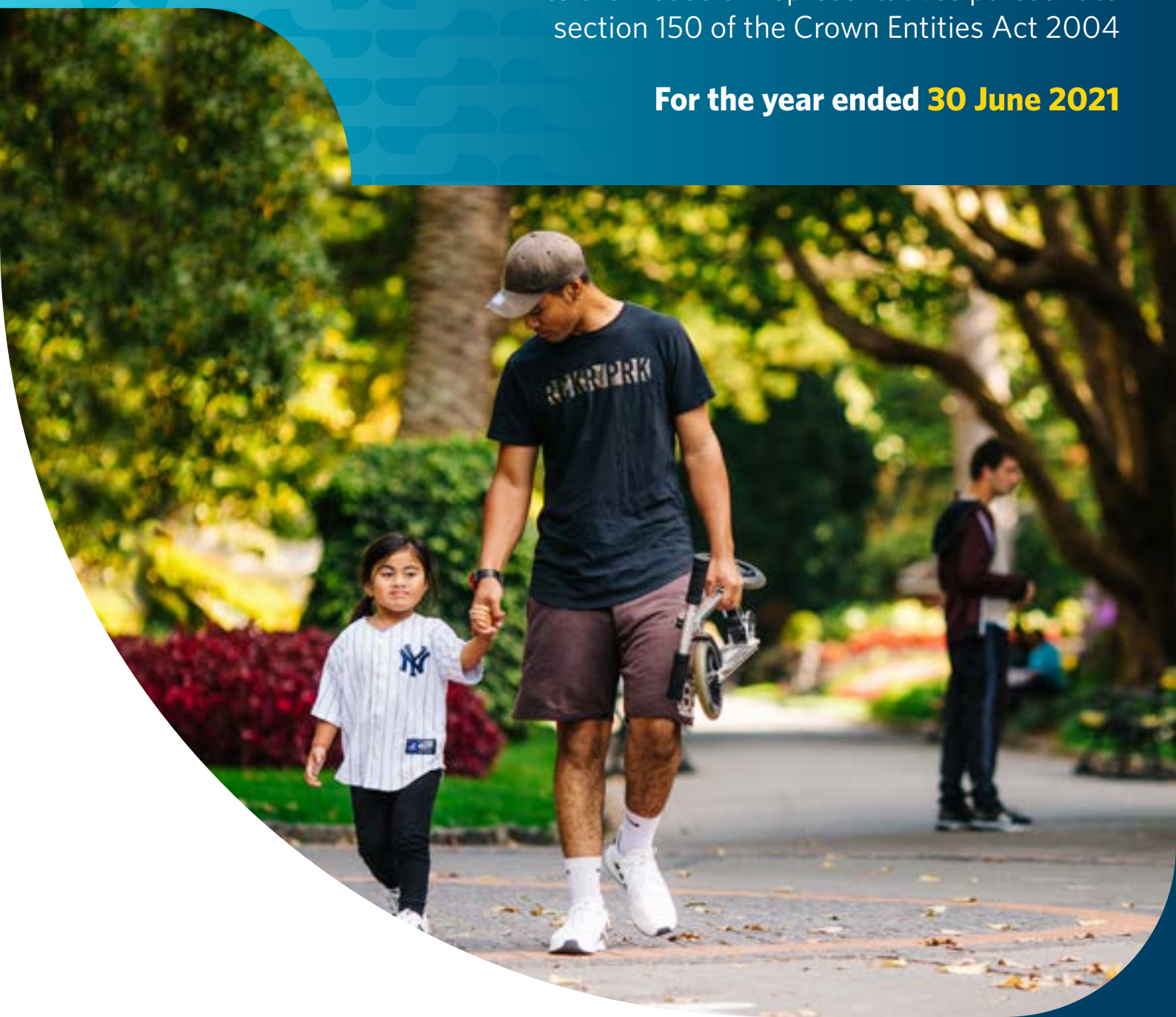


Pūrongo ā-tau a Waka Kotahi NZ Transport Agency annual report

Provided to the Minister of Transport and presented
to the House of Representatives pursuant to
section 150 of the Crown Entities Act 2004

For the year ended **30 June 2021**



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Tirohanga whānui o te tau 2020/21

Overview of
2020/21



He tirohanga whānui nā te heamana me te pou whakahaere

E kōrero ana tō mātau ingoa a Waka Kotahi mō te āhuatanga o te haere ngātahi me te whakaatu i tā mātau kaupapa ā-whakahaere nei. Ko te tau 2020/21 he tau whakawhiti. He tere, he nui te hurihuri o ō mātau horopaki rautaki me te whakahaere. Me kaha te ahunga me te ārahi i te rāngai kia puta ai ngā tino putanga mō te iwi o Aotearoa.

Kia tutuki ai tēnei kua hangaia e mātau Te kāpehu, e whakatakoto ana i te ahunga me ngā wawata i roto i te pūnaha ikiiki whenua whānui. He whakamārama i ngā mea e hiahia mātau ki te whakatutuki ā-whakahaere nei, ka pēhea tā mātau mahi i tēnei, me te take kei konei mātau. Mā te whakatakoto i tēnei tūāpapa ka whai kaha mātau ki te whakarato i ngā kaupapa mahi haonui mō te ikiiki whenua.

I puta i te Kaupapa Road to Zero Speed me te Kaupapa Hanganga ngā whakapaitanga haumaru neke atu i te \$1 piriona i roto i te Kaupapa Ikiiki Whenua ā-Motu 2018-21

Kei te taha o ā mātau kaupapa matua ko ngā hiahia hou, kanorau i a mātau e whakahaere ana i ngā tūmanako nui ake o te kāwanatanga, ngā paiherenga hou, onāiane hoki, tae atu ki ngā pānga haere tonu o te KOWHEORI-19. Hei whakarite ka tōtika tā mātau urupare ki ēnei hiahia, ka āwhina tā mātau pou tarāwaho mahinga hou a Te kāpehu i a mātau ki te tātari i te anga whakamua e ai ki ēnei putanga e whai ana mātau kia neke haere tonu a Aotearoa. E hāngai ana ki te Tauākī Kaupapahere a te Kāwanatanga mō te ikiiki whenua 2021 (GPS 2021) me te Pou Tarāwaho o Ngā Putanga Ikiiki, he urupare a Te kāpehu ki tō tātau taiao whakahaere nekeneke me te whakauru mai i ō tātau tūranga maha hei kaitiaki o te rawa huarahi matua, hei kaihaumi, hei kaiwhakarite ture hoki. I angitu tā mātau urupare ki ngā hapanga maha me

ngā āhuatanga i tūpono pā mai i tēnei tau. Ka whai pānga tonu te KOWHEORI-19 ki ā mātau pūtea me te whakaratonga, engari e ū tonu ana mātau ki te anga whakamua o ā mātau kaupapa mahi me ngā rārangi mahi i roto i ā mātau ratonga waeture me ngā wāhi matihiko. Nā te nekeneke haere i waenga i ngā taumata whakatūpato i heke ngā moni whiwhi tūmatanui. I mate mātau ki te urupare ā-whakahaere ki ngā whakararutanga nui maha. I whaitake tā mātau urupare ki te maiki i tūkinō i te hanganga o te Piriti Nui o Tāmaki Makaurau me ētahi atu mahinga huarere nui, tae atu ki ngā waipuke i Ahuriri me Hakatere. I pātui mātau me ngā kaunihera me ngā haporī, ngā iwi me ētahi atu kia kaunēke haere tonu i muri i ēnei āhuatanga.

Ahakoā ēnei whakapātari i tēnei tau, he nui anō ngā whakatutukitanga i taea e mātau. I oti i te tau whakamutunga o te Kaupapa Ikiiki Whenua ā-Motu 2018-21 (NLTP) ētahi kaupapa mahi hira, tae atu ki te otinga o ngā mahi katoa ki te hāpai i te whakarauoranga mai o Kaikōura mai i te rū. I tino anga whakamua mātau i roto i te Kaupapa Whakarākei o Aotearoa (NZUP), ā, 10 ngā rawa nunui i eke ki ngā tohu nui mutunga tau, ā, he maha atu kei te wāhanga hoahoa, whakamahi rānei. I pātui anō mātau ki ngā kaunihera ki te whakarato i ngā kaupapa mahi neke atu i te 100 puta noa i Aotearoa, me ērā i oti i raro i ngā kaupapa Whakaaauaha Tiriti mō te Iwi me te Eke Pahikara Tapatāone.

I haumi mātau ki te 83km o ngā whakaurunga hīkoi me te eke pahikara i te 2020/21, me te 13.5km mā te Kaupapa Eke Pahikara Tapatāone

He tino hira ngā pātuitanga rawe ki tō mātau angitu, whakaratonga hoki. E paihera ana mātau e Te kāpehu ki ngā uara me ngā whanonga hou ka waihanga i tō mātau ahurea me te ārahi i te āhua o ā mātau mahi i

roto o Waka Kotahi me te āhua o tā mātau torotoro i ngā iwi, ngā pātui, te hunga whai pānga me ngā hapori. I kite mātau i tērā tau i piki ake te pono me te ngākau titikaha i roto i tā mātau whakahaere whānui, ā, ko te Waka Kotahi te tari tuarua mō te whakapai ake e ai ki te taupū ingoapai rāngai tūmatanui a Colmar Brunton.

E mōhio ana mātau e hiahiatia ana tētahi aronga rerekē hei ine i tō tātau whaitake mō te mahi me te urupare ki te Māori hei pātui nō te Karauna i raro i Te Tiriti o Waitangi. E whai ana tā mātau pou tarāwaho hou ki te tautuhi i ngā mahi tauwhāiti hei whakapai ake me te āwhina i a mātau kia tutuki te matakitenga o Te Ara Kotahi, tā mātau rautaki Māori. E āhei ana a Waka Kotahi ināianei ki ngā pakihi neke atu i te 650 a te Māori me te Pasifika mā tō mātau pātui kanorau kaiwhakarato a Amotai. Mā te mahi me Amotai ka āwhina kia puta ō mātau ihu i roto i ngā rārangi putanga whānui a te kāwanatanga, e whakaaroarohia ana e mātau ngā painga tuarua (ā-taiao, pāpori, ōhanga me te ahurea) ina hoko ana i ngā rawa, ngā ratonga, mahi rānei. Ka āwhina tēnei ki te whakatinana mai i Te Ara Kotahi.

E rua miriona ngā tipu māori kua whakatōhia puta noa i te huanui matua hou o Transmission Gully, ka whakaiti haere i te whakahoro whenua me te uru atu o ngā para ki ngā kōawa tūtata me te Whanga o Porirua

I mahi tahi tonu mātau me te hunga whai pānga me ngā pātui ahumahi me te tautoko i ō mātau pātui e ai ki ngā pānga o te KOWHEORI-19. I kaunekhia ngātāhitia e mātau ngā kaupapa huringa āhuarangi i raro i a Toitū te taiao, tā mātau mahere mahi toitūtanga. I whakaratoa e mātau ngā kaupapa haumaruru i raro i te Rori ki te Kore (Road to Zero) te

rautaki haumaruru rori ā-motu. E whakawhirinaki ana ngā kaunihera me te kāwanatanga ki a mātau ki te ārahi i ngā mahi hanga mahere, ngā haumitanga me te whakarātonga, tae atu ki ngā tautoko mō ngā kaupapa kāwanatanga whānui. I mahi mātau me ngā tūmomo tari tūmatanui kia mārama ai mātau ki ngā āheinga o te ikiiki ka taea e hua ake ai ngā putanga whānui ake.

I te Teihana o Waterloo i Te Awakairangi, i Te Whanganui-a-Tara, nā tētahi takotoranga rori hou i heke ai te tere whānui, atu ki te 30 ōrau te heke o ngā āhuratanga i tata te pā mā o ngā tukinga ki te hunga e whakamahi ana i tēnei rori me te 75 ōrau te heke ki te hunga haere ai mā raro

I te taumata ā-rohe, ka mahi tonu mātau me ngā kaunihera, ngā hapori me ngā pakihi ki te tautoko i ngā tūmomo kaupapa whakatipu ōhanga ā-rohe e taea ai e te ikiiki tētahi wāhanga nui tonu. Kua whakatūria e mātau he tauira ā-rohe hou, ka whakakaha i tō mātau whai wāhi atu me te whakapai ake i ō mātau whanaungatanga i roto i ngā rohe. I mahi tahi ō mātau rōpū ā-rohe me tēnā rohe, me tēnā rohe ki te tautoko i te whanaketanga o ā rātau Mahere Ikiiki Whenua ā-Rohe (RLTP), te arotahi ki ngā putanga ā-rohe me te whakaata i ngā kaupapa matua a te kāwanatanga mō tētahi pūnaha ikiiki whenua haumaruru atu e nui ake ngā kōwhiringa haerenga me te whakarato i ngā putanga taiao pai ake. He hira ngā RLTP i roto i te waihanga i te NLTP – tā mātau kaupapa toru tau kia mana ai ngā kaupapa matua a te kāwanatanga. I tēnei tau i katia e mātau te 2018–21 NLTP ka tīmata ki te waihanga i te NLTP 2021–24 kia hāngai ki te GPS 2021.

Ehara ko te NLTP anake te puna pūtea mō te pūnaha ikiiki whenua. He mea hira anō ngā haumitanga a ērā

ō mātau pātui o ngā kaunihera. Kei te tuku mai anō te Karauna i tētahi wāhanga nui kia eke ai ngā hiahia o te pūnaha. I tēnei tau, i puta i a mātau tētahi whakaaro mō tētahi kaupapa whai pūtea ā-ture hou me tētahi pūnaha hou mō ngā utu kaiwhakamahi, ka heria kia whakawhitiwhiti kōrero mō tēnei hei te 2021/22. He mea waiwai tēnei arotake hei whakarite ka toitū, ka tōtika te kaupapa whai pūtea me te whakarato i tētahi ratonga waeture hou, tiketike hoki.

I tēnei tau i whakaurua mai ngā tere haumaruru me te tika puta noa i te 465 km o te kōtuinga huarahi matua

Kei te whakahaere tonu mātau i te tūranga hurihuri me ngā tūmanako o Waka Kotahi, tae atu ki ngā wāhi o te huringa āhuarangi, rēra me te utanga. I roto i tēnei horopaki me mātua whakamahere mātau me te whakarato i ngā mahinga tautiaki kia taea ai e te tangata te toro ki ngā whai wāhitanga pāpori me te ohanga me te whakarite i te haumaruru me te manahautanga o te kōtuinga. Kei reira anō ngā whakapātari mō ngā mahi tautiaki, whakahōu me tā mātau arotahi ki te tiaki me te whakarei ake i te kōtuinga. Kei te tipu haere te kōtuinga, me te nui haere o ngā mahinga me āhuratanga whakamanahau me urupare mātau. Ka uaua haere te tautiaki me te whakahou haere i te kōtuinga i roto i tēnei āhuratanga.

Kua rerekē haere te āhua o te mahi me te nekeneke haere a te tangata. Kāore anō kia hoki te āhua o te whakamahi a te iwi whānui i ngā ratonga ikiiki tūmatanui ki ngā taumata i mua o te KOWHEORI. He nui ake ngā tāngata kei te mahi mai i te kāinga, ā, kua iti haere atu te hāereere. Ka whai pānga ēnei huringa ki ara moni whiwhi, tae atu ki te tāke penehini me ngā nama kaiwhakamahi rori, me te whakaiti i te moni whiwhi o te Tahua Ikiiki Wheua ā-Motu (NLTF). Ka whakapātari hoki tō mātau tūranga e whānui haere nei me te kaupapa āhuarangi ki tā mātau taura pūtea. Kia tino ū ai ki ngā hiahia me ngā manako nui mō ngā momo haerenga hou, te whakaiti i ngā tukunga me te urutau ki te huringa āhuarangi me whakauru mai ngā rerekētanga ki ngā whakaritenga tuku pūtea onāiane.

I kite mātau i te 11 ōrau o ngā matenga me ngā wharanga nui i tērā tau - me te 2491 i tēnei tau e ai ki te 2803 i tērā tau

I tuku tohutohu a Waka Kotahi ki a He Pou a Rangi mō ngā tūtohutanga ikiiki. I whakaaturia e mātau hiranga o te āhua tapatāone mā te whakarite i te urunga toitū ki ngā kōtuinga ikiiki me te neke i ngā āhuratanga waro iti o te ikiiki hei whakaiti tukunga. I mahi haere tonu mātau me ngā kaunihera me ngā tari kāwanatanga hei hāpai i te komitimitanga o te whakamahi whenua me te whakamahere ikiiki. I te taha o ō mātau hunga whai pānga i haumi anō mātau me te whakarato i ngā putanga toitū i roto i te ikiiki tūmatanui, hīkoi me te eke pahikara.

I te tau 2020/21 \$29 miriona i haumitia i roto i ngā kaupapa Whakaaauaha Tiriti - me tētahi ara pahikara whakaara noa i Kemureti neke atu i te 56 ōrau te piki ake o te eke pahikara ki te kura tuatahi

E ngākau whakahī ana mātau kei te tika ā mātau tikanga taiao onāiane i Waka Kotahi, ā, i ētahi wāhi ko mātau i te ārahi i te rāngai. I tēnei tau i neke mātau ki te kaupapa whakatauranga a te Kaunihera Toitūtanga Hanganga hei tātari i ngā putanga toitū o ā mātau kaupapa uara nui. Kei roto anō i tā mātau pou tarāwaho mahinga hou tētahi arotahi taiao kaha, me te whai whakaaro ki ngā whāinga huringa āhuarangi a te kāwanatanga.

I anga whakamua mātau i roto i ētahi atu wāhi arotahi hira i tēnei tau. Kei te tutuki ngā putanga whānui ake i te huarahi matua o Te Huanui o Manawatū-Tararua - e tino mōhiotia ana tēnei kaupapa mō tōna aronga pai e pā ana ki te hauora, haumaruru me te oranga, ka mutu

i whakawhiwhia ki tētahi tohu hanga mahere ā-motu. Kei te whakatipu tonu mātau i tō mātau hauora me te āheinga ā-whakahaere me te arotahi ki ā mātau kaimahi. I kitea tēnei i roto i ā mātau otinga kaimahi me te 75 ōrau o ngā kaiurupare e kī he wāhi rawe a Waka Kotahi ki te mahi, kua piki ake tēnei mai i te 68 ōrau i tērā tau.

I te 2020/21 i whakatakotoria e mātau ngā tūāpapa mō tō mātau ahunga rautaki hou, ā, e hiahia ana mātau kia koke whakamua haere ā te tau e heke mai. E kōrero ana a Te kāpehu mō tā mātau mahi kia noho tūhono tonu ngā tāone, ngā tāonenui me ngā rohe tētahi ki tētahi mō ngā utanga me te ao tāpoi. He whakanui i tā mātau mahi i māmā ake ai te nekeneke haere a te iwi o Aotearoa ki te mahi me te pārekareka i ngā wāhi paetata, pae tawhiti hoki.



Brian Roche

Sir Brian Roche
Heamana



Nicole Rosie

Nicole Rosie
Pou Whakahaere

Chair and chief executive overview

Our name Waka Kotahi conveys the concept of moving together as one and expresses our purpose as an organisation. 2020/21 has been a year of transition. Our strategic and operating contexts are changing quickly and significantly. We need a strong direction and to provide leadership to the sector to deliver the best outcomes for New Zealanders.

To do this we developed Te kāpehu | Our compass, which sets out our direction and aspirations within the wider land transport system. It articulates what we want to achieve as an organisation, how we will go about this, and why we are here. Laying this solid foundation sets us up to deliver our ambitious work programme for land transport.

The Road to Zero Speed and Infrastructure Programme delivered over \$1 billion of safety improvements during the 2018–21 National Land Transport Programme

Our priorities come with new and diverse demands as we manage greater government expectations, new and existing commitments, as well as the ongoing impacts of COVID-19. To ensure we can respond to these demands effectively, our new Te kāpehu performance framework will help us to measure progress against the outcomes we want to achieve to keep Aotearoa moving. Aligning with the Government Policy Statement on land transport 2021 (GPS 2021) and the Transport Outcomes Framework, Te kāpehu is responsive to our changing operating environment and inclusive of our multiple roles as a steward of the state highway asset, investor, and regulator.

We've responded successfully to several setbacks and unexpected events this year. COVID-19 continues to impact on our funding and delivery, but we've managed to maintain momentum with our projects

and programmes of work, including in our regulatory services and digital areas. Ongoing movement between alert levels caused a loss in public transport revenue. Several significant disruptions also required our swift operational response. We effectively responded to the incident that structurally damaged Auckland Harbour Bridge and major weather events, including the Napier and Ashburton floods. We partnered with local councils and communities, iwi and others to keep things moving after these events.

Despite the challenges this year, we also had great achievements. The final year of the 2018–21 National Land Transport Programme (NLTP) concluded some major programmes of work, including the physical completion of all projects contributing to the Kaikōura earthquake recovery. We made good progress on the New Zealand Upgrade Programme, with 10 significant capital projects having met year-end milestones and and more in either the design or execution stages. We also partnered with local government to deliver over 100 projects across Aotearoa, including those completed under the Innovating Streets for People and Urban Cycleways programmes.

Great partnerships are crucial to our success and delivery. Te kāpehu commits us to new values and behaviours that will shape our culture and guide the way we work within Waka Kotahi and how we engage with iwi, partners, stakeholders and communities. We saw wider trust and confidence in our organisation improve this year, with Waka Kotahi being the second most-improved agency in the Colmar Brunton public sector reputation index.

We invested in 83 km of walking and cycling facilities over 2020/21, including 13.5km through the Urban Cycleways Programme

We recognise that a distinct approach is needed to measure our effectiveness in working with and responding to Māori as the Crown's partner under Te Tiriti o Waitangi. Our new performance framework aims to identify specific actions to improve and help us achieve the vision of Te Ara Kotahi our Māori strategy. Waka Kotahi now has access to over 650 Māori and Pasifika owned businesses through our supplier diversity partner Amotai. Working with Amotai will help us achieve success in the government's broader outcomes programme, where we'll be considering secondary (environmental, social, economic and cultural) benefits when purchasing goods, services or works. This initiative will also help bring Te Ara Kotahi to life.

Two million native plants have been planted around the new Transmission Gully motorway, which will reduce erosion and sediment entering nearby streams and the Porirua Harbour

We continued to work closely with stakeholders and industry partners and supported our delivery partners in response to the impacts of COVID-19. Together we progressed climate change initiatives under Toitū te taiao, our sustainability action plan. We delivered safety initiatives under Road to Zero, the national road safety strategy. Local and central government are also looking to us for leadership in planning, investment and delivery, as well as support for whole-of-government initiatives. We have worked with a range of public agencies to understand transport's potential to unlock wider outcomes.

At a regional level, we continue to work with local government, communities and businesses to support a variety of regional economic growth initiatives where transport can make a significant contribution. We have established a new regional model, which will strengthen our presence and improve our relationships in the regions. Our regional teams have worked closely with each region to support the development of their Regional Land Transport Plans (RLTPs), focusing on regional outcomes and reflecting the government's priorities for a safer land transport system that offers greater travel choice and delivers better environmental

outcomes. RLTPs are key in developing the NLTP - our three-year programme to give effect to the government's priorities. This year we closed out the 2018-21 NLTP and began work to develop the NLTP 2021-24 in line with the GPS 2021.

At Waterloo Station in Lower Hutt, Wellington, a new road layout resulted in an overall reduction in speed, up to 30 percent reduction in near misses for everyone who uses this road and a 75 per cent reduction in near misses for people walking in the area

The National Land Transport Fund (NLTF) is not the only funding source for the land transport system. The local share investments from our partners in local government are equally important. The Crown is also providing an increased direct contribution to meeting system needs. During the year, we developed a proposal for a new regulatory funding regime and a new system of user charges, which will be consulted on in 2021/22. This review is essential to ensure a sustainable and efficient basis for funding and delivering a modern, first-class regulatory service.

We continue to manage the changing role and expectations of Waka Kotahi, including in the areas of climate change, rail and freight. Within this context we must plan and deliver maintenance works so people can reliably access social and economic opportunities while ensuring the safety and resilience of the network. Maintenance, renewals and our focus on retaining and enhancing the network come with challenges. The network is growing, with increasing activity and resilience events that we need to respond to. Maintaining and renewing the network in this construct will become increasingly challenging.

This year safe and appropriate speeds were implemented across 465 km of the state highway network

People are changing the way they work and move around. Use of public transport services still hasn't returned to pre-COVID levels. More people are working from home and travelling less. These changes impact our revenue streams, including fuel excise duty and road user charges, and reduce the revenue into the National Land Transport Fund (NLTF). Our expanding role and climate imperative also challenge our funding model. To fully meet the needs and ambitions for mode, shift reducing emissions and adapting to climate change will require changes to current funding arrangements.

We saw an 11 percent reduction in deaths and serious injuries - with 2491 this year compared to 2803 last year

Waka Kotahi provided advice on the He Pou a Rangi Climate Change Commission transport recommendations. We highlighted the importance of urban form by ensuring sustainable access to transport networks and shifting to lower carbon modes of transport to reduce emissions. We continued working with local and central government agencies to promote integrated land use and transport planning. Together with our stakeholders we also invested in and delivered sustainable outcomes in public transport, walking and cycling.

In 2020/21 \$29 million was invested in Innovating Streets projects - with a pop-up cycleway in Cambridge resulting in a 56 percent increase in bike trips to the primary school

We're proud that our current environmental practices are sound at Waka Kotahi and in some areas lead the way in the sector. This year we moved to the Infrastructure Sustainability Council's of rating scheme to assess the sustainability outcomes of our high-value projects. Our new performance framework also has a strong environmental focus, with the government's climate change objectives in mind.

We made good progress in other key areas of focus this year. Broader outcomes are being achieved in Te Ahu a Turanga Manawatū Tararua highway - this project is well known for its positive approach to health, safety and wellbeing, and also won a national planning award. We continued to grow our organisational health and capability with a strong focus on our people. This was shown in our employee survey results with 75 percent of respondents describing Waka Kotahi as a great place to work, an increase from 68 percent last year.

In 2020/21, we laid the foundations for our new strategic direction, and we want to keep up our momentum in the year ahead. Te kāpehu speaks to our role in keeping towns, cities and regions connected to each other for freight and tourism. It celebrates our role in enabling New Zealanders to get around more easily to do business and to enjoy places that are both local to them and further away.



Sir Brian Roche
Chair



Nicole Rosie
Chief Executive

Highlights from this year

Moving towards our future state

This year we launched our new strategic direction Te kāpehu and a new vision of connecting people, products and places for a thriving Aotearoa. Our new performance framework will guide us toward achieving this vision and ensure we can report evidence-based progress against our system outcomes. We've reset our priorities and ourselves as an organisation so we can better navigate our changing operating context. This will help to build a strong foundation for our future state, as we prepare for the key challenges and exciting opportunities in the year ahead.

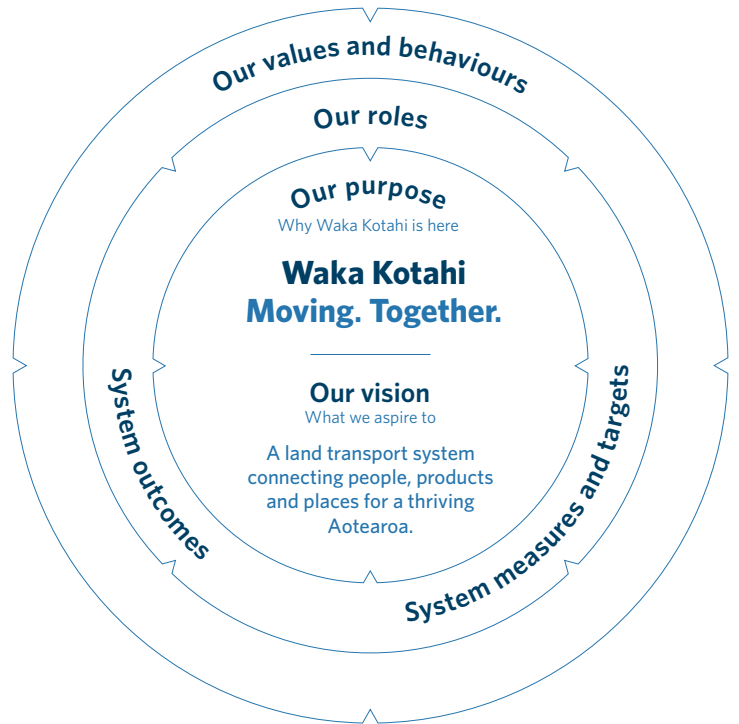


Figure 1: Our strategic direction Te kāpehu

One year on from the launch of Road to Zero

In the 2018-21 NLTP period we made 3123 km of state highways safer through installing 50 km of median barrier, 260 km of side barrier, and 3471 km of rumble strips. We made infrastructure improvements to 12 high-risk intersections and delivered safer speeds on 584 km of roads. These changes are expected to save 168 deaths and serious injuries a year. We also stood up our Tackling Unsafe Speeds programme team, who will focus on the new regulatory framework for speed management planning, the move to safer speeds around schools, and adopting a new approach to safety cameras to reduce excessive speeds on our highest risk roads.



Partnership with Māori

A dawn blessing in Papakura with our mana whenua partners was held ahead of construction beginning on the first New Zealand Upgrade Programme project in Auckland. Ngāti Te Ata, Ngāti Whanaunga, Ngāti Tamaoho and Ngāti Maru blessed the construction site for SH1 Papakura to Drury South stage 1a with Waka Kotahi, contractors Fulton Hogan and Axell Consultants. Te Akitai, also a mana whenua partner for the project, worked closely with the project but couldn't attend the blessing.

Te Ara Tupua Alliance is the team that will deliver the Ngā Ūranga ki Pito-one (Ngauranga to Petone) section of Te Ara Tupua, the harbour-side walking and cycling route connecting Wellington and Lower Hutt. Iwi mana whenua gifted the name Te Ara Tupua to the project. We also worked with Taranaki Whānui ki te Upoko o te Ika and Ngāti Toa Rangatira during the project consenting phase, and this partnership will continue during the delivery phase

Trusted, positive partnerships with mana whenua reflect our Waka Kotahi value of kotahitanga and contributes to us realising the vision of Te Ara Kotahi.



Encouraging mode shift

Increasing the uptake of public transport and active modes ('mode shift') is one of our most important levers for reducing greenhouse gas emissions, air and noise pollution, and traffic congestion. This year the mode shift plans for Christchurch, Hamilton, Queenstown, Tauranga and Wellington were completed and are now being implemented by our council partners. The Innovating Streets for People Programme will also support mode shift. We've awarded funding for 74 innovating streets projects across 30 councils and 65 projects were delivered by the end of 2020/21.



Clean and safe cars for sustainability

More New Zealanders are making the switch to safe and clean vehicles, with over 27,000 electric vehicles registered by 31 May 2021. We delivered early rebates as part of the Clean Car Rebate, which was announced by the government in June 2021. We're also in the process of transitioning petrol and diesel vehicles in our Waka Kotahi vehicle fleet to electric vehicles, and at 31 July 2021 more than a third of our fleet was electric.

Strengthening our regulatory capability

We made good progress on implementing Tū ake, tū māia, our regulatory strategy. We appointed a Director of Land Transport, who has clear and independent accountabilities for delivering regulatory services. We're also undertaking the regulatory fees and funding review to help ensure we have sustainable funding to continue delivering this important function.



Keeping things moving

We worked with local councils and communities, iwi and others to quickly re-open roads following the Napier and Canterbury floods this year. Resilience of the network is becoming increasingly important as we can expect to see more weather events and disruptions with the effects of climate change. To ensure we are prepared to respond to these risks, we have started development of a climate change adaptation plan.



Building awareness of safe vehicles

We raised awareness on the importance of vehicle safety ratings through the Safe Vehicles Programme. In July 2020, Waka Kotahi and the New Zealand Police Serious Crash Unit showed shoppers in Sylvia Park how poorly a 1-star car might perform in a crash. More than 3000 people stopped to check out the display. We also updated the Rightcar website with more information to help people choose safe and clean cars.

Achieving broader outcomes

We've seen broader outcomes being achieved through Te Aha a Turanga, the Manawatū Tararua Highway project. Positive impacts were achieved through:

- recruiting locally, including partnering with the Universal College of Learning (UCOL) to upskill local graduates with practical experience
- working with mana whenua, with five iwi partners represented at the governance level and operationally throughout the project
- procuring locally where possible to engage, support and train small and medium-sized businesses
- developing an app, Te Whare Tapa Whā, to support the mental health of people working on the project and provide them with help if needed.



Making sustainability a reality

We continued to make good progress on *Toitū te taiao*, our sustainability action plan, and completed *Tiakina te taiao*, our sustainability monitoring report, for 2021.

The latest achievement in our corporate sustainability journey has been receiving our Toitū Envirocare carbon reduce certification.

Closing out the 2018-2021 NLTP

This year we closed out the 2018-21 NLTP with several great successes. We met the year-end milestones for 10 New Zealand Upgrade Programme significant capital projects and progressed several others. Physical completion of all Kaikōura earthquake recovery projects was also achieved in June 2021. We were awarded two Spirit of Service Awards by the Public Services Commission for our role in the restoration and recovery of the transport networks in Kaikōura, including the Prime Minister’s Award.

