
QUARTER ONE 2020/21 PERFORMANCE REPORT

for the quarter ended 30 September 2020

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EXECUTIVE SUMMARY

INTRODUCTION

This quarter one report provides an update for the quarter ended 30 September 2020 on our progress toward delivering the commitments set out in our *Statement of performance expectations 2020/21*. The report focuses on summarising our progress at the end of quarter one against key ministerial priorities, including our achievements, risks and challenges, and upcoming milestones.

Appendices to the report contain further detailed information on our performance measures, significant activities, significant capital projects and financial performance.

HIGHLIGHTS

During quarter one, Waka Kotahi made good progress across a number of critical areas. We are also on track to deliver 28 out of our 35 significant activities and have not identified any significant activities with critical risks to delivery. Some of our highlights include:

- **Our refreshed strategic direction.** In quarter one we completed development of our draft strategic direction. Our refreshed strategic direction was endorsed by the Waka Kotahi Board in November and includes our purpose, vision, roles, system outcomes and values and behaviours.
- **Significant capital projects.** We're on track to achieve the year-end milestones for 40 of our 48 capital projects.
- **The Road to Zero implementation plan.** We are on track with our significant activity to operationalise the Road to Zero implementation plan and are currently working on developing the Road to Zero outcomes framework.
- **New Zealand Upgrade Programme (NZUP).** We are on track to develop the NZUP implementation plan. We are also making good progress on delivering the 13 NZUP state highway projects, with many of the projects contracted or under construction.
- **Keeping Cities Moving.** We completed the remaining five urban area mode-shift plans and have made good progress on the Auckland Transport Alignment Project.
- **Toitū te taiao our sustainability action plan.** *Tiakina te taiao* our first sustainability monitoring report was endorsed by our board. The report sets a baseline for monitoring and improving environmental performance, including the corporate emissions and impacts of Waka Kotahi.

Waka Kotahi has also continued to adapt and innovate in response to the ongoing challenges presented by COVID-19. Our key responses during quarter one include:

- **Providing ongoing support for public transport.** We extended the funding scheme that saw regional councils receive \$90 million (to 30 June 2020) in increased funding for public transport during the initial COVID-19 lockdown period.
- **Our warrant of fitness awareness campaign.** We launched an extensive campaign with the public and our partners to encourage people who had their warrants of fitness extended due to COVID-19 to renew them before the 10 October 2020 renewal date.
- **Implementation of new cloud technology for our contact centre and other customer support teams.** This will significantly improve our ability to take calls during future disruptions.
- **Commencement of work to amend the driver licensing rule.** We've begun work with the Ministry of Transport to develop a proposal to amend the Driver Licensing Rule to provide extensions to cover horticultural migrant workers required for the fruit picking season.
- **Most Waka Kotahi employees were able to work effectively from home throughout changing alert levels.** Essential employees were able to work from the office where required. We also maintained a key focus on our people's wellbeing, with active support programmes in place to respond to our people's needs.
- **Updating our flexible working guide.** This explains to our people what types of flexible working arrangements are possible and how to tailor them to balance the needs of Waka Kotahi, our teams and individuals.

CHALLENGES

We have significant work ahead of us to address the impacts of COVID-19 on the **National Land Transport Programme (NLTP)** and **National Land Transport Fund (NLTF)**.

- The combination of reduced revenue and additional expenditure due to COVID-19 has meant the NLTF required financial assistance from the Crown to deliver the 2018–21 NLTP, including maintaining our co-investment with local authorities. As part of the government's initial COVID-19 response, borrowing facilities available to Waka Kotahi were increased by \$425 million and funding was also provided to offset the impact of COVID-19 on regulatory revenue. During the quarter, Cabinet noted that the Ministry of Transport intended to enable additional Crown financial support, including additional funding of up to \$600 million and access to financing of \$300 million to manage COVID-19 impacts in 2020/21.
- Auckland's move to alert level 3 restrictions and the rest of the country's move to alert level 2 in August 2020 are likely to have a material financial impact on the NLTF position due to reduced revenue and increased costs from COVID-19 related claims from approved organisations, particularly for public transport, and roading contractors. We will be drawing from the \$600 million funding to cover these costs.
- We are committed to working closely with our co-investment partners to ensure our investment in the land transport system is prioritised to support the economic recovery of New Zealand. Our focus remains on delivering our commitments under the 2018-21 NLTP that will improve the lives of all New Zealanders through safe, accessible and environmentally sustainable transport solutions.

COVID-19 has also affected our **non-financial performance** and ability to deliver on our commitments, including commitments set out in the 2018–21 NLTP.

- Delivery of 10 of our 48 significant capital projects has been affected by COVID-19. These include some significant state highway projects including the Let's Get Wellington Moving Early Delivery projects, Transmission Gully and Peka Peka to Ōtaki, as well as the Auckland Transport Package and the Accelerated Regional Roding Programme. There have also been some COVID-19-related delays in progressing the Canterbury package of NZUP.
- COVID-19 has also led to some delays or revisions of timelines for delivery of our significant activities, however at this stage we still expect to achieve the activities' year-end milestones. In addition to the Let's Get Wellington Moving Early Delivery projects, affected activities include completion of the Advanced Traffic Management System, the regulatory fees and funding review and the Waka Kotahi People Strategy.
- We did not achieve the target for 21 of the 60 performance measures (35%) that are reportable this quarter.¹ Targets for 18 of these measures are expected to be achieved by year-end, including 11 measures where the result was affected by COVID-19. The COVID-affected measures include 5 regulatory measures and our results for public transport and the SuperGold scheme, with public transport boardings 33% lower than the previous year. Targets have not yet been set for our public transport and SuperGold scheme measures as the full impact of COVID-19 on public transport is still being assessed.

Technology risk rating

Our technology remains a critical risk for Waka Kotahi. We were unable to improve our risk rating during 2019/20 and are unlikely to achieve our technology risk mitigation target by year-end. While a comprehensive three-year risk remediation programme is achieving some success in mitigating aspects of our technology risk, the risk will not be fully mitigated until aging systems are replaced. The Minister of Transport will receive a specific briefing on technology risk.

¹ We are unable to report on 3 measures this quarter due to delays in getting the data from external providers and/or internal changes to the way results are measured. These issues will be resolved for Q2.

OUR PERFORMANCE

This section provides summary progress updates for quarter one on projects and programmes that are key ministerial priorities for reporting. These updates provide an overview of key achievements, risks and challenges to delivery and upcoming milestones for each priority.

The following key applies to the summary progress updates presented in this section.

- All significant activities are on track to be delivered by year-end. If the significant activities are linked to specific performance measures in our *Statement of performance expectations*, targets for these measures have all been achieved.
- Some activities are not on track to be delivered by year-end and/or some linked performance measures have not been achieved, but risks to the completion of activities are manageable and performance measure targets are likely to be achieved by year-end.
- Some activities are not on track and risks to their completion are significant (leadership intervention is required) and/or targets for some linked performance measures have not been achieved and are unlikely to be achieved by year-end.

Detailed progress updates for all significant activities included in our *Statement of performance expectations 2020/21* can be found in appendix 2. Performance measure results for quarter one can be found in appendix 1.

● REFRESHING OUR STRATEGIC DIRECTION, VALUES AND PERFORMANCE MEASURES

During quarter one we **completed development of our draft strategic direction**. Our refreshed strategic direction, including our vision, purpose, roles, system outcomes and values and behaviours, was endorsed by the Waka Kotahi Board in November 2020.

We are also on track to embed our **new values and behaviours**. Workshops for the development of our new values and behaviours were run with our people in quarter one and synthesis, review and implementation of our new values and behaviours by the Executive Leadership Team and Waka Kotahi Board will continue in quarter two.

● OPERATIONALISING THE ROAD TO ZERO IMPLEMENTATION PLAN

Development of the **Road to Zero outcomes framework** is underway to provide a monitoring framework for key Road to Zero targets and safety performance indicators. Road to Zero has an overarching target of reducing deaths and serious injuries (DSIs) on New Zealand's roads, cycleways and footpaths by 40% over the next 10 years. As at 30 June 2020 there were 293 deaths and 2224 serious injuries (DSIs) across the land transport system (12-month rolling total). There were 2517 DSIs during this period, a reduction from the number of DSIs reported at 2019/20 year-end (2797).

For Road to Zero reporting, we are currently exploring use of the Qlik app as a platform to provide visuals for Ministry of Transport reporting as well as internal reporting. Recent engagement with the Ministry suggests that an outcomes framework summary report will be hosted on the Ministry's website. It is expected that Waka Kotahi will retain certain elements for its website, e.g. the regional dashboard to sit alongside other regional road safety resources.

The **Public Attitudes Survey** is due to be published soon, which contains several of the Road to Zero public perception-related indicators.

● DELIVERING THE SAFE NETWORKS PROGRAMME



The Safe Networks Programme is **on track to achieve a reduction in in deaths and serious injuries (DSIs)** that will meet the National Land Transport Programme (NLTP) period target of 160 fewer DSIs each year.

Due to increased activity, the **monthly spend on state highway safety improvements is increasing**. The quarter one 2020/21 average spend was over \$12 million, up from \$9 million over 2019/20 quarter three – quarter four. There was also a general increase in monthly spend taking the total spend for this NLTP period as at August 2020 to \$682 million (highways \$307 million, local roads \$375 million).

Two new highway projects started construction and a further two are starting procurement for construction. **Speed limit changes were completed at 11 sites** with 7 in construction (announced but speed limits not yet changed). By December 2020, 26 speed limit changes are forecast to be completed.

● IMPLEMENTING THE NEW SPEED MANAGEMENT FRAMEWORK



The new **Setting of Speed Limits Rule** is being drafted. There have been delays in the consultation and signing of the rule based on initial feedback from targeted engagement with road controlling authorities with public consultation to occur post-election. Waka Kotahi is developing guidance to support the new rule, and shortened engagement on this guidance will occur as soon as the new rule is signed.

The **Speed Infringement Implementation Plan for 2021-24** programme business case has been developed and will be presented to the Waka Kotahi Board in February 2021 for endorsement. The programme is also included in the Waka Kotahi Investment Proposal and planning has begun for delivery in the 2021-24 National Land Transport Programme.

We are progressing development of the **National Speed Limit Register** with the vendors now appointed and the build and testing phase ongoing. There will be a delay in confirming the final requirements of the register due to the delay in finalisation of the new Setting of Speed Limit Rule 2021. An extension of time and additional cost will be required to complete this activity. We are working with the Ministry of Transport to remediate the delay, confirm the revised timing and quantify any impacts.

● TŪ AKE, TŪ MĀIA, OUR REGULATORY STRATEGY

Overall, we are making good progress in implementing Tū ake, tū māia, our regulatory strategy.

- The **regulatory operating framework** has now been developed and is the basis for a portal that reinforces the various core elements of the current operating model. Some supporting systems (notably the regulatory intervention framework, financial management to support the new fees and funding regime and the regulatory risk management framework), are now being developed further.
- The Land Transport Legislation Amendment Act establishing the **Director of Land Transport** function received Royal assent on 6 August 2020. A project to operationalise the Director of Land Transport role within Waka Kotahi is currently underway.
- Further change to the regulatory operating model will be needed as Waka Kotahi determines how the Director of Land Transport role will be integrated into the organisation and whether there will be any changes in where regulatory functions are managed. This work will be undertaken within the context of the development of a target operating model for Waka Kotahi.



