



Waka Kotahi NZ Transport Agency Performance Report

Quarter 2 2022/23

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WAKA KOTAHI PERFORMANCE REPORT: Q2 2022/23

This report provides an update on our progress at the end of quarter two (31 December 2022) toward the Te kāpehu | Our compass, which is our strategic direction set out in the Waka Kotahi Statement of intent 2021–26 (SOI) and Statement of performance expectations 2022/23 (SPE). It summarises our achievements under these system outcomes, alongside enterprise risks, challenges and financial performance for the quarter.

Safe	ensuring no one is killed or seriously injured when using or working on the transport system
Environmentally sustainable	reducing harm to and improving the environment with a focus on reducing greenhouse gas emissions
Effectively and efficiently moving people and freight	ensuring networks are available and reliable at consistent levels of service with a focus on increasing the uptake of efficient, cost effective, low carbon transport options
Meeting current and future needs	ensuring we have access to the people, funding and systems we need

Progress toward system outcomes

Highlights

Safe

Road to Zero (RTZ): To achieve Vision Zero, we're working with the Ministry of Transport, NZ Police and our local partners to implement Road to Zero. The 12-month rolling total of deaths and serious injuries (DSIs) has increased from 2,655 in Q1 2022/23 to 2,807 this quarter.

Waka Kotahi has prepared an Interim Speed Management Plan (ISMP) that outlines proposed speed management changes, required under the new Setting of Speed Limits Rule that came into force in May 2022. Consultation has been completed for the ISMP and is now being prepared for submission to the Director of Land Transport. We are only able to progress speed reviews that completed consultation ahead of the approval of the Speed Management Plan (SMP) (likely in Q3/Q4 2022/23). Waka Kotahi delivered safety improvements to infrastructure and intersections are tracking to plan.

This quarter NZ Police conducted 757,044 passive breath tests and breath screening tests, which while below target, represents a 35% increase on the 560,579 tests conducted in Q1. A total of 14,955 hours of mobile safety cameras were deployed in Q2, which is also below the desired target, but represents an increase of almost 1,500 hours on the previous quarter.

Safety camera management: Good progress has been made this quarter and a staged approach has been adopted that prioritises the expansion of the safety camera network to achieve greater DSI reductions sooner. A public trial of mobile phone and seatbelt detection cameras concluded successfully in November 2022. The detailed business case was approved by the Waka Kotahi Board in December 2022. Enabling legislation is on track to be passed before the General Election. Construction of 10 safety camera sites in Tāmaki Makaurau and a trial of safety cameras on road works sites are due to start in Q3 2022/23.

Sustainable regulatory funding: Waka Kotahi provided Cabinet with final recommendations for a revised regulatory funding and fees regime. Public consultation was successfully completed. The Minister has been briefed on themes and proposed revised fees and charges. A submission for S9(1A) funding is pending approval. Next steps are the Cost Recovery Impact Statement assessment by the Regulatory Investment Assessment panel and a Cabinet paper detailing the revised rate card. We are working closely with the Ministry of Transport and the Treasury to manage expectations and monitor the external processes of review and approval, as well as developing alternative plans for delivery of the required outcomes.

Environmentally sustainable

Delivery of CERF funded, ERP and CNGP activities: Work to support the initiatives in the government's Emissions Reduction Plan (ERP), Carbon Neutral Government Programme (CNGP) and Climate Emergency Response Fund (CERF) funded activity is underway along with development of an integrated work programme. Alignment with the Ministry's Decarbonising Transport Action is also underway.

To meet CNGP requirements we continue to embed our resource efficiency policy requirements into contracts.

VKT reduction planning: Under our CERF programme, we will publish a national light vehicle kilometres travelled (VKT) reduction plan aligned to the national light VKT reduction target in the ERP. Co-working arrangements with the Ministry of Transport to develop this plan have been agreed and the Ministerial approval process has been confirmed. The scope has been drafted, and the initial evidence base has been completed.

We are partnering with councils, iwi/Māori and community representatives to achieve the VKT reduction plan. This approach has been scoped and we are working with urban councils to provide supporting information to assist in the process.

Clean Vehicle Discount Scheme: Operational improvements continue to be made to the scheme, which was implemented in April 2022 and overall, the scheme is functioning well. The scheme has been operationalised and small efficiency improvements continue to drive our average days to process down.

Effectively and efficiently moving people and freight

Improving connections and movement of freight: We continue to implement our freight action plan to improve connections and the movement of freight across the land transport system while reducing emissions in line with ERP targets. We have developed and continue to refine the Waka Kotahi implementation plan. The release of this plan is determinate on the release of the Ministry of Transport's plan which isn't due to be released until Q1 2023/24.

