
QUARTER THREE 2020/21 PERFORMANCE REPORT

for the quarter ended 31 March 2021

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EXECUTIVE SUMMARY

INTRODUCTION

This report provides an update for the quarter ended 31 March 2021 (quarter three) 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 against ministerial priorities, including our achievements, risks, challenges and upcoming milestones.

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

HIGHLIGHTS

In quarter three we were on track to complete 24 of our 35 (68%) significant activities by year end. Our highlights include:

- **New performance framework:** We're currently finalising the performance framework we'll use to track our progress toward our new strategic direction Te kāpehu | Our compass. Development of the framework has been a significant piece of work and will help provide us with a clear direction for success.
- **Tū ake, tū māia our regulatory strategy:** We've established the Director of Land Transport role and are on track with our funding and fees review and development of our regulatory operating model.
- **Toitū te taiao, our sustainability action plan:** All of the headline actions of Toitū te taiao are underway and we're currently working on developing Tiakina te taiao, our sustainability monitoring report for 2021. We've continued to provide substantive advice to the government on its climate change initiatives and have also begun work on the Clean Car Standard approved by Cabinet in January 2021.
- **Innovating Streets for People:** Twenty-one Innovating Streets projects have now been implemented. We've continued to support approved organisations through monthly community of practice sessions, technical assistance and targeted communications advice.
- **Rail Network Investment Programme:** Waka Kotahi has received the Rail Network Investment Programme (RNIP) from KiwiRail. We're currently reviewing the draft RNIP and preparing our advice on the programme for the Minister of Transport.
- **Ask our Team survey results:** The results of the 2021 Ask Our Team full survey showed further improvement in the results for the question 'Waka Kotahi is a great place to work'. The proportion of employees that agree that this organisation is a great place to work is 75%. This is a 3% increase over the November 2020 Pulse Survey, and a 7% increase in the Ask Our Team full survey results from the previous year.

CHALLENGES

The impacts of COVID-19

The COVID-19 pandemic has significantly affected transport demand, transport system revenue and the way Waka Kotahi works. Released in 2020, version two of our ten-year plan Arataki describes how COVID-19 is likely to affect our ability to make the transport system shifts we want to see over the next decade. We're continuing to develop our understanding of how the land transport system can support communities and the economy to recover from the impacts of COVID-19.

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 three 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 (viz. rapid transit, road safety promotion and demand management; and investment management).

The NLTF will also be under pressure in the 2021-24 NLTP period to meet an expanding range of activities and commitments within the available revenue.

Significant capital projects

As reported in quarter two, our 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 are being revised to reflect these risks as part of the re-baselining of the programme that is currently underway.

At the end of quarter three, ten of the 29 NLTP significant capital projects (34%) were on track with no known risks to achieving the year-end milestone. Of the 19 where there are some issues or delays, 14 are at risk of not achieving the year-end milestone. Seven of these were also at risk in quarter two (Transmission Gully, Nelson Future Access and five of the Let's Get Wellington Moving projects). The remaining seven are:

- the City Streets Let's Get Wellington Moving project (note: Let's Get Wellington Moving, is currently being re-baselined)
- SH4 Te Ore Ore reinstatement
- the Hamilton section of the Waikato Expressway
- Additional Waitematā Harbour Connections
- Loop Road North to Smeatons Hill safety improvements
- Mt Messenger Bypass
- Napier Port Access package – Prebensen Hyderabad Intersection upgrade.

There are also another five projects where we think we'll still achieve the year-end milestone but where there are risks to delivery.

The impacts of COVID-19 lockdowns continue to be felt, including lost time because of site shutdown, loss of workers owing to border restrictions and delays in accessing some materials due to the impact of COVID-19 on supply chains. Many projects have also been delayed as a result of interdependencies with other programmes or projects which are critical to the expected benefits of our significant capital projects being fully realised. For example:

- The cultural impact assessment with iwi for SH4 Te Ore Ore Reinstatement has been delayed which means construction will now start in September 2021. It is important that Waka Kotahi builds our relationship with iwi at the outset of the project.
- The review of Let's Get Wellington Moving has resulted in a pause on progress. A comprehensive response plan has now been developed and implemented with progress expected to improve as a result.
- Prior to the government's most recent light rail announcement, the Additional Waitematā Harbour Connections project was placed on hold due to interdependencies with the City Centre to Māngere light rail project.
- We are waiting for the final Environment Court decision on resource consent and designation for the Mt Messenger Bypass.

Other projects have been significantly affected by external factors beyond our control, including: our partners not being able to deliver to plan (eg part of the Napier Port Access Package is delayed as KiwiRail will not be able to design and build the signals for the levels crossing by June 2021); resource constraints (including the effects of New Zealand stopping bitumen production at Marsden Point); and poor weather conditions.

Detailed information on all significant capital projects is provided in appendix 4.

Performance measures

We achieved target for 40 of the 55 (73%) performance measures reportable this quarter. We did not achieve target for 15 measures this quarter, including two measures where we're likely to achieve target by year-end and 13 measures where we are unlikely to or will not meet target by year end.

The results for these measures are summarised in Table 1 on the following page (refer to appendix 1 for details).

Table 1: Performance measures where we did not achieve the target in quarter three

■ Target not achieved and unlikely to meet year-end target

■ Target not achieved but still likely to meet year-end target

Measure category/output class	Measure name	Reasons for not achieving the target by year-end
Technology	■ TT2.1: Technology risk rating	While some risks have been addressed through our risk remediation programme, our technology is a critical risk for Waka Kotahi and will not be fully mitigated until aging systems are replaced.
Environment	■ ENV2.2: Waka Kotahi fleet vehicle emissions (carbon dioxide equivalent)	<p>We expect the year-end result to be equal to or slightly higher than in the 2019/20 financial year. Our target for 2020/21 was ambitious as it used the 2019/20 financial year as a baseline, which included approximately three months of reduced travel due to COVID-19 lockdowns.</p> <p>Our planned transition to battery electric vehicles has been delayed due to COVID-19-related global shipping constraints. This is a global supply chain issue that is beyond our direct control.</p>
Driver license testing	<p>■ DLT3: Proportion of practical tests taken within 30 working days of booking</p> <p>■ DLT5: Proportion of non-compliance actions for driver licence course providers and testing officers that are under active management</p>	<p>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.</p> <p>While process improvements and quality checks in quarters two and three helped to improve performance, due to poor results in quarter one, the year-end result will be just below the target (approximately 94.8%).</p>
Regulation of commercial transport operators	■ CTO3: Proportion of standard permits issued within 10 working days	Processing times have been affected by a significant increase the volume of permit applications. See page 11 for more information.
Regulation of the rail transport system	■ RTS1: Proportion of rail participants reviewed or audited against target	Some planned assessments were not completed as resources had to be freed up for two special safety assessments focusing on high-risk rail participants
Investment management	■ IM4: Proportion of investment audit activities delivered to plan	Some audits were carried over from 2019/20 as a result of the COVID-19 lockdowns. As we've had to redirect resources to complete these audits, we won't be able to complete all our planned activities for the 2020/21 financial year.
Road policing	<p>■ RP1 – RP6 from the 2019–21 Road Safety Partnership Programme covering the following NZ Police-delivered outputs:</p> <ul style="list-style-type: none"> • mobile camera deployment activity • 1-10km/h excess speed officer issued Infringement Offence Notices • officer issued speed offence notices which are rural • Offender Management Plans in place for high-risk drivers • restraint offences • passive breath tests and breath screening tests conducted. 	The Ministry of Transport is planning to undertake a review of the 2019–21 Road Safety Partnership Programme (RSPP) as performance against most of its targets has been consistently low. See page 9 for more information.
Investment management	■ IM3: Proportion of sector research activities delivered to agreed standards and timeframes	Some research projects had to be rescheduled as a result of unforeseen delays. The reasons for the delays included a change in consultancy staff, the COVID-19 lockdowns and delays in receiving third party data required for the projects.
Revenue collection and administration	■ REV7: Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	The processing times for fuel excise duty (FED) and road user charges (RUC) contributed to the low result. Staff shortages affected the FED processing times, while the RUC processing times continue to be affected by the impacts of COVID-19.

OUR PERFORMANCE

This section provides progress updates for quarter three on projects and programmes that are ministerial priorities for reporting. The updates provide an overview of 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 three can be found in appendix 1.

Key to progress updates

- 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.

IMPLEMENTATION OF THE GOVERNMENT POLICY STATEMENT ON LAND TRANSPORT

Completing the 2018–21 National Land Transport Programme

As we approach the end of the 2018–21 NLTP, the NLTF is forecast to be fully used in the current NLTP, with current standby facilities fully drawn down. New funding approvals are being closely managed and expenditure forecasts regularly reviewed and updated, and an increase our short-term revolving facilities has been approved. The shock facility is to increase from \$75 million to \$250 million, with the repayment period extending to four years from three. The seasonal facility is to increase from \$175 million to \$250 million. Other possible measures to mitigate cash flow risks over year-end have also been raised with Ministry of Transport officials.

Funding to three 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 viz. rapid transit (materially below), road safety promotion and demand management (marginally below); and investment management (marginally above). Expenditure for road safety and demand management 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. On a pre-financing basis both state highway maintenance and state highway improvements are forecast to be slightly above the top of the activity class.

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

Developing the 2021–24 National Land Transport Programme

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

The deadline for sector submissions to the 2021–24 National Land Transport Programme is 30 June 2021. We'll assess and prioritise submitted activities using our new Investment Prioritisation Method, which assesses alignment of activities with GPS priorities, efficiency and effectiveness. We are providing advice and support to the sector to develop robust proposals through providing tools, exemplars and learning modules to guide proposal development, and through ongoing engagement with Waka Kotahi advisors.

Available funding for the 2021–24 is such that the majority of activity classes will be limited funding at the lower end of their GPS funding ranges.

REFRESHING OUR STRATEGIC DIRECTION, VALUES AND PERFORMANCE MEASURES

Ref.	Significant activity	Status
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	G
8.2	Implement and embed new values and behaviours that strengthen our organisational culture and empower our people	G

In December 2020 we launched our new strategic direction Te kāpehu | Our compass, which has the vision of connecting people, products and places for a thriving Aotearoa. Waka Kotahi is now in the final stages of developing a new performance framework that will help us track our progress toward realising this vision. Our performance framework:

- includes a set of measures and targets for our long-term Te kāpehu system outcomes
- includes measures and targets for a set of results which represent the intermediate changes we need to see over the next five years to help us achieve our system outcomes
- demonstrates how we'll realise our vision through the activities and outputs we deliver and invest in.

Our draft performance framework is aligned to the Transport Outcomes Framework, GPS 2021 and our other internal strategies and plans, including Toitū te taiao our sustainability action plan, Tū ake, tu māia our regulatory strategy and Arataki, our ten-year plan. Te kāpehu and our new performance framework is included in our refreshed statement of intent for 2021-26 and statement of performance expectations for the upcoming financial year (2021/22) and will be reported against in our quarterly reports from quarter one 2021/22.

ENVIRONMENT

Ref.	Significant activity	Status
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	G
6.2	Work with the Ministry of Transport and other partners to recommend emissions budgets for land transport, taking account of all system levers	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	G
6.4	Implement the approved elements of the government's proposed clean car reforms	G

Waka Kotahi has continued to make good progress on implementing Toitū te taiao our sustainability action plan, with all of the plan's headline actions already underway.

Waka Kotahi is committed to contributing to achievement of the government's climate change objectives. We've continued to provide substantive input and advice to the Ministry of Transport, the Climate Change Commission and the Ministry for Environment on Hikina te Kohupara the Transport Emissions Action Plan, draft emissions budgets and recommendations and the government's emissions reduction plan.

NEW ZEALAND UPGRADE PROGRAMME

While the current estimates of year-end progress indicate that eight of the 19 NZUP significant capital projects are on track to deliver their year-end SPE milestone, as reported in quarter two there are cost and schedule risks across multiple projects. The year-end milestones for all NZUP projects are being revised to reflect these risks as part of the re-baselining of the programme currently underway.

