



Waka Kotahi NZ Transport Agency Performance Report

Quarter Three 2021/22

Copyright information

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

Disclaimer

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

More information

Waka Kotahi NZ Transport Agency

Published August 2022

ISBN: 978-1-99-004481-6

If you have further queries, call our contact centre on 0800 699 000 or write to us:

Waka Kotahi NZ Transport Agency

Private Bag 6995

Wellington 6141

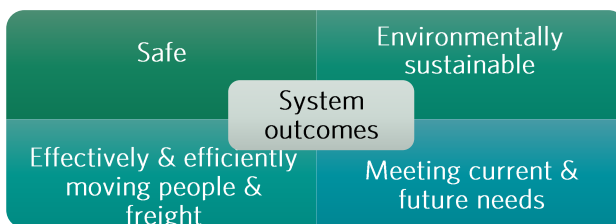
This document is available on Waka Kotahi NZ Transport Agency's website at www.nzta.govt.nz

Contents

Progress against system outcomes	4
Highlights	4
Challenges	5
Organisational Capability.....	5
Performance overview.....	6
Significant activities	6
Performance measures	6
Significant capital projects.....	6
Financial summary	7
Risk and assurance.....	9
APPENDIX A: SIGNIFICANT ACTIVITIES NOT ON TRACK AGAINST SPE MILESTONES.....	10
APPENDIX B: PERFORMANCE MEASURES NOT ON TRACK AGAINST TARGETS	11
APPENDIX C: SIGNIFICANT CAPITAL PROJECTS NOT ON TRACK AGAINST SPE MILESTONES	12
APPENDIX D: KEY STRATEGIC RISKS – QUARTERLY REVIEW SUMMARY	15

WAKA KOTAHI PERFORMANCE REPORT: QUARTER THREE

This report provides an update on our progress at the end of quarter three (31 March 2022) towards the four system outcomes set out in the Waka Kotahi Statement of Performance Expectations (SPE) 2021/22. It summarises key priorities including our achievements, risks, and challenges for this quarter.



Progress against system outcomes

Highlights

Safe

Road to Zero. To achieve Vision Zero, we're working with the Ministry of Transport and our local partners to implement Road to Zero. The 12-month rolling total of the number of deaths and serious injuries decreased from 2,648 in quarter two to 2,581 this quarter. Two significant median barrier projects were completed this quarter (SH2 Masterton to Carterton and SH1 Piarere to Taupo). These infrastructure improvements support safety outcomes by helping to reduce the likelihood of death, or the seriousness of injuries, caused to road users involved in crashes. We also launched the Road to Zero public awareness campaign this quarter, which has seen public awareness of the strategy increase from 11% in December 2021 to 56% in March 2022.

Rail safety regulatory programme. The new risk-based regulatory framework has advanced to the stage of pilot assessments for system validation and industry feedback. Our rail safety team members completed auditing training from Australia and will undergo best practice training from the New Zealand Police. In addition to transforming our regulatory approach and tools, we are building up our rail safety team. This will help ensure we have the capacity and capability to deliver the important regulatory functions needed to improve rail safety in Aotearoa.

Effectively & efficiently moving people & freight

Te Ara Nui o Te Rangihaeata Transmission Gully. This quarter the Transmission Gully motorway was open to the public on 31 March 2022. This road will be safer and more reliable for motorists, and better able to resist and recover from earthquakes and storms. Additionally, it will reduce traffic congestion and improve safety within communities like coastal communities, such as Plimmerton and Pukerua Bay, by significantly reducing through traffic.

Rapid transit progress. Public engagement on Let's Get Wellington Moving, including options for mass rapid transit, has been completed. Business case development is underway in Auckland, Wellington, and Christchurch to progress Rapid Transit plans. This work will help shape land use and ultimately help reduce light vehicle movements and emissions, while improving the movement and wellbeing of people.

Integrated transport system and spatial planning. Spatial plans are complete for Wellington-Horowhenua, Queenstown Lakes, and greater Hamilton. Joint work programmes including Waka Kotahi are established and being progressed, including priority development areas for Auckland, Tauranga-Western Bay of Plenty, Wellington-Horowhenua, Queenstown Lakes, greater Hamilton and in progress for greater Christchurch. This supports our partnerships to develop a shared view of the future transport system, planning places, networks, and corridors.

Improving connections and movement of freight. We have commenced work on refreshing internal and external freight forums across Waka Kotahi. Work has been completed with KiwiRail, the Ministry of Transport, Treasury and local partners on implementing the new rail planning and funding model. This work supports efficient movement of freight by heavy rail and coastal shipping, which will also help reduce the safety risks and air pollution.

Environmentally sustainable

Toitū te taiao, our sustainability action plan. We achieved our second-year Toitū Envirocare carbonreduce certification and we are working towards data collection for year three. Emissions reduction activities are being put into place around travel and a transition to EV's for the internal fleet. We want to lead by example and this work will help ensure our corporate behaviours align with our sustainability principles.