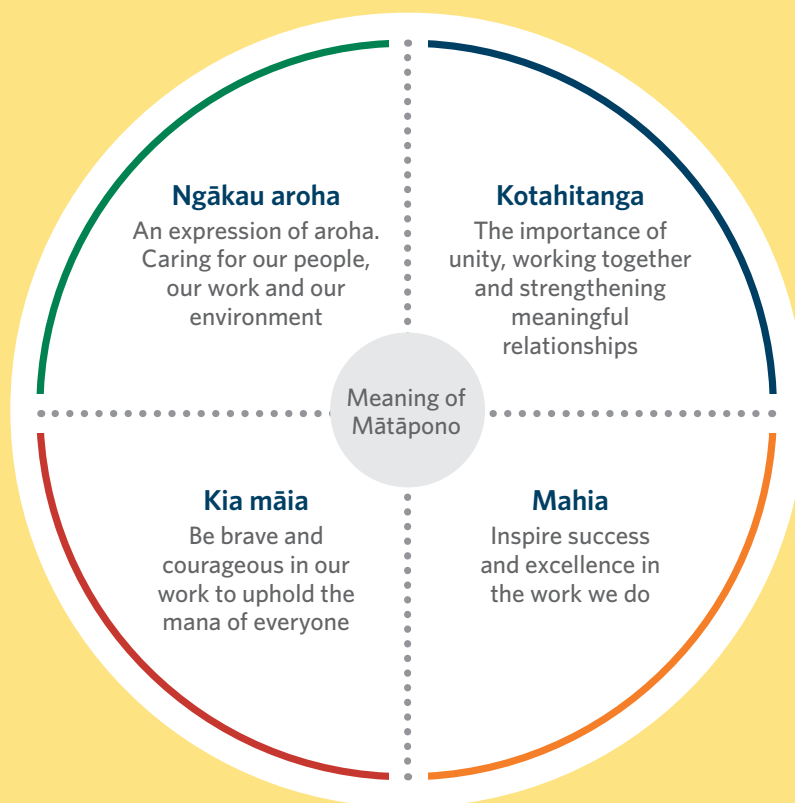


Figure 2: Ngā mātāpono | Our values



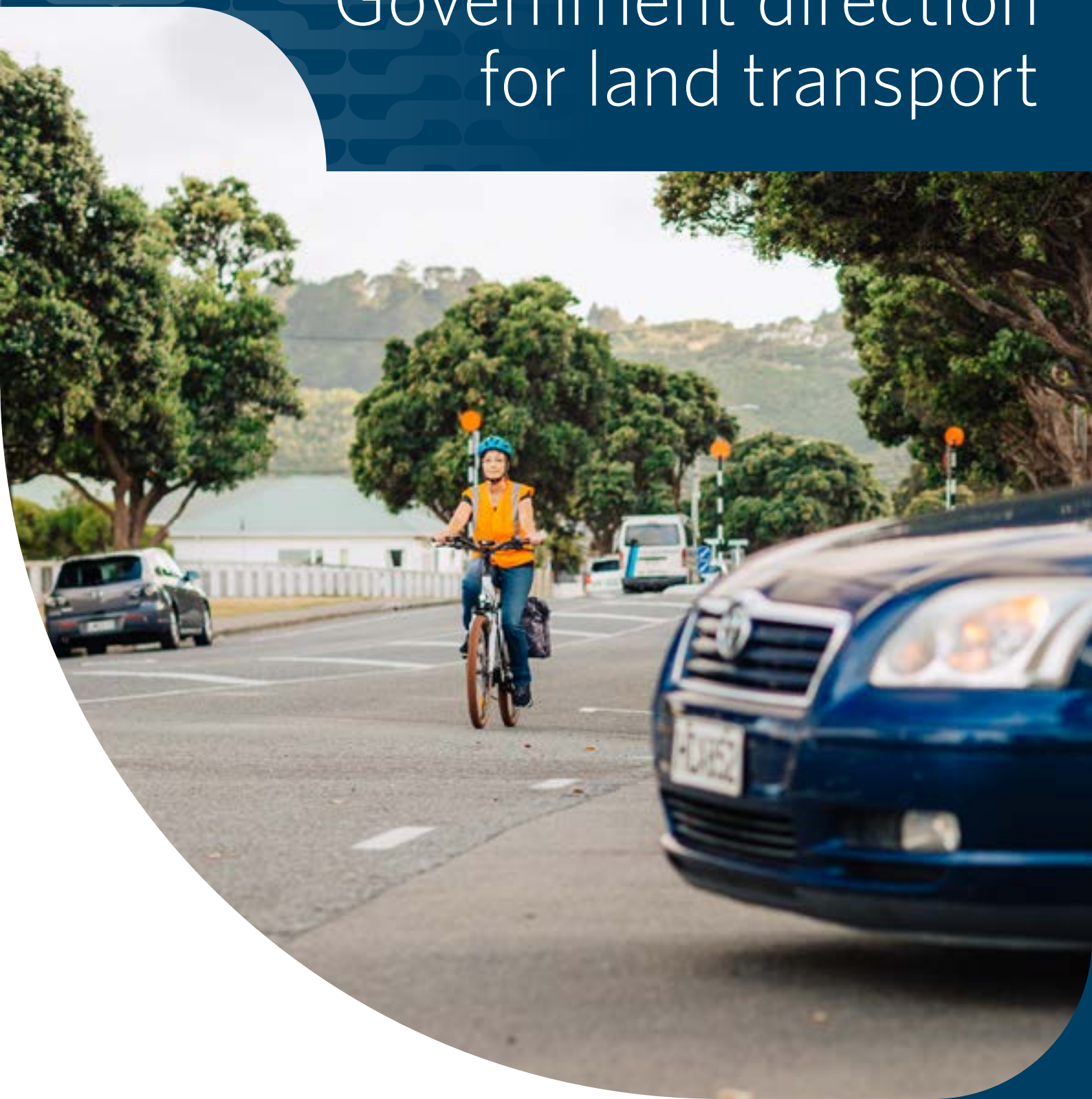
Our people

We worked with our people to develop new values and behaviours, which were launched as part of our new strategic direction, Te kāpehu. These values and behaviours are becoming part of what it means to be an employee of Waka Kotahi. We continue to build on our organisational foundations and focus on our people.

This year, 75 percent of respondents to our annual employee survey described Waka Kotahi as a great place to work, up from 68 percent in 2019/20 and 59 percent in 2018/19. We also launched a new system, Kōrero Mai - Tell Us, for the reporting of health, safety or security incidents, hazards or near misses that involve our people.

Ahunga o te kāwanatanga mō te ikiiki whenua

Government direction
for land transport



Transport Outcomes Framework

The Ministry of Transport launched the Transport Outcomes Framework in June 2018. This framework defines the long-term strategic outcomes for the transport system of Aotearoa. The purpose of the transport system is to improve people's wellbeing and the liveability of places.

The framework describes five long-term outcomes (as shown in Figure 3):

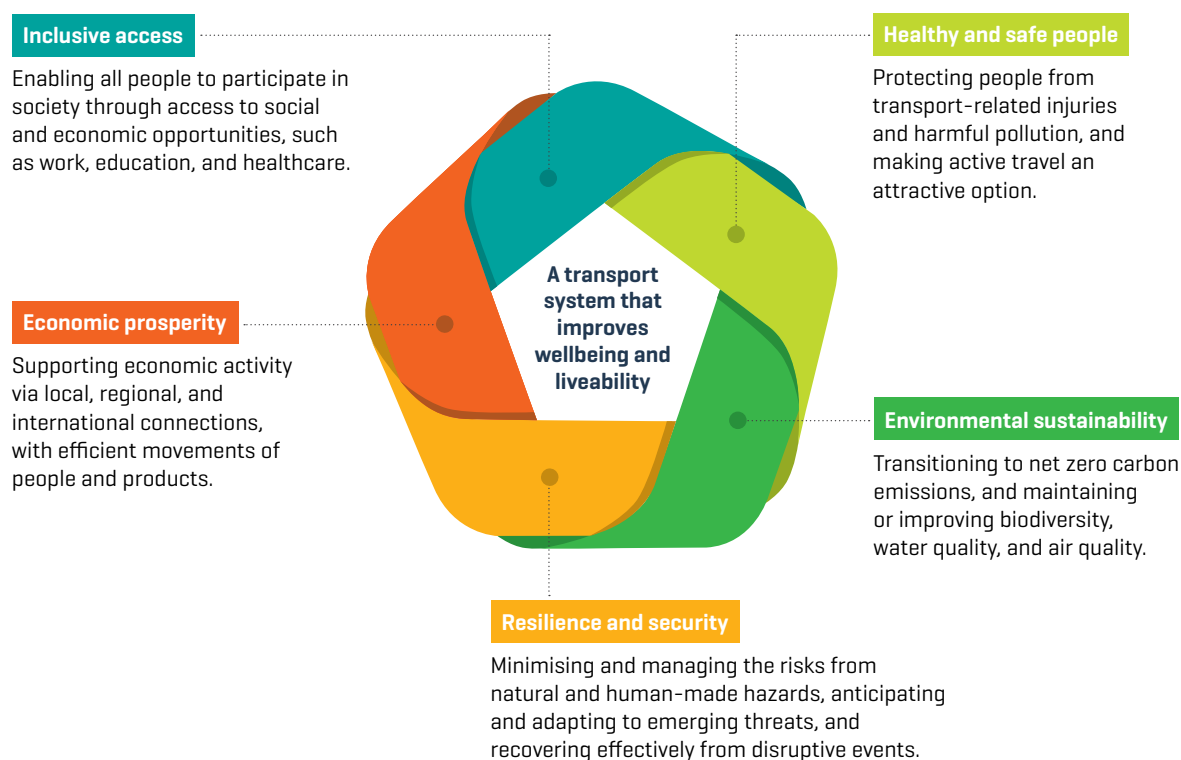
- healthy and safe people
- inclusive access
- economic prosperity
- resilience and security
- environmental sustainability.

These outcomes are interrelated and need to be achieved together to improve intergenerational wellbeing and the quality of life in the cities, towns and provinces of Aotearoa. The government may prioritise some outcomes over others, depending on the social, economic, political and environmental circumstances of the day.

The transport outcomes are reflected in the Government Policy Statement on land transport (GPS) priorities and our strategy.

A guiding principle for the framework is mode neutrality. Mode neutrality means considering all transport modes when planning, regulating and funding transport and basing decisions on delivering positive social, economic and environmental outcomes.

Figure 3: Ministry of Transport's transport outcomes



Government Policy Statement on land transport

The GPS sets out the government’s strategic direction for the land transport system over the next 10 years and is updated every three years. It provides guidance on how we invest the National Land Transport Fund (NLTF), and how we assess and prioritise activities for Regional Land Transport Plans and the National Land Transport Programme (NLTP).

The GPS sets out funding allocations over the next three years for activity classes such as walking and cycling, road policing, state highway improvements and maintenance, local road improvements and maintenance, and public transport. The NLTF annual report details delivery of the NLTP and use of the NLTF to contribute to the GPS 2018 priorities (Figure 4).

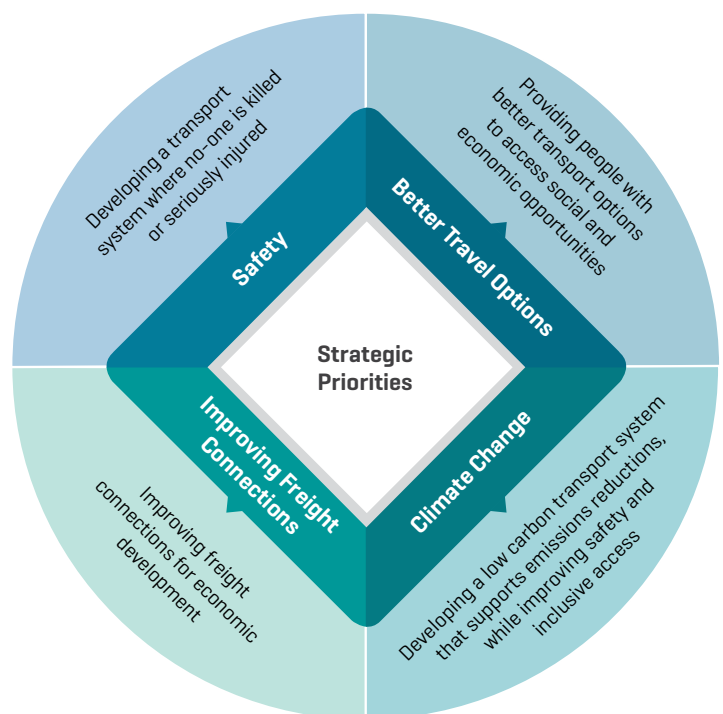
Figure 4: Strategic direction of the GPS 2018



The GPS 2021 (Figure 5) was released in September 2020 and came into effect 1 July 2021. It builds on the strategic direction set in the GPS 2018 and focuses on four strategic priorities – safety, better travel options, improving freight connections, and climate change.

We developed the 2021–24 NLTP in line with the GPS 2021, applying the underpinning principle of mode-neutrality from the Transport Outcomes Framework and considering what will best deliver the four strategic priorities. The Investment in Land Transport section of the GPS 2021 sets out how investment from the NLTF will be allocated to 11 activity classes. We also aligned our strategy, described in the next section, with the GPS 2021 and Transport Outcomes Framework.

Figure 5: Strategic direction of the GPS 2021



Tā mātau rautaki

Our strategy



New strategic direction

Our strategic and operating environments have changed significantly over the past year. Our mandate is expanding, along with our programme investment expectations. We need to deliver on the government's emerging priorities and objectives in climate change while continuing to maintain and renew our existing transport networks. We're managing financial pressures driven by reduced revenue and increasing costs. The release of the GPS 2021 introduces new functions and responsibilities for Waka Kotahi, including in rail and coastal shipping. In our large cities there is an increasing need for public transport and mass transit solutions to reduce car use and congestion. At the same time, COVID-19 has decreased people's use of public transport services, changed where and how people work, and changed the way people move around.

The challenges we're managing have become more complex and interdependent. We work with others to support the need for rapid housing development and growth as well as increased transport options in rail, public transport, walking, cycling and micro-mobility. Meanwhile, we need to keep transport networks effectively operating to connect communities and support Aotearoa economically as an exporting nation. With all this in mind it became increasingly clear we needed to take a fresh look at our strategy, to ensure we can deliver on our existing commitments and increasing expectations.

In December 2020, we launched our new strategic direction Te kāpehu | Our compass (see Figure 1 on page 13), which has the vision of connecting people, products and places for a thriving Aotearoa. We took our inspiration from Te kāpehu whetū, the Māori star compass. Like Te kāpehu whetū our strategic direction, values and behaviours provide a compass for our decision-making and actions, and we want them to be grounded in te ao Māori.

Our system outcomes are the changes to the transport system we will focus on to realise our vision. We want Aotearoa to have a land transport system that is:

- safe
- environmentally sustainable
- effectively and efficiently moving people and freight
- meeting current and future needs.

We've also identified a set of results that reflect the changes we need to see to achieve these outcomes. For details on our system outcomes and results, including the relationships between them, see our statement of intent 2021-26.

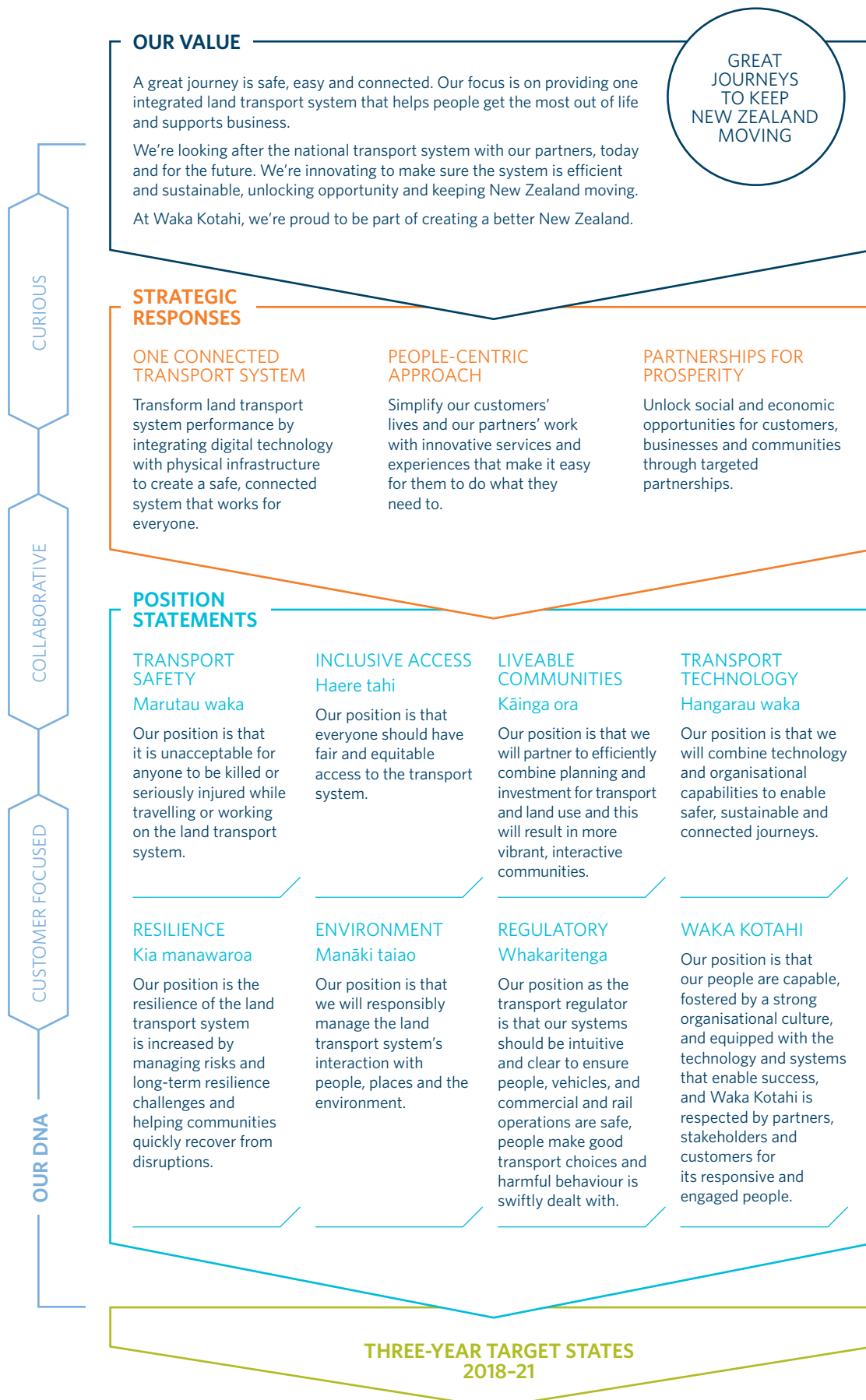
Reporting on our performance

To reflect our new strategy, we've structured this report around the four system outcomes of Te kāpehu rather than the position statement framework of our old strategy. This approach enables us to show how our progress is setting us up to deliver the outcomes of Te kāpehu in the future.

Figure 6 illustrates how our old strategy maps to Te kāpehu. The following section provides our detailed results against our statement of performance expectations 2020/21. To ensure a clear line of sight to the statement of performance expectations 2020/21, our detailed results show how each Te kāpehu system outcome links to the position statements in the old strategy.

Figure 6: Our old strategy (left) and our new strategic direction Te kāpehu (right)

Our old strategy



Te kāpehu

Our new purpose is:
Moving. Together.

The vision of Te kāpehu is:
A land transport system connecting people, products and places for a thriving Aotearoa

Our system outcomes

These are the changes to the transport system that we'll focus on to achieve our vision:

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 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.

Our new system measures and targets are reflected in our Te kāpehu performance framework (refer to our Statement of Intent 2021-26 for details).

Our roles

These are the four big things that we must do to achieve our vision:

Kia hoe ngātahi

Move together as one

We lead with others to achieve valuable transport outcomes.

Te anamata

Leave great legacies

We shape and invest in a sustainable transport system for everyone.

Kia tika te mahi

Deliver the right things

We partner and invest to maintain, operate and improve the land transport system.

Kia marutau

Enable a safe system

We reduce harm to people and the environment.

Our values and behaviours

These are our new values, each underpinned by five behaviours, which shape our culture and help us deliver our best work every day:

Kia māia

Be brave

Our outcomes are better when we bring courage and self-belief to our passion and purpose.

Kotahitanga

Better together

We achieve great things when we work together to build trusted relationships inside and outside of Waka Kotahi.

Ngākau aroha

Have heart

We have the wellbeing of our people, community and planet at the heart of everything we do.

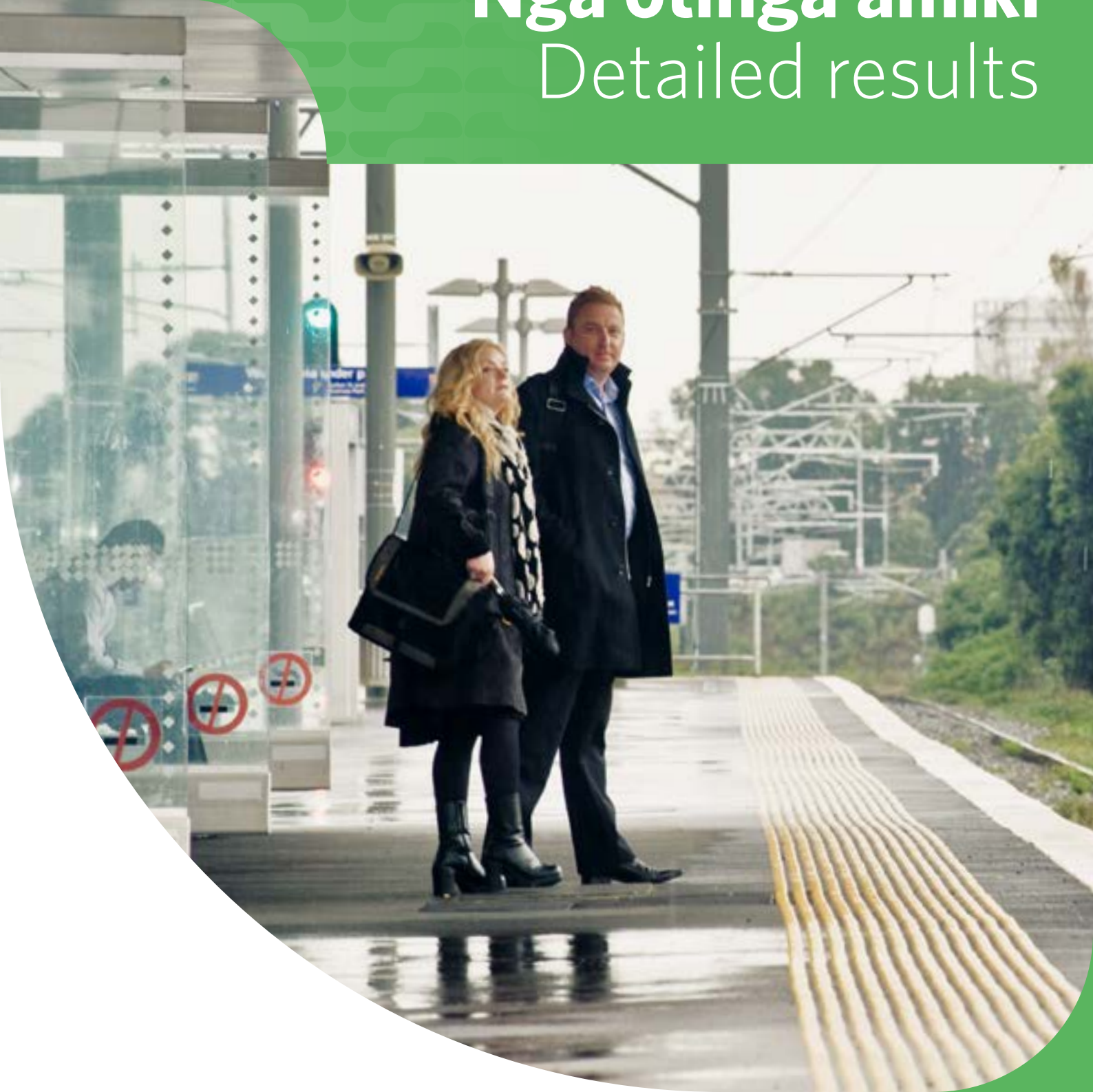
Mahia

Nail it

We create an enduring legacy, delivering our best work every day.

Ngā otinga āmiki

Detailed results



Safe

Overview



Our Te kāpehu system outcome **safe** is about ensuring no one is killed or seriously injured when using or working on the transport system

which links to these position statements

- a) Transport safety
- b) Regulatory

Waka Kotahi is committed to Vision Zero, a world-leading ethical transport approach that says it is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system. Road to Zero, the government's national road safety strategy, sets us on a path to achieve Vision Zero with an initial target of reducing deaths and serious injuries by 40 percent by 2030, compared with 2018.

We have a long way to go to make Vision Zero a reality for Aotearoa. On average, at least one person is killed, and seven people are seriously injured in road crashes every day. These tragic events devastate families, friends and our community. Deaths and serious injuries should not be an inevitable cost of travelling, and this toll on human life is unacceptable.

Deaths and serious injuries

In the year to 31 March 2021, 2491 people were killed or seriously injured on roads compared with 2803 in the previous year (see Figure 7). The COVID-19 restrictions are likely to have contributed to this lower result. From April to June 2021, however, the numbers increased significantly. As at 30 June 2021, there were 160 more deaths and serious injuries than in the previous 12 months.

While the COVID-19 lockdowns initially led to fewer road deaths and serious injuries, they also affected the ability of Waka Kotahi and our partners to deliver several Road to Zero activities that could have had a positive impact on the deaths and serious injuries result.

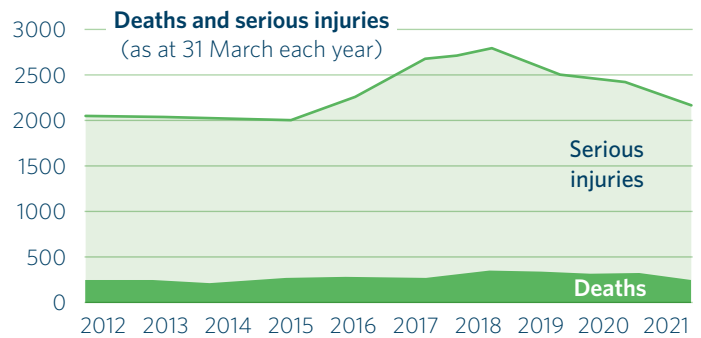


Figure 7: Deaths and serious injuries, 2012–2021 (12-month rolling total)

Implementing Road to Zero

We continue to collaborate with the New Zealand Police, Ministry of Transport, local government, WorkSafe and many others to implement Road to Zero. We made good progress this year in embedding the Road to Zero governance structure within Waka Kotahi and updating our implementation plan. To measure our progress, we developed a comprehensive outcomes framework, which was also the basis for the first annual Road to Zero Monitoring Report released by the Minister of Transport in August 2021. We'll continue our work over 2021/22 to source, collect and integrate data to complete our outcomes framework.

COVID-19 adversely affected delivery of several activities in the implementation plan, such as the Speed and Infrastructure Programme and the Tackling Unsafe Speeds Programme. Performance of the Road Safety Partnership Programme (RSPP) for

2019–21 was also affected. Progress made in these programmes is summarised below.

Road to Zero Speed and Infrastructure Programme

The Road to Zero Speed and Infrastructure Programme (formerly the Safe Networks Programme) is a 10-year programme targeting roads and roadsides that offer the greatest potential to reduce deaths and serious injuries. The programme includes safety treatments and speed management on state highways and local roads. The programme delivered over \$1 billion of safety improvements during the 2018–21 NLTP, which included implementing safe and appropriate speeds across 584 km of the state highway network.

The Waka Kotahi Board endorsed the Speed and Infrastructure Programme business case in May 2021. This means we have a clear direction for the next ten years on our programme of safety improvements, such as median and side barrier installations, intersection improvements via roundabouts and raised platforms, and speed reviews. We held multiple workshops with our people and local government partners to ensure we had meaningful conversations and contributions to form a robust business case.

Tackling Unsafe Speeds Programme

When speed limits are safer, and people drive within the speed limits, it makes crashes less likely to occur and it reduces the severity of crashes when they do occur. In April 2021, Waka Kotahi opened consultation on the Setting of Speed Limits Rule 2021. This draft rule proposed a new regulatory framework for setting speed limits. It takes a whole of network approach where decisions about safety-related infrastructure improvements, speed limit changes and the placement of safety cameras are made together.

The Cabinet decision on the proposed Setting of Speed Limits Rule was significantly delayed due to COVID-19 and is now expected to be signed December 2021. As a result, we were unable to complete the National Speed Management Plan or

launch the National Speed Limit Register as planned this year.

Road Safety Partnership Programme

The RSPP was established between Waka Kotahi, New Zealand Police and the Ministry of Transport to reduce harm on our roads through collaborative effort. As part of our assurance plan for RSPP, we established a governance group and undertook regular reporting against the programme's targets.

The RSPP 2019–21 ended in July 2021 and did not achieve several of its targets. COVID-19 affected some parts of the programme, particularly the number of breath screening tests undertaken. The Ministry of Transport plans to review the programme to support improved performance against its targets. For more information on programme performance, see the 2020/21 NLTF annual report.

This year we developed RSPP 2021–24 and strengthened our programme assurance mechanisms. RSPP 2021–24 aligns with Road to Zero and includes a comprehensive framework to support the achievement of target outcomes. We continue to work on identifying additional measures to help support successful delivery of RSPP 2021–24.

Strengthening our regulatory capability and performance

As a regulator, our role is to improve safety and reduce the risk of harm in land transport. Our approach is firm and fair, aiming to swiftly identify and manage those who put public safety at risk and make it easier for those who want to get it right. Our regulatory function will play a critical role in achieving the 40 percent reduction in deaths and serious injuries. We'll also contribute to improving rail safety through our role as the rail safety regulator. We've been laying foundations to strengthen our regulatory compliance and enforcement function, and we continued to build on this over the past year.

Funding was provided to Waka Kotahi to offset the impact of COVID-19 on our regulatory revenue.

The lasting impact of COVID-19 has also affected performance, with over 48,000 practical driver licence tests being re-scheduled due to restrictions under alert levels 3 and 4. We're working with our service delivery partners to clear this backlog.

We made good progress in implementing aspects of Tū ake, tū maia, our regulatory strategy. Our key successes in 2020/21 were:

- undertaking the funding and fees review to address the challenges of sustainably funding the land transport regulatory function
- putting in place the principal elements of our new operating model so we have the capability and capacity to deliver as a world-class regulator
- establishing the Director of Land Transport role and appointing a Chief Operating Officer to ensure appropriate focus and service delivery and to strengthen organisational structure
- establishing a regulatory intelligence team to support improved monitoring of the operating environment
- developing and launching the risk assurance and compliance response frameworks to provide a consistent approach to compliance decision-making and risk management practices
- developing and publishing the Good Regulatory Practice Guide to ensure our approach is firm and fair
- introducing te ao Māori principles to values with employees and partners so our way of working is grounded in te ao Māori, unpinned by good regulatory practice

Keeping our people safe

The health, safety and wellbeing of our employees and contractors is our top priority. We're committed to creating a risk-based approach to health and safety - not only within our own organisation, but across the wider transport industry. Our safety work includes a broad safety policy and procedure revision, dedicated critical risk improvement projects focussed on road worker safety and temporary traffic management, and mental health and wellbeing. This year we launched our new internal health, safety and security reporting system called Kōrero Mai. The number of incidents reported by employees increased significantly compared to last year. This increased reporting provides a greater visibility of issues and shows a positive trend in our people's awareness in reporting.

Our total recordable injury frequency rate, which is the number of serious injuries per million hours worked, is a measure under our Waka Kotahi position statement (see page 51 for details). Our new Te kāpehu performance framework will measure our significant incident frequency rate, which includes serious near misses that could have caused serious or life-threatening injuries. This is considered a better indicator for safety and allows us to better assess a broader range of impacts and systematic issues.

Measuring our performance



a) Transport safety

Our position is that it is unacceptable for anyone to be killed or seriously injured while travelling or working on the land transport system.

To help achieve our position on **transport safety**, by 30 June 2021 we aimed to have:

- delivered initiatives targeting speed management and infrastructure improvements designed to reduce the number of people killed or seriously injured while travelling on the land transport system through significantly increased investment, co-investment and coordination
- four fewer category A signals (rail) passed at danger.

We measured our progress through these transport safety strategic measures:

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
TS	Deaths and serious injuries ^A	Achieved	Reducing	2,491	2,803 ^B	2,904
	<p>This result is reported as a 31 March 12-month rolling total, using 31 March of the preceding year as a baseline in line with our statement of performance expectations 2020/21. We can now access more recent data, which showed that from 31 March 2021 deaths and serious injuries have begun to rise.</p> <p>At 30 June 2021, there were 160 more deaths and serious injuries than in the preceding 12 months. COVID-19 affected our ability to deliver Road to Zero activities that could have positively impacted on this figure. The Tackling Unsafe Speeds Programme and Road to Zero Speed and Infrastructure Programme were particularly affected, as was delivering aspects of the RSPP by New Zealand Police. A programme health check was completed for the Tackling Unsafe Speeds Programme, which has now been reset. We're also working on increasing the delivery of the Speed and Infrastructure Programme.</p>					
TS1.1.	Proportion of years 1-3 deliverables in the Safe Networks Programme delivered (including local roads and state highways) ^C	Achieved	≥80% for state highways ≥80% for local roads	99.1% for state highways 112.3% for local roads	52.1% for state highways 72.5% for local roads	60.8% for state highways 63.7% for local roads
	<p>All 16 large state highway projects were completed. Local authorities reported an overspend against forecast this year.</p>					
TS2.1	Number of trains that go through a stop signal when they could have stopped safely (category A signal passed at danger)	Achieved	≤134	88	93	138

^A Results are a 12-month rolling total to 31 March of each year.

