



Waka Kotahi NZ Transport Agency Performance Report

Quarter 1 2023/24

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More information

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

Waka Kotahi NZ Transport Agency
Private Bag 6995
Wellington 6141

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

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WAKA KOTAHI PERFORMANCE REPORT: Q1 2023/24

This report provides an update on our progress at the end of quarter one (30 September 2023) 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 2023/24 (SPE). It summarises our achievements for the quarter under these system outcomes, alongside challenges, financial performance and enterprise risks.

Progress toward system outcomes

Highlights

Safe

ensuring no one is killed or seriously injured when using or working on the transport system

Implementing Road to Zero: We're working with Te Manatū Waka Ministry of Transport (MoT), New Zealand Police and our local partners to implement Road to Zero, the national road safety strategy for a transport system where no one is killed or seriously injured.

The rolling 12-month total of deaths and serious injuries (DSIs) is 2,891 in Q1, which remains above the projected trajectory required to achieve the Road to Zero target of a 40% reduction in DSIs by 2030. DSIs occurring where the speed limit does not align with the safe and appropriate speed, and DSIs in head-on, run-off-road and intersection crashes remain above target. We have seen a decline in DSIs from crashes involving vehicles with low safety ratings or associated with behavioural risk factors (use of alcohol and other drugs and the impact of driver fatigue and distraction) from December 2022 onwards.

Through the Speed and Infrastructure Programme we are working with local road controlling authorities to invest in safety treatments and infrastructure improvements and make targeted speed changes. To address delays in delivering the program we are accelerating certain areas and integrating median barrier treatments with the maintenance program, which are expected to reduce DSIs caused by common crash types. Implementation of the state highway Interim Speed Management Plan focuses on speed limit changes on open-road state highways to the one percent of the network that poses the highest risk.

The Safety Camera System Programme will improve road safety by encouraging people to drive at safe speeds and engage in safer driver behaviours. Progress this quarter included the installation of additional cameras and planning for coordinated arrangements with NZ Police, asset transfer plan and mobile camera operations. Risks to the delivery of the programme are being mitigated through an incremental approach to starting enforcement.

Establishment of the Road Safety Collaborative Program was approved by the Minister of Transport in Q1. The program will be a new work-related road safety organisation that brings together government agencies, the private sector, unions and iwi to co-design, co-fund and co-deliver safety initiatives. The sub-group Road Freight Safety Partnership, for commercial freight, is focused on improving freight and safety by working in collaboration with the Waka Kotahi, MoT, WorkSafe, insurers, the NZ Trucking Association, Transporting New Zealand and National Road Carriers.

Environmentally sustainable

reducing harm to and improving the environment with a focus on reducing greenhouse gas emissions

Reducing emissions from the land transport system: The government's Emissions Reduction Plan (ERP) provides clear direction to transition Aotearoa New Zealand to a low emissions and climate-resilient future. We, along with our transport sector partners, have a vital role to play in delivering the ERP and are working toward the target of a 41 percent reduction in emissions from the land transport system by 2035 (from 2019 levels).

This quarter we progressed a memorandum of understanding (MOU) with the Ministry for the Environment (MfE) on Carbon Neutral Government Programme activities and had our non-corporate emissions audited in preparation for reporting to MfE. Future work will focus on developing a detailed carbon reduction plan

and implementing a digital solution to capture and analyse supplier data. We anticipate developing the detailed carbon reduction plan and reduction targets during Q3 & Q4.

Supporting the uptake of low emissions vehicles: We are working on vehicle fleet transition pathways to meet the challenging ERP targets to increase zero-emissions light vehicle fleet and reduce emissions from freight transport. For the heavy vehicle fleet, this is being informed by recent strategies, including the Aotearoa New Zealand freight and supply chain strategy released in August 2023. For light vehicles, activities are supported by other work to reduce the number of older and therefore less safe and energy efficient vehicles, including an approach to reduce the overall number of the vehicles on our roads.

Providing more sustainable, climate friendly transport options: We developed a national reduction plan for light vehicle kilometres travelled (VKT) in 2022/23, which sets out what we will do to achieve the ERP target in partnership with others. The plan was submitted to the Minister of Transport for final review in June. We're also working in partnership with local government, iwi/Māori and community representatives to develop VKT reduction programmes for major urban environments. Funding agreements are in place and project plans have been completed. However, work is on hold outside of Auckland and Tauranga, where contracts to progress the work have been signed, until we receive direction on the new government's priorities for transport investment. Wellington Regional Council's plan is not CERF funded and will progress as planned.

The Transport Choices Programme aims to provide people with more transport options and make it easier to travel in ways that are good for everyone and the environment. Following programme changes from the Minister of Transport and Minister of Finance, the programme funding envelope and timeframes changed. Similar to VKT reduction planning, some work is on hold until government direction is clear and we will look to finalise the overall programme as soon as possible.

Adapting the land transport system to be more resilient to climate change: Climate change adaptation is one of the biggest challenges facing Aotearoa New Zealand. The increased frequency and intensity of extreme weather events during 2022/23 significantly tested the resilience of the land transport system, disrupted supply chains and isolated communities.