While we are on track with implementation of Tū ake, tū māia, we did not achieve the targets for 7 out of the 24 regulatory performance measures included in our *Statement of performance expectations 2020/21*. Of these measures, 5 were affected by COVID-19, including 3 driver licensing and testing measures, 1 revenue collection and administration measure and 1 regulation of the rail transport system measure. We expect that we will achieve the targets for all 7 measures by year-end.

● NEW ZEALAND UPGRADE PROGRAMME

The *New Zealand Upgrade Programme (NZUP) Establishment Report* endorsed by the Minister of Transport in June 2020 sets out government expectations for the programme. It has been agreed with the Ministry of Transport that **the programme will be baselined by the end of March 2021** in terms of cost, scope to achieve outcomes, schedules and risks. This first programme baseline will form the basis of the NZUP implementation plan and will enable ministers to make strategic decisions on the programme scope and priorities.

Good progress is being made on the **13 NZUP state highway projects** under the NZUP regional package, with many of the projects contracted or under construction. Waka Kotahi remains largely on track for delivering the projects in line with project completion dates in the respective funding agreements except for two-month delays on the SH2 Tahaenui Bridge and SH6 Tatara Bridge projects. Ministers have been provided options for resolving budget risks relating to the Gravity Seawall Protection Project.

● STRENGTHENING RESILIENCE OF THE LAND TRANSPORT SYSTEM

We are on track with progressing our key planned improvements to strengthen the resilience of the land transport system. A programme of important enabling works for the **Te Ahu a Turanga: Manawatū Tararua Highway** is now underway, ahead of main highway construction getting started in the new year. We are also on track to deliver our **SH4 Te Ore Ore** and **Kaikōura** projects, with Kaikōura on track for major works completion by end 2020.

The key agreements for the **Mt Messenger** project have been signed and the consenting is progressing forward. We are engaging positively on project organisational structures, governance arrangements, resourcing requirements and opportunities for Ngāti Tama. Key process and legal activities that remain to be resolved include the High Court appeal decision, the Environment Court final decision, and property acquisition for a key landowner.

● RAIL NETWORK INVESTMENT PROGRAMME

We are meeting regularly with the Ministry of Transport, KiwiRail, Auckland Transport and Greater Wellington Regional Council to agree the detailed process and work through the outstanding policy issues.

KiwiRail is developing their rail network investment proposal with a draft due to go to their board in mid-October. Significant effort is being focussed on the detail of activities in the Auckland and Wellington metro areas. KiwiRail are confident that these details will be available for Auckland Transport and Greater Wellington Regional Council to include in their draft regional land transport plan capital bids by the end of October as part of an iterative process.

● KEEPING CITIES MOVING



The **mode-shift plans** for Auckland, Tauranga, Hamilton, Wellington, Christchurch and Queenstown have now been completed.

Significant progress has taken place over the last month on the **Auckland Transport Alignment Project (ATAP)**, focusing on confirming what investments are 'non-discretionary' and developing different mixes of 'discretionary' investments to deliver upon desired growth, climate change and mode shift outcomes. The next key milestone will be to advise the incoming government to inform finalisation of the updated ATAP Package.

The **Let's Get Wellington Moving** indicative business cases for Mass Rapid Transit, City Streets and Strategic Highways Improvements have all commenced and good progress is being made to determine the preferred way forward. The single stage business case for Managing Travel Demand has also commenced. The Early Delivery projects have been delayed due to the impacts of COVID-19 on retailers and businesses. A revised programme has been agreed by the Let's Get Wellington Moving Partnership Board which sees the completion of the indicative business cases in early to mid-2021.

As part of the **Innovating Streets for People** programme, Waka Kotahi has awarded over \$20 million to 74 projects across 33 councils. To improve national capability to deliver the projects a community of practice has been established and a handbook launched, accompanied by significant support for each council.

● COMPLETING THE 2021-24 NATIONAL LAND TRANSPORT PROGRAMME

We are on track to complete development of the 2021-24 National Land Transport Programme (NLTP). A range of guidance and interactive tools have been released to the sector and in-person sessions have been held with staff and local government. These are building understanding and capability in the new tools and approaches delivered by the Investment Decision Making Review. The Investment Prioritisation Method (IPM) has also been released for consultation, which closes on 2 November.

The Waka Kotahi Board has recently agreed to extend the deadlines for regional councils to submit their regional land transport plans (RLTPs) and for the adoption of the NLTP. Regional councils now have until 30 June 2021 to submit their RLTPs, and the deadline for adoption of the NLTP moves from 30 June to 31 August 2021. This extension recognises the difficulties local councils were facing from delays to the release of the Government Policy Statement on land transport 2021/22-2030/31 and consequent delays to the release of the IPM and the Waka Kotahi Investment Proposal.

● IMPLEMENTING TOITŪ TE TAIAO OUR SUSTAINABILITY ACTION PLAN

Good progress is being made toward embedding the new strategic direction to improve environmental sustainability and public health. Carbon reduction is a significant new challenge, and the Waka Kotahi Board agreed to three priority packages on which Waka Kotahi will focus. This included a package focused on mode shift and urban form.

The board also endorsed *Tiakina te taiao* our first sustainability monitoring report, which sets a baseline for monitoring and improving environmental performance, including corporate emissions and impacts of Waka Kotahi. A contract is in place with Toitū Envirocare to audit corporate emissions, to commence in early 2021. *Tiakina Te Taiao* will be published following discussion with the Minister of Transport in October/November 2020.



● NATIONAL TICKETING SOLUTION PROGRAMME

Good progress is being made on selecting a National Ticketing Solution (NTS). Procurement of a ticketing solution provider (Project NEXT) is currently underway and is expected to be completed by August 2021. In parallel, Waka Kotahi is developing a single NTS detailed business case for all participating authorities and is working with authorities on drafting participation agreements.

Waka Kotahi has also been working to establish a shared service function (Transport Ticketing and Payments/TTP) to support the NTS. The TTP operating model is being developed and will be closely informed by the outcome of the procurement. Once established, the TTP will help to link together the ticketing solution provider, supporting services and participating authorities across the programme.

Key risks remain around the timeline for public transport authorities and Waka Kotahi to develop the next iteration of the detailed business case, participation agreements, and operating model, and the subsequent approval process within each authority to enable contracts to be signed by Waka Kotahi.

URBAN CYCLEWAYS PROGRAMME

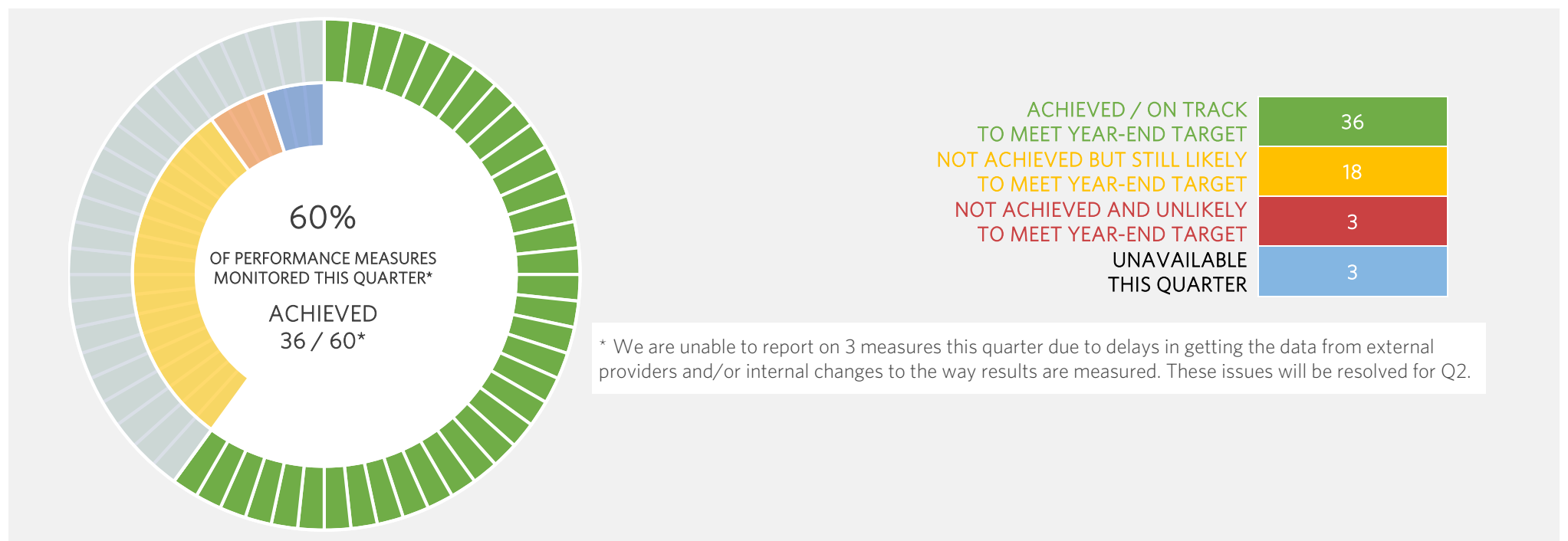
PROGRAMME PROGRESS (54 PROJECTS)				\$	⌚
Completed	In construction	Pre-construction	De-scoped	●	●
38 projects	14 projects	0 projects	2 projects		

As at 30 September 2020, the Urban Cycleways Programme (UCP) has completed 38 projects and 88% of its project milestones. Of the \$100 million allocated to the programme, \$98 million has now been spent.

We expect that 10 of the 14 projects still underway will be completed by 30 June 2021 and that 4 will be completed by 30 June 2022. Of these 4, 3 are Auckland Transport projects. Auckland Transport have reprioritised their capital programme as a result of revenue shortfalls caused by the COVID-19 shutdowns and some of their remaining UCP projects may be further postponed. We are working with Auckland Transport to identify ways to support them to finish the programme.

The fourth project we expect to complete by 30 June 2022 is the Waka Kotahi Petone to Melling Project. Clashes with unidentified utility services along the rail corridor have caused a delay of five months. These have been resolved and a design solution agreed.