^B Information received post-publication may mean that deaths and serious injuries figures need to be adjusted. For example, police may receive a fatal crash notifications for a particular period after the data has been extracted, and some deaths may occur after the reporting period has ended. Additionally, the data for serious injuries sometimes changes as we reconcile hospitalisation data with Crash Analysis System records.

^C Results are based on cumulative results across the three-year programme. State highway achievements are based on the delivery of large projects against plan and budget, while local road achievements are based on spend of large projects against budget only. The results are not comparable with previous years due to the resetting of financial targets this year.

In 2020/21, we planned to deliver these **transport safety** initiatives (refer to pages 28 and 29 for details):

Ref	Significant activity	Status at 30 June 2021
1.1	ensure the Waka Kotahi implementation plan for Road to Zero is operational, including outcomes, targets and a reporting framework	Partially achieved
1.2	progress delivery of the Safe Networks Programme	Partially achieved
1.3	put into operation an assurance plan for the Road Safety Partnership Programme	Partially achieved
1.4	complete the draft National Speed Management Plan including a proposed plan for safer speeds around schools	Partially achieved
1.5	establish the National Speed Limit Register	Partially achieved

We also measured our progress through financial and non-financial performance expectations for these output classes that contributed to transport safety (see from page 55 for details):

- State highway improvements
- Local road improvements
- Road safety promotion and demand management
- Road policing.



b) Regulatory

Our position as the transport regulator is that our systems should be intuitive and clear to ensure people, vehicle, and commercial and rail operations are safe, people make good transport choices and harmful behaviour is swiftly dealt with.

To help achieve our **regulatory** position, by 30 June 2021 we aimed to have an efficient compliance and enforcement function that is transparent, fast and fair when dealing with non-compliance.

We measured our progress through these regulatory strategic measures:

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
REG	Proportion of reviewed non-compliance actions that are in line with Waka Kotahi regulatory intervention guidelines	Achieved	≥90%	99%	94%	Not applicable
REG1.1	Stage 1 deliverables of Waka Kotahi NZ Transport Agency's regulatory strategy capability shift #3: Delivering robust and consistent decision-making	Achieved	Achieved (with qualitative description of results)	Refer commentary (Refer to page 29 for details)	Not applicable	Not applicable

In 2020/21 we planned to deliver these **regulatory** initiatives:

Ref	Significant activity	Status at 30 June 2021
7.1	develop operating model to support delivery of the regulatory strategy	Achieved
7.2	establish the Director of Land Transport role and ensure it is in effective operation	Achieved
7.3	progress regulatory fees and funding review in preparation for public consultation	Achieved

We also measured our progress through financial and non-financial performance expectations for these output classes that contributed to our regulatory position (see from page 67 for details):

- Driver licensing and testing
- Vehicle safety and certification
- Regulation of commercial transport operators
- Regulation of the rail transport system
- Revenue collection and administration.

Environmentally sustainable

Overview



Our Te kāpehu system outcome **environmentally sustainable** is about reducing harm to and improving the environment with a focus on reducing greenhouse gas emissions

which links to this position statement

a) Environment

Transport is responsible for 47 percent of domestic carbon dioxide emissions in Aotearoa, with two-thirds of our transport emissions coming from light vehicles. He Pou a Rangi Climate Change Commission delivered its final advice on carbon emission budgets and emission reduction policies in May 2021. It recommends that by 2035, transport emissions will need to have decreased by 41 percent from 2019 levels. The Climate Change Response (Zero Carbon) Amendment Act 2019 also requires carbon dioxide to be reduced to net zero by 2050. To achieve these targets, we need to reduce reliance on private vehicle use and support people to walk, cycle and use public transport.

Waka Kotahi is committed to working with the government and our other partners to progress the government's climate change objectives. A strong focus on environmental sustainability is embedded in Te kāpehu and our new performance framework. We're guided by Toitū te taiao, which sets out our vision of a low carbon, safe and healthy land transport system and the actions we will take to tackle climate change. We've already delivered early rebates as part of the Clean Car Rebate on behalf of the government and continue to work on the full Clean Car Discount Scheme and the Clean Car Standard Programme. We're considering how the government's objectives will influence our other programmes and plans.

We've defined our strategic approach to urban form and transport planning using the avoid-shift-improve framework described in Toitū te taiao, which focuses on interventions that reduce the need for people to

travel (or lessen the time or distance they're travelling, particularly by car). We can embed our approach once we've incorporated emerging government direction on climate change, urban development, and reform of resource management legislation. This will include revising our approach to reflect the government's emissions reduction plan.

Greenhouse gas emissions

This year greenhouse gas emissions increased to 12,002 kilotonnes of carbon dioxide compared with 11,832 kilotonnes last year (see Figure 8). Emissions from the land transport system have increased over many decades and reflects a similar increase in travel by the light vehicle fleet. Emissions are predicted to continue to increase over the next few years but will start to reduce over time as the fleet becomes cleaner and government actions to reduce emissions start to take effect.

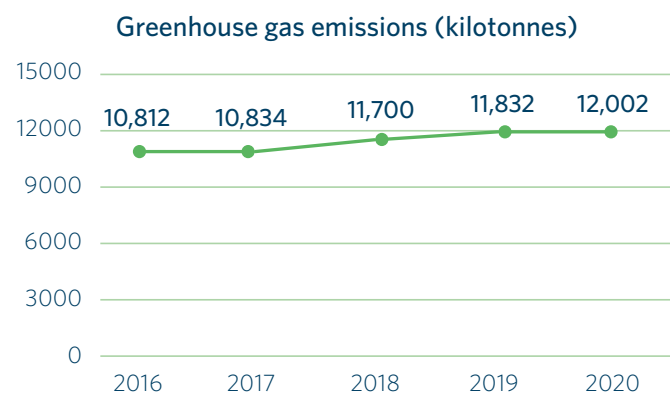


Figure 8: Greenhouse gas emissions 2016–2020

It's probable emissions would have been higher if COVID-19 restrictions had not been in place over the year, particularly in Auckland. Greenhouse gas emissions are closely related to the total vehicle kilometres travelled and while vehicle travel reduced when we had COVID-19 restrictions, it is not clear how much impact this had on emissions over the entire year. The proportion of emissions by region is shown in Figure 9.

Progress on Toitū te taiao our sustainability action plan

We're in the second year of implementing Toitū te taiao and will publish our second sustainability monitoring report, Tiakina te taiao, later in 2021/22. Over time, Tiakina te taiao will help us measure progress on our commitment to caring for our environment and toward achieving our vision of a low carbon, safe and healthy land transport system.

When it comes to tackling climate change, we must be the change we want to see. We're transitioning the Waka Kotahi vehicle fleet to electric vehicles and at 31 July 2021 more than a third of our fleet was electric. This will lead to a continuing decrease in our carbon emissions. The latest achievement in our corporate sustainability journey is receiving Toitū Envirocare carbonreduce certification. This is an independent audit against programme requirements and international standards. Achieving certification recognises our climate-positive actions and helps us make measurable progress.

This year we moved to the Infrastructure Sustainability Council's rating scheme (ISCA) to support sustainability-focused practices at Waka Kotahi. Transport investments and

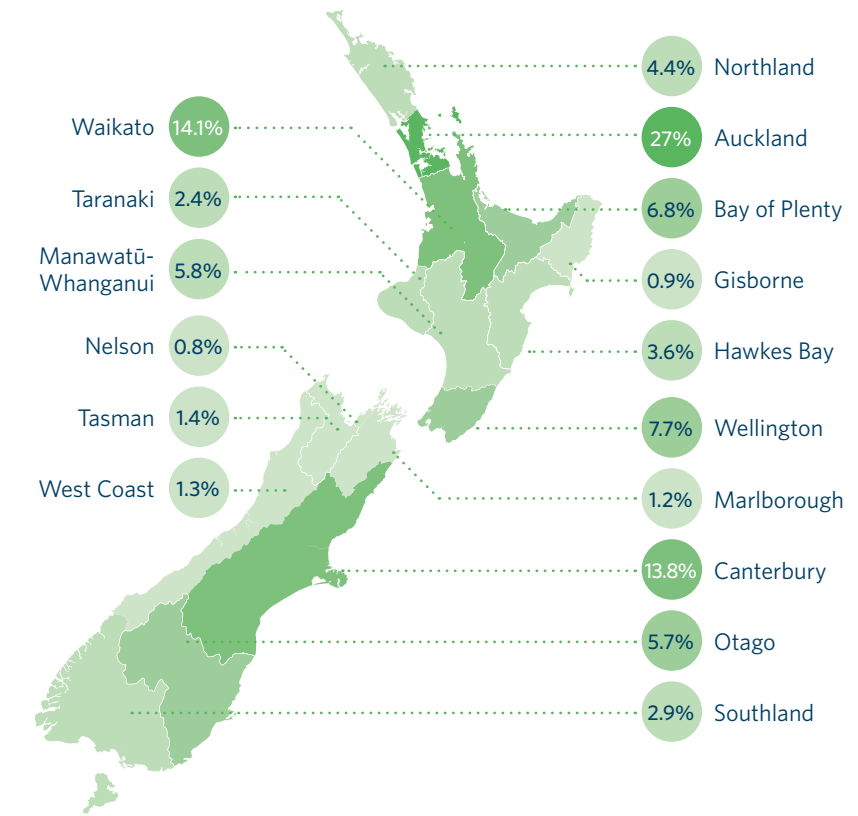


Figure 9: Proportion of total emissions by region as at 31 December 2020

activities have a long-lasting impact on the environment. As kaitiaki of the land transport system, our role is to ensure the transport decisions made today are sustainable for future generations. We'll apply the ISCA rating scheme to our high-cost capital projects to help drive sustainable outcomes from the initial business case all the way through to construction and operation.

Resilience of the network is becoming increasingly important as we can expect to see more weather events and disruptions with the effects of climate change. This year, we progressed development of the Waka Kotahi Adaptation Plan, which considers the multiple risks the land transport system is facing as a result of climate-related events. The Adaptation Plan will be completed over 2021/22 and will include an action plan.

Collective expertise for outcomes

We're committed to supporting the climate change agenda and the cross-government work being undertaken. We advised He Pou a Rangi Climate Change Commission on its draft advice on carbon emission budgets and emission reduction policies. We highlighted the importance of urban form and mode shift to reduce emissions. We provided technical and operational policy advice to the Ministry of Transport to support its development of Hīkina te Kohupara, a discussion document outlining options and pathways to decarbonise the transport system. We've also actively contributed to the work of the Ministry for the Environment-led interagency team developing the Emissions Reduction Plan.

Measuring our performance



a) Environment

Our position is that we will responsibly manage the land transport system's interaction with people, places and the environment

To help achieve our position on the **environment**, by 30 June 2021 we aimed to:

- be implementing a prioritised work programme to deliver on the government's environmental targets for the transport sector
- be leading the public sector in reducing greenhouse gas emissions from corporate travel and significantly reduced emissions from our vehicle fleet
- be reporting against approved environmental key performance indicators for infrastructure delivery and network management contracts that are 100 percent funded by the NLTF
- have environmental and public health impacts appropriately valued in investment decision-making processes.

We measured our progress through these environment strategic measures:

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
ENV	Greenhouse gas emissions from the transport system ^A	Not achieved	Reducing	12,002 kilotonnes	11,832 kilotonnes	11,717 kilotonnes
	Greenhouse gas emissions from the land transport system have continued to increase over the last several decades. This increase reflects a similar increase in travel by the light vehicle fleet. How quickly emissions reduce depends on the policies the government selects in response to He Pou a Rangi Climate Change Commission's advice, supported by actions Waka Kotahi and partners undertake.					
ENV1.1	Proportion of prioritised work programme under way, completed or delayed	Achieved	As per the milestones and targets set in the work programme	100%	Achieved	Not applicable
ENV2.1	Greenhouse gas emissions (carbon equivalent) from staff travel	Achieved	Decreasing	1,708 tonnes	3,190 tonnes	4,778 tonnes
	This result is positively influenced by the Waka Kotahi executive reducing staff travel budgets by 60 percent in 2020/21 and messaging the importance of reducing business travel to lower our carbon footprint. COVID-19 level 3 lockdowns in Auckland this year also contributed to the positive result.					
ENV2.2	Waka Kotahi fleet vehicle emissions (carbon dioxide equivalent)	Not achieved	Decreasing	476 tonnes	431 tonnes	469 tonnes
	Carbon emissions from petrol and diesel use increased by 45 tonnes of carbon dioxide equivalent from 2019/20 to 2020/21, an increase of 9.5 percent. Total kilometres travelled during 2020/21 increased by 15 percent from the previous year, indicating that the average emissions per vehicle reduced. Travel restrictions during April and May 2020 due to COVID-19 lockdowns mean our target of decreasing from 2019/20 reflects a year where vehicle travel emissions were lower than normal, although the result is also higher than in 2018/19. Plans are in place to electrify our entire fleet, which will significantly improve our performance in this area in line with our commitment to reduce the Waka Kotahi carbon footprint.					

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
ENV3.1	Projects that are fully funded by the NLTF are reported against an approved set of environmental key performance indicators for infrastructure and network management contracts	Achieved	Achieved	Refer comment below	Not applicable	Not applicable
Five NLTP projects are seeking Greenroads sustainability certification: Transmission Gully, Puhoi to Warkworth, Northern Corridor Improvements, Peka Peka to Otaki and Bayfair to Baypark. In September 2020, Waka Kotahi replaced Greenroads with ISCA. Two NLTP projects are ISCA registered (Te Ahu Turanga and Te Ara Tupua) and six NZUP projects have registered or are soon to register.						
ENV4.1	All new business cases are subject to investment decision gates that are able to demonstrate that environmental and public health impacts have been appropriately valued	Unable to report	Achieved	Refer comment below	Not applicable	Not applicable
We are unable to report on this measure. No business cases have been submitted for appraisal since the investment decision gates came into effect in August 2020.						

^A This covers the period from January to December 2020 because vehicle kilometres travelled data used in this measure is available on a calendar year basis. Data for 2021 is not available until mid-2022. The calculation method is different to that which the Ministry for the Environment uses for the national greenhouse gas emissions inventory, so the numbers from the two methods are not directly comparable.

^B Includes air travel, accommodation, rental cars and taxis. Does not yet include private car mileage for quarter four, but this is immaterial to the total carbon emissions.

In 2020/21, we planned to deliver these **environment** initiatives:

Ref	Significant activity	Status at 30 June 2021
6.1	define and embed a strategic approach to urban form and transport planning for sustainable development that reduces emissions, while improving safety and access	Partially achieved (refer page 34 for details)
6.2	work with the Ministry of Transport and other partners to recommend emissions budgets for land transport, taking account of all system levers	Achieved
6.3	implement Toitū te taiao our sustainability action plan, including making the monitoring and reporting of Waka Kotahi emissions and reduction targets operational	Achieved
6.4	implement the approved elements of the government's proposed clean car reforms	Achieved

All our activities and investments identify environmental impacts, seek positive environmental outcomes, and aim to avoid, remedy or mitigate adverse impacts, including cumulative impacts. For more details on how we've measured what we delivered and invested in over 2020/21, see our Output class performance from page 53.

Efficiently and effectively moving people and freight

Overview



Our Te kāpehu system outcome **effectively and efficiently moving people and freight** is about ensuring networks are available and reliable with a focus on increasing the uptake of efficient, cost effective, low carbon transport options

which links to these position statements

- a) Inclusive access
- b) Liveable communities
- c) Resilience

As stewards of the state highway network, we are responsible for ensuring our roads fulfil their important function in moving people and goods to support the economy, as well as providing access for people to get to places of study and work and to connect with family and friends.

We must plan for a modern transport system with a mix of reliable transport options that keep people and products safely moving. We're working to ensure transport choices are being supported by a growing network of cycleways, improved public transport, better pedestrian connections and street environments that create a sense of community and connection.

Encouraging mode shift

We worked with our local partners to develop mode shift plans in Christchurch, Hamilton, Queenstown, Tauranga and Wellington. Mode shift is about growing the share of travel by public transport, walking and cycling. We continue working with Kāinga Ora and councils to improve integrated transport and spatial planning. To support better integration, we're drafting a memorandum of understanding (MoU) and developing a joint work programme with Kāinga Ora. Finalising the MoU was delayed, as we need to work through some operational issues in 2021/22.

Making our streets safer for people to bike, scoot or walk is also what the Innovating Streets for People programme is looking to improve. This year we approved funding for 74 projects planned across 30 councils, with 65 projects delivered in 2020/21. Many

communities are already experiencing the benefits of simple street changes that encourage people to confidently walk or bike due to reduced vehicle speeds.

Public transport

Access to frequent public transport services at peak times in the metropolitan centres has improved. Compared with last year about 100,000 more people had access to these services in 2020/21. We've also seen positive movement in the number of people being able to access to key social and economic opportunities by public transport and active modes.

Despite the disruption caused by COVID-19 and more people working from home, the three-year rolling average results from the Household Travel Survey indicate the share of travel modes remains relatively unchanged from previous years. The proportion of people using public transport and active modes has marginally increased year-on-year, even though the frequency of travel has reduced since pre-COVID norms.

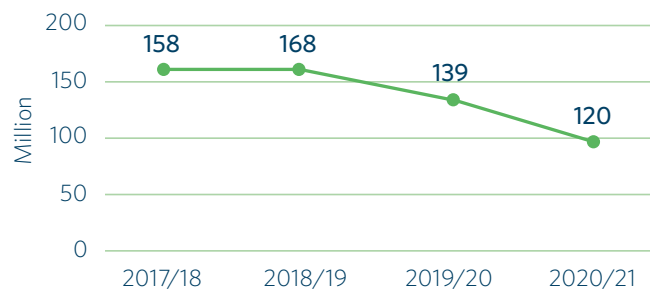


Figure 10: Public transport boardings 2017/18–2020/21

Public transport boardings continue to decline and have not returned to pre-COVID levels. However, we've started to see some recovery in major urban centres. There were 168 million boardings in 2018/19 (pre-COVID) compared to 120 million this year. Boarding levels were affected through alert level restrictions, particularly with Auckland moving to level 3. Closed borders also resulted in fewer overseas students and temporary workers who typically rely on public transport for travel.

Progress on rail

Rail contributes many benefits, including reduced road network congestion and transport emissions, and improved safety and resilience across the land transport system. We provided advice to the Minister of Transport on KiwiRail's Rail Network Investment Programme and now have systems in place to fund programme activities through the NLTF.

We've established new public transport and rail teams who lead engagement with approved organisations and KiwiRail. They provide subject-matter expertise and support, including on investment assurance. The Waka Kotahi Freight Action Plan was also completed in June 2021. This work will help lay the foundations for moving freight off roads, which is crucial to improving safety and reducing emissions from the transport sector as a whole.

Climate change adaptation

Increasingly severe weather events are making it difficult for people and goods to get where they need to go. We must respond to the impacts of climate change to keep New Zealanders safe and connected. The Waka Kotahi Adaptation Plan is in its early stages of development and will take direction from the Ministry for the Environment's National Adaptation Plan. We'll also work with our key partners to respond appropriately on the network and support individual communities and regions with pressing issues. The Waka Kotahi Adaptation Plan will be completed over 2021/22 and will include an action plan.

Keeping communities connected

We've been effective in our operational responses to keep things moving after significant disruptions. We acted quickly on extreme weather events and

the incident that caused structural damage to the Auckland Harbour Bridge. We worked closely with our stakeholders, partners and communities to manage these responses successfully. Our target for resolving road closures within standard timeframes was not achieved due to weather-related closures on long stretches of the state highway during winter and other weather events. Most notably in July 2020 a Northland storm triggered several road closures caused by landslides and flooding, and in May 2021 torrential rain in South Canterbury caused river overflows and floods leading to road closures.

We made progress on the SH4 Te Ore Ore reinstatement but did not achieve the planned milestones for this year. The cultural impact assessment, consent lodgement and property acquisition were delayed and consequently construction is now programmed for 2022/23.

We achieved all milestones for Te Ahu a Turanga, the Manawatū-Tararua highway this year, with the project ahead of its earthworks programme. There is strong community, council and iwi support for the project, which also won a national planning award. Physical completion of all Kaikōura earthquake recovery projects was achieved in June 2021. Nearly 9,000 people from 350 organisations from across Aotearoa and around the world helped to restore the transport corridor along the Kaikōura coastline and then build it back stronger and more resilient.

Network resilience

We haven't been able to programme pavement and surfacing renewals to required levels in the past few years, partly due to funding constraints. This has impacted on the condition of the network, including skid resistance. In 2020/21, we set up a dedicated project team to focus on delivery of the renewals, which resulted in an improvement of the pavement and surfacing renewals from 90-92 percent delivery to 95 percent. State highway improvement activities were also affected by COVID-19 due to travel restrictions that delayed construction and reduced productivity. Additionally, COVID-19 affected the availability of imported materials and resources, which caused further delays. See appendix 2 from page 178 for details on the performance of our critical assets including the state highway.

NZ Upgrade Programme

Waka Kotahi is delivering projects for the New Zealand Upgrade Programme (NZUP) that support greater transport choice with balanced investments in public transport, roads, and walking and cycling. This year, we achieved year-end milestones for 10 out of 19 NZUP significant capital projects with progress made on several others. For further details on performance against milestones, see appendix 3 from page 181.

At the outset of the programme, Waka Kotahi baselined NZUP in terms of cost, scope to achieve outcomes, schedules and risks. This was done at the initiation of the programme, when most projects were in early stages of development and detailed project information was being established. Increasing costs across the programme meant many projects were forecast to cost more than their funding allocation. In June 2021, the government confirmed the direction and funding commitment to deliver NZUP. This certainty means we can now fully deliver significant projects to help future proof the economy, get our cities moving, and make our roads safer.

Let's Get Wellington Moving

Let's Get Wellington Moving aims to move more people with fewer vehicles. It will support and shape the city's growth while making it safer and easier for people to get around. This includes providing more efficient and reliable access for all users, while ensuring the transport system can adapt to disruptions and uncertainty. Initiatives to create space and attractive streets will also enhance the liveability of the central city. This year a programme health check resulted in the programme being reset. While significant work was undertaken as part of this reset across both scope and resource, including programme and governance structure, the milestones set at the beginning of the year have not been met. For further details on these projects refer to appendix 3 from page 181, which summarises significant capital projects performance against milestones.

Auckland Transport Alignment Project

In March 2021, Cabinet approved the Auckland Transport Alignment Project (ATAP) 2021-31, a \$31.4 billion 10-year investment programme for Auckland focusing on mode shift and addressing longer-term challenges of climate change and housing development. The investment programme makes funding assumptions that are subject to other decisions, including those made as part of the 2021-24 NLTP, so full agreement on ATAP 2021-31 was not reached by all partners as planned this year. The impacts of COVID-19 have also led to a reduction in available funding for the programme from both the NLTF and Auckland Council.

Supporting Regions Programme

The Supporting Regions Programme addresses key challenges on the regional state highway networks including safety risks, resilience and congestion problems, accessibility and travel time reliability, while supporting regional economic development. We made progress on the 13 Supporting Regions Programme state highway projects as planned this year. By the end of 2020/21, we completed three of these projects, with two more nearing completion. Multiple factors affected our progress including bad weather conditions and safety issues. We anticipate all remaining projects will be completed within six months of the estimated dates in the project funding agreements. Once complete, this package throughout the regions will contribute to a safer and more resilient transport network.

Progress toward Protective Security Requirements

We made progress in complying with the core policies of the Protective Security Requirements (PSR), which outlines the government's expectations for managing physical, personnel and information security. There was a reduction in our overall physical security environment compliance following the incorporation of land transport security into our PSR programme. This meant reviewing the maturity of the land transport's physical security environment, which identified new risks that need to be addressed. We redeployed resources to COVID-19 related priorities for six months and this slowed down our progress on collaborating with other agencies to advance the programme. As a result, we didn't achieve all the activity milestones as planned.

Measuring our performance



a) Inclusive access

Our position is that everyone should have fair and equitable access to the transport system

To help achieve our position on **inclusive access**, by 30 June 2021 we aimed to have:

- increased mode share of public transport and active modes in high-growth urban areas
- improved access to priority routes for freight and tourism, particularly at peak times.

We measured our progress through these inclusive access strategic measures:

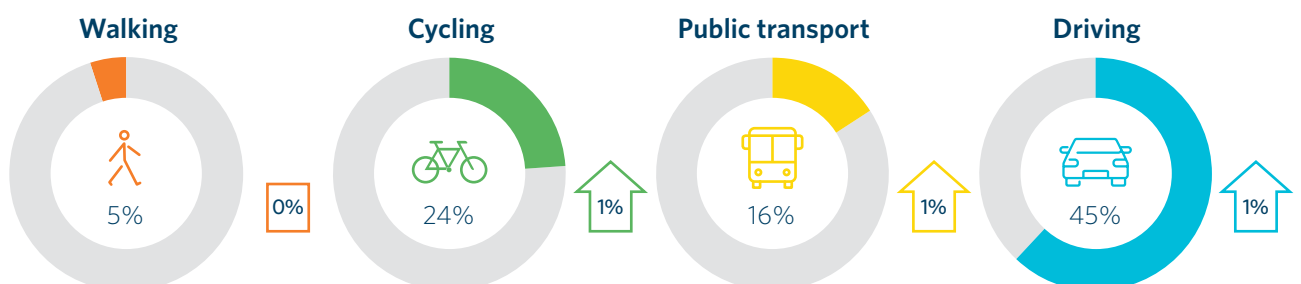
Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
IAa	Access to social and economic opportunities by mode <i>Proportion of population within 15-minute access to the nearest school, health facility and supermarket during morning peak</i>	Achieved	Increasing	Increasing	Increasing	Baseline set

There has been little change in access to the nearest primary and secondary schools, general practitioner and supermarket since the previous year, but the results have marginally improved. The network continues to favour access by road vehicles with access coverage lower for walking and public transport.

Figure 11: Access to social opportunities by mode

Destination	Walking	Cycling	Public transport	Driving
Primary schools	62% (↔)	89% (↔)	70% (↔)	98% (↑1%)
Secondary schools	21% (↔)	71% (↔1%)	28% (↔)	92% (↔)
General practitioner	52% (↓1%)	83% (↔1%)	62% (↔)	95% (↔)
Supermarkets	40% (↔)	82% (↔)	51% (↔)	95% (↔)

IAb	Access to social and economic opportunities by mode <i>Proportion of jobs within 45-minute access during morning peak</i>	Achieved	Increasing	Increasing	Decreasing	Baseline set
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Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
IA1.1	Proportion of total trips on public transport and active modes in high-growth urban areas	Not achieved	Increasing	18.8%	18.9% ^a	17.9% ^A
	Closed borders, COVID-19 travel disruption and shifting alert levels have likely influenced these results, including a higher proportion of public transport users working from home and a decrease in the number of overseas students and temporary workers who typically rely on public transport.					
IA2.1	Number of hours that priority routes for freight and tourism are unavailable	Achieved	Decreasing	2,930	3,701	Not applicable
	This year on our key freight and tourist routes there were 2,930 hours of unplanned closure (compared with 3,701 last year). In addition to being closed for fewer hours, when compared to last year, the average closure duration on these routes has decreased by over half an hour.					
IA2.2	Predictability of travel times on priority routes for freight and tourism ^B	Not achieved	Increasing	88.5%	91%	Not applicable
	Due to lockdowns and border closures as a response to COVID-19 last year, there were fewer journeys and activities resulting in high travel time predictability. Predictability remained high during the winter months, but dipped over summer when construction, network maintenance and travel demand peak. As part of our network activity planning, we aim to minimise disruptions and lessen impacts to customer journeys (including the impact on travel times).					
IA2.3	Percentage of people unable to make a beneficial land transport journey	Baseline set	Baseline to be set ^C	22%	Not applicable	Not applicable
	This year we surveyed people to understand their barriers to land transport access. Respondents were asked to consider journeys they had planned to undertake in the previous week. Twenty-two percent said that they were unable to make a journey due to: cost; it would have taken too long; no suitable transport option being available; and traffic conditions too bad. The most common journeys that couldn't be made were shopping (43 percent), work (31 percent) and social visits (25 percent).					

^A This was reported as 19 percent in the 2018/19 and the 2019/20 annual reports. The Ministry of Transport found errors in its data related to weighting and has corrected the results.

^B Predictability is a measure of how consistent the travel time is for customers along a journey. This measure compares travel times on strategic freight and tourist routes against the previous financial year.

^C This target was incorrectly published in the statement of performance expectations as 'Decreasing (based on 2019/20 results)'. This was a new measure in 2020/21 and we planned to set the baseline this year.

In 2020/21, we planned to deliver these **inclusive access** initiatives:

Ref	Significant activity	Status at 30 June 2021
2.1	have the implementation plan for the NZUP – Transport approved by the Crown Governance Group	Achieved
2.2	ensure the plan is in progress for building necessary capability for oversight and assurance of public transport investments, including the Rail Network Investment Programme	Achieved
2.3	complete an action plan for improving connections and movements of freight across the land transport system	Achieved

We also measured our progress through financial and non-financial performance expectations for these output classes that contributed to inclusive access (see from page 58 for details):

- Regional improvements
- Public transport
- SuperGold Card – administration of the Public Transport Concessions Scheme
- SuperGold Card – public transport concessions for cardholders.



b) Liveable communities

Our position is that we will partner to efficiently combine planning and investment for transport and land use, and this will result in more vibrant, interactive communities

To help achieve our position on **liveable communities**, by 30 June 2021 we aimed to have increased space in our cities dedicated to people.

We measured our progress through these liveable communities strategic measures:

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
LC	Mode share (proportion of trips by mode) ^A	Achieved	Increasing share of public transport and active modes	15.8%	15.6% ^B	15.1% ^B

Results from the Household Travel Survey indicate that most trips nationwide continue to be by car or van (83.4%), with pedestrian trips the next most common (11.4%). Despite the disruption caused by COVID-19 and an increase in working from home arrangements, the three-year rolling average results from the survey indicate that the proportions of travel mode remain relatively unchanged from previous years. There has been a marginal increase in the proportion of people using public transport and active modes year-on-year, although the travel frequency has reduced since pre-COVID norms.

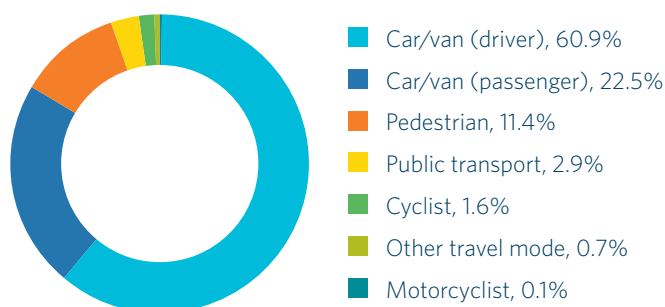


Figure 12: Mode share (proportion of trips by mode) 2020/21

In last year's annual report, we said increased investment in the Household Travel Survey in 2020/21 would enable analysis by city and up-to-date reporting based on the latest year rather than a three-year rolling average. However, COVID-19 restrictions affected the supplier's ability to undertake surveys so, we cannot present enhanced data this year as intended.

LC1.1	Proportion of space in cities dedicated to motorised vehicles	Measure retired	Baseline to be set	Refer below	Not applicable	Not applicable
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In 2020/21, we refreshed our performance framework to reflect our new strategic direction, Te kāpehu. We reviewed all existing performance measures as part of this process, including LC1.1. Following our review, we decided not to include this measure in the new performance framework. Through our review, we also found that baselining this measure for 2020/21 would be fairly resource-intensive relative to the benefits it would provide. Considering the resources required and that we didn't intend to report on the measure beyond 2020/21, we decided that baselining this measure did not represent good value for money. For this reason, the measure was retired and no further development work was undertaken.

^A Annual figures are reported a year in arrears using 36-month rolling average.

⁸ The 2019/20 and 2018/19 results were previously reported as 15.7% and 16.1% respectively. The Ministry of Transport found errors in their data related to weighting and have corrected the results.

In 2020/21, we planned to deliver these **liveable communities** initiatives:

Ref	Significant activity	Status at 30 June 2021
3.1	together with partners, progress delivery of the seven Let's Get Wellington Moving (LGWM) projects	Not achieved (refer to page 40 for details)
3.2	have a refreshed Auckland Transport Alignment Programme (post-NZ Upgrade Programme) including funding arrangements to 2028 agreed by all partners	Partially achieved (refer to page 40 for details)
3.3	develop mode shift action plans for five urban areas (Christchurch, Hamilton, Queenstown, Tauranga and Wellington)	Achieved
3.4	work with Kāinga Ora and councils to support regional spatial planning partnerships as part of the Urban Growth Agenda, focusing on integrated transport, infrastructure and land use planning to support regional development objectives within the government's urban development priorities	Partially achieved (refer to page 38 for details)
3.5	progress delivery of 13 Supporting Regions Programme state highway projects	Achieved
3.6	extend the funding and development of the Innovating Streets for People programme providing support for approved organisations to implement tactical urbanism projects and encourage active transport modes	Achieved

We also measured our progress through financial and non-financial performance expectations for these output classes that contributed to liveable communities (see from page 61 for details):

- Walking and cycling
- Rapid transit
- Transitional rail.



c) Resilience

Our position is that resilience of the land transport system is increased by managing risks and long-term resilience challenges and by helping communities quickly recover from disruptions

To help achieve our position on **resilience**, by 30 June 2021 we aimed to have:

- a system that is recognised as appropriately adapting to climate change
- the reputation as being highly responsive to significant disruption.