Work to embed climate adaptation into our strategic settings for system planning, spatial planning, and investment included updating Arataki, our 30-year plan, to cover climate adaptation through its 'lenses'. Our Investment Decision-Making Framework and Investment Prioritisation Method for the NLTP is also being revised to incorporate climate mitigation and adaptation. A Climate Change Policy for Land Transport Infrastructure Activities¹ was published in August.

Waka Kotahi is participating in the development of transport sector climate-related scenarios, due to be complete early 2024, that will inform risk assessment, strategy and decision making on climate change. We are also updating the database of climate change and natural hazard risks to the state highway network. This will provide a live and up to date geospatial database of all current hydrological and geological risks an initial screening process for vulnerable areas likely to be impacted by climate change.

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

Keeping communities connected in response to severe weather events: We continue to deliver state highway response and recovery works associated with severe weather events to ensure accessibility and connectivity of the transport network and improve resilience of the land transport system. We are working closely with The Treasury and MoT to ensure appropriate funding is accessible to Waka Kotahi and local authorities. The focus is now broadening from response and recovery to also include rebuild.

We have started work to embed our updated MoU (between Waka Kotahi, the NZ Police, Fire and Emergency NZ, St John Ambulance and Wellington Free Ambulance) on incident management, which adopts the philosophy that New Zealand's roading networks will not be closed or restricted for any longer than is necessary for each party to carry out its functions and duties.

Encouraging mode shift: Making it easier for people to travel using public transport or active modes can reduce light vehicle travel in towns and cities, which reduces greenhouse gas emissions, air and noise

¹ <https://www.nzta.govt.nz/assets/Highways-Information-Portal/Technical-disciplines/Climate-change/Climate-Change-Policy-for-Land-Transport-Infrastructure-Activities.pdf>

pollution and traffic congestion. Our user experience score for public transport and active modes is above year-end target at the end of the quarter, sitting at 59% for public transport (down 2% from Q1 2022/23) and 68% for active modes (up 5% from Q1 2022/23).

We are making public transport easier and more accessible through the National Ticketing Solution (NTS). Work to map our requirements and identify what configuration changes are necessary with Environment Canterbury was completed and the development of some of the features required for a nationwide solution have been developed and are ready for testing. Design activities with Greater Wellington and other regional councils are in progress.

Improving freight networks: We continue to implement the Waka Kotahi freight action plan to improve connections and the movement of freight across the country, while reducing emissions in line with ERP targets. In parallel, an update to the action plan is being developed for approval in late 2023.

As well as supporting our emissions reduction and safety outcomes, coastal shipping is a reliable and resilient alternative to land transport and has an important role to play as severe weather events and emergencies continue to impact the land transport network. Majority of the coastal shipping activities are on track to be delivered in accordance with contractual terms.

Investing in infrastructure to improve transport outcomes: We continue to work with our partners to progress delivery of rapid transit. Work has progressed on several rapid transit projects, including the commencement of Detailed Business Case (DBC) for North West Rapid Transit in Auckland, indicative business case (IBC) for Waitemata Harbour Connections project in Auckland, DBC for Let's Get Wellington Moving project, and IBC addendum for Christchurch Mass Rapid Transit.

To ensure our longer-term corridor planning is consistent with emissions reduction objectives, we began reassessing our various plans and programmes, including the state highways investment proposal (SHIP) for the next NLTP.

Meeting current and future needs

ensuring we have access to the people, funding and systems we need

Delivering within a sustainable funding system: Our current funding system is constrained due to the combined impact of past under-investment in asset management, inflationary pressures on costs and more frequent extreme weather events. At the same time, accelerated decarbonisation of the transport system and growing urban congestion require a step change from past levels of investment.

We are working with the Treasury and MoT on follow-up actions that build on the recommendations of the Land Transport Revenue Review. A paper is expected to be provided to Cabinet in December presenting options on the future of the land transport revenue system. Waka Kotahi has provided input into the options.

MoT completed a preliminary review of the value for money from our operational expenditure during 2022/23. We are working on a programme to provide assurance that value for money is being delivered across Waka Kotahi activities. Detailed planning and programme design will begin in Q2.

Providing high quality regulatory services: Tū Ake, Tū Māia, our regulatory strategy, which was refreshed in 2022/23, takes a whole-of-system approach and broadens the definition of regulation, recognising that all of Waka Kotahi plays an important part in delivering the organisation's regulatory role. It will help guide our work for the next decade as we seek to become more visible, agile, responsive and decisive in our regulatory approach and actions.

Available regulatory measures are on track to meet targets, covering compliance monitoring activities and responding to non-compliance. This quarter, \$13.7 million has been received from debt collection and recovery for road user charges. A targeted email campaign was launched in Q1 for vehicles on certain road user charges (RUC), advising operators about reviewing their compliance.

Managing the road network asset: This quarter we developed draft life cycle asset management plans for all state highway infrastructure for further development during 2023/24. A draft state highway strategy for achieving a safe, sustainable and resilient network has been developed after internal engagement. We continue to support road controlling authorities to implement the Asset Management Data Standard.

