



Waka Kotahi Performance Report

Quarter One 2021/22

30 September 2021

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More information

Waka Kotahi NZ Transport Agency
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If you have further queries, call our contact centre on 0800 699 000 or write to us:

Waka Kotahi NZ Transport Agency
Private Bag 6995
Wellington 6141

This document is available on Waka Kotahi NZ Transport Agency's website at www.nzta.govt.nz

Contents

SUMMARY OF PERFORMANCE4
 Introduction **4**
 Highlights **4**
 Challenges **5**
 Performance measures..... **6**
APPENDIX 1: PERFORMANCE MEASURES7
APPENDIX 2: SIGNIFICANT ACTIVITIES..... 13
APPENDIX 3: SIGNIFICANT CAPITAL PROJECTS..... 18
APPENDIX 4: FINANCE REPORT25
APPENDIX 5: RISK AND ASSURANCE REPORT35
APPENDIX 6: NZ UPGRADE PROGRAMME PROJECT MILESTONES FOR 2021/22..... 40

Summary of performance

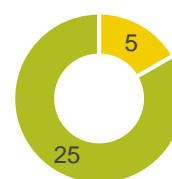
Introduction

This quarter one report provides an update as at 30 September 2021 on our progress toward delivering the commitments set out in the Waka Kotahi Statement of Performance Expectations (SPE) 2021/22. The report focuses on summarising our progress at the end of quarter 1 against key Ministerial priorities, including our achievements, highlights, risks and challenges, and upcoming milestones.

Appendices to this report contain further detailed information. These include performance measures (appendix 1), significant activities (appendix 2), significant capital projects (appendix 3), financial activity (appendix 4), and risk and assurance activity (appendix 5). The 2021/22 milestones for the 18 NZ Upgrade Programme (NZUP) projects are also included as appendix 6 to this report – these milestones had not yet been determined when we published our SPE 2021/22.

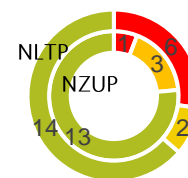
Highlights

During quarter one, Waka Kotahi made good progress across a number of critical areas. We are also on track to deliver 25 out of our 30 significant activities and have not identified any significant activities with critical risks to delivery for the remaining five. Some of our highlights include:



Significant activities status

- **2021-24 National Land Transport Programme.** The Board formally adopted the 2021-24 National Land Transport Programme (NLTP) at their 31 August meeting. The official launch event took place the morning of 7 September. Through the 2021-24 NLTP, Waka Kotahi and its co-investment partners will invest \$24.3 billion in the land transport system, including the NZ Upgrade Programme (NZUP), to make our roads safer, give people better options for how they move around, improve freight connections and reduce the impact of the transport system on the environment.
- **Significant capital projects.** Quarter one progress indicates that 13 of the 18 NZUP significant capital projects are on track to deliver their year-end milestones. One is unable to be reported on this quarter. Three of the remaining four are expected to recover. Of the 22 significant capital projects delivered under the NLTP, 14 are on track and we are working to address challenges on the eight projects at risk of not achieving their year-end milestones.
- **Strengthening our regulatory capability and performance.** The Board has endorsed work to refresh Tū ake, tū maia our regulatory strategy including objectives and outcomes and the project is in its 'Discovery' phase. We are defining regulatory functions within Waka Kotahi alongside the development of Tū Ake, Tū Māia. We are seeking approval from Cabinet for public consultation to occur this calendar year on proposed regulatory fees and charges, and to repurpose or broaden the use of existing government loans. Joint Ministers approved an additional \$12m per annum of National Land Transport Fund revenue to process Road User Charges (RUC) and Fuel Excise Duty (FED) refunds, recover RUC debt and reduce avoidance.
- **Implementing Toitū te taiao, our sustainability action plan.** We have continued to support the Ministry for the Environment-led process to develop the Emissions Reduction Plan, and position Waka Kotahi to deliver on it. A baseline report has been completed on carbon footprint for construction, operations and maintenance emissions from land transport infrastructure, that will be used to benchmark road construction projects and set targets for reducing emissions.
- **Achieving mode shift.** Funding has been secured, staff resources are in place, and the evaluation complete for the first phase of Innovating Streets for People programme. The draft national walking and cycling plan is under development and engagement underway.
- **Partnering on integrated transport system and spatial planning.** Joint work programmes have been established and are being progressed to implement spatial plans for Tauranga–Western Bay of Plenty and the



Significant capital projects status

Hamilton–Auckland corridor. The 30-year Baseline Network Plan is currently being tested internally. The 2021–24 NLTP was adopted in September and provides significant funding towards the first three years of the 10-year Auckland Transport Alignment Project programme.

- **Improving our organisational capability and performance.** Tohu huarahi the bilingual signage programme is well underway. An approach has been identified and endorsed by the Minister that will see bilingual signs enabled by the end of this term of government. We are continuing to implement Te Ara Kotahi, moving into phase 2 of Improving Māori Road Safety which has received \$3 million in NLTP funding over the next 3 years.

Challenges

The impacts of COVID-19

With further nation-wide lockdowns experienced in the first quarter including prolonged alert level 3 and 4 restrictions in the Auckland region, the COVID-19 pandemic has continued to affect transport demand, transport system revenue, project delivery and the way Waka Kotahi works. We continue to work with the Crown to address the funding challenges resulting from COVID-19 impacts. We are also working with our service delivery partners to clear the backlog of practical driver licence tests re-scheduled due to restrictions under alert levels 3 and 4.

National Land Transport Fund and National Land Transport Programme

We faced significant funding challenges in developing the 2021–24 NLTP which was adopted and launched in quarter one with more than 90% of forecast revenue committed for approved activities under contract or construction, to repay debt and for ongoing programmes to maintain levels of services (for safety, access and resilience) on our roads and public transport networks.

- Waka Kotahi funding sources are not sufficient to fund the NLTP or meet ministerial and stakeholder expectations. The trend for the National Land Transport Fund (NLTF) funding source is “better” following the Crown agreement in August 2021 to additional borrowing of \$2 billion and an undertaking (with Treasury and Ministry of Transport) to review the funding model to make it more sustainable.
- The NLTF will provide \$15.6 billion of the \$24.3 billion to be invested in the land transport system under the 2021–24 NLTP. A further investment of \$4.8 billion by our co-investment partners local government and additional Crown funding through the likes of the NZUP will bring the total investment in the land transport system in 2021–24 to \$24.3 billion.

Significant capital projects

Key challenges and insights for significant capital projects are summarised below:

- Significant progress has been made across a number of NZUP projects; however, we are yet to have finalised the implications of revised project scopes. We are also managing stakeholder expectations and relationships with those affected by the scope changes.
- We have significant work underway to address the uncertainties in our environment, strengthening our ability to identify and act on early warnings, provide better visibility across our programme so we can take corrective action. This work includes technical assurance, such as a new stage gate process, and strengthening governance. As well as inhouse training and implementation of the sponsor model, we are moving to introduce an independent Chair to govern oversight groups for every major project. These delivery improvement areas and supporting initiatives are being further refined as the NZUP projects develop.
- In general, the changes to COVID-19 alert levels across different regions continues to be a challenge for Waka Kotahi. Works are taking longer to be delivered, cost more than was initially expected or budgeted for, and the impact on both time and cost is ongoing as physical distancing and other restrictions remain.
- The full impact of restrictions is continuing to be assessed, however, main concerns for construction works remain to be productivity loss resulting in contractual claims. The duration of border restrictions will also have a larger effect on the supply chain if prolonged durations occur.
- Shipping, supply chain costs, increased cost of materials and competing demand for those materials will lead to further delays, lack of availability of materials and cost increases significantly impact project budgets.

- Staff resource is becoming an issue across the construction industry. The market has been tight for some time, but with people leaving to return home overseas to reconnect with their families, and to take advantage of a more accessible work environment, we are losing key staff on our major projects.
- We are also experiencing issues with New Zealand staff who typically work outside of their home region who are unable to travel freely. A significant number of them are not prepared to stay away from home for extended periods of time and are moving to local employment, leading to loss of workers from the industry.

Refer to appendix 3 for the detailed significant capital projects status report.

Performance measures

Some measures are not able to be reported in quarter one as they are either new measures under development or are only measured annually. A breakdown of the reportable measures follows, with more details in Appendix 1.

Strategic measures

In quarter one, 13 of our strategic measures are reportable with 11 (85%) on track to meet 2026 targets. The two measures not on track are shown in Table 1.

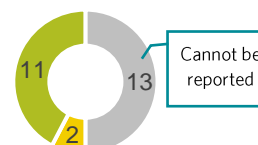


Table 1: Quarter one strategic measures not on track but still likely to meet target

System outcome	Measure name	Commentary
Effectively and efficiently moving people and freight	■ RES1 (SHM4): The proportion of unplanned road closures resolved within standard timeframes	Although we failed to reach the target on one of the two measures, performance increased from the same time period last year.
	■ MRFN1: Interpeak predictability of travel times on priority freight routes	Although the quarter one result was not tracking against target as intended, it had improved on the last quarter ending June 2021.

Output class measures

In quarter one, 16 of our 33 output class measures are reportable with 11 (69%) on track to meet year-end targets. The five measures not on track are shown in Table 2.

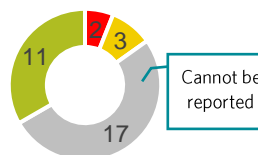


Table 2: Quarter one output class measures not on track

Output class	Measure name	Commentary
Road to Zero	■ RTZ4: Number of passive breath tests and breath screening tests conducted	Unlikely to meet year-end target. COVID-19 has impacted the ability to conduct breath screening tests.
	■ RTZ5: Number of hours mobile cameras are deployed	Unlikely to meet year-end target. Almost a quarter of mobile cameras are not available to deploy due to parts and servicing requirements.
	■ RTZ6: Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	Not on track but still likely to meet target. Three advertising campaign areas did not perform: drink driving, drugged driving, and young driver.
Public transport services	■ PTS1: Number of boardings on urban public transport services	Not on track but still likely to meet target. Public transport patronage continues to be influenced by COVID-19, which affected this result this quarter.
Investment management	■ IM1: Total cost of managing the funding allocation system as a percentage of National Land Transport Programme expenditure	Not on track but still likely to meet target. Due to the delayed start to the 2021-24 NLTP and the COVID-19 lockdown, NLTP expenditure is less than expected.

APPENDIX 1: PERFORMANCE MEASURES

Strategic measures as at 30 September 2021

- ❖ Are we achieving the long-term outcomes we need to achieve to realise our vision?
- ❖ Are we seeing the changes we need to achieve our system outcomes?

Measure name	Target (by 30 June 2026)	Result	Status against target	Cause (exception-based)	Response (exception-based)
● SAFE1 Deaths and serious injuries	< 2,085	2652	On track to meet target ¹		
● STI1 Deaths and serious injuries where the speed limit does not align with the safe and appropriate speed	< 925	1488	On track to meet target ¹		
● STI2 Number of head-on, run-off-road and intersection deaths and serious injuries	< 1,411	2090	On track to meet target ¹		
● SV1 Number of deaths and serious injuries involving a vehicle with a low safety rating	< 702	794	On track to meet target ¹		
● SRUB1 Number of deaths and serious injuries associated with behavioural risk factors	< 588	564	On track to meet target ¹		
● SAFE2 Significant incident frequency rate	< 12.82 incidents per million hours ²	10.8	On track to meet target		
● ENV2 Proportion of the light vehicle fleet that are low/no carbon vehicles	> 0.59%	0.71%	On track to meet target		
● MOVE2 User experience of transport network by mode	Public transport > 54% Active modes > 62%	Public transport 56% Active modes 63%	On track to meet target		
● MRFN1 Interpeak predictability of travel times on priority freight routes ³	≥ 93%	90%	Not on track but expect to meet target	The June 2020 baseline of 93% benefited from more predictable journeys due to the COVID-19 lockdown. The result this quarter	We currently provide information on regional journey times and road closures, which influences when people travel and will consider