We measured our progress through these resilience strategic measures:

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
RES	Proportion of key social and economic corridors with viable alternative routes	Achieved	Increasing	42%	39%	Not applicable
RES1.1	Level of confidence of stakeholders and partners that the transport system is appropriately adapting to climate change	Not achieved	Increasing	2.39	2.44	2.26

This result is based on a scale rating from one to five where one is 'not at all confident' and five is 'extremely confident'. The level of confidence stakeholders and partners have that the transport system is appropriately adapting to climate change has decreased slightly compared with last year (although the decrease is not statistically significant).

Although many of our stakeholders and partners feel that visibility of the climate change has increased, a growing proportion of local authority partners say their lack of confidence relates to lack of action on responses (mitigation and adaptation), funding barriers for resilience-related projects and lack of leadership on this topic from Waka Kotahi.

We are engaging with several partner agencies as we develop the Waka Kotahi Climate Change Action Plan, due to be completed in early 2022. We hope that delivering and promoting the plan's actions will help strengthen the confidence of our partners in our ability to appropriately adapt to climate change.

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
RES2.1	Proportion of events where communities and stakeholders recently affected by significant disruption report that the Waka Kotahi was highly responsive	Not achieved	Increasing	28%	75%	Not applicable

We collect feedback about our responsiveness from communities and stakeholders who have been affected by a significant transport disruption. Only one survey was conducted during 2020/21 after heavy rains in Mangamuka Gorge in July 2020 triggered the need for a post-event survey.

Only 28 percent of 183 survey respondents rated Waka Kotahi as highly responsive (and about 48 percent disagreed that we were highly responsive). Just over half of respondents were from the general public (with the rest being a mixture of businesses, emergency services, non-government organisations and local government stakeholders). Most of those surveyed used the Mangamuka Gorge road on a regular basis.

Three out of five respondents said they were 'significantly impacted' by the road closure and this impact may have increased levels of expectation about our response. Although most were positive about how quickly Waka Kotahi sent teams to ensure safety and minimise further damage and the communications from Waka Kotahi, there were mixed views about how well Waka Kotahi: kept the local community informed; remained open to receiving feedback; and acted on the needs and concerns of the local community and businesses.

We have provided the survey responses to our maintenance and operations teams who are undertaking a review of lessons learned.

In 2020/21 we planned to deliver these **resilience** initiatives:

Ref	Significant activity	Status at 30 June 2021
5.1	progress the delivery of Te Ahu a Turanga: Manawatū Tararua highway (Manawatū Gorge replacement) and SH4 Te Ore Ore reinstatement (as detailed in appendix 3), and other key improvements to strengthen and improve the resilience of the land transport system	Partially achieved (refer page 39 for details)
5.2	develop a climate change adaptation plan	Partially achieved (refer page 39 for details)
5.3	develop a centralised risk register to provide a nationally consistent approach to identifying and assessing network maintenance risks nationally	Achieved
5.4	continue and extend our work on security to include our role in the land transport system; drawing on, and being consistent with, the work already taken in relation to applying the Protective Security Requirements (PSR) framework where relevant	Partially achieved (refer page 40 for details)

We also measured our progress through financial and non-financial performance expectations for these output classes that contributed to resilience (see from page 64 for details):

- State highway maintenance
- Local road maintenance.

Meeting current and future needs

Overview

Our Te kāpehu system outcome meeting current and future needs is about ensuring we have access to the people, funding and systems we need

which links to these position statements

d) Transport technology
e) Waka Kotahi



Our customers want a safe, affordable and reliable system that's easy to get around and gives them choices about how they travel. They want a socially and environmentally responsible system with joined-up services and reliable information. Our key challenges include being able to prioritise and sustainably fund what we need to deliver now and in the future. We successfully laid some strong foundations for our future state and aspirations this year, but must prepare for more changes in our information, technological, economic, social and physical environments.

A key part of our organisational foundations is focusing on our people. By ensuring we attract and retain great talent, we can continue delivering the best outcomes for New Zealanders. The section on Our organisation, from page 157, describes the actions we're taking to support our aspiration of being a good employer and a great place to work. These include promoting a diverse and inclusive workplace, and prioritising the health, safety and wellbeing of our people.

Completing the 2018–21 National Land Transport Programme

We're responsible for managing investment of the NLTF to deliver on government and regional priorities. Waka Kotahi must build strong partnerships and work with many agencies and organisations to deliver land transport outcomes for New Zealanders. Sometimes we invest and rely on our partners to deliver projects. Sometimes they rely on us for delivery and other times we invest and deliver together. See appendix 3 from page 181 for details on significant capital projects we've delivered with our partners, and the 2020/21 NLTF annual report for regional investment highlights.

As we finalise the 2018–21 NLTP, the NLTF will be fully utilised. Expenditure in two activity classes are below the GPS ranges: rapid transit (principally due to delayed progress of Auckland Light Rail) and road safety promotion and demand management (only slightly below target). Both approved organisation-led and Waka Kotahi-led road safety promotional activities activity class were affected by COVID-19, resulting in reduced promotional activities. State highway maintenance was slightly above the target on a pre-financing basis. See the 2020/21 NLTF annual report for detailed information on the NLTP and our overall financial performance.

This year we finalised our Investment Prioritisation Method following wide consultation with and feedback received from councils, transport and sector groups, and our people. Investment prioritisation is undertaken when a proposed activity, or combination of activities, is put forward for inclusion in an NLTP. Our Investment Prioritisation Method is being used this year to give effect to the GPS 2021 in the 2021–24 NLTP.

Refreshing our strategic direction, values and performance framework

This year, we launched our new strategic direction, Te kāpehu, which has a vision of connecting people, products and places for a thriving Aotearoa. Te kāpehu includes a new set of values and behaviours that we developed with our people and are working on embedding across Waka Kotahi. In June 2021, we finalised our new performance framework, which will help us track our progress toward realising the vision of Te kāpehu. Our new performance framework is aligned to the Transport outcomes, the GPS 2021

and our other internal strategies and plans, including Toitū te taiao our sustainability action plan, Tū ake, tu māia, our regulatory strategy and Arataki, our 10-year plan. Te kāpehu and our new performance framework are included in our refreshed statement of intent for 2021–26 and statement of performance expectations for 2021/22.

National Ticketing Solution

We've made good progress on Project NEXT, our national public transport ticketing project this year. Project NEXT will deliver a nationally coordinated approach to regional payment solutions for public transport services. Customers will have a better, more consistent and common payment experience across public transport networks. This year we completed evaluation of request for proposal (RFP) responses and began negotiations to select a final provider. This process took longer than expected as the impact of COVID-19 limited our ability to engage effectively with RFP respondents. Therefore, we didn't achieve all our planned milestones.

Safety Camera System Programme

Work is underway to develop an operating model to deliver the new approach, functions and procurement of fit-for-purpose technology systems to support safety camera operation and infringement processing within Waka Kotahi. We developed a Safety Camera System Programme Blueprint and the programme brief, which includes the Speed Infringement Implementation Plan 2021–24. We know safety cameras discourage excessive speeds, improve compliance with posted speed limits and reduce deaths and serious injuries. The Safety Camera System Programme is working toward delivering a new approach to safety cameras on our roads, including transition of their ownership and operation from New Zealand Police to Waka Kotahi.

The Advanced Traffic Management System

The Advanced Traffic Management System (ATMS) is critical for people's safety on our roads and to keep people moving. This system helps to manage planned and unplanned traffic events on motorways, regional roads, and in our numerous tunnels and bridges across the country. All roadside devices including cameras, variable message and speed signs, weather data, the health and safety systems in tunnels, and a whole lot more connect to our ATMS. We need to upgrade ATMS to ensure its ongoing reliability and remove the risk of it failing. We achieved many milestones

in the ATMS upgrade this year with operational testing of new system software underway and new infrastructure in place, including two data centre services in Auckland and Wellington. Our progress was impacted due to COVID-19, hindering the ability of our vendor to deploy required support and procure the necessary hardware within planned timelines.

Management of risks

We're part way through our three-year digital risk remediation programme. Some risks have already been addressed and a substantial work programme is underway to address the outstanding risks. We're also continually evaluating our systems and have identified new areas of high risks that will need to be remediated. This is an ongoing programme and will remain critical until all key upgrades are complete and/or ageing systems have been replaced.

We also undertook work in our risk management and risk-based assurance programme. Effective risk management helps us better understand risks and how to reduce them and provides a strong foundation for better decision-making. This year we completed 44 of the 51 procedural and technical audits we had programmed. The remaining seven audits we didn't complete were deferred to 2021/22. These were deferred so the audits carried over from 2019/20 due to COVID-19 restrictions could be prioritised and completed first.

We've also undertaken work to assess climate-related risks and opportunities. Our climate-related disclosures in appendix 1 from page 172 provide more details about these.

Digital services portfolio

Rapid advances in technology are changing our operating environment, which we can utilise to deliver better transport solutions for customers. Appendix 2 from page 178 provides details on the performance of our critical information technology assets. As part of our business planning process for 2021-24 we developed our digital services portfolio, which was approved by our executive leadership team with Board approval being sought in early 2021/22. This work will help us reduce risks by delivering key building blocks needed for future digitally enabled change. It recognises that multiple devices, systems and information will connect customers, operating systems and physical assets in new ways, providing more opportunities for new services and greater integration than ever before.

Measuring our performance



a) Transport technology

Our position is that we will combine technology and organisational capabilities to enable safer, sustainable and connected journeys

To help achieve our position on **transport technology**, by 30 June 2021 we aimed to have:

- increased easy customer access to information on journey options
- technology platforms and organisational capabilities are being delivered that reduce existing technology risk and provide the foundations for adaptable technology capability across Waka Kotahi for the future
- a single integrated plan for the investment and use of technology across Waka Kotahi is being delivered and regularly updated to reflect the changing environment.

We measured our progress through these transport technology strategic measures:

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
TT	Customers reporting increased ease of access to transport data and journey choices	Achieved	Increasing	77%	71%	73%
TT1.1	Proportion of surveyed respondents who report they can get the journey information they want through their preferred channel	Achieved	Increasing	71%	66%	66%
TT2.1	Technology risk rating	Not achieved	Reducing	Critical	Critical	Critical
<p>Our technology continues to be a critical risk for Waka Kotahi. While some risks have already been mitigated, remediation of other risks will require multi-year programmes of work.</p>						
TT2.2	Technology asset performance measures	Baseline set	Baseline to be set	Refer to ICT asset performance measure results in appendix 2 from page 178	Baseline not set	Baseline not set
TT3.1	Revised single integrated investment plan created and key milestones are being tracked	Achieved	Plan created and key milestones tracked	Plan created and key milestones tracked	Plan revised and key milestones tracked	Plan created and key milestones tracked

In 2020/21 we planned to deliver these **transport technology** initiatives:

Ref	Significant activity	Status at 30 June 2021
4.1	ensure the Advanced Traffic Management System upgrade is on-track for completion in 2021/22, with interim risk mitigation completed.	Partially achieved (refer page 48 for details)
4.2	have the Project NEXT (the national public transport ticketing project) detailed business case and an implementation plan approved by the Sector Governance Group.	Partially achieved (refer page 48 for details)
4.3	complete the Speed Infringement Implementation Plan for 2021-24	Achieved

We also measured our progress through financial and non-financial performance expectations for the investment management output class, which contributes to transport technology (see page 74 for details).



b) Waka Kotahi

Our position is that our people are capable, fostered by a strong organisational culture, and equipped with the technology and systems that enable success, and Waka Kotahi is respected by partners, stakeholders and customers for its responsive and engaged people

To help achieve our position on **Waka Kotahi**, by 30 June 2021 we aimed to have:

- a reputation of being a lead public sector agency for workplace safety for our employees and contractors
- a reputation of being a lead public sector agency known for agile thinking and fast-tracking solutions
- recognition as an employer of choice, offering a diverse, fair, safe and dynamic work environment
- operation of a resilient digital environment with class-leading security and smart processes.

We measured our progress through these Waka Kotahi strategic measures:

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
WK	Stakeholder, partner and customer satisfaction with Waka Kotahi people, engagement and systems	Not achieved	Increasing	47.6%	48.6%	45%
<p>We have introduced a regional model to strengthen our regional presence in response to feedback from local government and other partners that highlighted a need for stronger collaboration on local transport issues and initiatives. We're committed to listening to and learning from the feedback we receive from our partners, stakeholders and communities so we can continue to improve.</p>						
WK1.1	SafePlus maturity rating ^A	Achieved	Assessed as 'performing' using the SafePlus tool	Assessed as 'performing' using the SafePlus tool	Not applicable	Not applicable

Ref	Measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
	<p>In 2020/21 Waka Kotahi undertook a SafePlus online assessment to assess staff perceptions of health and safety. SafePlus, a joint initiative of WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment, is a voluntary health and safety review and performance improvement toolkit. SafePlus assessments apply a three-level maturity rating scale to organisations' performance: developing, performing and leading.</p> <p>Waka Kotahi achieved an overall 'performing' rating. A 'performing' rating indicates that health and safety performance is reviewed and monitored to support continual improvements, that workers are engaged and empowered, and risk are identified and actions are taken to address root causes.</p>					
WK1.2	Staff and contractor injury rate	Not achieved	TRIFR ≤4 (Total Recordable Injury Frequency Rate)	Staff = 3.3 Contractors = 5.7	3.8 ^{BC}	1.62 ^C
	<p>Over the last 18 months, the 12-month rolling average TRIFR has been relatively stable. TRIFR for contractors remained in the range of 4-6, in line with industry performance, but not meeting our target. The lack of significant improvement to our contractor TRIFR may be the result of gaps in the improvement strategies we've used, changes to the labour market and projects we're undertaking, and incident reporting having improved. The Improving health, safety and wellbeing section (page 163) describes the possible drivers in more detail, as well as the work we're undertaking to address them.</p>					
WK2.1	Proportion of surveyed stakeholders who consider Waka Kotahi to be known for agile thinking and fast-tracking solutions	Not achieved	Increasing	42%	44%	36.8%
	<p>Our overall rating has dropped two percentage points from last year, with our partners and stakeholders rating us slightly more negatively on using transport technology, considering new evidence in business cases and responding to changes in the wider environment.</p>					
WK3.1	Proportion of Waka Kotahi staff who agree that 'this organisation is a great place to work'	Achieved	Increasing	75%	68%	59%
WK4.1	Rating of Waka Kotahi NZ Transport Agency's Protective Security Requirements (PSR) information security maturity ^D	Achieved	Basic ^E	Basic	Basic	Informal ^F
	<p>Overall, Waka Kotahi made progress in the level of compliance with the PSR core mandatory requirements. This includes improvements in delivering security-related communications and security awareness. The step to achieving 'Managed' maturity level requires continuous commitment across all aspects of the organisation. The current maturity level of 'Basic' continues to be consolidated as we build towards 'Managed' by focusing on driving up the mandatory PSR requirements over the next 12 months.</p>					

^AThis is a proxy measure for the 2020/21 Waka Kotahi SPE measure *Proportion of surveyed staff who consider Waka Kotahi a safe place to work*. The original SPE measure cannot be reported on as in 2020/21 Waka Kotahi switched to using SafePlus toolkit to assess staff perceptions of health and safety. Previous year results are therefore not comparable.

^B This result was incorrectly reported as 0.75 in the 2019/20 annual report.

^C Only the staff TRIFR was measured in 2018/19 and 2019/20, with contractors included in 2020/21.

^D This measure used to be called Rating of the Transport Agency's Protective Security Requirements (PSR) cyber-security maturity. Under the PSR, cyber-security is not assessed independently and is only a component of information security. Assessment of protective security capability for information security (as well as the other capability dimensions) is based on four maturity levels: Informal, Basic, Managed and Enhanced.

^E This target was incorrectly set as 'Managed' at the time the targets were being developed for the Statement of performance expectations. The target for the 12 months ending March 2021 was 'Basic' as planned in the PSR self-assessment report dated 20 March 2020.

^F This result was incorrectly reported as 'Basic' in the 2018/19 annual report. The PSR information security maturity was 'Informal' based on the PSR self-assessment report dated 15 March 2019.

In 2020/21 we planned to deliver these **Waka Kotahi** initiatives:

Ref	Significant activity	Status at 30 June 2021
8.1	undertake a refresh of Waka Kotahi's purpose, strategy, values and performance measures and then represent them in our statement of intent 2021-26 and statement of performance expectations 2021/22	Achieved
8.2	implement and embed new values and behaviours that strengthen our organisational culture and empower our people	Achieved
8.3	progress the people strategy and supporting people capability plan to close identified gaps	Achieved
8.4	establish a programme to uplift leadership capability	Achieved
8.5	implement a comprehensive risk management and risk-based assurance programme including a focus on core internal controls, probity, contract management, infrastructure projects and our regulatory function	Partially achieved (refer page 48 for details)
8.6	obtain Board approval of a multi-year Digital Services Portfolio with investment funding requirements identified	Partially achieved (refer page 48 for details)
8.7	complete the National Land Transport Programme 2021-24 incorporating Investment Decision Making Framework outcomes, with effective support to develop sector capability in place	Achieved

We also measured our progress through financial and non-financial performance expectations for the investment management output class, which contributed to Waka Kotahi (see page 74 for details)

Output class performance

Overview

Waka Kotahi is funded to deliver and invest in a range of goods and services across categories known as output classes. These categories reflect the types of activities (activity classes) the government expects us to deliver and invest in to realise the objectives of the GPS and effectively perform our regulatory function. Our output class measures help us track whether we are delivering and investing in our goods and services (output classes) in the right way, in terms of quantity, quality, timeliness and cost.

In 2020/21 we had 19 output classes. Under each system outcome we listed the output classes we'll deliver and invest in to complete our significant activities. Table 1 summarises the contribution of each output class to our four Te kāpehu system outcomes.

Table 1: Contribution of each output class to achievement of our system outcomes and the outcome to which each output class primarily (P) contributes.

Output class	Safe	Environmentally sustainable	Effectively and efficiently moving people and freight	Meeting current and future needs
State highway improvements	P			
Local road improvements				
Road safety promotion and demand management	P			
Road policing	P			
Regional improvements				P
Public transport				P
Supergold card - administration of the public transport concessions scheme				P
Supergold card - public transport concessions for cardholders				P
Walking and cycling				P
Rapid transit				P

Output class	Safe	Environmentally sustainable	Effectively and efficiently moving people and freight	Meeting current and future needs
Transitional rail	●	●	P	
State highway maintenance	●		P	
Local road maintenance	●		P	
Driver licensing and testing	P		●	
Vehicle safety and certification	P		●	
Regulation of commercial transport operators	P		●	
Regulation of the rail transport system	P		●	
Revenue collection and administration	●		●	P
Investment management	●	●	●	P

P P P indicates which outcome(s) each output class contributes primarily to.

Output class results

State highway improvements ●●

Delivered by Waka Kotahi and funded from the NLTF and the Crown

We plan, invest in and deliver infrastructure (including roads, roadsides and all supporting infrastructure and technology) by working collaboratively with council partners to co-create integrated, community-wide solutions. State highway improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, and enhanced liveability. As well as seeking to reduce adverse effects, we look to identify opportunities to enhance the local environment and public health while providing more sustainable transport solutions.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
SHI1	Proportion of state highway improvement activities delivered to agreed standards and timeframes ^{A B}	Not achieved	≥90%	68%	71%	88%
<p>A few large projects experienced delays due to the resetting of schedules that were impacted by COVID-19, poorer than average weather through spring and summer and difficulties in acquiring grade 40/50 binder material to complete road sealings. Details can be found in the significant capital projects report in appendix 3 from page 181. The result was also driven by the \$149 million an underspend this year, largely as a result of COVID-19 response payments being accrued in the 2019/20 and these payments being reimbursed by Treasury in 2020/21. The 2020/21 budget was set before the first COVID-19 lockdown in March 2020.</p>						
SHI2	Length of the state highway network modified to align with safe and appropriate speed ^A	Achieved	≥250 kilometres	465.2 kilometres	50.5 ^C kilometres	68.5 kilometres
<p>Speed modifications on 465.2 km of state highways were made this year to improve safety of the network. This brings total length of the network modified under the Safe Network Programme since 2018/19 to 584.2 km. A more continuous speed programme has provided the opportunity to balance resources, identify and streamline speed reviews and modify more lengths of road to align with safe and appropriate speeds. This year, we were able to apply speed changes on some large corridors including SH6 Blenheim to Nelson (109 km), SH35 Te Puia Springs to Gisborne townships (99 km) and SH5 Waitapu (71 km).</p>						

The explanatory notes for these performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

^B The scope of this measure changed this year to include only projects funded by the National Land Transport Fund. Crown-funded Accelerated Regional Roding projects previously included in this measure are reported under *Proportion of Waka Kotahi NZ Transport Agency regional state highway activities delivered to agreed standards and timeframes* (see page 201 of appendix 5). This change does not materially affect the result of this measure. Other Crown-funded state highway improvement projects such as those under the NZ Upgrade programme are reported separately from this measure (see *Proportion of roads and walking and cycling infrastructure delivered to agreed standards and timeframes* on page 199 of appendix 5).

^C This result was reported as 119 km in the previous annual report, which reflected the cumulative length of the state highway network that was modified in 2018/19 and 2019/20. This year we assessed results against the target for the financial year only, so have adjusted the figure to show lengths modified for 2019/20 only.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	1,343.4	1,516.0	(172.6)	1,676.6
Expenditure	1,343.4	1,516.0	(172.6)	1,676.6
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Excludes repayment of borrowing for the Auckland Transport Package and other borrowings.

Note: Expenditure is net of developers' contributions, so reflects increases in Waka Kotahi assets. Some non-cash capital and operating expenses presented in the financial statements are not included in these figures. They are expenditure for:

- depreciation and state highway write-offs of \$645.7 million (2019/20: \$620.3 million)
- public-private partnerships of (\$59.4) million (2019/20: \$629.3 million)
- assets vested to local authorities of \$1.6 million (2019/20: \$0.0 million)

State highway improvements was \$172.6 million (11 percent) below budget mainly due to project delays caused by COVID-19 and weather across a number of projects including projects that are funded by the Crown.

See from page 128 for full details on output class funding and expenditure.

Local road improvements ●●

Invested in by Waka Kotahi, delivered by local authorities and funded from the NLTF and the Crown

With our council partners, we co-invest in infrastructure (including roads, roadsides and all supporting infrastructure and technology) by planning collaboratively to co-create integrated, community-wide solutions.

Local road improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, and enhanced liveability. As well as seeking to reduce adverse effects, we look to identify opportunities to enhance the local environment and public health while providing more sustainable solutions.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
LRI1	Length of the local road network modified to align with safe and appropriate speed ^A	Unable to report	Baseline to be set	Unable to report	Unable to report	Unable to report

We are not able to report against this measure because data will be sourced from the National Speed Limit Register (NSLR), which is planned to go live in December 2021. Development of the NSLR has been put on hold pending the completion of the National Speed Management Guide and the signing of the new Setting of Speed Limits Rule.

The explanatory notes for these performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	320.0	357.4	(37.4)	290.9
Expenditure*	320.0	357.4	(37.4)	290.9
Net surplus/(deficit)	0.0	0.0	0.0	0.0

* Finance costs have been added to the budget for comparability.

Local road improvements was \$37.4 million (10 percent) under budget mainly due to delays in the Housing Infrastructure Fund projects and underspends in the low-cost low risk programmes.

See page 133 for full details on output class funding and expenditure.

Road safety promotion and demand management ●●

Delivered by Waka Kotahi and local authorities with funding assistance from the NLTF

We manage and invest in activities that support behavioural changes to improve road safety and align with the priority actions in Road to Zero. We develop, design and deliver advertising, education, public information and interventions targeted at road users to positively influence desired behaviour in the transport system. This sets the benchmark for approved organisations to be eligible for road safety promotion funding administered through the NLTP.

We also promote mode shift and use of travel planning to optimise the transport system, including travel demand management plans, cycle safety training, ride sharing, promotion of public transport and active modes, provision of alcohol interlocks and reimbursements related to impounded vehicles. Activities are also delivered through other output classes such as Driver licensing and testing and Public transport.

Effective road safety promotion means people are informed and know how to stay safe in the transport system. Through travel planning activities we help people make informed choices about which mode of transport to use.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
RSP1	Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria ^A	Achieved	≥80%	85%	90%	89%

The explanatory note for this performance measure is in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	62.6	61.6	1.0	52.6
Expenditure	60.0	59.7	0.3	50.1
Net surplus/(deficit)	2.6	1.9	0.7	2.5

Road safety promotion and demand management expenditure and revenue were materially on budget.

See page 136 for full details on output class funding and expenditure.

Road policing ●●

Results for the road policing output class are reported in the 2020/21 NLTF annual report.

Regional improvements ●●●

Delivered by Waka Kotahi and funded from the NLTF and the Crown

We plan and invest in infrastructure outside metropolitan areas (including roads, roadsides, and supporting infrastructure and technology) by working collaboratively with council partners to co-create integrated, community-wide solutions. We deliver state highway projects, and local and regional councils deliver local road projects.

Regional improvements support regional economic development by creating a safer, more resilient transport system and improving access to social and economic opportunities. As well as seeking to reduce adverse effects, we look to identify opportunities to enhance the local environment and public health while providing more sustainable solutions.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
RI1	Proportion of regional improvement activities delivered to agreed standards and timeframes ^A	Not achieved	≥90%	77%	88%	98%
	Target was not achieved due to four significant capital projects not achieving key milestones: Loop Road North to Smeatons Hill safety improvements, Mt Messenger and Awakino Gorge Corridor, Hawke's Bay Expressway Safety Treatments and Prebensen Hyderabad Intersection upgrade. Details can be found in appendix 3. Strong progress was made across all other regional improvement projects.					
RI2	Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to agreed standards and timeframes ^A	Not achieved	≥90%	60%	Unable to report ^B	Unable to report ^B
	Target was not achieved because most of the projects were in early stages of development and have taken longer than initially estimated to progress to the construction phase. Challenges included geotechnical issues on the SH35 Resilience project, and a constricted construction season on the SH43 Sealing the Gorge project.					

The explanatory notes for these performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

^B We were unable to report on this measure in the past because no projects were scheduled for completion in previous years.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	153.9	243.8	(89.9)	102.7
Expenditure	153.9	243.8	(89.9)	102.7
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Regional improvements expenditure was \$89.9 million (37 percent) below budget. This was mainly driven by delays in Provincial Growth Fund projects and New Zealand Upgrade Programme Regional Investment Opportunity projects.

See page 135 for full details on output class funding and expenditure

Public transport ●●●

Invested in by Waka Kotahi, delivered by local authorities and funded from the NLTF

Along with approved organisations, we invest in bus, ferry and rail public transport services, customer information, technology, trains, facilities (including operations and maintenance) and infrastructure. We also subsidise door-to-door transport for people with mobility impairments.

The SuperGold card output classes support public transport activities. The transitional rail and rapid transit output classes also fund public transport activities.

Public transport improves customers' travel choices, increases people's access to social and economic opportunities, eases congestion and makes better use of the existing transport system. Public transport also reduces the impact of transport on the environment and contributes to reducing the number of deaths and serious injuries from road crashes. Public transport supports vibrant and liveable urban communities and effective land use.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
PT1	Number of boardings on urban public transport services (bus, train and ferry) ^A	Achieved	≥119 million ^B	120 million	139 million	168 million
	The target was achieved despite a challenging year. While COVID-19 travel restrictions continue to affect patronage, public transport boardings started to recover in major urban centres. The pandemic has also influenced changes in travel behaviours, with more people working from home resulting in less frequent use of public transport. As a result of closed international borders, there is also less patronage from overseas students and temporary workers, who would typically rely on public transport.					
PT2	Proportion of people with access to frequent public transport services at peak times in Auckland, Wellington and Christchurch ^A	Achieved	Increasing	24.3%	23.8% ^C	25.7% ^C
	Access to frequent public transport services at peak times in the metropolitan centres has improved. Compared with last year, about 100,000 more people had access to the service this year.					
PT3	Mode share of people into Auckland central business district ^D	Not achieved	Bus: Increasing Car: Decreasing	Bus: 23% Car: 57%	Bus: 26% Car: 49%	Not applicable
	Travel into the Auckland central city dropped across all modes as a result of COVID-19 disruptions. However, car travel recovered at a faster rate than public transport. The result is an increase in car mode share relative to other modes. This reversed previous trends of declining car mode share. Analysis of public transport data suggests the results are influenced by an increase in work-from-home behaviours, whereby many public transport customers are travelling into the central city less frequently than before COVID-19.					

The explanatory notes for these performance measures are in appendix 5, page 198.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

^B We were unable to set a target early in the financial year due to uncertainties on the effects of COVID-19 to public transport boardings. The target has been determined based on the year-end estimate of the measure. This has been used to assess progress since 2020/21 quarter two.

^C This was rounded off in the previous annual report.

^D This is a proxy measure and the result is comparable to the previous year's result. We have been unable to report on *Mode share of people travelling by bus and car on key Auckland corridors* because robust data is not available.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	760.9	708.6	52.3	716.4
Expenditure	760.9	708.6	52.3	716.4
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Public transport expenditure was \$52.3 million (seven percent) above budget reflecting the Crown funding for the reduction in farebox revenue as a result of COVID-19.

See page 132 for full details on output class funding and expenditure.

SuperGold card – administration of the public transport concessions scheme and SuperGold card – public transport concessions for cardholders

Administered by Waka Kotahi, delivered by local authorities and funded from the Crown

Together with regional councils, including Auckland Transport, we provide public transport concessions for SuperGold cardholders and administer the SuperGold cardholders' scheme on behalf of the Ministry of Transport. This work includes monitoring, reporting, auditing, liaising with regional councils and managing payments.

The SuperGold card scheme gives older people more transport choices and improves the use of public transport during off-peak hours, which contributes to access to social and economic opportunities and essential services for older people, lower emissions and improved safety on our roads.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
SG1	Proportion of bulk funding payments of Crown SuperGold allocation paid to approved organisations within a month from funding amount agreement date ^A	Not achieved	100%	29%	Not applicable	Not applicable
	Approved organisations (AOs) were advised of their SuperGold funding allocations on 18 September 2020. Only four of 14 AOs were paid within the month. These were the AOs that submitted their funding claims within three days of funding agreement date. While Waka Kotahi processed all claims within acceptable timeframes (an average of 14 days), as the remaining AOs submitted their claims much later, payment could not be made within the target timeframe.					
SG2	Number of boardings using SuperGold concessions ^A	Achieved	≥11.3 million ^B	12.2 million	12.6 million	15.7 million
	SuperGold card patronage is slowly recovering from the initial impacts of COVID-19 in 2019/20. Subsequent changes in alert levels had less impact on SuperGold customer patronage, with robust recovery and a higher return of SuperGold passengers to public transport than for other customer demographic groups.					

The explanatory notes for these performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

^B We were unable to set a target early in the financial year due to uncertainties of the effects of COVID-19 on public transport boardings using SuperGold card concessions. The target has been determined based on the year-end estimate of the measure. This has been used to assess progress since 2020/21 quarter two.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	30.2	30.7	(0.5)	30.7
Expenditure	30.2	30.7	(0.5)	30.7
Net surplus/(deficit)	0.0	0.0	0.0	0.0

SuperGold card administration and public transport concessions expenditure and revenue were materially on budget.

See page 133 for full details on output class funding and expenditure.

Walking and cycling ●●●

Invested in by Waka Kotahi, delivered by road controlling authorities and funded from the NLTF and the Crown

We plan and co-invest in new and improved walking and cycling facilities, including the Urban Cycleways Programme, as well as in community education and promotion (as part of a walking or cycling project). We deliver state highway walking and cycling facilities, and local and regional councils primarily deliver local road walking and cycling facilities.

Walking and cycling investment encourages more people to walk and cycle by:

- creating safer and more accessible infrastructure
- creating transport networks that give people more transport choices
- supporting access to social and economic opportunities, including education, employment and tourism.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
WC1	Network kilometres of walking and cycling facilities delivered ^A	Achieved	Increasing	85.3 kilometres	63.2 kilometres	104.8 kilometres
	A total of 85.3 km of walking and cycling facilities were added to the network this year, including existing paths and cycleways where improvements were made. This included 13.5 km of facilities delivered through the Urban Cycleways Programme, which is now nearing completion. Suspension in construction works and other work programme delays because of the national COVID-19 lockdown in 2020 have also affected delivery of some milestones. More facilities would have been delivered this year if not for the COVID-19 disruptions.					
WC2	Cycling count in urban areas	Achieved	Increasing	7,078 ^B	6,776 ^C	6,238
	Cycle count increased 5% this year compared with the previous year. This result was due to the significant increase in cycle count in Wellington (15%) and moderate increase in cycle count in Auckland (7%) but was offset by the decrease in cycle count in Christchurch (9%).					