2020/21 Q1 PERFORMANCE MEASURES



Ref.	Measure name	2020/21 target	Quarter one result	
TT2.1	Technology risk rating	Reducing	<p>RESULT: Maintaining</p> <p>Waka Kotahi is partway through the three-year risk remediation programme, and some risks have already been mitigated. A substantial work programme is underway to address the remaining identified risks. Ongoing continuous review of systems continues to identify and prioritise additional areas that will require remediation.</p> <p>Risk will remain critical until key upgrades have been implemented and aging systems are replaced.</p>	
RP1	Speed: Mobile camera deployment activity	100,000 hours	<p>RESULT: 16,476.0</p> <p>Trend remains flat in this area and this is the impending transfer of operations. We are in discussions with Police about how best to increase outputs and resources.</p>	
RP5	Restraint: Number of restraint offences	60,000	<p>RESULT: 9,582</p> <p>Trend remains flat in this area, and we are in discussions with NZ Police about how best to increase outputs and resources.</p>	
RP2	Speed: Percentage of 1-10km/h excess speed officer issued Infringement Offence Notices	30%	<p>RESULT: 9.6%</p> <p>While not achieved this quarter there is a significant upward trend, with results having doubled in the last 12 months.</p>	
RP3	Speed: Percentage of officer issued speed offence notices which are rural	75%	<p>RESULT: 53%</p> <p>Trend remains flat in this area, and we are in discussions with NZ Police about how best to increase outputs and resources.</p>	
RP4	Speed: Number of Offender Management Plans in place for high-risk drivers	1,700	<p>RESULT: 108</p> <p>We are working with NZ Police on how to best capture and record the multiple mechanisms to address high risk behaviour. This will provide a more meaningful result against this measure.</p>	
RP6	Impairment: Number of passive breath tests and breath screening tests conducted	3 million	<p>RESULT: 424,072</p> <p>A strong start to the year, although the annual nature of device calibration and test counting means the cessation of testing through the COVID-19 lockdown will still affect this year's result.</p>	
SHI1	Proportion of state highway improvement activities delivered to agreed standards and timeframes	≥90%	<p>Delivery of the NLTP programme is proceeding well although impacts of COVID-19 are still to be fully assessed and may impact ability to meet year-end target.</p> <p>See the significant capital projects report in appendix 4 for more detail.</p>	
PT1	Number of boardings on urban public transport services (bus, train and ferry)	TBD	127,634,312	Public transport boardings remain low as a result of COVID-19. This was compounded by the COVID-19 lockdown in Auckland from August and continuing restrictions to September. Compared to the number of boardings in quarter one last year, boardings this quarter are lower by 33%. We are yet unable to provide a target this year for public transport boardings due to uncertainties around COVID-19.
SG2	Number of boardings using SuperGold concessions	TBD	11,592,562	Further work needs to be done to understand the full impact of COVID-19 on attitudes and behaviours towards public transport and effects on public transport patronage.
				SuperGold users are amongst the most vulnerable to COVID-19, so a decrease in their usage may be disproportionately high compared to the rest of the population.
				Note this result does not include the Bay of Plenty and Invercargill for July and August 2020. The result will be updated when data becomes available.
RI1	Proportion of regional improvement activities delivered to agreed standards and timeframes	≥90%	<p>Delivery of programme is proceeding well although impacts of COVID-19 are still to be fully assessed and may impact ability to meet year-end target.</p> <p>See the significant capital projects report in appendix 4 for more detail.</p>	

Ref.	Measure name	2020/21 target	Quarter one result
RPT1	Proportion of rapid transit activities delivered to agreed standards and timeframes	≥90%	<p>Auckland: Investigations on the long-term Rapid Transit Network have been put on hold until a decision is made on how to deliver rapid transit projects by the public sector in Auckland. The Ministry of Transport and Treasury are currently undertaking investigations on this and will report to the next government after the general election. There is a budget available to continue with the North-West Rapid Transit Network investigations once this decision is made, and within identified Auckland Transport Alignment Project funding.</p> <p>Wellington: The Let's Get Wellington Moving Indicative Business Case for Mass Rapid Transit has commenced, and good progress is being made to determine the preferred way forward. A revised programme has been agreed by the Let's Get Wellington Moving Partnership Board which sees the completion of the indicative business cases in early to mid-2021.</p> <p>See the significant capital projects report in appendix 4 for more detail.</p>
TR1	Proportion of transitional rail projects delivered to plan	≥90%	Of the 10 transitional rail projects being delivered this year, only the Integrated Rail Management Centre and the Wellington Resignalling (WMUP IV) projects are progressing to plan. Te Huia Hamilton to Auckland Start-up Service project is delayed due to the Auckland Metro Recovery (Track Replacement) works. The Wellington Metro Upgrade Programme is also behind schedule due to COVID 19 stop-starts on significant cost-scope adjustments which are expected to be received in quarter two. Discussions on costs due to prioritisation of track replacement associated with Auckland Rail Network Growth Impact Management activities are expected to continue. Other projects have been delayed as work on the activities are co-ordinated between KiwiRail and the respective approved organisations.
DLT1	Unit cost of providing user-facing driver licensing and testing services	\$20.90 - \$22.95	<p>RESULT: \$25.12</p> <p>Target was not met due to low transaction volumes that have not returned to pre-COVID-19 levels, compounded by disruptions from the second round of COVID-19 restrictions in August and September.</p>
DLT3	Proportion of practical tests taken within 30 working days of booking	≥85%	<p>RESULT: 73.0%</p> <p>Target was not met due to the backlog of tests postponed because of the COVID-19 lockdown and restrictions in March and April, compounded by disruptions from the second round of COVID-19 lockdown and restrictions in August and September.</p>
DLT4	Proportion of audits for driver licence course providers completed against target	≥95%	<p>RESULT: 86.7%</p> <p>Target was not met because auditing of testing officers was put on hold during the COVID-19 lockdown in Auckland and during certain levels of the COVID-19 restriction across the country.</p>
DLT5	Proportion of non-compliance actions for driver licence course providers and testing officers that are under active management	≥95%	<p>RESULT: 87.1%</p> <p>Waka Kotahi have been targeting higher risk course providers resulting in more complex audit findings requiring additional monitoring. However, there are several audits currently in process and close to completion.</p> <p>It is expected that results in quarter two will bring this measure back on track.</p>
IM1	Proportion of total cost of managing the investment funding allocation system to National Land Transport Programme expenditure	≤1.1%	<p>RESULT: 1.2%</p> <p>Cost of managing the Investment Funding Allocation System is usually high at the beginning of the financial year. As spend on projects increase, this is expected to drop and meet target.</p>
REV5	Proportion of Transport Service Licence holders that are assessed for road user charges compliance against target	≥95%	<p>RESULT: 33.3%</p> <p>Despite what appears to be a low quarter one result, Waka Kotahi is on track to meet the target in quarter two. There are 5 audits near completion, 2 of which are at invoicing stage and 3 which are completed but are in the final verification stage.</p>
REV7	Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	≤20 working days	<p>RESULT: 22</p> <p>Target was not met due to the backlog from the COVID-19 lockdown and restrictions in March and April, and lack of resourcing to address this. Fuel excise duty refunds also took longer to process with the emailing system (introduced during the COVID-19 lockdown) as against applications received by post.</p>
RTS1	Proportion of rail participants reviewed or audited against target	≥95%	<p>RESULT: 90.0%</p> <p>Of 20 planned assessments, 2 were not completed. Four assessments have also been reprogrammed for delivery due to COVID-19 restrictions, and 1 delayed because the rail participant was not operating in quarter one.</p>

APPENDIX 2

SIGNIFICANT ACTIVITIES

- G** On track to complete the activity by year-end.
A Not on track but risks to not completing the activity by year-end are manageable.
R Not on track and risks to not completing the activity by year-end are significant; leadership intervention required.

Ref.	Significant activity	Progress update	Status
1.1	ensure the Waka Kotahi implementation plan for Road to Zero is operational, including outcomes, targets and a reporting framework	<p>We are currently developing the Road to Zero outcomes framework which will provide a monitoring framework for key Road to Zero targets and safety performance indicators. We are exploring use of the Qlik app to provide visual reporting on the framework for the Ministry of Transport and Waka Kotahi.</p> <p>The Public Attitudes Survey is due to be published soon which contains several of the Road to Zero public perception-related indicators.</p>	G
1.2	progress delivery of the Safe Networks Programme	<p>The Safe Networks Programme is on track to achieve a reduction in deaths and serious injuries (DSIs) that will meet the 2018-21 National Land Transport Programme (NLTP) target of 160 fewer DSIs each year.</p> <p>Expenditure on state highway safety improvements has increased due to increased activity on the network. Over quarter one 2020/21 our average spend was over \$12 million, up from \$9 million over 2019/20 quarter three – quarter four. Overall expenditure has also increased taking the total spend for the 2018-21 NLTP as at August 2020 to \$682 million (highways \$307 million, local roads \$375 million).</p> <p>We started construction on two new highway projects and have started procurement for construction on two more projects. We also completed speed limit changes at 11 sites with 7 in construction (announced but speed limits not yet changed). We expect that 26 speed limit changes will be complete by December.</p>	G
1.3	put into operation an assurance plan for the Road Safety Partnership Programme	<p>As part of our assurance approach we have confirmed Waka Kotahi membership of the Road Safety Partnership Programme Governance Board. We are also represented on the National Road Policing Centre Governance Board which provides governance and assurance over the delivery of New Zealand Police change initiatives.</p>	G
1.4	complete the draft National Speed Management Plan including a proposed plan for safer speeds around schools	<p>Consultation and signing of the new Setting of Speed Limits Rule has been delayed in response to initial feedback from targeted engagement with road controlling authorities (RCAs). We have had to re-baseline the programme as a result and have given this activity an amber rating to reflect the additional work we're undertaking due to the delay.</p> <p>Public consultation on the new rule is now set to occur post-election. Waka Kotahi is developing guidance to support the new rule in line with Road to Zero.</p>	A

Ref.	Significant activity	Progress update	Status
		<p>Shortened engagement on this guidance will occur as soon as the new rule is signed.</p> <p>The updated guidance will include revised school safety guidance to align with the new rule. While awaiting signing of the new rule and while guidance is being developed, RCAs are obliged to use the current rule for school speed limit changes. An updated version of MegaMaps has also been released to help RCAs develop their regional land transport plans under the current rule.</p>	
1.5	establish the National Speed Limit Register	<p>We have continued to make progress in developing the National Speed Limit Register with the vendors now appointed and the build and testing phase underway. We have also begun initial data migration of road controlling authority bylaw information.</p> <p>There will be a delay in confirming the final requirements of the register due to the delay in finalisation of the new Setting of Speed Limit Rule 2021. An extension of time and additional cost will be required to complete this activity. We are working with the Ministry of Transport to remediate the delay, confirm the revised timing and quantify any impacts.</p>	A
2.1	have the implementation plan for the NZ Upgrade Programme (NZUP) – Transport approved by the Crown Governance Group	<p>Government expectations for NZUP are set out in the <i>NZUP Establishment Report</i> (endorsed by the Minister of Transport in June 2020). We have agreed with the Ministry of Transport to establish the baseline for the programme by the end of March 2021. This will cover baseline cost, scope to achieve outcomes, schedules and risks and will form the basis of the NZUP implementation plan. The baseline will also enable ministers to make strategic decisions on the programme scope and priorities.</p>	G
2.2	ensure the plan is in progress for building necessary capability for oversight and assurance of public transport investments, including the Rail Network Investment Programme	<p>We are meeting regularly with the Ministry of Transport, KiwiRail, Auckland Transport and Greater Wellington Regional Council to agree on a detailed process and work through outstanding policy issues. KiwiRail is developing their rail network investment proposal with a draft due to go to its board in mid-October. Significant effort is being focussed on the detail of activities in the Auckland and Wellington metro areas. KiwiRail is confident that these details will be available for Auckland Transport and Greater Wellington Regional Council to include in their draft regional land transport plan capital bids by the end of October as part of an iterative process.</p>	G
2.3	complete an action plan for improving connections and movements of freight across the land transport system	<p>Work is underway and the draft scope of the action plan will be shared with the Ministry of Transport to ensure we are aligned with its upcoming supply chain strategy.</p>	G