Achieving mode shift. Work is underway to integrate active transport data into traffic monitoring and infrastructure management databases. Other datasets are being procured such as public e-scooter data to build a more robust evidence base for active transportation. We have worked with local councils to select the permanent continuous counters that will be used to report a walking and cycling counts. This will help tell us if infrastructure investments and other promotional activities are helping to increase the uptake of walking and cycling in main urban areas.

Meeting current & future needs

Te Ara Kotahi our Māori strategy. The formal establishment of a partnership between Waka Kotahi and Te Mātāwai to enable the use of bilingual traffic signs has been completed. This is a significant step working with Māori and other government agencies to support Māori to achieve their aspirations. It has been three years since Te Ara Kotahi was launched, so work has begun on planning a health check on its implementation. This strategy will help ensure more inclusiveness in the transport sector for our Treaty partners.

Regulatory capability and performance. Good progress has been made on Tū ake, tū māia 2022 the refresh of our regulatory strategy. A draft strategic case for the implementation plan has been prepared for our April regulatory executive subcommittee. Waka Kotahi has been working closely with the Ministry of Transport since the regulatory funding and fees review received joint minister approval to publicly consult on the proposals. The proposals intend to create a more sustainable funding model so we can meet the costs of providing high quality regulatory services.

Challenges

COVID-19 impacts. The impact of COVID-19 continues to be a challenge for Waka Kotahi and the wider industry. Capital project works are taking longer to be delivered, cost more than was initially expected or budgeted for, and the impact on both time and cost is ongoing. The main issue for construction works being productivity loss resulting in contractual claims and issues in the supply chain. Many of the significant capital projects' delays can be attributed to the ongoing impacts of COVID-19.

Staff resource. The market has been tight for some time, but now with people leaving to return home overseas to reconnect with their families and to take advantage of a more accessible work environment, we are losing key staff on major projects. This has added pressure as we prepare for a wider programme of work. Many other countries have large infrastructure projects and in a similar situation to ours will be competing for our skilled workforce.

NLTP funding. COVID-19 continues to have a substantial financial impact with increasing costs compounded by reduced revenue. The temporary reductions in fuel excise duty and road user charges announced in March will further impact land transport revenue. There continues to be significant pressure on funding and delivering the expanded range of responsibilities, work programmes and services expected of Waka Kotahi. These pressures are expected to increase further with the added requirements of meeting the first Emissions Reduction Plan.

Organisational Capability

Digital progress. We continue to make good progress understanding and addressing our critical risks: website firewall protection is now 86% complete; the first phase of our Unisys Data Centre exit was successfully delivered ensuring the robust continuity of our Driver's License and Motor Vehicle Registers; Advanced Traffic Management System upgrade went live in Wellington and Auckland Traffic Operations Centres (TOCs), which enhances the security and stability of this critical system along with providing future opportunity for an improved user interface, enhanced automation and disaster recovery capabilities across our sites. TOC staff are now able to operate remotely for improved business continuity. Resourcing remains a key issue and we are actively managing the prioritisation of projects to make sure that our greatest priorities can be adequately resourced.

Talent attraction and retention. Our current employee turnover is at its highest level for at least five years and is expected to climb further as employees re-evaluate their career and life goals in a post-pandemic world. Higher cost of living combined with pay restraint in the public sector has exacerbated the level of turnover. Waka Kotahi continues to experience market pressure when attracting people with the right capability into key disciplines. Furthermore, engagement survey results are consistently identifying reward as one of the top three issues to be addressed to enhance workforce engagement.

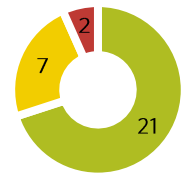
In response, we are looking at a range of actions to retain our capability through reducing the number of people leaving. In December, we conducted an employment market review to identify positions that require scarce and specialty skills and apply salary adjustments where required to ensure competitive reward and remuneration, and our annual pay review will take the next steps in addressing pay disparity. We are also refreshing hybrid working guidelines to help retain current employees and attract those who seek flexible working arrangements.

Performance overview

Significant activities

We are on track to deliver 21 out of our 30 significant activities, two significant activities have been identified as having a critical risk to delivery. See appendix A for details on the significant activities not on track against SPE milestones.

COVID-19 has impacted on timelines with in-person meetings being pushed back, along with issues securing contractors and resources from the ongoing impacts of closed borders and shipping. Partnering with other agencies is also an area where we run into delays and issues.



Performance measures

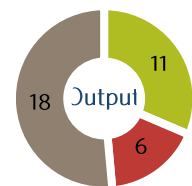
Some measures are not able to be reported in quarter three as they are either new measures under development or are only measured annually.

The measures not on track this quarter are detailed in appendix B.

Eleven of our 12 reportable strategic measures are on track to meet 2026 targets, with one measure not on track but likely to recover to meet our 2026 target.

Eleven of our 17 reportable output measures are on track to meet year-end targets, with six not on track and unlikely to recover to meet year-end targets.

COVID-19 has led to reduced patronage on public transport, along with increased difficulty of securing staffing to complete projects. Along with the issues from COVID-19, the NZ Police have not conducted as many roadside tests or deployed the hours of mobile cameras as anticipated.