SYSTEM OUTCOMES ALIGNMENT

● SAFE

● ENVIRONMENTALLY SUSTAINABLE

● EFFECTIVELY AND EFFICIENTLY MOVING PEOPLE AND FREIGHT

● MEETING CURRENT AND FUTURE NEEDS

Measure name	Target (by 30 June 2026)	Result	Status against target	Cause (exception-based)	Response (exception-based)
				reflects increased and changing movements on the network as restrictions eased. This measure will reflect ongoing uncertainty to a business as usual pattern due to COVID-19 impacts eg predictability may improve with reduced vehicle traffic levels over lockdowns in the second half of 2021. This quarter one result is an improvement on last quarter ending June 2021 (88%).	expanding this to information on inter-regional journeys to our customers. Over the next quarter we will further analyse the results to highlight any specific routes to focus our efforts on and determine if any specific interventions are required.
● IPOE1 Forecast ISCA-IS Rating Scheme credits for applicable projects	≥ 25 forecast credit totals on average per project	Two IS-registered projects are at the stage of reporting – both on track with credits	On track to meet target		
● RES1 (SHM4) The proportion of unplanned road closures resolved within standard timeframes	Weather events ≥ 50% Other events ≥ 90%	Weather events 55.9% Other events 86.1%	Not on track but expect to meet target	Due to the historical evidence of weather-related events being most likely to exceed target timeframes and often having factors outside the control of Waka Kotahi and Emergency Services, we separated these events this year to provide more accurate representation of the network availability across the different types of road closures. Using 2020/21 financial year data we had an overall score of 85.7% for other (non-weather-related) events, which prompted us to increase the target to 90% for the 2021/22 financial year. The quarter one result of 85.8%	To improve this performance we have implemented a new monthly reporting structure that provides the Regional Managers oversight into the performance of unplanned closures in their regions. We also recently updated our Memorandum of Understanding on Incident Management with the NZ Police, Fire and Emergency NZ, St John Ambulance and Wellington Free Ambulance. This update sets out clear expectations on how incidents will be managed. All parties will work under the philosophy that New Zealand's roading networks will not be closed or restricted for any longer than is necessary for each party to

SYSTEM OUTCOMES ALIGNMENT

● SAFE

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● MEETING CURRENT AND FUTURE NEEDS

Measure name	Target (by 30 June 2026)	Result	Status against target	Cause (exception-based)	Response (exception-based)
				(equalling a rolling 12-month average of 86.1%) is consistent with results of previous years. Crashes made up 82% of other events this quarter. Numerous factors in attending and managing crashes may cause standard timeframes to be exceeded eg weather conditions, injury status, emergency services requirements, vehicles involved.	carry out its functions and duties, with the overarching vision of "Working together to advocate for better road safety".
● DEL2 Investment performance	> 'C' rating	On track for key improvement elements	On track to meet target		
● DEL3 Service quality (ease of transacting with us)	≥ 63%	63%	On track to meet target		

¹ Modelling of deaths and serious injuries trends indicate we are on track to meet 2026 targets.

² This baseline and target was incorrectly set as 18.97 incidents per million hours in our SPE 2021/22 due to a calculation error.

³ The SPE 2021/22 stated a journey is deemed predictable if its within 5% of the target travel time – this should be 10%. Our methodology hasn't changed, 5% was incorrectly stated.

SYSTEM OUTCOMES ALIGNMENT

● SAFE

● ENVIRONMENTALLY SUSTAINABLE

● EFFECTIVELY AND EFFICIENTLY MOVING PEOPLE AND FREIGHT

● MEETING CURRENT AND FUTURE NEEDS

Output class measures as at 30 September 2021

- ❖ How are we delivering and investing in products and services to deliver our significant activities, perform our regulatory function and deliver our significant capital projects?
- ❖ What does this look like in terms of quantity, quality, cost and timeliness?

Measure name	Target (by 30 June 2022)	Result	Status against target	Cause (exception-based)	Response (exception-based)
● PTS1 Number of boardings on urban public transport services	> 119 million	118 million ¹	Not on track but expect to meet target	Public transport patronage continues to be influenced by COVID-19, with changes in alert levels leading to rapid and substantial changes in observed patronage numbers. Some allowance was made for COVID-19 disruption when developing the targets for 2021/22, but the Delta strain has led to a longer duration of disruption than previous COVID-19 outbreaks. This has impacted patronage in multiple regions.	We are working closely with Councils to implement Ministry of Health (MoH) requirements with as little disruption as possible. However, future patronage values will depend on COVID-19 alert levels and MoH requirements.
● RTZ1 Length of the network treated with reduced speed limits	≥ 500km	31km	On track to meet target ²		
● RTZ4 Number of passive breath tests and breath screening tests conducted	≥ 3,000,000	472,776	Not on track and unlikely to meet target	COVID-19 has impacted the ability to conduct breath screening tests due to the nature of the equipment used. Road policing resources have also been deployed to checkpoints north and south of Auckland thereby reducing dedicated staff hours to this measure.	A joint Action Plan is being developed to focus efforts on Road Safety Partnership Programme (RSPP) improvements.

SYSTEM OUTCOMES ALIGNMENT

● SAFE

● ENVIRONMENTALLY SUSTAINABLE

● EFFECTIVELY AND EFFICIENTLY MOVING PEOPLE AND FREIGHT

● MEETING CURRENT AND FUTURE NEEDS

Measure name	Target (by 30 June 2022)	Result	Status against target	Cause (exception-based)	Response (exception-based)
● RTZ5 Number of hours mobile cameras are deployed	≥ 80,000	15,869	Not on track and unlikely to meet target	Parts and servicing requirements have meant almost a quarter of mobile cameras are not available to deploy. New generation cameras are likely to come onstream in January 2022, gradually replacing the aging camera fleet.	A joint Action Plan is being developed to focus efforts on RSPP improvements, which will include camera hours.
● RTZ6 Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	≥ 86%	80%	Not on track but expect to meet target	Three advertising campaign areas did not perform this quarter: drink driving, drugged driving, and young driver.	We are investigating with our advertising agency why these campaigns did not meet performance and are looking at a plan to improve these across creative and media channels.
● CS1 An investment plan for Coastal Shipping has been developed and has also been endorsed by the Waka Kotahi Board	Achieved	The Board approved the investment decision making approach for the Coastal Shipping activity class in September.	On track to meet target		Ministerial directive now required under S112 Crown Entity Act before investment proposals can be sought from sector.
● IM1 Total cost of managing the funding allocation system as a percentage of National Land Transport Programme expenditure	≤ 1.1%	1.3%	Not on track but expect to meet target	Due to the delayed start to the 2021-24 NLTP and the COVID-19 lockdown, NLTP expenditure is less than expected.	We expect this expenditure will pick up as we progress through the year.
● DLT1 Proportion of non-compliance actions for driver licence course providers and testing officers that are progressed within acceptable timeframes	≥ 95%	100%	On track to meet target		
● DLT2 Proportion of practical tests taken within 30 working days of booking	> 42%	63%	On track to meet target		

SYSTEM OUTCOMES ALIGNMENT

● SAFE

● ENVIRONMENTALLY SUSTAINABLE

● EFFECTIVELY AND EFFICIENTLY MOVING PEOPLE AND FREIGHT

● MEETING CURRENT AND FUTURE NEEDS

Measure name	Target (by 30 June 2022)	Result	Status against target	Cause (exception-based)	Response (exception-based)
● VSC1 Proportion of non-compliance actions for vehicle inspecting organisations, vehicle certifiers and vehicle inspectors that are progressed within acceptable timeframes	≥ 95%	97%	On track to meet target		
● VSC2 Proportion of vehicles relicensed on time	≥ 98%	98%	On track to meet target		
● CTO1 Proportion of non-compliance actions for commercial operators that are progressed within acceptable timeframes	≥ 95%	99%	On track to meet target		
● CTO2 Proportion of standard permits issued within 10 working days	≥ 95%	100%	On track to meet target		
● RTS1 Proportion of non-compliance actions for rail participants that are progressed within acceptable timeframes	≥ 95%	100%	On track to meet target		
● REV1 Proportion of unpaid road user charges identified through investigations and assessments that are collected	65% - 75%	66%	On track to meet target		
● REV2 Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	≤ 20 working days	14.1	On track to meet target		

¹ This result is missing data from two local councils, but even with inclusion we would likely still be under the target. We will update the result in quarter two as a cumulative total.

² At the end of quarter one, the Speed Programme forecasts that its projects will deliver over the 500km target, with higher delivery rates towards the end of 2021/22.

SYSTEM OUTCOMES ALIGNMENT

● SAFE

● ENVIRONMENTALLY SUSTAINABLE

● EFFECTIVELY AND EFFICIENTLY
MOVING PEOPLE AND FREIGHT

● MEETING CURRENT AND FUTURE
NEEDS

APPENDIX 2: SIGNIFICANT ACTIVITIES

Key to significant activity progress updates

- G On track to complete the activity by year-end
- A Not on track, but still likely to complete the activity by year-end
- R Not on track, and unlikely to complete the activity by year-end

SPE ref.	Significant activity	Status	Progress update (reporting by exception only)
Road to Zero			
1.1	increase the rate of delivery of state highway median barrier projects from funding to delivery	G	
1.2	reduce the time it takes to implement speed limit reductions on the state highway network	G	
1.3	establish systems for safety camera management and offence processing	G	
1.4	develop more robust delivery and performance indicators for the Road Safety Partnership Programme delivered by the New Zealand Police	A	<p>The Road Safety Partnership Programme (RSPP) 2021-24 performance indicators were signed off by the Board and Minister in May/June 2021. The indicators are national targets that will be delivered locally by the 12 policing districts.</p> <p>Waka Kotahi and Police will work collaboratively using combined insights to break those targets down to district level to enable policing managers to contribute proportionately to the national targets. Developing national and district action plans will make the focus, activities and reporting clear – and will complement the regional approach developed for Waka Kotahi’s speed and infrastructure programmes.</p> <p>Police are awaiting the independent review of Road Safety Investment & Delivery (Martin Jenkins’ report) to the Ministry of Transport, which will likely prompt changes within the RSPP. The final report has been delayed, thus impacting our ability to review the current set of indicators and translate into district and area deliverables.</p> <p>Police and Waka Kotahi will work together to develop a joint response to the Road Safety Investment & Delivery (Martin Jenkins’) report, update any agreed changes to the RSPP based on that report’s recommendations, and develop a course of action both at a strategic and district level to achieve the Road to Zero vision.</p>

SPE ref.	Significant activity	Status	Progress update (reporting by exception only)
Strengthening our regulatory capability and performance			
1.5	refresh Tū ake, tū maia our regulatory strategy	G	
1.6	design an effective regulatory target operating model to support the new Director of Land Transport requirements	G	
1.7	progress the regulatory funding and fees review subject to Cabinet's decision to proceed to the consultation phase	G	
Implementing Toitū te taiao, our sustainability action plan			
2.1	support development of the government's Emissions Reduction Plan (ERP) and position ourselves to deliver on it when released	G	
2.2	improve our understanding of carbon emissions related to our corporate and infrastructure activities and explore options to become carbon neutral	G	
2.3	reset the existing Waka Kotahi Board environment and social responsibility policy to demonstrate care, protection and enhancement of the environment, climate, public health and wellbeing across our activities, functions and decision-making	G	
Investing in infrastructure to improve transport outcomes			
3.1	progress delivery of the seven Supporting Regions state highway projects to agreed standards and timeframes	A	<p>Two projects were completed during the quarter, taking the number of completed projects to five. Progress continued to be made on construction, consenting, investigation and design of the remaining projects. Several projects are behind schedule, and the two projects completed during the quarter were delivered 3-4 months later than the estimated completion date.</p> <p>Multiple factors affected progress including delays to property acquisition, consenting, safety requirements, COVID-19 impacts on supply of materials and personnel, and more recently, the COVID-19 lockdown and restrictions.</p>

SPE ref.	Significant activity	Status	Progress update (reporting by exception only)
			Particular attention will continue to be paid to COVID-19 induced supply issues with early identification and procurement of materials to mitigate against hold-ups to project delivery. Formal re-baselining approval of some projects has been sought.
3.2	progress delivery of four Crown Infrastructure Partners state highway projects funded through the COVID-19 Response and Recovery Fund to agreed scope, budgets and timeframes	A	The COVID-19 lockdown and restrictions impacted the start of construction for two projects and required a re-schedule for a third project. However, three of the four projects remain on target to be completed on-time, with one project delayed because of post COVID-19 related access to contractors and challenges with the supply of steel. Particular attention will continue to be paid to COVID-19 induced supply issues with early identification and procurement of materials to mitigate against hold-ups to project delivery.
Achieving mode shift			
4.1	refresh and deliver our national mode-shift plan and work with local councils to update and embed mode-shift action plans for the six high-growth urban areas	A	We are holding ongoing discussions with the Ministry of Transport to refocus the purpose and intent of mode shift plans so they can add more value to the work of approved delivery organisations and better deliver to the emissions reduction plan. This review also includes review of associated funding.
4.2	support policy, planning and regulatory changes to improve the safety and attractiveness of active and shared modes, including Innovating Streets and parking reform	G	
4.3	develop a national walking and cycling plan to support accelerated network delivery and deliver infrastructure improvements	G	
4.4	choose a preferred supplier for the national ticketing solution, complete commercial negotiations, establish the required shared service function and begin planning the design phase	G	
4.5	commence planning with our partners for a zero-carbon public transport bus fleet	G	
Partnering on integrated transport system and spatial planning			
5.1	work with central government, councils and iwi to integrate transport and spatial planning, focusing on cementing working relationships, agreeing on scope and agreeing on the planning approach for Wellington-Horowhenua, Queenstown Lakes,	G	