19 NZUP projects			Schedule		
Budget			Schedule		
\$ On budget	\$ 5-10 % variance	\$ >10% variance	🟢 On schedule	🟡 Over schedule <3 months	🔴 Over schedule >3 months
5	6	8	10	4	5

The programme is being baselined in terms of cost, scope to achieve outcomes, schedules and risks. The baselining workstream is progressing to plan. We provided initial baselining and prioritisation advice to joint ministers in April and expect to provide further advice in May. This first programme baseline will form the basis of the NZUP implementation plan and 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 Supporting Regions Programme state highway projects	G

Good progress is being made on the 13 state highway projects in the Supporting Regions Programme, with many projects contracted or under construction. Waka Kotahi remains largely on track for delivering the projects in line with completion dates in the respective project funding agreements.

ROAD TO ZERO

Ref.	Significant activity	Status
1.1	Ensure the Waka Kotahi implementation plan for Road to Zero is operational, including outcomes, targets and a reporting framework	A
1.2	Progress delivery of the Safe Networks Programme (now called Road to Zero Speed and Infrastructure Programme)	G

The overall target of **Road to Zero**, New Zealand's road safety strategy is to reduce DSIs on our roads by 40% by 2030. As at 31 December 2020 there were **286 deaths and 2195 serious injuries** (DSIs) across the land transport system (12-month rolling total). There were 2481 DSIs during this period, a reduction from the number of DSIs reported for the previous 12 months (2804).

The Ministry of Transport expects to publish the first Road to Zero outcomes report at the end of May 2021. We're currently working on improving the outcomes framework informing the report so that it has a greater focus on identifying Safe System gaps and clearly identifies issues contributing to deaths and serious injuries.

The Safe Networks Programme has been reviewed to ensure alignment with Road to Zero and renamed the **Road to Zero Speed and Infrastructure Programme**. All capital improvement projects planned for this year are now complete. We have awarded three additional construction contracts for capital projects in quarter three with average monthly spend increasing slightly. To date, we have completed 28 speed reviews covering 536km of the state highway network and 27 rail level crossing safety upgrades.

The **Road Safety Partnership Programme 2019–21** was 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.

Performance against the programme's targets has been consistently low. At the end of quarter three, we estimated that the year-end target would not be met six of the eight road policing output class measures for 2020/21. These cover the following NZ Police-delivered outputs: mobile camera deployment activity, 1-10km/h excess speed officer issued Infringement Offence Notices, officer issued speed offence notices which are rural, Offender Management Plans in place for high-risk drivers, restraint offences, passive breath tests and breath screening tests conducted.

The Ministry of Transport is planning to undertake a review of the 2019–21 programme. We will work with the Ministry of Transport and NZ Police on how we can improve the monitoring and assurance of the upcoming Road Safety Partnership Programme 2021–24, endorsed by the Waka Kotahi Board in April 2021. This will include annual reviews of the new programme by our board as well as working with NZ Police to respond to the findings of the Ministry of Transport's review.

SAFER SPEEDS

Ref.	Significant activity	Status
1.4	Complete the draft National Speed Management Plan including a proposed plan for safer speeds around schools <i>Road to Zero implementation plan reference: Introduce a new approach to tackling unsafe speeds: Improve the way road controlling authorities plan and implement speed management changes (2.1) Transition to safer speed limits around schools (2.2)</i>	A
1.5	Establish the National Speed Limit Register	R
4.3	Complete the Speed Infringement Implementation Plan for 2021-24 <i>Road to Zero implementation plan reference: Tackling Unsafe Speeds</i>	A

In our quarter two performance report we reported that the delay to finalisation of the new Setting of Speeds Limits Rule 2021 delayed the go-live date for the National Speed Limit Register and National Speed Management Guide to early to mid-December 2021. While this delay means we won't complete these activities within the 2020/21 financial year as planned, we are making good progress toward delivering our activities by the revised go-live date. As at the end of quarter three:

- we're on track to release the National Speed Limit Register on 6 December 2021
- we now expect to complete the National Speed Management Guide this financial year in June 2021, rather than in early to mid-December as reported in our quarter two report
- we expect that forty percent of schools will have safer speed limits (permanent or variable) by 2024
- the design and development of a One Network Framework is nearing completion and will provide guidance for safer speed limits across the New Zealand road network.

The programme business case for Tackling Unsafe Speeds is due to be submitted to the Waka Kotahi Board in June 2021. The business case includes the implementation plan for a speed infringement processing system for the period 2021-24.

REGULATORY CAPABILITY AND PERFORMANCE

Tū ake, tū māia our regulatory strategy

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

We've continued to make good progress on implementing Tū ake, tū maia our regulatory strategy. In quarter two we reported an amber rating for the regulatory strategy operating model (7.1) and establishing the Director of Land Transport role (7.2). We're now on track to deliver all three of our significant activities by year-end.

The internal review into our regulatory **funding and fees** is nearing completion. We're preparing proposals to take to the Minister of Transport, which, if accepted and approved by Cabinet, we hope to bring to public consultation later in 2021.

Performance against regulatory output class measures

In quarter three we achieved target for 16 of our 21 regulatory output class measures (76%). Performance for the measures where we didn't achieve target is summarised in the table below.

The table shows that our expected performance by year-end has declined between quarter two and quarter three for 2 measures, DLT5 and REV7.

■ Target not achieved and unlikely to meet year-end target
■ Target not achieved but still likely to meet year-end target
■ Target achieved/on track to meet year-end target

Output class	Measure	Quarter 2 status	Quarter 3 status	Quarter 3 commentary
Driver licensing and testing	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.
	DLT5: Proportion of non-compliance actions for driver licence course providers and testing officers that are under active management	■	■	While process improvements and quality checks in quarters two and three helped to improve performance, due to poor results in quarter one, the year-end result will be just below the target (approximately 94.8%).
Regulation of commercial transport operators	CTO3: Proportion of standard permits issued within 10 working days.	■	■	The volume of permit applications has increased significantly as the new 50MAX truck has become the pro forma vehicle type. Processing times are affected when additional information is sought from applicants which accounts for the 1-2% of permits not completed as per the service level agreement this quarter.
Regulation of the rail transport system	RTS1: Proportion of rail participants reviewed or audited against target	■	■	Some planned assessments were not completed as resources had to be freed up for two special safety assessments focusing on high-risk rail participants.
Revenue collection and administration	REV7: Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	■	■	The processing times for fuel excise duty (FED) and road user charges (RUC) contributed to the low result. Staff shortages affected the FED processing times, while the RUC processing times continue to be affected by the impacts of COVID-19.

KEEPING CITIES MOVING

Ref.	Significant activity	Status
3.3	Develop mode shift action plans for five urban areas (Christchurch, Hamilton, Queenstown, Tauranga and Wellington)	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	G
3.2	Have a refreshed Auckland Transport Alignment Programme (post-NZ Upgrade Programme) including funding arrangements to 2028 agreed by all partners	A
3.1	Together with partners, progress delivery of the seven Let's Get Wellington Moving projects	R
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	G

The **mode-shift plans** for Auckland, Tauranga, Hamilton, Christchurch and Queenstown were completed in quarter one and are being implemented by our council partners. The plans will be used as strategic cases to inform future investment. The next milestones will be reconciling the plans with investment in the 2021–24 National Land Transport Programme and supporting cities to align their plans to carbon reduction targets.

We've continued to work with Kāinga Ora on **integrated transport and spatial planning** as part of the Urban Growth Agenda. Together with the **Auckland Transport Alignment Project (ATAP)** and **Let's Get Wellington Moving**, the work we're doing on integrated transport and spatial planning has the potential to reduce the need to travel and support mode shift, both of which will help us keep our cities moving and reduce greenhouse gas emissions.

Appendix 4 provides detailed information on Let's Get Wellington Moving. An assessment of the programme was undertaken from December 2020 to March 2021 which resulted in delays to the programme schedule and key milestones. The outcome of the assessment is currently being analysed and a new baseline will be set in May 2021.

We also additional work to do to effectively support the implementation of ATAP, including updating the funding settings to ensure the package can be fully delivered.

A second round of funding was approved for **Innovating Streets for People** by the Waka Kotahi Board in August 2020. Twenty-one Innovating Streets projects have now been implemented, with adapting, monitoring and evaluation of the projects now taking place. We've continued to support approved organisations through monthly community of practice sessions, technical assistance and targeted communications advice.

PUBLIC TRANSPORT

Public transport investments

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

Waka Kotahi has received the draft Rail Network Investment Programme (RNIP) from KiwiRail. We're reviewing the draft RNIP and preparing our advice on the programme for the Minister of Transport. Our board will consider our advice in the RNIP in May prior to the advice being provided to the minister.

Public transport boardings



In our 2020/21 SPE it wasn't possible to set targets for our public transport and SuperGold boardings because data required to adjust forecast volumes was incomplete due to the COVID-19 lockdown. We have now set year-end targets at 119 million for public transport boardings and 11.3 million for SuperGold boardings. In quarter three we were on track to achieve the target for both public transport and SuperGold boardings.

NATIONAL TICKETING SOLUTION

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

The request for proposals for a National Ticketing Solution (NTS) provider closed in August 2020 and we are now close to selecting a single or two preferred providers. In parallel, Waka Kotahi is developing a single NTS detailed business case for all participating public transport authorities.

URBAN CYCLEWAYS PROGRAMME


PROGRAMME PROGRESS (54 PROJECTS)				\$	⌚
Completed	In construction	Pre-construction	De-scoped		
39	13	0	2		

* 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 UCF allocation for this project was redirected to the Rapanui - Shagrock Cycleway.

As at 31 March 2021 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.

Thirteen of the 54 original UCP projects are still underway, with five expected to be completed by the programme end date of 30 June 2021 and the remaining eight by 30 June 2022.

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	

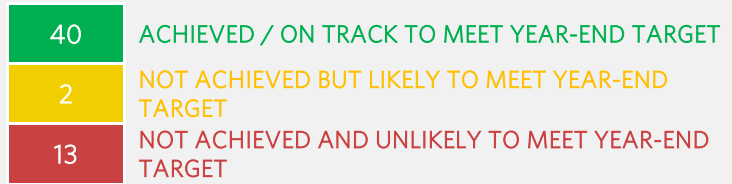
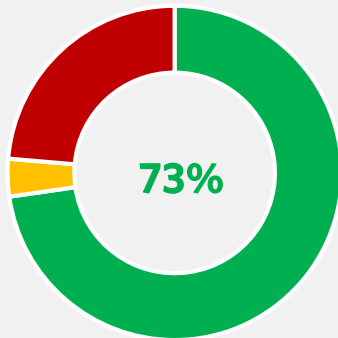
We are on track to achieve the year end milestone for both Te Ahu a Turanga: Manawatū Tararua highway and the Kaikōura earthquake recovery.

We will not achieve the year end milestone for SH4 Te Ore Ore as the delay in the delivery of the cultural impact assessment means construction will now start in September 2021. This means practical completion will no longer be achieved by year-end.

We are also unlikely to achieve the year end milestone for the Mt Messenger Bypass. The project is still waiting on the final Environment Court decision for the resource consent and designation. This, along with prolonged property acquisition, will delay the construction start date beyond 2021 which means the year-end milestone will not be achieved.

Appendix 4 provides detailed information on these projects.