Ref.	Significant activity	Progress update	Status
3.1	together with partners, progress delivery of the seven Let's Get Wellington Moving projects (as detailed in appendix 3)	We have begun developing the indicative business cases for Mass Rapid Transit, City Streets and Strategic Highways Improvements with good progress made to determine the preferred way forward. The single stage business case for Managing Travel Demand has commenced which will help shape the future programme investments. The Early Delivery projects have been delayed due to the impacts of COVID-19 on retailers and businesses. A revised programme has been agreed by the Let's Get Wellington Moving Partnership Board which sees the completion of the indicative business cases in early to mid-2021.	A
3.2	have a refreshed Auckland Transport Alignment Programme (post-NZ Upgrade Programme) including funding arrangements to 2028 agreed by all partners	We have made significant progress over the last month on confirming what investments are 'non-discretionary' and developing different mixes of 'discretionary' investments to deliver upon desired growth, climate change and mode shift outcomes. Our next step is to advise the incoming government to inform finalisation of the Auckland Transport Alignment Package. There are some challenges with current funding arrangements and options to address this issue are being developed.	G
3.3	develop mode shift action plans for five urban areas (Christchurch, Hamilton, Queenstown, Tauranga and Wellington)	The mode shift plans have now been developed for each of the five urban areas.	G
3.4	work with Kāinga Ora and councils to support regional spatial planning partnerships as part of the Urban Growth Agenda, focusing on integrated transport, infrastructure and land use planning to support regional development objectives within the government's urban development priorities	We are working with the Ministry of Housing and Urban Development and cross-government partners to refresh the Urban Growth Partnerships Programme, building on the current range of spatial planning partnerships already in place. We have finalised a memorandum of understanding to support cross-agency work. Agencies are working collaboratively and having shared conversations about strategic issues. We will also work together to formalise a draft work programme.	G
3.5	progress delivery of 13 state highway projects under the NZ Upgrade Programme regional package	Good progress is being made on the 13 state highway projects, with many of the projects contracted or under construction. Waka Kotahi remains largely on track for delivering the projects in line with project completion dates in the respective funding agreements except for two-month delays on the SH2 Tahaenui Bridge and SH6 Tare Bridge projects. Ministers have been provided options for resolving budget risks relating to the Granity Seawall Protection Project.	G
3.6	extend the funding and development of the Innovating Streets for People programme providing support for approved organisations to implement tactical urbanism projects and encourage active transport modes	We have awarded over \$20 million to 74 projects delivered by 33 councils. To improve national capability a community of practice has been established and a handbook launched, accompanied by significant support for each council.	G

Ref.	Significant activity	Progress update	Status
4.1	ensure the Advanced Traffic Management System (ATMS) upgrade is on-track for completion in 2021/22, with interim risk mitigation completed.	The ATMS project is on track to deliver all phases within the 2021/22 financial year. There has been a slippage in some dates related to the implementation of Phase 1 caused by the vendor and COVID-19. Originally planned for December 2020, this has now been rescheduled for May/June 2021 to avoid the Americas Cup.	A
4.2	have the Project NEXT (the national public transport ticketing project) detailed business case and an implementation plan approved by the Sector Governance Group.	Waka Kotahi has closed the request for proposals and evaluation of responses is currently underway. The detailed business case is being developed further, preparing for release to incorporated parties in the third quarter.	G
4.3	complete the Speed Infringement Implementation Plan for 2021-24	<p>A programme business case will be presented to the Waka Kotahi Board in February 2021 for endorsement. The programme is also included in the Waka Kotahi Investment Proposal and planning has begun for delivery in the 2021-24 National Land Transport Programme.</p> <p>Interagency governance and working groups have been established and meet regularly (including the Regulatory Governance Group). Monitoring reports have been implemented and are delivered regularly.</p> <p>The programme is undergoing a health-check from the EPMO, and findings will be reported in October 2020.</p>	A
5.1	progress the delivery of Te Ahu a Turanga: Manawatū Tararua highway (Manawatū Gorge replacement) and SH4 Te Ore Ore reinstatement (as detailed in appendix 1), and other key improvements to strengthen and improve the resilience of the land transport system	<p>This activity summarises the progress of four key projects with resilience benefits in 2020/21.</p> <p>Te Ahu a Turanga: Manawatū Tararua Highway Programme of important enabling works is now underway, ahead of main highway construction getting started in the new year.</p> <p>SH4 Te Ore Ore On track.</p> <p>Kaikōura On track for major works completion by end 2020.</p> <p>Mt Messenger With the key agreements signed, and consenting progressing forward, we are engaging positively on project organisational structures, governance arrangements, resourcing requirements and opportunities for Ngāti Tama. Key process and legal activities that remain to be resolved include the High Court appeal decision, the Environment Court final decision, and property acquisition for a key landowner.</p>	G
5.2	develop a climate change adaptation plan	Scope developed, project team established, initial work underway.	G
5.3	develop a centralised risk register to provide a nationally consistent approach to identifying and assessing network maintenance risks nationally	Scope developed, project team established, initial work underway.	G

Ref.	Significant activity	Progress update	Status
5.4	continue and extend our work on security to include our role in the land transport system; drawing on, and being consistent with, the work already taken in relation to applying the Protective Security Requirements (PSR) framework where relevant	The Land Transport Security Strategy has been incorporated into the security function which adheres to the overall PSR framework. Efforts continue to socialise key initiatives in the strategy, with an initial focus on identifying key physical assets to determine arrangements needed to keep them secure on an ongoing basis.	G
6.1	define and embed a strategic approach to urban form and transport planning for sustainable development that reduces emissions, while improving safety and access	In September the Waka Kotahi Board endorsed an approach to increase our focus on mode shift in urban areas, support compact urban form and optimise networks to reduce emissions and improve safety. There are some key internal and external strategic challenges to progressing this work which will make scoping and commissioning this expansion of current activity complex. This will take place in quarter two and quarter three.	A
6.2	work with the Ministry of Transport and other partners to recommend emissions budgets for land transport, taking account of all system levers	Waka Kotahi is actively contributing to the development of the Transport Emissions Action Plan and the Government Emission Reduction Plan. We have introduced the Avoid-Shift-Improve framework to these processes and our partnering is based on ensuring plans are evidence based, take account of all levers available to the transport sector and focus on change across the whole system.	G
6.3	implement Toitū te taiao our sustainability action plan, including making the monitoring and reporting of Waka Kotahi emissions and reduction targets operational	In September a Toitū te taiao paper was endorsed by the Waka Kotahi Board reflecting the good progress we've made toward embedding our new strategic direction to improve environmental sustainability and public health. Carbon reduction is a significant new challenge and the board agreed to three priority packages for Waka Kotahi to focus on including a package focused on mode shift and urban form. The board also endorsed <i>Tiakina Te Taiao</i> our first sustainability monitoring report which sets a baseline for monitoring and improving environmental performance including the corporate emissions and impacts of Waka Kotahi. A contract is in place with Toitū Envirocare to audit corporate emissions which will commence in early 2021. <i>Tiakina Te Taiao</i> will be published following discussion with the new Minister of Transport in October/November 2020.	G
6.4	implement the approved elements of the government's proposed clean car reforms	This activity has been placed on hold by Cabinet and we have paused delivery while we await a decision from government.	Unable to report
7.1	develop operating model to support delivery of the regulatory strategy	The regulatory operating framework has been developed and is now the basis for a portal that reinforces the various core elements of the current operating model. Some supporting systems (notably the regulatory intervention framework, financial management to support the new fees and funding regime and the regulatory risk management framework), are now being developed further to reflect the new needs.	G

Ref.	Significant activity	Progress update	Status
		Further change to the operating model will be needed as Waka Kotahi determines how the Director of Land Transport role will be integrated into the organisation and whether there will be any changes in where regulatory functions are managed. This work will be undertaken within the context of the development of a target operating model for Waka Kotahi.	
7.2	establish the Director of Land Transport role and ensure it is in effective operation	<p>The act establishing the Director of Land Transport function received Royal assent on 6 August 2020. A project to operationalise the Director role within Waka Kotahi is underway. This includes:</p> <ul style="list-style-type: none"> • a decision by the Waka Kotahi Board on the appointment of the Director role • the development of a raft of consequential rule and delegation changes by our legal team to give effect to the Director role • the development of a map of all existing and new regulatory functions across Waka Kotahi to allow full consideration of how independent regulatory functions need to be completed to meet the intent of the new act • integration of the Waka Kotahi target operating model and regulatory operating framework and model so the Director can operate effectively. 	G
7.3	progress regulatory fees and funding review in preparation for public consultation	<p>The review is progressing to plan including adjustments to reflect the impact of COVID-19 on the programme of work timelines.</p> <p>The Value for Money (VfM) workstream was completed in September 2020. Based on the output of the VfM review, an efficiency programme has been scoped and submitted for consideration as part of business planning processes for Waka Kotahi.</p> <p>The Waka Kotahi Board is scheduled to consider the review proposals, including draft rate card, consultation approach and draft consultation document in November 2020. This means Cabinet consideration of the Cost Recovery Impact Statement is now expected to occur in early 2021. The Ministry of Transport will be leading this piece of work. Public consultation is expected to commence in March 2021.</p> <p>A pre-implementation programme of work has been established to prepare Waka Kotahi to successfully implement the review, subject to the outcome of consultation and Cabinet approval processes. Detailed discovery activities will commence in October 2020.</p>	G
8.1	undertake a refresh of Waka Kotahi's purpose, strategy, values and performance measures and then represent them in our Statement of intent 2021-25 and Statement of performance expectations 2020/21	In quarter one we completed development of our draft strategic direction. Our refreshed strategic direction was endorsed by the Waka Kotahi Board in November 2020.	G