Partnering and engaging with Māori: We are committed to working in partnership with Māori, from setting operational strategy to delivering targeted work programmes. For example, our Māori Road Safety

Outcomes team are working with iwi Māori to hear more about the challenges they face, initially focusing on two rohe: Te Tairāwhiti and Te Tai Tokerau.

We successfully completed public consultation on a package of bilingual signs and presented final recommendations to the Associate Minister of Transport for approval at the end of August 2023. The Associate Minister did not take a decision and requested additional information for consideration.

Building our desired culture: Our Executive Leadership Team endorsed our desired culture statement ‘a performance culture delivered with care’. An approach to creating the desired culture shifts has been adopted with a quarterly focus on tactical activities and a longer-term focus on understanding and responding to barriers to performance. We also developed a people and culture reporting framework to broaden data available to people leaders in Waka Kotahi to help them target improvements in engagement, goal setting and developing talent.

Providing a safe and secure channel for customer to self-serve and interact with Waka Kotahi: The Waka Kotahi Application (Consumer Hub) is a mobile app in development that will provide a single place for customers to interact with Waka Kotahi. The beta version of the app is being tested and will be available internally from early November. We expect to release to the New Zealand public in 2024.

Challenges

Climate change adaptation: The increased frequency and intensity of extreme weather events significantly tested the resilience of the land transport system, disrupted supply chains and isolated communities. While our responses to previous severe weather events enabled networks and communities to be reconnected as quickly as possible, these events highlight the importance of adaptation and how quickly the country needs to make progress.

Sustainable funding: The current funding system is not sustainable due to the combined impact of past under-investment in asset condition, inflationary pressures on costs and more frequent extreme weather events. At the same time, accelerated decarbonisation of the transport system and growing urban congestion require step changes from past levels of investment. A substantial gap now exists between projected land transport funding and the investment needed to deliver the ambitions of the GPS.

Resource constraints: There is considerable pressure in delivering committed projects due to limited internal resource and supplier capacity. This is expected to intensify as physical works on NZUP projects, cyclone recovery and Crown-funded resilience projects scale up, and the renewals programme work increases for the coming construction season.

Non-financial performance summary

Performance measures

System outcome measures: Six of 14 quarterly measures are on track to meet year-end targets. Of the six measures not on track, three are likely to recover by year end. Two measures are excluded as we are unable to report this quarter, one due to the discontinuation of the Investor Confidence Rating scheme and the other as we are waiting to secure data from the service provider.

Output class measures: 14 of 19 quarterly measures are on track to meet year-end targets. Of the three measures not on track, one is expected to recover by year end. Two measures are unable to report as the data is under internal audit.

Table 1 – Performance measure ratings at Q1

Type of measures	On track to meet target	Not on track but likely to recover	Not on track and unlikely to recover	Unable to report this quarter
System outcome measures	6 (43%)	3 (21%)	3 (21%)	2 (14%)
Output class measures	14 (74%)	1 (5%)	2 (11%)	2 (11%)
Total	20 (61%)	4 (12%)	5 (15%)	4 (12%)

Performance measures not on track or unable to report are detailed in appendix A.

Significant activities

20 of 27 significant activities are on track to be delivered by year end. Of the seven activities identified as not on track, four are likely to recover and be delivered by year end and three are unlikely to recover by year end.

Table 2 – Significant activity ratings at Q1

Type of activities	On track to be delivered	Not on track but likely to recover	Not on track and unlikely to recover
Significant activities	20 (74%)	4 (15%)	3 (11%)

Appendix B details the significant activities not on track.

Significant capital projects

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

- completing the Cyclone Gabrielle Resilience Strategic Response business cases and the Supporting Growth Alliance business cases which is now entering the route protection phase
- reconnecting Central Hawke's Bay to the lower North Island with the restoration of the SH50 Waipawa River Bridge
- opening of SH88 St Leonards to Port Chalmers shared path and the new SH8 Beaumont Bridge
- completing the Masterton to Carterton Safety Improvements
- progressing the rebuild of SH25A Taparahi, with work ongoing 24/7 to reconnect Coromandel Peninsula communities in the shortest time possible
- completing the SH29 Tauriko Detailed Business Case which has now been approved by the Waka Kotahi Board.

Significant capital projects progress: 11 of our 17 significant capital projects are on track to deliver their annual SPE milestones. The remaining six projects are not on track to meet their annual milestones, but are all likely to recover by year end.








Table 3 – Significant capital project ratings at Q1 2023/24

Type of projects	On track to meet milestones	Not on track but likely to recover	Not on track and unlikely to recover
Significant capital projects	11 (65%)	6 (35%)	0 (0%)

Appendix C details the significant capital projects not on track against milestones.

Financial performance summary

Six of eight key financial items are on track for three months ended 30 September 2023. NLTP activity classes are at risk and reporting on Memorandum accounts is unavailable this quarter.