Reassess and update land transport corridor plans: Work has been scoped and supporting work has been undertaken in Arataki (our 10-year view of the transport system) to identify areas of future focus on the state highway network and in the draft State Highway Strategy.

National Ticketing Solution (NTS): The NTS participation and services agreements were signed by all parties in October 2022. The NTS programme is currently being established and work has begun establishing its shared services function.

Rapid transit projects: Completion of Auckland Rapid Transit Plan is now estimated for mid-2023 rather than late 2022. The Let's Get Wellington Moving Detailed Business Case is under way. The Greater Christchurch Partnership will undertake public engagement of the combined draft spatial plan and mass rapid transit indicative business case in February 2023, aiming for Cabinet endorsement in mid-2023 and adoption by the end of 2023.

Meeting current and future needs

Land transport revenue review: Over the quarter, final advice was provided to the joint ministers on the land transport revenue review, which aims to ensure that levels of NLTF revenue match the government's ambitions for the medium term.

Improving road user charges (RUC) compliance monitoring, debt collection and recovery: In the first two quarters we have completed more roadside operations than planned, and we are on track to complete planned weight-based assessments and investigations. We are also increasing our debt management capacity.

Bilingual signage: Waka Kotahi produced a consultation document on a proposed suite of bilingual traffic signs in September 2022 that is awaiting ministerial approval for public release.

Challenges

Effects of climate change: Significant weather events have been prevalent and highly visible over 2022/23. These events have exacerbated the deterioration of the condition of the state highway asset and continue to impact maintenance and renewals programmes across the country. Additional work and diversion of resources are required for unplanned activities as a result of the extreme weather events.

Cost pressures: The NLTP remains under considerable financial pressure due to the number of committed projects, reduced revenue projections and cost pressures in the sector, partly offset by slower delivery. Inflationary pressures have also increased the costs of most of our activities and affected project budgets. A number of budget bids have been submitted to help alleviate the liquidity risks for the NLTF. We continue to focus our efforts on our cost estimation practices, technical assurance and the ability to identify and act on early warnings.

COVID-19 impacts. Resourcing continues to be a critical risk given high demand for people, plant and materials at all stages of the infrastructure lifecycle combined with a tight labour market, supply chain constraints, COVID-19-related disruption and large forward infrastructure programmes in New Zealand and

Australia. There are disputes about prolongation claims due to the impact of COVID-19, which are causing risks to projects. Staff levels and resources are still being impacted by COVID-19 and other illness.

Organisational capability

Digital progress: We've made progress in establishing a fit for purpose digital environment for Waka Kotahi. We continue to embed new ways of working, such as projects using agile methodology and ongoing quarterly business plan prioritisation.

There have been significant improvements in our cyber recovery and response capability relating to ransomware. As we continue to improve our security capability in identifying threats and monitoring our digital environments, we are also focused on improving how we respond to and remediate those threats.

The end-of-life risk of the current Service Management toolset is being mitigated with a new provider, with the development and transition planning underway.

The Digital Hub (an app designed for users of our transport network) will be ready for internal pilot in March 2023. Our intent is to provide secure personalised digital services through either a Waka Kotahi branded app or via partner digital services.

Talent attraction and retention: We continue to see a slow decline in our turnover rate from a high of 18.7% at the end of April 2022, to 15.9% at the end of Q2. We hope this indicates turnover stabilisation, however, continue to manage a high volume of recruitment for both employee and contractors.

Organisational change processes and the implementation of various programmes such as National Ticketing, safety camera management systems and the Clean Car Standard, continue to increase our resourcing needs.

Non-financial performance summary

Significant activities

We are on track to deliver seven of our 15 significant activities by year-end. Eight activities have been identified as not on track, while seven are likely to recover by year-end. See appendix A for further details.

Type of activities	On track	Not on track but likely to recover	Not on track and unlikely to recover
Significant activities	7 (47%)	7 (47%)	1 (7%)

Performance measures

Strategic measures: Five of 12 quarterly reported measures are on track to meet year-end targets, while five are not on track and unlikely to recover by the year end. Two measures are unable to be reported this quarter, one with a new assessment under review by The Treasury and the other unavailable due to data issues for the Auckland region.

Output class measures: Ten of 14 quarterly reported measures are on track to meet year-end targets. Four measures are not on track, where two are expected to recover and reach the year-end targets and the other two are unlikely to recover.

Measures not on track this quarter are detailed in appendix B.