PERFORMANCE MEASURES



■ Performance measures where the year-end target is unlikely to be achieved

Measure category / output class	Measure name	2020/21 target	Quarter 3 performance against target	Trend from previous quarter	Reason(s) target not achieved and/or not on track to achieve year-end target	Our response
Technology	TT2.1: Technology risk rating	Reducing	■ Reducing	No change Q2 result: ■ Reducing	We are part way through our three-year risk mediation programme. While some risks have already been mitigated, remediation of other risks will require multi-year programmes of work.	A substantial work programme is underway to address the remaining identified risks. We're continuing to review our systems to identify and prioritise additional areas that still require remediation.
Environment	ENV2.2: Waka Kotahi fleet vehicle emissions (carbon dioxide equivalent)	Decreasing (≤431 tonnes)	■ 354 tonnes	↓ Declining Q2 result: ■ 243 tonnes	We expect the year-end result to be equal to or slightly higher than in the 2019/20 financial year. Our target for 2020/21 was ambitious as it used the 2019/20 financial year as a baseline, which included approximately three months of reduced travel due to COVID-19 lockdowns.	Our planned transition to battery electric vehicles in quarter three and quarter four 2020/21 has been delayed due to COVID-19-related global shipping constraints. This is a global supply chain issue that is beyond our direct control.
Driver license testing	DLT3 Proportion of practical tests taken within 30 working days of booking	≥85%	■ 49.6%	↓ Declining Q2 result: ■ 63.2%	The target for this measure was not met by test providers due to the backlog of tests postponed because of the COVID-19 lockdowns and an overall increase in demand from those unable to take their tests during this time. We are working closely with test providers to further increase the availability but due to the comprehensive training required for driving testing officers, this takes time.	Practical test providers are employing short-term (six-month) additional resource in Auckland to help reduce the wait times until November 2021. We are also working closely with providers to look at all other options to help mitigate the impacts of increased demand on wait times for practical tests. Assuming there are no further lockdowns, it is anticipated that the wait times will be back on track in early 2021/22.
Driver license testing	DLT5 Proportion of non-compliance actions for driver license course providers and testing officers that are under active management (GPS 2021)	≥95%	■ 94.7%	↑ Improving Q2 result: ■ 92.9%	The year-end estimate for this measure is approximately 94.8% which is just beneath the target. This is due to poor results from quarter one.	While process improvements and quality checks put quarter two and quarter four results back on track, this has not been sufficient to compensate for the low result in quarter one (87.1%). We expect results to continue to improve over time.

Measure category / output class	Measure name	2020/21 target	Quarter 3 performance against target	Trend from previous quarter	Reason(s) target not achieved and/or not on track to achieve year-end target	Our response
Regulation of commercial transport operators	CTO3 Proportion of standard permits issued within 10 working days	100%	■ 98.8%	↑ Improving Q2 result: ■ 96.8%	The volume of permit applications has increased significantly as the new 50MAX truck has become the pro forma vehicle type. Processing times are affected when additional information is sought from applicants which accounts for the 1-2% of permits not completed as per the service level agreement this quarter.	While we are recruiting another permit officer, this resource will not be in place in time to enable us to achieve the year-end target.
Regulation of the rail transport system	RTS1: Proportion of rail participants reviewed or audited against target (GPS 2021)	≥95%	■ 76%	↓ Declining Q2 result: ■ 89%	The year-end estimate for this measure is 86%. We have completed 39 ordinary safety assessments year to date against a target of 51, as well as two high-risk assessments. We were not able to complete all our planned assessments as we had to reallocate resources to focus on high-risk participants. Five planned assessments were postponed and seven low-risk assessments were cancelled, enabling special safety assessments to be completed for two high-risk rail participants (initiated in quarter two).	As special safety assessments are only completed when Waka Kotahi has a particular safety concern, it is not possible to predict when we'll have to complete them. When the need for them arises we therefore reallocate resources as required.
Investment management	IM4: Proportion of investment audit activities delivered to plan	100%	■ 69%	↓ Declining Q2 result: ■ 115%	Some audits were carried over from 2019/20 as a result of the COVID-19 lockdowns. As we've had to redirect resources to complete these audits, we won't be able to complete all our planned activities for the 2020/21 financial year.	The deferred to 2020/21 activities will be completed during the 2021/22 financial year and have been factored into the 2021/22 programme.
Road policing (outputs delivered by NZ Police through the 2019–21 Road Safety Partnership Programme)	RP1: Speed: Mobile camera deployment activity	100,000 hours by the end of 2020/21	■ 45,812	No change Q2 result: ■ 31,934	The 2020/21 financial year is the last year of the Road Safety Partnership Programme 2019–21. The Ministry of Transport is planning to undertake a review of the programme as performance against its targets has been consistently low. The new Road Safety Partnership Programme 2021–24 was endorsed by the Waka Kotahi Board in April 2021. We are working on improving our programme monitoring and assurance, including through annual reviews of the new programme by our board. We will also work with NZ Police to respond to the findings of the Ministry of Transport's review.	
	RP2: Speed: Percentage of 1–10km/h excess speed officer issued Infringement Offence Notices	30% each quarter	■ 8.94%	↓ Declining Q2 result: ■ 9.02%		
	RP3: Speed: Percentage of officer issued speed offence notices which are rural	75% each quarter	■ 54%	No change Q2 result: ■ 55%		
	RP4: Speed: Number of Offender Management Plans in place for high-risk drivers	1,700 by the end of 2020/21	■ 324	↓ Declining Q2 result: ■ 216		

Measure category / output class	Measure name	2020/21 target	Quarter 3 performance against target	Trend from previous quarter	Reason(s) target not achieved and/or not on track to achieve year-end target	Our response
	RP5: Restraints: Number of restraint offences	60,000 by the end of 2020/21	■ 30,267	↓ Declining Q2 result: ■ 20,674		
	RP6: Impairment: Number of passive breath tests and breath screening tests conducted	3 million by the end of 2020/21	■ 1.18 million	No change Q2 result: ■ 886,076		

■ Performance measures where we did not achieve the quarter three target but for which the year-end target is likely to be achieved

Measure category / output class	Measure name	2020/21 target	Q3 result	Trend from previous quarter	Reason(s) target not achieved and/or not on track to achieve year-end target	Actions to improve performance
Investment management	IM3: Proportion of sector research activities delivered to agreed standards and timeframes	≥95%	■ 86%	↑ Improving Q2 result: ■ 85%	Some research projects had to be rescheduled as a result of unforeseen delays. The reasons for the delays included a change in consultancy staff, the COVID-19 lockdowns and delays in receiving third party data required for the projects. As a result, milestones originally programmed for completion in quarter two were rescheduled for quarters three and four.	We expect the outstanding milestones to be completed in quarter four as planned.
Revenue collection and administration	REV7: Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	≤20 working days	■ 20.1	↓ Declining Q2 result: ■ 19.9	The low result for fuel excise duty (FED) and road user charges (RUC) processing contributed to our performance in quarter three. The FED processing times were affected by staff shortages. The RUC processing times have been affected by COVID-19.	A risk-based model has since been implemented whereby we can identify the riskier claims and assess accordingly. We anticipate the number of processing days dropping over the next financial quarter.

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 <i>RtZ Imp. Plan ref: Support monitoring & evaluation of the Road to Zero (15.3)</i>	The Ministry of Transport expects to publish the first Road to Zero outcomes report at the end of May. Waka Kotahi is working with the Ministry of Transport to improve the pilot version of the outcomes reporting framework, to provide more of a focus on identifying Safe System gaps and a clearer identification of issues that are contributing to deaths and serious injuries.	A
1.2	progress delivery of the Safe Networks Programme	All capital improvement projects planned for this year are now complete, with one roundabout go-live in the quarter. We have awarded three additional construction contracts for capital projects in quarter three with average monthly spend increasing slightly. To date, we have completed 28 speed reviews covering 536km of the state highway network and 27 rail level crossing safety upgrades.	G
1.3	put into operation an assurance plan for the Road Safety Partnership Programme	Together with NZ Police we've developed the proposed Road Safety Partnership Programme for the 2021–24 National Land Transport Programme. This was provided to the Waka Kotahi Board on 20 April 2021. We continue to work with NZ Police to support districts to develop and execute plans to deliver shared outcomes, with Waka Kotahi and NZ Police leadership engaging in high-level discussions over the last month.	A
1.4	complete the draft National Speed Management Plan including a proposed plan for safer speeds around schools <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> <i>Transition to safer speed limits around schools (2.2)</i>	2.1 Cabinet has given approval for Waka Kotahi to start public consultation on the Setting of Speed Limits Rule 2021. The first draft of the National Speed Management Guide is on track for completion in June 2021. As reported in quarter two, due to the delay in the signing of the new Setting of Speed Limits Rule, the National Speed Limit Register will now go live on 6 December 2021, with a treatment plan in place to mitigate risks. 2.2 Forty percent of schools will have safer speed limits (permanent or variable) by 2024. For urban schools this means 30 km/hour (40km where appropriate) and for rural schools this means 60km/hr. The design and development of a One Network Framework to replace the One Network Road Classification is nearing completion and will provide guidance for safer speed limits across the New Zealand road network.	A

Ref.	Significant activity	Progress update	Status
1.5	establish the National Speed Limit Register	<p>Both workstreams (build and data migration of the road controlling authority datasets) are now on track, however due to earlier days will not be completed by 30 June 2021.</p> <p>There is a possible risk with moderate consequences of additional scope items arising as the new Setting of Speed Limits Rule is finalised. This risk will be mitigated by running gap analysis upon finalisation and signing of the rule. If there is any risk that the go-live on 6 December 2021 might be affected, Waka Kotahi will communicate this to the Ministry of Transport immediately.</p> <p>The 68 road controlling authorities have demonstrated a high level of engagement in data sharing to support the data migration workstream; by end of quarter three, we had processed 40 datasets against a target of 15. This workstream is on target for a completion date of 30 November 2021, with a contingency until 31 March 2022.</p>	R
2.1	have the implementation plan for the NZ Upgrade Programme (NZUP) – Transport approved by the Crown Governance Group	<p>The NZUP Transport Establishment Report 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 in terms of cost, scope to achieve outcomes, schedules and risks.</p> <p>The baselining workstream is progressing to plan. We provided initial baselining and prioritisation advice to joint ministers in April and expect to provide further advice in May. This first programme baseline will form the basis of the NZUP implementation plan and enable ministers to make strategic decisions on the programme scope and priorities.</p>	G
2.2	ensure the plan is in progress for building necessary capability for oversight and assurance of public transport investments, including the Rail Network Investment Programme	<p>Waka Kotahi has received the Rail Network Investment Programme (RNIP) from KiwiRail. We're reviewing the RNIP and preparing our advice on the programme for the Minister of Transport.</p> <p>A part of preparing our advice we've also reviewed key documents underpinning the RNIP including the asset management plan and procurement documents. As funding for the RNIP will come from the rail network and public transport activity classes, we are also completing a cross check between the draft RNIP and the metro rail activities from the Auckland and Greater Wellington regional land transport plans. Waka Kotahi is also supplementing its internal advice with expert consultant input.</p> <p>Our board will consider our advice in the RNIP in May prior to the advice being provided to the Minister of Transport. The Land Transport Management Act requires that the Minister must make reasonable efforts to make a decision on approval of the RNIP and funding before 1 July 2021.</p>	G
2.3	complete an action plan for improving connections and movements of freight across the land transport system	<p>We've completed a stocktake of freight projects included in the Waka Kotahi investment proposal 2021-31. We've also developed an outcomes framework that will be included in the freight action plan.</p> <p>We've established the relationship that the plan will have with the Ministry of Transport's supply chain and freight strategy as well as Waka Kotahi strategies, plans and operating models.</p> <p>We've also completed a stocktake of Waka Kotahi freight roles and responsibilities and of activities completed.</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	An assessment of the programme was undertaken from December 2020 to March 2021 which resulted in delays to the programme schedule and key milestones. The outcome of the assessment is currently being analysed and a new baseline will be set in May 2021.	R
3.2	have a refreshed Auckland Transport Alignment Programme (post-NZ Upgrade Programme) including funding arrangements to 2028 agreed by all partners	<p>In early March 2021 Cabinet and Auckland Council approved the 2021-31 Auckland Transport Alignment Project package (ATAP). The package includes \$31.4 billion of investment in Auckland's transport system over the next decade.</p> <p>Further work with our ATAP partners and the Ministry of Transport is needed to effectively support implementation of the programme.</p> <ul style="list-style-type: none"> • The funding settings for the programme need to be updated to ensure the package can be fully delivered. While an initial view of proposed funding settings was considered by the board in February 2021, fully resolving this issue requires 2021-24 National Land Transport Programme funding issues to be resolved. • We also need to identify how ATAP will inform development of regional land transport plans and the 2021-24 National Land Transport Programme. • A programme of ongoing joint work will be needed to achieve better results in key areas (e.g. emissions reductions). 	A
3.3	develop mode shift action plans for five urban areas (Christchurch, Hamilton, Queenstown, Tauranga and Wellington)	Development of the mode shift plans for all five urban areas was completed in quarter one. The plans will be used as strategic cases to inform future investment. The next milestones will be reconciling the plans with investment in the 2021-24 National Land Transport Programme and supporting cities to align their plans to carbon reduction targets.	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 quarter three senior representatives of Waka Kotahi and Kāinga Ora continued to work together on strengthening our management and operational relationships, agreeing on the memorandum of understanding and planning how we'll work together in the future to better support regional planning and integrated land use and transport objectives.	G
3.5	progress delivery of 13 Supporting Regions Programme state highway projects	Good progress is being made on the 13 state highway projects, with many of the projects contracted or under construction. Waka Kotahi remains largely on track for delivering the projects in line with project completion dates in the respective project funding agreements.	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	<p>Twenty-one Innovating Streets projects have now been implemented, with adapting, monitoring and evaluation of the projects now taking place.</p> <p>Most other projects are now progressing through final stages of co-design. We expect these to be implemented in the final quarter of 2020/21.</p> <p>We've continued to support approved organisations through monthly community of practice sessions, technical assistance and targeted communications advice.</p>	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.	<p>There is a risk that the ATMS project will not be able to deliver the full expected mitigation of existing risks within the 2021/22 financial year.</p> <p>We are working with the vendor to improve their delivery of a quality solution and speed in defect resolution to increase our confidence levels in meeting the go-live dates. In parallel, we are also working with all parties to prepare for a contingency in case the go-live is delayed.</p>	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>We are close to selecting either a single or two preferred providers to complete negotiations for the National Ticketing Solution.</p> <p>The next iteration of the detailed business case will be available at the end of April.</p> <p>We're continuing to work at pace to prepare for the stand up of the shared service organisation. Public transport authorities have also stood up teams to manage their interactions with the National Ticketing Solution.</p>	G
4.3	complete the Speed Infringement Implementation Plan for 2021-24 <i>RtZ Imp. Plan ref: Tackling Unsafe Speeds</i>	<p>The programme business case for Tackling Unsafe Speeds is due to be submitted to the Waka Kotahi Board in June 2021. The business case includes the implementation plan for a speed infringement processing system for the period 2021-24.</p>	A
5.1	progress the delivery of Te Ahu a Turanga: Manawatū Tararua highway (Manawatū Gorge replacement) and SH4 Te Ore Ore reinstatement (as detailed in appendix 1), and other key improvements to strengthen and improve the resilience of the land transport system	<p>We are on track to achieve the year end milestone for both Te Ahu a Turanga: Manawatū Tararua highway and the Kaikōura earthquake recovery.</p> <p>We will not achieve the year end milestone for SH4 Te Ore Ore as the delay in the delivery of the cultural impact assessment means construction will now start in September 2021. This means practical completion will no longer be achieved by year-end.</p> <p>We are also unlikely to achieve the year end milestone for the Mt Messenger Bypass. The project is still waiting on the final Environment Court decision for the resource consent and designation. This, along with prolonged property acquisition, will delay the construction start date beyond 2021 which means the year-end milestone will not be achieved.</p> <p>Appendix 4 provides detailed information on these projects.</p>	A
5.2	develop a climate change adaptation plan	<p>We've made good progress on developing our climate change adaptation plan. We completed a global best practice research scan, established an "Adaptation-ready organisation" maturity baseline and completed the plan outline.</p> <p>We're currently working on a stocktake and gap analysis. We're also working on identifying priority climate risks.</p> <p>We're continuing to engage cross-government on climate change, contributing to reviews, setting objectives and supporting all of government workstreams</p> <p>We're on track to achieve our year-end target to have the draft adaptation plan part A completed, although this will require tight project management and be dependent on resource availability.</p>	G

