CHIEF EXECUTIVE'S REPORT TO THE BOARD

May 2019

Topic	Update

IT Infrastructure	**Connecting the Transport Agency:** The initial stage of this work, through to October 2019, will confirm the strategic need to invest in change, to proceed with capability design to address future needs and identify the recommended sequencing of investment. This will be done in close cooperation with a tactical investment programme to address immediate technology related risks and issues, such as providing immediate and much needed tools to support our regulatory function. A detailed update confirming the plan and associated governance arrangements will be provided to the Board in June 2019.

An independent security review commenced mid-April 2019. Deloitte's are the selected vendor and are due to report back with their findings in June 2019. The scope of this review is to determine if the Cyber Security Practice has the right focus to deliver desired levels of maturity to protect our key systems.

Corporate Technology: For the 2019/20 financial year a budget has been proposed of $14.4 million. This is against an estimated need of circa $50 million to upgrade end of life systems until such time as they will be replaced through the 'Connecting the Transport Agency' programme of work. This amount reflects the historical and long-term underfunding of maintenance and upgrades now needs to address as a matter of some urgency. The available budget of $14.4 million will be prioritised to move the oldest applications to a supported level, however this will leave a number of applications out of support over the next 12 months. If

applications that are not upgraded fail, then there is unlikely to be vendor support and therefore we may not be able to recover the systems for an extended period (weeks on longer). Examples include parts of TIO, SAP, the Registers and some web services.

Transport Technology: With the recent change in reporting line for Connected Journey Solutions, a review of core transport systems is being undertaken. There are a number of core transport systems along with the network that are not secure and/or are past end of life. There is currently only $8 million allocated to the first phase of upgrading these systems, however it is estimated that a budget of between $50-70 million is required over the next two years. This would be funded through the NLTF, but has not been approved to date. The core systems s 9(2)(b)(ii) are at a point where they cannot be upgraded and are therefore likely to need replacing. This reflects the historical and long-term underfunding of maintenance and upgrades that now needs to be addressed with some urgency. Funding for this will be sought over the next three months, but if not available then the systems run the risk of failure with no ability to recover for extended periods and thereby increasing the risk related to safety on the network.

The above investments in Corporate and Transport Technology are aimed at stabilising our existing technology and are not about building for the future, which is being taken forward through the 'Connecting the Transport Agency' work programme – planning and implementation of both risk mitigation and strategic future investment workstreams will be integrated to minimise any regretful spend. The current assumption for risk based/tactical investment is that critical systems need to be in at least a vendor supported state.