Ref.	Significant activity	Progress update	Status
8.2	implement and embed new values and behaviours that strengthen our organisational culture and empower our people	In quarter one we held workshops for the development of our new values and behaviours including two rounds of iteration with employee feedback undertaken at each stage. During quarter two our ELT and board will continue to synthesise and review this work.	G
8.3	progress the people strategy and supporting people capability plan to close identified gaps	The Waka Kotahi People Strategy was launched in 2019 and progress continues to be on track during 2020/21. While the impact of COVID-19 delayed some initiatives, work has continued at pace on key priorities. We are also developing the workforce plan which will identify the capabilities Waka Kotahi needs to be successful both now and in the future.	G
8.4	establish a programme to uplift leadership capability	We launched the leadership programme Accelerate Leadership as a series of learning modules for all people leaders. The executive and group leadership teams have completed module one, Courageous Leadership, and continue to work through the programme. Module one is now being rolled out to the remaining people leaders. In addition, to support our people during the COVID-19 response, Waka Kotahi introduced a set of leadership principles which were adapted to the changing circumstances and will continue to be in place until the new values and behaviours are launched. These principles are Care, Delivery, Innovation, Agility and Trust.	G
8.5	implement a comprehensive risk management and risk-based assurance programme including a focus on core internal controls, probity, contract management, infrastructure projects and our regulatory function	This activity is well on track to be completed by the 2020/21 year-end. This was due to the quarter four 2019/20 audits being carried over to quarter one 2020/21, and the quarter two 2020/21 audits being brought forward to quarter one. The 100% internal assurance target was achieved in quarter one by completing all planned internal audits and reviews.	G
8.6	obtain Board approval of a multi-year Digital Services Portfolio with investment funding requirements identified	<p>The Waka Kotahi Board has endorsed the establishment of a portfolio approach for digitally enabled change. Portfolio governance boards are now in place and these will evolve as maturity develops. Work has commenced to develop the framework for a multi-year investment approach, the requirements of which will be considered as part of the 2021-24 planning and budget cycle.</p> <p>This approach will be a first for Waka Kotahi, and we will need to do some additional work to ensure its success. We will need to:</p> <ul style="list-style-type: none"> • consider existing and proposed work covering risk mitigation, external commitments and foundational investments • be consistent with the strategy of Waka Kotahi and the emerging target operating model • secure funding from multiple sources. 	A

Ref.	Significant activity	Progress update	Status
8.7	complete the National Land Transport Programme 2021-24 incorporating Investment Decision Making Framework outcomes, with effective support to develop sector capability in place	<p>A range of guidance and interactive tools have been released to the sector, and in-person sessions have been held with staff and local government. These are building understanding and capability in the new tools and approaches delivered by the Investment Decision Making Framework Review. The Investment Prioritisation Method (IPM) has also been released for consultation (closing 2 November).</p> <p>The Waka Kotahi Board has recently agreed to extend the deadlines for regional councils to submit their regional land transport plans and for the adoption of the National Land Transport Programme. This extension recognises the difficulties local councils were facing from delays to the release of the GPS and consequent delays to the release of the IPM and the Waka Kotahi Investment Proposal.</p>	G

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE SUMMARY FOR THREE MONTHS ENDED 30 SEPTEMBER 2020

NATIONAL LAND TRANSPORT FUND REVENUE

\$12.1m
above budget

Revenue is 1% above budget. Lower revenue received from fuel excise duty and property settlements is offset by higher revenue from road user charges.

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

\$133.1m
below budget

Expenditure is 13% below budget. National Land Transport funded expenditure is \$122.1 million below budget and Crown funded expenditure is \$11.0 million below budget. Underlying expenditure is 5% below budget reflecting small variance across a number of projects.

WAKA KOTAHI OPERATIONAL EXPENDITURE

\$0.4m
below budget

Total operational expenditure is close to budget. Higher than budgeted personnel costs are offset by lower operating costs.

MEMORANDUM ACCOUNTS

\$1.1m
below budget

Memorandum account closing balances are \$1.1 million (5%) below budget. Fees and charges are \$1.6 million below budget and costs are \$0.4 million above budget.

FUNDING AND LONG-TERM LIABILITIES

\$3,488.9m

Waka Kotahi has access to borrowing facilities and new funding that should enable us to manage the impact from COVID-19. The total long-term funding liability is \$3,488.9 million. Waka Kotahi is compliant with all its loan conditions.

NATIONAL LAND TRANSPORT FUND AND NATIONAL LAND TRANSPORT PROGRAMME

NATIONAL LAND TRANSPORT FUND REVENUE

National Land Transport Fund (NLTF) revenue is \$12.1 million above budget. To date, we have not seen a material impact from the increases in alert levels since 11 August.

- **Fuel excise duty (FED)** is \$23.8 million (5%) below budget which is primarily attributable to lower fuel consumptions than what the budget has assumed.
- **Road user charges (RUC)** are \$42.4 million (10%) above budget.
- **Motor vehicle registration and licensing (MVR & Lic)** is close to budget.
- **Other revenue** is \$6.7 million (49%) below budget mainly due to ongoing delays in property settlements.

Monthly revenue compared with budget and 2019/20 actual is illustrated in Figure One.

SUMMARY

\$12.1m

above budget

FED 5% below budget

RUC 10% above budget

MVR & Lic is close to budget

	MONTH				YEAR TO DATE				FULL YEAR	
	Actual	Budget	Variance	Var	Actual	Budget	Variance	Var	Forecast	Budget [*]
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	\$m	\$m
Fuel Excise Duty	167.4	175.2	(7.8)	(4%)	501.4	525.2	(23.8)	(5%)	1,991.5	1,991.5
Road user charges	155.8	135.7	20.1	15%	449.3	406.9	42.4	10%	1,659.2	1,659.2
MV registration & Lic.	20.1	19.5	0.6	3%	66.2	66.0	0.2	0%	227.1	227.1
Other revenue	2.8	4.5	(1.7)	(38%)	6.9	13.6	(6.7)	(49%)	54.6	54.6
Total NLTF revenue	346.1	334.9	11.2	3%	1,023.8	1,011.7	12.1	1%	3,932.4	3,932.4

^{*}Full year budget was developed in April 2020 as part of the 2020 Budget Economic and Fiscal Update (BEFU) exercise, and reflects outlook of COVID-19 Alert Levels, and associated economic recovery at the time when New Zealand was put into Alert Level 4 lockdown after the outbreak of COVID-19.

COVID-19 restrictions since 11 August have had some impact on NLTF revenue – particularly FED. A revised revenue forecast will be developed with Ministry of Transport as part of the October Baseline Update (OBU).

FIGURE ONE

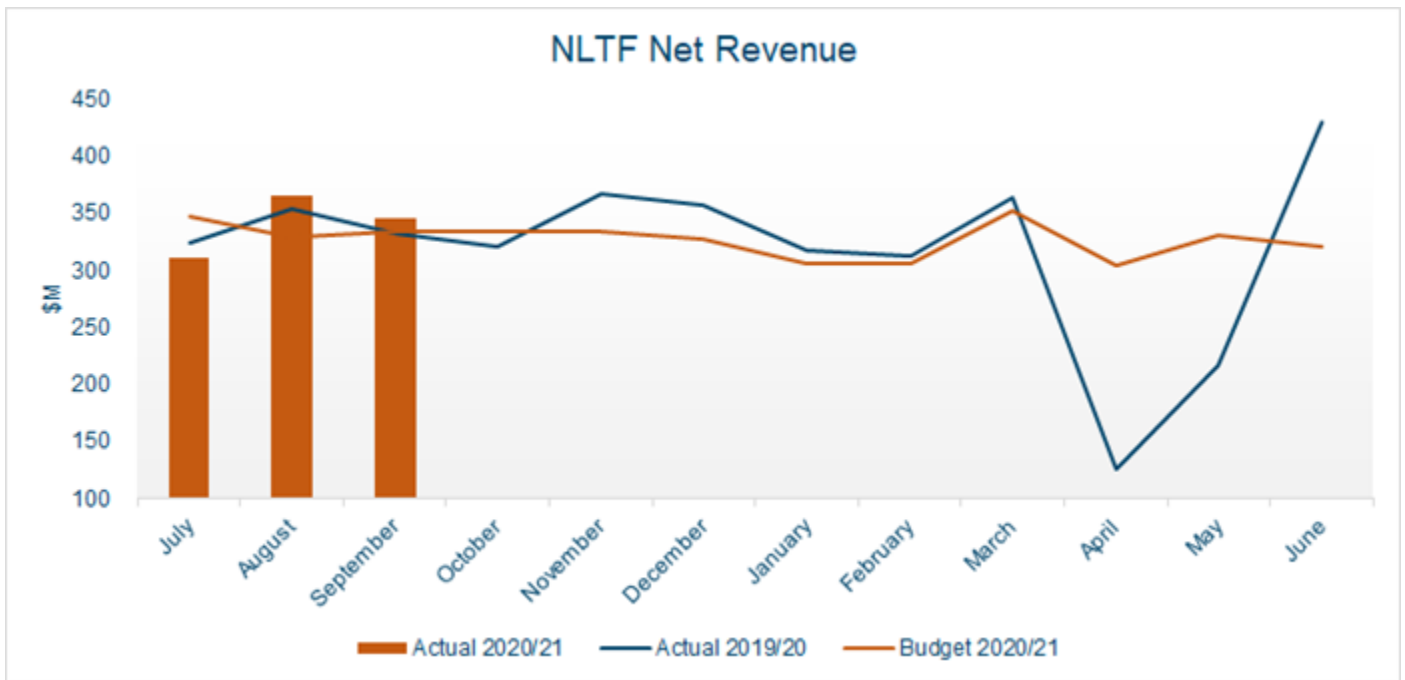
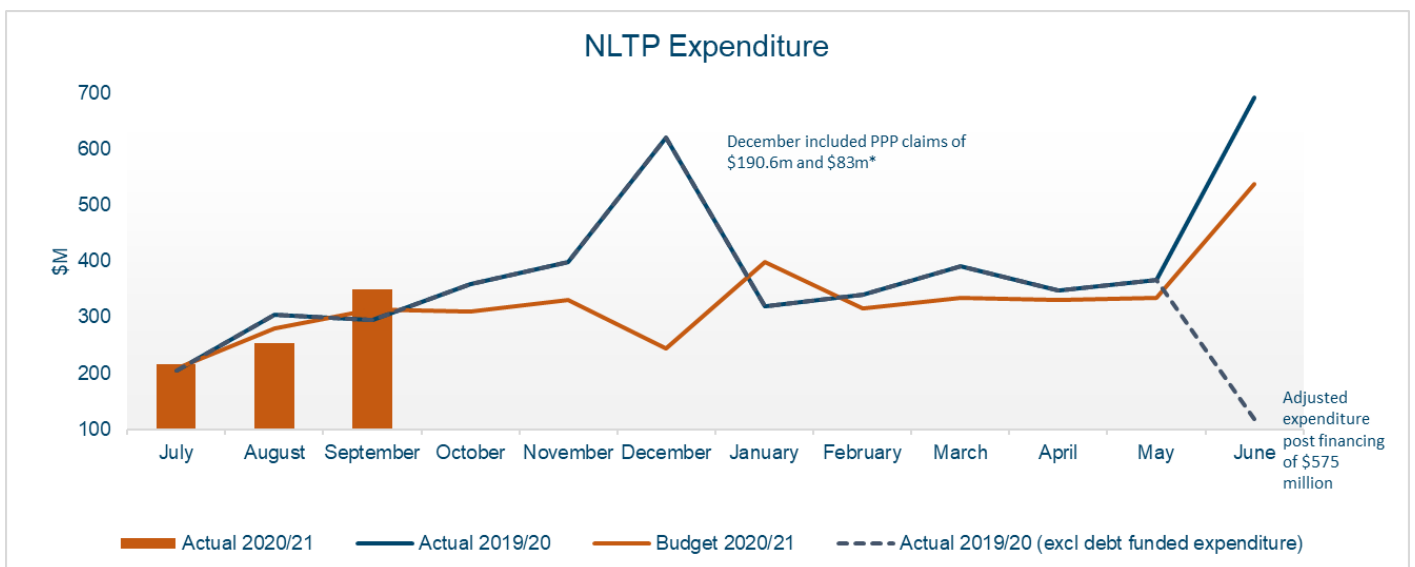


FIGURE TWO



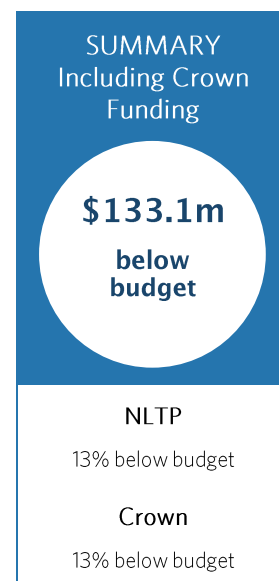
NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND) AND CROWN-FUNDED EXPENDITURE

National Land Transport Programme (NLTP) expenditure is \$122.1 million (13%) below budget. Monthly movements are illustrated in Figure Two.