The explanatory notes for these performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

^B The cordon count is undertaken as at a point in time so is subject to variability from year to year. This result reflects the number of cyclists counted in the annual cycling cordon count in each urban centre. The count for Auckland was done on the week of 12 April 2021, and the Wellington and Christchurch counts were done on the week of 8 March 2021. Due to changes on some cordon count locations in Auckland this year, data was adjusted to make them comparable with last year's figures.

^C This was incorrectly reported as 6,728 last year due to an error in reporting by Wellington City Council.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	210.2	123.2	87.0	89.3
Expenditure	210.2	123.2	87.0	89.3
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Walking and cycling expenditure was \$87.0 million (71 percent) above budget mainly due to the Innovating Streets projects and Bayview to Baypark project that were not included in the 2020/21 budget and projects progressing faster than planned.

See page 131 for full details on output class funding and expenditure.

Rapid transit ● ● ●

Invested in and delivered by Waka Kotahi and funded from the NLTF

In partnership with other agencies, we deliver rapid transit improvements. This work includes establishing arrangements to plan, fund, design, supervise, construct and maintain rapid transit networks and projects, including light rail. The State highway improvements and Public transport output classes also fund rapid transit activities.

Rapid transit provides customers with more ways to travel, eases congestion, and supports better access to housing, education and employment in major metropolitan areas. Like other forms of public transport, rapid transit also reduces the impact of transport on the environment and contributes to reducing the number of deaths and serious injuries from road crashes.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
RPT1	Proportion of rapid transit activities delivered to agreed standards and timeframes ^A	Not achieved	≥90%	39%	Not applicable	Not applicable

Target was not achieved due to the delays in the business cases of four major rapid transit projects. City Centre to Mangere and North West Rapid Transit Improvements were delayed to ensure alignment with wider network improvements in Auckland. The business cases of Auckland's Supporting Growth Alliance (Northwest rapid transit network from Westgate to Kumeu and the busway extension from Albany to Silverdale) and Let's Get Wellington Moving Mass Rapid Transit were delayed due to the impact of COVID-19 on funding and resourcing (details can be found in appendix 3 from page 181).

The explanatory note for this performance measure is in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	21.6	42.8	(21.2)	32.3
Expenditure	21.6	42.8	(21.2)	32.3
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Rapid transit expenditure was \$21.2 million (50 percent) under budget. The budgeted was set in April 2020 and was based on anticipated progress on the original plan for the City Centre to Māngere Light Rail project which was discontinued in June 2020. Work on an alternative solution has continued since the announcement. In addition, Let's Get Wellington Moving Mass Rapid Transit was delayed due to the impact of COVID-19 on funding and resourcing. As a result, the rapid transit output class would not meet budget over the remainder of the current National Land Transport Programme and the balance of unused funding has been reallocated to other output classes.

See page 139 for full details on output class funding and expenditure.

Transitional rail

Invested in by Waka Kotahi and funded from the NLTF

We work with approved organisations to invest in improving urban (metro) rail network infrastructure and developing interregional passenger rail infrastructure and services. Approved organisations co-design and contract with KiwiRail to deliver the projects.

Transitional rail:

- accommodates past growth in Auckland and Wellington by improving the reliability and resilience of urban passenger rail services
- accommodates future growth of New Zealand's cities by increasing the capacity of urban rail services
- improves access to social and economic opportunities between regions.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
TR1	Proportion of transitional rail projects delivered to plan ^A	Not achieved	≥90%	83%	Not applicable	Not applicable
Two of 12 transitional rail projects have been delayed. Completion of the business case for the Auckland pedestrian level crossing removal is now expected in November 2021. The Palmerston North-Wellington Rail Passenger (Capital Connection) project was also delayed due to the work on rolling stock replacement taking longer than expected.						

The explanatory note for this performance measure is in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 3, page 181 for all appropriation measures.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	160.4	100.0	60.4	64.6
Expenditure	160.4	100.0	60.4	64.6
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Transitional rail expenditure was \$60.4 million (60 percent) above budget mainly due increased expenditure following the approval of cost and scope adjustments by the Waka Kotahi Board on three major projects (WMUP3&4, and RNGIM). These offset some minor delays in other areas of the programme.

See page 139 for full details on output class funding and expenditure.

State highway maintenance ●●

Delivered by Waka Kotahi and funded from the NLTF and the Crown

We plan and deliver maintenance and emergency works and provide responsive operation of the state highway system to enable liveable communities.

State highway maintenance provides reliable access for people to social and economic opportunities, while maintaining the safety and resilience of the state highway network and responsibly managing any impacts on human health and the environment.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
SHM1	Proportion of state highway maintenance activities delivered to agreed standards and timeframes ^{A B}	Achieved	≥90%	96%	Not applicable	Not applicable
SHM2	Safe stopping: proportion of network above skid threshold ^A	Not achieved	≥98%	97%	95%	97%

The result reflects the deteriorating condition of the state highway network, a consequence of funding for renewal programmes being lower than what is required to sustain network condition. In the past few years, pavement and surfacing renewal activities have not been delivered to planned levels, with only 90-92 percent of the renewals programme delivered annually.

Early this year, an evaluation of network condition programmes identified the renewals programme as a focus for improvement and has since resulted in an improvement in programme delivery to 95 percent. We will continue improving delivery of funded programmes but funding constraints on state highway maintenance throughout the 2021-24 NLTP period limits our capability to sustain agreed levels of service that will ensure network condition standards are met.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
SHM3	Availability of state highway network: proportion of unplanned road closures resolved within standard timeframes	Not achieved	≥81.8% ^C	80.6%	81.8% ^C	Not applicable

Target was not achieved due to weather-related closures on long stretches of the state highway during the winter season (such as snow and ice along the Desert Road in the North Island and the alpine passes in the South Island), as well as extreme weather events during the year.

Although road closures caused by weather events comprised only 18% of the 840 incidents this year, only 57% of those closures were resolved within standard timeframes. On the other hand, 86% of road closures caused by other incidents (such as crashes, fire and obstructions) were resolved on time.¹

In 2019/20, performance against the measure target improved during the national COVID-19 lockdown, possibly because of limited traffic and travel. The result did not improve during the Auckland lockdown in quarter one of 2020/21.

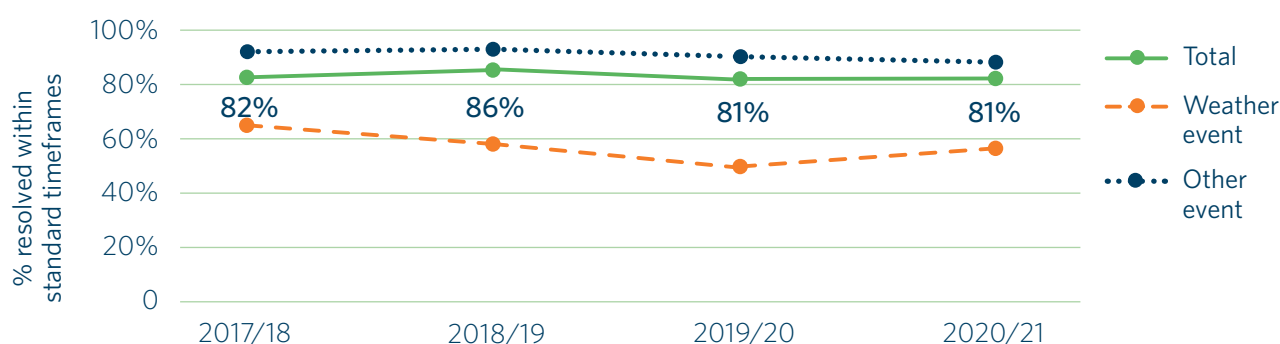


Figure 13: Proportion of unplanned road closures resolved within standard timeframes 2017/18–2020/21

SHM4	State highway maintenance cost per lane kilometre delivered ^A	Achieved	\$24,000–\$28,000	\$26,292	\$25,352	\$22,997
SHM5	Proportion of restoration and rebuild projects of State Highway 1 between Picton and Christchurch delivered to agreed standards and timeframes ^A	Achieved	100%	100%	97%	81%

The explanatory notes for these performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

^B The methodology of this measure was changed this year to replace the assessment used for some activities. The result of this measure is not comparable with previous years' results.

^C Due to the change in methodology to align urban and rural road definitions with those used by Statistics NZ, we were unable to provide a target early in the financial year. We have recalculated 2019/20 data using the new road definitions and have set it as the minimum target this year. This target has been used to assess progress since 2020/21 quarter one.

¹ See related IA2.1 Number of hours that priority routes for freight and tourism are unavailable, which is an inclusive access strategic measure (see page 42).

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	814.5	745.0	69.5	803.5
Expenditure	814.5	745.0	69.5	803.5
Net surplus/(deficit)	0.0	0.0	0.0	0.0

State highway maintenance expenditure was \$69.5 million (9 percent) above budget. This was mainly due to the additional costs associated with emergency works and increased contract prices.

See page 130 for full details on output class funding and expenditure.

Local road maintenance ●●

Invested in by Waka Kotahi, delivered by local authorities and funded from the NLTF

We fund the planning and delivery of maintenance and emergency works that provide a responsive operation of the local road system to enable liveable communities.

Local road maintenance provides continued access for people to social and economic opportunities while maintaining the safety and resilience of the local road network.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
LRM1	Smooth ride: proportion of travel on smooth roads ^A	Achieved	≥86%	87%	87%	87%
LRM2	Local road maintenance cost per lane kilometre delivered ^A	Not achieved	≤\$3,000	\$4,004	\$3,628	\$3,455

The cost of local road maintenance continued to increase because recently awarded contracts by local authorities to service and delivery providers were more expensive than previous contracts. We have revised our approach in assessing this performance measure from 2021/22 to reflect the steady cost increases during the 2018–21 NLTP and the local road maintenance forecast allocations for the 2021–24 NLTP.

The explanatory notes for these performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	667.6	668.9	(1.3)	617.7
Expenditure	667.6	668.9	(1.3)	617.7
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Local road maintenance was materially on budget.

See page 134 for full details on output class funding and expenditure.

Driver licensing and testing ●●

Delivered by Waka Kotahi and funded from fees and charges and the Crown

We improve the safety of the land transport system by ensuring drivers meet and maintain required safety standards. This work includes:

- providing approved driver licensing courses
- developing land transport rules relating to driver licensing and testing (for the Minister of Transport)
- managing the standards and delivery of driver licensing and testing to the public, including developing and maintaining driver licensing test routes
- assessing licence holders, including for alcohol and other drug use
- maintaining the integrity of the driver licence register
- informing and advising the public on driver licensing and testing
- educating, auditing and undertaking other regulatory activities with third parties, such as driver licensing and testing course providers, testing officers, alcohol interlock providers, and our driver licensing agent network
- developing and maintaining resources, such as road codes, theory and practical test requirements, and testing and provider manuals.

Driver licensing and testing contributes to safe, competent and legal drivers, builds public confidence in the licensing system, and enhances access to the social and economic opportunities associated with being able to drive.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
DLT1	Unit cost of providing user-facing driver licensing and testing services	Not achieved	\$20.90 - \$22.95 ^A	\$25.09	\$27.36	Not applicable
	There has been an increase in direct costs as a result of agent fee increases. While transaction volumes continued to decrease, unlike last year this was not materially affected by the impacts of COVID-19.					
DLT2	Proportion of driver licence tests booked online	Achieved	≥60%	74%	66%	60%
	Last year, performance against this measure was positively affected by COVID-19 due to an increase in online transactions as counter agents became unavailable and inaccessible as a result of lockdowns and travel restrictions.					
DLT3	Proportion of practical tests taken within 30 working days of booking	Not achieved	≥85%	60%	61%	Not applicable
	The impacts of the COVID-19 lockdowns on practical testing affected performance against target for this measure in both 2019/20 and 2020/21. The COVID-19 lockdowns during 2019/20 and 2020/21 led to over 48,000 tests being rescheduled, creating a significant backlog. During 2020/21, there was also an overall increase in demand for practical testing, driven by government initiatives to encourage New Zealanders to progress through the driver licensing system.					
	Waka Kotahi and Vehicle Testing New Zealand (VTNZ) have worked together closely to reduce test wait times and increase testing volumes. VTNZ increased staffing levels by 26 percent across Aotearoa in the last 12 months. Additionally, in the Auckland region where there have been multiple COVID-19 lockdowns, five temporary driver testing officers were allocated and an additional testing site was opened in Takanini.					
	We've already started seeing some improvements in the number of tests taken and wait times, with VTNZ continuing to increase staffing levels in the most affected areas. We expect performance to hit target by the end of the calendar year.					

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
DLT4	Proportion of audits for driver licence course providers completed against target	Achieved	≥95%	132%	148%	Not applicable
	The result is above 100% as the target for this measure was set at a time when the audit team was under-resourced. The team returned to full capacity during the year, leading to the result exceeding target.					
DLT5	Proportion of non-compliance actions for driver licence course providers and testing officers that are under active management	Achieved	≥95%	95%	Not applicable	Not applicable

The explanatory notes for these performance measures are in appendix 4, page 190.

^A We were unable to set a target early in the financial year because data required to adjust forecast volumes was incomplete due to the COVID-19 lockdown. The target has been determined and used to assess progress since 2020/21 quarter one.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	67.9	67.7	0.2	66.7
Expenditure	90.0	89.9	0.1	81.1
Net surplus/(deficit)	(22.1)	(22.2)	0.1	(14.4)

Drivers licencing and testing recorded a deficit of \$22.1 million which was materially on budget.

See page 137 for full details on output class funding and expenditure.

Vehicle safety and certification ●●

Delivered by Waka Kotahi and funded from fees and charges and the Crown

We use vehicle registration, licensing, standards and certification to ensure the vehicles on our roads are compliant and safe. We do this by:

- developing land transport vehicle rules and clear standards and guidelines for vehicle inspection and certification (for the Minister of Transport)
- appointing vehicle inspectors and inspecting organisations that certify vehicles for compliance with standards and safety requirements
- monitoring and auditing performance of vehicle inspectors and inspecting organisations, including investigating complaints
- investigating and taking appropriate action against vehicle inspectors and inspecting organisations that do not meet the required standards
- revoking certification of vehicles when we find they are unsafe or illegal
- managing the delivery of motor vehicle registration and licensing services to the public
- maintaining the integrity of the motor vehicle register and related systems
- authorising and managing third-party access to registry information
- informing and advising on vehicle standards, registration and licensing regulatory requirements.

Vehicle safety and certification (including registration, licensing, standards and certification activities) helps ensure vehicles on our roads are safe and maintains the integrity of vehicle registration and certification systems.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
VSC1	Unit cost of providing user-facing motor vehicle licencing services	Not achieved	\$4.98 - \$5.13 ^A	\$5.17	\$5.69	Not applicable
<p>Contract negotiations have led to increases in agent fees and a subsequent increase in direct costs to higher than expected levels. Once the new service contracts were signed we also had to backdate payment for the cost increases to 1 July 2020, which further increased the unit cost of the service. Last year, performance against this measure was negatively affected by COVID-19 due to low transaction volumes during lockdown. While transaction volumes are also down by 2%, unlike last year this has not been materially affected by the impacts of COVID-19.</p>						
VSC2	Proportion of motor vehicle licensing completed online	Achieved	≥60%	68%	64%	57%
VSC3	Proportion of vehicles relicensed on time	Achieved	≥98%	98%	98%	98%
VSC4	Proportion of audits and reviews for inspecting organisations and vehicle inspectors completed against target	Achieved	≥95%	178%	119%	Not applicable
<p>The result is greater than 100% as a result of two main factors.</p> <ul style="list-style-type: none"> Conservative target setting as a result of COVID-19. Target setting occurred just after the first national COVID-19 lockdown. At that time, we were concerned that the impacts of the lockdown meant that the baseline data we used to inform target setting wasn't representative of typical performance. Additionally, we didn't have enough information to estimate the impacts of COVID-19 on future performance. Our recent transition from a five to three-year inspection programme. We didn't have a full understanding of what our transition from a five to three-year programme meant for our resourcing and planning. For example, we initially didn't account for having to prioritise auditing those inspecting organisations and vehicle inspectors that had last been audited four to five years ago and were, therefore, out of cycle with our new three- year programme. <p>We also increased resourcing and standardised our standard operating procedures, which both contributed to improved performance.</p>						
VSC5	Proportion of non-compliance actions for vehicle inspecting organisations, vehicle certifiers and vehicle inspectors that are under active management	Achieved	≥95%	95%	Not applicable	Not applicable

The explanatory notes for these performance measures are in appendix 4, page 190.

^A We were unable to set a target early in the financial year because data required to adjust forecast volumes was incomplete due to the COVID-19 lockdown. The target has been determined and used to assess progress since 2020/21 quarter one.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	75.7	78.1	(2.4)	71.1
Expenditure	68.7	68.8	(0.1)	78.9
Net surplus/(deficit)	7.0	9.3	(2.3)	(7.8)

Vehicle safety and certification recorded a surplus of \$7.0 million which was lower than planned due to reduced revenue (\$2.4 million under budget) as a result of returning of COVID-19 funding that was over forecast in 2019/20.

See page 138 for full details on output class funding and expenditure.

Regulation of commercial transport operators ●●

Delivered by Waka Kotahi and funded from fees and charges

We improve the safety of the land transport system by ensuring commercial operators and drivers meet the required safety standards. This work includes:

- developing land transport rules relating to commercial transport operation (for the Minister of Transport)
- setting regulatory standards and requirements for the industry
- licensing commercial transport operators and maintaining the transport service licence register
- monitoring and auditing compliance with regulatory standards and requirements for commercial transport operators and drivers, including on-road electronic monitoring of commercial vehicles
- investigating and prosecuting commercial transport operators and drivers and suspending or revoking their licences when they do not meet required standards
- informing, advising and educating commercial operators and the public on commercial transport obligations
- administering permits for over-weight, over-dimension and high-productivity vehicles.

Effective regulation of commercial transport operators helps to ensure commercial operators and drivers are safe and legal, so people and goods can be moved safely.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
CTO1	Proportion of commercial operators reviewed or audited against target	Achieved	≥95%	172%	116%	Not applicable
	The number of audits planned for 2020/21 was based on the previous year's resourcing levels. The audit team also changed how they work and are now completing a greater proportion of audits at a desktop and safety system level, reducing the time per audit and allowing for more audits to be completed. Together these factors led to the result exceeding target.					
CTO2	Proportion of non-compliance actions for commercial operators that are under active management	Achieved	≥95%	100%	Not applicable	Not applicable
CTO3	Proportion of standard permits issued within 10 working days	Not achieved	100%	94%	100%	Not applicable
	The number of permit applications is increasing significantly as the 50MAX truck becomes the preferred vehicle type for commercial operators. Our ability to achieve the target of 100 percent has been negatively affected by the high volume of applications, with up to 2 percent of permits not issued within target timeframes due to the time needed to seek additional information from applicants. Additional permitting case managers have been recruited in response to increased application volumes.					

The explanatory notes for these performance measures are in appendix 4, page 190.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	12.4	13.9	(1.5)	13.3
Expenditure	10.9	19.7	(8.8)	24.0
Net surplus/(deficit)	1.5	(5.8)	7.3	(10.7)

Regulation of commercial transport operators recorded a surplus of \$1.5 million which was higher than planned. This was mainly due to lower expenditure as a result of revised cost allocations. Offsetting this was lower than planned revenue (\$1.5 million under budget) as a result of less fees and charges being collected.

See page 138 for full details on output class funding and expenditure

Regulation of the rail transport system ●●

Delivered by Waka Kotahi and funded from fees and charges

We regulate the rail transport system to assure stakeholders and the public that rail participants effectively manage rail safety risks by:

- managing entry to and exit from the rail system through licensing and restricting operations
- approving, replacing and varying 'safety cases' (documents that describe a licensee's safety approach)
- setting or guiding the development of safety standards for infrastructure, vehicles and practices
- assessing compliance with safety cases and standards
- investigating safety accidents
- directing improvements or imposing restrictions in response to safety breaches by licensees and other participants
- prosecuting breaches of the Railways Act 2005
- monitoring risks and the overall level of safety in the rail system
- providing advice and information on rail system safety.

Effective regulation of rail participants helps to ensure New Zealand has safe rail networks that can be used with confidence to move people and goods.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
RTS1	Proportion of rail participants reviewed or audited against target	Not achieved	≥95%	86%	85%	Not applicable
	<p>We completed 56 ordinary safety assessments year to date against a target of 65, as well as two high-risk special safety assessments. Carrying out the two special safety assessments required significant resources. Assessments for eight low-risk licence holders were cancelled and resources reallocated to the special assessments so that these could be completed. One other assessment was postponed until 2021/22 due to changes in COVID-19 alert levels.</p> <p>As special safety assessments are only completed when Waka Kotahi has a particular safety concern, it is not possible to predict when we'll have to complete them. We, therefore, have to reallocate resources as required when the need for them arises.</p> <p>Last year, performance against this measure was negatively affected by COVID-19 as assessments could not be carried out during the lockdown period. While COVID-19 did affect the completion of one assessment in 2020/21, its impacts on the 2020/21 result were less severe.</p>					
RTS2	Proportion of non-compliance actions for rail participants that are under active management	Achieved	≥95%	100%	Not applicable	Not applicable

The explanatory notes for these performance measures are in appendix 4, page 190.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	1.9	3.0	(1.1)	2.5
Expenditure	2.7	3.1	(0.4)	2.9
Net surplus/(deficit)	(0.8)	(0.1)	(0.7)	(0.4)

Regulation of the rail transport system recorded a deficit of \$0.8 million, which was higher than planned mostly due to reduced revenue (\$1.1 million under budget) as a result of returning of COVID-19 funding that was over forecast in 2019/20.

See page 135 for full details on output class funding and expenditure.

Revenue collection and administration

Delivered by Waka Kotahi and funded from the NLTF and fees and charges

We:

- collect and refund road user charges (RUC) revenue to be paid to the NLTF by:
 - selling RUC licences
 - investigating evasion and enforcing payment
 - refunding customers' charges paid for off-road travel
 - informing and advising the public about RUC
- collect road tolling revenue to fund or repay the cost of building, maintaining or operating toll roads, including:
 - collecting toll revenues and disbursements to the Crown
 - investigating evasion and enforcing payment
 - managing associated roadside and back-office systems, customer interfaces and payment channels
 - informing and advising the public about road tolls
- collect and rebate regional fuel tax to fund regional projects, including:
 - collecting fuel tax from distributors
 - providing rebates for off-road use
 - forwarding the tax to the Auckland Council
 - auditing compliance with the requirements
 - reporting fuel prices and volumes
- refund and account for fuel excise duty claims so customers are refunded for off-road fuel use, which is an adjunct to the collection of the duty provided for under the Land Transport Management Act 2003 that we do on behalf of the Ministry of Transport.

Revenue collection and administration allows us to collect the amount of revenue prescribed fairly and in accordance with the law to invest in a safe, resilient and accessible transport system. Revenue collected through motor vehicle registration is also invested in the transport system.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
REV1	Unit cost of providing user-facing road tolling services	Achieved	\$0.68 – \$0.75 ^A	\$0.72	\$0.85	Not applicable
REV2	Tolling revenue written off as proportion of current year revenue	Achieved	4.0 – 6.5%	6.0%	Not applicable	Not applicable
REV3	Proportion of road user charges licences completed online	Achieved	≥70%	78%	74%	69%
	In 2019/20 the COVID-19 lockdowns led to more people completing their road user charges online. The 2020/21 result is higher than the 2019/20 result due to continued increases in automatic purchasing through electronic road user charges (eRUC) providers. The proportion of kilometres purchased through eRUC increased 2 percent this year and continues to increase year on year.					
REV4	Unit cost of providing user-facing road user charges services	Achieved	\$3.00 – \$3.09 ^A	\$2.34	Not applicable	Not applicable
REV5	Proportion of Transport Service Licence holders that are assessed for road user charges compliance against target ^B	Achieved	≥95%	250%	113%	Not applicable
	Thirty audits were completed against a year-end target of 12. In quarter four a project was implemented to review all mobile crane operators, accounting for 16 of the 18 additional audits completed in 2020/21. Process improvements made also contributed to the year-end result exceeding target.					
REV6	Proportion of unpaid road user charges identified through investigations and assessments that are collected ^C	Achieved	65-75%	73%	Not applicable	Not applicable
REV7	Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	Achieved	≤20 working days	19.8 working days	Not applicable	Not applicable

The explanatory notes for these performance measures are in appendix 4, page 190.

^A We were unable to set a target early in the financial year because data required to adjust forecast volumes was incomplete due to the COVID-19 lockdown. The target has been determined and used to assess progress since 2020/21 quarter one.

^B This is was reported last year as Proportion of road user charges operators that are investigated or audited against target.

^C This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	37.8	35.3	2.5	33.5
Expenditure	32.9	29.0	3.9	38.5
Net surplus/(deficit)	4.9	6.3	(1.4)	(5.0)

Revenue collection and administration recorded a surplus of \$4.9 million which was lower than planned. This was mainly due higher expenditure across tolling, regional fuel tax administration and investigation and enforcement offset by higher revenue.

See page 127 for full details on output class funding and expenditure.

Investment management

Delivered by Waka Kotahi and funded from the NLTF and the Crown

The investment management output class covers the cost to Waka Kotahi of:

- developing and managing the NLTP, including:
 - managing the NLTF
 - supporting development of the GPS
 - developing criteria for assessing and prioritising land transport investment
 - providing investment and funding advice to the government
 - providing assurance in respect to the delivery of outcomes
- planning the transport system, including:
 - supporting the development of regional land transport plans
 - transport model development
 - activity management planning
 - programme business case development
- delivering sector research, including:
 - engagement with the sector
 - research project development, delivery and promotion.

Investment management allows us to achieve what the government wants us to do (as directed by the GPS) and balance multiple objectives while shaping the land transport system and influencing its delivery.

We aim to achieve long-term land transport funding sustainability and investment certainty by consistently and transparently adhering to the investment decision-making framework and obtaining assurance on benefits realisation and investment outcomes.

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
IM1	Proportion of total cost of managing the investment funding allocation system to National Land Transport Programme expenditure ^A	Achieved	≤1.1%	1.00% ^B	1.02% ^C	1.03%
IM2	Proportion of reviewed Waka Kotahi investment decisions that meet required process standards	Not achieved	100%	79%	Not applicable	Not applicable
	Four of the 19 investment decisions reviewed this year did not meet required process standards. For all four decisions, there was insufficient information in Transport Investment Online to confirm whether the required standards were met.					
IM3	Proportion of sector research activities delivered to agreed standards and timeframes	Achieved	≥95%	100%	100%	96%
	34 of 35 research projects were completed to contracted standards. The remaining project met 89% of contracted time and cost standards. COVID-19 restrictions affected at least one project, including limiting its ability to conduct face-to-face interviews. This was managed by timelines being revised and a contract variation being agreed. We also commissioned a project to assess the impact of COVID-19 on transport demand.					

Ref	Performance measure	Result	2020/21 Target	2020/21 Actual	2019/20 Actual	2018/19 Actual
IM4	Proportion of investment audit activities delivered to plan	Not achieved	100%	86%	79%	100%
	We completed 44 of the 51 procedural and technical audits programmed for 2020/21. Seven audits were deferred to 2021/22 to prioritise six audits that were not completed in 2019/20 due to COVID-19 restrictions.					
IM5	Average number of days to action new funding approvals	Achieved	≤20 working days	12.3 working days	20 working days	24.9 days

The explanatory notes of the performance measures are in appendix 4, page 190.

^A This is also a performance measure for an appropriation in Vote Transport. See appendix 5, page 198 for all appropriation measures.

^B This reflects the cumulative cost across the three years of the 2018-21 NLTP.

^C This reflects the cumulative cost of years 1 and 2 of the 2018-21 NLTP (2018/19 and 2019/20). This was incorrectly reported as 1.03% in the 2019/20 annual report.

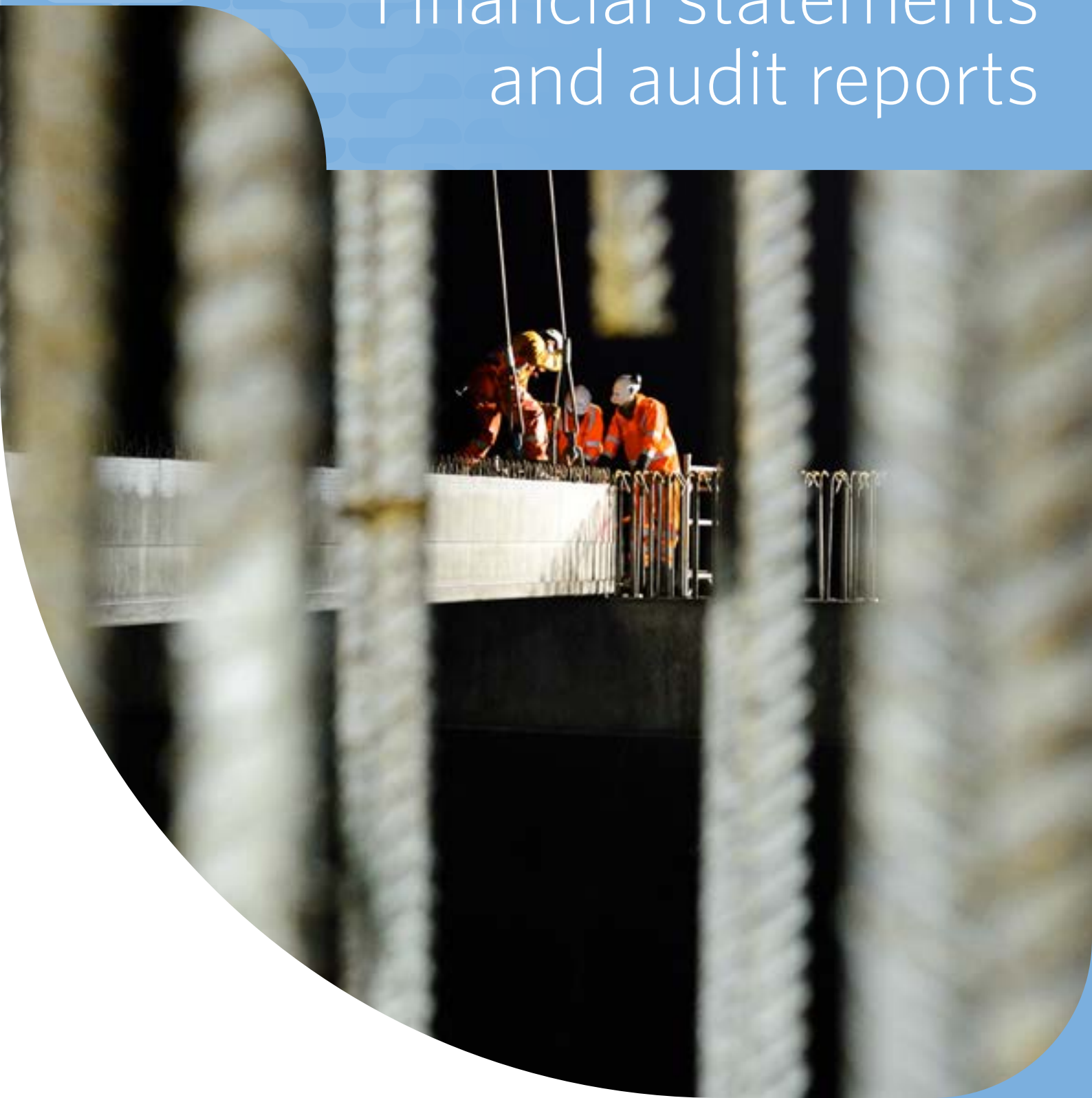
	Actual 2020/21 \$M	Budget 2020/21 \$M	Variance 2020/21 \$M	Actual 2019/20 \$M
Revenue	72.0	86.4	(14.4)	87.9
Expenditure	72.0	86.4	(14.4)	87.9
Net surplus/(deficit)	0.0	0.0	0.0	0.0

Investment management expenditure was \$14.4 million (17 percent) below budget mainly due to lower claims from approved organisations in regional land transport planning management and activity management planning.

See page 126 for full details on output class funding and expenditure.

Ngā tauākī pūtea me ngā pūrongo ōtita

Financial statements and audit reports



Statement of responsibility

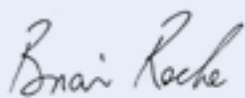
The Waka Kotahi NZ Transport Agency Board is responsible for the preparation of the Waka Kotahi financial statements and statement of performance and for the judgements made in them.

The Board is responsible for any end-of-year performance information provided by Waka Kotahi under section 19A of the Public Finance Act 1989.

The Board has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Waka Kotahi for the year ended 30 June 2021.