Type of measures	On track	Not on track but likely to recover	Not on track and unlikely to recover	Unable to report in this quarter
Strategic measures	5 (42%)	0 (0%)	5 (42%)	2 (17%)
Output class measures	10 (71%)	2 (14%)	2 (14%)	0 (0%)
Total	15 (58%)	2 (8%)	7 (27%)	2 (8%)

Capital projects

Highlights: We have made significant progress across a number of our major projects and continue to work in a challenging environment. Milestones achieved during the quarter include:

- opening the Peka Peka to Ōtaki Expressway

- opening the shared path between Albany Highway and Constellation Station as part of the Northern Corridor Improvements
- opening the NZUP Walnut Avenue intersection in Christchurch
- sod turning ceremony of O Mahurangi – NZUP Penlink attended by Ministerial Hurihia te Whenua
- start of early works on the new Te Ara Tupua (Ngā Ūranga ki Pito-one) pathway
- signing the project alliance agreement for Waitematā Harbour Connections
- approval to move to pre-implementation for NZUP Ōtaki to North of Levin Expressway with lodgement of Notices of Requirement and consents.

Significant capital projects progress: Seven of 17 significant capital projects are on track to deliver their annual milestones (as reflected in our Statement of performance expectations), all from the National Land Transport Programme. Ten projects are not on track to meet their annual milestones, with seven of them likely to recover and three unlikely to recover by the year end. Appendix C details the significant capital projects not on track against milestones.









Type of projects	On track	Not on track but likely to recover	Not on track and unlikely to recover
National Land Transport Programme	7 (54%)	4 (31%)	2 (15%)
New Zealand Upgrade Programme	0 (0%)	3 (75%)	1 (25%)
Total	7 (41%)	7 (41%)	3 (18%)

Supporting Regions Programme: 10 of 22 projects in the programme have been completed, with three more projects expected to be completed before the end of the financial year. Several projects continue to experience delays, primarily due to weather events in the previous year, COVID-19, and delays for consenting, approvals and property acquisition.

Following a reassessment of the cost to complete the programme, we are now forecasting insufficient funds to complete all projects at their current estimated cost. This is due to two projects which have had significant changes in their forecasts. Alternative funding sources and/or scope changes are being investigated. Other projects that come in under and over budget are being managed through budget transfers between projects.

Financial summary

Five of eight key financial items are on track for six months ended 31 December 2022. NLTP activity classes and operational revenue and expenditure are at risk, while NLTF revenue requires action to bring it back on track.

 <p>\$244 million</p> <p>National Land Transport Fund cash balance We have drawn down a further \$200 million of the NLTP loan facility to allow delivery of the NLTP over December and January (total now \$400 million drawn). We drew down \$150 million of the revolving facility to fund the August 2021 COVID 'shock' event.</p>	 <p>\$298.9 million below budget</p> <p>National Land Transport Fund revenue December monthly revenue is \$78.3 million (19%) below budget. Year to date-revenue is 12% below budget. Revenue can be lumpy, but it is a concern that we are so far behind the budget already. The impact on the NLTF will be financed by the borrowing facilities, but there is very little headroom, continuation of the trend would mean we would exhaust our debt facilities.</p>
 <p>\$58 million below budget</p> <p>National Land Transport Programme expenditure NLTF funded expenditure is \$156 million (6%) below budget mainly in state highway improvements and rail network investment. Crown funded expenditure is \$98 million (34%) above budget, mainly from COVID-19 fund claims.</p>	 <p>1 of 11 not on track</p> <p>National Land Transport Programme activity classes Revised investment targets as per the September Board have been reflected in this report. A separate paper on activity class forecasts is being provided to the March I&D Committee noting particular funding pressures for state highway improvements, PT services and maintenance activity classes.</p>
 <p>Expenditure \$4.2 million above budget</p> <p>Operational revenue and expenditure Operational expenditure is 2% above budget due to higher personnel costs and contractor spend. The full contingency will be needed to remain within budget.</p>	 <p>\$3.7 million better than budget</p> <p>Memorandum accounts The combined memorandum account deficit is \$48.8 million, 7% favourable against budget, mainly due to lower costs, in particular commissions and from projects (fees and funding). The deficit is being funded by a Crown loan, of which \$60 million is currently drawn down.</p>
 <p>All ratios in range</p> <p>Debt management All debt management ratios are within the agreed operating ranges.</p>	 <p>\$3,409.8 million total liability</p> <p>Long-term liabilities The total long-term funding liability is \$3,409.8 million, incorporating specific loan packages, public-private partnership (PPP) commitments and the derivative financial liabilities. We are compliant with all loan conditions</p>

Key:  On track  At risk  Action required
 Improving trend  Neutral trend  Reducing trend

National Land Transport Fund revenue

National Land Transport Fund (NLTF) revenue is \$298.9 million (12%) below budget. This is primarily driven by total FED and RUC being 12% below budget, which includes the Crown reimbursement for the tax reduction. The impact on the NLTF will be financed by the borrowing facilities, but there is very little headroom and reliance on successful budget bids. The latest (October Baseline Update) revenue forecast shows an additional \$60 million decline to approximately \$540 million below the revenue forecast at the time the NLTP was set.