Significant capital projects

Progress: 18 of the 40 significant capital projects are on track to deliver their year-end milestones, comprising nine projects under the NZ Upgrade Programme (NZUP) and nine under the National Land Transport Programme (NLTP). The remaining projects are under pressure, with 18 projects now unlikely to achieve all their year-end SPE milestones. We are working to address the challenges and risks of these projects.

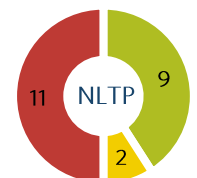
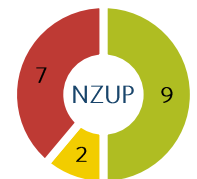
See appendix C for details on the significant capital projects currently not on track against SPE milestones.

Highlights: Transmission Gully was opened to traffic on 31 March 2022. All SPE milestones have been achieved on the Baypark to Bayfair Link Upgrade. In regard to the Nelson Future Access project, the detailed business case has been completed, endorsed by Nelson City Council and approved by the Waka Kotahi Board. Construction has commenced on the Takitimu North Link Stage 1.

Challenges: Project budgets and time frames continue to be significantly impacted by shipping and supply chain costs and disruption, increased cost of materials and competing demand for those materials. In the context of NZUP, this increases the likelihood of needing to access the tagged programme contingency held by Ministers.

Aotearoa has a large forward infrastructure programme, however some other countries have even larger committed programmes. There is uncertainty as to the workforce response as the border re-opens. The NLTP is under considerable financial pressure due to the number of committed projects and emerging cost pressures in the sector.









Waka Kotahi continues to develop a cost scenario simulation model which would allow us to understand, across our programmes, the levels of volatility and potential impacts of various scenarios, relating to factors such as cost escalation, delays and COVID-19 impacts. These scenario insights will support decisions at both project and programme level. In addition to cost scenario modelling, we continue to implement a range of other mitigations, including procurement methods, and ongoing mechanisms to ensure appropriate tension on scope, cost, and standards, while maintaining outcomes.



Key: On track Currently not on track, but likely to recover Not on track and unlikely to recover Not reportable this quarter

Financial summary

Five of the eight key financial areas are on track in quarter three. The two areas at risk are the NLTP activity classes and Memorandum Accounts. NLTF revenue, with a downward trend this quarter, requires action.

 <p>National land transport fund cash balance We have drawn down \$200m of the \$2b facility in April to manage short term cashflow in light of the recent Government announcement of a temporary reduction in FED and RUC rates. We expect that the Crown appropriation for the temporary tax reduction will be established in May.</p> <p>\$252.5 million</p>	 <p>National land transport fund revenue Q3 revenue is \$31.7m (7%) below budget due to the temporary tax reduction. YTD Revenue is 9% below budget due to COVID-19 impacts. The impact on the NLTF will be financed by the borrowing facilities, but we will not be able to hit the investment targets set given the expected revenue decline.</p> <p>\$324.1 million Below budget</p>
 <p>NLTP expenditure NLTF funded expenditure is \$161.5m (6%) above budget mainly due to higher spend in state highway and local road improvements and public transport. Crown funded expenditure is \$283m (42%) below budget. NZUP has been re-baselined with a reduction of (\$414m or 55%) in forecast spend this year.</p> <p>\$121.5 million Below budget</p>	 <p>NLTP activity classes Reprogramming of SH Improvements and RtZ is underway to mitigate: the risks of overspending the investment target (SHI) and to reprioritise activities (RtZ). The investment target for W&C exceeds the GPS range. MoT is working on a GPS amendment.</p> <p>1 of 11 Not on track</p>
 <p>Waka Kotahi operational revenue and expenditure Operational expenditure is 7% below forecast. This is mainly due to slower progress on business initiatives than anticipated, and lower spend on professional services and agent commissions.</p> <p>OP-EX \$21.2 million Below forecast</p>	 <p>Memorandum Accounts The combined memorandum account deficit is \$40.5m, 8% favourable against forecast, mainly due to lower costs, in particular commissions (RUC collections being the main example) and in projects (fees and funding in particular).</p> <p>\$3.4 million Better than forecast</p>
 <p>Debt management Based on current borrowing, annual debt servicing costs associated with debt and long-term liabilities are expected to average around 4.3% of annual NLTF inflows in 2021/22. All debt management ratios are within the agreed operating ranges.</p> <p>All ratios in range</p>	 <p>Long-term liabilities The total long-term funding liability is \$3,193.8m, incorporating specific loan packages, public-private partnership commitments and the derivative financial liabilities. We are compliant with all loan conditions.</p> <p>\$3,193.8 million Total liability</p>

Key:  On track  At risk  Action required

NATIONAL LAND TRANSPORT FUND REVENUE

National Land Transport Fund (NLTF) revenue is \$324.1 million (9%) below budget mainly due to COVID-19 lockdowns since August 2021 and the temporary tax reduction announced by the Government in March. Revenue losses resulted from the tax reduction will be funded by the Crown. An appropriation is expected to be established in May.