Signed on behalf of the Board:



Sir Brian Roche

Chair

30 September 2021



Cassandra Crowley

Chair of the Risk and
Assurance Committee
30 September 2021

Countersigned by:



Nicole Rosie

Chief Executive

30 September 2021



Howard Cattermole

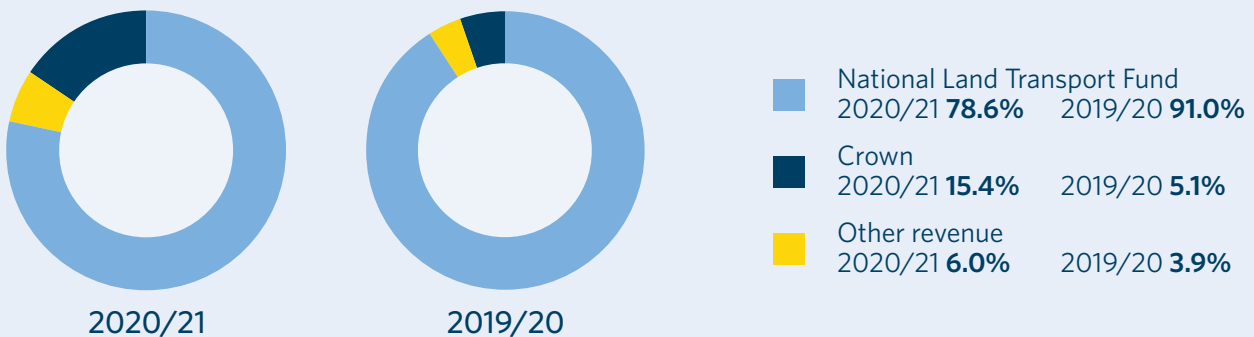
Chief Financial Officer
30 September 2021

Highlights from our financial statements (unaudited)

Most of Waka Kotahi NZ Transport Agency's income is from the National Land Transport Fund. We also receive revenue from the Crown to support our objectives and for specific projects. Most of the Crown revenue funding was for COVID-19 response and recovery. Other revenue comes from licensing and regulatory activities.

\$4.8 billion
total revenue
(2019/20: \$5.4 billion)

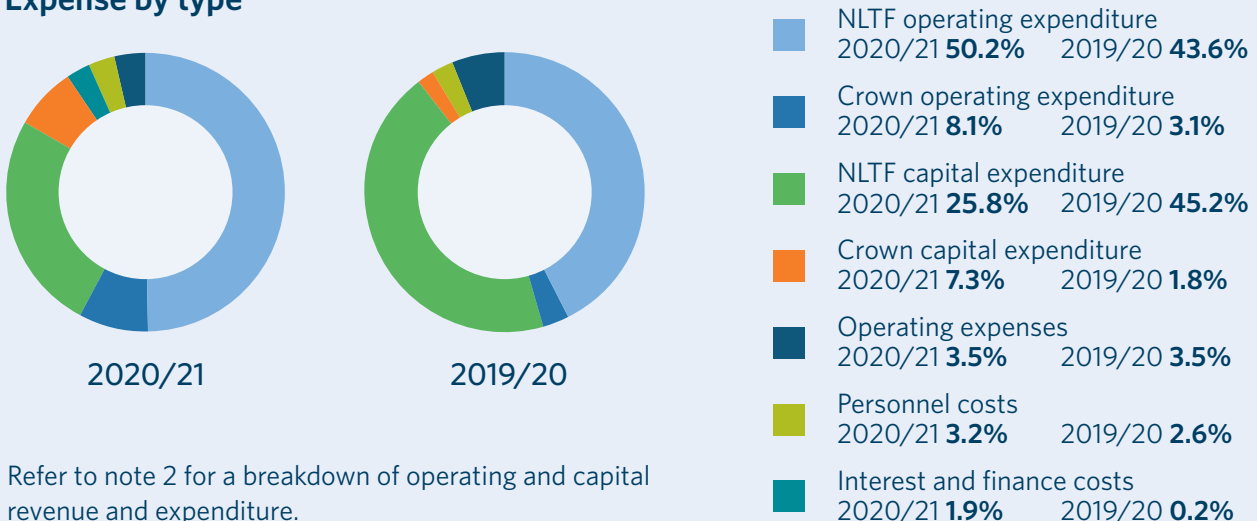
Revenue by source



Our expenses are guided by the Government Policy Statement on land transport and the priorities identified in our *Amended statement of intent 2018-2022*. In 2020/21, over half (58 percent) of our expenses directly related to: NLTP operating expenses we provided to approved organisations, activities funded from the Crown and maintenance and operation of the state highway network. NLTF and Crown capital expenses comprised 33 percent of our annual expenditure which includes state highway improvements, renewals and other activities such as public transport and walking and cycling. Personnel and operating expenses including interest and finance costs made up 9 percent.

\$4.8 billion
total expense
(2019/20: \$5.4 billion)

Expense by type



Refer to note 2 for a breakdown of operating and capital revenue and expenditure.

\$61.2 billion
net assets/equity
(2019/20: \$54.2 billion)

The statement of financial position shows what we own (assets), what we owe (liabilities) and our overall net worth (represented by our net assets/equity).

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Total assets	65,220.3	63,312.3	58,351.4
Less total liabilities	4,026.3	5,399.6	4,103.6
Net assets/equity at end of year	61,194.0	57,912.7	54,247.8

Our statement of financial position reflects the significant value held in the state highway network, with \$65.2 billion of assets and low levels of liabilities. The state highway network accounts for 90 percent of our asset base. In the previous two years, the value increased significantly due to investment in the network, increases in land valuation and improvements to the methodology for determining the fair value of certain estimates. Most of the asset base increase this year relates increases in the state highway land corridor value, increases in base unit rates for pavements, bridges and drainage construction, capital expenditure and increases in public-private partnership assets.

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2021

	None	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Revenue				
Funding from the National Land Transport Fund	2	3,162.9	3,480.7	3,090.9
Funding from the Crown	2	385.6	73.3	176.7
Revenue from other activities	2/3	283.6	207.3	206.8
Total revenue		3,832.1	3,761.3	3,474.4
Expense				
Land transport funding		2,776.8	2,441.0	2,532.6
Employee costs	7	153.8	119.5	142.9
Operating expenses	8	166.8	177.8	184.0
Interest and finance costs	11	87.6	114.2	11.3
Depreciation, amortisation and state highway write-off	4	647.1	584.5	638.7
Assets vested to local authorities	4	1.6	333.0	0.0
Total expense	2	3,833.7	3,770.0	3,509.5
Surplus/(deficit)		(1.6)	(8.7)	(35.1)
Other comprehensive revenue and expense				
Gain/(loss) state highway network revaluations	4	5,793.9	1,888.0	1,538.3
Net movement in cash flow hedges	11	264.9	11.5	(269.1)
Total other comprehensive revenue and expense		6,058.8	1,899.5	1,269.2
Total comprehensive revenue and expense		6,057.2	1,890.8	1,234.1

Statement of financial position

as at 30 June 2021

	None	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Assets				
Cash and cash equivalents		169.9	50.0	106.0
Debtor Crown		185.1	23.1	132.7
Receivables and other assets		170.3	126.0	161.1
Debtor National Land Transport Fund		293.6	454.6	299.9
Debtor National Land Transport Fund – debt related*		3,163.0	4,255.1	3,427.4
Property assets held for sale	4	26.9	50.0	17.1
Public-private partnership assets	5	2,155.7	946.6	1,950.2
Property, plant, equipment and intangible assets		70.0	82.8	66.6
State highway network	4	58,985.8	57,324.1	52,190.4
Total assets		65,220.3	63,312.3	58,351.4
Liabilities				
Payables	8	730.4	1,075.0	618.2
Employee entitlements	7	26.1	19.8	21.9
Provisions	10	66.4	0.0	215.5
Derivative financial liability	11	477.9	577.0	727.5
Borrowing and other liabilities	11	883.3	1,742.4	843.9
Public-private partnership liabilities	5	1,842.2	1,985.4	1,676.6
Total liabilities		4,026.3	5,399.6	4,103.6
Net assets		61,194.0	57,912.7	54,247.8
Equity				
Contributed capital		0.0	0.0	0.0
Retained funds		(16.4)	(20.0)	(8.3)
Equity derived from the state highway network		61,606.2	58,442.9	54,916.8
Cash flow hedge reserve	11	(395.8)	(510.2)	(660.7)
Total equity		61,194.0	57,912.7	54,247.8

*Includes \$134.5 million of current debtors related to private-public partnerships unitary charges.

Statement of changes in equity

for the year ended 30 June 2021

	General funds \$M	Retained funds \$M	Memorandum accounts \$M	Equity derived from the state highway network \$M	Cashflow hedge reserve \$M	Total \$M	Budget \$M
Balance at 1 July 2019	0.0	14.6	9.7	51,476.3	(391.6)	51,109.0	51,109.0
Surplus/(deficit)	0.0	(4.2)	(30.9)	0.0	0.0	(35.1)	(31.7)
Other comprehensive revenue and expense							
State highway network revaluations	0.0	0.0	0.0	1,538.3	0.0	1,538.3	1,860.0
Movement in cash flow hedges	0.0	0.0	0.0	0.0	(269.1)	(269.1)	(139.6)
Total other comprehensive revenue and expense	0.0	0.0	0.0	1,538.3	(269.1)	1,269.2	1,720.4
Total comprehensive revenue and expense	0.0	(4.2)	(30.9)	1,538.3	(269.1)	1,234.1	1,688.7
Changes in equity – capital contribution from National Land Transport Fund	0.0	0.0	0.0	1,904.7	0.0	1,904.7	1,821.9
Changes in equity – other adjustments	0.0	1.7	0.8	(2.5)	0.0	0.0	0.0
Total changes in equity	0.0	(2.5)	(30.1)	3,440.5	(269.1)	3,138.8	3,510.6
Balance at 30 June 2020/ 1 July 2020	0.0	12.1	(20.4)	54,916.8	(660.7)	54,247.8	54,619.6
Surplus/(deficit)	0.0	10.1	(11.7)	0.0	0.0	(1.6)	(8.7)
Other comprehensive revenue and expense							
State highway network revaluations	0.0	0.0	0.0	5,793.9	0.0	5,793.9	1,888.0
Movement in cash flow hedges	0.0	0.0	0.0	0.0	264.9	264.9	21.1
Total other comprehensive revenue and expense	0.0	0.0	0.0	5,793.9	264.9	6,058.8	1,909.1
Total comprehensive revenue and expense	0.0	10.1	(11.7)	5,793.9	264.9	6,057.2	1,900.4
Changes in equity – capital contribution from the National Land Transport Fund	0.0	0.0	0.0	889.0	0.0	889.0	1,392.7
Changes in equity – other transfers	0.0	(6.6)	0.0	6.6	0.0	0.0	0.0
Total changes in equity	0.0	3.5	(11.7)	6,689.5	264.9	6,946.2	3,293.1
Balance at 30 June 2021	0.0	15.6	(32.1)	61,606.3	(395.8)	61,194.0	57,912.7

Statement of cash flows

for the year ended 30 June 2021

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Cash flows from operating activities			
Receipts from the National Land Transport Fund	3,251.5	3,370.3	2,633.1
Receipts from the Crown	311.0	91.3	82.4
Receipts from other revenue	227.4	189.5	191.9
Payments to employees	(143.6)	(144.2)	(133.8)
Payments to suppliers	(3,043.1)	(2,479.4)	(2,413.5)
Goods and services tax (net)	38.3	0.0	4.2
Net cash from operating activities	641.5	1,027.5	364.3
Cash flows from investing activities			
National Land Transport Fund receipts from sale of state highway-held properties	31.0	22.0	2.4
Purchase of property, plant, equipment and intangible assets	(17.6)	(25.6)	(19.1)
Investment in the state highway network	(1,690.5)	(2,096.4)	(1,906.3)
Net cash from investing activities	(1,677.1)	(2,100.0)	(1,923.0)
Cash flows from financing activities			
Capital contribution from the National Land Transport Fund	697.1	71.2	1,104.5
Capital contribution from the Crown	365.0	475.8	95.6
Receipts from borrowing	230.5	666.5	403.6
Repayment of borrowing	(176.0)	(66.0)	(15.0)
Interest paid on borrowing	(17.1)	(75.1)	(5.4)
Net cash from financing activities	1,099.5	1,072.4	1,583.3
Net (decrease)/increase in cash and cash equivalents	63.9	0.0	24.6
Cash and cash equivalents at the beginning of the year	106.0	50.0	81.4
Cash and cash equivalents at the end of the year	169.9	50.0	106.0

Reconciliation of net surplus/deficit to net cash from operating activities

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Surplus/(deficit)	(1.6)	(8.7)	(35.1)
Add/(deduct) non-cash/non-operating items:			
Depreciation, amortisation and state highway write-off	647.1	584.5	638.7
Losses on disposal of non-financial assets	12.8	0.0	18.2
Net impact of assets vested to/(from) local authorities	1.6	333.0	0.0
Movement in discounting on receivables	20.6	2.9	(7.0)
Interest on borrowings	32.3	84.7	5.4
Movement in discounting on borrowings	(20.5)	(8.4)	7.1
Movement in ineffective portion of cash flow hedge	15.2	0.0	(3.3)
Total non-cash/non-operating items	709.1	996.7	659.1
Add/(deduct) movements in working capital:			
(Increase)/decrease in Debtor National Land Transport Fund and Debtor Crown	24.8	(44.7)	(555.7)
(Increase)/decrease in receivables and other assets	(8.9)	(4.9)	(41.9)
Increase/(decrease) in creditors and other payables	(86.1)	91.9	331.0
Increase/(decrease) in employee entitlements	4.2	(2.8)	6.9
Net movements in working capital items	(66.0)	39.5	(259.7)
Net cash from operating activities	641.5	1,027.5	364.3

Notes to the financial statements

1 Entity information

Waka Kotahi NZ Transport Agency is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. Legislation governing the operations of Waka Kotahi includes the Crown Entities Act 2004 and the Land Transport Management Act 2003.

The primary objective of Waka Kotahi is to provide services to the New Zealand public. Its purpose is to deliver effective, efficient, safe and resilient transport solutions that support a thriving New Zealand.

Waka Kotahi does not operate to make a financial profit.

The financial statements for Waka Kotahi are for the year ended 30 June 2021 and were approved by the Waka Kotahi Board on 30 September 2021.

Basis of preparation

The financial statements of Waka Kotahi have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Financial Reporting Act 2013. They comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Waka Kotahi is designated as a public benefit entity (PBE) for financial reporting purposes. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The accompanying notes form part of these financial statements. Where an accounting policy is specific to a note, the policy is described in the note to which it relates.

The financial statements are presented in New Zealand dollars and all values are in millions (\$M) and rounded to the nearest hundred thousand dollars.

Certain prior year balances have been reclassified to match current year classifications. These are not material reclassifications, and the reasons for the reclassifications are provided in the relevant notes. Refer to note 6 capital commitments, note 7 Waka Kotahi NZ transport Agency employee costs and entitlements and note 11 Borrowings, financial instruments and financial risk management.

Budget figures

The budget figures are derived from the *Statement of performance expectations 2020/21* as approved by the Board on 16 June 2020. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are materially consistent with those adopted by the Board in preparing these financial statements. The budget figures are not audited and certain balances have been reclassified to reflect the actual spend during 2020/21.

Related party disclosures

Waka Kotahi is a wholly owned entity of the Crown. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client relationship under normal terms and conditions for such transactions. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Taxes

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

Waka Kotahi is a public authority, so is exempt from the payment of income tax.

Capital management

The capital of Waka Kotahi is its equity. Equity is represented by net assets. Waka Kotahi is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowing, acquiring securities, issuing guarantees and indemnities and using derivatives.

Waka Kotahi manages its equity by managing its forecast cash flows from the National Land Transport Fund and other sources compared with its outgoings. When Waka Kotahi borrows funds, it ensures it has sufficient forecast cashflows from future National Land Transport Fund revenue to meet its repayment obligations. Where funds are borrowed for the Regulatory business there is an expectation that future fees and funding will enable that debt to be repaid.

Debtor National Land Transport Fund and Debtor Crown

Debtor National Land Transport Fund and Debtor Crown represent undrawn funds from the operating and capital appropriations relevant to expenditure incurred and not funded by borrowings. The receivables are expected to be received within 30 days of balance date.

Debtor National Land Transport Fund – debt related represents operating and capital expenditure for programmes that are funded by loans and public-

private partnerships that will be reimbursed by the National Land Transport Fund over future financial periods. The receivable balance has been discounted over its term at the effective interest rate at the transaction date.

We consider the credit risk to Waka Kotahi from the National Land Transport Fund and Crown in note 11.

Receivables

Receivables are recognised at face value less an allowance for doubtful debt calculated using the expected credit losses (ECLs) model. Waka Kotahi applies the simplified approach and recognises lifetime ECLs for receivables. Receivables are written off when they are deemed uncollectable.

ECLs and write offs of receivables are not disclosed separately as they are not considered material.

Accounting standards issued and not yet effective

Waka Kotahi has adopted all accounting standards, amendments and interpretations to existing standards that have been published and are mandatory from 1 July 2020.

Critical accounting judgements, estimates and assumptions

In preparing the financial statements, Waka Kotahi has applied judgements, estimates and assumptions concerning the future that may differ from the subsequent actual results. These judgements, estimates and assumptions are continually evaluated and are based on historical experience, where possible, and other factors. Note 4 outlines the judgements, estimates and assumptions applied to the valuation of the state highway network.

Waka Kotahi has applied judgement to apportion borrowing between output classes. See the debt apportionment table on page 125.

2 Operating and capital funding and expense

The tables below represent funding from the National Land Transport Fund and the Crown and relevant expenses for operating transport infrastructure and other services throughout New Zealand.

2020/21

	Operating Funding Revenue* Actual 2020/21 \$M	Capital Funding Contribution Actual 2020/21 \$M	Total Funding Actual 2020/21 \$M	Operating Expense Actual 2020/21 \$M	Capital Expense Actual 2020/21 \$M	Total Expense Actual 2020/21 \$M
National Land Transport Fund						
Public-private partnerships	0.0	205.5	205.5	0.0	205.5	205.5
Public-private partnerships – impact of derivative and interest payment funding movements	0.0	(304.8)	(304.8)	0.0	(304.8)	(304.8)
State highway improvements	678.3	244.9	923.2	646.2	250.0	896.2
Local road maintenance	666.9	0.0	666.9	666.9	0.0	666.9
State highway maintenance	544.6	194.5	739.1	578.5	195.1	773.6
Public transport	520.4	102.1	622.5	520.4	102.1	622.5
Local road improvements	254.8	0.0	254.8	254.8	0.0	254.8
Transitional rail	160.4	0.0	160.4	160.4	0.0	160.4
Walking and cycling	110.8	80.7	191.5	110.8	82.8	193.6
Investment management	67.1	0.1	67.2	65.1	0.1	65.2
Regional improvements	62.8	48.8	111.6	62.8	48.8	111.6
Road safety promotion and demand management	54.8	1.5	56.3	55.9	1.5	57.4
Rapid transit	20.9	0.0	20.9	21.6	0.0	21.6
Local road improvements (Housing Infrastructure Fund)	16.2	0.0	16.2	16.2	0.0	16.2
Road user charges collection, investigation and enforcement	4.3	0.0	4.3	4.0	0.0	4.0
Refund of fuel excise duty	0.6	0.0	0.6	0.7	0.0	0.7
Total National Land Transport Fund funding and expense	3,162.9	573.3	3,736.2	3,164.3	581.1	3,745.4
Total Budget***	3,480.7	1,009.9	4,490.6	3,492.2	1,002.4	4,494.6
Classified as follows:						
Funding paid to approved organisations				1,869.0		
Waka Kotahi operating expenditure				1,295.3		
Total National Land Transport Fund expense				3,164.3		

	Operating Funding Revenue* Actual 2020/21 \$M	Capital Funding Contribution Actual 2020/21 \$M	Total Funding Actual 2020/21 \$M	Operating Expense Actual 2020/21 \$M	Capital Expense Actual 2020/21 \$M	Total Expense Actual 2020/21 \$M
Crown						
New Zealand Upgrade Programme	0.0	267.2	267.2	0.0	267.2	267.2
COVID-19 related funding – public transport	138.4	0.0	138.4	138.4	0.0	138.4
COVID-19 related funding – public-private partnerships	114.9	0.0	114.9	114.9	0.0	114.9
COVID-19 revenue shock and cost pressure funding – State highway improvements	19.1	0.0	19.1	19.1	0.0	19.1
Return of COVID-19 funding – State highway improvements	0.0	(19.7)	(19.7)	0.0	(19.7)	(19.7)
COVID-19 related funding – state highway maintenance	8.8	0.0	8.8	8.8	0.0	8.8
COVID-19 - protection of core regulatory services**	4.5	0.0	4.5	0.0	0.0	0.0
COVID-19 related funding – other	1.1	0.0	1.1	1.1	0.0	1.1
Local road improvements (Provincial Growth Fund)	46.3	0.0	46.3	46.3	0.0	46.3
New Zealand Upgrade Programme - Regional package	0.0	33.2	33.2	0.0	33.2	33.2
SuperGold card administration and public transport concessions	30.2	0.0	30.2	30.2	0.0	30.2
Accelerated Regional Roding Programme	0.0	29.7	29.7	0.0	29.7	29.7
Regional improvements (Provincial Growth Fund)	0.0	9.1	9.1	0.0	9.1	9.1
Kaikōura earthquake response	7.0	23.5	30.5	7.0	23.5	30.5
Crown infrastructure partners	0.0	4.1	4.1	0.0	4.1	4.1
Investment management (Provincial Growth Fund)	3.0	0.0	3.0	3.0	0.0	3.0
Enhanced road maintenance	1.5	0.0	1.5	1.5	0.0	1.5
Urban Cycleways Programme	0.5	0.0	0.5	0.5	0.0	0.5
Clean Car Discount	0.0	0.0	0.0	1.1	0.0	1.1
Clean Car Standard	0.0	0.0	0.0	0.3	0.0	0.3
Other Crown funding and expense	10.3	0.0	10.3	12.2	0.0	12.2
Total Crown funding and expense	385.6	347.1	732.7	384.4	347.1	731.5
Total Budget***	73.3	474.3	547.6	76.5	474.3	550.8
Classified as follows:						
Funding paid to approved organisations				219.4		
Waka Kotahi operating expenditure				165.0		
Total Crown expense				384.4		

	Operating Funding Revenue* Actual 2020/21 \$M	Capital Funding Contribution Actual 2020/21 \$M	Total Funding Actual 2020/21 \$M	Operating Expense Actual 2020/21 \$M	Capital Expense Actual 2020/21 \$M	Total Expense Actual 2020/21 \$M
Total funding and expense from fees, charges and other revenue	283.6	0.0	283.6	284.9	0.0	284.9
Total Budget***	207.3	0.0	207.3	201.3	0.0	201.3
Total revenue and expense	3,832.1	920.4	4,752.5	3,833.7	928.2	4,761.9
Total Budget***	3,761.3	1,484.2	5,245.5	3,770.0	1,476.7	5,246.7

***Budgets by output class are included in the output class income and expenditure statements in the supplementary information, page 126 to 140.

2019/20

	Operating Funding Revenue* Actual 2019/20 \$M	Capital Funding Contribution Actual 2019/20 \$M	Total Funding Actual 2019/20 \$M	Operating Expense Actual 2019/20 \$M	Capital Expense Actual 2019/20 \$M	Total Expense Actual 2019/20 \$M
National Land Transport Fund						
Public-private partnerships	0.0	902.9	902.9	0.0	902.9	902.9
State highway improvements	726.8	525.3	1,252.1	726.2	527.4	1,253.6
Local road maintenance	617.7	0.0	617.7	617.7	0.0	617.7
Public transport	641.1	74.8	715.9	641.0	75.4	716.4
State highway maintenance	533.6	208.6	742.2	556.6	208.8	765.4
Local road improvements	258.2	0.0	258.2	258.2	0.0	258.2
Investment management	79.8	0.9	80.7	78.3	0.9	79.2
Transitional rail	64.6	0.0	64.6	64.6	0.0	64.6
Road safety promotion and demand management	46.5	1.6	48.1	47.0	1.6	48.6
Walking and cycling	44.1	26.4	70.5	44.1	26.4	70.5
Rapid transit	32.3	0.0	32.3	32.3	0.0	32.3
Regional improvements	30.2	66.5	96.7	30.2	66.5	96.7
Local road improvements (Housing Infrastructure Fund)	11.1	0.0	11.1	11.1	0.0	11.1
Road user charges collection, investigation and enforcement	4.3	0.0	4.3	4.4	0.0	4.4
Refund of fuel excise duty	0.6	0.0	0.6	0.7	0.0	0.7
Total National Land Transport Fund funding and expense	3,090.9	1,807.0	4,897.9	3,112.4	1,809.9	4,922.3
Classified as follows:						
Funding paid to approved organisations				1,736.8		
Waka Kotahi operating expenditure				1,375.6		
Total National Land Transport Fund expense				3,112.4		

	Operating Funding Revenue* Actual 2019/20 \$M	Capital Funding Contribution Actual 2019/20 \$M	Total Funding Actual 2019/20 \$M	Operating Expense Actual 2019/20 \$M	Capital Expense Actual 2019/20 \$M	Total Expense Actual 2019/20 \$M
Crown						
COVID-19 Response and Recovery Fund (CRRF)	94.1	0.0	94.1	94.1	0.0	94.1
SuperGold card administration and public transport concessions	30.7	0.0	30.7	30.7	0.0	30.7
New Zealand Upgrade Programme	0.0	28.0	28.0	0.0	28.0	28.0
Accelerated Regional Roding Programme	0.0	27.7	27.7	0.0	27.7	27.7
Regional improvements (Provincial Growth Fund)	0.0	5.2	5.2	0.0	5.2	5.2
Local road improvements (Provincial Growth Fund)	20.4	0.0	20.4	20.4	0.0	20.4
COVID-19 - protection of core regulatory services**	8.1	0.0	8.1	0.0	0.0	0.0
Kaikōura earthquake response	7.3	30.8	38.1	7.3	30.8	38.1
Investment management (Provincial Growth Fund)	5.5	0.0	5.5	5.5	0.0	5.5
Urban Cycleways Programme	5.0	4.2	9.2	5.0	4.2	9.2
Other Crown funding and expense	5.6	4.3	9.9	7.0	0.0	7.0
Total Crown funding and expense	176.7	100.2	276.9	170.0	95.9	265.9
Classified as follows:						
Funding paid to approved organisations				61.5		
Waka Kotahi operating expenditure				108.5		
Total Crown expense				170.0		
Total funding and expense from fees, charges and other revenue	206.8	0.0	206.8	227.1	0.0	227.1
Total revenue and expense	3,474.4	1,907.2	5,381.6	3,509.5	1,905.8	5,415.3

*Funding from borrowing facilities is included within the funding revenue column. The financing component included \$247.1 million state highway improvements, \$33.2 million local road maintenance, \$108.8 million public transport, \$173.2 million state highway maintenance, and \$12.7 million local road improvements.

**Crown funding was provided to meet the revenue shortfall in core regulatory services resulting from COVID-19. The expenditure is shown in the fees, charges and other revenue line.

Funding from the National Land Transport Fund and the Crown

The majority of the funding is received from the National Land Transport Fund and the Crown.

Funding from the National Land Transport Fund and the Crown has been accounted for in accordance with PBE IPSAS 23 *Revenue from non-exchange transactions* and classified and treated as non-exchange revenue. The funding is used for the specific purpose set out in legislation and the scope of the relevant government appropriations. The payment of funding does not entitle the payer to an equivalent value of services or benefits, because no direct exchange relationship exists between paying the funding and receiving services or benefits from Waka Kotahi. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to this funding and it is recognised as revenue when received and reported in the financial period to which it relates.

Funding is recognised as a capital contribution when expenditure for capital projects is incurred.

Funding from fees, charges and other revenue

Revenue from other activities has been classified and treated as exchange revenue and accounted for in accordance with PBE IPSAS 9 *Revenue from exchange transactions*.

Land transport funding

Waka Kotahi receives land transport funding and then provides it to approved organisations for the delivery of services and uses it to maintain and operate the state highway network.

Explanation of major variances against budget

Operating expense related to the National Land Transport Fund was \$327.9 million (9 percent) below budget. This is due to lower than budgeted claims from approved organisations for various activity classes, including public transport and local road improvements.

Operating expense related to the Crown was \$307.9 million (402 percent) above budget. This was mainly due to COVID-19 contractual settlements including public-private partnerships and additional claims to meet the shortfall in farebox revenue for public transport services during the COVID-19 lockdown. Additional Crown funding was approved in July 2020 to cover these COVID costs and was not included in the budget when it was originally set in April 2020.

Capital expense related to the National Land Transport Fund was \$421.3 million (42 percent) below budget. This was mainly due to public-private partnership expenditure being less than expected with the impact of COVID-19 being met by the Crown and the valuation gains of the public-private partnership related interest rate swaps.

Capital expense related to the Crown was \$127.2 million (27 percent) below budget. This was the result of lower spend in the New Zealand Upgrade Programme, the Regional Investment Opportunities programme and Provincial Growth Fund regional improvements in 2020/21.

3 Revenue from other activities

	Actual 2020/21 \$M	Actual 2019/20 \$M
Fees and Charges		
Motor vehicle licensing fees	50.7	49.4
Driver licensing fees	38.3	33.9
Driver testing fees	28.5	22.6
Road user charges collections	12.9	12.3
Certification review fees	11.5	11.1
Transport licensing fees	10.4	10.7
Standards development fee and certification levies	7.0	7.0
Rail licensing fees	2.5	1.6
Over dimension and overweight permits	1.6	1.5
Border inspection fees	0.6	0.7
Total fees and charges	164.0	150.8
Recoveries from National Land Transport Programme and other activities*	54.5	25.6
Interest and finance income	40.4	9.8
Tolling fees and contributions	17.0	14.8
Levy on personalised plates for community road safety initiatives	5.8	3.9
Administration fee from Accident Compensation Corporation	0.5	0.6
Miscellaneous revenue	1.4	1.3
Total revenue from other activities	283.6	206.8

* Includes developer contributions.

4 State highway network

	Actual 2020/21 \$M	Actual 2019/20 \$M
Opening balance	52,190.4	49,657.0
Additions	1,678.8	1,643.9
Depreciation*	(607.6)	(591.3)
Impairment/write-offs*	(25.4)	(34.6)
Assets vested to local authorities	(1.6)	0.0
Disposals	(32.9)	(20.6)
Revaluation of state highway network	5,793.9	1,538.3
Assets transferred from/(to) held for sale	(9.8)	(2.3)
Closing balance	58,985.8	52,190.4

* Depreciation, amortisation and state highway write-off balance in the statement of comprehensive revenue and expense includes \$14.1 million (2019/20: \$12.8 million) of depreciation and amortisation relating to property, plant, equipment and intangible assets and is not included in the state highway network disclosure above.

The costs of constructing the state highway network are recognised as an asset. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future service potential will be realised and the cost can be measured reliably. Repairs and maintenance costs are expensed during the financial period in which they are incurred.

Valuation

The state highway network (excluding land and formation) is valued using an optimised depreciated replacement cost methodology based on the estimated current cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age, condition and performance of the assets. The estimated current cost is expected to change over time. The land corridor is valued using an across the fence methodology, which is based on the premise that the corridor land should be of similar value to the land through which it passes. Formation is valued using unit rates for formation types applied to the carriageway. Land, held properties, formation and the sub-base component of pavement are non-depreciable asset classes. Qualified independent valuers carry out the majority of the valuation as shown in the table below.

State highway network component	Valuer
Roads, bridges, culverts, tunnels, underpasses, including formation works, road structure, drainage works and traffic facilities	WSP Opus, utilising unit prices provided by BondCM
Land (held property)	Darroch Limited
Land (corridor)	Internally calculated by Waka Kotahi Reviewed by WSP Opus

The components of the state highway network at optimised depreciated replacement cost and the related depreciation expense are shown in the following table.

	Optimised depreciated replacement cost		Depreciation expense	
	Actual 2020/21 \$M	Actual 2019/20 \$M	Actual 2020/21 \$M	Actual 2019/20 \$M
State highway network components				
Land*	18,489.3	14,723.6	0.0	0.0
Formation	14,257.6	13,975.7	0.0	0.0
Pavement base course**	6,978.6	6,284.0	78.2	76.2
Pavement surface	1,346.5	1,093.2	153.8	147.8
Drainage	2,245.6	1,775.0	49.7	49.8
Traffic facilities	1,708.7	1,514.7	94.7	104.3
Bridges	8,934.1	8,387.3	128.5	122.8
Culverts and subways	648.0	705.8	17.7	17.4
Tunnels and other structures	4,032.8	3,427.8	52.1	44.0
Miscellaneous***	344.6	303.3	32.9	29.0
Total	58,985.8	52,190.4	607.6	591.3

*Land includes corridor land and held properties, excluding properties held for sale.

**Pavement basecourse includes basecourse, which is depreciable, and pavement subbase, which is non-depreciable.

***Miscellaneous asset class is made up of Intelligent Traffic Systems, traffic management units, tolling infrastructure, bailey bridges, sea and river protection structures, and other structures.

State highway assets increased in value by \$6.8 billion mainly due to price movements in unit rates, reflecting the current costs of construction, increases from the land revaluation, particularly in the Auckland region, and capital expenditure on current state highway projects.

Depreciation

Depreciation is calculated on a straight-line basis on state highway network assets (other than land, held properties, formation and the subbase component of pavement) at rates that will spread the cost of the assets to their estimated residual values over their useful lives. The depreciation expense for 2020/21 is calculated based on the 30 June 2020 valuation.

Impairment

State highway network assets are reviewed for impairment whenever events or changes in circumstances indicate that there may be a reduction in the asset's future service potential. An impairment loss is recognised when the asset's carrying amount exceeds the recoverable service amount. The recoverable service amount is the higher of the asset's fair value less cost to sell or value in use. Impairment of state highway network assets is deducted from the asset revaluation reserve to the extent of an existing credit balance for that asset class. Any excess is recognised in surplus or deficit.

