
QUARTER TWO 2020/21 PERFORMANCE REPORT

for the quarter ended 31 December 2020

Copyright information

Copyright ©. This copyright work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to Waka Kotahi NZ Transport Agency and abide by the other licence terms. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>.

Disclaimer

Waka Kotahi NZ Transport Agency has endeavoured to ensure material in this document is technically accurate and reflects legal requirements. However, the document does not override governing legislation. Waka Kotahi NZ Transport Agency does not accept liability for any consequences arising from the use of this document. If the user of this document is unsure whether the material is correct, they should refer directly to the relevant legislation and contact the Waka Kotahi NZ Transport Agency.

Contents

1. Executive summary	4
2. Our performance	6
Implementation of the Government Policy Statement on land transport	6
Refreshing our strategic direction, values and performance measures	7
Environment	7
New Zealand Upgrade Programme	8
Road to Zero	8
Safer speeds	9
Regulatory capability and performance	10
Public transport	11
National Ticketing Solution	11
Keeping cities moving	12
Urban Cycleways Programme	13
Strengthening resilience of the land transport system	13
3. Appendices	
Appendix 1: Performance measures	
Appendix 2: Significant activities	
Appendix 3: Finance report	
Appendix 4: Significant capital projects report	

EXECUTIVE SUMMARY

INTRODUCTION

This report provides an update for the quarter ended 31 December 2020 (quarter two) on our progress toward delivering the commitments set out in our *Statement of performance expectations 2020/21* (SPE). The report focuses on summarising our progress at the end of quarter two against ministerial priorities, including our achievements, risks and challenges, and upcoming milestones.

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

HIGHLIGHTS

During quarter two we continued to make good progress on our key commitments and are on track to achieve 25 of our 35 significant activities (71%). Our highlights include:

- **Our new strategic direction Te kāpehu | Our compass:** Our new strategic direction was endorsed by our board in November 2020 and launched to our wider organisation. Te kāpehu identifies the purpose, vision and roles of Waka Kotahi, as well as the system outcomes we want to achieve and the values and behaviours that underpin everything we do as an organisation. Development of our new performance framework and operationalisation of our new strategic direction are underway and will inform our upcoming statement of performance expectations and refreshed statement of intent.
- **Kaikōura restoration:** The majority of the Kaikōura restoration has now been completed, four years after the 7.8 magnitude earthquake in November 2016. The last remaining project will be completed in quarter three. The Kaikōura restoration has been one of the most significant engineering challenges in New Zealand's history, involving the work of nearly 9000 women and men to reopen road and rail and make the networks stronger and more resilient.
- **Regulatory fees and funding review:** The Waka Kotahi Board has approved the fees and funding proposed option that fully funds the implementation of our regulatory strategy Tū ake, tū māia, ensuring that funding is equitable and best aligns to the Waka Kotahi cost recovery policy.
- **Urban Growth Agenda:** In December 2020 Waka Kotahi signed a memorandum of understanding with Kāinga Ora to strengthen our relationship on integrated transport and housing delivery. Joint spatial planning work with the Ministry of Housing and Urban Development continues to focus on major urban spatial planning partnerships.
- **Employee survey results:** In quarter two 72% of employees agreed that Waka Kotahi is a great place to work, a 15% improvement from our March 2018 baseline.

CHALLENGES

The impacts of COVID-19

The COVID-19 pandemic has had significant impacts on transport demand, transport system revenue and the way we work. In 2020 we released Arataki version 2 which describes the likely effects of COVID-19 on our ability to make the transport system shifts we're working toward. We will continue to develop our understanding of what is needed for the land transport system to support communities and the economy.

National Land Transport Fund and National Land Transport Programme

As we approach the end of the National Land Transport Programme (NLTP) 2018–21, the National Land Transport Fund (NLTF) is forecast to be fully used in the current NLTP, with current standby facilities fully drawn down. Funding to activity classes (post adjustments for the allocation of financing) will be, or is at risk of being, outside the Government Policy Statement on land transport (GPS) ranges for a number of activity classes.

The NLTF is also under pressure to meet an expanding range of activity in future NLTP periods without an increase in revenue. We have significant work ahead of us to ensure that there is sustainable and growing funding to enable us deliver on the new GPS and future NLTP periods.

Significant capital projects

Early estimates indicate that cost will significantly exceed allocated budget across multiple New Zealand Upgrade Programme (NZUP) projects and that several projects have schedule delays. The year-end milestones for all NZUP projects may be revised to reflect these risks as part of the re-baselining of the programme that is currently underway.

Fourteen of the 29 NLTP significant capital projects are on track with no known risks to achieving the year-end milestone. Of the 15 where there are some issues or delays, 7 have risks to not achieving the year-end milestone. Five of these are Let's Get Wellington Moving projects (see table below). Detailed information on all significant capital projects is provided in appendix 4.

PROJECT NAME	SUMMARY OF RISKS TO YEAR END MILESTONE AS AT THE END OF QUARTER TWO 2020/21
Wellington Northern Corridor	
Transmission Gully	The road opening date was extended as part of the COVID-19 settlement. The programme has been re-baselined.
Let's Get Wellington Moving (LGWM)	
Early Delivery Central City and SH1 walking and cycling speed	The project was delayed due to the deferral of the Cobham Crossing engagement.
Early Delivery Golden Mile	The project was delayed to allow for another round of public engagement. There have also been delays due to the impact of COVID-19 on retailers. A revised programme has now been agreed by the LGWM Board.
Early Delivery Thorndon Quay & Hutt Road	The project was delayed due to additional work required because initial Safe System Framework assessment results showed options had minimal effect. Late identification of safety issues also resulted in the postponement of public engagement. A revised programme has been agreed by the LGWM Board.
Mass Rapid Transit	Public engagement has been delayed which means input into options will not be obtained as planned.
Strategic Highway Improvements	Public engagement has been delayed which means input into options will not be obtained as planned.
Investments in regional connections (Accelerated Regional Roading Programme)	
Nelson Future Access*	The project was delayed due to partners requesting greater detail on two options before progressing to the next stage.

Performance measures

We achieved the target for 32 of the 53 performance measures reportable this quarter (60%). We did not achieve the target for 21 measures, including 9 measures for which we will not meet or are unlikely to meet the target by year end. The results for these 9 measures are summarised in the table below.

Ref.	Measure name	Reasons for not achieving the target by year-end
TT2.1	Technology risk rating	We will not achieve the target by year-end. Our technology is a critical risk for Waka Kotahi and will not be fully mitigated until aging systems are replaced.
DLT3	Proportion of practical tests taken within 30 working days of booking	We are unlikely to meet target due to the backlog of tests resulting from the COVID-19 lockdown and an overall increase in demand from those unable to take their tests during that time.
CTO3	Proportion of standard permits issued within 10 working days	We will not achieve target due to the low result in quarter two, which was a result of longer than usual processing times in December 2020. Please refer to appendix 1 for more information.
RTS1	Proportion of rail participants reviewed or audited against target	We were not able to complete assessments for four of our low-risk participants due to resource constraints. Please refer to appendix 1 for more information.
IM2	Proportion of reviewed Waka Kotahi investment decisions that meet required process standards	We will not achieve 100% target because there are already two (of 14 projects reviewed so far) that have been found not to have met process standards.
SG1	Proportion of bulk funding payments of Crown SuperGold allocation paid to approved organisations within a month from funding amount agreement date	Only four out of 14 approved organisations were paid within a month from the date of the funding agreement. As of the end of quarter two, only one approved organisation remains unpaid awaiting their submission of the claim.
RP1, RP3 & RP6	Road policing outputs funded by Waka Kotahi but delivered by NZ Police	Please refer to appendix 1 for more information on these measures.

Results show that boardings have not returned to pre-COVID-19 levels. Increased prevalence of working from home arrangements is likely to be the primary driver of lower boarding levels outside of Auckland. In Auckland, patronage recovery is well behind the rest of the country, possibly due to some residual issues around COVID-19-related public transport safety concerns.

OUR PERFORMANCE

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

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

IMPLEMENTATION OF THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT (GPS)

Completing the 2018 - 21 National Land Transport Programme

As we approach the end of the NLTP 2018-21, the NLTF is forecast to be fully used in the current NLTP, with current standby facilities fully drawn down. Funding to activity classes (post adjustments for the allocation of financing) will be, or is at risk of being, outside the GPS ranges for a number of activity classes (i.e. rapid transit, road safety promotion and demand management; and investment management).

Our forecasts indicate that NLTF expenditure for the road safety and demand management activity class is at risk of not meeting the bottom of the GPS range. Both approved organisation and Waka Kotahi-led activities in this activity class have been affected by COVID-19, resulting in a reduction in road safety promotional activities. State highway improvements and maintenance activity classes are forecast to stay within their GPS ranges once debt financing is taken into consideration.

Appendix 3 provides detailed information on the NLTF and our overall financial performance.

Developing the 2021 -24 National Land Transport Programme

Significant activity	Status
Complete the National Land Transport Programme 2021-24 incorporating Investment Decision Making Framework outcomes, with effective support to develop sector capability in place	G

We are making good progress on developing the 2021 - 24 NLTP. Local authorities have submitted investment proposals for the 2021- - 24 NLTP for both continuous programmes and improvement activities. Over the coming months, Waka Kotahi will be working with local government to refine, these bids, assess and prioritise them these bids within available funding.

We continue to have significant work ahead of us to address the financial pressures on the NLTF and the impact of these on the NLTP. While we are making good progress toward developing the 2021 - 24 NLTP, our ability to deliver the 2021 - 24 NLTP and future NLTPs will be affected by the significant pressures on our available funding. In our quarter one report, we highlighted the pressures on the NLTF to meet an expanding range of activity in future NLTP periods. While financing can help bridge the gap, sustainable and growing funding is needed to ensure that we can deliver on the new GPS and future NLTP periods.

REFRESHING OUR STRATEGIC DIRECTION, VALUES AND PERFORMANCE MEASURES

Significant activity	Status
Undertake a refresh of Waka Kotahi's purpose, strategy, values and performance measures and then represent them in our Statement of intent 2021-25 and Statement of performance expectations 2020/21	G
Implement and embed new values and behaviours that strengthen our organisational culture and empower our people	G

In quarter two we **launched our new strategic direction Te kāpehu | Our compass** to our wider organisation following its endorsement by the Waka Kotahi Board in November 2020. Te kāpehu identifies the purpose, vision and roles of Waka Kotahi, as well as the system outcomes we want to achieve and the values and behaviours that underpin everything we do as an organisation.

Te kāpehu identifies our vision of a land transport system connecting people, products and places for a thriving Aotearoa. Our four roles describe the things we need to do to achieve our vision. Our roles are:

- Kia hoe ngātahi | Move together as one – We lead with others to achieve valuable transport outcomes.
- Te anamata | Leave great legacies – We shape and invest in a sustainable transport system for everyone.
- Kia tika te mahi | Deliver the right things – We partner and invest to maintain, operate and improve the land transport system.
- Kia marutau | Enable a safe system – We reduce harm to people and the environment.

Our system outcomes are the changes to the transport system that we will focus on to achieve our vision of a land transport system that connects people, products and places. We want Aotearoa to have a land transport system that is:

- safe
- meeting current and future needs
- environmentally sustainable
- effectively and efficiently moving people and freight.

Our system outcomes align closely to the objectives of GPS 2021. Work is currently underway to identify how we will operationalise Te kāpehu to achieve our vision and outcomes and to develop a new performance framework that enables us to track our progress. Our new statement of performance expectations and refreshed statement of intent will reflect our operationalisation of Te kāpehu and our new performance framework.

ENVIRONMENT

Significant activity	Status
Define and embed a strategic approach to urban form and transport planning for sustainable development that reduces emissions, while improving safety and access	A
Work with the Ministry of Transport and other partners to recommend emissions budgets for land transport, taking account of all system levers	G
Implement Toitū te taiao our sustainability action plan, including making the monitoring and reporting of Waka Kotahi emissions and reduction targets operational	G
Implement the approved elements of the government's proposed clean car reforms	G

Waka Kotahi continues to make good progress toward implementing the actions set out in Toitū te taiao our sustainability action plan. Our achievements this year include:

- ensuring that the assessment of emissions impacts is a mandatory consideration in our investment decision making
- development of a resource efficiency strategy
- finalising policy to ensure that sustainability rating tools (ISCA) are used to benchmark relevant infrastructure projects
- collaborating with government partners to improve vehicle charging infrastructure in NZ
- taking a range of actions to reduce our own corporate emissions.