SPE ref.	Significant activity	Status	Progress update (reporting by exception only)
	greater Hamilton, greater Christchurch and the Whangārei–Auckland corridor		
5.2	support joint work programmes to implement spatial plans for Tauranga–Western Bay of Plenty (Urban Form + Transport Initiative) and the Hamilton–Auckland corridor	G	
5.3	engage with our partners to test our Network Plan and prepare the first version of our 30-year plan for how we'll meet the transport needs of 2050	G	
5.4	work with the Ministry of Environment to support reform of the Resource Management Act 1991, including a revised strategic spatial planning framework to better support integrated transport and land use planning	G	
5.5	work with our partners to give effect to the 2021–2031 Auckland Transport Alignment Project package (ATAP), including through the 2021–24 NLTP	G	
5.6	partner with the Ministry of Transport and others to develop a rapid transit framework, complete the Auckland Rapid Transit Plan with ATAP partners and progress planning for future rapid transit projects in Auckland, Wellington and Christchurch (in line with the urban growth partnerships in each area)	G	
Improving freight connections			
6.1	implement our action plan to improve connections and movement of freight across the land transport system	G	
6.2	work with KiwiRail, the Ministry of Transport, The Treasury and local partners to implement a new rail planning and funding model	G	




SPE ref.	Significant activity	Status	Progress update (reporting by exception only)
Strengthening the resilience of the land transport system			
7.1	adopt the Waka Kotahi Climate Change Adaptation Plan	A	Part One of the draft Waka Kotahi Climate Change Adaptation Plan is complete, subject to internal approvals. Part Two scoping is largely completed and undergoing internal approval. The internal approval process for Part One has been impacted by COVID-19 delays, further impacting on starting Part Two. The Part Two timeline recognises delays, and we are securing new resources for this.
7.2	establish the centralised risk tool or register as the nationally consistent approach for network maintenance risk management and monitoring	G	
Improving our organisational capability and performance			
8.1	continue to implement Te Ara Kotahi	G	
8.2	establish processes to provide for bilingual road signs	G	
8.3	implement independent, risk-based internal and investment assurance programmes that focus on core internal controls, operating efficiency, risk and contract management, activity management and delivery	G	

APPENDIX 3: SIGNIFICANT CAPITAL PROJECTS

Key




SPE PROGRESS

(Likelihood of achieving the 2021/22 Statement of performance expectations year-end milestones)

-  On-track and there are no known risks to achieving the year-end milestones.
-  There are challenges to achieving the year-end milestones. It is likely the milestones will still be achieved.
-  There are challenges to achieving the year-end milestones. It is unlikely the milestones will be achieved.




SCHEDULE

(against Q1 milestone)




-  On schedule
-  Over schedule <3 months
-  Over schedule >3 months

FORECAST

(against budget as of end of Q1)

-  On budget
-  5-10% variance
-  >10% variance













PROJECT RISK

-  Low
-  Moderate
-  High/Critical

Manawatū Gorge replacement

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>Te Ahu a Turanga, Manawatū Tararua highway (Manawatū Gorge replacement)</p> <p><i>SPE year-end milestones: Bulk earthworks commenced. Construction of main structures commenced.</i></p> <p>Bulk earthworks and construction of major structures continued. Construction on the Manawatū River bridge (Parahaki bridge) commenced.</p>				

Significant state highways

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>Pūhoi–Warkworth</p> <p><i>SPE year-end milestones: Southern tie-in works completed. Earthworks and pavements completed in all areas. Intelligent transport system network integration testing completed. Practical completion achieved. Road open to traffic.</i></p> <p>The contractor has indicated that road opening date will be impacted by the COVID-19 lockdown. They have also indicated some slippage at the northern end of the project (Matakana Link road widening) and are forecasting that this section will now be completed approximately two months after the main alignment is completed. We are working with the contractor in an attempt to align the northern end with the main alignment. Waka Kotahi managed budget will not be sufficient to cover the increased costs as a result of the COVID-19 lockdown (noting the construction is funded privately as part of the public-private partnership contractual arrangements). Programme delivery and budget are yet to be determined.</p> <p>Generally, construction quality appears to be appropriate, although some minor pavement issues are being investigated by the contractor. These issues may impact on both productivity and longevity of the pavement. There is also concern on the failure of several engineered slopes (batters). We are working with the contractor to understand this issue and any potential impact on road opening. These risks remain with the contractor.</p>				
<p>Baypark to Bayfair Link Upgrade</p> <p><i>SPE year-end milestones: Ground improvement lattice completed. Underpass western and eastern portals completed. Bridge 2 and 3 deck beams placed.</i></p> <p>The bridge 2 deck beam was placed in July. Completion of bridge 3 (East Coast Main Trunk KiwiRail Overbridge) in September was delayed due to the COVID-19 lockdown. This is now expected to be done in quarter 2.</p>				
<p>Waikato Expressway: Hamilton section</p> <p><i>SPE year-end milestones: Practical completion. Open to traffic.</i></p>				

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
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Opening to traffic of the Alfred Main Drive Bridge has been slightly delayed due to COVID-19 restrictions. This is expected to be achieved in mid-October. A price level adjustment is being prepared to cover cost increases associated with the discovery of iron ochre in the groundwater in the Ruakura area as well as other cost overruns. Production risks are being mitigated as additional asphalt crews are made available to the site. There are also some risks associated with the COVID-19 lockdown in Auckland. Overall, risks continue to diminish as the site works draws to a close.

Transmission Gully
SPE year-end milestones: Practical completion. Open to traffic.

Construction has been delayed for some months, which was exacerbated by the COVID-19 disruptions in August and September (some work crews and materials were unable to leave in Auckland even when Wellington returned to alert level 2). Road opening was not achieved in September 2021 as agreed under the new programme. We are working with Wellington Gateway Partnership and the contractor in an attempt to achieve practical completion and road opening in time for Christmas. There are significant challenges in obtaining the consents and quality control signoffs to achieve this milestone, which means we could have a finished road that is not able to be open to traffic. The full impact of the COVID-19 disruption is being worked through.

Integrated Settlement Agreement settlement amounts (which include monthly payments for the remainder of the construction phase) are being reimbursed by The Treasury/Crown, so have no significant impact on the Waka Kotahi project budget. Financial impacts of August and September 2021 COVID-19 disruptions cannot yet be assessed, but it is assumed these costs will also be reimbursed by the Crown. If that is not the case, then there will likely be significant increase in the project budget.

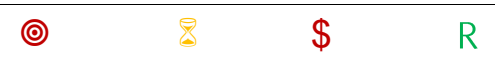
Construction quality had been generally appropriate, although a concerning number of quality non-conformances continue to occur, leading to remedial or replacement work being undertaken. The quality of the chip seal surfaces had been variable, with some being very poor, which is influenced by surfacing works occurring during winter (the worst time of year to do this work). There is a significant risk of premature surface/pavement failure due to the surface not being waterproof. We are currently managing this risk.

Risk remains on potential future contractor claims arising from any COVID-19, seismic or storm events that occur during the remainder of the construction phase. One insurance claim for a storm event in July 2021 has been received and is currently being assessed.



Peka Peka to Ōtaki
SPE year-end milestone: Open to traffic.

Due to delays in the programme since the initial COVID-19 lockdown in 2020, as well as changes to the project scope and several unforeseen construction challenges, a new opening date for the project was agreed in June 2021 (after the SPE year-end milestone was finalised). The expressway is now planned to be open to traffic in late 2022, which means the SPE year-end milestone will no longer be achieved. There is currently a risk that the project will be delayed further because of the 3-week COVID-19 disruption in August and September. This risk is currently being managed. A price level adjustment is also being requested to allow for contingency and potential settlement for variations claim.















Ngauranga to Petone walking and cycling
SPE year-end milestones: Site established and main construction works commenced.

















An Interim Project Alliance Agreement (IPAA) has been signed by Waka Kotahi and its partners Downer, HEB and Tonkin & Taylor. Design review, value engineering and target outturn costs are well underway and on track to deliver by December 2021 when the project alliance agreement is also expected to be signed off. The project is tracking to budget for the IPAA phase and the alliance is exploring value engineering opportunities to keep the costs within the approved funding for implementation.



Significant investments in Auckland

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>Northern Corridor Improvements</p> <p><i>SPE year-end milestone: Practical completion of Northern Corridor Improvements.</i></p> <p>The project has been delayed due to the COVID-19 lockdown in August and September. The quarter 1 milestone for the early opening of the Constellation bus station has been deferred because of sub-contractor delays and a change in project scope from Auckland Transport. Practical completion has been pushed to 2022/23.</p>				
<p>Additional Waitematā Harbour Connections</p> <p><i>SPE year-end milestones: Investigations into rapid transit routes well progressed. Preferred alignment identified.</i></p> <p>Planning for the procurement of professional services for the next business case has commenced. This includes addressing funding conditions for the next phase of the project.</p>				
<p>Supporting Growth Alliance</p> <p><i>SPE year-end milestones: Northwest strategic corridors confirmed to enable progression to route protection. Pukekohe expressway and southern local investigations commenced.</i></p> <p>Work on the detailed business case for the north area was paused due to financial constraints caused by COVID-19 that required changes to the programme timeline. This work has now recommenced. Development of the detailed business case for Warkworth and Takanini has also commenced and the detailed business case for the north west area is on track for approval in December 2021. The Drury local project has been lodged with Auckland Council. Council hearing for the project have been set for October 2021.</p> <p>Emerging climate change and legislation changes pose a risk by potentially challenging the validity of the future transport network developed through the indicative business case phase.</p>				

Significant investments in Wellington (Let's Get Wellington Moving)

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>Central City and SH1 Walking and Cycling Safer Speed</p> <p><i>SPE year-end milestones: Single stage business case, design and construction completed.</i></p> <p>The detailed design phase for pedestrian improvements has commenced and is on track. The detailed design and the single stage business case for Cobham Drive are slightly behind schedule. The project is now targeting for 80% construction completion by year-end rather than full completion, which means the annual milestone will no longer be achieved.</p>				
<p>Golden Mile</p> <p><i>SPE year-end milestones: Single stage business case and detailed design completed.</i></p> <p>The single stage business case is on track for approval as planned. The detailed design phase will commence in October but is now targeting for 75% completion by year-end rather than full completion. This means the annual milestone will no longer be achieved.</p>				
<p>Thorndon Quay & Hutt Road</p> <p><i>SPE year-end milestones: Single stage business case and detailed design completed.</i></p> <p>The single stage business case is on track for approval as planned. The detailed design offer of service for pre-implementation was received in September but is now targeting for 80% completion by year-end rather than full completion. This means the annual milestone will no longer be achieved. There is a risk of adverse stakeholder and public reaction to the project as well as issues with the Wellington traffic model that are being managed.</p>				
<p>Mass Rapid Transit</p> <p><i>SPE year-end milestone: Indicative business case completed.</i></p>				

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
The options for the project have been agreed for public engagement, which will commence in November 2021.				
Strategic Highway Improvements <i>SPE year-end milestone: Indicative business case completed.</i>	🎯	🕒	\$	R
The options for the project have been agreed for public engagement, which will commence in November 2021.				
Managing Travel Demand <i>SPE year-end milestone: Single stage business case completed.</i>	🎯	🕒	\$	R
A draft single stage business case into travel behaviour change has been completed and will be used as an input into the programme's public engagement, which will commence in November 2021. This draft includes a report into a possible commuter parking levy. A short piece of work on congestion pricing in Wellington has been completed and will also be an input into the public engagement on the programme. Approval of the single stage business case will be sought following programme engagement, which is now likely to happen in the first quarter of 2022.				
City Streets <i>SPE year-end milestones: Indicative business case completed. Single stage business cases for the Johnsonville/Ngauranga and the Bowen Street projects commenced.</i>	🎯	🕒	\$	R
The indicative business case was approved. The procurement plan for the delivery of the single stage business cases for Johnsonville/Ngauranga and Bowen Street have also been approved and procurement is underway.				

