increased, but not to the same extent as the dollars invested. Investment has increased due to a recent ramp up of new services and operational costs (e.g. extra rail track access charges)		

Service delivery performance

**NEW AND IMPROVED INFRASTRUCTURE FOR STATE HIGHWAYS**

Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
<b>% of activities that are delivered to agreed standards and timeframes</b>						
<i>% of state highway block projects programme completed (construction phases) to agreed standards and timeframes</i> - Cost vs budget - Quality (PACE) - Time against phased completion	>90%	8%	8%		This is mainly a momentum issue, as toward the end of the 2009-12 National Land Transport Programme, the small projects programme was re-timed to optimise investment against predicted revenue. Following a significant re-timing, it is not unusual for a programme such as this to take time to re-mobilise while ensuring best value for money is obtained from commissioning these projects. In the third quarter, the block programme is ramping up and it is expected that at least 50% of the planned projects will be completed by 31 March 2013. Active monthly monitoring of this programme of work is in place, but at this stage we do not expect to meet our annual target of >90%.	
<i>% of property acquisition programme completed to agreed standards and timeframes</i> - Cost vs budget	>90%	18%	30%		Variance is caused by greater than expected owner resistance, and compulsory purchase processes are being applied.	




**MAINTENANCE AND OPERATION OF STATE HIGHWAYS**

Service delivery measures	2012/13 target	Q1 actual	Q2 actual	Current status	Variance commentary	Year-end outlook
<b>% availability of state highway network</b>	90%	88%	87%		Weather related in the South Island, and tornado and crashes in Auckland.	







# CAPABILITY





## In this quarter we have:

-  maintained a very high level of core system availability
-  maintained a high level of staff resource capacity and stability
-  made good progress on three of the capacity building projects

## Q2: Good progress towards targeted year-end results

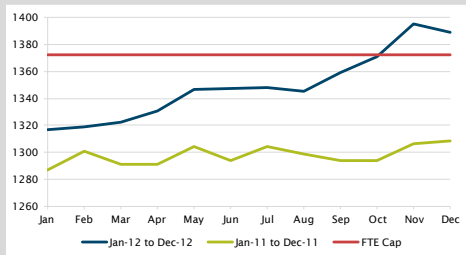
Key financial management Vfm indicators	2012/13 target	Year-end-outlook
Quality of current stakeholder relationship (NZTA Stakeholder Perception Survey)	New measure	
Level of staff engagement (Gallup Engagement Survey)	3.73	
Cost of administrative and support functions as a % of total operating running costs (BASS)	4.76%	
Percentage of time core systems available	100%	

## Q2: Good progress against all projects

Objective	Q2 progress	Status
Our leaders and managers are exceptional	The 2012 stage II leadership programmes came to an end in December. More information will be presented in the next quarter. Data has been collected on developmental and organisational themes to work with in the 2013 programmes, including: Developing more ability in staff to deal with change; confronting behaviours and issues that are not consistent with NZTA values and behaviours; fostering courage to step towards the fire more often; building team cultures that are responsive and are able to effectively work together; and continuing to build an understanding and application of working 'adaptively'	
The NZTA is a great place to work – qualified and experienced people want to work for us	During quarter two the NZTA placed 60 advertisements for 72 roles and received 917 applications for these. Of the 72 roles, 36 appointments have been made and 20 roles have either just been advertised or are about to go through the short listing process.  Of the applicants for the filled roles, 22% were interviewed and 10.7% were appointed.	
Drive performance excellence by ensuring the right capability for today and tomorrow (workforce planning)	The organisation's focus on workforce planning continues with good progress being made towards group workforce and capability identification.	
Increase the level of staff engagement	A resource has been developed to support the achievement of highly engaged teams. The resource is a compilation of discussions with NZTA teams with high engagement about what they have done/do to encourage engagement. Themes for highly engaged teams are: <ul style="list-style-type: none"> <li>• Manager has regular catch ups and conversations with me</li> <li>• Feedback given informally and often (as well as at scheduled times during the year)</li> <li>• Good relationships between team members – seem to know each other well, rely on each other when stuck, lots of banter</li> <li>• Teams back themselves as high quality</li> </ul>	

# PEOPLE METRICS

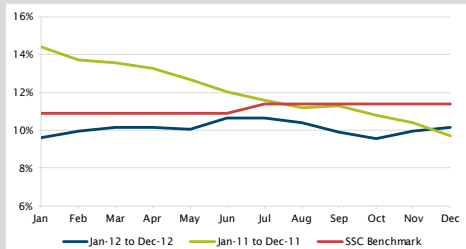
## Full-time Equivalent (FTE) employees



Actual FTE at the 31 December 2012 was 1386.0 (up from 1308.7 at 31 December 2011). 71 FTE's are currently filled by fixed term staff, 14 of these are summer interns who will finish in February 2013.