 <p>National Land Transport Fund cash balance The balance reflects the current funds available to manage our short-term cash flows.</p> <p>\$273 million</p>	 <p>National Land Transport Fund underlying net revenue Year-to-date revenue is 6% below budget. The trend of lower revenue to budget is largely driven by lower fuel exercise duty and road user charges.</p> <p>\$68 million below budget</p>
 <p>National Land Transport Programme expenditure NLTF funded expenditure is \$69 million (6%) above budget mainly in State Highway and local road maintenance. Crown funded expenditure is \$117 million (34%) below budget, mainly from the NZ Upgrade Programme and Climate Emergency Response Fund activities.</p> <p>\$69 million above budget</p>	 <p>National Land Transport Programme activity classes On current forecasts, activity classes at risk of exceeding their investment targets are:</p> <ul style="list-style-type: none"> • State Highway improvements • State Highway maintenance • Local road maintenance <p>Coastal shipping is unlikely to meet the bottom of the range.</p> <p>3 of 11 not on track</p>
 <p>Operational revenue and expenditure Operational expenditure is close to budget to date.</p> <p>Operating expenditure \$0.4 million above forecast</p>	<p>Memorandum accounts No balance available due to set up of new fees and funding regime. Reporting under the new regime will be available in Q2.</p>
 <p>Debt management 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 incorporates specific loan packages, public-private partnership commitments and the derivative financial liabilities. We are compliant with all loan conditions.</p> <p>\$4,075.7 million total liability</p>

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

National Land Transport Fund net revenue

National Land Transport Fund (NLTF) revenue revenue is \$68 million (6%) below budget. This is primarily driven by lower than budgeted fuel excise duty and road user charges.

- Total FED and RUC is \$92 million (10%) below budget.
- Other NLTF Revenue is \$6 million (35%) below budget.
- Crown funding is \$33 million (22%) above budget.

The following table is the monthly revenue.

Crown budget bids will increase revenue by \$898 million over the NLTP period. On top of this, there is \$40 million for KiwiRail².

Summary



NLTF Revenue \$101m below budget
Crown Funding \$33m above budget

	MONTH		YEAR TO DATE				FULL YEAR	NLTP 2021-24		
	Actual	Budget	Actual	Budget	Variance	Var	Forecast	Budget	Forecast	Budget
	\$m	\$m	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m
Fuel excise duty	160	163	415	471	(56)	(12%)	1,905	1,905	5,042	6,645
Road user charges	132	159	394	430	(36)	(8%)	1,901	1,901	5,030	5,956
Crown temp tax reduct.	0	0	0	0	0	0%	0	0	1,795	0
Total FED and RUC	292	322	809	901	(92)	(10%)	3,806	3,806	11,867	12,601
MV registration & Lic	20	20	61	63	(2)	(3%)	233	233	701	686
Other revenue	4	6	12	18	(6)	(35%)	72	72	218	0
Less disbursements ³	(1)	(1)	(3)	(3)	(0)	3%	(14)	(14)	(82)	(120)
NLTF revenue	315	347	879	979	(101)	(10%)	4,097	4,097	12,704	13,167
Crown Funding NIWE/PT ⁴	103	22	103	66	37	56%	336	336	1,116	0
Crown Funding (RNIP)	42	29	83	87	(4)	(5%)	347	347	861	834
Crown revenue	145	51	186	153	33	22%	683	683	1,977	834
Total NLTF net revenue	459	398	1,064	1,132	(68)	(6%)	4,780	4,780	14,681	14,001

² \$40 million relates to NIWE. With a further \$160 million tagged contingency.

³ Disbursements relate to FED/RUC administration, forecasting and strategy, and Waka Kotahi regulatory function (section 9(1a) and 9(2)).

⁴ Crown funding for NIWE recovery.

National Land Transport Programme

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

National Land Transport Fund (NLTF) expenditure is \$69 million (6%) above budget. High outgoings on state highways, walking and cycling improvements, and local road maintenance, is offset by lower spending in all other output classes. The coastal shipping forecast will require downwards revision following Move Logistics notifying us they cannot complete their proposal.

Specific Crown-funded projects expenditure expenditure is \$117 million (34%) below budget. Spending on the NZ Upgrade Programme and Climate Emergency Response Fund projects was lower than budgeted.

	2023/24 YEAR TO DATE				2023/24 FULL YEAR		NLTP 2021-24	
	Actual	Budget	Variance		Forecast	Budget	Forecast	Budget ⁵
	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m
State Highway improvements	211	171	(40)	(23%)	934	907	2,905	2,640
Local road improvements	24	32	8	25%	178	204	440	671
Walking and cycling improvements	52	35	(17)	(49%)	221	238	530	618
State Highway maintenance	289	227	(62)	(27%)	1,519	1,146	3,510	2,805
Local road maintenance	167	143	(24)	(17%)	1,082	981	2,865	2,339
Public transport services	108	117	9	8%	382	527	1,310	1,330
Public transport infrastructure	100	105	5	5%	669	590	1,560	1,699
Road to Zero	211	224	13	6%	1,001	1,019	2,475	2,673
Coastal shipping	0	3	3	100%	7	13	30	30
Investment management	13	25	12	48%	105	100	230	262
Rail	112	134	22	16%	473	534	1,215	1,200
NLTP approved expenditure	1,287	1,216	(71)	(6%)	6,571	6,259	17,070	16,267
Housing Infrastructure Fund (LRI) ⁶	6	8	2	25%	40	40	186	308

⁵ The original budget set at the start of the NLTP 2021-24 period.