- **Fuel excise duty (FED)** is \$293.3 million (18%) below budget.
- **Road user charges (RUC)** are \$63.2 million (4%) below budget.
- **Motor vehicle registration and licensing (MVR & Lic)** is \$8.6 million (5%) above budget.
- **Other revenue** is \$46.3 million (163%) above budget due to higher property disposal (\$42.5 million) and rental income (\$3.2 million).

The following table is the monthly revenue, compared with the 2021/22 budget and 2020/21 actuals.

<p>SUMMARY</p> <p>\$324.1m below budget</p>
<p>FED is 18% below budget</p> <p>RUC is 4% below budget</p> <p>MVR & Lic is 5% above budget</p> <p>Crown funded RNIP is 14% below budget</p>

	MONTH				YEAR TO DATE				FULL YEAR	
	Actual	Budget	Variance	Var	Actual	Budget	Variance	Var	Forecast ¹	Budget
	\$m	\$m	\$m	%	\$m	\$m	\$m	%	\$m	\$m
Fuel Excise Duty	149.8	202.3	(52.5)	(26%)	1,370.6	1,663.9	(293.3)	(18%)	1,694.7	2,188.4
Road user charges	176.2	185.8	(9.6)	(5%)	1,419.6	1,482.8	(63.2)	(4%)	1,819.8	1,949.0
MV registration & Lic.	21.9	15.5	6.4	41%	180.7	172.1	8.6	5%	237.7	221.7
Crown Funding (RNIP)	21.8	23.7	(1.9)	(8%)	135.4	157.8	(22.5)	(14%)	234.4	248.0
Other revenue	29.1	3.2	25.9	809%	74.6	28.4	46.3	163%	62.9	37.8
Total NLTF revenue	398.8	430.5	(31.7)	(7%)	3,180.8	3,504.9	(324.1)	(9%)	4,049.6	4,645.0

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

NLTF expenditure is \$161.5 million (5%) above budget² with higher expenditure on state highway and local road improvements, and public transport services.

	2021/22 YEAR TO DATE				2021/22 FULL YEAR		NLTP 2021-24		GPS FUNDING RANGES	
	Actual	Budget	Variance		Forecast	Budget	Forecast	Budget	Lower	Upper
	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m	\$m	\$m
State highway improvements	708	629	(79)	(13%)	1,052	991	2,970	2,640	2,400	3,250
Local road improvements	94	74	(20)	(27%)	229	134	509	671	300	810
Walking and cycling improvements	89	86	(3)	(3%)	179	121	590	618	290	550
State highway maintenance	578	581	3	1%	889	793	2,805	2,805	2,260	2,940
Local road maintenance	470	442	(28)	(6%)	756	658	2,339	2,339	2,000	2,340
Public transport services	325	267	(58)	(22%)	429	420	1,335	1,330	1,220	1,930
Public transport infrastructure	259	234	(25)	(11%)	552	392	1,682	1,699	1,270	2,080
Road to Zero	493	501	8	2%	673	679	2,540	2,673	2,530	2,830
Coastal shipping	0	0	0	0%	6	5	30	30	30	45
Investment management	42	43	1	2%	79	77	259	262	220	270
Rail	207	233	26	11%	400	368	1,200	1,200	1,194	1,344
NLTP approved expenditure	3,265	3,090	(175)	(6%)	5,243	4,637	16,259	16,267	13,714	18,389
Housing Infrastructure Fund (LRI)	22	34	12	35%	37	40	328	308	0	0
NLTF funded expenditure	3,287	3,124	(163)	(5%)	5,280	4,677	16,587	16,575	13,714	18,389
Crown Infrastructure Partners	23	24	1	4%	39	35	39	35		
Kaikoura earthquake response	1	1	0	0%	4	1	7	2		
SuperGold card	29	30	1	3%	31	31	93	93		
COVID-19 R&R Fund	66	37	(29)	(78%)	124	40	127	99		
NZ Upgrade Programme	212	508	296	58%	407	755	2,176	2,541		
Supporting Regions Programme	56	71	15	21%	90	105	158	161		
Crown funded expenditure	387	671	284	42%	694	966	2,600	2,931		
NLTP & Crown expenditure	3,674	3,795	121	3%	5,974	5,644	19,187	19,506		

¹ Revenue forecast is based on the draft Budget Economic and Fiscal Update (BEFU) of April 2022. Reduction in revenue is due to COVID-19 lockdowns and restrictions, and temporary tax reduction.

² SPE budget was set before the \$2 billion debt facility was signalled by the Government and pre-COVID. Three-year budget reflects the published 2021-24 NLTP.

Risk and assurance

Key strategic risks

Waka Kotahi key strategic risks (risks that may significantly impact strategic outcomes and commitments) have been reset.

The overall risk profile remains mostly unchanged from that reported in quarter two of 2021/22. The reset has resulted in improved, focused descriptions, and laid the foundation for more effective and integrated risk management actions and planning. Strategic risks relating to prioritisation and climate change have been added. The twelve key strategic risks identified are summarised in appendix D.