We continue to work collaboratively with the Ministry of Transport, the Ministry for the Environment and the Climate Change Commission on the government's Emissions Reduction Plan and to work with the Ministry of Transport on preparing for the clean car reforms.

While there have been some capacity-related delays to progressing our work on a strategic approach to urban form and transport planning, we continue to explore the scope of this activity within the context of the wider urban development programme currently being developed.

NEW ZEALAND UPGRADE PROGRAMME

Significant capital projects

While the current estimates of year-end progress indicate that 10 of the 19 NZUP significant capital projects are on track to deliver their year-end SPE milestone, early estimates indicate that cost will significantly exceed allocated budget across multiple NZUP projects and that several projects have schedule delays. The number of projects with budget and cost risks is summarised in the table below.

19 NZUP projects			Schedule		
Budget			Schedule		
\$ On budget	\$ 5-10 % variance	\$ >10% variance	🟢 On schedule	🟡 Over schedule <3 months	🔴 Over schedule >3 months
6	7	6	13	6	0

Common factors affecting cost across projects are higher than expected property acquisition costs and construction costs, which have emerged due to scope uncertainty on projects in early development and as prices have increased. This has led to timelines being pushed either for further cost reviews or for re-baselining. Other challenges to delivering the projects include stakeholder challenges related to property, alignment with partners, market capacity to deliver the programme and other areas of demand within the agreed timeframes.

In response to these risks to programme delivery, Waka Kotahi has agreed with the Ministry of Transport that NZUP will be baselined by the end of March 2021 in terms of cost, scope to achieve outcomes, schedules and risks. This may result in revision of the NZUP significant capital projects year-end milestones. The baselining workstream is progressing to plan and will be presented to the Waka Kotahi Board in March 2021 for endorsement. This first programme baseline will form the basis of the NZUP implementation plan and will enable ministers to make strategic decisions on the programme scope and priorities.

Appendix 4 provides detailed information on all significant capital projects.

Supporting Regions Programme

Significant activity	Status
Progress delivery of 13 state highway projects under the NZ Upgrade Programme regional package (Supporting Regions Programme)	G

In addition to the 19 NZUP significant capital projects we are also delivering 13 state highway projects funded by NZUP through the Supporting Regions Programme. We continue to make good progress on delivering these projects. In agreement with the Ministry of Transport a re-baselining of project timelines and financials is underway and expected to be available at the end of quarter three.

ROAD TO ZERO

Significant activity	Status
Ensure the Waka Kotahi implementation plan for Road to Zero is operational, including outcomes, targets and a reporting framework	G
Progress delivery of the Safe Networks Programme	G

As at 30 September 2020 there were **316 deaths and 2198 serious injuries** (DSIs) across the land transport system (12-month rolling total). There were 2514 DSIs during this period, a reduction from the number of DSIs reported for the previous 12 months in 2018/2019 (2918). This reduction is primarily attributable to the impact of COVID-19. Vehicle kilometres travelled reduced greatly during lockdown, reflected in a significant drop in DSIs during that period.

The overall target of **Road to Zero**, New Zealand’s road safety strategy is to reduce DSIs on our roads by 40% by 2030. In early 2021 we expect to publish the first Road to Zero outcomes report, which will help us track our progress on achieving the goals of Road to Zero. The report will include a comprehensive set of indicators, including indicators to measure delivery of our interventions, the extent to which these interventions improve the safety performance of the network and a breakdown of DSIs across all the Road to Zero focus areas.

The Safe Networks Programme has been reviewed to ensure alignment with Road to Zero and renamed the **Road to Zero Speed and Infrastructure Programme**. This 10-year programme includes safety treatments and speed management on state highways and local roads targeting those roads and roadsides which offer the greatest potential to reduce deaths and serious injuries. This quarter we completed construction on one capital project and commenced work on three, increasing the average monthly spend from \$12m in quarter one to \$15m in quarter two. We have also completed 27 speed reviews to date covering 535km of the state highway network.

Funding constraints for state highways and local roads are starting to affect what will be delivered by the end of this NLTP period through the Road to Zero Speed and Infrastructure Programme. In the last quarter we have seen more council projects being deferred to next year and similar issues starting to develop for state highways. This is now affecting the reduction in deaths and serious injuries that will be achieved this NLTP. We are working through our steering group to manage these issues and provide additional detailed reporting on the programme to the Minister of Transport.

The **Road Safety Partnership Programme** (RSPP) has been developed collaboratively by NZ Police, Waka Kotahi and the Ministry of Transport. The programme aims to contribute to achieving the Road to Zero target to reduce road deaths and serious injuries by 40% by 2030 and recognises the critical contribution of road policing activities to achieving this goal. The road policing output class captures those RSPP activities delivered by NZ Police and funded by Waka Kotahi. In quarter two, the target for 6 out of 8 road policing measures was not achieved. We continue to work with NZ Police to understand how resource gaps can be addressed and performance improved.

SAFER SPEEDS

Significant activity	Status
Complete the draft National Speed Management Plan including a proposed plan for safer speeds around schools	R
Establish the National Speed Limit Register	R
Complete the Speed Infringement Implementation Plan for 2021-24	R

Some components of our work to achieve safer speeds across the network will not be delivered by year-end or are at risk for non-delivery by year-end.

- There has been a delay to finalising the new Setting of Speed Limits Rule with the Ministry of Transport now expecting to sign off on the new rule in July 2021. As a result of this delay the National Speed Limit Register will now go live in August 2021.
- The National Speed Management Plan has also been affected by the delay in signing of the rule. The timeline for key project deliverables has been revised to reflect the delay. There is potential for these timelines to change again depending on the progress of rule implementation.
- A programme health check completed for Tackling Unsafe Speeds revealed significant issues within the programme. As a result, we are developing a new programme road map to inform a new implementation plan so that we can continue to make progress on this work.

REGULATORY CAPABILITY AND PERFORMANCE

Tū ake, tū māia our regulatory strategy

Significant activity	Status
Develop operating model to support delivery of the regulatory strategy	A
Establish the Director of Land Transport role and ensure it is in effective operation	A
Progress regulatory fees and funding review in preparation for public consultation	G

We continue to make good progress in implementing Tū ake, tū māia our regulatory strategy. While there have been some challenges over the quarter we still expect to be able to complete our key activities by year-end.

- Over quarter two we continued to focus on delivering the **Regulatory Operating Framework**. This has been supported by development of an intranet portal for the framework which provides an accessible hub for all regulatory material and enables better integration with other elements of the strategy. We have made good progress on delivering the compliance framework and risk management framework. The operating environment has been a challenging area of work as we are still working to identify the infrastructure and roles needed to support this.
- We are continuing to work on operationalisation of the **Director of Land Transport Role**. We have spent a significant portion of this quarter working through the challenges of the process to be followed to stand this role up and to ensure the integrity of the process. As signalled in our quarter one report, further change to the operating framework will be needed as Waka Kotahi determines how the Director of Land Transport role will be integrated.
- We completed our **fees and funding** proposal. The Waka Kotahi Board has approved the proposed option that fully funds the implementation of Tū ake, tū māia, ensuring that funding is equitable and best aligns to the Waka Kotahi cost recovery policy.

Performance against regulatory output class measures

We have achieved the target for 13 of 17¹ regulatory output class measures (76%). Encouragingly, we are now on track to achieve the target for 3 of the measures where the target was not achieved in quarter one due to the effects of COVID-19.

There were 4 regulatory output class measures where we did not achieve the target in quarter two, including 3 where we are unlikely to achieve the target by year-end.

- DLT3: Proportion of practical tests taken within 30 working days of booking. The target is unlikely to be achieved by year-end due to the impact of COVID-19 on people's ability to book practical driver licensing tests.
- CTO3: Proportion of standard permits issued within 10 working days. Low performance in quarter two due to longer than usual processing times means we will not achieve the year-end target.
- RTS1: Proportion of rail participants reviewed or audited against target. In quarter two we were not able to complete assessments for four of our low-risk participants due to resource constraints.

Please see appendix 1 for detailed information on these measures.

¹ There are 5 other regulatory output class measures for which a target was not set in our SPE due to difficulties in assessing the impact of COVID-19 on measure results. These targets have now been set and will be applied from quarter three.

PUBLIC TRANSPORT

Public transport investments

Significant activity	Status
Ensure the plan is in progress for building necessary capability for oversight and assurance of public transport investments, including the Rail Network Investment Programme	G

We have established a new public transport team to support oversight and assurance of public transport investments, including the Rail Network Investment Programme. A manager has been appointed and commenced their role in November, and we are currently recruiting to fill other team vacancies. We have also secured external peer reviewers to assist Waka Kotahi with the first assessment of the Rail Network Investment Programme.

Public transport boardings

Although public transport boardings are increasing each week, boardings have not returned to pre-COVID-19 levels. Increased prevalence of working from home arrangements is likely to be the primary driver of lower boarding levels outside of Auckland. In Auckland, patronage recovery is well behind the rest of the country, possibly due to some residual issues around COVID-19-related public transport safety concerns. Wellington bus patronage at the end of the quarter was around 85% of last year's levels, compared to 77% for Auckland.

Patronage in Auckland has also been affected by the significant failure of the Auckland rail track system, with rail patronage in Auckland around 52% of last year's levels.

NATIONAL TICKETING SOLUTION

Significant activity	Status
Have the Project NEXT (the national transport ticketing project) detailed business case and an implementation plan approved by the State Sector Governance Group	G

Project NEXT forms part of the wider National Ticketing Solution (NTS) programme of work which will establish a nationwide open-loop² account-based ticketing system for New Zealand. The request for proposals for an NTS provider closed in August 2020 and evaluation of responses and respondent presentations have now been completed. The team is now preparing the final evaluation to identify the option or options to be taken into a best and final offer stage.

In parallel, Waka Kotahi is developing a single NTS detailed business case for all participating public transport authorities. We are currently updating the detailed business cases to reflect the evaluation of the request for proposal responses. Public transport authorities who want to be part of the NTS will need to approve a participation agreement, which should occur in quarter three.

² Open-loop means any payment method can be used to make payments without having to be part of the system itself. In essence, a customer can use their existing contactless card to pay for a journey even if they are not affiliated to the transport network.

KEEPING CITIES MOVING

Significant activity	Status
Develop mode shift action plans for five urban areas (Christchurch, Hamilton, Queenstown, Tauranga and Wellington)	G
Work with Kāinga Ora and councils to support regional spatial planning partnerships as part of the Urban Growth Agenda, focusing on integrated transport, infrastructure and land use planning to support regional development objectives within the government's urban development priorities	G
Have a refreshed Auckland Transport Alignment Programme (post-NZ Upgrade Programme) including funding arrangements to 2028 agreed by all partners	G
Together with partners, progress delivery of the seven Let's Get Wellington Moving projects	R
Extend the funding and development of the Innovating Streets for People programme providing support for approved organisations to implement tactical urbanism projects and encourage active transport modes	G

The **mode-shift plans** for Auckland, Tauranga, Hamilton, Christchurch and Queenstown were completed in quarter one and are currently being implemented. The mode-shift plans are being used to direct the formation of regional land transport plans to support investment decisions in each area.

In December 2020 Waka Kotahi signed a memorandum of understanding (MOU) with Kāinga Ora to strengthen our relationship on **integrated transport and housing delivery**. We have also continued our joint spatial planning work with the Ministry of Housing and Urban Development (MHUD) focusing on major urban spatial planning partnerships. Three partnerships have been formalised between Waka Kotahi, MHUD, local Government and iwi (Auckland, Hamilton-Auckland corridor, Tauranga/Bay of Plenty) and another four partnerships are in development (Wellington-Horowhenua, Greater Christchurch, Queenstown Lakes, Northland/Auckland corridor).

At the end of 2020 we provided initial advice to political decision makers on the updated **Auckland Transport Alignment Package** (ATAP). We will use the feedback on this advice to inform the final package.. The updated ATAP package will also guide the regional land transport plan for Auckland and the National Land Transport Programme.

Five of the seven **Let's Get Wellington Moving** projects are at risk of not achieving their year-end milestone due to the project schedules being delayed or revised. These are the three Early Delivery projects, Mass Rapid Transit and Strategic Highway Improvements. Detailed information on these delays is provided in appendix 4. We are currently developing a programme report which will look at the combined outcomes, sequencing, constructability and affordability of the packages. The Waka Kotahi Board is also working through the findings of the programme health check completed in 2020.