Waikato Expressway- Cambridge section

Pavement performance issues have developed on the Cambridge section of the Waikato expressway. Surface failures have occurred that will require remedial action. The cost to reinstate the pavement to its desired level of service is used to calculate the impairment value.

New Zealand Upgrade Programme

Following a Cabinet decision on 4 June 2021, four projects under the New Zealand Upgrade Programme have not been funded to proceed as per the original scope (Whangārei to Port Marsden, Mill Road, Papakura to Drury South Stage 2 and Takitimu North Link Stage 2) which triggered an impairment test for costs that had already been capitalised under these four projects. Most of the capitalised costs incurred to date related to property purchases which were not impaired. The remaining balances were considered to be impaired.

Waitematā Harbour Crossing project

The development of the additional Waitematā Harbour crossing project has been progressing for some time. However, there is sufficient uncertainty around the final project solution that it is considered prudent to impair the non-property related costs until a funded solution is confirmed.

Estimates, assumptions and judgements

Due to the unique nature of the state highway network, the value of the assets cannot be measured with precision. There are uncertainties about the values assigned to different components of the state highway network. These uncertainties include whether Waka Kotahi databases have accurate quantities and whether some cost components and in-service data are captured completely. Waka Kotahi is continually reviewing controls to improve the timeliness and accuracy of the main asset database – the Road Assessment and Maintenance Management (RAMM) database and the Highway Structures Information Management System (HSIMS) database. In addition, significant estimates and assumptions have been applied to the valuation, which include assumptions on quantities used in the construction of state highway network components, the life of the assets and the unit costs to apply. Changes to the underlying estimates and assumptions can cause a material movement in the state highway valuation and are reviewed periodically.

Waka Kotahi is continuously improving the identification of all costs that should be capitalised through its state highway valuation improvement programme.

The state highway valuation improvement programme for 2020/21 continued the focus on simplifying the valuation process and improving the quality of the valuation outputs. The main improvement undertaken for the year was simplifying and making more intuitive the land corridor valuation process through the use of a Geospatial Information System (GIS) that was piloted last year and implemented in 2020/21. The valuation methodology remains across the fence. However, the inputs to the valuation are now derived from published rateable valuation data, and indexed between local rateable valuation years.

The following represent core and estimated inputs used in the 2020/21 valuation.

State highway network component	Quantity	Rate	Useful life (years)	Basis of valuation
Land	Land corridor: 35,014 ha	QV Rateable values	N/A	Corridor land (land associated with the road) is valued by Waka Kotahi GIS system based on QV rateable values per square metre of the surrounding land.
	Held Property	Market price		Held properties, which are properties not yet part of corridor land, are based on market prices determined by Darroch Ltd.
Formation (earthworks)	Formation: 104,061,786 m ² Shoulder formation: 21,043,546 m ²	Unit prices and an overhead rate	N/A	Unit rates are provided by BondCM based on terrain type groupings and adjusted for construction overhead costs.
Pavement subbase and base course	Pavement other: 33,918,584 m ³ Shoulder base course: 3,066,387 m ³	Unit prices and an overhead rate	50 for basecourse N/A for subbase which is non-depreciable	Depth of subbase and base course type is determined from Austroads Pavement Design Guide. Unit rates are provided by BondCM and adjusted for overhead costs.
Pavement surface	Pavement surface: 114,715,669 m ²	Unit prices and an overhead rate	9-14	Unit rates are provided by BondCM and adjusted for overhead costs.
Drainage	Drainage: 54,949 m and 76,971 units Stormwater channel: 15,365,155 m	Unit prices and an overhead rate	50	Unit rates are provided by BondCM and adjusted for overhead costs.
Traffic facilities	Railings: 2,528,562 m Signs: 193,857 units Traffic facilities: 11,698,044 m	Unit prices and an overhead rate	10-25	Unit rates are provided by BondCM for railings and signs and adjusted for overhead costs. Derived by WSP Opus from a combination of indexed historical cost data and recent construction costs.
Bridges	2,773 bridges	Unit prices and an overhead rate	90-100	Unit rates are provided by BondCM.
Culverts and subways	Culverts and subways: 1,621 units and 43,592 m	Unit prices and an overhead rate	50-75	Unit rates are provided by BondCM.
Other structures	Retaining walls: 807,152 m ² Tunnels: 20 structures	Unit prices and an overhead rate	10-100	Unit rates are derived from a combination of indexed historical cost data and recent construction costs.

Unit prices

A significant component of the valuation is based on unit prices provided by independent expert BondCM. BondCM applies rates calculated using the Auckland market as the base and then assessed for regional price differences for major cost elements (such as labour, plant and materials) from which a weighting is derived to determine regional rates for each item. The regional weightings are based on costs BondCM has observed in the regions. The unit rates provided by BondCM generally relate only to the cost of physical construction and do not include overhead costs that would also be incurred to replace or install the asset. For 2020/21, BondCM was requested to provide updates to rates for all assets except for formation and tunnels, which were indexed.

Overhead costs

Overhead costs are estimated by BondCM based on actual information for recently completed projects. The rate of overheads incurred on a project can vary significantly depending on whether the construction is taking place in a greenfield or brownfield environment. Overheads include the sum of preliminary and general on-costs (35 percent) multiplied by professional fees, including Waka Kotahi costs (15 percent), and brownfields costs (15 percent for urban and motorway carriageways and 5 percent for rural carriageways).

No changes in base overhead costs have been made in the 2020/21 valuation.

Quantities

The calculation of the state highway network valuation consists of estimated quantities that include the actual area and length of the network at the close of the prior year extracted from the asset management system. Completed construction projects within the current financial year are included in the calculation at cost.

Work in progress

Recent capital expenditure is not yet reflected in the asset database, because the projects are large and take several years to complete. The total work in progress included in the valuation is \$5.37 billion, which is included at cost for the current year and indexed for multi-year projects. The associated quantities are not included in the inputs table.

Valuation inputs subject to estimation uncertainty

The valuation inputs and/or assumptions subject to the most estimation uncertainty are as follows.

- Preliminary and general (P&G) on-costs, related to multiple asset components: P&G on-costs are associated with site establishment and disestablishment, site management and compliance on-costs, and contractor mark-up.
- Professional fees related to multiple asset components: Professional fees are the costs for professional services from external consultants and internal costs for investigations, design and management surveillance quality. Professional fees of 15 percent are derived based on project averages provided by BondCM.
- Formation: This is the constructed land form profile and platform on which the pavement structure is built. Formation within the different terrain types can be highly variable, the valuation of formation is on an average basis with the unit rates used in the valuation provided by BondCM.
- Brownfield costs: A major component of brownfield costs are one-off costs necessary to make the land freely available to build the state highway. They include capital works relating to relocation and refurbishment of assets owned by other parties, work to protect the privacy and environment of adjoining properties, and compensation to landowners. Other components of the brownfield cost result from the increased constraints or requirements imposed when constructing in an already-developed location; for example, increased traffic management and security; limitations on available contractor areas for storage, parking, buildings and general operations; noise and dust limitations; and restricted hours of work. BondCM provided a brownfield overhead rate for rural and urban areas that has been applied to the depreciable assets unit cost rates. The urban rate has also been applied to motorway carriageways.

Sensitivity analysis

The following sensitivity analysis represents possible impacts on the state highway network valuation based on changes to estimates of +10 percent.

	Change in optimised depreciated replacement cost (\$M) 2020/21	Change in optimised depreciated replacement cost (\$M) 2019/20
Movement in P&G on-costs by 10% (from 35.0% to 38.5%)	1,053	971
Movement in external professional fees by 10%	425	398
Movement in formation unit costs by 10%	1,432	1,398
Movement in bridge unit costs by 10%	893	839
Movement in unit prices* by 10%	1,795	1,647
Movement in land corridor quantities by 10%	1,661	1,306
Movement in brownfield costs by 10%	198	174
Movement in price index by 10%	3,456	3,375

*Relates to bridges, culverts and pavements (surface and other).

WSP Opus performed simulation analysis on the valuation to quantify the range of valuation outcomes that could occur as a result of changes in the different valuation inputs. WSP Opus concluded that the overall valuation is likely to be between -7.5 percent and +10 percent of the current value.

The sensitivity analysis above is only an indication of the range of possible impacts and should not be interpreted as the likely actual impact.

Work undertaken in recent years has reduced the likelihood of understatement of the state highway networks value. This improvement work is ongoing with a focus on simplifying and improving the quality of the valuation inputs.

Property assets held for sale

Waka Kotahi owns 58 properties valued at \$26.9 million (2019/20: 59 properties valued at \$17.1 million) that have been classified as held for sale. It is expected that these properties will be sold by 30 June 2022.

Held properties are classified as property assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Property assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Explanation of major variances against budget

State highway assets were \$58,985.8 million, \$1,661.7 million (3 percent) above budget of \$57,324.1 million due primarily to increases in unit cost rates in particular for drainage, pavement (other), bridges and culverts that were greater than budgeted. Additionally, the new improvements to land corridor valuations through the use of a Geospatial Information System (GIS) and property price inflation during the year resulted in the value of the land corridor exceeding budget expectations.

5 Public-private partnership assets and liabilities

	Actual 2020/21 \$M	Actual 2019/20 \$M
Assets		
Transmission Gully	1,280.4	1,138.9
Pūhoi to Warkworth	875.3	811.3
Total public-private partnership assets	2,155.7	1,950.2
Liabilities		
Transmission Gully	1,049.9	948.3
Pūhoi to Warkworth	792.3	728.3
Total public-private partnership liabilities	1,842.2	1,676.6

Public-private partnership agreements

Waka Kotahi has entered into public-private partnership agreements with the:

- Wellington Gateway Partnership to deliver the Transmission Gully project
- Northern Express Group to deliver the Pūhoi to Warkworth project.

Public-private partnerships for the construction of state highways are treated as service concession arrangements and accounted for in accordance with PBE IPSAS 32 *Service concession arrangements: grantor*.

During construction, the cumulative cost, including financing, is recognised as an asset. A matching liability represents the obligations of Waka Kotahi under the arrangement should conditions exist such that the arrangement will not continue through to the service commencement date. Before the service commencement date, there are no scheduled payments under the agreements.

On completion, the asset will be remeasured to fair value. Once operational, the public-private partnership assets will be accounted for in accordance with the policies adopted by Waka Kotahi in respect of the rest of the state highway.

Under the agreements, the contractors will finance, design, build, operate and maintain the sections of state highway. Waka Kotahi provided land it owns to the contractors on which to build the state highway.

The operational agreements run for 25 years from the service commencement date, after which the responsibility for ongoing operation and maintenance of both roads will revert to Waka Kotahi. As both state highways are under construction, no depreciation on the assets has been incurred.

This treatment is consistent with the Treasury's public-private partnership accounting guidelines.

At the time the public-private partnership assets become operational, Waka Kotahi will pay the contractor a quarterly unitary charge in arrears subject to satisfactory performance against agreed service levels. The unitary charge has three components:

- A reduction in the service concession liability.
- Finance costs: Under the terms of the agreements, the operators have a provision to re-price the finance costs at intervals during the 25-year period. Waka Kotahi has put in place interest rate swaps to hedge the re-pricing of the finance costs. (See note 11 for details of the interest rate swaps.)
- Service costs: These cover the operational costs of running, maintaining, insuring and ensuring the availability of the highway to the service level agreed with Waka Kotahi. Some of these costs are indexed to the Consumer Price Index or to other relevant indices and can be varied from time to time.

The reduction in the service concession liability, finance and service costs will be recognised in the period incurred.

Transmission Gully public-private partnership

The COVID-19 lockdown in March and April 2020 was considered an uninsurable event for which Waka Kotahi, the Builder and Wellington Gateway Partnership negotiated a commercial settlement in financial year 2020/21. As the settlement related to COVID-19, the settlement costs are considered operating in nature and not included in the public-private partnership asset above. Operating costs for the COVID-19 settlement recognised in the 2020/21 financial year totalled \$83.4 million (2019/20: \$54.1 million) with a further \$72.5 million disclosed as commitments in note 6. A contingency of \$7.5 million was also recognised.

As part of the settlement, the debt component of the quarterly unitary charges commenced in February 2021, ahead of the proposed road opening in September 2021. The early repayment of the debt component of the quarterly unitary charges totalled \$39.9 million in financial year 2020/21. This payment, in conjunction with the pre-COVID settlement disclosed in financial year 2019/20 of \$190.6 million, results in the value of the public-private partnership asset being greater than the public-private partnership liability at 30 June 2021.

Under the terms of the post-COVID settlement agreement, future risks and costs related to alert levels 1 and 2 are the Builder's responsibility. Waka Kotahi is exposed to risks and costs associated with any future periods at alert levels 3 and 4. See note 14 for further information.

Pūhoi to Warkworth public-private partnership

The COVID-19 lockdown in March and April 2020 was considered an uninsurable event for which Waka Kotahi, the Builder and the Contractor reached a pre-settlement agreement in financial year 2019/20. As the settlement related to COVID-19, the settlement costs are considered operating in nature and not included in the public-private partnership asset above. Operating costs for the COVID-19 settlement recognised in the 2020/21 financial year totalled \$20.1 million (2019/20: \$40.0 million) with a further \$19.9 million disclosed as commitments in note 6. A contingency of \$5.0 million was also recognised.

As part of the settlement the debt component of the quarterly unitary charges commences in February 2022, ahead of the proposed road opening of May 2022. The pre-COVID settlement disclosed in financial year 2019/20 of \$83.0 million is the reason the value of the public-private partnership asset is greater than the public-private partnership liability at 30 June 2021.

Under the terms of the post-COVID settlement agreement, future risks and costs related to alert levels 1 and 2 are the Builder's responsibility. Waka Kotahi is exposed to risks and costs associated with any future periods at alert levels 3 and 4.

Deed of Indemnity

The Crown has issued indemnities to each consortium for all indemnified amounts (as defined in the respective Deeds of Indemnity). In general terms, the indemnified amounts consist of sums payable by Waka Kotahi in the operational phase of the project and defined compensation sums payable in the event of default on payment by Waka Kotahi. If the Crown is required to make a payment under its indemnity, Waka Kotahi must reimburse it under the Reimbursement and Management Agreement.

Commitments

The total estimated capital and operating expenditure to be paid throughout the 25-year period is \$3.3 billion for Transmission Gully and \$2.3 billion for Pūhoi to Warkworth. This includes capital commitments of \$199.8 million, included in note 6, across the two projects for the remaining work in progress, not yet represented by the public-private partnership liability.

Explanation of major variances against budget

Public-private partnership assets were \$2,155.7 million, \$1,209.1 million (128 percent) above budget of \$946.6 million mainly due to the assumption in the budget that the Transmission Gully road would be completed in 2020/21 and the road asset transferred to the state highway network. The remaining variance relates to slower than expected construction progress and an accounting adjustment of \$54.0 million made to the Pūhoi to Warkworth public-private partnership asset.

Public-private partnership liabilities were \$1,842.2 million, \$143.2 million (7 percent) below budget of \$1,985.4 million mainly due to slower than expected construction progress and an accounting adjustment of \$54.0 million made to the Pūhoi to Warkworth public-private partnership liability.

6 Capital commitments

The future aggregate construction contract commitments for the state highway network are as follows.

	Actual As at 30 June 2021 \$M	Restated Actual As at 30 June 2020 \$M
Not later than one year	1,534.2	1,730.7
Later than one year and not later than five years	1,206.6	1,206.5
Later than five years	3.8	41.8
Total capital commitments*	2,744.6	2,979.0

* Included in total capital commitments is \$199.8 million relating to the construction of the public-private partnership assets. In previous periods, Waka Kotahi had disclosed a public-private partnership commitment representing the total construction cost of the projects with no reduction in the commitment as the public-private partnership liability was progressively recognised on the balance sheet. The revised commitment is calculated as the remaining project spend being the difference between the peak liability (being cost plus accrued interest) and the public-private partnership liability recognised at 30 June 2021. The 2019/20 comparative was restated to reflect the change in capital commitment calculations.

7 Waka Kotahi NZ Transport Agency employee costs and employee entitlements

Employee costs (included in the statement of comprehensive revenue and expense)

	Actual 2020/21 \$M	Restated** Actual 2019/20 \$M
Salaries and wages	144.5	130.0
Defined contribution plan employer contributions	5.4	4.0
Other employee costs	3.9	8.9
Total Waka Kotahi NZ Transport Agency employee costs*	153.8	142.9

* Total Waka Kotahi employee costs excluded contractor costs, which are included in note 10.

** The 2019/20 balance was restated to reflect the reclassification of salary recharges to make the prior period comparable.

Reconciliation of total employee costs to Waka Kotahi NZ Transport Agency employee costs

	Actual 2020/21 \$M	Actual 2019/20 \$M
Total employee costs	234.0	201.9
<i>Deduct:</i>		
Transport Agency capitalised employee costs allocated to NLTP activities	(53.6)	(26.9)
Transport Agency operating employee costs allocated to NLTP activities	(26.6)	(32.1)
Total Waka Kotahi NZ Transport Agency employee costs*	153.8	142.9

Explanation of major variances against budget

Net employee costs were \$153.8 million, \$34.3 million (29 percent) above budget of \$119.5 million. The increase was due to higher position numbers reflecting the broad range of activity undertaken by Waka Kotahi with higher rates of recruitment, lower staff turnover and staff taking less annual leave than in prior periods. These effects are attributed to the impacts of COVID-19, including employment market conditions and travel restrictions.

Employee entitlements (included in the statement of financial position)

	Actual 2020/21 \$M	Actual 2019/20 \$M
Employee entitlements - current	22.0	17.8
Employee entitlements - non-current	4.2	4.1
Total Waka Kotahi NZ Transport Agency employee entitlements	26.1	21.9

Key management personnel

Key management personnel compensation and board member remuneration have been presented to the nearest thousand dollars (\$000) to provide more meaningful information to the users of the financial statements.

Key management personnel compensation

	Note	Actual 2020/21 \$000	Actual 2019/20 \$000
Board members			
Remuneration		332	287
Number of positions	a	8	7
Leadership team			
Remuneration	b	5,131	5,320
Number of personnel	c	10	15
Total key management personnel compensation		5,463	5,607
Total personnel	d	17	22

a. Reflects the number of positions on the Board during the financial year.

b. Leadership team includes the Chief Executive and key management personnel who report to the Chief Executive and have the authority and responsibility for planning, directing, and controlling the activities of Waka Kotahi.

c. Includes full year remuneration of the leadership team while they were members of the leadership team.

d. The total number of key management personnel at balance date is 15 (2019/20: 17).

Board member remuneration

The total value of remuneration paid or payable to each board member during the year was as follows.

	Appointed	Resigned	Actual 2020/21 \$000	Actual 2019/20 \$000
Sir Brian Roche (Chair)	June 2019		71	75
Cassandra Crowley (Deputy Chair)	September 2019		45	27
David Smol	February 2019		36	33
Catherine Taylor	September 2019		36	27
Ken Rintoul	September 2019		36	27
Patrick Reynolds	September 2019		36	27
Victoria Carter	September 2019		36	27
John Bridgman	July 2020		36	0
Nick Rogers	September 2013	September 2019	0	9
Leo Lonergan	May 2016	September 2019	0	8
Mark Darrow	May 2017	September 2019	0	9
Vanessa van Uden	May 2017	September 2019	0	9
Sheridan Broadbent	February 2019	September 2019	0	9
Total board member remuneration			332	287

No payments were made to committee members appointed by the Board who were not board members during the financial year.

Waka Kotahi has Directors and Officers Liability and Professional Indemnity Insurance cover in respect of the liability or costs of board members and employees. The Board also has insurance cover against personal accident and other travel-related risk for board members and employees where injury or loss occurs while on Waka Kotahi business.

No board members received compensation or other benefits in relation to cessation (2019/20: \$nil).

Employee remuneration

Total remuneration paid or payable	No. of staff 2020/21	No. of staff 2019/20
100,000-109,999	175	100
110,000-119,999	174	140
120,000-129,999	154	107
130,000-139,999	141	95
140,000-149,999	94	67
150,000-159,999	91	52
160,000-169,999	55	42
170,000-179,999	37	26
180,000-189,999	38	25
190,000-199,999	18	12
200,000-209,999	6	13
210,000-219,999	15	6
220,000-229,999	5	7
230,000-239,999	6	6
240,000-249,999	11	7
250,000-259,999	5	5
260,000-269,999	4	4
270,000-279,999	2	2
280,000-289,999	3	2
290,000-299,000	5	1
300,000-309,000	6	2
310,000-319,999	1	1
320,000-329,000	2	2
350,000-359,999	1	0
360,000-369,999	1	0
370,000-379,999	0	0
380,000-389,999	2	0
390,000-399,999	2	1
400,000-409,999	0	1
420,000-429,999	1	3
430,000-439,999	0	2
440,000-449,999	1	0
460,000-469,999	1	1
490,000-499,999	1	0
500,000-509,999	1	1
520,000-529,999	0	1
630,000-639,999	1	0
750,000-759,999	1	0
890,000-899,999	0	1
Total employees	1,061	735

The Chief Executive of Waka Kotahi took a voluntary salary reduction due to COVID-19 for a fixed period at the end of the 2019/20 financial year and the start of the 2020/21 financial year. The remuneration table reflects this temporary decrease in earnings.

The table above contains remuneration information solely on permanent or fixed-term employees of Waka Kotahi who have been paid more than \$100,000 in respect of the financial year in accordance with the requirements of the Crown Entities Act 2004. Contract personnel are not included.

During the year ended 30 June 2021, 24 (2019/20: 24) Waka Kotahi employees received compensation and other benefits in relation to cessation of \$1.6 million (2019/20: \$1.1 million). These costs are excluded from the remuneration table above.

8

Waka Kotahi NZ Transport Agency operating expenses and payables

Operating expenses (included in the statement of comprehensive revenue and expense)

	Note	Actual 2020/21 \$M	Actual 2019/20 \$M
Commissions and transaction costs	a	83.1	66.2
Contractor and professional services		11.3	44.8
Information technology		38.9	37.3
Operating lease expense		12.3	12.9
Office and building management		6.5	7.5
Employee travel		3.7	5.1
Meetings and conferences		0.7	0.7
Fees to principal auditors for:			
– audit of financial statements		0.5	0.5
– other assurance services	b	0.1	0.1
Other operating expenses		9.7	8.9
Waka Kotahi NZ Transport Agency operating expenses		166.8	184.0

a. This category includes payments to agents for driver licensing services, motor vehicle registration and motor vehicle licensing services, personalised plates, card merchant fees and bulk postage transaction costs.

b. Other assurance services by KPMG included a review of the application of the scrutiny principle, a review of the procurement process undertaken for a new human resources system and a review of the establishment of the Te Hau Ora digital portfolio.

Explanation of major variances against budget

Operating expenses were \$166.8 million, \$11.0 million (6 percent) below budget of \$177.8 million mainly due to lower contracting and professional services costs incurred than expected as permanent staff were recruited into roles.

Payables (included in the statement of financial position)

	Actual 2020/21 \$M	Actual 2019/20 \$M
Creditors	687.2	583.7
Income in advance	43.2	34.5
Total Waka Kotahi NZ Transport Agency payables	730.4	618.2
Classified as follows:		
Current	730.4	618.2
Non-current	0.0	0.0
Total	730.4	618.2

Short-term creditors and other payables are recorded at face value. Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of creditors and other payables approximates their fair value.

Included within creditors is \$17.9 million relating to the collection of regional fuel tax that has not yet been passed to Auckland Transport. The cash collected is included in the cash balance of Waka Kotahi, however, it is restricted solely for distribution to Auckland Transport.

Explanation of major variances against budget

Payables were \$730.4 million, \$345.0 million (32 percent) below budget of \$1,075.0 million. This is due to lower than expected claims from suppliers and approved organisations.

9 Operating leases

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows.

	Actual 2020/21 \$M	Actual 2019/20 \$M
Not later than one year	14.7	13.8
Later than one year and not later than five years	51.7	32.9
Later than five years	50.8	12.9
Total non-cancellable operating leases	117.2	59.6

Significant operating leases are limited to buildings for office accommodation. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The increase in 2020/21 is due to the new office lease at 44 Bowen Street, Wellington, commencing on 1 July 2023 for 12 years.

10 Provisions

Movements for each class of provision (included in the statement of financial position) are as follows

	State Highway - current \$M	Onerous Contracts - current \$M	Onerous Contracts - non-current \$M	Total \$M
Balance at 1 July 2019	0.2	1.4	4.0	5.6
Additional provisions made	211.3	0.0	0.0	211.3
Amounts used	0.0	0.0	(1.4)	(1.4)
Unused amounts reversed	0.0	0.0	0.0	0.0
Balance at 30 June 2020 / 1 July 2020	211.5	1.4	2.6	215.5
Additional provisions made	35.4	0	0	35.4
Amounts used	(136.4)	0.0	(1.4)	(137.8)
Unused amounts reversed	(46.7)	0	0	(46.7)
Balance at 30 June 2021	63.8	1.4	1.2	66.4

The state highway provision relates to estimates for expected contractual claims, remaining COVID claims from 2019/20, and additional claims from further lockdowns in 2020/21, where it is probable that Waka Kotahi will be required to settle these claims. Actual costs may vary from the provision estimates.

No cost has been provided for the August 2021 lockdown as this occurred after balance date. Refer to note 14 events after balance date for further information.

The onerous contracts arise from non-cancellable building leases where the unavoidable costs of meeting the lease contract exceeds the economic benefits to be received from it.

Explanation of major variances against budget

Provisions were \$66.4 million, \$66.4 million (100 percent) above a nil budget. This is due to provisions for state highway contractual claims including COVID-19 related claims.

11 Borrowings, financial instruments and financial risk management

Waka Kotahi had the following borrowings outstanding at 30 June 2021.

Name	Total facility \$M	Nominal amount borrowed \$M	Actual 2020/21 \$M	Actual 2019/20 \$M	Interest rate	Final repayment date
Auckland Transport Package	375.0	354.0	309.3	328.6	The interest-free loan was discounted using government bond rates of 2.14% to 3.29%.	June 2027
Housing Infrastructure Fund	357.0	29.0	25.4	10.7	The interest-free loan was discounted using government bond rates of 0.50% to 1.81%.	June 2031
Total interest free borrowing			334.7	339.2		
Tauranga Eastern Link	107.0	107.0	107.0	107.0	\$87.0 million at fixed rates ranging from 4.99% to 5.14%. \$20.0 million at floating rates.	June 2050
Regulatory facility	95.0	33.0	33.5	19.6	Fixed rates ranging from 1.32% to 2.28%.	June 2031
COVID-19 NLTF borrowing facility	425.0	325.0	328.6	125.0	Fixed rates ranging from 1.10% to 1.18%.	July 2027
Short term facility	500.0	75.0	75.0	250.0	Floating rates.	May 2023
Total borrowing			878.8	840.8		
Tolling funds held in trust			4.5	3.1		
Total borrowing and other liabilities			883.3	843.9		
Classified as follows:						
Current			4.5	244.1		
Non-current			878.8	599.8		
Total			883.3	843.9		

Borrowing is initially recognised at fair value plus transaction costs. After initial recognition, all borrowing is measured at amortised cost using the effective interest method.

Interest-free loan movements are as follows:

	Actual 2020/21 \$M	Actual 2019/20 \$M
Opening balance	339.2	338.1
Nominal value of loans issued	17.0	9.0
Fair value adjustment*	(30.2)	(1.0)
Repayments	(1.0)	(15.0)
Amortised interest (at government bond rates)	9.7	8.1
Closing balance	334.7	339.2

*The increase in the fair value adjustment is due to the Auckland Transport Package repayments that fell due in June 2021-June 2024 being deferred to June 2025-June 2027 and the corresponding impact on the discounting calculation and financing costs disclosed in the table below.

Interest and finance costs are recognised as an expense in the financial year in which they are incurred.

Interest and finance costs are as follows:

	Actual 2020/21 \$M	Actual 2019/20 \$M
Interest on borrowings	32.3	5.4
Discount on Debtor National Land Transport Fund - debt related	30.4	1.1
Amortisation of discount on borrowings	9.7	8.1
Ineffective portion of cash flow hedge	15.2	(3.3)
Total interest and finance costs	87.6	11.3

Financial instruments

The carrying amounts of financial assets and liabilities are categorised as follows.

	Actual 2020/21 \$M	Actual 2019/20 \$M
Financial assets measured at amortised cost		
Cash and cash equivalents	169.9	106.0
Debtor National Land Transport Fund and Debtor Crown*	3,641.7	3,860.0
Other receivables and other assets	71.4	56.5
Total financial assets measured at amortised cost	3,883.0	4,022.5
Financial liabilities measured at amortised cost		
Payables	730.4	618.2
Borrowing and other liabilities	883.3	843.9
Public-private partnership liabilities	1,842.2	1,676.6
Total financial liabilities measured at amortised cost	3,455.9	3,138.7
Financial liability at fair value through other comprehensive revenue and expense		
Derivative financial liability	477.9	727.5
Total financial liability at fair value through other comprehensive revenue and expense	477.9	727.5

*There was no indication that Debtor National Land Transport Fund or Debtor Crown were impaired as at 30 June 2021.

Financial risks

Waka Kotahi activities expose it to a variety of risks, including market risk, credit risk and liquidity risk. Waka Kotahi has policies to manage the risks associated with financial instruments and seeks to minimise exposure from these risks.

Market risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure of Waka Kotahi to the risk of changes in market rates relates primarily to interest rates on long-term debt obligations. This is managed by ensuring loans are at fixed interest rates. As at 30 June 2021, approximately 90 percent (2019/20: 69 percent) of loans are either interest free or on a fixed interest rate.

Waka Kotahi has entered into public-private partnership agreements for the construction of Transmission Gully and Pūhoi to Warkworth. The arrangements require that a quarterly unitary charge be paid to the contractors from the time the section of state highway becomes operational (or earlier as per note 6). The unitary charge includes payment for finance costs that the operators have provision to re-price periodically during the 25-year term. Waka Kotahi has entered into interest rate swap contracts to hedge the re-pricing of interest costs. The total amount of forecast payments exposed to interest rate risk is fully hedged.

Details of the interest rate swaps held with the New Zealand Debt Management Office are as follows.

Swap relates to	Notional value of interest rate swap \$M	Commencement date	Maturity date	Interest rate pay leg (fixed)	Interest rate receive leg	Fair value of liability \$M
Transmission Gully	854.3	February 2021	October 2043	5.58%	Floating, with periodic reset	343.5
Pūhoi to Warkworth	765.0	August 2023	August 2045	4.16%	Floating, with periodic reset	134.4
Total derivative financial liability						477.9

The interest rate swaps are accounted for as derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently re-measured to fair value at balance date. The fair value of interest rate swaps is determined using a valuation technique based on cash flows discounted to present value using current market interest rates.

The derivatives are considered level 2 on the fair value hierarchy. The fair value of the derivatives is estimated using inputs that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). Inputs for the valuation were derived from Bloomberg and are independently valued by Bancorp Treasury Services Limited on a six-monthly basis.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Generally, when market interest rates are below the fixed interest rates of the interest rate swap, then the interest rate swap will be in a liability position.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit, except for the effective portion of derivatives designated in cash flow hedges, which is recognised in other comprehensive revenue and expense.

The hedge relationship is designated as a cash flow hedge, and Waka Kotahi formally designates and documents the hedge relationship as well as the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine whether they have been highly effective throughout the financial reporting periods for which they were designated.

The table below shows the movement of the cash flow hedge reserve.

	Actual 2020/21 \$M	Actual 2019/20 \$M
Balance as at 1 July	(660.7)	(391.6)
Effective cash flow hedge	264.9	(269.1)
Cash flow hedge reserve	(395.8)	(660.7)

During the year, the total ineffective portion of the cash flow hedge reserve charged to surplus or deficit is \$15.2 million deficit (2019/20: \$3.3 million deficit).

The table below illustrates the sensitivity analysis, which is the potential effect on the surplus or deficit and other comprehensive revenue and expense for reasonably possible market movements, with all other variables held constant, based on financial instrument exposure at balance date.

Effect on surplus or deficit	2020/21		2019/20	
	+1%	-1%	+1%	-1%
	\$M	\$M	\$M	\$M
Cash and cash equivalents	1.7	(1.7)	1.1	(1.1)

Effect on other comprehensive revenue and expense	2020/21		2019/20	
	+1%	-1%	+1%	-1%
	\$M	\$M	\$M	\$M
Derivative financial liability	200.0	(244.5)	223.2	(334.2)

Effect on surplus or deficit	2020/21		2019/20	
	+1%	-1%	+1%	-1%
	\$M	\$M	\$M	\$M
Borrowing	(1.0)	1.0	(2.7)	2.7

Foreign currency denominated transactions are not material. Therefore, the impact of exposure to **currency risk** is minimal.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Waka Kotahi, causing Waka Kotahi to incur a loss.

In the normal course of business, Waka Kotahi is exposed to credit risk from cash and term deposits with banks, debtors and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Waka Kotahi holds all cash and term deposits with Westpac New Zealand Limited. At 30 June 2021, Westpac had a Standard and Poor's credit rating of AA-. The largest debtor is the Crown, which has a Standard and Poor's credit rating of AA+.

Waka Kotahi is dependent upon funding from the National Land Transport Fund. In the event of an extended lockdown the NLTF would require Crown financing and/or funding in order to support the forward work programme.

Liquidity risk

Liquidity risk is the risk that Waka Kotahi will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash reserves or access to funding.