The work to assess and evaluate the key strategic risks and mitigation measures is ongoing. Risk deep dives have been completed on the digital technology, cyber and information security, stakeholders and partnerships, and contract management. A summary of the risk assessments and deep dives has been made available to the MoT crown monitor.

Key risk drivers and risk management focus areas

The key risk drivers and areas of focus currently are cyber and information security, health and safety, business continuity, staff capacity and capability, supply chain disruptions and pressures.

Management is implementing a range of risk mitigations and management measures to manage potential risks to delivery and other essential services due to supply chain disruptions and pressures. These include engaging with the supply chain through industry liaison meetings, procurement monitoring and pipeline of work assessment and implementing phased procurement approaches and improving forward planning to match market capacity. Cost estimations processes are being adjusted to ensure more regular reviews and updates as global situations evolve and adjusting programmes if required.

Steps are being taken to increase our capacity and readiness to respond to potential cyber-attacks. An incident management exercise was conducted in March 2022 involving the Digital Group and the National Incident Management Teams collaborating to respond to a cyber-attack scenario.

All critical functions and business groups have been preparing for and monitoring the impact of COVID-19 Omicron variant. While there have been impacts on some business areas and projects, no critical functions and services have experienced significant disruption. Impacts are now decreasing in line with the national trends.

Investment Audit Programme

Eleven independent investment audits (procedural and technical) have been completed this quarter. Most of the Approved Organisations (AOs) audited have maintained or improved the audit ratings from the previous investment audit completed. The reasons for the reduced ratings for two AOs are primarily due to the financial reconciliation process and coding errors. Management responses to the findings and audit recommendations have been agreed with the AOs. Progress against the audit recommendations will be monitored by the Waka Kotahi Investment Advisors and will be verified by the Audit and Assurance team at subsequent audits.

The Omicron COVID-19 variant outbreak has resulted in disruption of the 2021/22 Investment Audit Programme. However, innovative use of remote and hybrid auditing methodologies and technologies have enabled us to continue work. The hybrid audit processes developed to accommodate the COVID-19 restrictions have been working effectively. The flexibility and efficiency benefits have been noted and appreciated by the AOs hybrid audit approach will therefore be continued going forward where necessary.

Appendix A: Significant activities not on track against SPE milestones



Significant activity	Status	Progress update (exception-based)
Increase the rate of delivery of state highway median barrier projects from funding to delivery	○	Work is underway to understand why the cause of lower than expected median barrier outputs, an explanation is expected to be ready in Q4. Two significant median barrier projects were completed in Q2 (SH2 Masterton to Carterton and SH1 Piarere to Taupo (Section N)).
Establish systems for safety camera management and offence processing	○	While the activity is on track there are a few small, identified risks which may impact it completing in time, these include tight timeframes and resourcing challenges. Support has been put in place to assist with deadlines and a plan is being set up to strengthen the relationship with the New Zealand Police.
Design an effective regulatory target operating model to support the new Director of Land Transport requirements	○	The inter-relationship with other initiatives and lack of project management resource has impacted planning and delivery. Action plans are in place that include narrowing the scope of the programme and appointing a project manager to lead the next phase of activity.
Progress delivery of the seven Supporting Regions state highway projects to agreed standards and timeframes	○	Six of the seven projects previously forecast to be completed within 2021/22, have experienced delays with completion pushed into the next financial year. Multiple factors affected our progress including the time taken to obtain consents and approvals, COVID-19 impacts, and contractor performance issues. Project completion dates were re-baselined against November 2021 forecasts. Design and construction activities will continue under close management by the project managers.
Progress delivery of four Crown Infrastructure Partners state highway projects funded through the COVID-19 Response and Recovery Fund to agreed scope, budgets and timeframes	○	The Homer Tunnel Project continues to be behind schedule. The time taken to progress the concession approval for the enabling works has caused a further delay. A second concession required for the Avalanche Shelter is expected to lead to further delays.
Choose a preferred supplier for the national ticketing solution, complete commercial negotiations, establish the required shared service function and begin planning the design phase	○	Negotiations are taking longer than expected. We are working with the preferred supplier to get the negotiations back on track. Planning under way for the design phase, continued intensive engagement with partners to secure their commitment to the National Ticketing Solution.
Partner with the MoT to develop a rapid transit framework, complete the Auckland Rapid Transit Plan with ATAP partners and progress planning for future rapid transit projects in Auckland, Wellington and Christchurch	○	We are awaiting further guidance from MoT on timeframes for developing the rapid transit framework, as progress on this work has been delayed. Other rapid transit work including business case development in Auckland, Wellington and Christchurch is progressing as planned.
Adopt the Waka Kotahi Climate Change Adaptation Plan	○	The National Adaptation Plan (NAP) will be published on 3 August 2022. It has been decided that it is better to delay publication of Tiro Rangi the Waka Kotahi Climate Change Adaptation Plan until after the NAP is published. A draft should be ready for sharing with key partners by 30 June 2022.
Implement independent, risk-based internal and investment assurance programmes that focus on core internal controls, operating efficiency, risk and contract management, activity management and delivery	○	COVID-19 impacts and resourcing constraints are slightly impacting the programme delivery and a small number of the technical investment audits may need to be factored into the next year's programme as a result. Steps have been taken to reduce any impacts of this decision with these delayed audits taking priority in next year's programme.