As reported on in quarter one, there are now over 70 projects being delivered as part of **Innovating Streets for People** pilot. This is due to the second round of funding approved by the Waka Kotahi Board in August 2020 which extended the funding for the Innovating Streets for People pilot fund to \$23m. As a result, a further 30+ projects were approved bringing the total number of local government pilot projects to over 70. To support delivery, Waka Kotahi continues to run a community of practice to build capability and share programme lessons in this new methodology.

URBAN CYCLEWAYS PROGRAMME

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

* The two de-scoped projects are the Wellington City Council CBD route package and the Christchurch City Council Northern Line Cycleway. Due to significant issues identified through community engagement, the Wellington City Council CBD route package has now been included as part of LGWM and its UCF transferred to the other Wellington UCP projects. The Christchurch City Council Northern Line Cycleway was put on hold due to significant issues with access to the rail corridor and delays in negotiations between Christchurch City Council and KiwiRail. The Urban Cycleways Fund allocation for this project was redirected to the Rapanui - Shagrock Cycleway.

Improving the attractiveness and uptake of active modes of transport through investing in walking and cycling infrastructure is one of the ways in which we can encourage achieve mode-shift. As at 31 December 2020 the Urban Cycleways Programme (UCP) invested \$98 million of the \$100 million Urban Cycleways Fund and completed 90 percent of its project milestones. The programme is now in its last year and any unspent monies will be returned to the Crown as at 30 June 2021.

We expect that 9 of the 14 UCP projects still underway will be completed by the programme end date of 30 June 2021, and the remaining 5 by 30 June 2022. These 5 are:

- **Glen Innes to Tamaki Drive Shared Path** (Auckland Transport/Waka Kotahi), **Western Connections to City Centre and the links to public transport project** (Auckland Transport): The review of capital projects requested by the Auckland Transport Board has resulted in the reprioritisation of work which has follow-on impacts on costs, scope and delivery timeframes. The majority of the Auckland UCP projects will be completed by 30 June 2021 but completion of some cycleway sections has been extended. However, the additional time spent on engagement, option evaluation and design will lead to better outcomes and wider community support.
- **Petone to Melling Cycleway** (Waka Kotahi): Construction continues on the Petone to Melling Cycle Link (expected completion Nov 2021) and the remaining sections of the Eastern Route Package in Wellington city (completion June 2021). Work on Lower Hutt's Beltway and Upper Hutt's Rail Corridor and River Trail packages are expected to be completed by 30 June 2021.
- **City to North Mole Cycleway** (Whanganui District Council): Continuation of the last stage of the cycleway was affected by the redevelopment of Whanganui's Port, and regional council flood protection works at North Mole. To avoid additional relocation costs, this section of the cycleway will be deferred until June 2022 after these key projects have been completed.

STRENGTHENING RESILIENCE OF THE LAND TRANSPORT SYSTEM

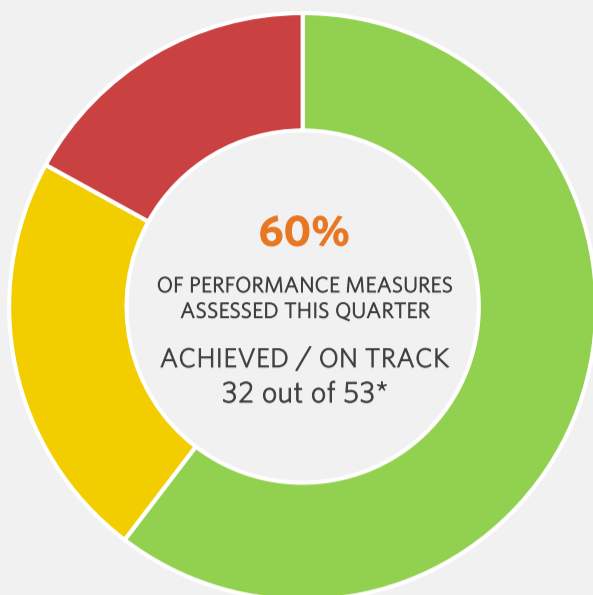
Significant activity	Status
Progress the delivery of Te Ahu a Turanga: Manawatū Tararua highway (Manawatū Gorge replacement) and SH4 Te Ore Ore reinstatement (as detailed in appendix 1), and other key improvements to strengthen and improve the resilience of the land transport system	A

Waka Kotahi is on track to deliver the year-end milestones for the **Te Ahu a Turanga: Manawatū Tararua highway** (Manawatū Gorge replacement) and the **Kaikōura earthquake recovery**. The Kaikōura restoration is now almost totally complete, with one project due to be completed in quarter three.

While there are no known to risks to meeting the year-end milestones for the **SH4 Te Ore Ore reinstatement** and the **Mt Messenger Bypass**, there have been some issues and delays in completing these projects.

- The SH4 Te Ore Ore reinstatement is over schedule by more than three months. A delay in the delivery of the cultural impact assessment meant the construction programme has now been split over two construction seasons. While practical completion will no longer be achieved by year-end, all other milestones are likely to be met.
- The cost of the Mt Messenger Bypass is >10% above budget. While the project has not recovered from the delays created while awaiting High Court and Environment Court decisions, a positive High Court determination has been received which has reduced the risk of further delays. The project is being re-priced by the Mt Messenger Alliance considering delays, escalation, scope change and increased Waka Kotahi-managed costs.

PERFORMANCE MEASURES



32	ACHIEVED / ON TRACK TO MEET YEAR-END TARGET
12	NOT ACHIEVED BUT STILL LIKELY TO MEET YEAR-END TARGET
9	NOT ACHIEVED AND UNLIKELY TO MEET YEAR-END TARGET

* The total count of 53 measures **excludes**:

- 8 measures for which we have performance data but are unable to report against a target as no target was set in SPE 2021. Information on these measures is provided on the second page of this appendix.
- 3 measures not reportable this quarter due to data not being available or the measure being revised.

Ref.	GPS?	Measure name	2020/21 target	Quarter two results
TT2.1		Technology risk rating	Reducing (based on 2019/20 results)	Result: Reducing We are part way through our three-year risk mediation programme and some risks have already been mitigated. A substantial work programme is underway to address the remaining identified risks. Ongoing review of our systems will continue to identify and prioritise additional areas that will require remediation.
SG1		Proportion of bulk funding payments of Crown SuperGold allocation paid to approved organisations within a month from funding amount agreement date	100%	The 14 approved organisations (AOs) were advised of the SuperGold card funding allocation on 18 September. Before payments can be made, AOs must submit claims. <ul style="list-style-type: none"> • 4 AOs submitted a claim in September and were paid before 18 October • 9 AOs submitted in October or November and were promptly paid, although outside the measure requirement • 1 AO has not submitted a claim and advises it will in January The 2020/21 year-end result will be 29%.
RTS1	✓	Proportion of rail participants reviewed or audited against target	≥95%	Result: 89% We completed 33 of 37 assessments planned until the end of quarter two. In addition to this, we also completed two unplanned assessments in quarter one. In quarter two, we initiated special safety assessments on two high risk rail participants. These required significant resources which meant we had to cancel assessment of four low-risk participants.
IM2		Proportion of reviewed Waka Kotahi investment decisions that meet required process standards	≥100%	Result: 86% 12/14 projects met criteria. The two funding approvals which could not be confirmed had insufficient optioneering, poor economic cases and no safety audits. We are working to ensure better adherence to the investment decision making processes. In the Business Case Decision and Funding Committee meetings, we have been encouraging the committee to ensure adequate documentation and recommendations including conditions to support the funding approval where warranted.
CTO3		Proportion of standard permits issued within 10 working days	100%	Result: 97% Quarter two had a longer processing time for some permits issued due to a higher number of applications made over this period. The high demand is thought to be due to a change in supply chain requirements and the need to move stock to take account of the Christmas purchasing period. Waka Kotahi will reallocate resources to mitigate the general trend of increased number of applications in the rest of 2020/21, however it is unlikely that we will achieve the year-end target due to the low quarter two result.
DLT3		Proportion of practical tests taken within 30 working days of booking	≥85%	Result: 63.2% This target was not met due to the backlog of tests postponed due to the COVID-19 lockdown and an overall increase in demand from those unable to take their tests during this time. We are working with practical test providers to further increase availability, but this will take time due to the comprehensive training required for driving testing officers.
NZ Police-delivered outputs				
RP1	✓	Speed: Mobile camera deployment activity	100,000 hours	Result: 31,934 We continue to see no change in performance and the current levels of NZ Police-employed traffic camera operators is a constraint. We are in discussions with NZ Police about how best to increase outputs, resources and targeting.
RP3	✓	Speed: Percentage of officer issued speed offence notices which are rural	75%	Result: 55% While there was a slight increase in performance compared to quarter one, we are in discussions with NZ Police about how best to increase outputs and resources.
RP6	✓	Impairment: Number of passive breath tests and breath screening tests conducted	3 million	Result: 886,076 It is estimated that there were 175,000 fewer tests performed over the first lockdown period than would have been expected. The effect of the second lockdown cannot be quantified yet. Prior to the lockdown, the number of tests performed indicated a 6.5% increase from the previous year.

Ref.	GPS?	Measure name	2020/21 target	Quarter two results
ENV1.1		Proportion of prioritised work programme under way, completed or delayed	As per the milestones and targets set out in the work programme	Result: 71% of work programme underway or completed The programme of work increased with the approval of three new headline actions by our board in October. 71% of the programme is underway with delays in implementing elements of workstream 6 due to resource constraints, which is being resolved.
ENV2.2		Waka Kotahi fleet vehicle emissions (CO ² equivalent)	Decreasing (≤431 tonnes)	Result: 243 tonnes of CO ² equivalent YTD Full-year carbon emissions from fuel use are expected to be equal to or less than the 2019/20 financial year. The 2019/20 base year includes around three months of reduced travel due to COVID-19 lockdowns (national and Auckland) and so reducing emissions compared to 2019/20 is an ambitious target. However, the target is achievable because we will continue to transition to emission free vehicles in quarter three and quarter four. <i>The data is calculated by using litres of fuel purchased according to fuel card purchases.</i> <i>These calculations not yet verified by Toitū Envirocare (the 2019/20 audit is due Feb/Mar 21 and the 2020/21 audit will be following year).</i>
WK1.1		Proportion of surveyed staff who consider Waka Kotahi a safe place to work	Performing (using the SafePlus tool)	Result: Not assessed Safety content to be included in 2021 organisational climate survey: SafePlus Audit planned for June 2021 in order to achieve 'Performing' status.
SHI1	✓	Proportion of state highway improvement activities delivered to agreed standards and timeframes	≥90%	Delivery of programme is proceeding well although impacts of COVID-19 are still to be fully assessed (refer Appendix 4 for detail).
RI1	✓	Proportion of regional improvement activities delivered to agreed standards and timeframes	≥90%	Delivery of programme is proceeding well although impacts of COVID-19 are still to be fully assessed (refer Appendix 4 for detail).
RPT1	✓	Proportion of rapid transit activities delivered to agreed standards and timeframes	≥90%	Auckland: Investigations on the long-term rapid transit network are expected to proceed once a decision is made on how to deliver rapid transit projects by the public sector in Auckland. Wellington: Public engagement on the Let's Get Wellington Moving Indicative Business Case for Mass Rapid Transit has been delayed, and completion of the indicative business case is now scheduled for July 2021.
TR1	✓	Proportion of transitional rail projects delivered to plan	≥90%	A significant cost/scope adjustment for Wellington Metro Upgrade projects was approved and will enable delivery required to meet maintenance and capacity needs to achieve Metlink plans. As a result, the forecast expenditure for these projects are expected to be revised in quarter three. The anticipated cost/scope adjustment for the Auckland Rail Network Growth Impact Management activity is now also expected in quarter three. Ability and pace of funding other transitional rail projects this year will be impacted by the board's decision. Te Huia - Hamilton to Auckland Start-up Service has been delayed by necessary work to remedy the rolling contact fatigue (rolling contact fatigue, cracked track) issues on Auckland's metro network, but is ready to enter service once track issues have improved (est. mid-March).
REV5		Proportion of Transport Service Licence holders that are assessed for road user charges compliance against target	≥95%	Result: 67% YTD The quarter two result is 100% (3 audits against a target of 3). We expect to achieve the measure by year end due to historically completing more audits in the second half of the year.
IM3		Proportion of sector research activities delivered to agreed standards and timeframes	≥95%	Five of 20 projects had quarter one milestones delayed, these small delays in invoices have now been received, or contract variations put in place. Note all 20 projects on track to be completed by year end.
RP2	✓	Speed: Percentage of 1-10km/h excess speed officer issued Infringement Offence Notices	30%	Result: 9% This result continues the positive upward trend and is almost double the result in the same period last year, coupled with an overall increase in speeding offences detected.
RP4	✓	Speed: Number of Offender Management Plans in place for high-risk drivers	1,700	Result: 216 Due to the ongoing development of a process to document and record offender management plans, current figures are inaccurate. Prevention activity with high risk offenders is an ongoing process but currently unable to be collated.
RP5	✓	Restraints: Number of restraint offences	60,000	Result: 20,674 This result continues the positive upward trend. Enforcement priorities for NZ Police this year have been speed and alcohol offending. The next planned national restraints campaign is to be undertaken later in the year. Police will have to deliver 6,606 notices each month from now on to meet the target, however, this will rely on staff availability and could be affected by future alert level 3 or 4 lockdown periods.