Investments in regional connections

























PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
Loop Road North to Smeatons Hill safety improvements <i>SPE year-end milestone: Physical works for the southbound dual lanes awarded.</i>	🎯	🕒	\$	R
Only planting works were done during quarter 1, except at the Portland Intersection area which was postponed due to the COVID-19 lockdown in Auckland. The project has been significantly delayed because it was put on pause awaiting confirmation of the preferred corridor for the SH1 Whangārei to Port Marsden Highway project four-lane upgrade. The Government has announced that this upgrade would no longer go ahead. This means work done for about one year that was geared towards the preferred corridor needs to be reviewed to revert to the original southbound dual lanes planned for the project. The delay also means the cost to complete the project has escalated due to increases in the price of materials and additional establishment and disestablishment costs. These are on top of costs incurred in contracts while the project was on pause. A decision needs to be made as to whether the project will go ahead and if so, additional funding is required so the remaining scope of works can be put out for tender. There is a high likelihood that that project may need redesign, which means the milestone will no longer be relevant.				
SH3 Awakino Tunnel Bypass <i>SPE year-end milestone: Final seals completed.</i>	🎯	🕒	\$	R
The new road was opened to traffic and the two totara pou blessed in August 2021.				
Mt Messenger and Awakino Gorge Corridor <i>SPE year-end milestones: Practical completion of Rapanui passing lane and Tongapōrutu intersections.</i>	🎯	🕒	\$	R
Physical works on Tongaporutu separable portion 2 commenced.				

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>Mt Messenger Bypass</p> <p><i>SPE year-end milestones: Compulsory land acquisition completed. Southern compound built. Construction in south zone commenced.</i></p> <p>Court appeals are ongoing including an appeal to the High Court on the Resource Management Act process decision that has been dismissed once at the Supreme Court. These have delayed commencement of construction and pose a risk in progressing the project to plan. Uncertainties on getting the support of the Minister of Land Information on compulsory acquisition poses a risk to prolonging the property acquisition process.</p>				
<p>Nelson Future Access</p> <p><i>SPE year-end milestones: Preferred plan identified.</i></p> <p>Community engagement was completed, and the proposal has been shared with Nelson City Council to enable endorsement in October 2021. Waka Kotahi approval is planned for December 2021. We are on track to achieving the year-end milestone.</p> <p>Proposed changes to the Nelson Regional Policy/Resource Management Plan that include an outstanding natural landscape overlay will increase the already high consenting risk. There is also a risk that transport system interventions where NLTP funding has yet to be applied may not be able to be progressed in the short-term due to financial constraints within the NLTP and locally.</p>				

New Zealand Upgrade Programme – Transport¹

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>SH1 Whangarei to Port Marsden</p> <p><i>SPE year-end milestones: Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.</i></p> <p>A project team has been formed, the approach to define safety improvement options agreed, optioneering work commenced and the strategic case for safety improvements confirmed. We are on track to complete the assessment for the preferred option by December 2021 and there is currently no risk of achieving the year-end milestones.</p> <p>A risk review will be completed as part of the business case development. Risks include contractual risk resulting from the four-laning project that was put on hold, Loop Road bridge alignment and a new KiwiRail causeway that may significantly impact the existing highway causing safety issues and resulting in increased cost. Achievement of the year-end milestone is also dependent on obtaining the KiwiRail cost for delivering the Port Marsden Rail Link.</p>				
<p>Penlink</p> <p><i>SPE year-end milestones: Request for proposal completed, preferred proponent teams notified and commercial discussions underway to form an alliance.</i></p> <p>The request for proposal (RFP) has been released to short-listed proponents. Geotechnical investigation commenced, however, this has been delayed due to the COVID-19 lockdown. The impact of the delay on the project is yet to be determined. There is a risk that project cost can exceed the allocation if the submission from the proponents exceed the affordability threshold set by Waka Kotahi.</p>				
<p>South Auckland Package</p> <p><i>SPE year-end milestones: Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.</i></p> <p>Work on the rescope project commenced and options analysis has been completed. There is a risk that the revised scope may not fully deliver on the outcomes sought.</p>				

¹ More detailed project updates are provided to the Ministry of Transport in the monthly NZ Upgrade Programme reports.

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>Papakura to Drury <i>SPE year-end milestones: Stage 1A noise wall construction completed, Papakura southbound on-ramp detailed design completed and construction commenced. Stage 1B1 detailed design commenced, notice of requirements and consents granted, North Island Main Trunk bridges designed and construction commenced. Stage 1B2 preferred option selected, specimen design and consenting package commenced.</i></p> <p>Stage 1 (sections from before Papakura Interchange to Drury including Drury Interchange) is on track. Value engineering exercises and property acquisition have commenced for Stage 1B1 and multi-criteria assessments with mana whenua to select the best option has commenced for Stage 1B2. COVID-19 disruptions pose a risk to achieving the year-end milestones.</p>				
<p>Northern Pathway Westhaven to Akoranga <i>SPE year-end milestones: To be confirmed.</i></p> <p>The Government has indicated that they would like to see further work on other options to support walking and cycling over the harbour. Pending confirmation of this exercise, an updated milestone will be produced. We are currently unable to report on this project.</p>	-	-	-	-
<p>SH1/29 Intersection Improvements <i>SPE year-end milestones: Notice of requirement and planning consent application decision received.</i></p> <p>Notice of requirement and consents lodged and formal property acquisition commenced. The project is progressing to plan. Property acquisition remains the biggest project risk to construction start. A major landowner has been unwilling to engage and sell. Plans are in place to address this issue and mitigate risk.</p>				
<p>Takitimu North Link Stage 1 <i>SPE year-end milestone: Subject to Maori Land Court decision on acquisition of land for the project, construction commenced.</i></p> <p>Property acquisition has not been completed with three properties outstanding, one of which went through the Maori Land Court on 30 September 2021. It is likely that all properties will be acquired soon, however, there remains a risk of appeal in the Maori Land Court process which could push project milestones, including commencement of construction. Detailed design procurement items have significantly increased since contract award. This is being reviewed to mitigate impacts to overall cost.</p>				
<p>Takitimu North Link Stage 2 <i>SPE year-end milestones: Notice of requirement and planning consent application lodged.</i></p> <p>The project is on track, however, delays and resourcing pressures resulting from the COVID-19 lockdown in August and September have started to show and are expected to affect delivery from quarter 2 onwards. Due to the change in the scope of the project to route protection only, we are managing our relationship with stakeholders, landowners and the public who have been affected by the changes in the project.</p>				
<p>SH58 Safety Improvements - Stage 2 <i>SPE year-end milestone: Construction of Stage 2A completed.</i></p> <p>Work progressed on Stage 2A (West of Mt Cecil Road to Harris Road) but was disrupted due to the COVID-19 lockdown. This means that construction of the large retaining wall along most of the northern side of the road could not proceed. We are on track to achieving the year-end milestone of construction completion to chip seal surface with final surfacing following the winter seal moratorium</p>				
<p>SH2 Melling Efficiency & Safety Improvements <i>SPE year-end milestones: Notice of requirement and planning consent application lodged, consents gained, and construction contract released to market.</i></p> <p>The notice of requirement and consents were lodged, and post-lodgement work has begun for consent hearing. Project costs are currently forecast above allocation for project delivery, which could impact the construction contract released to market this financial year. Controls are in place to address this issue. There is also a risk that submissions opposing the project can delay when consents are gained or affect consenting results.</p>				

PROJECT	SPE PROGRESS	SCHEDULE	FORECAST	PROJECT RISK
<p>Otaki to North of Levin <i>SPE year-end milestones: Business case completed and submitted to the Waka Kotahi Board for endorsement.</i></p> <p>Final cost estimates and peer reviews are on track for completion and an interim draft business case has been completed. However, a decision in August 2021 to fully complete assessments for revocation, tolling, managed lanes and carbon in the detailed business case has triggered a reassessment of the project schedule. This resulting delay is being investigated to mitigate potential impacts on the overall project and achievement of future milestones. There is a risk that the year-end milestone will not be achieved.</p>	🎯	⌚	\$	R
<p>Rolleston Access Improvements <i>SPE milestones: Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.</i></p> <p>Details of the preferred option are yet to be confirmed and may impact overall project delivery timeframes. Key risks relate to impacts of property purchase where there are land constraints, consenting for the preferred option and aligning delivery of improvements from this project with adjacent complementary projects.</p>	🎯	⌚	\$	R
<p>Brougham St Corridor Improvements <i>SPE year-end milestones: Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.</i></p> <p>Deliverables for the draft business case that are needed for pre-implementation procurement, consultation and the detailed design phase have been prepared. This includes the business case report, concept design plans and the consenting and property strategies. A series of internal design and constructability reviews on the recommended option were also completed to ensure that there are no fatal flaws or significant issues that may cause major scope changes.</p>	🎯	⌚	\$	R
<p>SH75 Halswell Road Improvements <i>SPE year-end milestones: Business case completed.</i></p> <p>There have been some minor delays to finalising the business case but is still on track towards achieving the year-end milestones. Current cost estimates are bordering very close to the expected cost, so a review of the cost estimate is underway to provide better confidence in project delivery costs.</p>	🎯	⌚	\$	R
<p>SH73 Weedons-Ross Road Intersection <i>SPE year-end milestones: Notice of requirement and planning consent application lodged.</i></p> <p>Property and consent requirements were confirmed. We have liaised with utility owners over relocation protection requirements and a Notice of Desire to acquire land has also been served on property owners. A cost estimate for design will be undertaken to understand the extent of issues identified in the original scope of project works and on constructability. Property purchase poses a major risk until all purchases are concluded.</p>	🎯	⌚	\$	R
<p>Walnut Avenue Intersection Improvements <i>SPE year-end milestone: Complete Stage 1 project pavement works (except at the rail level crossing).</i></p> <p>Construction commenced in August with a blessing and sod-turning event to mark the occasion. There is an expectation that cost will increase as a result of the COVID-19 disruptions.</p>	🎯	⌚	\$	R
<p>SH1 Tinwald Corridor Improvements <i>SPE year-end milestones: Business case completed.</i></p> <p>The business case has been approved and the project is in its final stage of negotiation with the successful tenderer. We are on track to delivering the year-end milestones.</p>	🎯	⌚	\$	R
<p>Queenstown Package <i>SPE year-end milestone: Construction commenced.</i></p> <p>Geotechnical testing and property acquisition are progressing to plan. We are on track to delivering the year-end milestone.</p>	🎯	⌚	\$	R

APPENDIX 4: FINANCE REPORT

Financial performance for three months ended 30 September 2021

FINANCIAL PERFORMANCE SUMMARY

NATIONAL LAND TRANSPORT FUND CASH BALANCE



**\$624.0
million**

The NLTF cash position is \$624 million at 30 September 2021, significantly improved from the opening balance. Planned repayment of the seasonal facility (drawn down in July) has been deferred due to the decrease in revenues from the COVID-19 lockdowns. It is planned to repay the \$200 million drawn from the seasonal facility once the \$2 billion loan facility becomes available (expected in December).

NATIONAL LAND TRANSPORT FUND REVENUE



**\$134.3
million**

**Below
budget**

Revenue is 11% below budget due to lower revenue resulting from the COVID-19 lockdowns.

We have sought Crown funding (or financing) for the impacts of COVID but at this stage this is not supported by Ministers.

NATIONAL LAND TRANSPORT PROGRAMME EXPENDITURE



**\$94.2
million**

**Below
budget**

NLTF expenditure is \$39.0 million (5%) below budget and Crown funded expenditure is \$55.2 million (39%) below budget mainly due to lower property spend.

NATIONAL LAND TRANSPORT PROGRAMME ACTIVITY CLASSES



1 of 11

**Not on
track**

The investment target for walking and cycling exceeds the upper limit of the GPS range. The Ministry is working on a change to increase the upper bound. The target for local road maintenance may also need to increase given how close the target is to the top of the range (\$1m different), and additional emergency works.

A reforecast of SH improvements is underway

WAKA KOTAHI OPERATIONAL REVENUE AND EXPENDITURE



**Operating
expenditure**

**\$13.3
million**

Below budget

Operational expenditure is 13% below budget mainly due to lower IT spend and lower third-party commissions partially resulting from lower revenue collection during COVID-19 lockdowns.