Key: ■ On track

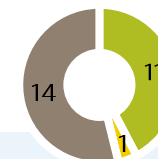
■ Currently not on track, but likely to recover

■ Not on track and unlikely to recover

Appendix B: Performance measures not on track against targets

Strategic measures as at 31 March 2022

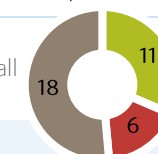
Quarter three status of all strategic measures:



Measure name	Target (by 30 June 2026)	Result	Status (vs. target)	Cause and response (exception-based)
RES1 (SHM4) The proportion of unplanned road closures resolved within standard timeframes	Weather events ≥ 50% Other events ≥ 90%	Weather events 56% Other events 84%		Results for both types of events are down on last quarter. This is in line with historical data that shows quarters 3 and 4 tend to be lower performing months. Crashes made up 82% of Other events this quarter – we have less ability to influence these events due to factors like weather conditions, injuries status, vehicles involved etc. and working with emergency services to resolve them. This is also an output class measure SHM4 (see below).

Output class measures as at 31 March 2022

Quarter three status of all output class measures:

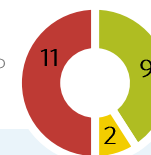


Measure name	Target (by 30 June 2022)	Result	Status (vs. target)	Cause and response (exception-based)
SHM4 (RES1) The proportion of unplanned road closures resolved within standard timeframes	Weather events ≥ 50% Other events ≥ 90%	Weather events 56% Other events 84%		See comments for RES1 above. To help improve this result we have implemented monthly reporting to improve Regional Manager oversight into the performance of unplanned closures, and a new Memorandum of Understanding on Incident Management with our external partners. With these changes we expect to see improvements and meet our 2026 targets, however, we are unlikely to meet the targets this financial year.
PTS1 Number of boardings on urban public transport services	> 119 million	97,002,503		The decline in public transport patronage has been due to the ongoing impact of COVID-19. Patronage recovery in the fourth quarter would still fall short of the annual patronage expectations derived back in early 2021, prior to the Delta and Omicron outbreaks.
RTZ1 Length of the network treated with reduced speed limits	≥ 500km	165km		A lack of public appetite for speed limit reductions and resource shortages have led to delays in the speed programme. The general contentious nature of reducing speeds has caused delays in the consultation process. Continuation of the Road to Zero advertising campaign is helping to gain more public support. Staffing and COVID-19 supply issues have added extra delays and expense to the programme.
RTZ4 Number of passive breath tests and breath screening tests conducted	≥ 3,000,000	1,553,349		NZ Police have struggled to achieve target due in part to restrictions under COVID levels red and orange. A Joint Action Plan is being developed to focus efforts on Road Safety Partnership Programme improvements. NZ Police Executives indicated more activity will be directed towards road policing to help lift the result.
RTZ5 Number of hours mobile cameras are deployed	≥ 80,000	45,021		Camera breakdowns have affected deployment hours. As of early May, three of the new safety cameras were operational, with a further 10 undergoing calibration for deployment in late May. All 45 cameras will be deployed by September 2022. A refreshed Road Safety Partnership Governance and Joint Action Plan will help to focus efforts on delivery, which will include camera hours.
RTZ6 Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	≥ 86%	75%		Due to the way the data is calculated, this measure fails to reflect changing strategic priorities. It includes campaigns only partially run and does not include high priority Road to Zero public awareness campaigns recently launched to build public support and understanding. The Waka Kotahi Education and Marketing team are undergoing a strategic shift, which will see improved measures better focused on strategic outcomes.

Key: On track Currently not on track, but likely to recover Not on track and unlikely to recover Not reportable this quarter

Appendix C: Significant capital projects not on track against SPE milestones

Quarter three status of NLTP significant capital projects:



Significant capital project	SPE status	Time	Risk	Budget	Progress update (exception-based)
Pūhoi–Warkworth	○	○	○	○	Milestones this quarter have been delayed due to COVID-19 and remaining milestones for the year are unlikely to be met. A programme review is underway. Waka Kotahi managed budget is insufficient to cover the increased costs from the delays (noting construction is funded privately as part of the public-private partnership contractual arrangements). A price level adjustment application is being prepared. A COVID-19 Compensation Extension Event claim has been received but the funding mechanism for this is to be confirmed.
Transmission Gully	○	○	○	○	Year-end milestone won't be met as the project was significantly behind the agreed construction programme Q1, which was exacerbated by the COVID-19 disruptions from August 2021. The road was opened to traffic on 31 March 2022, but practical completion will not be achieved until well into 2022/23, or possibly 2023/24, subject to ongoing works and commercial negotiations. Risk remains on potential future contractor claims arising from any COVID-19, seismic or storm events that occur during the remainder of the construction phase.
Peka Peka to Ōtaki	○	○	○	○	We are now back on track to achieve the quarter 4 milestone and the remaining milestones towards the new opening date in late 2022 (agreed after the SPE year-end milestone was finalised) with 80% of asphalt now laid. COVID-19 still poses a risk to the project, with the current Omicron outbreak already affecting asphalt production. A price level adjustment is now being sought to cover remaining works.
Ngauranga to Petone walking and cycling	○	○	○	○	Unprecedented cost escalation on materials and labour associated with the COVID-19 environment has placed significant pressure on project affordability and budget. Despite extensive value engineering and risk mitigation, total implementation cost is above the approved funding. A paper on the project will be submitted to the Waka Kotahi Board for consideration at its May 2022 meeting.
Northern Corridor Improvements	○	○	○	○	The Albany bus offramp has been closed as planned. Opening of the southbound and the northbound busways was postponed to April and May, respectively. Practical completion has slipped from December 2022 to July 2023, as reported in the previous quarter.
Additional Waitematā Harbour Connections	○	○	○	○	The scope is being finalised with sign-off expected in Q4. Procurement is tracking behind to allow integration with Auckland Light Rail and is now expected to be completed in Q1 2022/23. This means the year-end milestone is unlikely to be met. We are working closely with our project partners to effectively manage the risk of any misalignment in organisational objectives.
Central City and SH1 Walking and Cycling Safer Speed	○	○	○	○	The construction contract for the Cobham Drive crossing has been signed and discussions with the contractor are underway. However, commencement of construction has been delayed and there is a risk that construction will not be completed by year-end. There are also challenges from opposing business groups which have the potential to impact the programme. We are working to resolve these risks.
Golden Mile	○	○	○	○	We are now targeting 75% completion of the detailed design by year-end rather than full completion. We have made good progress on design development but there have been some delays in receiving information from our contractors which have affected some deliverables. Development of the single stage business case (SSBC) has identified opportunities in the design development scope and a revisited cost estimate is underway for comparison with the cost estimate. The project is within budget, however, there is a risk that new information resulting from further underground service investigation may have a financial impact on the overall project budget.
Thorndon Quay & Hutt Road	○	○	○	○	Approval of the SSBC has been delayed because of significant modelling issues. Two of the three partners have approved the SSBC, which will be submitted to the Waka Kotahi Board in Q4. The year-end milestone will not be achieved due to the pre-implementation work requiring more time than planned. Modelling has been a significant issue and will continue to be a risk. Contaminated land on Aotea Quay is an emerging issue. We are working through ways to mitigate potential impacts on people and the environment.

Key: ■ On track

■ Currently not on track, but likely to recover

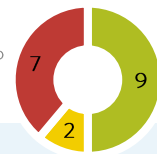
■ Not on track and unlikely to recover

Significant capital project	SPE status	Time	Risk	Budget	Progress update (exception-based)
Mass Rapid Transit					The indicative business cases for Mass Rapid Transit and for Strategic Highway Improvements have been combined. Due to this change in approach, we will no longer be able to achieve the year-end milestone as earlier planned. The combined indicative business case is expected to be completed in November 2022. Progress has been made with Kāinga Ora and the Ministry of Housing and Urban Development to identify the approach to strengthen the urban development uplift and justification for the project.
Strategic Highway Improvements					As previously reported, the indicative business cases for Mass Rapid Transit and for Strategic Highway Improvements have been combined. Due to this change in approach, we will no longer be able to achieve the year-end milestone as earlier planned.
SH3 Awakino Tunnel Bypass					Completion of works have not been achieved due to extensive surfacing defects that require a design proposal. Risks will be evaluated following receipt of the final proposal. This poses a risk to achieving the year-end milestone.
Mt Messenger Bypass					Due to work around the appeal to the high court under the Resource Management Act, resource consent has not been confirmed in time for clearance of trees and vegetation planned for Q3. The year-end milestone will not be achieved because compulsory land acquisition is now being challenged through Land Information NZ to the Environment Court and the earliest possible date for an Environment Court hearing is not until the next financial year. Critical risks relating to court appeals and objections have not been mitigated and pose a risk to the start of construction and progressing the project to plan.

New Zealand Upgrade Programme – Transport

Budget forecast is reported 'TBC' where Waka Kotahi is still waiting on direction from the Minister of Transport about the project

Quarter three status of NZUP significant capital projects:



