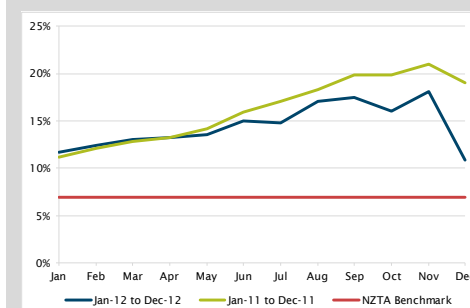
Our gradual increase in FTE's is due to additional work including bringing legal services in-house, JTOCs, Geospatial and some projects (e.g. SAP, M&O review) that have required roles to be backfilled as staff have been seconded to these areas. Along with this we have been working to reduce our use of contractors to be more cost effective which has increased our FTE's but at a lower cost.

## Annual Turnover slightly higher than 12 months ago



NZTA's unplanned turnover at the end of December 2012 was 10.1% which is slightly higher than 12 months ago where it was 9.73% but is lower than the previous quarter. This is also lower than the public sector benchmark by SSC of 11.4%.

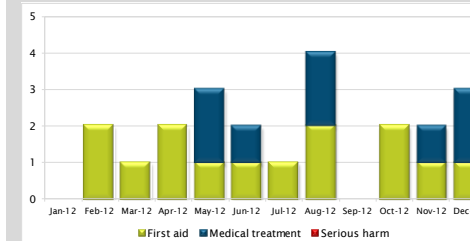
## Percentage of employees with annual leave balances greater than 30 days decreased and is now well below 12 months ago



There are currently 10.9% employees with annual leave balances over 30 days (lower than December 2011, 19.0%).

Excessive leave balances have decreased as managers actively encouraged staff to take additional leave over the Christmas/New Year break. Detailed leave reporting is also provided to managers every quarter regarding their staff and they have targets to meet.

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



There were seven reported incidents during this period. Two were self reports of discomfort and the remainder were split between slips and being hit by or hitting objects.

Local health and safety committees will focus on slip, trip and fall prevention in the next quarter.

---

# **FINANCIAL REPORTING APPENDICES**

# FINANCIAL STATEMENTS

## NZ Transport Agency – Consolidated statement of comprehensive income for the six months ended 31 December 2012

	Year to date				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
<b>Income</b>					
Revenue from the Crown	27,568	46,429	(18,861)	(41%)	137,031
Revenue from the National Land Transport Fund	769,000	832,581	(63,581)	(8%)	1,857,227
Revenue from third parties	65,383	64,477	906	1%	128,392
	861,951	943,487	(81,536)	(9%)	2,122,650
<b>Expenditure</b>					
Investment in land transport	1,036,708	1,141,190	104,482	9%	2,617,293
NZTA operating activities	126,181	133,163	6,982	5%	261,826
State highway depreciation/asset write off	214,840	214,840	0	0%	429,680
	1,377,729	1,489,193	111,464	7%	3,308,799
Net surplus/(deficit)	(515,778)	(545,706)	29,928	(5%)	(1,186,149)
Capital expenditure	(453,219)	(572,296)	(119,077)	21%	(1,187,216)
<b>Net surplus/(deficit) after capex</b>	<b>(62,559)</b>	<b>26,590</b>	<b>(89,149)</b>		<b>1,067</b>