- **Total FED and RUC** is \$271.0 million (12%) below budget.
- **Motor vehicle registration and licensing (MVR & Lic)** is \$8.2 million (6%) below budget.
- **Crown funding (RNIP)** is \$20.3 million (14%) below budget. This reflects the lower spend from KiwiRail.
- **Other revenue** is \$0.6 million (2%) above budget.

The following table is the monthly revenue, compared with the 2022/23 budget and 2021/22 actuals.

Summary

\$298.9m
below
budget

FED is 38% below budget

RUC is 31% below budget

MVR & Lic is 6% below
budget

Crown funded RNIP is
14% below budget

	MONTH				YEAR TO DATE				FULL YEAR	
	Actual \$m	Budget \$m	Variance \$m	Var %	Actual \$m	Budget \$m	Variance \$m	Var %	Forecast \$m	Budget \$m
Fuel excise duty	63.6	148.5	(84.9)	(57%)	585.4	949.7	(364.3)	(38%)	1,550.7	1,859.3
Road user charges	107.6	153.5	(45.9)	(30%)	640.8	929.6	(288.8)	(31%)	1,577.4	1,853.4
Crown temp tax reduct.	98.6	52.8	45.8	87%	699.2	317.1	382.1	120%	800.0	370.0
Total FED and RUC	269.8	354.8	(85.0)	(24%)	1,925.4	2,196.4	(271.0)	(12%)	3,928.1	4,082.7
MV registration & Lic	17.4	16.7	0.7	4%	120.1	128.3	(8.2)	(6%)	234.2	234.2
Crown funding (RNIP)	35.5	27.7	7.8	28%	129.9	150.2	(20.3)	(14%)	300.4	300.4
Other revenue	3.8	5.6	(1.8)	(32%)	33.8	33.2	0.6	2%	66.4	66.4
Total NLTF revenue	326.5	404.8	(78.3)	(19%)	2,209.2	2,508.1	(298.9)	(12%)	4,529.1	4,683.7

National Land Transport Programme (Funded from the National Land Transport Fund and Crown-funded expenditure)

National Land Transport Fund (NLTF) expenditure is \$156 million (6%) below budget. This result is mainly from lower spending in state highway improvements and rail. December spend was abnormally high compared to budget/seasonal trends.

Specific Crown-funded projects expenditure is \$98 million (34%) above budget. The COVID-19 Response and Recovery Fund relates to funding for COVID-19 costs from both the public-private partnership and public transport.

	2022/23 YEAR TO DATE				2022/23 FULL YEAR		NLTP 2021-24		INVESTMENT TARGETS ¹	
	Actual	Budget	Variance		Forecast	Budget	Forecast	Budget ²	Lower	Upper
	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m	\$m	\$m
State highway improvements	430	533	103	19%	937	937	2,680	2,640	2,530	2,640
Local road improvements	66	59	(7)	(12%)	19	19	511	671	485	525
Walking & cycling improvements	79	87	8	9%	98	98	543	618	515	550
State highway maintenance	460	452	(8)	(2%)	831	831	2,805	2,805	2,260	2,940
Local road maintenance	358	300	(59)	(20%)	703	703	2,339	2,339	2,000	2,340
Public transport services	253	274	21	7%	449	449	1,441	1,330	1,370	1,480
Public transport infrastructure	200	197	(3)	(1%)	272	272	1,600	1,699	1,520	1,640
Road to Zero	372	410	38	9%	861	861	2,595	2,673	2,530	2,660
Coastal shipping	10	16	5	33%	27	27	30	30	30	45
Investment management	31	35	4	11%	89	89	250	262	220	270
Rail	179	234	55	24%	467	467	1,200	1,200	1,194	1,344
NLTP approved expenditure	2,439	2,596	157	6%	4,752	4,752	15,994	16,267	14,654	16,434
Housing Infrastructure Fund (LRI)	15	14	(1)	(8%)	44	44	308	308	0	0
NLTF funded expenditure	2,454	2,610	156	6%	4,796	4,796	16,302	16,575	14,654	16,434
Crown Infrastructure Partners	20	10	(10)	(105%)	22	22	106	106		
Kaikoura earthquake response	1	2	1	78%	4	4	7	7		
SuperGold card	31	28	(3)	(11%)	31	31	93	93		
COVID-19 R&R Fund	83	3	(80)	(2650%)	3	3	127	99		
NZ Upgrade Programme	224	215	(9)	(4%)	606	606	2,176	2,541		
Supporting Regions Programme	23	27	4	14%	58	58	158	161		
Climate Emergency Resp. Fund	0	0	0	0%	138	138	438	438		
Crown funded expenditure	382	284	(98)	(34%)	863	863	3,105	3,445		
NLTP & Crown expenditure	2,836	2,894	58	2%	5,659	5,659	19,407	20,020		

¹ The investment targets listed below are as revised in September 2022.