Ref.	Significant activity	Progress update	Status
5.3	develop a centralised risk register to provide a nationally consistent approach to identifying and assessing network maintenance risks nationally	We completed a proof of concept completed through a series of trials on four networks. A roll out plan is under development.	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	<p>The Land Transport Security Strategy has been aligned to the protective security requirements (PSR) as part of the 2020/21 PSR cycle. The strategy has been presented to our executive leadership team and an assessment of our most critical physical assets is underway.</p> <p>There is currently no physical assets register that takes security into account. The Transport Asset Management Initiative, within technology, has been advised of security requirements.</p>	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've begun internal consultation on our draft position defining our new strategic approach to urban form and transport planning. Once agreed, the approach will be incorporated into updated Environment and Social Responsibility Policy (due for completion in 2021/22).	G
6.2	work with the Ministry of Transport and other partners to recommend emissions budgets for land transport, taking account of all system levers	<p>We've provided substantive input and advice to the Ministry of Transport (for the development of Hikina te Kohupara the Transport Emissions Action Plan), the Climate Change Commission (for their draft emissions budgets and recommendations) and Ministry for the Environment (for the development of the government's Emissions Reduction Plan).</p> <p>We've engaged with our board, executive leadership team and people on the draft Climate Change Commission advice and have provided feedback to the commission following a discussion between the commissioner and our board.</p>	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	<p>All of the headline actions in Toitū te taiao are underway, including the two previous actions (6.1 and 6.2) and action 6.4. Our highlights include the following.</p> <ul style="list-style-type: none"> • We began a project to investigate additional ways of using to reduce emissions across the land transport system. • We developed a carbon policy to ensure new state highway projects consider climate mitigation (reducing emissions) and adaptation (climate risk assessment). • We're starting to use sustainability rating tools (Infrastructure Sustainability Council of Australia) to benchmark the environmental performance of relevant infrastructure projects (underway in one project and at the application/planning stage for another ten projects) • There is ongoing collaboration between Waka Kotahi and government partners to improve vehicle charging infrastructure in NZ and future management of EV batteries through the Battery Industry Group. • The Sustainability Trust undertook an initial waste audit of our corporate waste to enable reduction targets to be set. • We began an EV transition project to reduce internal combustion engine vehicle use at Waka Kotahi. • We've begun work on Tiakina te taiao 2021, our sustainability monitoring report. 	G

Ref.	Significant activity	Progress update	Status
6.4	implement the approved elements of the government's proposed clean car reforms	In January 2021 Cabinet approved the Clean Car Standard. Waka Kotahi has now stood up a project team and is working on the project with stakeholders across our organisation. The scheme will be fully live on 1 January 2023 with awareness and orientation initiatives planned from August 2022. Waka Kotahi is continuing to work with the Ministry of Transport on the project and associated legislation drafting. We're also working on an incentive scheme for light vehicle buyers.	G
7.1	develop operating model to support delivery of the regulatory strategy	The operating model is broadly in place with the emphasis now on: <ul style="list-style-type: none"> • implementing the risk and assurance framework • implementing the compliance response framework • growing and embedding the intelligence functions • identifying additional changes required as a result of the Director of Land Transport's appointment (refer to activity 7.2 below). 	G
7.2	establish the Director of Land Transport role and ensure it is in effective operation	The Waka Kotahi Board has appointed the Director of Land Transport. A programme of workstreams has been developed and endorsed by our Regulatory Senior Leadership Team. We're now planning resourcing and programming to allow the director to meet our board's expectations by September 2022. Workstreams are being set up to establish the Office of the Director and develop appropriate future operating regimes to ensure all statutory functions are carried out effectively and efficiently.	G
7.3	progress regulatory fees and funding review in preparation for public consultation	The internal review into our funding and fees is nearing completion. We're preparing proposals to take to the Minister of Transport. If those proposals are accepted and Cabinet approves, we hope to bring these proposals to public consultation later in 2021.	G
8.1	undertake a refresh of Waka Kotahi's purpose, strategy, values and performance measures and then represent them in our statement of intent 2021-26 and statement of performance expectations 2021/22	Waka Kotahi is now in the final stages of developing a new performance framework that will help us track our progress toward realising our new strategic direction, Te kāpehu Our compass. Our draft performance framework is aligned to the Transport Outcomes Framework, GPS 2021 and our other internal strategies and plans, including Toitū te taiao our sustainability strategy, Tū ake, tu māia our regulatory strategy and Arataki, our ten-year plan. Te kāpehu and our new performance framework will be included in our refreshed statement of intent for 2021-26 and statement of performance expectations for the upcoming financial year (2021/22), and will be reported against in our quarterly reports from quarter one 2021/22.	G
8.2	implement and embed new values and behaviours that strengthen our organisational culture and empower our people	Our new values and behaviours were launched across the organisation in December 2020 as part of our new strategic direction Te kāpehu Our compass. The four values and behaviours that will help guide us are: Kia māia – Be brave; Kotahitanga – Better together; Ngākau aroha – Have heart; and Mahia – Nail it We've received positive feedback from our people on our values and are now in the 'embed' (aligning our people, systems and processes) and 'activate' (bringing further awareness of the values and aligning ways of working to the behaviours) phase of introducing our new values across Waka Kotahi.	G

Ref.	Significant activity	Progress update	Status
8.3	progress the people strategy and supporting people capability plan to close identified gaps	The Waka Kotahi People Strategy was launched in 2019. Our progress on implementing the strategy continues to be on track. We're continuing to develop our workforce plan which includes initiatives to identify and develop the capabilities that Waka Kotahi needs to be successful both now and in the future.	G
8.4	establish a programme to uplift leadership capability	In 2020 we launched our leadership programme Accelerate Leadership as a series of five learning modules for all people leaders. The first three modules have been rolled out with the delivery of the Courageous Leadership module in quarter one, the Strategic Leadership module in quarter two, and the People Leadership module in quarter three. These modules are available to all people leaders including our executive and group leadership teams. There has been a strong uptake of these modules with approximately 800 enrolments to date. We're developing two additional Accelerate Leadership modules, Team Leadership and Adaptive Leadership, with a staged release planned over the next two quarters.	G
8.5	implement a comprehensive risk management and risk-based assurance programme including a focus on core internal controls, probity, contract management, infrastructure projects and our regulatory function	The delivery of the 2020/2021 risk-based internal and investment assurance programmes has been achieved to date. Due to the carry-over audits from the previous year and recent staffing issues, the quarter four results will be affected. The risk is low as these audits will be deferred to the first and second quarter of the 2021/2022 financial year.	A
8.6	obtain Board approval of a multi-year Digital Services Portfolio with investment funding requirements identified	We've begun work on a three-year digital roadmap, which we expect to complete in June 2021. The roadmap will include our plan for service portfolio and investment funding and will align to Te kāpehu our strategic direction.	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	Waka Kotahi will continue to accept proposed activities for inclusion in the 2021-24 National Land Transport Programme up to the final submission deadline (30 June). We'll assess and prioritise activities using our new Investment Prioritisation Method, which assesses alignment of activities with GPS priorities, efficiency and effectiveness. We're providing support to the sector to develop robust proposals in the form of tools, exemplars, learning modules to guide proposal development, and through ongoing engagement with Waka Kotahi advisors.	G