## Consolidated statement of financial position – NZ Transport Agency

	As at 31 December 2012				Year end
	Actual	Budget	Variance		SOI Budget
	\$000	\$000	\$000	%	\$000
<b>Assets</b>					
Current assets					
Debtor National Land Transport Fund	345,217	360,171	(14,954)	(4%)	349,145
Other	71,465	154,779	(83,314)	(54%)	110,150
Non-current assets	26,187,777	27,165,265	(977,488)	(4%)	28,532,401
	26,604,459	27,680,215	(1,075,756)	(4%)	28,991,696
<b>Liabilities</b>					
Current liabilities					
Borrowing	100,000	150,000	50,000	33%	100,000
Other	209,782	287,777	77,995	27%	303,761
Non-current liabilities	5,425	4,745	(680)	(14%)	4,745
	315,207	442,522	127,315	29%	408,506
<b>Net assets</b>	<b>26,289,252</b>	<b>27,237,694</b>	<b>(948,441)</b>	<b>(3%)</b>	<b>28,583,190</b>
<b>Equity</b>					
General funds	5,606	5,198	408	8%	25,606
Retained funds	83,319	57,207	26,112	46%	19,917
Memorandum account - Third party fees	(3,252)	(6,691)	3,439	51%	(4,385)
State highway network	26,203,579	27,181,980	(978,401)	(4%)	28,542,052
<b>Total equity</b>	<b>26,289,252</b>	<b>27,237,694</b>	<b>(948,441)</b>	<b>(3%)</b>	<b>28,583,190</b>

**Non-current assets:** The State Highway Network opening balance was \$0.968b lower than the budget as the SOI was set prior to knowing the impact of the revaluation for 2012.

NZ Transport Agency – Consolidated statement of cash flows  
for the six months ended 31 December 2012

	Year to date				Year end SOI Budget \$000
	Actual \$000	Budget \$000	Variance \$000	%	
<b>Cash flows from operating activities</b>					
Receipts from Crown/NLTF revenue	877,946	930,309	(52,363)	(6%)	2,085,258
Receipts from third party/interest revenue	79,051	63,224	15,827	25%	128,392
Payments to suppliers and employees	(835,828)	(754,141)	(81,687)	(11%)	(1,721,423)
	121,169	239,392	(118,223)	(49%)	492,227
<b>Cash flows from investing activities</b>					
Receipts from sale of state highway properties	9,456	25,000	(15,544)	(62%)	50,000
Purchase of assets	(5,320)	(4,500)	(820)	(18%)	(9,408)
State highway network (incl. property purchases)	(453,219)	(572,296)	119,077	21%	(1,187,216)
	(449,083)	(551,796)	102,713	19%	(1,146,624)
<b>Cash flows from financing activities</b>					
Capital contributions	330,264	380,680	(50,416)	(13%)	707,972
Borrowing	120,000	75,000	45,000	60%	150,000
NLTF debtor borrowing reduction/interest	(152,519)	(101,788)	(50,731)	50%	(203,575)
	297,745	353,892	(56,147)	(16%)	654,397
Net (decrease)/increase in cash	(30,169)	41,488	(71,657)	(173%)	0
Cash at the beginning of the period	58,265	50,000	8,265	17%	50,000
<b>Cash at the end of the period</b>	<b>28,096</b>	<b>91,488</b>	<b>(63,392)</b>	<b>(69%)</b>	<b>50,000</b>

## Consolidated statement of financial position – National Land Transport Fund

	As at 31 December 2012		
	Actual \$000	Opening \$000	Movement \$000
<b>Current assets</b>			
Cash and cash equivalents	143,124	44,497	98,627
Debtors	159,765	190,720	(30,955)
	302,889	235,217	67,672
<b>Current liabilities</b>			
Creditors and other payables	345,217	407,454	62,237
	345,217	407,454	62,237
<b>Net assets</b>	<b>(42,328)</b>	<b>(172,237)</b>	<b>129,909</b>
General funds	(42,328)	(172,237)	129,909
<b>General funds closing balance</b>	<b>(42,328)</b>	<b>(172,237)</b>	<b>129,909</b>

**Cash and cash equivalents:** The balance at 31 December is high as we do not yet have confirmation from Treasury of the conditions under which the \$100m portion of the borrowing facility could be re-drawn down if it was repaid. The borrowing remains at \$100m while seeking clarification on these conditions with Treasury.

**General funds:** The increase in general funds of \$130m represents the surplus of the Fund as at 31<sup>st</sup> December (see NLTF Statement of comprehensive income).

National Land Transport Fund – Consolidated statement of cash flow  
for the six months ended 31 December 2012

	Year to date
	Actual
	\$000
<b>Cash flows from operating activities</b>	
Receipts from land transport revenue	1,382,813
Payments to NZTA and NZ Police	(1,252,904)
	129,909
Net decrease/(increase) in Debtors	30,955
Net (decrease)/increase in Creditors	(62,237)
	(31,282)
Net (decrease)/increase in cash and cash equivalents	98,627
Cash and cash equivalents at the beginning of the period	44,497
<b>Cash and cash equivalents at the end of the period</b>	<b>143,124</b>