⁶ The three-year Housing Infrastructure Fund forecast has been reduced from \$308 million to \$186 million to reflect a lower level of expected spend from councils.

	2023/24 YEAR TO DATE				2023/24 FULL YEAR		NLTP 2021-24	
	Actual	Budget	Variance		Forecast	Budget	Forecast	Budget ⁵
	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m
NLTF funded expenditure	1,293	1,224	(69)	(6%)	6,611	6,299	17,256	16,575
Crown Infrastructure Partners	6	5	(1)	(20%)	32	32	161	127
Kaikoura earthquake response ⁷	1	0	(1)	0%	0	0	1	5
SuperGold card	0	0	0	0%	36	36	100	98
COVID-19 fund (PT farebox)	6	0	(6)	0%	1	1	146	44
NZ Upgrade Programme	153	240	87	36%	1,038	1,038	1,842	2,584
Supporting Regions Programme	4	7	3	43%	32	32	141	201
Climate Emergency Resp. Fund	28	71	43	61%	478	478	501	616
Ngauranga to Petone	8	3	(5)	(167%)	21	21	42	21
Eastern Busway	21	4	(17)	(425%)	29	29	60	29
Regional resilience	0	8	8	100%	55	55	55	55
Retaining/recruiting bus drivers	1	7	6	86%	39	39	39	39
Crown funded expenditure	228	345	117	34%	1,761	1,761	3,088	3,820
NLTP & Crown expenditure	1,521	1,569	48	3%	8,372	8,060	20,344	20,394

⁷ A cost share allocation review by BondCM has resulted in an increase allocation share to KiwiRail and a credit to Waka Kotahi.

Enterprise top risks


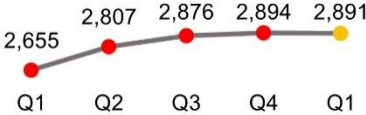

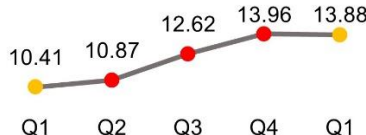

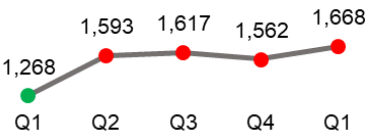

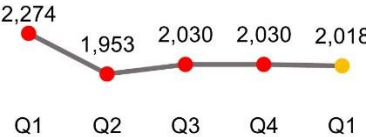
Waka Kotahi undertakes regular review of its top risks. The “enterprise top risks” are risks that may significantly impact the ability to achieve our strategic objectives, outcomes, and commitments. They include both strategic and top operational risks that are made up of potential opportunities and challenges. Six risks have been rated as critical – sustainable funding; health, safety, and wellbeing; failure of critical infrastructure; cyber and information security; climate emergency and fraud. Seven risks have been rated as high, and the assessment of one risk is underway. A quarterly review summary of the enterprise top risks is below.

Risk	Description	Risk rating
Sustainable funding	There is insufficient funding to meet ministerial and stakeholder expectations in short and long term.	Critical
Health, safety, and wellbeing	The risk of health, safety, or wellbeing harm (injury, illness, or potential loss of life) to staff or contractors, leading to consequences including beyond the immediate harm and workplace.	Critical
Failure of critical infrastructure	Failure to protect critical infrastructure with climate change, potential sabotage, or unforeseen accidents. (Critical assets defined as structures, pavements, drainage, tunnels & their systems, information technology and Transport Operating Centre systems).	Critical
Cyber and information security	The risk that Waka Kotahi or its third parties’ data or technology are inappropriately accessed, manipulated, or damaged from cybersecurity threats or vulnerabilities.	Critical
Climate emergency	<i>Mitigation:</i> The risk of Waka Kotahi not contributing sufficiently to transport emission reduction targets <i>Adaptation:</i> The risk that Waka Kotahi fails to evolve and adapt rapidly for a changing climate.	Critical
Fraud	Risk of fraud, corruption or other unethical behaviour perpetrated against Waka Kotahi.	Critical
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 or infrastructure projects (eg New Zealand Upgrade Programme, Auckland Harbour Crossing, Let’s Get Wellington Moving, Eastern Busway).	High
Road safety outcomes	Waka Kotahi does not deliver/achieve its contribution to the 2030 target reduction in deaths and serious injuries.	High
Strategic stakeholders and partner relationships	We do not effectively manage our relationships with key stakeholders and partners.	High
Technology systems	Waka Kotahi’s critical technology systems are unable to support the delivery of our performance objectives.	High
Trust and confidence	Ability of Waka Kotahi to maintain trust & confidence and license to operate with the public, stakeholders and Government in order to deliver our role in the transport system.	High