MEMORANDUM ACCOUNTS



\$3.3

million

**Adverse
to budget**

The combined memorandum account deficit is \$36.4 million, 10% greater than budget mainly due to lower revenue partially offset by lower commissions. Both revenue and commissions decrease during lockdown.

We are seeking Crown funding for the net reduction in revenue but at this stage this is not supported by Ministers.

DEBT MANGEMENT



**All
ratios in
range**

All debt management ratios are within agreed operating ranges.

LONG-TERM LIABILITIES



**\$3,436.9
million**

**Total
Liability**

The total long-term funding liability is \$3,436.9 million, incorporating specific loan packages, public-private partnership (PPP) commitments and the derivative financial liabilities.

We are compliant with all loan conditions.

NATIONAL LAND TRANSPORT FUND REVENUE

National Land Transport Fund (NLTF) revenue is \$134.3 million (11%) below budget.

- Fuel excise duty (FED) is \$93.1 million (16%) below budget.
- Road user charges (RUC) are \$44.4 million (9%) below budget.
- Motor vehicle registration and licensing (MVR & Lic) is \$6.7 million (10%) below budget.
- Crown funded (RNIP) is \$0.9 million (2%) below budget.
- Other revenue is \$10.8 million (113%) above budget.

Revenue trends reflect the impact of COVID-10 related restrictions

Illustrated below is the monthly revenue compared with budget and 2020/21 actual.

SUMMARY

\$134.3m

below budget

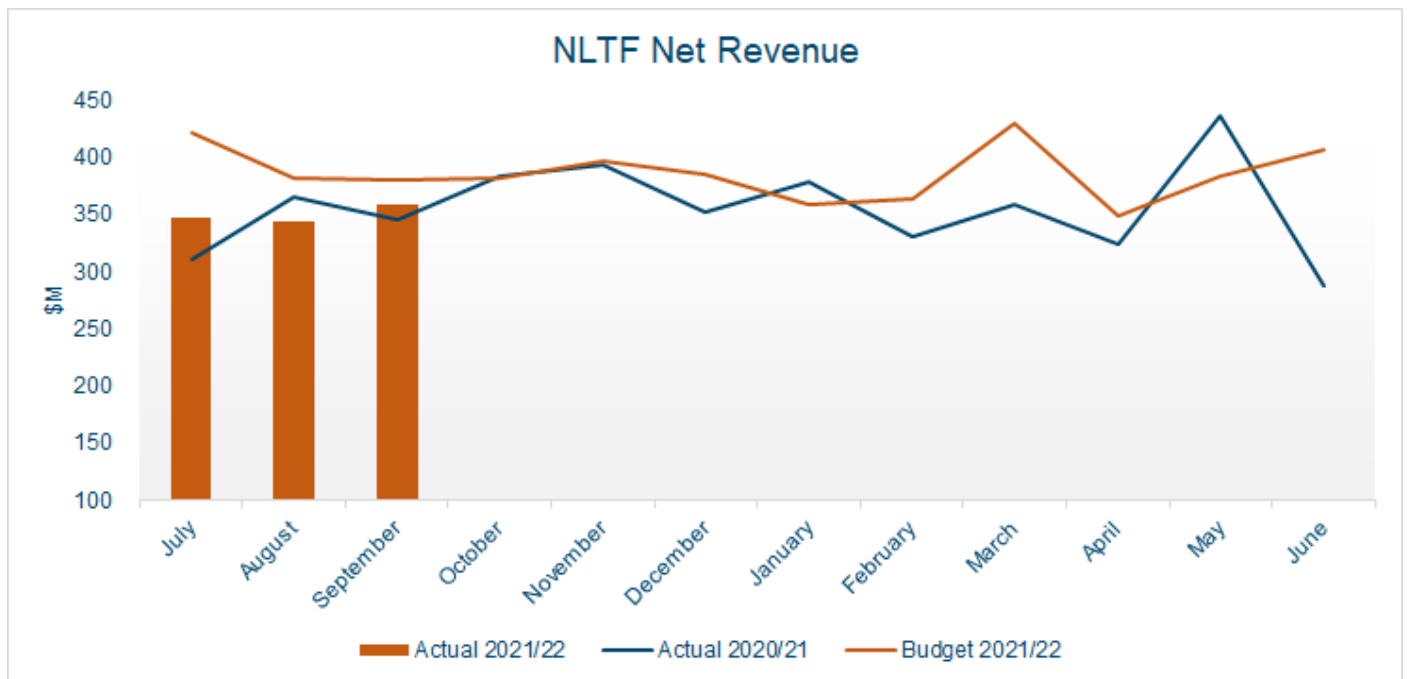
FED is 16% below budget

RUC is 9% below budget

MVR & Lic is 10% below budget

Crown funded RNIP is 2% below budget

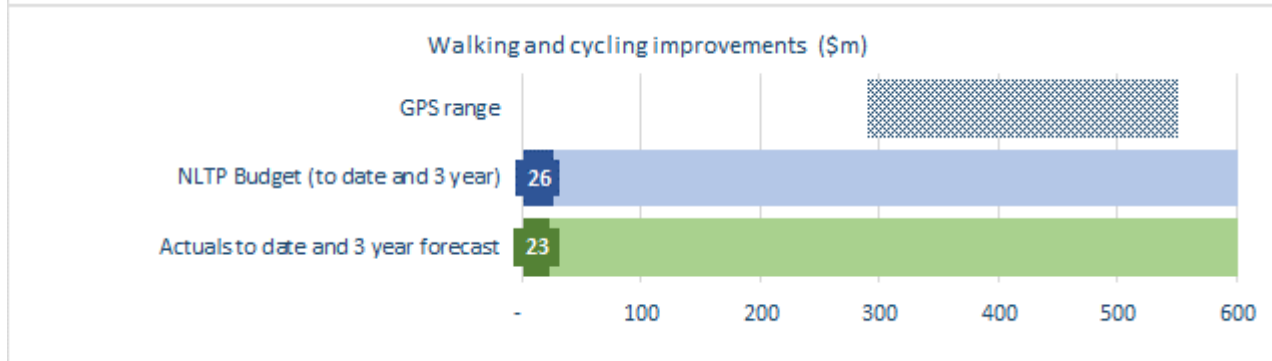
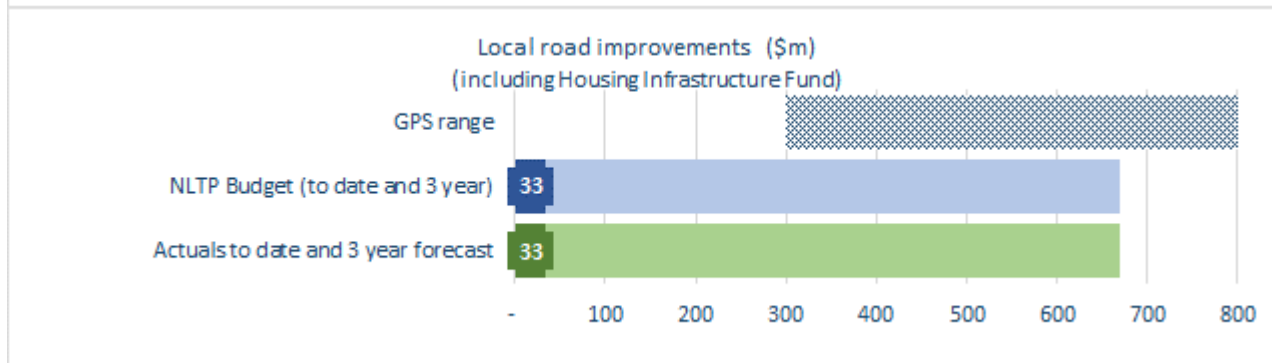
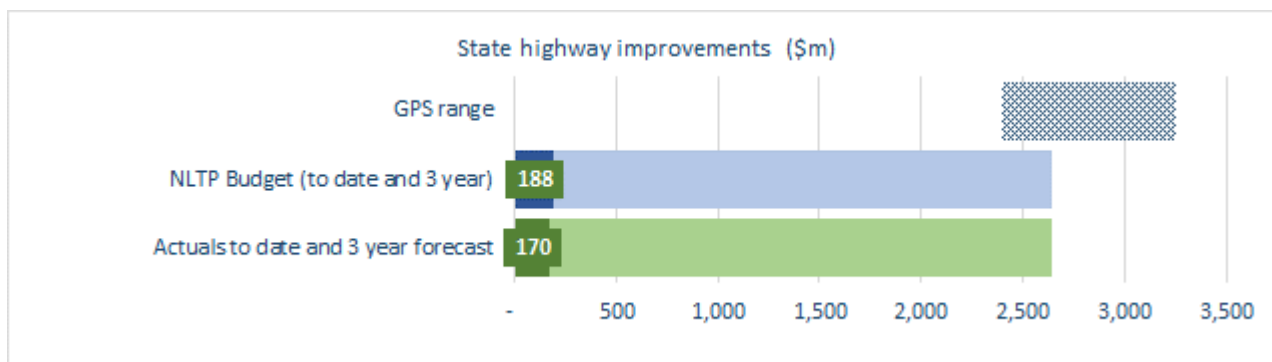
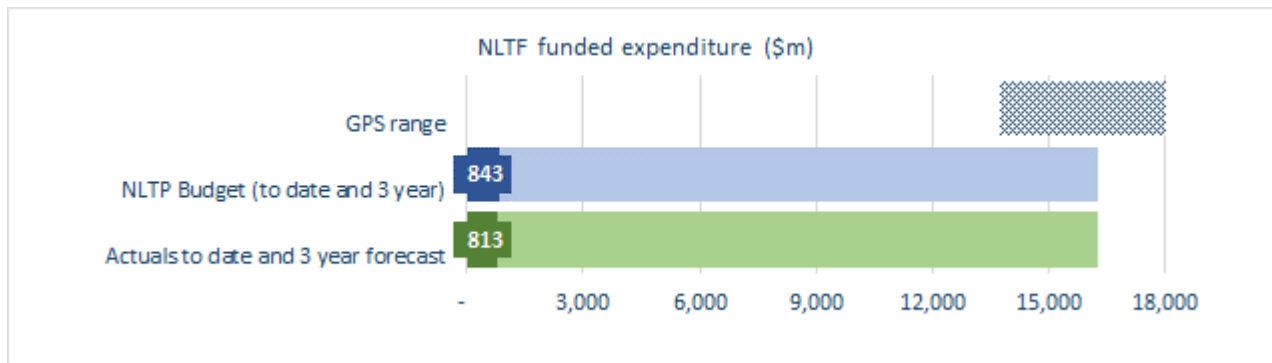
	MONTH				YEAR TO DATE				FULL YEAR	
	Actual	Budget	Variance	Var	Actual	Budget	Variance	Var	Forecast ²	Budget
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	\$m	\$m
Fuel Excise Duty	173.8	192.7	(18.9)	(10%)	485.9	579.0	(93.1)	(16%)	2,054.1	2,188.4
Road user charges	147.6	161.7	(14.1)	(9%)	436.6	481.0	(44.4)	(9%)	1,917.6	1,949.0
MV registration & Lic.	22.0	19.2	2.8	14%	63.8	70.5	(6.7)	(10%)	231.4	221.7
Crown Funding (RNIP)	13.3	3.5	9.8	281%	44.1	44.9	(0.9)	(2%)	229.4	248.0
Other revenue	2.3	3.2	(0.9)	(28%)	20.5	9.6	10.8	113%	37.8	37.8
Total NLTF revenue	359.1	380.3	(21.2)	(6%)	1,051.0	1,185.0	(134.3)	(11%)	4,470.4	4,645.0



²Revenue forecast is based on draft October Baseline Update (OBU). Reduction in revenue is due to COVID-19 lockdowns and restrictions.

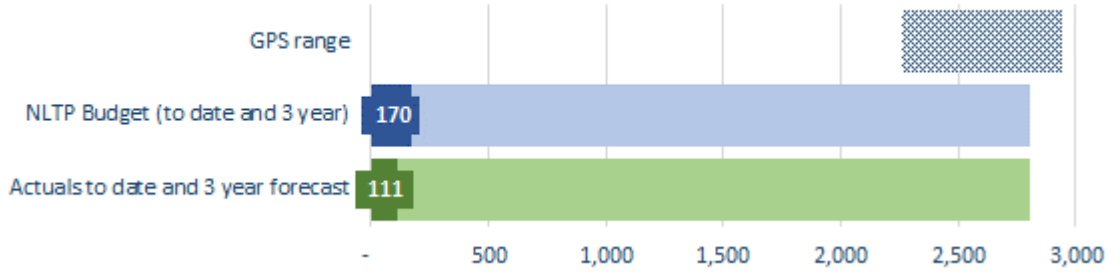
NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND AND CROWN-FUNDED EXPENDITURE)

National Land Transport Fund (NLTF) expenditure of \$813 million is \$39.0 million (5%) below budget³ mainly due to lower spend in state highway maintenance and local road maintenance as result of recent COVID-19 lockdowns and restrictions, which is offsetting higher public transport costs.