- **State highway improvements** is \$131.2 million (41%) below budget mainly due \$81.0 million of prior year adjustment for 2019/20 COVID-19 costs which has been reclassified as Crown funded expenditure. At the 2019/20 balance date, \$81 million has been recognised as operating expenditure. The Crown had not yet established the appropriation to fund for the COVID-19 costs, and hence the \$81 million was recognised as NLTF expenditure. The appropriation was subsequently established in 2020/21 and the \$81 million was then transferred from NLTF expenditure to Crown funded expenditure. Once the prior-year adjustment is stripped out, expenditure is 15% below budget reflecting small variances across a number of projects.
- **State highway maintenance** is \$19.9 million (15%) above budget and is forecast to slightly exceed the allocated budget by the end of current NLTP once the allocation of debt financing is taken into consideration. Higher spend is mainly due to additional costs associated with: contract rewards; establishment of Auckland System Management and Total Traffic Management; contract variations relating to additional traffic volumes; increased allocation of Waka Kotahi operational costs; the renegotiation of two Network Outcome Contracts; and higher than expected emergency works.
- **Walking and cycling** is \$9.1 million (56%) above budget but is line with our expectations with the additional innovating streets projects to this output class.

Specific Crown-funded projects expenditure is \$11.0 million (13%) below budget.

- **NZ Upgrade Programme (NZUP)** is materially on budget.
- **Provincial Growth Fund (PGF)** is \$12.5 million (57%) below budget, which includes funding for both Waka Kotahi projects and those delivered by Approved Organisations. All Waka Kotahi projects are tracking to time and budget.
- **NZ Upgrade Programme Regional Package** is \$8.6 million (65%) below budget as most projects are still in detailed design phase. The budget assumed earlier construction.
- **Kaikoura earthquake response** is \$11.6 million above budget. Construction activity has ramped up with additional night shift operations to keep the project on track for a mid-December completion date.



NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND) AND CROWN-FUNDED EXPENDITURE FOR THREE MONTHS ENDED 30 SEPTEMBER 2020

Output Classes	YEAR TO DATE					FULL YEAR	
	Actual pre financing	Actual post financing	Budget	Variance	Var	Forecast	Budget
	\$m	\$m	\$m	\$m	%	\$m	\$m
State highway improvements	192.6	192.6	323.8	131.2	41%	1,181.3	1,181.3
Local road improvements	43.8	43.8	38.6	(5.2)	(14%)	308.6	308.6
Road safety promotion and demand mgmt.	10.5	10.5	12.2	1.7	14%	59.7	59.7
Road policing	91.8	91.8	98.7	6.9	7%	394.8	394.8
Regional improvements	17.7	17.7	25.2	7.6	30%	123.8	123.8
Public transport	138.4	138.4	138.6	0.3	0%	708.6	708.6
Walking and cycling	25.2	25.2	16.1	(9.1)	(56%)	122.8	122.8
Rapid transit	8.1	8.1	10.6	2.5	23%	42.8	42.8
Transitional rail	21.8	21.8	24.0	2.2	9%	100.0	100.0
State highway maintenance	151.5	151.5	131.6	(19.9)	(15%)	717.0	717.0
Local road maintenance	100.9	100.9	99.6	(1.3)	(1%)	668.9	668.9
Investment management	17.5	17.5	18.0	0.5	3%	82.5	82.5
NLTP approved expenditure	819.7	819.7	937.0	117.3	13%	4,510.8	4,510.8
Auckland Transport Package	0.0	0.0	0.0	0.0	0%	0.0	0.0
Local road improvements (Housing Infrast. Fund)	0.0	0.0	4.9	4.9	100%	23.4	23.4
NLTF funded expenditure	819.7	819.7	941.8	122.1	13%	4,534.2	4,534.2
Programme funded by Crown grants							
Accelerated Regional Roding Programme	1.6	1.6	2.8	1.2	42%	35.9	35.9
Kaikoura earthquake response	16.0	16.0	4.5	(11.6)	(260%)	28.0	28.0
Provincial Growth Fund	9.5	9.5	22.0	12.5	57%	79.1	79.1
SuperGold card	19.3	19.3	18.9	(0.4)	(2%)	30.7	30.7
Urban Cycleways Programme	0.0	0.0	0.1	0.1	100%	0.4	0.4
NZ Upgrade Programme Regional package	4.6	4.6	13.2	8.6	65%	70.1	70.1
NZ Upgrade Programme	20.3	20.3	21.3	1.0	5%	298.8	298.8
Enhanced road maintenance	0.4	0.4	0.0	(0.4)	(100%)	0.0	0.0
COVID-19 Response and Recovery Fund [^]	0.0	0.0	0.0	0.0	0%	0.0	0.0
Crown funded expenditure	71.7	71.7	82.7	11.0	13%	543.0	543.0
NLTP & Crown expenditure	891.4	891.4	1,024.5	133.1	13%	5,077.2	5,077.2

[^] Additional funding approved by the Crown to manage cost pressures arising from COVID-19 including:

- COVID-19 related settlements costs for the PPP projects
- expenditure relating to COVID-19 claims from approved organisations and roading contractors.

NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND AND CROWN FINANCING) AND CROWN-FUNDED THREE-YEAR FORECAST EXPENDITURE

Output Classes	NLTP 2018-21						GPS FUNDING RANGES	
	NLTP Period to date \$m	Forecast Pre-financing \$m	Forecast Post-financing [^] \$m	Revised Budget* \$m	Variance \$m	Var %	Lower \$m	Upper \$m
State highway improvements	2,720.6	4,011.8	3,764.6	3,627.5	(137.1)	(4%)	3,000.0	3,850.0
Local road improvements	515.0	736.4	723.7	833.0	109.3	13%	430.0	1,030.0
Road safety promotion and demand mgmt	103.3	152.2	152.2	188.0	35.8	19%	155.0	225.0
Road policing	791.3	1,106.5	1,106.5	1,063.0	(43.5)	(4%)	980.0	1,110.0
Regional improvements	252.8	348.2	348.2	405.0	56.8	14%	200.0	530.0
Public transport	1,255.2	1,893.6	1,784.9	1,825.0	40.1	2%	1,490.0	2,040.0
Walking and cycling	152.9	248.8	248.8	330.0	81.2	25%	235.0	360.0
Rapid transit	50.3	77.2	77.2	150.0	72.8	49%	150.0	760.0
Transitional rail	105.6	183.8	183.8	376.0	192.2	51%	145.0	435.0
State highway maintenance	1,428.1	2,177.2	2,004.0	2,007.0	3.0	0%	1,810.0	2,130.0
Local road maintenance	1,362.4	1,986.7	1,953.5	2,019.0	65.5	3%	1,800.0	2,120.0
Investment management	158.3	233.5	233.5	215.0	(18.5)	(9%)	195.0	235.0
NLTP approved expenditure	8,895.9	13,155.9	12,580.9	13,038.5	457.6	4%	10,590.0	14,825.0
Auckland Transport Package	12.5	12.5	12.5	0.0	(12.5)	(100%)	0.0	0.0
LR improvements (Housing Infrast. Fund)	14.1	55.1	55.1	0.0	(55.1)	(100%)	0.0	0.0
NLTF funded expenditure	8,922.5	13,223.5	12,648.5	13,038.5	390.0	3%	10,590.0	14,825.0
Programme funded by Crown grants								
Investment management CAS	1.6	2.4	2.4	2.3	(0.1)	(3%)		
Accelerated Regional Roding Programme	47.3	45.7	45.7	82.7	37.0	45%		
Kaikoura earthquake response	167.2	189.1	189.1	189.0	(0.1)	(0%)		
Provincial Growth Fund	57.7	211.1	211.1	59.0	(152.1)	(258%)		
SuperGold card	79.4	91.1	91.1	90.0	(1.1)	(1%)		
Urban Cycleways Programme	22.1	23.7	23.7	27.0	3.3	12%		
NZ Upgrade Programme Regional package	5.4	122.2	122.2	0.0	(122.2)	(100%)		
NZ Upgrade Programme	48.3	333.2	333.2	0.0	(333.2)	(100%)		
Enhanced road maintenance	0.4	1.5	1.5	0.0	(1.5)	(100%)		
COVID-19 Response and Recovery Fund ^{^^}	194.1	501.0	501.0	0.0	(501.0)	(100%)		
Crown funded expenditure	623.6	1,521.0	1,521.0	450.0	(1,071.0)	(238%)		
NLTP & Crown expenditure	9,546.1	14,744.5	14,169.5	13,488.5	(681.0)	(5%)		

[^] NLTP forecast excludes expenditure that is financed by borrowing facilities or funded by Crown grants. The method for allocating loans to activity classes is based on Waka Kotahi's adopted approach. The method has yet to be formally agreed by MoT.

^{^^} Additional funding approved by the Crown to manage cost pressures arising from COVID-19 including:

- COVID-19 related settlements for the PPP projects
- COVID-19 claims from approved organisations and roading contractors (mainly in public transport and state highway improvement output classes).

WAKA KOTAHI

WAKA KOTAHI OPERATIONAL REVENUE; OPERATIONAL AND CAPITAL EXPENDITURE

Operational expenditure is \$0.4 million below budget.

- **Personnel costs** are \$8.1 million (18%) above budget. There are a number of contributing factors:
 - faster recruitment than planned
 - staff taking less annual leave due to COVID-19 travel restrictions
 - lower capitalised personnel costs than budget.

Forecast personnel costs and the assumptions for year-end are being reviewed.

- **Operating expenses** are \$8.3 million (17%) below budget, largely due to lower spending so far on professional services and information technology operations.

Operational revenue is \$1.6 million below budget mainly from lower motor vehicle licensing (\$1.2 million) and rail licensing fees (\$0.9 million).

Capital expenditure is \$1.5 million below budget.