Risk	Description	Risk rating
Programmes of change	The risk that Waka Kotahi programmes of change (internal and external) do not realise intended benefits or support delivery of enterprise objectives.	High
Changing political landscape	Ability of Waka Kotahi to pivot through change and maintain social license, trust and confidence and deliver with polarity of opinions – our role in the transport system.	Assessment to be completed





Appendix A: Performance measures not on track or unable to report


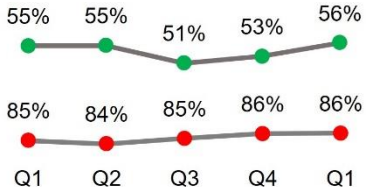

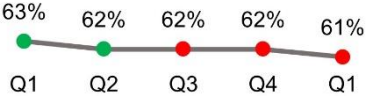
System outcome measures not on track or unable to report as at 30 September 2023

Measure name	Target (30 June 2024)	Result	Status (vs. target)	Quarterly trend (Q1 2022/23 to Q1 2023/24) ⁸	Cause and response
SAFE1 Deaths and serious injuries	<2,306	2,891			Deaths and serious injuries (DSIs) remain above the projected trajectory required to achieve the Road to Zero target. DSIs for the rolling 12-month period are being affected by a high number of DSIs reported in Q2 22/23. The pace of delivery for safe system infrastructure interventions has increased, but the delivery of speed limit changes remains behind schedule.
SAFE2 Significant incident frequency rate (SIFR) ⁹	<10.0	13.88			<p>SIFR reduced slightly to 13.88 this quarter. There were fewer significant incidents involving contractors, providing an early indication that additional measures, such as proactive engagement with contractors/partners, are effective.</p> <p>A safety prioritisation tool has been rolled out to help our partners/contractors in managing their health, safety and wellbeing (HS&W) risks. The tool will prioritise HS&W engagement, monitoring and assurance. We aim to assess active projects based on risk by end of October and start the assurance trial in October/November 23. This will increase visibility of our partners and contractor's health and safety performance and enable us to provide tailored support for their HS&W risks.</p>
ST11 Number of deaths and serious injuries where the speed limit does not align with the safe and appropriate speed	<1,130	1,668			This indicator remains well above target. A contributing factor is the delayed delivery of the Speed and Infrastructure Programme. Progress to reduce speed limits to safer and more appropriate levels has been slower than planned. While speed limits continue to be reduced on many local roads, there has been less progress on state highway speed limit changes.
ST12 Number of head-on, run-off-road and intersection deaths and serious injuries	<1,585	2,018			While still above target, results have improved over the last three quarters when compared to Q1 2022/23. The increased pace of delivery for Safe System infrastructure should see this result continue to decrease.

⁸ Some annual targets have changed from the previous financial year. Quarterly status is against the target in the corresponding financial year.





⁹ Previous results have been revised – Q1 2022/23 changed from 10.37 to 10.41; Q2 2022/23 changed from 10.67 to 10.87 (due to changes to historical data).

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


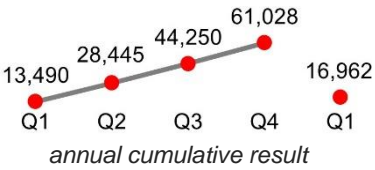


Measure name	Target (30 June 2024)	Result	Status (vs. target)	Quarterly trend (Q1 2022/23 to Q1 2023/24) ⁸	Cause and response
RES1 (SHM4) The proportion of unplanned road closures resolved within standard timeframes ¹⁰	Weather events ≥50% Other events ≥90%	Weather events 56% Other events 86%			The target was met for weather-related closures despite several significant weather events over the previous quarter. Closures caused by non-weather events did not meet target but improved compared to Q1 last year. Road crashes remain the predominant cause of these closures. Delays in resolving closures caused by crashes are affected by the injury status of people involved, the requirements of emergency services, any investigation time required, and the number of vehicles involved.
MRFN1 Interpeak predictability of travel times on priority freight routes	≥93%	Unable to report in this quarter		Target not achieved by year end 2022/23 (75%)	We are finalising the support contract with the service provider, which will allow us to report this data. Historical results will be added into the next quarterly report.
DEL2 Waka Kotahi investor confidence rating (ICR) – (rating scale from A to E, with an A signalling high performance)	Above 'C' rating	Unable to report			Cabinet has approved the discontinuation of the Investor Confidence Rating scheme. New investment assurance mechanisms are in place including the quarterly investment report and The Treasury risk profile assessment process. We will consider whether a replacement for this measure is needed for financial year 2024/25.
DEL3 Ease of transacting with Waka Kotahi (based on the Waka Kotahi customer journey monitor survey) ¹¹	≥63%	61%			The overall user experience score was slightly below target and has continued to decrease from Q1 2022/23. The customer effort score for paying a toll and road user charges (RUC) is contributing to the decrease, where scores have reduced slightly compared to September 2022. Scores for paying a road toll are down 6% (from 74% to 68%) and buying RUC is down 3% (from 75% to 72%).





¹⁰ Q3 2022/23 weather events has been revised from 52% to 51%; Q1 2022/23 other events has been revised from 84% to 85% (due to being incorrectly reported).