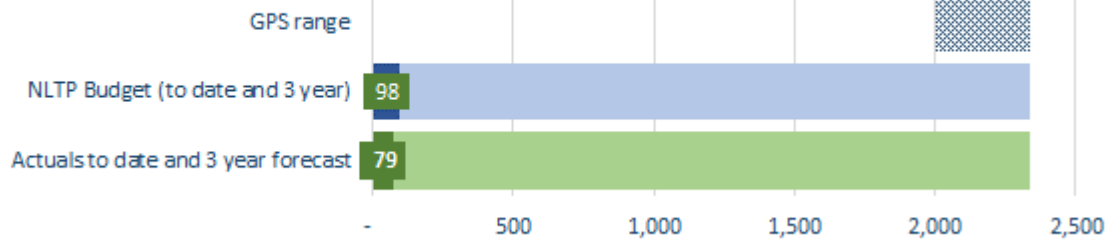


³ SPE budget was set before the \$2 billion debt facility was signalled by the Government. Three year budget reflects the published NLTP 21-24.

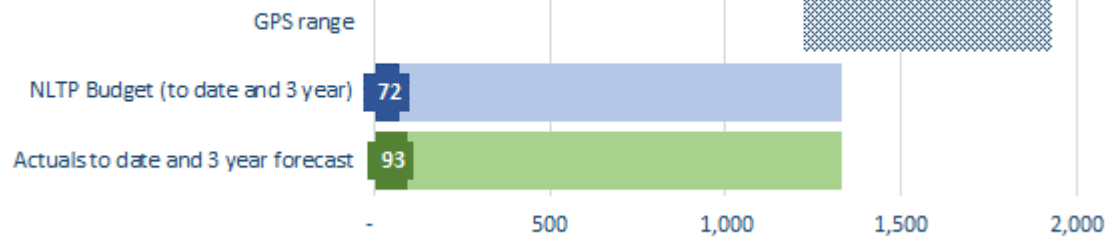
State highway maintenance (\$m)



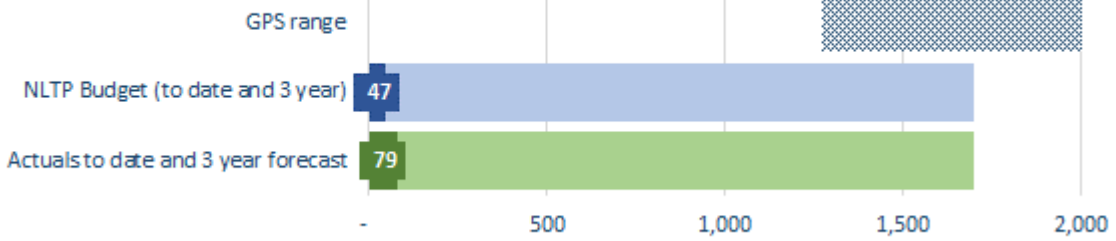
Local road maintenance (\$m)



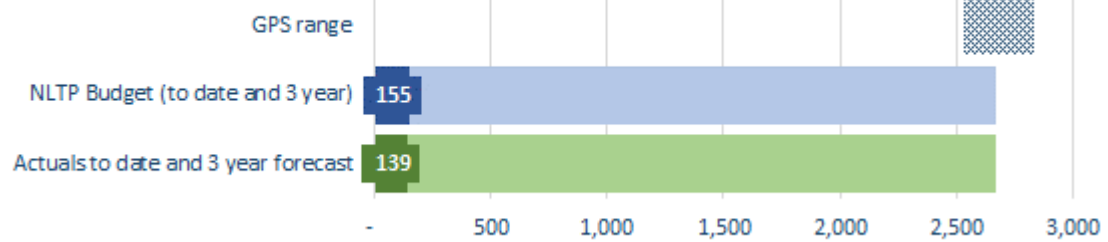
Public transport services (\$m)



Public transport infrastructure (\$m)

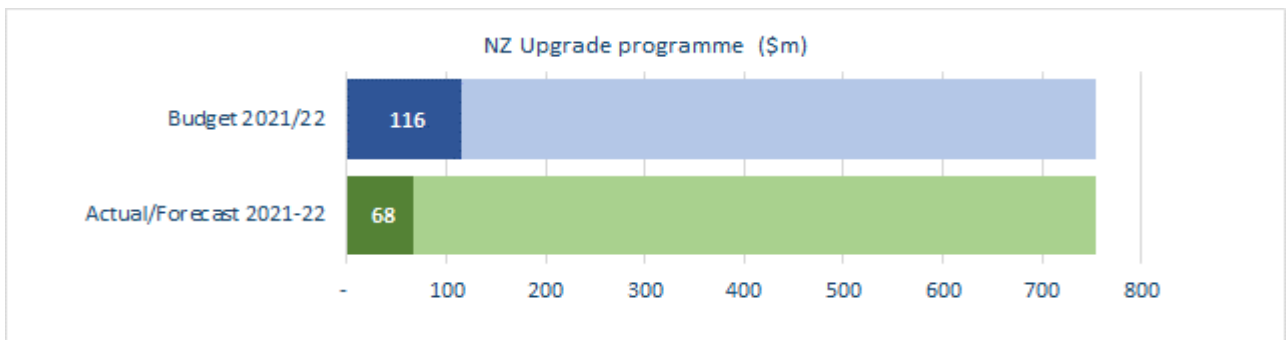
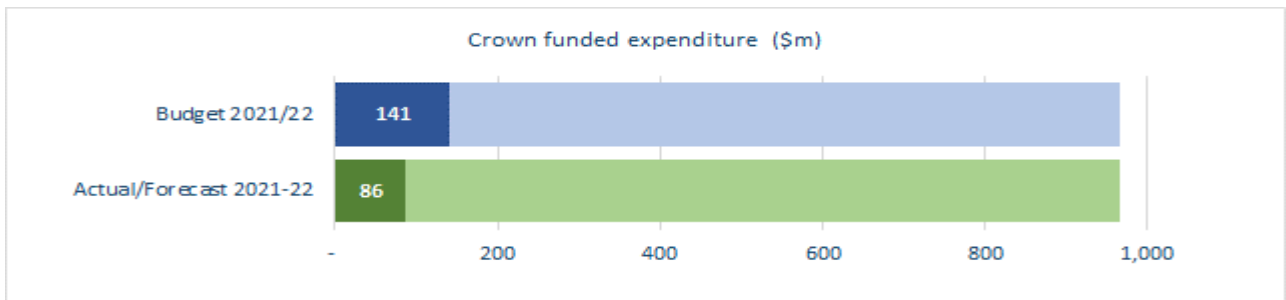


Road to zero (\$m)





Specific Crown-funded projects⁴ expenditure is \$55.2 million (39%) below budget mainly due to lower property spends in NZUP.



⁴ Mainly comprise NZUP and are not subject to GPS range. Hence expenditure is not presented on a three-year view.

TOLLING OPERATIONS AND MEMORANDUM ACCOUNT

Tolling revenues for the year to 30 September 2021

Tolling revenue collected by Waka Kotahi, net of an 70c per toll administration charge, is available for repayment of tolling "debt" and associated interest:

- Northern Gateway revenue is passed to the Ministry of Transport to repay Crown loans totalling \$207.8 million at 30 June 2021 (originally \$158 million).
- Tauranga Eastern Link revenue is used to service Crown loans held by Waka Kotahi of \$107 million.
- Takitimu Drive revenue reimburses the NLTF which funded acquisition costs of \$65 million from Tauranga City Council becoming part of the state highway network, with an outstanding amount of \$40 million at 30 June 2021.

	TOLLING REVENUE TOTAL			TOLLING REVENUE TO OPERATE THE BUSINESS			TOLLING REVENUE TO REPAY DEBT		
	YTD	YTD	Budget	YTD	YTD	Budget	YTD	YTD	Budget
	Actual	Budget	2021/22	Actual	Budget	2021/22	Actual	Budget	2021/22
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Northern Gateway	2.8	4.0	17.0	0.8	1.3	5.3	2.0	2.7	11.7
Tauranga Eastern Link	1.9	2.3	9.1	0.6	0.7	2.9	1.4	1.5	6.2
Takitimu Drive	2.3	2.5	10.2	0.7	0.8	3.4	1.6	1.7	6.8
Total	7.1	8.8	36.3	2.2	2.9	11.6	4.9	5.9	24.7
Customer Toll Payment Notice	0.9	1.4	5.5	0.9	1.4	5.5			
Total tolling revenues	8.0	10.2	41.8	3.1	4.3	17.1	4.9	5.9	24.7

Outstanding debt

Debt repayment	Opening Balance at Inception \$m	Accrued Interest Life to Date \$m	Repayments Life to Date \$m	Closing Balance at 30 June 2021 \$m	Interest Rate	Projected Repayment Date
Northern Gateway	158.0	155.8	105.9	207.9	15bp above Treasury bond rate	2045
Tauranga Eastern Link	107.0	29.5	29.5	107.0	\$87.0m at fixed rates ranging from 4.99% to 5.14%. \$20.0m at floating rates.	2044
Takitimu Drive	65.0	24.9	49.8	40.1	6% 2015-2020, currently at 4%	2030

Waka Kotahi tolling memorandum account

The table below shows the cumulative tolling memorandum account position: i.e. tolling revenues collected to fund administration costs less operating expenditure associated with the tolling business.

	YEAR TO DATE		FULL YEAR
	Actual \$m	Budget \$m	Budget \$m
Opening balance	6.3	6.3	6.3
Revenue (to operate the business)	3.1	4.3	17.1
Expenditure	2.2	3.8	13.7
Net surplus/(deficit)	0.9	0.5	3.4
Closing balance	7.2	6.8	9.7

WAKA KOTAHI OPERATIONAL REVENUE; OPERATING AND CAPITAL EXPENDITURE

Operational expenditure is \$13.3 million (13%) below budget.

- **Personnel costs** are \$2.9 million (6%) above budget mainly from a high annual leave liability with fewer staff utilising leave balances during COVID-19, and higher spend on contractors.
- **Operating expenses** are \$16.4 million (33%) below budget with lower spending to date for professional advice, commissions and transaction costs, and information technology.

Operational revenue is \$12.0 million (26%) below budget due to COVID-19 impacts spread across driver licensing, motor vehicle licensing, and road user charges collections.

Capital expenditure is \$0.9 million (23%) above budget.