	MONTH				YEAR TO DATE				FULL YEAR	
	Actual \$m	Budget \$m	Variance \$m	Var %	Actual \$m	Budget \$m	Variance \$m	Var %	Forecast \$m	Budget \$m
Expenditure classified by¹:										
Personnel costs	33.7	29.3	(4.4)	(15%)	52.2	44.1	(8.1)	(18%)	188.1	188.1
Operating expenses	26.4	32.2	5.8	18%	39.6	47.9	8.3	17%	201.7	201.7
Depreciation/amortisation	2.3	2.4	0.1	5%	3.5	3.6	0.1	4%	14.5	14.5
Operational expenditure	62.3	63.9	1.6	3%	95.2	95.6	0.4	0%	404.3	404.3
Expenditure classified by:										
NLTP	34.1	35.8	1.7	5%	50.0	50.0	0.0	0%	215.6	215.6
Memorandum account	28.2	28.0	(0.1)	(1%)	45.2	45.6	0.4	1%	188.7	188.7
Memorandum account revenue	27.0	28.7	(1.7)	(6%)	42.9	44.5	(1.6)	(4%)	174.2	174.2
Capital expenditure	1.1	2.5	1.4	56%	2.4	3.9	1.5	38%	25.6	25.6

¹ These costs represent the operating costs of Waka Kotahi, including some costs that are ultimately allocated to land transport funding activities. Personnel costs include contractors backfilling establishment roles or necessary to address a temporary peak in workload.

MEMORANDUM ACCOUNTS

The combined memorandum accounts deficit of \$22.7 million. This deficit is \$1.1 million higher than (i.e. adverse to) budget.

Revenue is \$1.6 million below budget, mainly from lower motor vehicle licensing and rail licensing fees. Expenditure is also below budget by \$0.4 million.

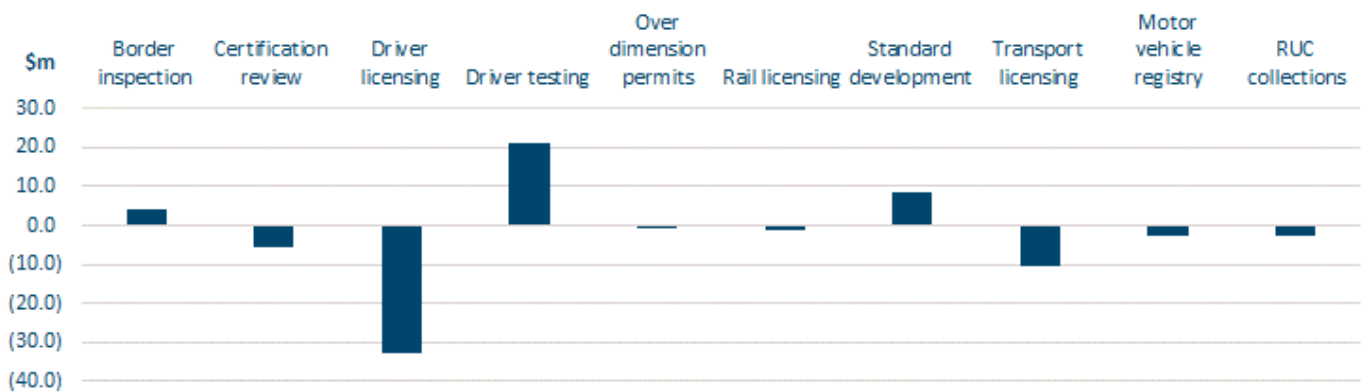
SUMMARY

\$1.1m
Below
budget

Closing balance
5% above budget

CLOSING BALANCE	YEAR TO DATE				FULL YEAR	
	Actual \$m	Budget \$m	Variance \$m	Variance %	Forecast \$m	Budget \$m
Border inspection	3.9	4.0	(0.1)	(2%)	4.1	4.1
Certification review	(5.6)	(5.6)	(0.0)	(1%)	1.5	1.5
Driver licensing	(33.0)	(33.4)	0.4	1%	(53.1)	(53.1)
Driver testing	21.0	21.0	0.0	0%	24.0	24.0
Motor vehicle registry	(2.5)	(1.7)	(0.8)	(51%)	(3.0)	(3.0)
Over dimension permits	(1.0)	(0.8)	(0.2)	(20%)	0.1	0.1
Rail licensing	(1.0)	(0.1)	(0.9)	(850%)	(0.5)	(0.5)
RUC collections	(2.5)	(2.7)	0.2	9%	(2.0)	(2.0)
Standard development	8.3	8.3	0.0	0%	11.6	11.6
Transport licensing	(10.4)	(10.6)	0.2	2%	(17.6)	(17.6)
Total closing balances	(22.7)	(21.6)	(1.1)	(5%)	(34.9)	(34.9)

Memorandum account Year to date closing balance



FUNDING AND LONG-TERM LIABILITIES

The total long-term funding liability is \$3,488.9 million, incorporating specific loan packages, public-private partnership (PPP) commitments and the derivative financial liability. We are compliant with all loan conditions.

Short-term revolving facilities totalling \$250.0 million, and \$325.0 million of the COVID-19 facility were utilised to manage seasonable cashflow, the effects of COVID-19, state highway emergency maintenance, and PPP related settlement costs. The \$425 million loan cannot be drawn down beyond 30 November 2020, at this stage due to revenue “holding up” we may not be able to draw on all of this facility.

\$19.5 million of the regulatory loan facility was used to fund memorandum account shortfalls (\$8.5 million), the ‘back to basics’ programme (\$8.9 million) and reimburse our costs of remediating third party suppliers (\$2.1 million).

SUMMARY

Long-term funding liability
\$3,488.9m

	BALANCE			STATUS	
	30 September 2020	30 June 2020	Movement	Total Facility Available	Remaining Repayment Period
	\$m	\$m	\$m	\$m	Years
Short term revolving facility (shock)	75.0	75.0	0.0	75.0	3 years
Short term revolving facility (seasonality)	175.0	175.0	0.0	175.0	1 year
COVID-19 NLTF borrowing facility	325.0	125.0	200.0	425.0	7 years
Auckland Transport Package loan	355.0	355.0	0.0	5.0*	8 years
Tauranga Eastern Link loan	107.0	107.0	0.0	0.0	32 years
Housing Infrastructure Fund loan	12.0	12.0	0.0	357.0	10 years
Regulatory loan	19.5	19.5	0.0	45.0	10 years
Loans	1,068.5	868.5	200.0	1,082.0	
Fair value and other adjustments	(21.8)	(24.6)	2.8		
Total loans	1,046.7	843.9	202.8	1,082.0	
Transmission Gully (PPP)	966.0	948.3	17.7	1,100.0	22 years
Puhoi to Warkworth (PPP)	748.7	728.3	20.4	950.0	22 years
Total public-private partnerships	1,714.7	1,676.6	38.1	2,050.0	
Derivative financial liability	727.5	727.5	0.0		
Total funding liability	3,488.9	3,248.0	240.9	3,132.0	

* For use by Auckland Transport

DEBT SERVICING

Based on current borrowing, annual debt servicing costs associated with debt and long-term liabilities are expected to average 7% of annual NLTF inflows in 2020/21.

Total debt as a percentage of annual revenue are expected to average 68%.

Debt servicing costs as a percentage of funds available for discretionary expenditure presently exceed internal guidelines, as a result of the required repayment of the \$175million short-term seasonal facility during the year.

DEBT SERVICING	2020/21 \$m	Preferred Ratio %
Annual debt servicing costs (including PPP unitary charge)	281.0	
Total debt at period end*	2,746.0	
NLTF annual inflows (including opening cash balance)	4,034.0	
Annual discretionary expenditure**	358.0	
Debt servicing ratios		
Annual debt servicing costs/NLTF annual inflows	7%	<=10%
Total debt at period end/NLTF annual inflows	68%	<=250%
Annual debt servicing costs/annual discretionary expenditure***	78%	<=33%

* Total debt excludes derivative financial liabilities.

** Discretionary expenditure available from NLTF inflows after funding to support:

- debt servicing costs including PPP unitary charges
- contractual commitments
- anticipated funding to approved organisations.




*** The 2020/21 ratio would drop from 78% to 29% if we repay \$175 million of the short-term seasonal borrowing facility and draw down the full amount in the same year.

APPENDIX 4

SIGNIFICANT CAPITAL PROJECTS


KEY

Progress status towards 2020/21 milestones:








-  On-track and there are no known risks to achieving the year-end milestone.
-  There are some issues/delays but there no known risks to achieving the year-end milestone.
-  There are significant issues/delays and there are risks of not achieving the year-end milestone.

Budget and schedule status description:






-  On budget
-  5-10% variance
-  >10% variance
-  On schedule
-  Over schedule <3 months
-  Over schedule >3 months

 Assessments are against re-baselined and re-scoped programme information.

Kaikoura recovery, Manawatū Gorge replacement and Te Ore Ore reinstatement

Project	Budget	Schedule	Progress status
Kaikōura earthquake recovery	\$		
Te Ahu a Turanga, Manawatū Tararua highway (Manawatū Gorge replacement)			
A price level adjustment has been approved and the total outturn cost has been confirmed.			
SH4 Te Ore Ore reinstatement	\$		
Cultural impact assessment has been delayed and iwi proposal is currently in negotiations. This is likely to delay the construction programme for 6-8 months. Risk is being mitigated through negotiations and ongoing support to the process.			

Significant state highways

Project	Phase	Budget	Schedule	Progress status
Pūhoi-Wellsford				
Pūhoi-Warkworth	Implementation			
Due to COVID-19, works slipped by 2-3 weeks and cost increased as a result of materialised risks, changes in scope and new pavements required. The programme has now been reset and construction is progressing to the new programme. It is likely that the 2020/21 milestones may be reassessed. COVID-19 settlement is Crown-funded so will not impact the project budget, however a price level increase is being finalised. High number of landslips (8) have also occurred in the last 6 months. These are being investigated.				
Warkworth-Wellsford	Detailed business case	\$		
There is a potential for Environment Court appeals to occur and this has not been budgeted for.				