¹¹ The reported Q2 2022/23 result has been revised from 63% to 62% (due to a rounding error).





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Output class measures not on track as at 30 September 2023




Measure name	Target (30 June 2024)	Result	Status (vs. target)	Quarterly trend (Q1 2022/23 to Q1 2023/24)	Cause and response
RTZ5 Number of hours mobile cameras are deployed (reflecting NZ Police delivery)	≥80,000	16,962		 <p>annual cumulative result</p>	<p>This result has been impacted by equipment issues and recruitment and retention of Traffic Camera Operators as the Safety Camera Programme transitions to Waka Kotahi.</p> <p>Waka Kotahi is working with NZ Police to ensure equipment can maintain its deployment hours until the transition is complete.</p>
RTZ7 Kilometres of high-risk roads addressed through speed management	≥3,500km	1,885km		New measure	<p>The State Highway Speed Programme was reset by government direction to focus on the top 1% most dangerous sections of state highway, instead of the initial scope of the top 10%.</p> <p>Alongside the change in focus, the programme will develop a state highway Speed Management Plan for 2024-27, with consultation taking place in late 2023 and implementation coming into effect in July 2024.</p>
CS1 Coastal shipping activities delivered and funded in accordance with contractual terms	Achieved	1 of 4 suppliers behind schedule		Target not achieved by year end 2022/23	One of the four coastal shipping suppliers has experienced delays and may not be completed within the expected timeframe. This is due to complexities with the detailed design for the new vessel. We continue to work with the relevant supplier to find mitigations.
DLT1 Proportion of non-compliance actions for driver licence course providers and testing officers that are progressed within acceptable timeframes	≥95%	Unable to report this quarter			We are undertaking a review of operational processes and reporting procedures in the quarter and will be able to provide Q1 and Q2 results in Q2.
DLT3 Number of compliance monitoring activities for driver licensing and testing course providers	≥50	Unable to report this quarter		New measure	

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Appendix B: Significant activities not on track













Significant activity	Status	Progress update
<p>1.1 Continue to deliver the Speed and Infrastructure Programme, with local road controlling authorities, including investing in safety treatments and infrastructure improvements, and making targeted speed changes.</p>		<p>In late 2022 it became clear that Waka Kotahi would not achieve its median barrier installation target of 400km by end of June 2024. Delivery was delayed due to the time needed for community engagement as well as property purchase and consents. Weather events have further contributed to delays as contractors have prioritised network rebuild in some regions. We are on track to deliver 170km of median barrier by June 2024.</p> <p>An acceleration programme saw new work commence on several corridors. Some work was planned in conjunction with maintenance activities to further accelerate delivery and reduce both cost and disruption on the network.</p> <p>The Speed and Schools Programmes await the certification of the 11 Northland/Auckland corridors and the Interim Speed Management Plan (ISMP) to continue delivery. We continue to progress designs and digital enablement for the content of the ISMP as well as support the development of the full speed management plan.</p>
<p>1.5 Progress expansion of the safety camera network and conclude preparations to transfer existing safety cameras from New Zealand Police.</p>		<p>Risks to year-end delivery include recruiting staff and the time required to implement the back-office offence processing technology solution. A decision to change back-office technology supplier, along with establishing and recruiting for new roles, took longer than expected due to additional business cases and approvals.</p> <p>An incremental approach to starting enforcement has been introduced to reduce risk and maximise the likelihood of achieving this activity. In Q2 a business case will be submitted to establish the roles required to be ready to start the transfer of safety cameras from NZ Police in Q1 2024/25.</p> <p>This quarter 9 additional cameras were installed in Tāmaki Makaurau in partnership with Auckland Transport (AT) and NZ Police. Waka Kotahi installed its first safety camera on State Highway 1 near Kawakawa and launched a public education campaign. Planning for co-existence arrangements with NZ Police, an asset transfer plan and mobile camera operations is progressing. The Land Transport (Road Safety) Amendment Act 2023 has passed and enables the use of average speed/point-to-point technology, automated offence processing and electronic service of notices.</p>
<p>2.2 Publish a national light vehicle kilometres travelled (VKT) reduction plan that aligns with the national light VKT reduction target in the ERP.</p>		<p>We developed a national reduction plan for light vehicle kilometres travelled in 2022/23. The final draft plan was presented to the Waka Kotahi Board and awaits feedback from the Minister before it can be endorsed for publication.</p>
<p>2.5 Fulfil non-corporate emissions commitments under the memorandum of understanding (MOU) with the Ministry for the Environment on Carbon Neutral Government Programme activities.</p>		<p>The MOU was completed in the quarter though is yet to be signed by the Ministry for the Environment (MfE). Audit of estimated non-corporate emissions was completed and will be reported to MfE in line with the MOU.</p> <p>Reduction targets have not been set as 2022/23 was the baseline year and further data is required to understand trends to set these targets. An interim carbon reduction plan is being drafted while we develop a detailed carbon reduction plan and reduction targets over Q3 & Q4.</p> <p>Procurement is underway to source a digital solution to assist with capturing and analysing supplier emission data. We expect to be able to implement the solution in quarter four.</p> <p>A proportion of non-corporate emissions are 'hard to abate' and not within our direct influence to reduce. This makes setting credible reduction targets extremely challenging.</p>