OPERATING EXPENDITURE

\$13.3m

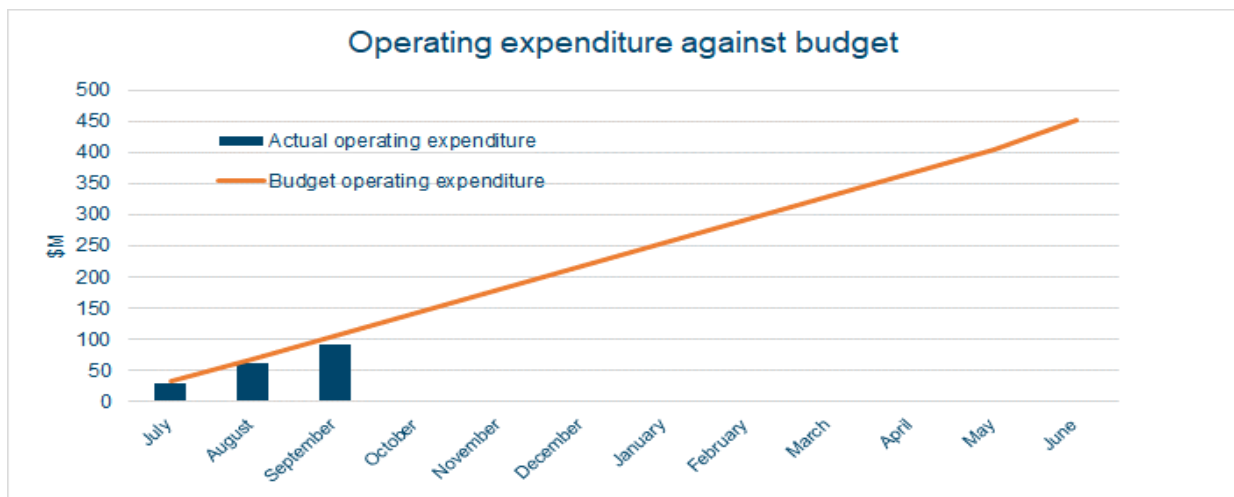
below budget

OPERATIONAL REVENUE

\$12.0m

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 by:										
Personnel costs	18.9	19.4	0.5	3%	55.1	52.2	(2.9)	(6%)	232.2	232.2
Operating expenses	10.1	17.3	7.2	42%	33.0	49.4	16.4	33%	205.2	205.2
Depreciation/amortisation	1.3	1.2	(0.1)	(8%)	3.8	3.6	(0.2)	(6%)	13.3	13.3
Operational expenditure	30.3	37.9	7.6	20%	91.9	105.2	13.3	13%	450.7	450.7
Expenditure classified by:										
NLTP	18.4	21.6	3.2	15%	54.2	58.9	4.7	8%	257.1	257.1
Regulatory (memo) account	11.9	16.3	4.4	27%	37.7	46.3	8.5	18%	193.6	193.6
Regulatory (memo) account revenue	11.4	14.5	(3.1)	(21%)	33.3	45.3	(12.0)	(26%)	171.2	171.2
Capital expenditure	1.3	0.6	(0.8)	(131%)	4.5	3.7	(0.9)	(23%)	24.4	24.4



REGULATORY MEMORANDUM ACCOUNTS

The combined regulatory memorandum accounts deficit of \$36.4 million, is \$3.3 million adverse to budget.

Revenue is \$12.0 million (26%) below budget and expenditure is \$8.5 million (18%) below budget.

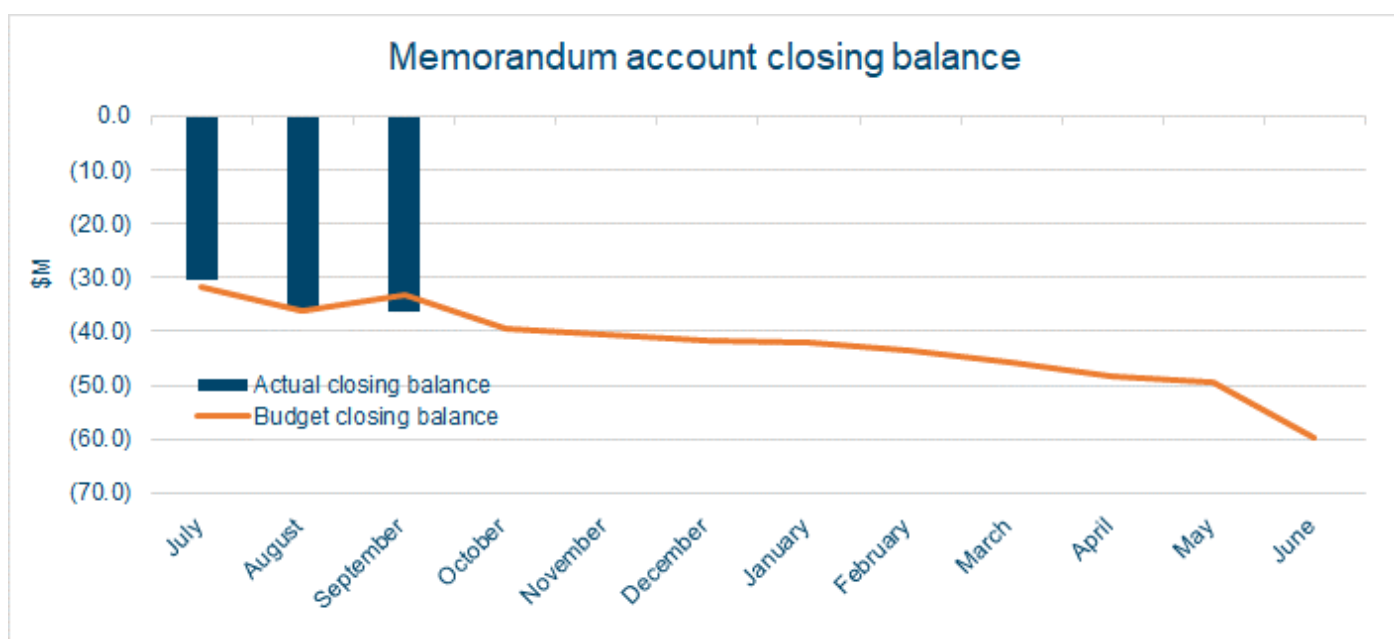
Road user charges collections closing balance is \$2.4 million worse than budget due to less revenue than planned – due primarily to COVID-19. We are seeking funding for the net COVID-19 impacts.

SUMMARY

\$3.3m
above budget

Closing balance
10% above budget

CLOSING BALANCE	YEAR TO DATE				FULL YEAR		
	Actual	Budget	Variance	Variance	Opening Actual balance 1 July 2020	Closing Forecast 30 June 2021	Closing Budget 30 June 2021
	\$m	\$m	\$m	%	\$m	\$m	\$m
Border inspection	3.9	3.9	0.0	1%	3.8	4.4	4.4
Certification review	(3.2)	(2.7)	(0.5)	(20%)	(3.5)	(1.7)	(1.7)
Driver licensing	(47.2)	(45.6)	(1.6)	(4%)	(43.4)	(63.9)	(63.9)
Driver testing	16.6	15.5	1.1	7%	16.0	13.0	13.0
Motor vehicle registry	(1.9)	(1.5)	(0.4)	(28%)	(2.0)	(2.7)	(2.7)
Over dimension permits	(0.2)	(0.1)	(0.0)	(7%)	(0.3)	0.3	0.3
Rail licensing	(1.3)	(1.3)	(0.0)	(1%)	(1.2)	(1.5)	(1.5)
RUC collections	(4.8)	(2.3)	(2.4)	(104%)	(2.1)	(7.5)	(7.5)
Standard development	12.0	11.7	0.3	2%	10.6	14.1	14.1
Transport licensing	(10.3)	(10.6)	0.3	3%	(10.0)	(9.1)	(9.1)
Total closing balances	(36.4)	(33.1)	(3.3)	(10%)	(32.1)	(54.6)	(54.6)



FUNDING AND LONG-TERM LIABILITIES

The total long-term funding liability is \$3,436.9 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 \$275 million are drawn at 30 September. In addition to the shock facility (\$75 million) drawn down in 20/21 to manage earlier COVID-19 impacts, \$200 million of the seasonal facility was drawn down in July to manage cashflow. This must be repaid before year-end, but repayment has been delayed in light of COVID-19 impacts since August.

COVID-19 facilities totalling \$325 million remain drawn. This borrowing was used to manage the effects of COVID-19 and PPP related settlement costs. The facility has expired in November 2020. Final repayment is required by July 2027.

Regulatory loan facility drawdowns increased in the period by \$9 million to \$42 million. The borrowing is being used to fund memorandum account shortfalls (\$8.5 million), the 'back to basics' programme (\$8.9 million), accumulated operating deficits (\$21.7 million) and recertifications (\$2.9 million).

SUMMARY

Long-term funding liability
\$3,436.9

	BALANCE			STATUS		
	30 September 2021	30 June 2021	Movement	Total Facility Remaining	Total Facility	Remaining Repayment Period
	\$m	\$m	\$m	\$m	\$m	Years
Short term revolving facility (shock)	75.0	75.0	0.0	175.0	250.0	4 years
Short term revolving facility (seasonality)	200.0	0.0	200.0	50.0	250.0	3 years
COVID-19 NLTF borrowing facility	325.0	325.0	0.0	0.0	425.0	7 years
Auckland Transport Package loan	354.0	354.0	0.0	6.0	375.0	8 years
Tauranga Eastern Link loan	107.0	107.0	0.0	0.0	107.0	32 years
Housing Infrastructure Fund loan	29.0	29.0	0.0	328.0	357.0	10 years
Regulatory loan - operating costs	39.1	30.1	9.0	40.9	80.0	10 years
Regulatory loan - rectification	2.9	2.9	0.0	12.1	15.0	10 years
Loans	1,132.0	923.0	209.0	612.0	1,859.0	
Fair value and other adjustments	(38.7)	(39.7)	1.0			
Total loans	1,093.3	883.3	210.0	612.0	1,859.0	
Transmission Gully (PPP)	1,058.1	1,049.9	8.2	41.9	1,100.0	22 years
Puhoi to Warkworth (PPP)	818.8	792.3	26.5	131.2	950.0	22 years
Total public-private partnerships	1,876.9	1,842.2	34.7	173.1	2,050.0	
Derivative financial liability	466.7	477.9	(11.2)			
Total funding liability	3,436.9	3,203.4	233.5	785.1	3,909.0	

* For use by Auckland Transport

DEBT MANAGEMENT

Based on current borrowing, annual debt servicing costs associated with debt and long-term liabilities are expected to average 4.0% of annual NLTF inflows in 2021/22.

Total debt as a percentage of annual revenue is expected to average 67%.

	2021/22 At 30 Sep 2021 \$m	2020/21 At 30 June 2021 \$m	Preferred Ratio %
Debt Management (excludes short term seasonal facility)			
Annual debt servicing costs (including PPP unitary charge)	180.4	72.3	
Total forecast debt at period end	3,007.8	2,748.8	
Forecast NLTF annual inflows (including opening cash balance)	4,470.2	4,433.8	
Annual discretionary expenditure*	644.7	540.0	
Debt Management Ratios (excludes short term seasonal facility)			
Annual debt servicing costs/forecast NLTF annual inflows	4.0%	1.6%	<=10%
Total forecast debt at period end/forecast NLTF annual inflows	67%	62%	<=250%
Annual debt servicing costs/annual discretionary expenditure*	28%	13%	<=33%

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

- debt servicing costs including PPP unitary charges
- contractual commitments
- approved funding to Approved Organisations.

APPENDIX 5: RISK AND ASSURANCE REPORT

Summary of internal audit and review activities for quarter one

During quarter one, the Internal Audit team undertook the following activities:

Audit or review	Overall effectiveness rating ⁵
1. Regulatory Quality Assurance Framework	Partially Effective
2. Contract Management- Infrastructure (post-procurement)	Partially Effective
3. Contract Management- Non-Infrastructure (post-procurement)	Partially Effective
4. Data Governance	Partially Effective
5. Sensitive Expenditure Compliance	Effective

A more detailed summary of each of these audits and reviews is provided below.

1. REGULATORY QUALITY ASSURANCE FRAMEWORK		Partially Effective
Purpose	The purpose of this review was to assess the coverage of the current Quality Assurance (QA) framework and identify any gaps in the QA activities currently being undertaken and the operational areas of Waka Kotahi which those activities cover.	
Overview	<p>The Regulatory Group developed a quality assurance (QA) framework and strategy to help improve the quality of regulatory operations and help ensure key risks associated with undertaking regulatory operations are addressed.</p> <p>Based on the work done as part of this review, we believe that there is a significant risk due to the current level of resourcing of the Regulatory Risk and Assurance team. While the framework being implemented by the team is strong overall, the team will not be able to provide coverage across the whole Group for two years.</p>	
Key recommendation themes	<p>Resourcing</p> <ol style="list-style-type: none"> 1. Regulatory Risk & Assurance (RR&A) team documents the options for various resourcing combinations and how that would affect their timelines in supporting the Group, RR&A team then seeks budget for additional resourcing based on that analysis. <p>Policies and procedures</p> <ol style="list-style-type: none"> 2. With regard to sector profiling in terms of risk, assess what can be achieved with the level of resourcing and whether this will provide adequate coverage. 3. Regulatory teams document the roles and responsibilities within their own team for the completion of the quality reviews and tracking issues identified in the reviews. 	
Total number of recommendations		5

2&3. CONTRACT MANAGEMENT- INFRASTRUCTURE AND NON-INFRASTRUCTURE (POST-PROCUREMENT)		Partially Effective
Purpose	To identify the areas in which Waka Kotahi is managing contracts effectively and identify areas where Waka Kotahi could improve in its management of contracts with third parties.	
Overview	<p>Accountabilities and responsibilities for the management of contracts described within the Procurement Policy and Procedure Manuals are not always fulfilled and there are inadequate monitoring processes to ensure compliance.</p> <p>Contract Management Frameworks and guidance are lacking in some areas and Contract Managers have adopted different practices for managing contracts, some of which may not be fit for purpose. Enterprise Procurement is in the process of developing an updated Contract Management Framework for Waka Kotahi. This will be made available to all business groups with accompanying guidance and training.</p>	

⁵"Partially effective" rating indicates that the controls are adequate but manage only a portion of the risk.