Unable to assess (target not set)

Ref.	GPS?	Measure name	Quarter two result	Rationale
PT1	✓	Number of boardings on urban public transport services	Result: 113,729,022 (12-month rolling total to Nov 2020) This number has been reported as a 12-month rolling figure, as this has been the historic methodology, however this is misleading because it includes the period of COVID-19 lockdown in the 2019/20 year which is not relevant to this year's report. The impact of this will only correct itself in the quarter four figures. Auckland spent early October in alert level 2 which has affected patronage figures for this quarter. Week on week patronage (comparing each week with the same week last year) has increased through the quarter but has not returned to pre-COVID levels, particularly in Auckland. Increased prevalence of working from home arrangements post-COVID-19 is the primary driver outside of Auckland. In Auckland there are likely some residual issues with the perception of safety on public transport related to COVID-19, with patronage recovery well behind the rest of the country. Wellington bus patronage at the end of the quarter was around 85% of last year, with Auckland at 77%. Patronage in Auckland has been further affected by the significant failure of the Auckland rail track system, with rail patronage in Auckland around 52% of the same period last year.	We were not able to set targets for these measures when the SPE was being developed because data required to adjust forecast volumes was incomplete due to the COVID-19 lockdown. This information has now become available.
SG2	✓	Number of boardings using SuperGold concessions	Result: 10,760,224 (12-month rolling total to Nov 2020) SuperGold users are amongst the most vulnerable to COVID-19, so a decrease in their usage may be disproportionately high compared to the rest of the population.	
SHM3		Availability of state highway network: proportion of unplanned road closures resolved within standard timeframes	Result: 82.4%	Due to the change in methodology (to align urban and rural road definitions with Statistics NZ), we were unable to provide a target when the SPE was being developed. We have now been able to recalculate historical data using the new definitions and are able to set a target based on the 2019/20 adjusted actual result for the measure.
DLT1		Unit cost of providing user-facing driver licensing and testing services	Result: \$22.72	We were not able to set targets for these measures when the SPE was being developed because data required to adjust forecast volumes was incomplete due to the COVID-19 lockdown. This information has now become available.
VSC1		Unit cost of providing user-facing motor vehicle licensing services	Result: \$5.03	
REV1		Unit cost of providing user-facing road tolling services	Result: \$0.72	
REV2		Tolling revenue written off as proportion of current year revenue	Result: 2.0%	
REV4		Unit cost of providing user-facing road user charges services	Result: \$3.06	

APPENDIX 2

SIGNIFICANT ACTIVITIES

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

Ref.	Significant activity	Progress update	Status
1.1	ensure the Waka Kotahi implementation plan for Road to Zero is operational, including outcomes, targets and a reporting framework	<p>A comprehensive framework of indicators has been developed to measure progress toward achieving the 10-year Road to Zero target of reducing deaths and serious injuries (DSIs) by 40 percent by 2030. As at 30 September 2020 there were 316 deaths and 2198 serious injuries (DSIs) across the land transport system (12-month rolling total). There were 2514 DSIs during this period, a reduction from the number of DSIs reported for the previous 12 months in 2018/2019 (2918).</p> <p>We expect to publish the first Road to Zero outcomes report in early 2021. A Qlik application version of the report is also being developed to enable efficient automation and integration of many of the data sources needed to measure our progress on Road to Zero.</p> <p>The report will include indicators to measure delivery of our interventions, the extent to which these interventions improve the safety performance of the network and a breakdown of DSIs across all the Road to Zero focus areas. We are currently piloting the latter set of indicators through a new regional road safety dashboard that Waka Kotahi has developed. Overall, the outcomes report will help us identify the areas where we are doing well and the areas that need more attention.</p>	G
1.2	progress delivery of the Safe Networks Programme	We completed construction on one capital project and commenced construction on three, increasing the average monthly spend from \$12m to \$15m. We have completed 27 speed reviews to date covering 535km of the state highway network.	G
1.3	put into operation an assurance plan for the Road Safety Partnership Programme	We continue to have ongoing governance meetings and report quarterly to the Ministry of Transport. NZ Police continue to refine reporting based on feedback from Waka Kotahi to provide increasing levels of assurance.	G

Ref.	Significant activity	Progress update	Status
1.4	<p>complete the draft National Speed Management Plan including a proposed plan for safer speeds around schools</p> <p><i>RtZ Imp. Plan ref.: Introduce a new approach to tackling unsafe speeds: Improve the way road controlling authorities plan and implement speed management changes (2.1)</i></p> <p><i>Transition to safer speed limits around schools (2.2)</i></p>	<p>Improve the way road controlling authorities plan and implement speed management changes (2.1)</p> <p>In quarter one we reported that there was to be a delay in finalising the Setting of Speed Limits Rule 2021, with Minister of Transport signing of the rule now expected in July 2021. We currently estimate that consultation on the rule and speed management guide will be completed by June 2021 with a go-live date of October 2021, however these timelines remain subject to potential change. The following deliverables are planned for when the rule is implemented.</p> <ul style="list-style-type: none"> • Development and release of the speed management guide • Communication timelines • Engagement with the sector • Change initiatives - internal and external stakeholders • Technology timelines <p>We have begun engaging internally on development of the speed management guide. We also continue to engage with the Ministry of Transport on baseline messaging with road controlling authorities in lieu of a decision on the rule.</p> <p>Transition to safer speed limits around schools (2.2)</p> <p>We will develop guidance to support safer speed limits around schools as part of the speed management guide. Implementation of the guide will be subject to minister signoff and subsequent consultation on the new rule.</p>	R
1.5	<p>establish the National Speed Limit Register</p>	<p>Due to the delay in finalising the new Setting of Speed Limits Rule 2021 the go-live date for the National Speed Limit Register solution will be pushed out to August 2021.</p>	R
2.1	<p>have the implementation plan for the NZ Upgrade Programme (NZUP) – Transport approved by the Crown Governance Group</p>	<p>The <i>NZUP Transport Establishment Report</i> endorsed by ministers in June 2020 sets out government expectations for the programme. It has been agreed with the Ministry of Transport that the programme will be baselined by the end of March 2021 in terms of cost, scope to achieve outcomes, schedules and risks. The baselining workstream is progressing to plan and will be presented to the Waka Kotahi Board in March 2021 for endorsement. This first programme baseline will form the basis of the NZUP implementation plan and will enable ministers to make strategic decisions on the programme scope and priorities.</p>	G
2.2	<p>ensure the plan is in progress for building necessary capability for oversight and assurance of public transport investments, including the Rail Network Investment Programme</p>	<p>We have established a new public transport team and appointed a team manager. We are currently recruiting to fill team vacancies and have had a very good response from the market. We have also secured external peer reviewers to assist Waka Kotahi with the first assessment of the Rail Network Investment Programme once the draft is received in February.</p>	G
2.3	<p>complete an action plan for improving connections and movements of freight across the land transport system</p>	<p>We are on track to complete this project by 30 June 2021. During quarter two we completed a desktop stocktake of previous Waka Kotahi freight-related work and initial discussions with Waka Kotahi staff working on freight. We also received approval of the project scope and confirmed the project working group.</p>	G

Ref.	Significant activity	Progress update	Status
3.1	together with partners, progress delivery of the seven Let's Get Wellington Moving (LGWM) projects	Five of the seven LGWM projects are at risk of not achieving their year-end milestone due to the project schedules being delayed or revised. These are the three Early Delivery projects, Mass Rapid Transit and Strategic Highway Improvements. Detailed information on these delays is provided in appendix 4. We are currently developing the programme report which will describe the combined outcomes, sequencing, constructability and affordability of the packages. In addition, there has been a review of the usability of the website and the approach to communications and engagement going forward. A programme health check was completed in 2020 and the Waka Kotahi Board is currently working through the findings of the check.	R
3.2	have a refreshed Auckland Transport Alignment Programme (post-NZ Upgrade Programme) including funding arrangements to 2028 agreed by all partners	We provided initial advice on the updated Auckland Transport Alignment Programme (ATAP) package to political decision-makers at the end of 2020. Feedback on this advice will inform the final package.. The updated ATAP package will guide the regional land transport plan for Auckland and the National Land Transport Programme. Funding assumptions sitting behind the ATAP package will be identified and any changes to funding arrangements required to implement these assumptions will be made clear in the ATAP report and advice.	G
3.3	develop mode shift action plans for five urban areas (Christchurch, Hamilton, Queenstown, Tauranga and Wellington)	The mode-shift plans have all been completed and are being implemented. The plans are being used to direct the development of regional land transport plans to support investment decisions.	G
3.4	work with Kāinga Ora and councils to support regional spatial planning partnerships as part of the Urban Growth Agenda, focusing on integrated transport, infrastructure and land use planning to support regional development objectives within the government's urban development priorities	In December 2020 Waka Kotahi signed a memorandum of understanding (MOU) with Kāinga Ora to strengthen our relationship on integrated transport and housing delivery. A governance structure is being established to operationalise the MOU. Joint spatial planning work with the Ministry of Housing and Urban Development (MHUD) continues to focus on major urban spatial planning partnerships. Three partnerships have been formalised between Waka Kotahi, MHUD, local government and iwi (Auckland, Hamilton-Auckland corridor, Tauranga/Bay of Plenty) and another four partnerships are in development (Wellington-Horowhenua, Greater Christchurch, Queenstown Lakes, Northland/Auckland corridor).	G
3.5	progress delivery of 13 state highway projects under the NZ Upgrade Programme regional package	We continue to make good progress on delivering the 13 state highway projects. In agreement with the Ministry of Transport, there is currently a re-baselining of project timelines and financials underway which will be available at the end of quarter three.	G
3.6	extend the funding and development of the Innovating Streets for People programme providing support for approved organisations to implement tactical urbanism projects and encourage active transport modes	As reported in quarter one, there are now over 70 projects being delivered as part of the Innovating Streets for People pilot. This is due to the second round of funding approved by the Waka Kotahi Board in August 2020 which increased the funding for the pilot fund to \$23m. As a result, another 30+ projects were approved. To support delivery, Waka Kotahi continues to run a community of practice to build capability and share programme lessons in this new methodology.	G