FINANCIAL PERFORMANCE SUMMARY FOR NINE MONTHS ENDED 31 MARCH 2021

NATIONAL LAND TRANSPORT FUND CASH BALANCE	
\$590.4 million	The higher closing balance is mainly due to the additional receipt from FED which was expected to be received in April rather than March. We intend to repay (as is required) \$175 million of the seasonal facility by end of April. We are working on a number of mitigation options for managing liquidity risks with MoT including seeking reimbursement of 19/20 COVID costs relating to Public Transport (\$90 million) and the deferral of ATP loan repayment (\$66 million) due in June 2021. We still forecast use all available cash in the notional bank account by July 2021 including the \$250 million seasonal short-term borrowing facility.
NATIONAL LAND TRANSPORT FUND REVENUE	
\$249.3 million above budget	The higher closing balance is mainly due to the additional receipt from FED which was expected to be received in April rather than March. We intend to repay (as is required) \$175 million of the seasonal facility by end of April. We are working on a number of mitigation options for managing liquidity risks with MoT including seeking reimbursement of 19/20 COVID costs relating to Public Transport (\$90 million) and the deferral of ATP loan repayment (\$66 million) due in June 2021. We still forecast use all available cash in the notional bank account by July 2021 including the \$250 million seasonal short-term borrowing facility.
NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NLTF AND CROWN)	
\$372.7 million below budget	NLTP and Crown funded expenditure is 10% below budget, mainly due to prior-year adjustment for \$81 million of Crown funded COVID-19 costs, which were originally funded from the NLTF in 2019/20 and include lower settlements for a number of contractual claims (\$23.2 million below 2019/20 provision). The remaining variance relates to underspends across a number of state highway projects. Refer to schedule 1 for more detailed information.
ACTIVITY CLASSES	
5 of 12 activity classes forecast outside GPS funding ranges	Five activity classes are forecast to fall outside of GPS funding ranges: Investment Management (over by \$2 million); Road Safety Promotion & Demand Management (under by \$2 million); Rapid Transit (under by \$89 million); State Highway Maintenance (over by \$50 million on the pre-financing view); and State Highway Improvements (over by \$9 million on the pre-financing view).
WAKA KOTAHI OPERATIONAL REVENUE AND EXPENDITURE	
Operating expenditure \$14.4 million below forecast	Total operational expenditure is 5% below forecast mainly due to lower spending on professional services, information technology operations and business initiatives offsetting higher personnel costs. Operational expenditure is forecast to come under budget by year-end.
MEMORANDUM ACCOUNTS	
\$2.9 million below forecast	The combined memorandum accounts deficit of \$25.9 million is materially to forecast, and is being financed by the Crown.
LONG-TERM LIABILITIES	
\$3,568.4 million total liability	The total long-term funding liability is \$3,564.9 million, incorporating specific loan packages, public-private partnership (PPP) commitments and the derivative financial liabilities. We are compliant with all loan conditions.
DEBT MANAGEMENT	
All ratios in range	All management ratios are within the operating range.

NATIONAL LAND TRANSPORT FUND REVENUE

National Land Transport Fund (NLTF) revenue is \$249.3 million (8%) above budget.

- **Fuel excise duty (FED)** is \$64.0 million (4%) above budget.
- **Road user charges (RUC)** are \$175.6 million (14%) above budget. Heavy vehicles and light vehicles are \$61.0 million (8%) and \$120.0 million (24%) above budget respectively.
- **Motor vehicle registration and licensing (MVR & Lic)** is close to budget.
- **Other revenue** is \$9.0 million (22%) above budget.

Illustrated below is the monthly revenue compared with budget and 2019/20 actual, together with the 'pre-COVID-19' forecast.

The Budget refers to the 'post COVID' figures prepared for Budget 2020. Revenue has recovered close to 'pre-COVID-19' levels.

SUMMARY

\$249.3m
above budget

FED is 4% above budget
RUC is 14% above budget
MVR & Lic is close to 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	144.1	183.0	(39.0)	(21%)	1,573.2	1,509.1	64.0	4%	2,107.6	1,991.5
Road user charges	187.2	148.3	38.9	26%	1,426.0	1,250.4	175.6	14%	1,889.4	1,659.2
MV registration & Lic.	19.1	17.3	1.7	10%	174.8	174.0	0.7	0%	223.6	227.1
Other revenue	9.3	4.5	4.8	106%	49.9	40.9	9.0	22%	39.1	54.6
Total NLTF revenue	359.6	353.2	6.4	2%	3,223.8	2,974.5	249.3	8%	4,259.7	3,932.4

NLTF net revenue



¹ Full year forecast - The forecast reflects the latest March 2021 Baseline Update (MBU).

² Full year budget - The 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.

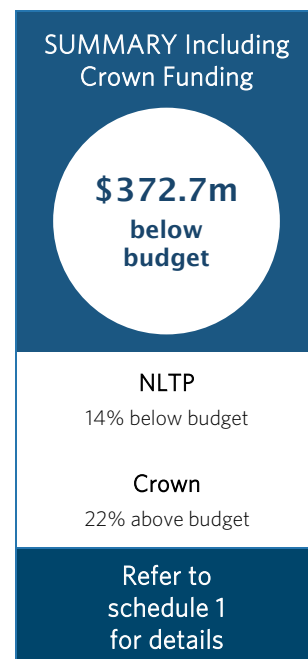
NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND) AND CROWN-FUNDED EXPENDITURE

National Land Transport Programme (NLTP) expenditure is \$462.3 million (14%) below budget.

- **State highway improvements** is \$219.0 million (24%) below budget once the prior-year adjustment³ of \$81.0 million for COVID-19 costs is transferred to the Crown. The variance reflects underspends across a number of projects. Other major contributing factors for the variance include lower settlements for a number of contractual claims (\$23.2 million below 2019/20 provision).
- **Walking and cycling** is \$29.0 million (37%) above budget, resulting from the introduction of additional innovating streets projects, and shared project costs relating to Baypark to Bayfair pedestrian underpass (\$7 million).
- **State highway maintenance** is \$49.2 million (9%) below budget mainly due to delays in the delivery of renewals programmes in pavements and surfacing. 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 \$89.6 million (22%) above budget, primarily due to the COVID-19 funding being established after the budget was set.

- **NZ Upgrade Programme** is \$9.4 million (5%) below budget. With projects at varying stages of development, there are cost risks and a revised baselining exercise has been completed and decisions required as a result are expected in April/May 2021.
- **Supporting Regions Programme** is \$35.3 million (62%) below budget largely due to slower start to most projects, which are now contracted or under construction. We remain on track for delivering most of the projects in line with funding agreements.
- **Provincial Growth Fund** is \$23.4 million (37%) below budget, which includes funding for both Waka Kotahi projects and those delivered by Approved Organisations. Four of the five Waka Kotahi projects are on track to time and budget. The fifth project was delayed due to consenting. A 'funding envelope' approach has helped balancing budget pressure on individual projects.
- **COVID-19 Response and Recovery Fund** totals \$151.1 million, which includes \$100.0 million of public transport claims from Approved Organisations and \$45.8 million of claims relating to Transmission Gully and Puhoi to Warkworth projects. We have approached the Ministry of Transport / Treasury to fund 2019/20 Public Transport support costs from the \$600.0 million NLTF COVID appropriation.

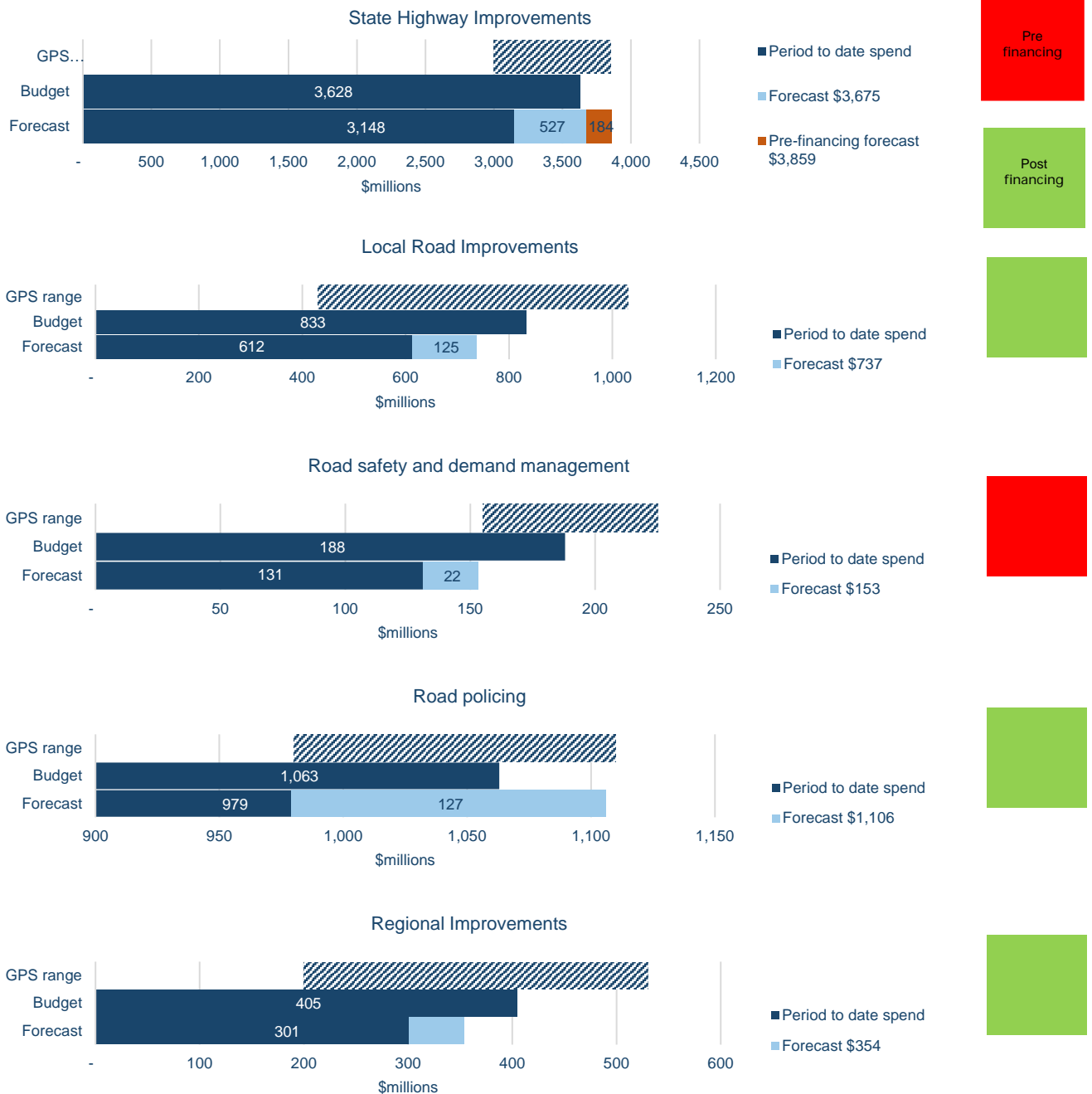


³ **State highway improvements** - At the end of 2019/20, the Crown had not yet established the appropriation to fund COVID-19 costs, so the \$81.0 million was recognised as NLTF expenditure. The appropriation was subsequently established in 2020/21 and the \$81.0 million now reclassified as Crown funded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