Project	Phase	Budget	Schedule	Progress status
Waikato Expressway				
Hamilton section	Implementation	\$	⌚	🎯
There are indications of substantive cost increases due to programme delays from COVID-19. The project is now likely to be completed in late 2021. Risk to further programme delays is being managed through close monitoring of pavement and surfacing construction works.				
Cambridge to Piarere	Detailed business case	\$	⌚	🎯
The detailed business case has been delivered and engagement for pre-implementation has begun. Risk from a key property owner opposing the project is being managed.				
Wellington Northern Corridor				
Transmission Gully	Implementation	\$	⌚	🎯
This programme has been re-baselined. Programmed road opening date has been extended by about 11 months to September 2021 as part of the COVID-19 settlement. Integrated settlement agreements totalling approximately \$215 million are to be reimbursed by the Crown, so have no significant impact on Waka Kotahi project budget. The settlement claims have substantially improved the overall project risk position, but also created a new risk because Waka Kotahi was forced to accept that both the material damage and advance loss of profit insurances have become uninsurable for the contractor, making Waka Kotahi the "insurer of last resort" for the remainder of the construction phase. Waka Kotahi has been able to secure some cover for the balance of the construction phase, although it is less comprehensive than the cover that was previously in place. We will no longer be able to achieve the original year-end milestone (open to traffic) but all surfacing should have been completed by then.				
Peka Peka to Ōtaki	Implementation	\$	⌚	🎯
We are tracking to year-end milestones, however the full impact of COVID-19 to the programme is still being assessed. An external pavement expert has highlighted a potential issue with uniformity of the stabilised sub-base. Sub-base stabilisation works were instructed to cease, and advice from technical experts is being sought. There are also potential delays to asphalt production due to consenting issues of the mobile asphalt plant.				
Let's Get Wellington Moving				
Early Delivery Central City and SH1 walking and cycling speed	Detailed business case	\$	⌚	🎯
Short list proposals have been developed, but approval is delayed until community engagement is completed. There is a risk that delays to engagement on Cobham crossing/speed will result in delivery later in 2021.				
Early Delivery Golden Mile	Detailed business case	\$	⌚	🎯
Completion of the draft single stage business case will now be completed in early 2021 to allow for another round of public engagement. This has resulted in increased project costs. There are also programme delays due to the impact of COVID-19 on retailers. The risk from the lack of support for removing private motor vehicle access and parking is being managed.				
Early Delivery Thorndon Quay and Hutt Road	Detailed business case	\$	⌚	🎯
The Safe System Framework assessment showed that options had minimal effect so additional work is required to meet safety objectives. Late identification of safety issues also resulted in the postponement of public engagement. Cost implications of the delays are still within available funding.				

Mass Rapid Transit	Detailed business case	\$		
The project is on track, however, iwi engagement has been delayed, risking obtaining input into options in a timely manner. This is being managed.				
Strategic Highway Improvements	Detailed business case	\$		
The project is on track, however iwi engagement has been delayed, risking obtaining input into options before progressing public engagement approvals required to meet scheduled engagement start date. This is being managed.				
Travel Demand Management	Detailed business case	\$		
The project is on track to re-baselined programme and did not require a change in the year-end milestone. Willingness to pay survey still requires final approval prior to being carried out. If not undertaken, this will impact on the quality of the analysis in the parking levy report.				
City Streets	Detailed business case	\$		
The project is on track to re-baselined programme and did not require a change in the year-end milestone.				

















Christchurch Motorways

Christchurch Northern Arterial Rural with QEII Drive	Implementation	\$		
Christchurch Southern Motorway (Stage 2)	Implementation	\$		
The project is on track and close to completion, however the Joint Venture is signalling another increase in costs after we have considered their previous estimate as the final lump sum cost. There is a risk that the Joint Venture will not accept our decision to hold them to a lump sum price, and pursue further contractual entitlements.				








Significant investments in Auckland (Auckland Transport Package)

Project	Phase	Budget	Schedule	Progress status
Northern Corridor Improvements	Implementation	\$		
Due to COVID-19, the programme was delayed by one season. Consequently, the forecast project completion date has moved from May 2022 to December 2022, and the programme has been reset to this new timeline. This will also impact the 2020/21 milestone to some degree, the extent of which is currently being worked through along with potential mitigations to minimise the impact.				
Additional Waitemata Harbour Connections	Detailed business case	\$		
Supporting Growth Alliance	Detailed business case	\$		
Auckland Transport's cashflow constraints as a result of COVID-19 required the slowing down of work in the north, Warkworth, and other parts of the south. This slowdown, although expected to be recovered over the lifecycle of the programme, might result in increased uncertainty outside the priority project areas for stakeholders and the community.				

Investments in regional connections (Accelerated Regional Roding Programme)





















Project	Phase	Budget	Schedule	Progress status
New Ōpaoa River Bridge (formerly Opawa Bridge Replacement)	Implementation	\$		
Loop Road North to Smeatons Hill safety improvements	Implementation	\$		
<p>The project is on track to meet year-end milestones, however COVID-19 lockdown delayed completion of geo-technical work by 5 weeks which means pavement work will be completed in winter 2021. This is forecasted to add an additional \$1.9 million to the cost of the project. Final cost estimates will be produced after the design is completed. While value engineering reviews may reduce the cost, it is likely a price level adjustment will be required. A property acquisition risk may result in a schedule delay if a compulsory purchase process has to be followed.</p>				
SH3 Awakino Tunnel Bypass	Implementation	\$		
Mt Messenger and Awakino Gorge Corridor	Implementation	\$		
Mt Messenger Bypass	Implementation	\$		
<p>Decisions from the High Court and Environment Court are still pending and any decisions beyond November are likely to delay commencement of construction by another year. The delays have already incurred additional legal and overhead costs, and will result in higher escalation costs. Other budgetary pressures come from the negotiated settlement with iwi and mitigation requirements resulting from the consenting process. Total project cost is now likely to be around \$240-\$250 million and a price level adjustment is expected. We are also facing delays due to inability to access required private land areas for geotech investigations, which is essential input to design. Negotiations with the landowner at the northern end of the project alignment is also considered a high risk. This is being mitigated by developing alternative access to get the construction started without that land being secured immediately. However, this could result in reputational damage for Waka Kotahi if construction starts before this is settled with the land owner.</p>				
Napier Port Access Package: Hawke's Bay Expressway Safety Treatments	Implementation	\$		
Napier Port Access Package: Prebensen Hyderabad Intersection upgrade	Implementation	\$		
<p>The programme was reset due to delays from COVID-19. The year-end milestone will now only be awarding and commencement of physical works; completion has been moved to 2021/22 quarter 2. Budget is adequate to cover the changes. There is a risk that KiwiRail will not be able to complete the signal work at the level crossings in a timely fashion. We are working closely with KiwiRail and getting the Level Crossing Safety Impact Assessments done as quickly as possible to enable signal design to be programmed.</p>				
Nelson Future Access (formerly Nelson Southern Link)	Business case	\$		
<p>There is an emerging risk to cost and schedule due to Nelson City Council requesting more detail on two options before progressing to next stage. Quality outcomes are achievable, however there is a risk that transport system interventions that rely on Nelson City Council to implement may not be able to be co-ordinated or locally funded. Proposed changes to the Nelson Regional Policy/ Resource Management Plan that include an Outstanding Natural Landscape overlay will increase the already high consenting risk. While the community feedback was positive, there is push back from some members of the community and local politicians.</p>				

New Zealand Upgrade Programme – Transport (Northland, Auckland, Waikato and Bay of Plenty, Wellington, Canterbury and Queenstown packages)

Project	Phase	Budget	Schedule	Progress status
Northland package				
SH1 Whangarei to Port Marsden	Detailed business case	\$		
<p>A review on properties impacted based on a preferred corridor option that is predominantly following the current road route indicates a significant risk to project cost with the original \$70 million property acquisition cost estimate now at \$200 million. This information will be further reviewed.</p>				
Auckland package				
Penlink	Pre-implementation	\$		
<p>Awarding of the professional services contract has been delayed by a month due to complexity being worked through the procurement process, but we are still on track to meet year-end milestones. There is uncertainty around the ability to implement the proposed tolling regime which may affect the project scope. There is a separate piece of work ongoing to identify options.</p>				
Mill Road Corridor	Detailed business case	\$		
<p>The project is on track to meet year-end milestones, however there is community pressure in the southern section of Mill Road to move the road alignment west of Drury Hills Road. Further assessment is being carried out on the alternative options, which may result in delays. Completion of the updated property strategy and draft estimates for the northern, central and southern section designs highlight that capital cost is expected to be higher than the allocation. The overall project cost estimate is scheduled for an update following value engineering workshops design updates in quarter 2.</p>				
Papakura to Bombay	Pre-implementation	\$		
<p>Release of the Request for Tender documents is taking longer than expected due to extensive reviews mainly aimed at minimising the exposure of Waka Kotahi to cost increases. This means there is a high risk that Stage 1A physical works will not start in December 2020. Stage 2 of the project is yet to be funded.</p>				
Northern Pathway Westhaven to Akoranga (formerly Auckland Harbour Bridge Walking and Cycling Facility and Seapath)	Pre-implementation	\$		
<p>Lodgement of consents planned for July 2020 is now proposed to be done in early 2021, but the project is still on track to meet year-end milestone. Delay in consent lodgement will allow the proposed alliance to input into the consent conditions and will also help identify cost savings and efficiencies. Estimated cost is now well over budget due to complexities in the scope.</p>				
Waikato and Bay of Plenty package				
SH1/SH29 intersection	Pre-implementation	\$		
<p>While the project is on track, there is a significant risk to the delivery timeframe if property acquisition issues need to go through the Public Works Act.</p>				
Takatimu North Link Stage 1 ¹	Pre-implementation	\$		
<p>While the project is on track, there is a significant risk to delivery timeframe relating to the completion of property acquisition of Maori freehold land. Potential consenting delays for Takatimu Stage 2 is also being managed.</p>				
Takatimu North Link Stage 2 ²		\$		
<p>Consenting and property timeframes are constrained and could challenge the target implementation date.</p>				

¹ This used to be the Tauranga Northern Link project.

² This used to be the SH2 Omokoroa to Te Puna project.

Project	Phase	Budget	Schedule	Progress status
Wellington package				
SH58 safety improvements - stage 2	Pre-implementation	\$		
<p>The project is on track to meet year-end milestones, however the overall project is behind schedule due to a tight timeline for property acquisition and unknown consenting outcomes and implications of new Freshwater Standards that are still to be explored. Indicative pricing for construction is also in excess of available funding. Value engineering is underway with approximately 10% already carved off the tendered price. More value engineering will be required along with a price level adjustment before the construction can be committed for stage 2b. Current estimates of budget shortfall are around \$25-\$30 million.</p>				
SH2 Melling efficiency and safety improvements	Pre-implementation	\$		
<p>Additional work required for the assessment of alternatives for the new Melling Bridge means a delay in the programme and cost variations which are expected to be within project contingency.</p>				
Wellington Road of National Significance: Otaki to north of Levin	Detailed business case	\$		
<p>While the project is within budget, there is a risk to delivering within budget due to probable property and implementation cost increases and possible delays to property acquisition of Maori freehold land.</p>				
Canterbury package				
Rolleston access improvements	Programme business case	\$		
<p>Delays due to COVID-19 and more time taken to reach consensus on the preferred programme are being managed. The business case identified several interdependent local road projects that need to be delivered alongside the NZUP components. This is a risk if funding is not available for these local road projects.</p>				
Brougham Street Improvements	Detailed business case	\$		
<p>The project is slightly behind schedule due to some alignment issues and delays in reaching agreement on a managed lane facility that forms part of the recommended option. This resulted in delays to planned consultation activities. Endorsement from Christchurch City Council partners on the preferred option is taking longer than anticipated but we are still aiming for business case approval in quarter 2.</p>				
SH75 Halswell Road Improvements	Detailed business case	\$		
West Melton improvements	Detailed business case	\$		
SH1 Walnut Avenue intersection improvements	Pre-implementation	\$		
<p>There is a risk that final property agreements could delay the construction start.</p>				
SH1 Tinwald corridor improvements	Detailed business case	\$		
Queenstown package				
SH6A corridor improvements	Detailed business case	\$		
SH6 Grant Road to Kawarau Falls improvements	Detailed business case	\$	