Ref.	Significant activity	Progress update	Status
4.1	ensure the Advanced Traffic Management System (ATMS) upgrade is on-track for completion in 2021/22, with interim risk mitigation completed.	The ATMS project is on track to mitigate the existing risks within the 2020/21 financial year. We have had some challenges with the vendor that we are working through. In parallel, due to the Americas Cup, we have had limited access to Auckland Transport Operation Centre staff for testing. We have been able to mitigate risk of any delays by shifting focus and efforts onto the Wellington and Lyttleton deployments during this time. Planning for the next phase of programme is occurring in parallel.	A
4.2	have the Project NEXT (the national public transport ticketing project) detailed business case and an implementation plan approved by the Sector Governance Group.	<p>Project NEXT forms part of the wider National Ticketing Solution (NTS) programme of work which will establish a nationwide open-loop account-based ticketing system for New Zealand. The request for proposals (RFP) for an NTS provider was closed in August 2020 and evaluation of responses has now been completed. The team is now preparing the final evaluation to identify the option or options to be taken into a best and final offer stage.</p> <p>In parallel, Waka Kotahi is developing a single NTS detailed business case for all participating public transport authorities. We are currently updating the detailed business case to reflect the evaluation of RFP responses. Public transport authorities who want to be part of the NTS will need to approve a participation agreement, which should occur in quarter three.</p>	G
4.3	complete the Speed Infringement Implementation Plan for 2021-24	A programme business case has been completed for Tackling Unsafe Speeds. A programme health check highlighted significant issues within the programme and as a result a new programme roadmap is being developed. This will inform a new implementation plan to enable us to continue to make progress on this activity.	R
5.1	progress the delivery of Te Ahu a Turanga: Manawatū Tararua highway (Manawatū Gorge replacement) and SH4 Te Ore Ore reinstatement (as detailed in appendix 1), and other key improvements to strengthen and improve the resilience of the land transport system	<p>Waka Kotahi is on track to deliver the year-end milestones for the Te Ahu a Turanga: Manawatū Tararua highway (Manawatū Gorge replacement) and the Kaikōura earthquake recovery. The Kaikōura restoration is now almost totally complete, with the last remaining project due to be completed in quarter three.</p> <p>While there are no known risks to meeting the year-end milestones for the SH4 Te Ore Ore reinstatement and the Mt Messenger Bypass, there have been some issues and delays in completing these projects.</p> <ul style="list-style-type: none"> The SH4 Te Ore Ore reinstatement is over schedule by more than three months. A delay in the delivery of the cultural impact assessment meant the construction programme has now been split over two construction seasons. While practical completion will no longer be achieved by year-end, all other milestones are likely to be met. The cost of the Mt Messenger Bypass is >10% above budget. While the project has not recovered from the delays created while awaiting High Court and Environment Court decisions, a positive High Court determination has been received which has reduced the risk of additional delays. The project is being re-priced by the Mt Messenger Alliance considering delays, escalation, scope change and increased Waka Kotahi-managed costs. 	A

Ref.	Significant activity	Progress update	Status
5.2	develop a climate change adaptation plan	We have finalised and consulted on the project scope, established a reference group and are working on building our capability.	G
5.3	develop a centralised risk register to provide a nationally consistent approach to identifying and assessing network maintenance risks nationally	We successfully completed a pilot of a potential digital platform and an evaluation report has been drafted with recommendations for next steps, with decisions due early 2021.	G
5.4	continue and extend our work on security to include our role in the land transport system; drawing on, and being consistent with, the work already taken in relation to applying the Protective Security Requirements (PSR) framework where relevant	Incorporating the land transport network into our PSR framework has given us the opportunity to review the maturity of the physical security environment of the transport system. This has increased our understanding of risk levels through confirmation of information or identification of new challenges. The result of this has been an overall reduction in our physical security environment (PHYSEC) compliance.	A
6.1	define and embed a strategic approach to urban form and transport planning for sustainable development that reduces emissions, while improving safety and access	We continue to explore the nature and scope of delivering this activity within the context of the wider urban development programme also being developed. Our progress has been affected by the revitalisation of our Transport Services group which has affected capacity. We continue to work on identifying an agreed approach to delivering this activity including clarifying governance arrangements and anticipated outputs.	A
6.2	work with the Ministry of Transport and other partners to recommend emissions budgets for land transport, taking account of all system levers	We actively collaborated and engaged with the Ministry of Transport (MoT), Ministry for the Environment (MfE) and the Climate Change Commission (CCC). We are working to inform the development of: <ul style="list-style-type: none"> MoT - Hīkina te Kohupara - Transport Emission Action Plan which will inform the government's Emission Reduction Plan. MfE - Emission Reduction Plan which is a statutory document that responds to CCC budget and policy advice. CCC - budget and policy direction advice to government was released for public consultation on 31 January 2021. 	G
6.3	implement Toitū te taiao our sustainability action plan, including making the monitoring and reporting of Waka Kotahi emissions and reduction targets operational	All of the headline actions in Toitū te taiao are underway. Highlights include: <ul style="list-style-type: none"> ensuring that the assessment of emissions impacts is a mandatory consideration in our investment decision making development of a resource efficiency strategy finalising policy to ensure that sustainability rating tools (ISCA) are used to benchmark relevant infrastructure projects collaborating with government partners to improve vehicle charging infrastructure in NZ a range of actions to reduce our own corporate emissions. In addition, Waka Kotahi published <i>Tiakina te taiao</i> our first sustainability monitoring report in December 2020. The report identifies potential measures for a range of outcomes, including greenhouse gas emissions. We plan to report annually and have already started work on <i>Tiakina</i> 2021.	G

Ref.	Significant activity	Progress update	Status
6.4	implement the approved elements of the government's proposed clean car reforms	Waka Kotahi has provided timely support and feedback to the Ministry of Transport as we each prepare for elements of the clean car reforms to be revisited. This included providing input on a new Cabinet paper on the Clean Car Standard and related credit scheme, and the reconfirmation of commercial licensing and revenue. The project to operationalise the standard and related reforms has also been re-initiated.	G
7.1	develop operating model to support delivery of the regulatory strategy	<p>Over this quarter we have focused on delivering the new operating framework. This has been supported by development of an intranet portal that provides an accessible hub for all regulatory material and enables better integration across the regulatory strategy.</p> <p>We are making good progress on delivering some components of the new operating framework, including the compliance framework and risk management framework. The compliance framework document has been drafted and much of the risk management framework is also in place, although it is yet to be embedded.</p> <p>Further work is needed on system gap analysis and the operating environment components of the framework. The operating environment has been a challenging area of work as we are still working with teams to identify the infrastructure and roles required.</p> <p>As previously signalled, further change to the operating framework will be needed as Waka Kotahi determines how the Director of Land Transport role will be integrated into the organisation in conjunction with the development of a target operating model for Waka Kotahi.</p>	A
7.2	establish the Director of Land Transport role and ensure it is in effective operation	<p>A project to operationalise the Director of Land Transport role Waka Kotahi is underway. This includes:</p> <ul style="list-style-type: none"> • a decision by the Waka Kotahi Board on the appointment of the role • the development of a raft of consequential rule and delegation changes by our legal team to give effect to the Director role • the development of a map of all existing and new regulatory functions across Waka Kotahi to allow full consideration of how independent regulatory functions need to be completed to meet the intent of the new act. <p>We have spent a significant portion of this quarter working through the challenges of the process to be followed to stand this role up and to ensure the integrity of the process. We are preparing a plan that will clarify the essential activities to have in place by 1 April and plan to present options to the Waka Kotahi Board on how we can simplify implementation of the remaining activities.</p>	A
7.3	progress regulatory fees and funding review in preparation for public consultation	We completed the fees and funding review proposal. The Waka Kotahi Board has approved the option that fully funds the implementation of our regulatory strategy Tū ake, tū māia, ensuring that funding is equitable and best aligns to the Waka Kotahi cost recovery policy.	G

Ref.	Significant activity	Progress update	Status
		<p>The consultation document will now be finalised along with a detailed analytical document that will inform cross-agency engagement, prior to submission for Cabinet consideration in July 2021. Public consultation is expected to commence in August 2021, followed by final Cabinet consideration in November 2021 and go live on 1 July 2022.</p> <p>A pre-implementation project has been established to undertake detailed discovery to understand what is required to implement the option agreed by the Waka Kotahi Board and confirm implementation timeframes. This analysis is expected to be completed by the end of March 2021 and will inform Cabinet recommendations.</p>	
8.1	undertake a refresh of Waka Kotahi’s purpose, strategy, values and performance measures and then represent them in our Statement of intent 2021-25 and Statement of performance expectations 2020/21	Our new strategic direction Te kāpehu Our compass has been endorsed by the Waka Kotahi Board and launched to our wider organisation. Te kāpehu identifies the purpose, vision and roles of Waka Kotahi, as well as the system outcomes we want to achieve and our values and behaviours. Our new statement of performance expectations and refreshed statement of intent will reflect how we plan to operationalise our new strategic direction and track our progress toward achieving our outcomes. This will include development of a new performance framework which is currently underway.	G
8.2	implement and embed new values and behaviours that strengthen our organisational culture and empower our people	<p>Following extensive employee, leadership and board engagement, new values and behaviours were launched across the organisation in quarter two as part of Te kāpehu Our compass, our new strategic direction. The four values that guide our actions and decisions are:</p> <ul style="list-style-type: none"> • Kia māia – Be brave • Kotahitanga – Better together • Ngākau aroha – Have heart • Mahia – Nail it <p>Each value is underpinned by five behaviours. Early feedback has been extremely positive and we are now embedding (aligning our people systems and processes) and activating (bringing further awareness of the values and aligning ways of working to the behaviours) our values across Waka Kotahi.</p>	G
8.3	progress the people strategy and supporting people capability plan to close identified gaps	The Waka Kotahi People Strategy was launched in 2019 and progress against key strategic and foundational priorities is on track for 2020/21. The Waka Kotahi workforce plan is under development. This will help identify and develop the capabilities Waka Kotahi needs to be successful both now and in the future.	G
8.4	establish a programme to uplift leadership capability	<p>In quarter one we launched Accelerate Leadership as a series of five learning modules for all people leaders and delivered module one, Courageous Leadership. In quarter two we delivered the second module Strategic Leadership.</p> <p>Approximately 250 people leaders enrolled in or completed both modules, including our executive and group leadership teams. Further Accelerate Leadership modules are being developed with a staged release planned for the next three quarters.</p> <p>We have also run a learning series on performance management and continue to bring together our senior leaders (approximately 100 people) regularly for our Senior Leaders Hui.</p>	G

Ref.	Significant activity	Progress update	Status
8.5	implement a comprehensive risk management and risk-based assurance programme including a focus on core internal controls, probity, contract management, infrastructure projects and our regulatory function	We continued to implement a comprehensive risk management process across Waka Kotahi. We are well on track to complete both investment and internal risk-based assurance programmes by the end of 2020/21. At the end of quarter two, the total percentage of investment audits delivered was 115% due to audits carried over from 2019/20. The internal assurance targets set for the period have been achieved successfully. We introduced additional consultancy services during the period to support business groups requiring supplementary assurance input.	G
8.6	obtain Board approval of a multi-year Digital Services Portfolio with investment funding requirements identified	With the Te Hau Ora portfolio having been established work has commenced on a prioritised multi-year investment plan. This will be considered by the Digital Portfolio Group as an input into the business planning and budgeting process.	G
8.7	complete the National Land Transport Programme 2021-24 incorporating Investment Decision Making Framework outcomes, with effective support to develop sector capability in place	Local authorities have submitted investment proposals for both continuous programmes (maintenance, public transport services and road safety promotions) and improvement activities. Over the coming months, Waka Kotahi will be working with local government to refine and assess these bids and prioritise them within available funding.	G

FINANCIAL PERFORMANCE SUMMARY FOR SIX MONTHS ENDED 31 DECEMBER 2020

NATIONAL LAND TRANSPORT FUND REVENUE

National Land Transport Fund (NLTF) revenue is \$144.7 million (7%) above budget.

- **Fuel excise duty (FED)** is \$40.0 million (4%) above budget.
- **Road user charges (RUC)** are \$106.4 million (13%) above budget. Heavy vehicles and light vehicles are \$72.2 million (22%) and \$40.0 million (7%) above budget respectively.
- **Motor vehicle registration and licensing (MVR & Lic)** is materially on budget.
- **Other revenue** is materially on budget.

Monthly revenue compared with budget and 2019/20 actual is illustrated below, together with the 'pre-COVID' forecast.

Budget refers to the 'post COVID' figures prepared for Budget 2020. Revenue has largely recovered to 'pre-COVID' levels.