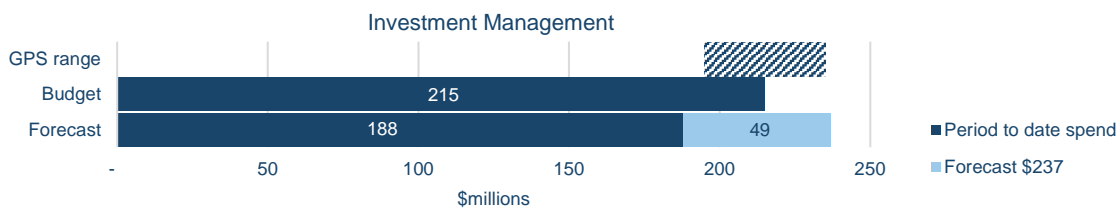
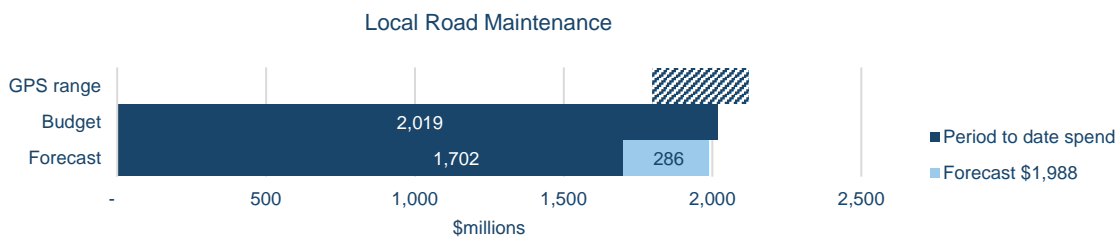
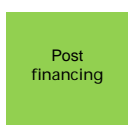
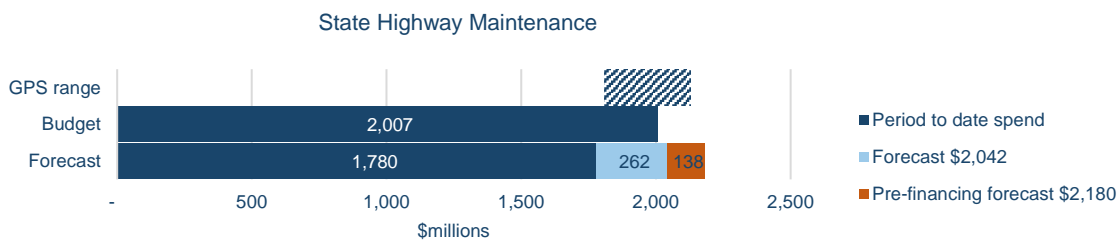
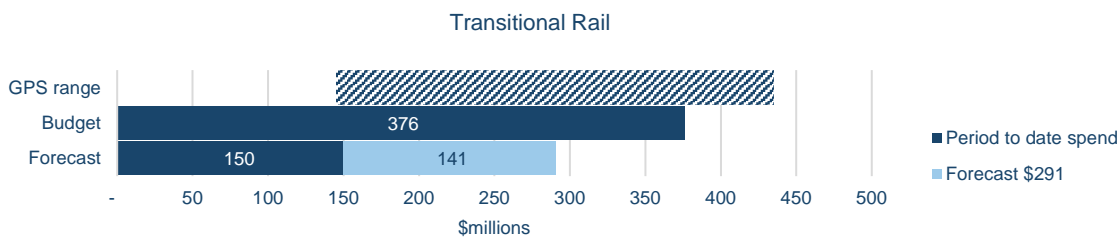
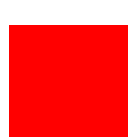
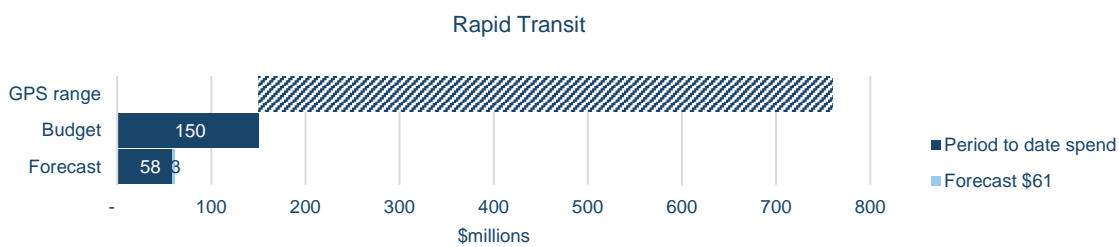
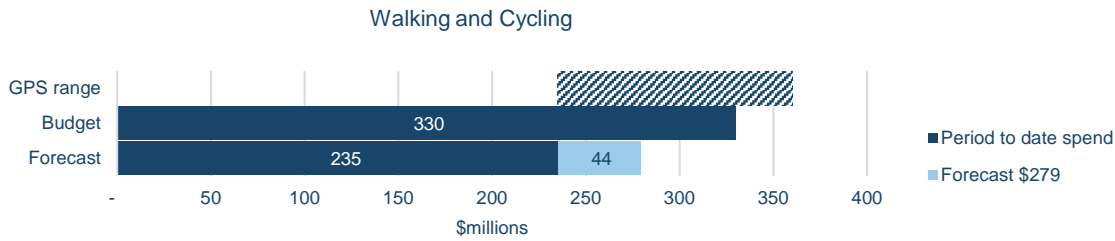
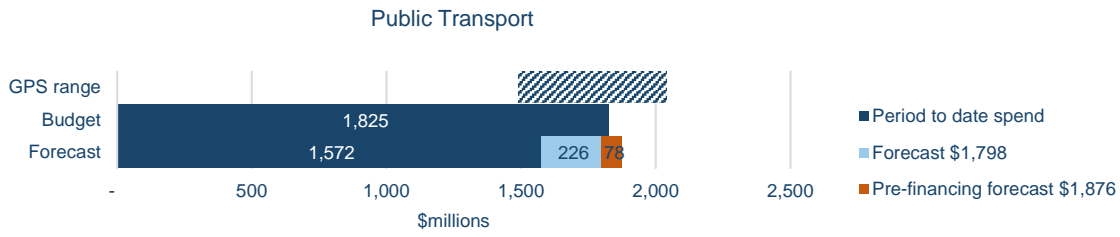
NATIONAL LAND TRANSPORT PROGRAMME (FUNDED FROM THE NATIONAL LAND TRANSPORT FUND AND CROWN FINANCING) AND CROWN-FUNDED THREE-YEAR FORECAST EXPENDITURE⁴

There's no material movement from last month's forecast. Refer to schedule 1 for more detailed information.

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



⁴ Current NLTF forecast against Board approved allocations, and GPS are illustrated above.



WAKA KOTAHI OPERATIONAL REVENUE; OPERATING AND CAPITAL EXPENDITURE

Operational expenditure is \$14.4 million (5%) below forecast.

- Personnel costs are \$2.6 million (2%) above forecast.
- Operating expenses are \$17.0 million (13%) below forecast, mainly due to lower spending on professional services, information technology operations and business initiatives.

Operational revenue is \$4.1 million (3%) below forecast mainly due to lower motor vehicle licensing (\$2.3 million) and transport licensing (\$1.1 million).

Capital expenditure is \$5.4 million below budget mainly due to underspends in a number of IT projects.

OPERATING EXPENDITURE

\$14.4m

below forecast

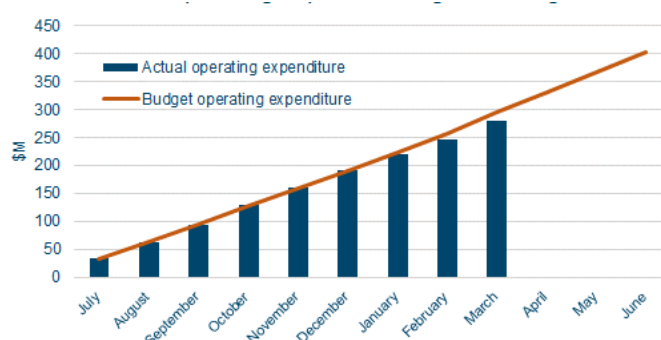
OPERATIONAL REVENUE

\$4.1m

below forecast

	MONTH				YEAR TO DATE				FULL YEAR	
	Actual	Forecast	Variance	Var	Actual	Forecast	Variance	Var	Forecast ⁵	Budget
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	\$m	\$m
Expenditure classified by⁶:										
Personnel costs	19.0	19.8	0.8	4%	153.6	151.0	(2.6)	(2%)	210.4	188.1
Operating expenses	12.6	16.9	4.2	25%	116.6	133.7	17.0	13%	180.6	201.7
Depreciation/amortisation	1.2	1.1	(0.1)	(4%)	10.0	9.9	(0.1)	(1%)	13.3	14.5
Operational expenditure	32.8	37.8	5.0	13%	280.2	294.6	14.4	5%	404.3	404.3
Expenditure classified by:										
NLTP	18.6	21.4	2.8	13%	150.0	157.4	7.4	5%	217.0	215.6
Regulatory (memo) account	14.1	16.3	2.2	13%	130.2	137.2	7.0	5%	187.3	188.7
Regulatory (memo) account revenue	13.8	14.2	(0.4)	(3%)	124.7	128.8	(4.1)	(3%)	171.0	174.2
Capital expenditure	1.7	2.5	0.7	30%	13.9	19.4	5.4	28%	26.4	25.6

Operating expenditure against budget



⁵ As part of the December forecast, a rebalancing between personnel costs and operating expenses, has been completed to manage costs to budget at year-end.

⁶ 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 \$25.9 million, \$2.9 million below forecast. This deficit is being financed by the Crown.

Revenue is \$4.1 million below forecast, primarily from lower motor vehicle licensing and transport licensing revenue, which is offset by lower expenditure (\$7.0 million below forecast). We have submitted a COVID-19 funding claim for \$1.6 million for the reduction in net revenue from the Pre-COVID budget.

Preparation continues on a funding and fees review, the outcome of which is not expected to take effect before 1 July 2022. A further Crown loan of up to \$50.0 million has been approved to cover the period to 1 January 2024.

SUMMARY

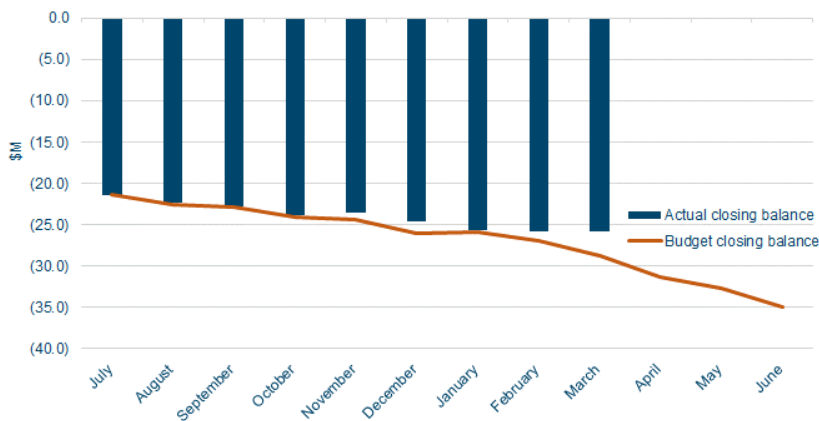
\$2.9m
below
forecast

Closing balance
10% below forecast

CLOSING BALANCE

	YEAR TO DATE				FULL YEAR	
	Actual	Forecast	Variance	Variance	Forecast	Budget
	\$m	\$m	\$m	%	\$m	\$m
Border inspection	3.8	3.6	0.2	5%	3.5	4.1
Certification review	(4.5)	(4.4)	(0.3)	(6%)	(4.0)	1.5
Driver licensing	(35.9)	(38.2)	2.2	6%	(42.5)	(53.1)
Driver testing	19.5	17.6	1.9	11%	15.1	24.0
Motor vehicle registry	(2.6)	(1.5)	(1.1)	(76%)	(1.9)	(3.0)
Over dimension permits	(0.7)	(0.3)	(0.4)	(165%)	0.1	0.1
Rail licensing	(1.2)	(1.4)	0.2	14%	(1.2)	(0.5)
RUC collections	(3.3)	(4.2)	0.9	21%	(5.6)	(2.0)
Standard development	9.6	10.1	(0.5)	(5%)	10.9	11.6
Transport licensing	(10.7)	(10.4)	(0.2)	(2%)	(11.2)	(17.6)
Total closing balances	(25.9)	(28.8)	2.9	10%	(36.7)	(34.9)

Memorandum account closing balance



FUNDING AND LONG-TERM LIABILITIES

The total long-term funding liability is \$3,564.9 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. We intend to make a repayment of the \$175 million seasonal facility by early May.

Our cash position for the National Land Transport Fund is forecast to be zero at year-end, with our existing standby facilities fully drawn down (i.e. a cash position of c.a. negative \$250.0 million). July revenue may be required to fund June Creditors.

A proposal to increase our short-term revolving facilities has been approved. The shock facility is to increase from \$75.0 million to \$250.0 million, with the repayment period extending to four years from three. The seasonal (OD facility) is to increase from \$175.0 million to \$250.0 million.

Regulatory loan facility of \$23.9 million was used to fund memorandum account shortfalls (\$8.5 million), the 'back to basics' programme (\$8.9 million), and the 2020/21 operating deficit to date (\$6.3 million). A further \$2.1 million was to reimburse our costs of remediating third party suppliers. A bid for the remaining \$6.3 million has been made.