Significant capital project	SPE status	Time	Risk	Budget	Progress update (exception-based)
SH1 Whangarei to Port Marsden				TBC	An emerging preferred safety improvement option for road safety improvements has been identified and costed and is included in a ministerial briefing provided in March 2022. The detailed business case is now expected in Q1 2022/23. The primary risk relates to the ability to deliver an appropriate combined rail and road safety solution for the strategic corridor within the available funding.
South Auckland Package				TBC	Completion of the business case for submission to the Joint Ministers has been delayed and is now expected in Q1 2022/23. Discussions are underway with Auckland Transport and KiwiRail on establishing a joint programme structure to progress the next phases of the project. Risk remains around the final confirmation of the preferred package.
Northern Pathway Westhaven to Akoranga				TBC	Re-scoping of the alternative Northern Pathway is well underway, with options developed and shortlisted with stakeholders. A ministerial briefing paper was submitted in March 2022. The business case will now be delivered in 2022/23.
SH1/29 Intersection Improvements					The detailed design has been completed. Consent lodgement will now occur in 2022/23. The project has challenging land and consenting risks that will still require resolution.
Takitimu North Link Stage 2					COVID-19 disruptions are affecting the project schedule. Further work is required assessing the effect of compliance to freshwater national environmental standard requirements and their impact on schedule and cost. Property acquisition is a risk for the project.


Key: On track


Currently not on track, but likely to recover

Not on track and unlikely to recover















Significant capital project	SPE status	Time	Risk	Budget	Progress update (exception-based)
SH58 Safety Improvements - Stage 2					Stage 2A will be open to traffic by June 2022 but final surfacing will need to be completed after the winter shutdown in 2022/23.
SH2 Melling Efficiency & Safety Improvements					Notice of requirements and planning consents lodged. The project has been direct referred to the Environment Court with decision now expected in early 2022/23. Construction contract for the project will be released to the market in 2022/23. The project is subject to cost escalation risk.
Rolleston Access Improvements					The project is behind schedule due to ongoing optioneering assessment of the grade-separated connection across the state highway. Although good progress has been made in the past quarter bringing us close to identify a preferred option, the business case will not be completed until 2022/23. The emerging preferred option is anticipated to be more affordable and be able to be delivered within the current funding allocation. Several risks are being actively addressed related to local road network connections and property impacts.
Queenstown Package					Construction of early works is expected to commence by June 2022, with progression of the main works to follow in 2023. There are a number of risks associated with cost escalation, land acquisition and consenting that are being managed.

Key:  On track


 Currently not on track, but likely to recover







 Not on track and unlikely to recover

Appendix D: Key strategic risks – quarterly review summary


Risk	Description	Risk level	Trend	Key additional controls to strengthen management
Cyber & information security	Systems or information are unavailable, corrupted, or inappropriately released			Protected Security Requirements Self-Assessment and associated work programme Digital Risk Forum for improved monitoring of risks and mitigants, Strengthening security capability and governance through Security Uplift Programme Certification & Accreditation programme for critical systems Security Operations Centre monitoring for vulnerabilities and attacks <i>*Risk deep dive completed March 2022</i>
People, Capability & Capacity	Inability to attract and retain staff with expert capability			People capability review Actions resulting from Tapatahi (engagement) surveys Remuneration framework review
Sustainable funding	Funding sources are not sufficient to fund the National Land Transport Programme and/or meet ministerial and stakeholder expectations			Review of NLTF revenue settings Review approach to managing NLTP to operate more effectively under funding constraints
Stakeholders & partner relationships	Stakeholders and partner relationship breakdown			Build stronger partnerships Refining stakeholder approach – being accurate and transparent Increase frequency of stakeholder surveys and engagement <i>*Risk deep dive completed (March 2022)</i>
Contract management & Governance	Inadequate contract management and governance			Transport Services Operating Model E2E project management Establishment of practice team Resource demand modelling Project complexity classification model <i>*Risk deep dive completed (March 2022)</i>
Health, Safety & Wellbeing	Employee, visitor, or contractor working for Waka Kotahi experiences a significant health/safety incident			Programme for road work site H&S HS&W committee revamp SafePlus & HS&W Management System development Risk workshops on critical risks Policy Standards Steering Committee
Technology systems	Technology systems may stop performing, in part or whole, and may not be recoverable for extended periods			Implementing improved system controls e.g. patching software & systems Disaster recovery for some systems Digital security detection Internal control framework Simulation exercise Back up testing <i>*Risk deep dive completed (March 2022)</i>

Key:  High current risk profile

 Extreme current risk profile

Risk	Description	Risk level	Trend	Key additional controls to strengthen management
Road Safety Outcomes	The agreed target for reduction in deaths and serious injuries on the road is not met			Safe vehicles policy options Regulatory programme Social licence campaign Programme of system management activities Strong cross agency national governance Road to Zero progress monitoring
Regulatory	Inadequate direction, systems, processes, oversight or enforcement to perform regulatory function effectively			Risk change management programme Back to basics capability build Review of current regulatory Strategy Review of regulatory strategic risks
Network Resilience	Inadequate resilience of network in the event of failure of critical Infrastructure			Develop Climate Change adaptation plan Post event recovery framework Process mapping Resilience hub
Prioritisation	Ineffective prioritisation of work and not stopping work that is not a priority	TBC		Deep dive and assessment scheduled May 2022
Climate Change	Inadequate response to climate change through adaptation and mitigation actions including delivery of emission reduction plan for transport.	TBC		Initial risk workshop completed. Second workshop scheduled May 2022.

Key:  High current risk profile

 Extreme current risk profile