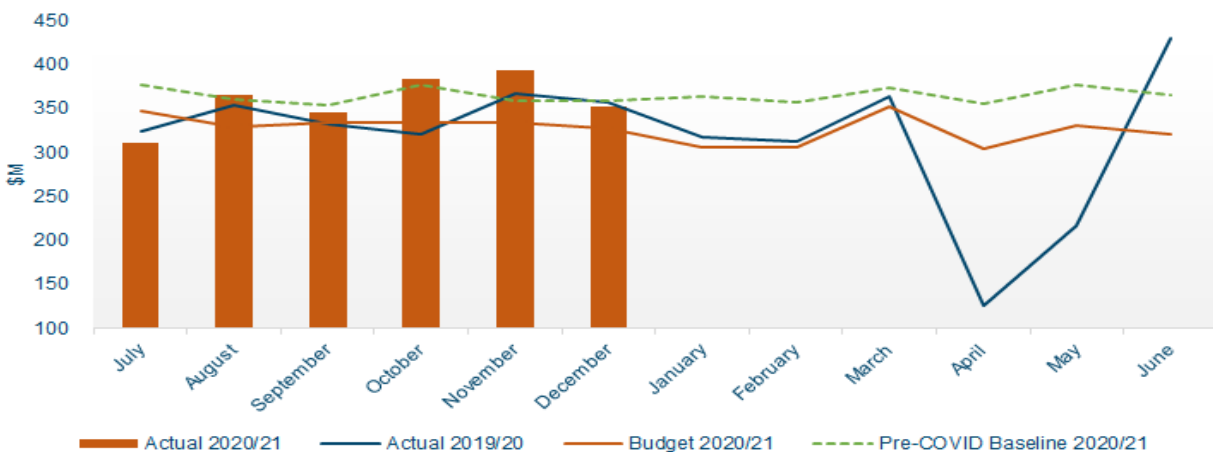
SUMMARY

\$144.7m
above budget

FED is 4% above budget
RUC is 13% above budget
MVR & Lic is 1% below budget

	MONTH				YEAR TO DATE				FULL YEAR	
	Actual	Budget	Variance	Var	Actual	Budget	Variance	Var	Forecast ¹	Budget ²
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	\$m	\$m
Fuel Excise Duty	169.8	167.0	2.8	2%	1,065.3	1,025.3	40.0	4%	1,942.3	1,991.5
Road user charges	161.7	138.7	23.0	17%	941.6	835.2	106.4	13%	1,805.6	1,659.2
MV registration & Lic.	16.9	17.3	(0.4)	(2%)	119.8	121.5	(1.7)	(1%)	219.9	227.1
Other revenue	4.4	4.6	(0.2)	(4%)	27.3	27.3	0.0	0%	54.6	54.6
Total NLTF revenue	352.9	327.7	25.2	8%	2,154.1	2,009.4	144.7	7%	4,022.4	3,932.4

NLTF net revenue



¹ **Full year forecast** - The year-end revenue forecast has been updated as part of the October Baseline Update (OBU) exercise, which reflects a more optimistic outlook of economic recovery comparing with the budget.

² **Full year budget** - Budget was developed in April 2020 as part of the 2020 Budget Economic and Fiscal Update (BEFU) exercise. It reflects the outlook of COVID-19 alert levels and associated economic recovery at the time when New Zealand was put into alert level 4 lockdown after the outbreak of COVID-19.

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

National Land Transport Programme (NLTP) expenditure is \$159.7 million (8%) below budget.

- **State highway improvements** is \$114.5 million (18%) below budget once the prior-year adjustment³ of \$81.0 million for COVID-19 costs is recovered. The variance reflects underspend across a number of projects: SH1 WEx Hamilton Section (\$7.8 million), and Rangiriri Section (\$5.1 million), Christchurch Southern Motorway stage 2 (\$3.2 million), Peka Peka to Ōtaki Expressway (\$15.1 million), Northern Corridor Improvements (\$5.8 million) and SH1 Ashley to Belfast (\$3.4 million). The other major contributing factor is that final settlements for claims relating Southern Corridor Improvements (\$21.5 million), and Baypark to Bayfair (\$13.5 million) is \$23.2 million lower than what had been provided in 2019/20.
- **Walking and cycling** is \$17.6 million (42%) above budget, resulting from the introduction of additional Innovating Streets projects.
- **State highway maintenance** is \$1.8 million (1%) below budget. Spending is forecast to stay within the upper range by the end of the current NLTP, once debt financing is taken into consideration. Higher spending for the NLTP period as a whole is due to: additional costs associated with contract rewards; establishment of Auckland System Management and Total Traffic Management; contract variations relating to additional traffic volumes; increased allocation of Waka Kotahi operational costs, the renegotiation of two network outcome contracts; and higher than expected emergency works.

Specific Crown-funded projects expenditure is \$52.9 million (17%) above budget, primarily due to the COVID-19 funding being established after the budget was set.

- **NZ Upgrade Programme** is materially on budget. With projects at varying stages of development, there are some emerging cost risks to be confirmed, with a revised baselining exercise to be completed by the end of March 2021.
- **Supporting Regions Programme** is \$23.1 million (66%) below budget largely due to the slower start of most projects. The majority of projects are contracted or under construction and remain on track for delivering in line with funding agreements.
- **Kaikōura earthquake response** is \$10.1 million (65%) above budget. Construction activity was accelerated, with additional night shift operations, to keep the project on track for a mid-December completion date.
- **Provincial Growth Fund (PGF)** is \$18.3 million (40%) below budget, which includes funding for both Waka Kotahi projects and those delivered by approved organisations. Four of the five Waka Kotahi projects are tracking to time and budget and the fifth project was delayed due to consenting. A 'funding envelope' approach has been approved by the Ministry of Transport, which allows balancing underspends and overspends between projects within the PGF programme. It helps relieve budget pressure and schedule pressure is being addressed.
- **COVID-19 Response and Recovery Fund** totals \$97.3 million, which includes \$68.1 million of public transport claims from approved organisations and \$23.9 million of claims relating to the Transmission Gully and Pūhoi to Warkworth projects.

SUMMARY
including Crown
funding

\$106.8m
below budget

NLTP
8% below budget

Crown
17% above budget

Refer to
schedule 1
for details

³ **State highway improvements:** At the end of 2019/20, the Crown had not yet established the appropriation to fund COVID-19 costs, so the \$81.0 million was recognised as NLTP expenditure. The appropriation was subsequently established in 2020/21 and the \$81.0 million now reclassified as Crown-funded expenditure.

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

Current NLTF forecast against board-approved allocations and GPS are illustrated below. Refer to schedule 1 for more detailed information.

- Forecast within GPS range
- Forecast at risk of outside GPS range
- Forecast outside GPS range





Key points:

- The road safety and demand management activity class is at risk of not meeting the bottom of the GPS range. Both approved organisation and Waka Kotahi-led activities have been significantly affected by COVID-19 which resulted in a sequent reduction in promotional activities.
- The state highway improvements and maintenance activity classes are forecast to stay within the GPS range once debt financing is taken into consideration.

WAKA KOTAHI OPERATIONAL REVENUE; OPERATING AND CAPITAL EXPENDITURE

Operational expenditure is \$3 million (2%) below budget.

- **Personnel costs** are \$16.4 million (19%) above budget. There are a number of contributing factors:
 - faster recruitment than planned
 - staff taking less annual leave due to COVID-19 travel restrictions
 - lower capitalised personnel costs than budget.
- **Operating expenses** are \$18.7 million (19%) below budget, mainly due to lower spending on professional services, information technology operations and business initiatives.

As part of the December forecast, a rebalancing between personnel costs and operating expenses, including release of the centrally held contingency, has been completed to manage costs to budget at year-end.

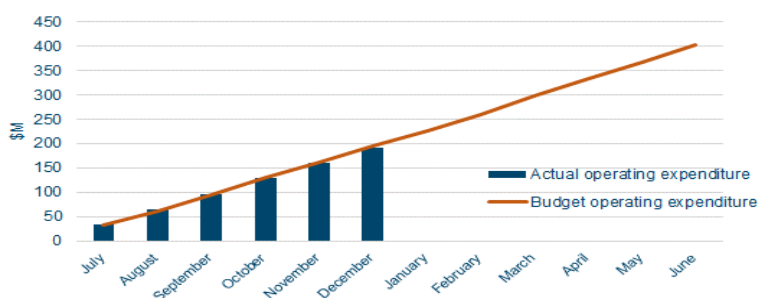
Operational revenue is \$1.9 million below budget primarily from lower motor vehicle licensing (\$2.2 million) and rail licensing fees (\$1.2 million).

Capital expenditure is \$4.0 million below budget mainly due to underspends in a number of IT projects.



	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 by⁴:										
Personnel costs	16.3	13.5	(2.8)	(21%)	104.3	87.9	(16.4)	(19%)	188.1	188.1
Operating expenses	12.7	17.1	4.4	26%	80.4	99.1	18.7	19%	201.7	201.7
Depreciation/amortisation	0.8	1.3	0.5	40%	6.6	7.3	0.7	10%	14.5	14.5
Operational expenditure	29.8	31.9	2.1	7%	191.3	194.3	3.0	2%	404.3	404.3
Expenditure classified by:										
NLTP	15.2	17.2	2.0	12%	101.7	102.6	0.9	1%	215.6	215.6
Regulatory (memo) account	14.7	14.7	0.0	0%	89.6	91.7	2.1	2%	188.7	188.7
Regulatory (memo) account revenue	13.7	13.6	0.1	1%	85.4	87.3	(1.9)	(2%)	174.2	174.2
Capital expenditure	2.4	2.5	0.1	3%	7.8	11.8	4.0	34%	25.6	25.6

Operating expenditure against budget



⁴ These costs represent the operating costs of Waka Kotahi, including costs that are ultimately allocated to land transport funding activities. Personnel costs include contractors backfilling establishment roles or addressing a temporary peak in workload.

MEMORANDUM ACCOUNTS

The combined **memorandum accounts** deficit of \$24.6 million is materially on budget. The deficit is being financed by the Crown.

Revenue is \$1.9 million below budget, primarily from lower motor vehicle licensing and rail licensing fees. Expenditure is below budget by \$2.1 million.

Preparation continues on a funding and fees review, the outcome of which is not expected to take effect before 1 July 2022. We are working with the Ministry of Transport on further financing to cover the shortfall in fee revenue in the interim.

SUMMARY

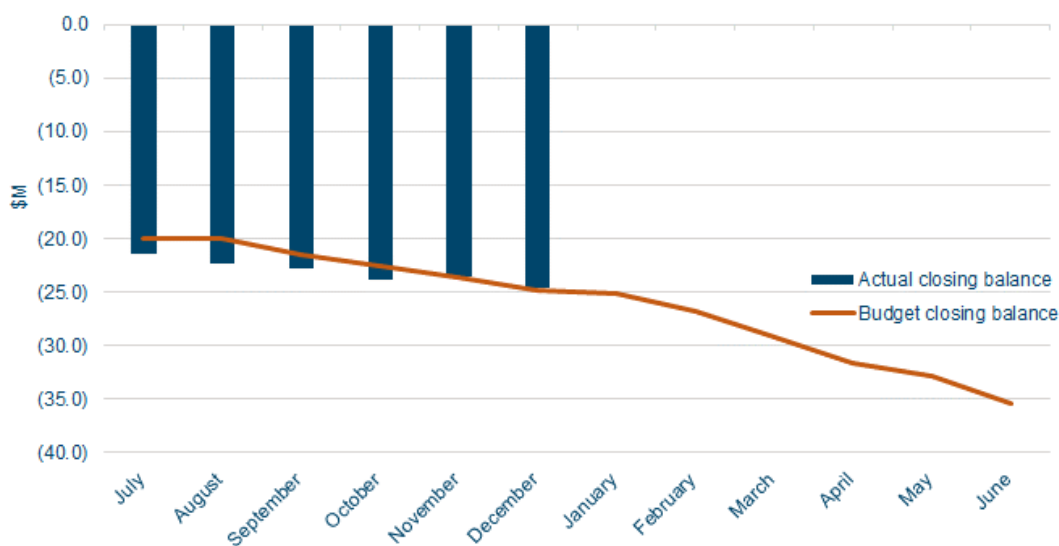
\$0.2m
below budget

Closing balance

On budget

CLOSING BALANCE	YEAR TO DATE				FULL YEAR	
	Actual	Budget	Variance	Variance	Forecast	Budget
	\$m	\$m	\$m	%	\$m	\$m
Border inspection	3.8	4.0	(0.2)	(5%)	4.1	4.1
Certification review	(4.4)	(5.2)	0.7	14%	1.5	1.5
Driver licensing	(34.8)	(36.3)	1.5	4%	(53.1)	(53.1)
Driver testing	20.4	19.8	0.5	3%	24.0	24.0
Motor vehicle registry	(3.1)	(1.5)	(1.6)	(105%)	(3.0)	(3.0)
Over dimension permits	(0.8)	(0.5)	(0.3)	(59%)	0.1	0.1
Rail licensing	(1.1)	0.2	(1.3)	657%	(0.5)	(0.5)
RUC collections	(2.8)	(3.8)	1.0	26%	(2.0)	(2.0)
Standard development	8.8	9.2	(0.4)	(5%)	11.6	11.6
Transport licensing	(10.5)	(10.7)	0.3	3%	(17.6)	(17.6)
Total closing balances	(24.6)	(24.8)	0.2	1%	(34.9)	(34.9)

Memorandum account closing balance



FUNDING AND LONG-TERM LIABILITIES

The total long-term funding liability is \$3,529.9 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 and **COVID-19 facilities** totalling \$575.0 million were used to manage seasonal cashflow, the effects of COVID-19, state highway emergency maintenance and PPP-related settlement costs.