² The original budget set at the start of the NLTP period.

Risk and assurance summary

Key strategic risks

We have updated the key strategic risks following the Waka Kotahi Board workshop in December 2022, summarised in appendix D. Among the 13 key strategic risks, four risks have been rated as extreme - sustainable funding, health, safety and wellbeing, failure of critical infrastructure, and cyber and information security. Six risks have been rated as high, while the assessment of three risks is still underway. We will also review the mitigations and controls for the strategic risks in the context of extreme weather events.

Appendix A: Significant activities not on track

Significant activity	Status	Progress update
Progress implementation of the safety camera management system, including the transfer of functions from New Zealand Police.		The activity has experienced a range of delays across enabling legislation, the detailed business case, operating model design, back-office technology implementation and global supply chain issues with sourcing safety camera hardware. Following analysis, a staged approach has been adopted that prioritises the expansion of the safety camera network to achieve greater DSI reductions sooner. The first stage includes the implementation of the safety camera management system in Q3. Enabling legislation is currently on track to be passed before the General Election.
Make final recommendations to Cabinet for a revised regulatory funding and fees regime.		The review and approval of the S9(1A) submission, Cost Recovery Impact Statement and Cabinet paper are subject to external processes. Waka Kotahi is working closely with the Ministry of Transport and The Treasury to manage expectations and monitor the external process.
Embed our resource efficiency policy data collection and supplier reporting requirements into new contracts and continue negotiations for existing contracts to prepare for the Carbon Neutral Government Programme (CNGP) requirements.		Proposed edits to the procurement contract manual documentation have been delayed in consultation and the resource efficiency policy has been inconsistently applied as it was previously not a statutory requirement. Further discussions will be held with procurement to discuss the development of contract mechanisms to embed resource efficiency into new and existing contracts.
Partner with councils, iwi/Māori and community representatives on planning for, and initial development of, light VKT reduction programmes for Tier 1 and Tier 2 urban areas that are aligned to relevant sub-national light VKT reduction targets.		Lack of resources is impacting our ability to partner with councils as they undertake planning that will lead to programmes. Resourcing plan is being approved within CERF programme.
Reassess and update land transport corridor plans to ensure longer-term corridor planning is consistent with emissions reduction objectives and ensure projects, landholdings and other asset planning processes are managed consistently with the updated plans.		Resource constraints mean the work has not been progressed to date. Responsibilities to be re-confirmed and resources to be committed so that this significant activity can be met.
Progress planning for future rapid transit projects in Auckland (complete the Auckland Rapid Transit Plan with Auckland Transport Alignment Partners), Wellington (complete an indicative business case with Let's Get Wellington Moving) and Christchurch (progress an indicative business case in line with wider spatial planning work with Future Christchurch).		Completion of the Auckland Rapid Transit Plan is slower than originally envisaged, due to the need for integration with decision-making on Auckland Light Rail and Waitemata Harbour Connection projects. It's still on track for completion and endorsement by Q1 2023/24. Integration groups have been established to ensure alignment between Auckland Rapid Transit Plan and major projects. This will give confidence and allow efficient completion of the plan.
Complete a review of value for money of Waka Kotahi operational spend.		A combination of capacity issues at the Ministry of Transport and the difficulty of demonstrating value for money have delayed this activity. Waka Kotahi will work through the report which is expected to be completed in Q3. Waka Kotahi is planning to re-establish a value for money team and do some scoped reviews in certain areas such as digital, and commissions, as well as work with People Group on position management.

Key:  On track  Not on track but likely to recover  Not on track and unlikely to recover

Significant activity	Status	Progress update
Identify bilingual traffic signs for consultation.	○	In September 2022, a consultation document on a proposed suite of bilingual traffic signs has been produced and is awaiting Ministerial approval for public release.

Key: ○ On track ○ Not on track but likely to recover ○ Not on track and unlikely to recover

Appendix B: Performance measures not on track

Strategic measures not on track as at 31 December 2022

In the previous financial year, targets for our strategic measure were set to be achieved by 2026. We have now set annual targets to track performance.