SUMMARY

Long-term funding liability
\$3,564.9m

	BALANCE			STATUS		
	31 March 2021	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	16.5	12.0	4.5	340.5	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	1,079.5	868.5	211.0	364.5	1,559.0	
Fair value and other adjustments	(14.7)	(24.6)	9.9			
Total loans	1,064.8	843.9	220.9	364.5	1,559.0	
Transmission Gully (PPP)	1,001.4	948.3	53.1	98.6	1,100.0	22 years
Puhi to Warkworth (PPP)	806.3	728.3	78.0	143.7	950.0	22 years
Total public-private partnerships	1,807.7	1,676.6	131.1	242.3	2,050.0	
Derivative financial liability	692.4	727.5	(35.1)			
Total funding liability	3,564.9	3,248.0	316.9	606.8	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 3% of annual NLTF inflows in 2020/21.

Total debt as a percentage of annual revenue is expected to average 63%.

	2020/21 \$m	Preferred Ratio %
Debt Management		
Annual debt servicing costs (including PPP unitary charge)*	131.0	
Total debt at period end*	2,774.3	
NLTF annual inflows (including opening cash balance)	4,433.8	
Annual discretionary expenditure**	475.0	
Debt Management Ratios		
Annual debt servicing costs/NLTF annual inflows	3%	<=10%
Total debt at period end/NLTF annual inflows	63%	<=250%
Annual debt servicing costs/annual discretionary expenditure***	28%	<=33%

* Excludes repayment of \$175 million of seasonal facility.

** Total debt excludes derivative financial liabilities and seasonal facility

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

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

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 Post- financing^ \$m	Revised Budget \$m	Variance \$m	Var %	Forecast Pre- financing^ \$m	Lower \$m	Upper \$m	
Output Classes													
State highway improvements	620	920	300	33%	3,148	3,675	3,628	(47)	(1%)	184	3,859	3,000	3,850
Local road improvements	141	171	30	18%	612	737	833	96	12%	0	737	430	1,030
Road safety promotion and demand mgmt	38	39	0	1%	131	153	188	35	19%	0	153	155	225
Road policing	279	296	17	6%	979	1,106	1,063	(43)	(4%)	0	1,106	980	1,110
Regional improvements	66	83	17	21%	301	354	405	51	13%	0	354	200	530
Public transport	455	466	10	2%	1,572	1,798	1,825	27	1%	78	1,876	1,490	2,040
Walking and cycling	108	79	(29)	(37%)	235	279	330	51	16%	0	279	235	360
Rapid transit	16	32	17	51%	58	61	150	89	59%	0	61	150	760
Transitional rail	66	66	0	0%	150	291	376	85	23%	0	291	145	435
State highway maintenance	503	552	49	9%	1,780	2,042	2,007	(35)	(2%)	138	2,180	1,810	2,130
Local road maintenance	440	464	24	5%	1,702	1,988	2,019	31	2%	0	1,988	1,800	2,120
Investment management	47	61	14	22%	188	237	215	(22)	(10%)	0	237	195	235
NLTP approved expenditure	2,779	3,228	449	14%	10,855	12,719	13,039	319	2%	400	13,119	10,590	14,825
Auckland Transport Package	0	0	0	0%	13	13	0	(13)	(100%)	0	13	0	0
LR improvements (Housing Infrast. Fund)	3	17	13	81%	17	55	0	(55)	(100%)	0	55	0	0
NLTF funded expenditure	2,782	3,245	462	14%	10,885	12,787	13,039	252	2%	400	13,187	10,590	14,825
Programme funded by Crown grants													
Investment management CAS	0	0	0	0	2	2	2	(0)	(3%)	0	2		
Accelerated Regional Rooding Programme	23	29	5	19%	69	79	83	3	4%	0	79		
Kaikoura earthquake response	32	22	(9)	(43%)	183	187	189	2	1%	0	187		
Provincial Growth Fund	40	63	23	37%	88	135	59	(76)	(129%)	0	135		
SuperGold card	29	29	0	0%	89	91	90	(1)	(1%)	0	91		
Urban Cycleways Programme	0	0	0	73%	22	24	27	3	12%	0	24		
Supporting Regions Programme	21	57	35	62%	22	52	0	(52)	(100%)	0	52		
NZ Upgrade Programme	193	202	9	5%	221	333	0	(333)	(100%)	0	333		
Enhanced road maintenance	1	0	(1)	(100%)	1	2	0	(2)	(100%)	0	2		
COVID-19 Response and Recovery Fund^^	151	0	(151)	(100%)	326	501	0	(501)	(100%)	0	501		
Crown Infrastructure Partners	2	0	(2)	(100%)	2	1	0	(1)	0%	0	1		
Crown funded expenditure	492	403	(90)	(22%)	1,025	1,408	450	(958)	(213%)	0	1,408		
NLTP & Crown expenditure	3,275	3,647	373	10%	11,910	14,194	13,489	(706)	(5%)	400	14,594		

^ **Forecast post-financing** - NLTP forecast excludes expenditure that is financed by borrowing facilities or funded by Crown grants. The methodology for allocating loans to output classes is based on Waka Kotahi's adopted approach which we wrote to the Minister/Ministry of Transport in September 2020. On 18 March, the Ministry of Transport advised that they do not agree with the treatment of the revenue related debt (in particular). It is not clear beyond reporting the impacts of the treatment (which we have done), how the accounting for debt related revenue should be treated, nor what can be done about the financial outturn with three months of the NLTP remaining.




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

- 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




SPE milestone: progress towards 2020/21 Statement of performance expectations milestones:

-  On-track and there are no known risks to achieving the year-end milestones.
-  There are risks to achieving the year-end milestones. It is likely the milestones will still be achieved.
-  There are risks to achieving the year-end milestones. It is likely the milestones will not be achieved.

Budget:










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

Schedule:

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





Assessment was made against re-baselined or rescheduled programme information that was agreed within the current financial year.

Kaikōura recovery, Manawatū Gorge replacement and Te Ore Ore reinstatement









PROJECT	BUDGET	SCHEDULE	SPE MILESTONE
Kaikōura earthquake recovery			
Te Ahu a Turanga, Manawatū Tararua highway (Manawatū Gorge replacement)			
SH4 Te Ore Ore reinstatement			

Due to the delay in the delivery of the cultural impact assessment, construction will now start in September 2021. This means practical completion will no longer be achieved by year-end. Waka Kotahi will be focused on building iwi relationships in parallel with property and cultural mitigation negotiations before construction starts. There is a risk that a wetter than normal winter may cause some subsidence on the temporary route. This will be monitored and actively managed until construction starts.





Significant state highways

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
Pūhoi-Wellsford				
Pūhoi-Warkworth	Implementation			
The scheduled opening date has been delayed by about 8 months to May 2022 as a result of COVID-19 disruptions. The project is on target to deliver to the revised date. Three further COVID-19 claims have been presented and are with the independent reviewers for assessment. A price level adjustment has been submitted for approval. Landslips remain a risk to delivery. Pavements also present a significant risk as the contractor has failed as of yet to deliver a compliant design that the joint venture will endorse.				
Warkworth-Wellsford	Detailed business case			
The route project phase is progressing towards completion with a favourable decision received from the council's independent commissioners. There has been one subsequent appeal to the Environment Court on the decision, and a response and timeframes are now being considered to defend the appeal.				

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
Waikato Expressway				
Hamilton section	Implementation	\$		
<p>Construction is progressing to the new programme, with the main alignment surfacing complete to Horsham Downs Bridge. The annual milestone (open to traffic) will no longer be achieved and is now likely to happen in 2022. Risks to the program are being managed through close monitoring of the productivity rates for pavement and surfacing construction, however, the overall production rates of surfacing are affected by resource availability. There remains pressure on the project budget due to a number of in-scope but un-costed items being identified, including an alteration in the pavement design to ensure that iron ochre in the ground water in the Ruakura area does not affect the pavement.</p>				
Cambridge to Piarere	Detailed business case	\$		
<p>Waka Kotahi Board approval of the detailed business case has been delayed to mid-2021. Notice of requirement and consents documentation will be completed following environmental effects surveys. Schedule for lodgement of notice of requirements and consents will be delayed up to one year due to land access.</p>				
Wellington Northern Corridor				
Transmission Gully	Implementation	\$		
<p>The road opening date was pushed from this financial year to the next which means the rebased year-end milestone will not be achieved. There is a risk that the agreed new road opening date of 27 September 2021 will also not be achieved.</p>				
Peka Peka to Ōtaki	Implementation	\$		
<p>The project has achieved three key milestones: commenced structural pavement construction on the expressway main alignment, commenced construction of the new SH1/Otaki Gorge Road intersection and opened Te Horo Beach Road overbridge (Bridge 8) to traffic. There is a risk of cost increase with programme implications arising from New Zealand's termination of refined bitumen production at Marsden Point, which has resulted in the contractor needing to look for alternatives for the construction of structural asphalt. This puts the year-end milestone at risk. Waka Kotahi is facilitating discussions with the local suppliers and contractors to expedite a resolution. Sub-base stabilisation issues earlier identified have significantly improved after laying production trials. We will continue to monitor this.</p>				
Let's Get Wellington Moving				
Early Delivery Central City and SH1 walking and cycling speed	Detailed business case	\$		
<p>An assessment of the programme was undertaken from December 2020 to March 2021 that resulted in delays to the programme schedule and key milestones. The outcome of the assessment is being analysed and a new baseline will be set in May 2021. Public engagement is targeted for late in 2021 when a draft single stage business case for consultation is expected to be completed. Forecast remains within approved allocation.</p>				
Early Delivery Golden Mile	Detailed business case	\$		
<p>An assessment of the programme was undertaken from December 2020 to March 2021 that resulted in delays to the programme schedule and key milestones. There is some increase in project costs due to a longer project timeframe (to allow longer public engagement).</p>				
Early Delivery Thorndon Quay & Hutt Road	Detailed business case	\$		
<p>An assessment of the programme was undertaken from December 2020 to March 2021 that resulted in delays to the programme schedule and key milestones. Consultation and public engagement is now expected in May and June 2021. A single stage business case will not be completed this financial year, which means the year-end milestone will not be achieved. To keep the project moving as quickly as possible, an interim preferred option has been identified in order to progress with design. There is a risk that public and stakeholder engagement will</p>				
	On budget		On schedule	
	5-10% variance		Over schedule <3 months	
	>10% variance		Over schedule >3 months	

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
require re-design to be done, which could further delay delivery of the single stage business case.				
Mass Rapid Transit	Detailed business case	\$		
An assessment of the programme was undertaken from December 2020 to March 2021 that resulted in delays to the programme schedule and key milestones. The outcome of the assessment is currently being analysed and a new baseline will be set in May 2021. Public engagement is targeted for late September 2021 with the final indicative business case targeted for completion after December 2021.				
Strategic Highway Improvements	Detailed business case	\$		
An assessment of the programme was undertaken from December 2020 to March 2021 that resulted in delays to the programme schedule and key milestones. The outcome of the assessment is being analysed and a new baseline will be set in May 2021. Public engagement is targeted for late September 2021 with the final indicative business case targeted for completion after December 2021.				
Travel Demand Management	Detailed business case	\$		
An assessment of the programme was undertaken from December 2020 to March 2021 that resulted in delays to the programme schedule and key milestones. The outcome of the assessment is currently being analysed and a new baseline will be set in May 2021. A report on willingness to pay for a possible parking levy has been completed. There is a risk that Wellington commercial property and parking owners will publicly oppose the possible parking levy.				
City Streets	Detailed business case	\$		
An assessment of the programme was undertaken from December 2020 to March 2021 that resulted in delays to the programme schedule and key milestones. The outcome of the assessment is currently being analysed and a new baseline will be set in May 2021. The first wave of projects will now be included in the 3-year programme 2021-2024.				

Christchurch Motorways

Christchurch Northern Arterial Rural with QEII Drive	Implementation	\$		
Christchurch Southern Motorway (Stage 2)	Implementation	\$		
The project remains on track and practical completion is expected this financial year. There remain several quality issues that have led to rework and slight delays, resulting to cost increases and uncertainties around final costs. We have been able to limit the extent of the cost increases through continuous contractual discussions.				