Our cash position for the National Land Transport Fund is forecast to be zero at year end. We are currently working with the Ministry of Transport and Treasury on a proposal to increase our short-term borrowing facilities, which are fully drawn down.

Housing Infrastructure Fund includes a further \$2.0 million to Hamilton City Council for the Peacockes Development.

Regulatory loan facility of \$19.5 million was used to fund memorandum account shortfalls (\$8.5 million), the 'back to basics' programme (\$8.9 million) and to reimburse our costs of remediating third party suppliers (\$2.1 million). A further \$6.5 million was drawn down in December to fund the 2020/21 operating deficit to date.

SUMMARY

Long-term funding liability
\$3,529.9m

	BALANCE			STATUS		
	31 December 2020	30 June 2020	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	0.0	75.0	3 years
Short term revolving facility (seasonality)	175.0	175.0	0.0	0.0	175.0	1 year
COVID-19 NLTF borrowing facility	325.0	125.0	200.0	0.0	425.0	7 years
Auckland Transport Package loan	355.0	355.0	0.0	5.0	375.0	8 years
Tauranga Eastern Link loan	107.0	107.0	0.0	0.0	107.0	32 years
Housing Infrastructure Fund loan	14.0	12.0	2.0	343.0	357.0	10 years
Regulatory loan - operating costs	23.9	17.4	6.5	6.1	30.0	
Regulatory loan - rectification	2.1	2.1	0.0	12.9	15.0	10 years
Loans	1,077.0	868.5	208.5	367.0	1,559.0	
Fair value and other adjustments	(16.8)	(24.6)	7.8			
Total loans	1,060.2	843.9	216.3	367.0	1,559.0	
Transmission Gully (PPP)	1,000.4	948.3	52.1	99.6	1,100.0	22 years
Pūhoi to Warkworth (PPP)	776.9	728.3	48.6	173.1	950.0	22 years
Total public-private partnerships	1,777.3	1,676.6	100.7	272.7	2,050.0	
Derivative financial liability	692.4	727.5	(35.1)			
Total funding liability	3,529.9	3,248.0	281.9	639.7	3,609.0	

* 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 around 7% of annual NLTF inflows in 2020/21.

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

Debt servicing costs as a percentage of funds available for discretionary expenditure presently exceed internal guidelines. This is a result of the projected repayment of the short-term facilities needing to be accessed due to the reduced revenues resulting from COVID-19. The ratio is expected to return to levels within guidelines over the remainder of the decade.

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

* Total debt excludes derivative financial liabilities.

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

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

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

SCHEDULE 1: NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND) AND CROWN-FUNDED EXPENDITURE

	2020/21 YEAR TO DATE				NLTP 2018-21						GPS FUNDING RANGES	
	Actual \$m	Budget \$m	Variance \$m	Var %	NLTP Period to date \$m	Forecast Pre- financing \$m	Forecast Post- financing [^] \$m	Revised Budget \$m	Variance \$m	Var %	Lower \$m	Upper \$m
Output Classes												
State highway improvements	434	630	196	31%	2,962	3,978	3,731	3,628	(103)	(3%)	3,000	3,850
Local road improvements	92	94	2	2%	563	737	724	833	109	13%	430	1,030
Road safety promotion and demand mgmt	25	25	0	1%	118	152	152	188	36	19%	155	225
Road policing	184	197	14	7%	883	1,107	1,107	1,063	(44)	(4%)	980	1,110
Regional improvements	44	55	12	21%	279	356	356	405	49	12%	200	530
Public transport	297	268	(29)	(11%)	1,414	1,875	1,766	1,825	59	3%	1,490	2,040
Walking and cycling	60	42	(18)	(42%)	187	265	265	330	65	20%	235	360
Rapid transit	16	22	6	25%	58	74	74	150	76	51%	150	760
Transitional rail	51	41	(10)	(25%)	135	184	184	376	192	51%	145	435
State highway maintenance	320	322	2	1%	1,597	2,204	2,031	2,007	(24)	(1%)	1,810	2,130
Local road maintenance	285	256	(29)	(11%)	1,547	1,988	1,955	2,019	64	3%	1,800	2,120
Investment management	34	40	6	15%	175	242	242	215	(27)	(12%)	195	235
NLTP approved expenditure	1,842	1,992	150	8%	9,918	13,160	12,585	13,039	454	3%	10,590	14,825
Auckland Transport Package	0	0	0	0%	13	13	13	0	(13)	(100%)	0	0
LR improvements (Housing Infrast. Fund)	0	10	10	100%	14	55	55	0	(55)	(100%)	0	0
NLTF funded expenditure	1,842	2,002	160	8%	9,945	13,227	12,652	13,039	386	3%	10,590	14,825
Programme funded by Crown grants												
Investment management CAS	0	0	0	0	2	2	2	2	(0)	(3%)		
Accelerated Regional Roding Programme	16	26	10	37%	62	46	46	83	37	45%		
Kaikōura earthquake response	26	16	(10)	(65%)	177	189	189	189	(0)	(0%)		
Provincial Growth Fund	28	46	18	40%	76	211	211	59	(152)	(258%)		
SuperGold card	29	28	(0)	(1%)	89	91	91	90	(1)	(1%)		
Urban Cycleways Programme	0	0	0	90%	22	24	24	27	3	12%		
Supporting Regions Programme	12	35	23	66%	13	122	122	0	(122)	(100%)		
NZ Upgrade Programme	158	163	5	3%	186	333	333	0	(333)	(100%)		
Enhanced road maintenance	1	0	(1)	(100%)	1	2	2	0	(2)	(100%)		
COVID-19 Response and Recovery Fund ^{^^}	97	0	(97)	(100%)	272	501	501	0	(501)	(100%)		
Crown Infrastructure Partners	1	0	(1)	(100%)	1	0	0	0	0	0%		
Crown funded expenditure	367	314	(53)	(17%)	899	1,521	1,521	450	(1,071)	(238%)		
NLTP & Crown expenditure	2,208	2,315	107	5%	10,844	14,748	14,173	13,489	(685)	(5%)		

[^] **Forecast post-financing** - NLTP forecast excludes expenditure that is financed by borrowing facilities or funded by Crown grants. The method for allocating loans to activity classes is based on Waka Kotahi's adopted approach. The method has yet to be formally agreed by the Ministry of Transport.




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

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







SIGNIFICANT CAPITAL PROJECTS


KEY

Progress status towards *Statement of performance expectations 2020/21* milestones:








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

Budget and schedule status description:

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






 Assessment is against re-baselined and re-scoped programme information agreed this financial year.

Kaikōura recovery, Manawatū Gorge replacement and Te Ore Ore reinstatement

Project	Budget	Schedule	Progress status
Kaikōura earthquake recovery	\$		
Te Ahu a Turanga, Manawatū Tararua highway (Manawatū Gorge replacement)			
SH4 Te Ore Ore reinstatement	\$		

Delay in the delivery of the cultural impact assessment meant the construction programme has now been split over two construction seasons. Practical completion will no longer be achieved by year-end, but all other milestones are likely to be achieved. Although cultural impact assessment has been progressed by iwi and circulated for review, it remains a risk to the project.

Significant state highways

Project	Phase	Budget	Schedule	Progress status
Pūhoi-Wellsford				
Pūhoi-Warkworth	Implementation			
As a result of increases in scope related to the Matakana Link, a new more robust pavement design and risks materialising, budget has increased by circa \$40m. A price level adjustment is being finalised. Landslips remain a risk to delivery.				
Warkworth-Wellsford	Detailed business case	\$		
We are currently on track to scheduled activities, however, due to the delayed decision from the Environment Court to allow the project to progress, the Notice of Requirement will need to be extended. There is also a risk for further delays if there are appeals following receipt of the decision. These may affect delivery of the year-end milestone.				

Project	Phase	Budget	Schedule	Progress status
---------	-------	--------	----------	-----------------

Waikato Expressway

Hamilton section	Implementation	\$		
------------------	----------------	----	--	--

The programme has been reset due to COVID-19. Although construction is progressing to the new programme, wet weather in November 2020 limited delivery of surfacing works. There is also some pressure on the project budget due to the alteration in the pavement design to ensure that iron ochre in the ground water in the Ruakura area does not affect the project.

Although there is an estimated \$22.7m cost increase from programme delays from COVID-19, this will not impact on the project budget as the costs will be reimbursed by the Crown. The details of the claim are being worked through.

Cambridge to Piarere	Detailed business case	\$		
----------------------	------------------------	----	--	--

The project's current benefit-cost ratio of 0.6 does not reflect its strategic importance to the NZ Upgrade Programme's SH1/SH29 intersection project. Activities are on hold, which puts delivery of the year-end milestones at risk. The detailed business case will be taken to the Waka Kotahi Board meeting in March 2021.

Wellington Northern Corridor

Transmission Gully	Implementation	\$		
--------------------	----------------	----	--	--

A road opening date of 27 September 2021 with a final completion date of 27 March 2022 has been agreed as part of the COVID-19 claim negotiations. We are closely monitoring the programme, particularly with the generally poor weather through spring. Waka Kotahi was able to secure alternative insurance cover for approximately 3/4 of the project value/scope for the remainder of the construction phase, but there is still a substantial risk associated with future contractor claims arising from any seismic or storm events that occur during the remainder of the construction phase.

Peka Peka to Ōtaki	Implementation	\$		
--------------------	----------------	----	--	--

We are currently tracking to schedule, however, a revised programme indicated that the opening and completion dates will be pushed out by 11 months to May 2022 and November 2022, respectively. This is currently being reviewed and challenged which puts some pressure on delivery of the year-end milestone. Issues with uniformity of the stabilised sub-base have been identified through testing, leading to a suspension of work. A potential solution has now been identified following production trials done on the main alignment.

Let's Get Wellington Moving (LGWM)


Early Delivery Central City and SH1 walking and cycling speed	Detailed business case	\$		
---	------------------------	----	--	--




The project has been delayed by the deferral of the Cobham Crossing engagement. The deferral is a public perception risk, as the community is wanting to see early delivery and that has now been deferred to be part of the wider LGWM programme. It is unlikely the year-end milestone will be achieved.




Early Delivery Golden Mile	Detailed business case	\$		
----------------------------	------------------------	----	--	--

A revised programme has been agreed by the LGWM Board. There is some increase in project costs due to extra communications and engagement, but overall, the current business case phase is within the approved budget. There is an affordability and reputational risk associated with the emerging preferred option (which proposes to remove private motor vehicle access and parking). If realised, cost may exceed budget. This risk is currently being managed.