Measure name	Target (30 June 2023)	Result	Status (vs. target)	Quarterly trend (Q2 2021/22 to Q2 2022/23) ³	Cause and response
RES1 (SHM4) The proportion of unplanned road closures resolved within standard timeframes	Weather events ≥ 50%; Other events ≥ 90%	Weather events 55.2%; Other events 83.8%	○	<p>57% 56% 58% 51% 55%</p> <p>87% 84% 85% 86% 84%</p> <p>Q2 Q3 Q4 Q1 Q2</p>	<p>Weather Related closures for Q2 reached 66.7% surpassing the target of 50%. This was consistent to Q2 last year (67.6%), resulting in the rolling 12-month average of 55.2%.</p> <p>For Non-Weather related closures, the Q2 result is 82.5% - equalling a rolling 12-month average of 83.8%. The goal of 90% has still not been reached. This shows a decrease compared to Q2 2021/2022 (86.5%). Crashes made up 87% of other events this quarter, which is a significant increase from Q1, and more than Q2 last year (83.7%). Numerous factors in attending and managing crashes may cause standard timeframes to be exceeded e.g., weather conditions, injury status, emergency services requirements, vehicles involved.</p> <p>Work to embed the philosophy of the MOU with Emergency Services has been progressing over this quarter:</p> <ul style="list-style-type: none"> • Along with a National team, there has been the formation of Regional First Responder groups across the country. • A First Responders E-Module has been completed and ready to be rolled out to aid with training. • Review of the Drone Policy regarding site investigations is being reviewed currently.
SAFE1 Deaths and serious injuries	2,418	2,807	○	<p>2,564 2,581 2,598 2,655 2,807</p> <p>Q2 Q3 Q4 Q1 Q2</p>	Deaths and serious injuries (DSIs) for the 2022 calendar year were slightly above the 12 months for the previous quarter. While DSIs are lower than the 2018 baseline, they remain slightly above the projected trajectory line required to achieve the Road to Zero target of a 40% reduction in DSIs by 2030.
SAFE2 Significant incident frequency rate	Below 9.0	10.67⁴	○	<p>10.95 10.11 9.32 10.37 10.67</p> <p>Q2 Q3 Q4 Q1 Q2</p>	System and process updates have shown increased reporting. We continue to focus on risk management plans that help the organisation in improving its health and safety performance to meet the long-term Significant Incident Frequency Rate target.

³ Prior to this financial year the targets are set to be achieved by 2026, where the quarterly statuses in last financial year were rated against.

⁴ This is 12-month rolling average as at November 2022.

Key: ○ On track ○ Not on track but likely to recover ○ Not on track and unlikely to recover

Measure name	Target (30 June 2023)	Result	Status (vs. target)	Quarterly trend (Q2 2021/22 to Q2 2022/23) ³	Cause and response
STI2 Number of head-on, run-off-road and intersection deaths and serious injuries	Below 1,671	1,953	○	<p>1,758 2,006 2,026 2,274 1,953 Q2 Q3 Q4 Q1 Q2</p>	While this result has reduced compared to the previous quarter, it still lags behind the trajectory required to meet longer-term targets. A sustained increase in the pace of delivery of infrastructure and speed management is required to get back on track.
SV1 Number of deaths and serious injuries involving a vehicle with a low safety rating	Below 767	865	○	<p>782 728 832 804 865 Q2 Q3 Q4 Q1 Q2</p>	Progress on this indicator remains slow. While we are seeing an increase in low safety-rated vehicles exiting the fleet, it is not occurring quickly enough. It will also require progress introducing new safety standards for vehicles entering the fleet.

Output class measures not on track as at 31 December 2022

Measure name	Target (30 June 2023)	Result	Status (vs. target)	Quarterly trend (Q2 2021/22 to Q2 2022/23)	Cause and response
REV2 Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	≤ 20 working days	24	○	<p>14.9 17.2 20.0 32.0 24.0 Q2 Q3 Q4 Q1 Q2</p>	The sudden decrease in fuel excise duty on March 14, 2022 resulted in a significant increase in claims, challenging our ability to meet the Fuel Excise Duty Key Performance Indicator (FED KPI). The reduction required recording each claim at both original and reduced prices, adding an additional workload. However, the funding from the FED/RUC reduction implementation allowed us to hire additional staff, bringing the service back within acceptable levels. As the reduction ends on June 31, 2023, we expect a rise in refunds, but have taken proactive measures by training additional staff to address this. We are confident in meeting performance expectations for the year.
RTZ1 Length of the network treated with reduced speed limits	≥ 500km	179.3km	○	<p>107 165 165 150 179 Q2 Q3 Q4 Q1 Q2</p> <p><i>annual cumulative result</i></p>	The new Setting of Speed Limits Rule came into force in May 2022 which requires Waka Kotahi to produce an interim speed management plan (ISMP) that outlines proposed speed limit changes. Consultation has been completed for the ISMP and is being prepared for submission to the Director of Land Transport. On top of the 179.3km delivered, there is a forecasted 162.98km of corridors (13 projects) for this financial year which can be delivered under the old rule.