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


Significant activity	Status	Progress update
<p>2.6 Embed climate adaptation into our strategic settings for system planning, spatial planning, and investment.</p>		<p>Adaptation planning and embedding adaptation into strategic settings and system planning requires climate risk assessment. Waka Kotahi is participating in transport sector climate-related scenarios that will inform risk assessment, strategy and decision making on climate change. The scenarios are due to be complete in early 2024 as part of Tiro Rangi - our climate adaptation plan.</p>
<p>3.1 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.</p>		<p>As part of the development of the State Highway Investment Proposal (SHIP) all in-flight projects and proposed projects for 2024-27 NLTP have been reviewed for alignment with the draft GPS 2024-27. We'll complete a more fulsome review of the SHIP and reassess the proposal against any changes to GPS 2024-27 in Q2 and Q3.</p>
<p>4.10 Install the first package of bilingual traffic signs on the roading network.</p>		<p>We successfully completed a public consultation process on a package of bilingual signs and presented final recommendations to the Associate Minister of Transport for approval at the end of August 2023. The Associate Minister is yet to take a decision and has requested additional information on particular matters for consideration (eg costs of proposed bilingual signs). We continue to work with the Ministry of Transport to respond to requests for further information as and when required.</p>













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

Significant capital project ¹²	SPE annual milestones	SPE progress	Schedule	Forecast	Project Risk	Progress update
SH1 Whangārei to Port Marsden Highway (Pre-implementation phase)	Community engagement started. 30% of design works completed.					Waka Kotahi has paused landowner engagement on the Whangārei to Port Marsden Safety Improvements project. Following release of the draft GPS 2024-27, the project is being reviewed in the context of the broader corridor outcomes outlined in the draft GPS. This has been communicated to the Regional Transport Committee to ensure visibility.
Ara Tūhono: Pūhoi–Warkworth (Implementation phase)	Road open to traffic (achieved). Deferred works to achieve 'Full Works Completion' completed. Public–private partnership (PPP) operating phase started.					The road was opened mid-June 2023, is operating well, and has received positive user feedback. However, deferred works and resolution of snagging defects are behind schedule, and final works completion is likely to be delayed.
Auckland Network Optimisation (Pre-implementation phase)	The Strand and north bound Princes Street on-ramps completed. Detailed designs completed for Bombay Interchange, northbound Silverdale Bus Lane and Royal Road active mode improvements. Option identified for Auckland Transport Operations Centre's new real time network monitoring system and new planned events management system.					Due to consenting issues, it is likely that completion of SH16 The Strand project will be delayed. There is a risk of cost-escalation as project design and implementation costs to date have exceeded original estimates. Princes Street works were completed and the work on the detailed design for SH16 The Strand project has commenced. The joint project team comprising members from Waka Kotahi and Auckland Transport has been established. The solution assessment criteria for the Real Time Network Performance Monitoring System have been agreed.

¹² The project phase of some projects has been changed since SPE 2023/24 was published.

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

Significant capital project ¹²	SPE annual milestones	SPE progress	Schedule	Forecast	Project Risk	Progress update
South Auckland Package (Business case phase Pre-implementation phase)	Detailed business case approved by Joint Ministers (<i>achieved</i>). Stage 2B pre-implementation contract awarded for Waihoehoe Road and SH22 (Drury) upgrades (<i>achieved</i>). Waihoehoe Road and SH22 (Drury) upgrades section 18 notices (to commence property purchases) issued to landowners. Consents for Waihoehoe Road upgrade lodged.					Submission notices to Waihoehoe Road landowners (to commence property purchases) has been slightly delayed. Initial meetings have been held with all landowners on both projects to outline process and next steps. It is likely that consents for Waihoehoe Road will not be lodged by June 2024 to allow for more certainty around the detailed design phase and potential costs. Property remains the primary risk for the two projects. There is also a risk of misalignment and sequencing with other projects in the area which may result in significant disruption or rework.
Te Ara o Te Ata: Mt Messenger Bypass (Implementation phase)	Cableway to provide access to the site operational (<i>achieved</i>). Tunnel construction started. Bulk earthworks started. Pest management enabling activities completed (for example fencing, track cutting, trap installation and ecological preservation).					There are challenges to achieving all year-end milestones. Slip stabilisation works have been completed and localised redesign is underway. The project's budget is forecasting well above its allocation, in response a refined budget is under review and a price level adjustment will be presented to the Waka Kotahi Board in early 2024. Property acquisition continues to be a significant risk. Preparations are underway for the Environment Court Public Works Act hearing scheduled for 27 November 2023.
SH2 Melling Efficiency and Safety Improvements (Implementation phase)	Detailed design completed. Property acquisition completed. Construction started.					A recent stocktake of work indicated design cost will likely be higher than the budgeted allocation. An opportunities assessment was presented to the Project Alliance Board and partners in September, and we are working with our partners to address this. The planned Interim Project Alliance Agreement completion in December 2023 is likely to be extended.

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