"Effective" rating shows that the controls in place are good and the majority of the risk is managed. However, there is room for some improvement to increase the effectiveness of these controls or reduce the risk of the control failing.

Key recommendation themes	Contract Management Framework and tools	1. Improve or develop Contract Management Frameworks that summarise key steps and activities based on the complexity and risk profile of Waka Kotahi contracts.
	Compliance monitoring	2. Improve or develop contract set-up tools, templates and guidance, and investigate the improved use of a contract register 3. Establish a monitoring process to ensure all Contract Managers and delegates adhere to Waka Kotahi Procurement policies and procedures.

Total number of recommendations 6

4. Data Governance Partially Effective

Purpose The purpose of this audit was to assess Waka Kotahi approach to managing the obligations under the Privacy Act 2020 (and other relevant regulations). To also understand Waka Kotahi data governance exposure considering what critical data Waka Kotahi stores and uses, how it is managed and what risks that brings to the organisation.

Overview The audit found that there were a number of areas which enable good data governance and privacy management. However, there is a significant data governance exposure given that Waka Kotahi has not updated its Information Asset Register since 2016. As a result, the right level of control across information may not be applied based on their sensitivity and criticality.

There are potential breaches of the Privacy Act i.e. privacy statements not being made in all instances when personal information is collected as well as collection and storage of more personal information than necessary.

A number of key privacy enablers are not performing as expected. These are:

- Changes to business processes that could affect the way personal information is managed are not always considered.
- Privacy trainings are not completed in a timely basis by new joiners (and there is no refresher training available).
- Privacy Policy was not updated after the recent change in the privacy legislation (December 2020).

Key recommendation themes	Review of the Information Asset Register	1. Waka Kotahi should implement a process to review the Information Asset Register (IAR) and Personal Information Inventory every 2 years. This should include confirmation by information assets stewards that all information is captured and that it has been classified and categorised appropriately.
	Improved privacy processes	2. There are a number of opportunities to improve privacy processes, including: ensuring that customer facing teams consistently use privacy statements when collecting personal information; undertaking privacy impact assessments when there is a change in business process; ensuring that the privacy policy is reviewed regularly; and that staff undertake privacy training in a timely way.

Total number of recommendations 7

5. Sensitive Expenditure Effective

Purpose The purpose of this review was to identify whether Waka Kotahi has effective oversight and controls over expenditure that is sensitive in nature.

Overview We have seen positive trends in the approval of the credit card expenditure with only 3% of unapproved transactions as at 30 June 2021 compared to 26% as at 30 June 2020. However, there are a few areas of non-compliance with the expenditure limits and taxi charge card usage.

Key recommendation themes	Compliance with policies	1. Provide the Sensitive Expenditure Policy refresher for staff, with focus on spend limits and the application of the policy. 2. Ensure that staff are providing reasons for spend within the Freedom system
	Continuous Monitoring	3. Consider including taxi charge data into Satori Continuous monitoring to check for large or unusual taxi charges on a regular basis.

Total number of recommendations 3

Summary of National Land Transport Fund (NLTF) investment assurance in Quarter 1

Procedural (P) and Technical (T) audits of the following Approved Organisations (AOs) were completed in Quarter one. The purpose of these audits is to provide assurance that NLTF investment is being well managed using appropriate financial systems and processes and delivering value for money. Together, these AOs represent \$208.4m of investment between 2018-21.

Approved Organisation	Overall effectiveness rating ⁶
1. Westland DC (P)	Significant improvement needed*
2. Grey DC (P)	Some improvement needed
3. Timaru DC (P)	
4. Dunedin CC (T)	
5. Ashburton DC (T)	
6. Waimakariri DC (T)	
7. West Coast RC (P)	Effective

*Significant improvements are required for professional services and contract management at Westland District Council. Council is reviewing this, and improvements will be implemented by December 2021.

The themes from the investment audits were:

1. **Procurement procedures** – Non-compliance with Waka Kotahi Procurement requirements where conflict of interest declarations were missing for some contracts reviewed.
2. **Financial Processes** – AOs must provide a clear audit trail to support claims for funding. Some processes for claims do not have a robust cut off period, and as a result expenditure was missed.
3. **Activity management** – There's a need for AOs to work with modelling experts to determine the optimal mix of treatments to deliver/improve the outcomes sought for the network.

Incident management

National Incident Management Team (NIMT)

A cyber exercise planned for the NIMT in Sep/Oct 2021 has been delayed until early December. This exercise is being run in conjunction with the Digital team.

Local Incident Management Team (LIMT)

LIMT exercises for Q2 are planned. These will be a mix of self-facilitated exercises and those facilitated by the Risk & Assurance Team.

Business Continuity

Business Continuity Exercises

Tabletop Business Continuity exercises are under way with a target date for completion of 31 Oct 21.

Gaps in Business Continuity arrangements

We are aware that Waka Kotahi Business Continuity Plans (BCPs) don't all have suitable contingency plans in place for all scenarios. These gaps leave some critical operations vulnerable under some scenarios.

To enable Waka Kotahi to properly understand the risks currently being accepted, a survey was conducted. Findings of the survey are being discussed with all relevant Group Leadership Teams.





"Significant improvement needed" shows that systems, processes and management practices require improvement and significant breaches of Waka Kotahi and/or legislative requirements were noted. Investment advisors are aware of this rating and will work closely with the AO to resolve the matters raised in the audit.

"Some improvement needed" means that the investment is adequately managed, but there are some compliance omissions with Waka Kotahi and legislative requirements.

"Effective" rating shows that investment is effectively managed and there is compliance with Waka Kotahi and legislative requirements.

Risk Management

Changes to risk levels and trends - No changes to risk levels this quarter. The following table includes information about movement in trends.

Key Risk #	Key Risk	Previous rating	Current rating	Reason for change
4	Funding sources (NLTF)			The trend for "Funding Sources (NLTF)" has been noted as "better". In August 2021, the Crown agreed to additional borrowing of \$2bn and asked for the undertaking (with Treasury & MoT) of a review of the funding model to make it more sustainable.
5	Funding sources (Regulatory)			The trend for "Funding Sources (regulatory)" has been noted as "better". This is due to an approval of funding of \$6m per annum from 1 July 2021 for the costs of FED and RUC refunds under S9(1). The Minister of Finance also signalled willingness to finance further delay to the timetable, resulting from the request to defer consultation until the new year.

Key to risk ratings



Critical: Active management required by risk owner and ELT to review and confirm strategies



Medium: Effective internal controls and monitoring to occur within business groups
























High: Risk and controls require group management oversight, ELT is informed



Low: Routine procedures to be used to manage the risk and controls

Waka Kotahi key risk summary FY 21/22 Quarter One

Key risk #	Key risk	Risk description	Q4	Q1	Target	Trend
1	Technology	Waka Kotahi technology systems may stop performing, in part or whole, and may not be recoverable for extended periods (weeks or months)				Same
2	People Capability and Talent	Waka Kotahi cannot retain or attract the right talent and capability needed to deliver on its outcomes, strategy and goals				Same
3	Cyber	Unauthorised access to Waka Kotahi key systems				Same
4	Funding Sources (NLTF):	Waka Kotahi funding sources are not sufficient to fund the National Land Transport Programme and/or meet ministerial and stakeholder expectations				Better
5	Funding Sources (Regulatory)	Waka Kotahi funding sources are not sufficient to fund its regulatory activities				Better
6	Regulatory	<i>Opportunity</i> The regulatory function delivers adequate risk-based compliance activities that focus on improved land transport safety outcomes				Same
7	Health & Safety	<i>Opportunity</i> Employees, visitors and contractors working for Waka Kotahi are in a safe environment.				Same

Key risk #	Key risk	Risk description	Q4	Q1	Target	Trend
8	Road Safety Outcomes	Waka Kotahi does not achieve a sustained rate of reduction in deaths and serious injuries over and beyond the 2020-2022 Action Plan period to achieve the 2030 target				Same
9	Social Licence	The public loses confidence in Waka Kotahi ability to deliver its core functions				Same
10	Large Project Governance	Large high-profile projects may lack adequate governance				Same
11	Industry Capability & Capacity	Waka Kotahi may not be able to secure adequate consultancy and/or construction resource (awaiting update)				Same
12	Benefits Realisation	Waka Kotahi is unable to demonstrate whether the investments it makes through the NLTP are delivering benefits				Same
13	Resilience	To the extent of Waka Kotahi powers, the land transport system does not withstand, absorb, adapt, respond or recover from unplanned disruptive events				Same

Trend Descriptors

Better – No change to overall risk rating, but the likelihood or consequence of the risk has reduced

Worse – No change to overall risk rating, but the likelihood or consequence of the risk has increased

Same – No change to overall risk rating and no change to likelihood or consequence of the risk

Risk Matrix QTR 1

1. Technology
2. People capability and talent
3. Cyber
4. Funding sources (NLTF)
5. Funding sources (regulatory)
6. Regulatory
7. Health & safety
8. Road safety outcomes
9. Social licence
10. Large project governance
11. Industry capability & capacity
12. Benefits realisation
13. Resilience

Risk likelihood	Risk consequence				
	Insignificant	Minor	Moderate	Severe	Extreme
Almost certain				2	
Likely			12,13	3,4,5	
Possible				6,7,8,9,10,11	1
Unlikely					
Rare					

APPENDIX 6: NZ UPGRADE PROGRAMME PROJECT MILESTONES FOR 2021/22

The list of NZ Upgrade projects and their respective project milestones were unavailable at the time of publication of the Statement of performance expectations (SPE) 2021/22 as these were pending government decisions on the individual projects being delivered as part of the programme. The projects have now been confirmed and their milestones developed.

The list below will be the basis of SPE milestones reporting of the NZ Upgrade Programme from quarter one of 2021/22.

PROJECT	2021/22 SPE MILESTONES
SH1 Whangarei to Port Marsden <i>Business case phase</i>	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.
Penlink <i>Pre-implementation phase</i>	Request for proposal completed, preferred proponent teams notified and commercial discussions underway to form an alliance.
South Auckland Package <i>Business case phase</i>	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.
Papakura to Drury <i>Implementation phase</i>	Stage 1A: Noise wall construction completed, Papakura southbound on-ramp detailed design completed and construction commenced. Stage 1B1: Detailed design commenced, notice of requirements and consents granted, North Island Main Trunk bridges designed and construction commenced. Stage 1B2: Preferred option selected, specimen design and consenting package commenced.
Northern Pathway Westhaven to Akoranga <i>Business case phase</i>	[As of 30 September 2021:] To be confirmed. The Government has indicated that they would like to see further work on other options to support walking and cycling over the harbour. Pending confirmation of this exercise, an updated milestone will be produced. [From quarter 2, the milestone will be: Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.]
SH1/29 Intersection Improvements <i>Pre-implementation phase</i>	Notice of requirement and planning consent application decision received.
Takitimu North Link Stage 1 <i>Implementation phase</i>	Subject to Maori Land Court decision on acquisition of land for the project, construction commenced. [This milestone is applicable only if the Court decision is favourable.]
Takitimu North Link Stage 2 <i>Pre-implementation phase</i>	Notice of requirement and planning consent application lodged.
SH58 Safety Improvements - Stage 2 <i>Implementation phase</i>	Construction of Stage 2A completed.
SH2 Melling Efficiency & Safety Improvements <i>Pre-implementation phase</i>	Notice of requirement and planning consent application lodged, consents gained, and construction contract released to market.
Otaki to North of Levin <i>Business case phase</i>	Business case completed and submitted to the Waka Kotahi Board for endorsement.
Rolleston Access Improvements <i>Business case phase</i>	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.
Brougham St Corridor Improvements <i>Business case phase</i>	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.
SH75 Halswell Road Improvements <i>Business case phase</i>	Business case completed.

PROJECT	2021/22 SPE MILESTONES
SH73 Weedons-Ross Road Intersection <i>Business case phase</i>	Notice of requirement and planning consent application lodged.
Walnut Avenue Intersection Improvements <i>Pre-implementation phase</i>	Complete Stage 1 project pavement works (except at the rail level crossing)
SH1 Tinwald Corridor Improvements <i>Business case phase</i>	Business case completed.
Queenstown Package <i>Pre-implementation phase</i>	Construction commenced.