Key: ○ On track ○ Not on track but likely to recover ○ Not on track and unlikely to recover





















Measure name	Target (30 June 2023)	Result	Status (vs. target)	Quarterly trend (Q2 2021/22 to Q2 2022/23)	Cause and response
RTZ4 Number of passive breath tests and breath screening tests conducted (reflects NZ Police delivery)	≥ 3,000,000	1,317,623	○	<p>907K 1,553K 1,592K 561K 1,318K Q2 Q3 Q4 Q1 Q2 annual cumulative result⁵</p>	Roadside breath testing and high-volume alcohol checkpoints are standard general deterrence activity carried out regularly to keep our roads safe. To enable more real-time data to be used to monitor performance of this RSP measure, Police has implemented a centralised platform to allow data to be regularly downloaded from Dräger 7510 devices. In Q2, Police achieved 757,044 passive breath tests and breath screening tests. This was up from the 560,579 tests conducted in Q1. Additionally, over the rolling 12 months, Police has conducted over 2.3 million tests nationally.
RTZ5 Number of hours mobile cameras are deployed (reflects NZ Police delivery)	≥ 80,000	28,445	○	<p>31,076 45,021 58,408 13,490 28,445 Q2 Q3 Q4 Q1 Q2 annual cumulative result</p>	The desired activity level for mobile speed camera hours deployment was set at 80,000 hours for the fiscal year (approximately 20,000 hours per quarter). NZ Police delivered 75% of the desired number of mobile camera hours in Q2, attaining 14,955 hours. While still below the desired 20,000 hours for the quarter, this represents an increase of almost 1,500 hours over the previous quarter. Districts have been offered additional funding and are exploring the opportunity to add additional temporary resources to support this activity.

⁵ This measure was reported as “Unavailable this quarter” in Q1 2022/23, as the data hasn’t been provided to Waka Kotahi when producing the Q1 report.





Key: ○ On track ○ Not on track but likely to recover ○ Not on track and unlikely to recover

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

















National Land Transport Programme

Significant capital project	SPE status	Time	Budget	Risk	Progress update
Auckland Network Optimisation					Resourcing challenges have slowed project momentum and there is a risk that Q3 milestones may not be achieved. Project schedule is under active management.
Ara Tūhono: Pūhoi–Warkworth					All earthworks and pavement work on the Central Zone were completed. Construction and pavement work on the Northern Connection Shared Path and construction of utilities are behind schedule primarily due to slips and poor weather but are underway. Quality and works completion requirements will impact the ability to reach practical completion. It is unlikely all the annual milestones will be achieved by June 2023. Waka Kotahi managed budget is currently sufficient but not enough to cover the increased costs from the delays (noting the construction is funded privately as part of the public-private partnership contractual arrangements). The most significant risk is the finalisation of the contractor/builder's current and future cost and prolongation claim for the impact of COVID-19 which will be determined in an arbitration process agreed by the parties.
Northern Corridor Improvements					A four-kilometre section of the shared path adjacent to SH18 from Albany Highway to Constellation Station was opened in December 2022 with our mana whenua partners. There has been no further slippage to the programme during the quarter, however, there remain some risks on achieving the annual milestones predominately due to the pavement work's dependence on fine weather. Over the next five months the project has four weeks of allowance to absorb delays if required. SH18 westbound onramp and SH18 to SH1 northbound link are both on target to be opened in Q3. The SH1 to SH18 westbound link is on schedule to be opened in Q4. Actions to mitigate further delays include ensuring resource levels are maintained to complete work on time, fortnightly management progress reviews against programme to establish any changes to critical path activities that may need to be addressed, and close monitoring of quality assurance metrics to identify any trends that may require interventions to achieve practical completion.
Baypark to Bayfair Link Upgrade					Q2 milestones have slipped by a few weeks. This puts a risk to delivering the annual milestones, however they are still likely to be achieved at this stage. A price level adjustment of \$16.5 million (to cover unexpected minor variations and \$13 million predicted cost escalation, projected to end of contract which had not been allowed for at contract reset time) is being submitted to the Waka Kotahi Board for approval.
Transmission Gully					Q2 milestones have not been achieved due to ongoing temporary traffic management on SH59 which affected the operation (lane utilisation and speeds) at the SH1/SH59 southbound merge and delayed commencement of expert safety review of SH1/SH59 merge operation. SH59 temporary traffic management has now been removed, so merge safety review is scheduled to be completed in Q3. With the motorway open, the most significant risk is contractor/builder claims, and slow progress on completing remaining work. It is unlikely that practical completion will be achieved by June 2023.