Significant investments in Auckland

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
Northern Corridor Improvements	Implementation	\$		
The project is meeting rebased milestones and is on track for completion on November 2022. There is a plan to pull back this completion date to September 2022 to reduce on-site costs. Work is ongoing on the pricing of variation works packages for Auckland Transport's Rosedale Bus Station and local road enhancements. This is a \$48 million package of additional work entirely funded by Auckland Transport, with a forecast completion date of April 2024.				
Additional Waitemata Harbour Connections	Detailed business case	\$		
The project has been on hold due to the uncertainties on the linkage to the City Centre to Māngere light rail project. There is now a future pathway for the City Centre to Māngere project and we expect more clarity by August 2021. Due to the initial delay, we will not be able to meet the year-end milestone.				

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

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
Supporting Growth Alliance	Detailed business case	\$		
<p>Although COVID-19 has constrained Auckland Transport's cash flow for the 2020/21 financial year and required some changes to the Supporting Growth Programme (e.g. pausing some existing projects and delaying commencement of other projects), the rail business case in the south is expected to be completed on time and proceed to route protection. There remains a risk that route protecting transport corridors in the south will create a contingent property liability risk for Waka Kotahi.</p>				

Investments in regional connections

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
New Ōpaoa River Bridge (formerly Opawa Bridge Replacement)	Implementation	\$		
Loop Road North to Smeatons Hill safety improvements	Implementation	\$		
<p>The scope of the project was extended to allow for the dual lane design to be revised as the bridge location and alignment south of the roundabout does not match the preferred alignment for the future SH1 Whangārei to Port Marsden Highway project. The preferred alignment will have to be confirmed by the SH1 Whangārei to Port Marsden Highway design team prior to any design for this portion to commence. Confirmation of the preferred alignment is expected by October 2021, which means practical completion will not be achieved by year-end. Aside from delays resulting from the extended scope, the project has been delayed further due to COVID-19 alert level changes that restricted some of the stabilising and asphaltting crews coming from Auckland.</p> <p>Completion for the extended scope is now expected in early May 2021. Allocated funding will be enough to complete remaining works, with \$13 million left for work not yet contracted to build the bridge in the alignment required for the SH1 Whangārei to Port Marsden Highway project. Funding requirements will be reassessed once the scope and alignment are determined.</p> <p>It is expected that the remaining allocated funding will be insufficient to deliver the revised dual lane design in part due to the bridge scope likely to be increased from two lanes to four for the SH1 Whangārei to Port Marsden Highway project. There is a risk that some of the sealing at the northern end of the project may not be able to be completed within the current season and will therefore need to be completed early in the next season.</p>				
SH3 Awakino Tunnel Bypass	Implementation	\$		
Mt Messenger and Awakino Gorge Corridor	Implementation	\$		
<p>We have achieved the year-end milestones and the project is progressing to schedule.</p>				
Mt Messenger Bypass	Implementation	\$		
<p>The project is still waiting on the final Environment Court decision for the resource consent and designation. This, along with prolonged property acquisition, will delay the construction start date beyond 2021, which means the year-end milestone will not be achieved. Alternative sequencing of deliverables is planned to allow a quick start and a shorter programme once consent is received. Project outturn is now within allocated funding since an application for a price level adjustment was approved by the Waka Kotahi Board in February 2021. The new project cost is risk-adjusted and has allowed for escalation and delay costs due to the Environment and High Courts and property proceedings. There is a risk that any decisions from the Environment and High Courts will be appealed, further delaying the resource consent. There is also a risk that the compulsory acquisition process is further delayed by appeals to the Environment Court or because the Minister of Land Information may decide not to sign the Notice of Intention to acquire land by compulsion.</p>				
Napier Port Access Package: Hawke's Bay Expressway Safety Treatments	Implementation	\$		
<p>The project is on schedule, however, pou structures may be erected in the new financial year, depending on how</p>				

\$ On budget

\$ 5-10% variance

\$ >10% variance

On schedule

Over schedule <3 months

Over schedule >3 months

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
long it takes to carve them. This is a risk to achieving the year-end milestone.				
Napier Port Access Package: Prebensen Hyderabad Intersection upgrade	Implementation	\$		
Full detailed design is now complete, and consent had been submitted. Tender will begin in April 2021. We are currently on track to schedule, however, KiwiRail will not be able to design and build the signals for the levels crossing by June 2021, which means we will not be able to achieve the year-end milestone. We expect to complete all physical works by December 2021.				
Nelson Future Access ¹	Detailed business case	\$		
The draft detailed business case has been developed, however, the programme has been reset to allow for the refinement of this draft business case and for endorsement from the Nelson City Council by May 2021 that will enable community engagement. We expect the detailed business case to be completed by December 2021, which means the milestone will not be achieved by year-end. A cost increase was approved to cover the overspend in stakeholder engagement and other increased costs. Proposed changes to the Nelson Regional Policy/Resource Management Plan that include an outstanding natural landscape overlay will increase the already high consenting risk.				

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

PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
Northland package				
SH1 Whangarei to Port Marsden	Detailed business case	\$		
The detailed business case will not be completed by June 2021, but final quality assurance is expected to be achieved by mid-2021 and final approval by October 2021 as planned under the revised schedule. The total project cost estimate completed at the single stage business case phase is forecasted at \$1.233 billion against the funding allocation of \$692 million. The project is undertaking a value engineering exercise and optioneering to bring back cost within allocation. Although there is currently no risk under the revised schedule, additional multi-criteria analysis is likely to identify new risks which will potentially impact the lodgement of consents in early 2022.				
Auckland package				
Penlink	Pre-implementation	\$		
Intellectual property has been transferred from Auckland Transport to Waka Kotahi and the design contract has been tendered. All milestones for the year have been achieved. A cost estimate was completed that confirmed the project cost significantly exceeds the budget. The project team is undertaking further design refinement and investigating opportunities to reduce cost. We have received expressions of interest for the hybrid alliance to design and construct the Penlink project. Successful proponents will proceed to the request for proposal phase, however, this phase has been delayed until the outcome of the baselining and design refinement is completed.				
Mill Road Corridor	Detailed business case	\$		
Engagement has been delayed pending an affordability review. Property acquisition in the northern section of Mill Road has commenced but has been put on hold pending approval from the Minister. Year-end milestones will not be achieved.				
SH1 Papakura to Drury South ²	Pre-implementation	\$		
The construction contract for stage 1A was awarded in February 2021 with the sod turning event scheduled in April 2021. The property acquisition and consenting application for stage 1B1 are on hold pending approval from				

¹ Formerly the Nelson Southern Link.

² Formerly the Papakura to Bombay project.

On budget















5-10% variance

>10% variance

On schedule

Over schedule <3 months

Over schedule >3 months


PROJECT	PHASE	BUDGET	SCHEDULE	SPE PROGRESS
<p>the Minister. Works on stages 2 and Mill Road tie-in are also on hold. These put the year-end milestones at risk. The budget will remain red until funding for stages 2 and Mill Road tie-in are secured. A portion of the funding of Mill Road tie-in works from Maketu to State Highway 1 will be transferred from the Mill Road Corridor project budget. There is a risk that stage 2 completion may be delayed due to funding constraints.</p>				
Northern Pathway Westhaven to Akoranga ³	Pre-implementation	\$		
<p>The preferred alliance team has been selected so the year-end milestone has been achieved. Due to engineering and constructability issues, the specimen design developed in 2020 cannot be progressed. This has required a change in scope which has led to schedule delays and increased costs. The budget remains an area of key concern for the project.</p>				
Waikato and Bay of Plenty package				
SH1/SH29 intersection	Pre-implementation	\$		
<p>Assessment of environmental effects to progress the lodging of the Notice of Requirement and consents continues. There remains a substantial risk to the project programme due to land acquisition. Engagement with the affected landowners is also ongoing.</p>				
Takatimu North Link Stage 1 ⁴	Pre-implementation	\$		
<p>Awarding of the design and construct contract is slightly delayed because additional funding required from the revised project cost estimate requires Ministerial approval to progress the project to contract award. Waka Kotahi Board approval to award the detailed design contract (part A) will be sought in April 2021. This delay will not affect the ability to start construction in October 2021, however, any further delay will mean the loss of the first full earthworks season in 2021/22. Additionally, progress on the Māori freehold land acquisition has also been slightly delayed and a construction start in October 2021 is now reliant on a fast track order in the Māori Land Court.</p>				
Takatimu North Link Stage 2 ⁵	Pre-implementation	\$		
<p>We are currently tracking to schedule, however, timeframes remain tight. A cost update was received in January 2021 that showed an increase to expected estimate above the budget allocation. Timeframe, property and consenting requirements are the key risks to achieving year-end milestones at this stage.</p>				
Wellington package				
SH58 safety improvements - stage 2	Pre-implementation	\$		
<p>The year-end milestones will not be achieved. Direct referral to the Environment Court was not achieved for stage 2b and its consenting pathway is uncertain. Property acquisition has consequently been delayed with some property owners now due to be notified for a third time that there is an intention to acquire their land under the Public Works Act. The forecast total project cost is above budget allocation. The project is being re-baselined within the NZ Upgrade Programme and new cost estimates will be developed.</p>				
SH2 Melling efficiency and safety improvements	Pre-implementation	\$		
<p>Lodgement has been further pushed to the end of June 2021 to achieve necessary reporting quality on technical reports and to lodge the assessment of environmental effects. This means achieving the year-end milestones is at risk. Discussion with the consultant continues around additional claims being sought as a result of the change in the design flood outcomes and delays. Higher baseline costs have been included in recent NZ Upgrade baseline reporting. There is a risk that resolving the cost increase could further push out the lodgement date. There is some partnership risk apparent within the project further impacting on project timeframes.</p>				
Wellington Road of National Significance:	Detailed business case	\$		


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	SPE PROGRESS
<p>Ōtaki to north of Levin</p> <p>There are no issues in schedule within the current phase, however, delivery of the detailed business case has been pushed to September 2021. This means the year-end milestone will not be achieved. Interim total project costs that indicated project funding allocation may be exceeded have been included in the recent baseline reporting exercise.</p>				
Canterbury package				
Rolleston access improvements	Detailed business case	\$		
<p>The detailed business case contract was awarded and began in March 2021. Construction start timeframes have been pushed out 9 to 12 months to better reflect the proposed staggered implementation approach and more realistic timeframes for consenting and property acquisition processes. Current cost estimate for overall project delivery is greater than 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>Pre-implementation tender has not yet been released to the market due to the pending approval of the business case within the NZ Upgrade Programme. The tender process is expected to begin in late June 2021. This puts the year-end milestones at risk. The business case has looked at a larger overall project, with Christchurch City Council and Waka Kotahi delivering complementary schemes.</p>				
SH75 Halswell Road Improvements	Detailed business case	\$		
West Melton improvements	Pre-implementation	\$		
SH1 Walnut Avenue intersection improvements	Pre-implementation	\$		
<p>The project is still on target to have the construction contract tendered and awarded as per the annual milestone. Financial forecast for the pre-implementation phase is slightly higher than the approved allocation due the effort to resolve the issue with KiwiRail around land ownership and occupation. We are managing a risk with KiwiRail on the railway crossing signal design programme.</p>				
SH1 Tinwald corridor improvements	Detailed business case	\$		
<p>The preferred option has been identified. This has been approved for public consultation by the project steering committee.</p>				
Queenstown package				
SH6A corridor improvements	Pre-implementation	\$		
<p>The detailed business case was approved by the Waka Kotahi Board in February 2021, so the annual milestone has been achieved. The project has now moved into the pre-implementation phase. The project is currently within approved allocation, however, a parallel estimate being completed has confirmed a funding shortfall for the implementation phase. There is an emerging programme risk relating to property acquisition that is being tightly managed.</p>				
SH6 Grant Road to Kawarau Falls improvements	Pre-implementation	\$		
<p>The detailed business case was approved by the Waka Kotahi Board in February 2021, so the annual milestone has been achieved. The project has now moved into the pre-implementation phase. The project is currently within approved allocation, however, a parallel estimate being completed has confirmed a funding shortfall for the implementation phase. There is an emerging programme risk relating to property acquisition that is being tightly managed.</p>				

 On budget

 5-10% variance

 >10% variance

 On schedule

 Over schedule <3 months

 Over schedule >3 months