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

Project	Phase	Budget	Schedule	Progress status
Early Delivery Thorndon Quay & Hutt Road	Detailed business case	\$		
<p>A revised programme has been agreed by the LGWM Board with the approval of the LGWM engagement strategy. It is expected that a draft single stage business case (SSBC) will be delivered in June 2021. The year-end milestone will no longer be achieved. Deferment of engagement has increased risk around public perception, and likelihood of delays in finalising the SSBC.</p>				
Mass Rapid Transit	Detailed business case	\$		
<p>Public engagement has been delayed which means the year-end milestone will no longer be achieved. It is now scheduled for July 2021. This could further be affected by pending direction from the LGWM Board. An increase in project scope and duration of the indicative business case resulted in variations to the original consultant contract but remains within approved project budget. There remains a risk obtaining input into options in a timely manner due to the delay in engagement.</p>				
Strategic Highway Improvements	Detailed business case	\$		
<p>Public engagement has been delayed and rescheduled to February 2021, but this timeframe is constrained to obtain approvals for technical and other materials necessary for the engagement. This is aggravated by the fact that only unofficial iwi engagement can be obtained prior to public engagement, and stakeholder engagement is limited to a small number of critical Crown agency stakeholders. This risk is currently being managed. The year-end milestone will no longer be achieved and only a draft indicative business case is expected in mid-2021.</p>				
Travel Demand Management	Detailed business case	\$		
<p>The willingness to pay survey for a possible parking levy has been completed ahead of time under the revised programme. The consultants for the travel behaviour change work have not yet provided sufficient cost and benefit information for the draft single stage business case. There is also a risk that Wellington commercial property and parking owners will publicly oppose the possible parking levy.</p>				
City Streets	Detailed business case	\$		
<p>Planning is underway for the final draft indicative business case to undergo investment quality assurance. Risks on very tight delivery timeframes are being mitigated through active risk tracking and management.</p>				
Christchurch Motorways				
Christchurch Northern Arterial Rural with QEII Drive	Implementation	\$		
Christchurch Southern Motorway (Stage 2)	Implementation	\$		
<p>There have been several quality issues, which have led to delays and increased costs; however, the project remains on track and practical completion is still expected this financial year. Contractual discussions are underway to limit the extent of cost increases and to provide greater cost certainty. Other project risks include uncertainty around final costs and ongoing quality issues which are resulting in rework.</p>				











 On budget
 5-10% variance
 >10% variance

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


Significant investments in Auckland (Auckland Transport Package)


Project	Phase	Budget	Schedule	Progress status
Northern Corridor Improvements	Implementation	\$		
Additional Waitemata Harbour Connections	Detailed business case	\$		
<p>We are on track to programme, however, the next phase of work cannot begin until direction is provided on the strategy on the city-wide Rapid Transit Network (RTN) study. The project sponsor will meet with the Waka Kotahi Board to get RTN study direction. This risk is being managed.</p>				
Supporting Growth Alliance	Detailed business case	\$		
<p>While the quarter 2 milestone was met, COVID-19 required a slowdown in the Supporting Growth Programme. This is expected to be recovered in subsequent years of the programme but puts pressure on the year-end milestone. Projects in the South Auckland area have been prioritised because of the development proposals being brought forward by developers and funding certainty through the NZ Upgrade Programme. COVID-19 has constrained Auckland Transport's cash flow for the 2020/21 financial year and required some changes to the Supporting Growth Programme (eg pausing some of the existing projects). Route protecting transport corridors in the south has the potential to create a contingent property liability risk for Waka Kotahi. Quality is tracking well across the programme. The quality assurance review rated the quality of the Drury detailed business case "best practice plus".</p>				

Investments in regional connections (Accelerated Regional Roding Programme)

Project	Phase	Budget	Schedule	Progress status
New Ōpaoa River Bridge (formerly Opawa Bridge Replacement)	Implementation	\$		
<p>Practical completion was issued on 30 October 2020 and a formal celebration of completion was held on 28 November 2020. The year-end milestone has been achieved.</p>				
Loop Road North to Smeatons Hill safety improvements	Implementation	\$		
<p>The baseline programme is under review because of delays in the project due to COVID-19. The project will also come to a hold for a period due to a submission from an affected landowner. A hearing date has been set for early March 2021. Pricing for the additional scope is under review, as the current price indicates a 25% increase on the approved funding for the project. Once the review is complete, the budget will need to be reviewed and a price level adjustment will be issued for approval.</p>				
SH3 Awakino Tunnel Bypass	Implementation	\$		
Mt Messenger and Awakino Gorge Corridor	Implementation	\$		
Mt Messenger Bypass	Implementation	\$		
<p>The project has not recovered from delays, however, a positive High Court determination has been received which reduced the risk for further delays. A consent from the Environment Court will be required by the end of February if the project is to start construction in 2021. The schedule has also been de-risked by programming in alternative access and staging, which will remove key property acquisition from the critical path of the project. The project is being re-priced by the Alliance taking into account delays, escalation, scope change and increased Waka Kotahi-managed costs. This will be reviewed by an independent estimator in January 2020, and a price level adjustment put to the Waka Kotahi Board in February. Cost increase is likely to be greater than \$70m. Property and consenting risks remain.</p>				

 On budget

 5-10% variance

 >10% variance

 On schedule

 Over schedule <3 months

 Over schedule >3 months

Project	Phase	Budget	Schedule	Progress status
Napier Port Access Package: Hawke's Bay Expressway Safety Treatments	Implementation	\$		
Napier Port Access Package: Prebensen Hyderabad Intersection upgrade	Implementation	\$		
<p>There remains a risk that KiwiRail will not be able to complete the signal work at the level crossings in a timely fashion. We continue working with KiwiRail and getting Level Crossing Safety Impact Assessments done as quickly as possible to enable signal design to be programmed.</p>				
Nelson Future Access ¹	Business case	\$		
<p>Risk to project timeline was realised due to partners requesting greater detail on two options before progressing to the next stage. Increased costs and increased stakeholder engagement resulted in a forecast overspend. A cost increase has been approved. There remains a risk that transport system interventions that rely on Nelson City Council to implement may not be co-ordinated or locally funded. Proposed changes to the Nelson Regional Policy/Resource Management Plan that include an outstanding natural landscape overlay will increase the already high consenting risk.</p>				

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

Project	Phase	Budget	Schedule	Progress status
Northland package				
SH1 Whangarei to Port Marsden	Detailed business case	\$		
<p>Only one of three year-end milestones is expected to be achieved. A revised schedule has been communicated in the project delivery plan, and the project is currently on track to the new timelines. A draft risk-adjusted schedule has been developed for baselining in January 2021. Commencement of construction in early 2024 is still on target as communicated in the establishment report. The spending for the single stage business case and pre-implementation phases is currently on track with funding allocated against these phases. However, the forecast for property acquisition is higher than previously estimated as the number of properties potentially impacted has increased due to the emerging preferred route. Quality standards are yet to be defined as part of developing the scope. A draft design philosophy has been completed and is being circulated internally for feedback. This will be used to support costing the preliminary design for the preferred route in February/March 2021.</p> <p>Completion of the review on properties impacted based on a preferred corridor option that is predominantly following the current road route highlights significant cost risk to the project. Indicative property acquisition costs of \$200m have been identified against an original estimation of \$70m.</p>				



Auckland package

Penlink	Pre-implementation	\$		
<p>Early estimation, which was based on the Auckland Transport scope, indicates that the costs will exceed budget. Detailed works are being undertaken to inform a project cost estimate based on the new establishment report scope. Implementation of tolling continues to be a risk as it requires Ministerial and Cabinet approval.</p>				

¹ Formerly the Nelson Southern Link.

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

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

Project	Phase	Budget	Schedule	Progress status
Mill Road Corridor	Detailed business case	\$		
<p>Engagement has been delayed pending an affordability review which consequently resulted in a delay in lodgement and a review of the budget baseline. A treatment plan is yet to be developed to address affordability risks that were identified.</p>				
SH1 Papakura to Drury South ²	Pre-implementation	\$		
<p>The project is on track to meet year-end milestone for stages 1A and 1B, however, stage 2 lodgement of consents and notice of requirement will not be completed in 2020/21 and is dependent on funding decisions being made. The project scope has ministerial approval for stage 2, however, the funding is still pending approval.</p> <p>Other risks include work on the current treatment plan which does not fully address all property risks, and the potential delay of stage 1B2 beyond December 2025 if resolution with mana whenua governance for the Otuwairoa Creek cannot be reached by mid-2021.</p>				
Northern Pathway Westhaven to Akoranga ³	Pre-implementation	\$		
<p>Alliance set-up is underway, and we are on track to achieving the year-end milestone. Project cost estimate is over the funding allocation. Discussions continue regarding scope, budget and schedule. Project completion is at risk as the project scope has not yet been agreed. Consenting risks include opposition from mana whenua and consideration of adverse effects on rare native birds relating to the coastal policy statement.</p>				
Waikato and Bay of Plenty package				
SH1/SH29 intersection	Pre-implementation	\$		
<p>There are delays to land entry, surveys and potential lodgement of the Notice of Requirement. There remains a significant risk relating to property acquisition issues.</p>				
Takatimu North Link Stage 1 ⁴	Pre-implementation	\$		
<p>There are no issues currently identified against schedules, however, there remains a risk to delivery in the completion of property acquisition for two Māori freehold land parcels in time for construction start in September 2021. Unless an agreement is reached by February 2021, this risk will be realised. Budget estimate has been updated and peer reviewed, identifying an additional \$91m required for construction to be completed. Confirmation of funding is required prior to contract award in March 2021. Revocation of existing SH2 also remains a risk until a funding source for this planning and implementation is identified.</p>				
Takatimu North Link Stage 2 ⁵	Pre-implementation	\$		
<p>We are currently tracking to schedule, however, timeframes are tight to enable time for land requirement plans and have property agreements by October 2021. There are likely to be delays due to the need for an alteration to designation and property acquisition. Stage 1 extension is being prioritised at this stage.</p>				


² Formerly the Papakura to Bombay project.


³ Formerly the Auckland Harbour Bridge Walking and Cycling Facility and Seapath.

⁴ Formerly the Tauranga Northern Link project.

⁵ Formerly the SH2 Omokoroa to Te Puna project.

 On budget



















 5-10% variance

 >10% variance


 On schedule


 Over schedule <3 months

 Over schedule >3 months

Project	Phase	Budget	Schedule	Progress status
Wellington package				
SH58 safety improvements - stage 2	Pre-implementation	\$		
<p>Unknown consenting pathway and budget constraints have resulted in inability to progress property acquisition through the Public Works Act. The consenting pathway needs to be understood before the timeline for construction can be confirmed. The time limit on the Notices of Desire to acquire land from the owners (under Section 18 of the Public Works Act 1981) may mean that they need to be re-issued. This will potentially add 12 to 18 months onto the programme. Scope and budget are yet to be confirmed.</p>				
SH2 Melling efficiency and safety improvements	Pre-implementation	\$		
<p>We are currently tracking to schedule, however, the programme is very tight. There are some delays due to the Greater Wellington Regional Council flood routing from the initial Opus 2017 model, resulting in an increase in flood channel size and stop-bank crest height. This has necessitated further work at critical 'pinch-points' to understand design solutions and test the alternatives. Most of the issues have been resolved from working closely with partners. The consultant is seeking additional claims as a result of the change in the design flood outcomes and delays. These are currently being discussed. The new flood modelling has also impacted on partners designs and resulted in a knock-on-effect to lodging the application in March 2021. This is now tentatively programmed to occur in May 2021. Any further disruption to programme will likely result in delay affecting the annual milestone.</p>				
Wellington Road of National Significance: Ōtaki to north of Levin	Detailed business case	\$		
<p>Interim total project costs indicate that project allocation may be exceeded due to property costs being higher than estimated, and the estimates for physical works are higher than budget.</p>				
Canterbury package				
Rolleston access improvements	Programme business case	\$		
<p>Current cost estimate for overall project delivery is greater than the programme allocation. Cost saving opportunities will be explored through the optioneering process in the detailed business case phase.</p>				
Brougham Street Improvements	Detailed business case	\$		
<p>We are currently on track to schedule, however, delays in gaining Christchurch City Council partner alignment for the business case have put the project slightly behind schedule. This puts pressure on the year-end milestone. The establishment report milestones agreed in June 2020 are being updated for governance board approval. Project implementation estimate is higher than budget allocation. A parallel estimate is being undertaken, which will provide more clarity on budget requirements.</p>				
SH75 Halswell Road Improvements	Detailed business case	\$		
West Melton improvements	Detailed business case	\$		
SH1 Walnut Avenue intersection improvements	Pre-implementation	\$		
<p>There have been delays on agreeing land ownership and occupation with KiwiRail which has pushed out the start of works.</p>				
SH1 Tinwald corridor improvements	Detailed business case	\$		

 On budget

 5-10% variance

 >10% variance

 On schedule

 Over schedule <3 months

 Over schedule >3 months

Project	Phase	Budget	Schedule	Progress status
Queenstown package				
SH6A corridor improvements	Detailed business case	\$	🕒	🎯
Milestone has been deferred by 3 months, however, the critical path is not impacted so pre-implementation activities are commencing. The detailed business case estimate indicates current budget allocation may be insufficient. A parallel estimate is underway.				
SH6 Grant Road to Kawarau Falls improvements	Detailed business case	\$	🕒	🎯
Milestone has been deferred by 3 months, however, the critical path is not impacted so pre-implementation activities are commencing. The detailed business case estimate indicates current budget allocation may be insufficient. A parallel estimate is underway.				

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

🕒 On schedule
 🕒 Over schedule <3 months
 🕒 Over schedule >3 months