Key:  On track  Not on track but likely to recover  Not on track and unlikely to recover

Significant capital project	SPE status	Time	Budget	Risk	Progress update
Public Transport Futures Mass Rapid Transit					Completion of the draft indicative business case (IBC) has been delayed and is expected to be completed in Q3. There is a risk that Waka Kotahi Board endorsement of the IBC may not be sought within the financial year because of tight timeframes to complete public engagement and agreed additional scope of works around investigations.

New Zealand Upgrade Programme – Transport

Significant capital project	SPE status	Time	Budget	Risk	Progress update
SH1 Whangārei to Port Marsden Highway					Joint ministers are currently considering their approval of the detailed business case as part of broader New Zealand Upgrade Programme funding discussions. A funding decision is expected to be considered before the end of the financial year. While this is awaited, planned site investigations and community engagement are on hold.
South Auckland Package					Community and landholder engagement commenced in Q2 for SH22 and Waihoehoe Road upgrades. Initial land access requirements have been defined and site investigations commenced where permission has been granted by the landowners. Draft commercial agreements between Waka Kotahi, Auckland Transport and KiwiRail have been completed and expected to be approved in Q3. Aecom/Beca have been appointed to complete the South Auckland Package business case (inclusive of Mill Rd safety improvements and a strengthened public transport proposition). The business case is expected to be submitted to Ministers in Q1 2023/24. Forecast remains within budget, excluding the Mill Road project, which is still to be confirmed, costed and subject to approval. Primary risks relate to further cost escalation resulting from potential misalignment of design and delivery timeframes with KiwiRail and developers. Property purchase timeframes and access delays also have a high risk of impacting schedules for all projects.
Otaki to North of Levin					Q2 milestones were achieved with the commencement of active property acquisition and the lodgement of consents and designations. Following endorsement of the detailed business case (DBC) by the Waka Kotahi Board, Ministers are now considering the DBC, programme cost pressures and funding. The current project DBC estimate is higher than the 2021 allocated funding, in large part due to escalation, property, and construction phase overheads. However, some of the increases have been offset through value engineering around earthworks, pavements and structures. Key project risks relate to the timing of the funding decision and acquisition of required properties.
Queenstown Package					Q2 milestones were achieved with the lodgement of the designation alterations Notices of Requirement for Howards Drive and for Frankton area. Kā Huanui a Tāhuna (the Queenstown Alliance) is preparing a target outturn cost proposal for the delivery of the Queenstown Package which is expected in Q3. An updated business case cost estimate is significantly above the baseline budget and is with the joint ministers for consideration. Since current scope is not achievable within baseline, further funding sources are being explored along with options for delivering the package within its funding allocation. Achievement of the annual milestone is at risk.

Key:  On track  Not on track but likely to recover  Not on track and unlikely to recover

Appendix D: Quarterly summary of key strategic risks

Risk	Description	Risk rating
Sustainable funding	There is insufficient funding to meet ministerial and stakeholder expectations in short and long term.	Extreme
Health, safety, and wellbeing	Material impact on the health, safety and wellbeing of staff, contractors, or visitors (an employee, visitor or contractor experiences a significant health or safety incident).	Extreme
Failure of critical infrastructure	Failure to protect critical infrastructure with climate change, potential sabotage, or unforeseen accidents.	Extreme
Cyber and information security	Systems or information are unavailable, corrupted, or inappropriately released.	Extreme
Regulatory	Inadequate direction, systems, processes, oversight, or enforcement to perform regulatory function effectively.	High
Programmes – complex capex/ infrastructure	Inadequate / poor delivery of complex capex programme/infrastructure projects.	High
Road safety outcomes	Waka Kotahi does not deliver / achieve its contribution to the 2030 target reduction in deaths and serious injuries.	High
Strategic and partner stakeholder relationships	We do not effectively manage our relationships with key stakeholders and partners.	High
Technology systems	Technology systems may stop performing, in part or whole, and may not be recoverable for extended periods.	High
People capability and capacity	Waka Kotahi and its partners are unable to retain and attract the right talent and expert capability.	High⁶
Change / transition risk	Inadequate meeting of expectations and delivery/performance -ineffective prioritisation of work.	Risk assessment to be completed
Climate change	Difficulty responding to uncertain and changing requirements.	Risk assessment to be completed
Programmes – non infrastructure	Inadequate/poor delivery of complex non-infrastructure programmes, eg National Ticketing Solution, safety cameras, Clean Car Upgrade, Climate Emergency Response Fund, Road to Zero.	Risk assessment to be completed

⁶ The risk rating was changed from extreme to high on 15/12/2022.