Waka Kotahi manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and maintaining funding facilities of \$250.0 million to manage seasonal variations in cash flow and \$250.0 million to manage unexpected and unfavourable variations in cash flow, \$75.0 of which was drawn down at 30 June 2021.

The table below analyses financial liabilities by relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts below are contractual cash flows that will sometimes differ from the carrying amounts of the relevant liability in the statement of financial position.

	2020/21			
	Less than 1 year	1-2 years	2-5 years	Over 5 years
	\$M	\$M	\$M	\$M
Payables	730.4	0.0	0.0	0.0
Borrowing	9.2	84.2	257.4	675.1
Derivative financial liability	36.5	38.4	138.2	349.4
Public-private partnership liabilities	141.6	82.2	160.4	1,537.1
Total	917.7	204.8	556.0	2,561.5

	2019/20 (Restated*)			
	Less than 1 year	1-2 years	2-5 years	Over 5 years
	\$M	\$M	\$M	\$M
Payables	618.2	0.0	0.0	0.0
Borrowing	249.0	68.2	273.0	390.2
Derivative financial liability	11.6	46.3	173.8	621.0
Public-private partnership liabilities	42.4	142.5	179.5	1,369.2
Total	921.2	257.0	626.3	2,380.4

* Restatement relates to a change in methodology for the public-private partnerships liability maturity calculation.

Explanation of major variances against budget

Cash and cash equivalents were \$169.9 million, \$119.9 million (240 percent) above budget of \$50.0 million. Additional cash was held to meet expected year-end claims from suppliers and approved organisations.

Borrowing was \$883.3 million, \$859.1 million (49 percent) below budget of \$1,742.4 million due to debt funding ("notional borrowing" per the *Statement of performance expectations 2020/21*) not being required due to revenue improving above budget, Crown funding being received for COVID-19 costs and lower spend.

Derivative financial liability was \$477.9 million, \$99.1 million (17 percent) below budget of \$577.0 million due to movements in the fair value of the interest rate swap contracts entered into for the Transmission Gully and Pūhoi to Warkworth public-private partnership agreements. The fair value movements reflect market interest rates that have increased compared with the rates budgeted.

12 Memorandum Accounts

Memorandum accounts

Below are the closing balances of the memorandum accounts by funding activities.

	Note	Actual 2020/21 \$M	Actual 2019/20 \$M
Driver licensing and testing		(27.4)	(9.3)
Regulation of commercial transport operators and the rail transport system	a	(11.5)	(12.1)
Road user charges collection		(2.2)	(1.7)
Vehicle safety and certification	b	8.9	2.7
Total memorandum accounts - other fees and charges		(32.1)	(20.4)

a. Regulation of commercial transport operators and the rail transport system activities includes transport licensing, over dimension permits and rail licensing.

b. Vehicle safety and certification activities includes standards development and certification, certification review, border inspections and motor vehicle licensing.

Below are the movements of the memorandum accounts.

	Actual 2020/21 \$M	Actual 2019/20 \$M
BORDER INSPECTIONS		
Opening balance	4.0	4.8
Revenue	0.7	0.8
Expenditure	0.9	1.7
Net surplus/(deficit)	(0.2)	(0.9)
Other movements	0.0	0.1
Closing balance	3.8	4.0
CERTIFICATION REVIEWS		
Opening balance	(6.2)	(2.8)
Revenue	12.7	11.9
Expenditure	10.0	15.3
Net surplus/(deficit)	2.7	(3.4)
Closing balance	(3.5)	(6.2)
DRIVER LICENSING		
Opening balance	(31.2)	(16.0)
Revenue (Including Crown driver test subsidy)	41.1	37.8
Expenditure	53.3	53.0
Net surplus/(deficit)	(12.2)	(15.2)
Closing balance	(43.4)	(31.2)

	Actual 2020/21 \$M	Actual 2019/20 \$M
DRIVER TESTING		
Opening balance	21.9	16.2
Revenue	26.7	25.7
Expenditure	32.6	20.4
Net surplus/(deficit)	(5.9)	5.3
Other movements	0.0	0.4
Closing balance	16.0	21.9
MOTOR VEHICLE LICENSING		
Opening balance	(2.5)	4.2
Revenue	54.2	50.4
Expenditure	53.7	57.1
Net surplus/(deficit)	0.5	(6.7)
Closing balance	(2.0)	(2.5)
OVERDIMENSION PERMITS		
Opening balance	(1.1)	(1.3)
Revenue	1.0	1.9
Expenditure	0.2	1.7
Net surplus/(deficit)	0.8	0.2
Closing balance	(0.3)	(1.1)
RAIL LICENSING		
Opening balance	(0.4)	0.0
Revenue	1.9	2.5
Expenditure	2.7	2.9
Net surplus/(deficit)	(0.8)	(0.4)
Closing balance	(1.2)	(0.4)
ROAD USER CHARGES COLLECTION, INVESTIGATION AND ENFORCEMENT		
Opening balance	(1.7)	0.3
Revenue	15.1	12.8
Expenditure	15.5	14.8
Net surplus/(deficit)	(0.4)	(2.0)
Closing balance	(2.1)	(1.7)
STANDARDS DEVELOPMENT AND CERTIFICATION		
Opening balance	7.4	4.0
Revenue	7.3	7.2
Expenditure	4.1	3.9
Net surplus/(deficit)	3.2	3.3
Other movements	0.0	0.1

	Actual 2020/21 \$M	Actual 2019/20 \$M
Closing balance	10.6	7.4
TRANSPORT LICENSING		
Opening balance	(10.6)	0.3
Revenue	11.4	11.4
Expenditure	10.8	22.5
Net surplus/(deficit)	0.6	(11.1)
Other movements	0.0	0.2
Closing balance	(10.0)	(10.6)
TOTAL MEMORANDUM ACCOUNT - THIRD PARTY FEES AND CHARGES	(32.1)	(20.4)

Memorandum accounts reflect the cumulative surplus or deficit of those services that are intended to be fully recovered from third parties through fees, levies or charges. The balance of each memorandum account is intended to trend to zero over time. Waka Kotahi has commenced a fee and funding review for its regulatory activities, given the significant decline in memorandum account balances and the need to incur significant additional costs to reinforce its regulatory function. The deficit has been financed through additional Crown loans. During financial year 2020/21, Waka Kotahi received Crown funding for the impacts of COVID-19.

13 Contingencies

Contingent liabilities as at 30 June 2021

Roading and other contract disputes

There are claims of \$83.9 million (2019/20: \$75.7 million) relating to a variety of roading and other contract disputes including contractual claims arising from property acquisitions and disposals.

Apart from the above matters, there is continual dialogue between Waka Kotahi and its contractors over technical and commercial matters that may result in material dispute between the parties. As at 30 June 2021, Waka Kotahi has provided for certain contractual matters.

14 Events after balance date

COVID-19 Lockdown

On 17 August 2021, the Ministry of Health announced that a new COVID-19 case had been found in the community in Auckland. As a result, the New Zealand government imposed an alert level 4 lockdown initially for seven days in Auckland and Coromandel and three days for the rest of the country. Lockdowns (at alert level 4 or 3) have been progressively extended. Based on previous lockdowns in 2020, it is expected that the lockdowns will have a material fiscal impact on the National Land Transport Fund position due to reduced revenue and increased costs from COVID-19 related claims from approved organisations, roading contractors and public-private partnership operators as well as a reduced farebox contributions to public transport services.

Waka Kotahi has determined that the restrictions imposed from 17 August 2021 are a non-adjusting post-balance date event. Therefore, no adjustments have been made to the financial statements. Waka Kotahi is assessing the fiscal impact and working with the Ministry of Transport on the likely impact of the lockdowns.

Waka Kotahi has informed the Ministry of Transport that it may require financial support for the National Land Transport Fund and regulatory business to offset the financial impacts of COVID-19 on Waka Kotahi and local authorities (e.g. reduced public transport farebox, and lower land transport revenue into the National Land Transport Fund).

Transmission Gully Public-Private Partnership

On 18 September 2021, it was announced that the proposed road opening day for Transmission Gully of 27 September 2021 will be delayed. Waka Kotahi is currently discussing with Wellington Gateway Partnership, and the Builder on the new roading opening day. Waka Kotahi has determined that this delay is a non-adjusting post balance date event, and therefore no adjustments have been made in the financial statements. Refer to note 5 for details on the previous COVID-19 related settlements.

Crown Financing for National Land Transport Programme 2021-24

In August 2021, the Crown signalled its intention to provide financing of up to \$2 billion to manage funding constraints during the next National Land Transport Programme 2021-24. The additional financing would allow increased investments in several activity classes such as public transport service, walking and cycling, state highway maintenance, and local road maintenance. Waka Kotahi has determined that this is a non-adjusting post-balance date event, and therefore no adjustments have been made in the financial statements.

Supplementary information (unaudited)

This supplementary information contains additional disclosures to the financial statements and provides further information on the business.

In this section you will find:

- a summary of total Waka Kotahi NZ Transport Agency expenditure
- reconciliation between Waka Kotahi inflows and National Land Transport Fund outflows
- information about performance by segment of the business
- details of land transport management (road tolling scheme)
- details of regional fuel tax
- details of borrowing apportionment

This information is consistent with and should be read in conjunction with the financial highlights on pages 79 to 80 and the audited financial statements on pages 141 to 143.

Waka Kotahi NZ Transport Agency expenditure

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual restated 2019/20 \$M
Employee costs	153.8	119.5	142.9
Operating expenses	166.8	177.8	184.0
Depreciation and amortisation expense	16.7	14.5	13.3
Waka Kotahi NZ Transport Agency operating activities expense	337.3	311.8	340.2
Salary recharges	(29.4)	0.0	(7.4)
Waka Kotahi NZ Transport Agency capitalised expenditure and allocated to NLTP	89.4	92.5	44.5
Waka Kotahi NZ Transport Agency activities expenditure	397.3	404.3	384.7
Salary recharges	29.4	0.0	7.4
Waka Kotahi NZ Transport Agency expenditure allocated to National Land Transport Programme activities	56.6	59.2	44.2
Total Waka Kotahi NZ Transport Agency expenditure	483.3	463.5	428.9

This supplementary information does not form part of the Waka Kotahi audited financial statements.

Reconciliation between Waka Kotahi funding inflows and National Land Transport Fund outflows

	Note	Actual 2020/21 \$M	Actual 2019/20 \$M
Waka Kotahi			
National Land Transport Fund operating funding	2	3,162.9	3,090.9
National Land Transport Fund capital funding	2	573.3	1,807.0
Total funding from the National Land Transport Fund		3,734.2	4,897.9
Deduct:			
Borrowing and repayment		175.0	(575.0)
State highway improvements – public-private partnership non-appropriated movement		99.3	(629.3)
Local road improvements – Housing Infrastructure Fund non-appropriated movement		(16.2)	(11.1)
State highway improvements – other non-appropriated movement		(14.3)	18.2
Other National Land Transport Fund revenue		(4.9)	(4.9)
State highway improvements – Crown capital injection for COVID-19		(81.0)	0.0
Public transport – Crown capital injection for COVID-19		(89.9)	0.0
Total National Land Transport Fund outflows*		3,804.2	3,695.8

*As per the statement of comprehensive revenue and expense in the National Land Transport Fund financial statements.

This supplementary information does not form part of the Waka Kotahi audited financial statements.

Performance by segment of the business

The following tables provide detailed financial performance information for each of segment of Waka Kotahi. Segments are as follows:

- Waka Kotahi NZ Transport Agency operations – contracted services and non-third-party fees and charges activities funded by Crown
- Tolling administration – tolling operations funded by tolling third party fees
- Clean car discount – clean car discount scheme funded by Crown
- Clean car standard – clean car standard scheme funded by Crown
- Memorandum accounts – regulatory activities funded from fees and charges
- Land transport funding – activities funded from the National Land Transport Fund
- specific projects funded by the Crown

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Revenue			
Waka Kotahi NZ Transport Agency operations	112.9	114.4	110.0
Tolling - administration	16.9	15.2	14.9
Memorandum account - other fees and charges	172.2	174.2	162.5
Land transport funding	3,154.5	3,388.8	3,024.1
Specific projects funded by the Crown	375.6	68.7	162.9
Total revenue	3,832.1	3,761.3	3,474.4
Expenditure			
Waka Kotahi NZ Transport Agency operations	111.7	118.7	122.1
Tolling - administration	11.0	7.1	17.3
Clean car discount	1.1	0.0	0.0
Clean car standard	0.3	0.0	0.0
Memorandum account - other fees and charges	183.9	188.7	193.4
Land transport funding	3,150.1	3,386.8	3,013.8
Specific projects funded by the Crown	375.6	68.7	162.9
Total expenditure	3,833.7	3,770.0	3,509.5
Surplus/(deficit)			
Waka Kotahi NZ Transport Agency operations	1.2	(4.3)	(12.1)
Tolling - administration	5.9	8.1	(2.4)
Clean car discount	(1.1)	0.0	0.0
Clean car standard	(0.3)	0.0	0.0
Memorandum account - other fees and charges	(11.7)	(14.5)	(30.9)
Land transport funding	4.4	2.0	10.3
Specific projects funded by the Crown	0.0	0.0	0.0
Total surplus/(deficit)	(1.6)	(8.7)	(35.1)

Movement of operations net surplus to equity

The table above shows the net result of the operations of Waka Kotahi. The surplus/(deficit) is separated into three retained funds based on the source of funding.

This supplementary information does not form part of the Waka Kotahi audited financial statements.

Land transport management (road tolling scheme)

This supplementary information has been provided to fulfil the disclosure requirements for the Northern Gateway, Tauranga Eastern Link and Takitimu Drive toll roads.

Tolling disclosures are presented to the nearest thousand (000) to provide more meaningful information to the users of the financial statements.

Toll road traffic volumes and revenue for the year ended 30 June 2021

	Toll revenue (portion designated for repayment of Crown debt)			Traffic volumes (number of vehicles)		
	Actual 2020/21 \$000	Budget 2020/21 \$000	Forecast 2021/22 \$000	Actual* 2020/21 000	Budget* 2020/21 000	Forecast* 2021/22 000
Northern Gateway toll road - light vehicles	9,469	8,462	9,541	6,887	6,129	6,932
Northern Gateway toll road - heavy vehicles	2,138	1,872	2,420	611	540	698
Tauranga Eastern Link toll road - light vehicles	4,139	3,520	4,135	3,747	3,150	3,695
Tauranga Eastern Link toll road - heavy vehicles	1,828	1,778	2,046	478	466	536
Takitimu Drive toll road - light vehicles	3,916	3,229	3,771	4,173	3,451	4,018
Takitimu Drive toll road - heavy vehicles	2,696	2,458	3,051	739	673	836

*Light vehicle traffic volumes include a small amount of unidentifiable number plates and exempt vehicles.

The following table shows the breakdown between tolling revenues used to repay debt and to operating the tolling business.

Tolling revenues for the year ended 30 June 2021

	Tolling revenue used to repay debt/interest		Tolling revenue used to operate the business		Total Tolling revenue	
	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000	Actual 2020/21 \$000	Actual 2019/20 \$000
Northern Gateway toll road	11,607	10,497	5,057	4,595	16,664	15,092
Tauranga Eastern Link toll road	5,967	5,361	2,829	2,508	8,796	7,869
Takitimu Drive toll road	6,612	5,719	3,340	2,842	9,952	8,561
Total	24,186	21,577	11,226	9,945	35,412	31,522

Debt and other financial obligations

	Actual 2020/21 \$000	Budget 2020/21 \$000	Forecast 2021/22 \$000
Debt and other financial obligations			
Tauranga Eastern Link toll road borrowing	107,000	107,000	107,000
Total	107,000	107,000	107,000
Toll revenue inflow to the National Land Transport Fund for repayment of debt			
Tauranga Eastern Link toll road	5,967	5,298	6,181
Takitimu Drive toll road	6,528	5,016	5,016
Total	12,495	10,314	11,197

Waka Kotahi does not hold any debt in relation to Takitimu Drive. Waka Kotahi paid \$65 million for the road to Tauranga City Council, which it is recovering with interest from toll revenues.

Waka Kotahi does not include Northern Gateway tolling revenue in its financial statements. The tolling revenue is collected and passed to the Crown to repay the debt and interest the Crown holds.

Feasible, untolled alternative routes for the toll roads remain available to road users as follows:

- Northern gateway on State Highway 17 via Orewa
- Tauranga Eastern Link on the Te Puke highway via Te Puke
- Takitimu Drive via Cameron Road or Cambridge–Moffat Roads.

The table below shows the equity account movement for Tauranga Eastern Link debt repayment. If the equity account is in a surplus position (cumulative tolling revenue exceeds the cumulative interest on the \$107 million loan), then the surplus funds will be used to repay the Crown debt.

	Actual 2020/21 \$000	Actual 2019/20 \$000
Opening balance	(1,482)	(2,086)
Tolling revenue used to repay debt	5,967	5,361
Interest expenditure on \$107 million loan	4,637	4,757
Net surplus/(deficit)	1,330	604
Closing balance	(152)	(1,482)

Financial statements for Waka Kotahi road tolling operations

Statement of comprehensive revenue and expense for the year ended 30 June 2021

	Note	Actual 2020/21 \$000	Budget 2020/21 \$000	Actual 2019/20 \$000
Revenue				
Toll fees	a	16,945	15,244	14,868
Total revenue		16,945	15,244	14,868
Expenditure		11,006	7,114	17,260
Net surplus/(deficit)		5,938	8,130	(2,392)

a. Toll fees includes \$11.226 million of tolling revenue used to operate the business (2019/20: \$9.945 million) and \$5.719 million of customer toll payment notice revenue (2019/20: \$4.923 million). Toll fees excludes tolling revenue used to repay debt. The tolling revenue used to repay debt is included in the Northern Gateway, Tauranga East Link and Takitimu Drive information on the previous pages.

Statement of financial position as at 30 June 2021

	Actual 2020/21 \$000	Budget 2020/21 \$000	Restated Actual 2019/20 \$000
Assets			
Current assets	14,614	15,000	13,214
Non-current assets	6,808	6,717	8,916
Total assets	21,422	21,717	22,130
Liabilities	14,299	9,328	10,805
Net assets/equity	7,123	12,389	11,325

Statement of cash flows for the year ended 30 June 2021

	Actual 2020/21 \$000	Budget 2020/21 \$000	Actual 2019/20 \$000
Net cash from operating activities	31,342	21,320	22,671
Net cash from financing activities	(22,352)	(20,465)	(22,903)
Net increase in cash and cash equivalents	8,990	855	(232)
Cash and cash equivalents at the beginning of the year	11,905	11,905	12,137
Cash and cash equivalents at the end of the year	20,895	12,760	11,905

Waka Kotahi tolling memorandum account

The table below shows the movement of the tolling administration memorandum account within retained funds in equity.

	Actual 2020/21 \$000	Actual 2019/20 \$000
Opening balance	350	2,742
Revenue	16,945	14,868
Expenditure	11,006	17,260
Net surplus/(deficit)	5,939	(2,392)
Closing balance	6,289	350

Tolling provision for doubtful debts

	Actual 2020/21 \$000	Actual 2019/20 \$000
Opening balance as at 1 July	1,633	1,837
Movement in doubtful debts provision	476	(204)
Closing balance as at 30 June	2,109	1,633

The tolling provision for doubtful debts is netted against the Waka Kotahi receivables balance in the statement of financial position.

Tolling bad debt write-off

	Actual 2020/21 \$000	Actual 2019/20 \$000
Bad debt write-off	1,345	1,425

This supplementary information does not form part of the Waka Kotahi audited financial statements.

Regional Fuel Tax

Waka Kotahi is mandated to administer and manage the collection of the regional fuel tax. Currently, the only regional fuel tax is for Auckland. Proceeds are remitted to Auckland City Council, and Waka Kotahi is paid a fee for the services provided.

This supplementary information has been provided to fulfil the disclosure requirements under section 65Y of Land Transport Management Act 2003.

Statement of comprehensive revenue and expense for the year ended 30 June 2021

	Actual 2020/21 \$M	Actual 2019/20
Revenue		
Regional fuel tax	160.4	151.8
Rebates	(6.9)	(5.9)
Crown funds retained	0.0	0.0
Interest received	0.0	0.1
Total revenue	153.5	145.8
Distributed to:		
Auckland City Council	152.7	145.0
Waka Kotahi administration cost	0.8	0.8
Total distributions	153.5	145.8
Net surplus/(deficit)	0.0	0.0

Statement of financial position as at 30 June 2021

	Actual 2020/21 \$M	Actual 2019/20
Assets		
Cash and cash equivalents	17.9	13.2
Total assets	17.9	13.2
Liabilities		
Payables	16.4	11.7
Regional fuel tax rebate reserve	1.5	1.5
Total liabilities	17.9	13.2
Net assets/equity	0.0	0.0

Statement of cash flows for the year ended 30 June 2021

	Actual 2020/21 \$M	Actual 2019/20
Net cash from operating activities	4.7	(5.7)
Net (decrease)/increase in cash and cash equivalents	4.7	(5.7)
Cash and cash equivalents at the beginning of the year	13.2	18.9
Cash and cash equivalents at the end of the year	17.9	13.2

This supplementary information does not form part of the Waka Kotahi audited financial statements.

Borrowing apportionment

Out of the \$575.0 million of borrowing that was apportioned in 2019/20, the \$175.0 million borrowing facility was repaid and the remaining \$400.0 million is apportioned as follows:

Output Class	\$75.0 million borrowing facility \$M	\$325.0 million borrowing facility \$M	Total
State highway improvements	26.0	158.3	184.3
State highway maintenance	49.0	88.9	137.9
Public transport	0.0	77.8	77.8
TOTAL APPORTIONMENT	75.0	325.0	400.0

Further detail on the impact of the borrowing on the National Land Transport Fund is contained in the National Land Transport Fund financial statements.

This supplementary information does not form part of the Waka Kotahi audited financial statements.

Output class income and expenditure (unaudited)

Investment management

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (Crash Analysis System)	0.8	0.8	0.8
Crown (Provincial Growth Fund)	3.0	3.8	5.5
National Land Transport Fund	67.1	81.8	79.8
Other	1.0	0.0	0.9
Total operating revenue	71.9	86.4	87.0
Operating expenses			
Transport Agency (Crash Analysis System)	3.8	0.8	3.2
Transport Agency (ministerial services)	1.8	0.0	1.8
Funding to approved organisations (Provincial Growth Fund)	3.0	3.8	5.5
Funding to approved organisations	24.5	32.4	24.5
Transport Agency operating activities	38.8	49.3	52.0
Total operating expenses	71.9	86.4	87.0
Surplus/(deficit)	0.0	0.0	0.0
Capital funding			
National Land Transport Fund capital contribution	0.1	0.0	0.9
Total capital funding	0.1	0.0	0.9
Capital expenditure			
Capital investment	0.1	0.0	0.9
Total capital expenditure	0.1	0.0	0.9
Net capital movement	0.0	0.0	0.0
Total movement	0.0	0.0	0.0

Revenue collection and administration

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (protection of core regulatory functions – road user charges)	2.2	0.0	0.5
National Land Transport Fund (refund of fuel excise duty)	0.6	0.7	0.6
National Land Transport Fund (investigation and enforcement)	3.8	3.8	3.8
National Land Transport Fund (road user charges refund)	0.5	0.5	0.5
Fees and charges (tolling)	16.9	15.2	14.9
Fees and charges (road user charges)	12.9	13.8	12.3
Regional fuel tax administration	0.8	0.8	0.8
Other (refund of fuel excise duty)	0.1	0.5	0.1
Total operating revenue	37.8	35.3	33.5
Operating expenses			
Refund of fuel excise duty	0.7	5.9	0.7
Regional fuel tax administration	0.8	0.3	1.2
Tolling	11.0	7.1	17.3
Transport Agency operating activities (investigation and enforcement)	3.5	1.5	1.1
Transport Agency operating activities (road user charges refund)	0.5	0.1	3.3
Transport Agency operating activities (collections)	16.4	14.1	14.9
Total operating expenses	32.9	29.0	38.5
Surplus/(deficit)	4.9	6.3	(5.0)

State highway improvements

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
National Land Transport Fund	665.7	1,059.9	715.7
Crown (COVID-19 Response and Recovery Fund)	134.0	0.0	94.1
Crown infrastructure partners	4.1	0.0	0.0
Crown – Palmerston North operating funding	0.7	0.0	0.0
National Land Transport Fund (tolling)	12.6	11.3	11.1
Developer contributions	5.1	2.0	0.0
Interest and finance income	37.4	7.9	7.9
Other income	13.4	0.0	1.5
Total operating revenue	872.9	1,081.1	830.3
Operating expenses			
Assets vested to local authorities	1.6	333.0	0.0
Depreciation and state highway write-offs	645.7	570.0	620.3
Interest on Tauranga Eastern Link borrowings	30.1	0.0	5.3
Other interest and finance costs	52.7	96.1	4.7
Crown (COVID-19 Response and Recovery Fund)	132.9	0.0	175.1
Crown infrastructure partners	4.1	0.0	0.0
Crown – Palmerston North operating expenditure	0.7	0.0	0.0
Other expenses	0.0	80.0	24.9
Total operating expenses	867.8	1,079.1	830.3
Surplus/(deficit)	5.1	2.0	0.0
Capital funding			
Crown (Accelerated Regional Roding Programme)	29.7	35.9	26.9
Crown (New Zealand Upgrade Programme)	251.4	298.8	18.4
Crown (COVID-19 Response and Recovery Fund)**	(19.7)	0.0	0.0
Crown infrastructure partners	4.1	0.0	0.0
Crown (Palmerston North leasehold improvements)	0.0	0.0	2.1
National Land Transport Fund capital contribution	213.8	78.2	522.9
National Land Transport Fund (public-private partnerships)	165.6	293.7	633.8
National Land Transport Fund (public-private partnerships – interest rate swap movement)	(264.9)	0.0	269.1
National Land Transport Fund (state highway disposals)	31.1	22.0	2.4
Depreciation funding utilised for investment in the state highway network	645.7	570.0	620.3
Net non-cash funding for losses/(income) utilised for investment in state highway network	1.6	333.0	0.0
Total capital funding	1,058.4	1,631.6	2,095.9

Capital expenditure			
Crown investment (Accelerated Regional Roding Programme)	29.7	35.9	26.9
Crown investment (New Zealand Upgrade Programme)	251.4	298.8	18.4
Crown (COVID-19 Response and Recovery Fund)	(19.7)	0.0	0.0
Crown infrastructure partners	4.1	0.0	0.0
Public-private partnerships	165.6	293.7	633.8
Public-private partnerships - interest rate swap movement*	(264.9)	0.0	269.1
Capital investment in the state highway network	807.9	918.2	1,103.2
Transport Agency capitalised expenditure	89.4	87.0	44.5
Total capital expenditure	1,063.5	1,633.6	2,095.9
Net capital movement	(5.1)	(2.0)	0.0
Borrowing funding			
National Land Transport Fund (seasonal borrowing facility)	62.9	0.0	0.0
National Land Transport Fund (public-private partnership quarterly unitary payment)	39.9	0.0	0.0
National Land Transport Fund (Auckland Transport Package)	1.0	69.5	15.0
Total borrowing funding	103.8	69.5	15.0
Borrowing repayment			
Repayment of the seasonal borrowing facility	62.9	0.0	0.0
Repayment public-private partnership quarterly unitary payment	39.9	3.5	0.0
Repayment of borrowing (Auckland Transport Package)	1.0	66.0	15.0
Total borrowing repayment	103.8	69.5	15.0
Net borrowing	0.0	0.0	0.0
Total movement	0.0	0.0	0.0

* The movement in the public-private partnership interest rate swaps was due to increases in market interest rates in 2020/21 compared with decreases in rates in 2019/20.

** Represents return of COVID-19 funding to the Crown in 2020/21.

State highway maintenance

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (Kaikōura earthquake response)	7.0	8.4	7.3
Crown (COVID-19 Response and Recovery Fund)	8.8	0.0	0.0
National Land Transport Fund	522.0	443.0	513.7
National Land Transport Fund (rental and interest income)	22.6	16.0	19.9
Other revenue*	36.1	1.0	23.2
Total operating revenue	596.5	468.4	564.1
Operating expenses			
Maintenance of the state highway network (Kaikōura earthquake response)	7.0	8.4	7.3
Crown (COVID-19 Response and Recovery Fund)	8.8	0.0	0.0
Maintenance of the state highway network	495.5	399.4	492.4
Maintenance and operation of Transmission Gully	0.0	5.2	0.0
Works funded by third party contributions	32.6	0.0	20.3
Transport Agency operating activities	50.4	43.7	43.9
Interest and finance costs	0.0	11.7	0.0
Other expense	1.6	0.0	0.0
Total operating expenses	595.9	468.4	563.9
Surplus/(deficit)	0.6	0.0	0.2
Capital funding			
Crown (Kaikōura earthquake response)	23.5	19.6	30.8
National Land Transport Fund capital contribution	194.5	257.0	208.6
Total capital funding	218.0	276.6	239.4
Capital expenditure			
Crown investment (Kaikōura earthquake response)	23.5	19.6	30.8
Capital investment	195.1	257.0	208.8
Total capital expenditure	218.6	276.6	239.6
Net capital movement	(0.6)	0.0	(0.2)
Borrowing funding			
National Land Transport Fund (seasonal borrowing facility)	35.3	0.0	0.0
Total borrowing funding	35.3	0.0	0.0
Borrowing repayment			
Repayment of the seasonal borrowing facility	35.3	0.0	0.0
Total borrowing repayment	35.3	0.0	0.0
Net borrowing	0.0	0.0	0.0
Total movement	0.0	0.0	0.0

* Includes contributions from third parties of \$32.6 million (2019/20: \$20.3 million).

Walking and cycling

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (Urban Cycleways Programme)	0.5	0.4	5.0
Crown (COVID-19 Response and Recovery Fund)	0.3	0.0	0.0
National Land Transport Fund	110.8	71.2	44.1
Developers contributions	0.9	0.0	0.0
Total operating revenue	112.5	71.6	49.1
Operating expenses			
Crown (COVID-19 Response and Recovery Fund)	0.3	0.0	0.0
Funding to approved organisations (Urban Cycleways Programme)	0.5	0.4	5.0
Funding to approved organisations	109.3	69.7	44.1
Transport Agency operating activities	1.5	1.5	0.0
Total operating expenses	111.6	71.6	49.1
Surplus/(deficit)	0.9	0.0	0.0
Capital funding			
Crown (Urban Cycleways Programme)	0.0	0.0	4.2
Crown (New Zealand Upgrade Programme)	15.8	0.0	9.6
National Land Transport Fund capital contribution	80.7	51.6	26.4
Other capital funding	1.2	0.0	0.0
Total capital funding	97.7	51.6	40.2
Capital expenditure			
Capital investment (Urban Cycleways Programme)	0.0	0.0	4.2
Capital investment (New Zealand Upgrade Programme)	15.8	0.0	9.6
Capital investment	82.8	51.6	26.4
Total capital expenditure	98.6	51.6	40.2
Net capital movement	(0.9)	0.0	0.0
Total movement	0.0	0.0	0.0

Public transport

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (COVID-19 Response and Recovery Fund)	138.4	0.0	0.0
National Land Transport Fund	520.4	596.5	641.1
Developer contributions	0.0	0.0	0.5
Total operating revenue	658.8	596.5	641.6
Operating expenses			
Crown (COVID-19 Response and Recovery Fund)	138.4	0.0	0.0
Funding to approved organisations*	519.1	591.1	641.0
Transport Agency operating activities	1.3	3.1	0.0
Interest and finance costs	0.0	2.3	0.0
Total operating expenses	658.8	596.5	641.0
Surplus/(deficit)	0.0	0.0	0.6
Capital funding			
National Land Transport Fund capital contribution	102.1	63.1	74.8
National Land Transport Fund (borrowing facility)	0.0	49.0	0.0
Total capital funding	102.1	112.1	74.8
Capital expenditure			
Capital investment	102.1	112.1	75.4
Total capital expenditure	102.1	112.1	75.4
Net capital movement	0.0	0.0	(0.6)
Borrowing funding			
National Land Transport Fund (seasonal borrowing facility)	30.9	0.0	0.0
Total borrowing funding	30.9	0.0	0.0
Borrowing repayment			
Repayment of the seasonal borrowing facility	30.9	0.0	0.0
Total borrowing repayment	30.9	0.0	0.0
Net borrowing	0.0	0.0	0.0
Total movement	0.0	0.0	0.0

*An \$89.9 million Crown capital injection was received in 2020/21 to reimburse 2019/20 COVID-19 costs.

SuperGold card administration and public transport concessions

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown	30.2	30.7	30.7
Total operating revenue	30.2	30.7	30.7
Operating expenses			
Funding to approved organisations	30.1	30.7	30.6
Transport Agency operating activities	0.1	0.0	0.1
Total operating expenses	30.2	30.7	30.7
Surplus/(deficit)	0.0	0.0	0.0

Local road improvements

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (COVID-19 Response and Recovery Fund)	0.1	0.0	0.0
National Land Transport Fund	254.8	308.6	258.2
National Land Transport Fund (Housing Infrastructure Fund)	16.2	20.0	11.1
Crown (Provincial Growth Fund)	46.3	25.4	20.4
Interest and finance income	2.6	3.4	1.2
Total operating revenue	320.0	357.4	290.9
Operating expenses			
Crown (COVID-19 Response and Recovery Fund)	0.1	0.0	0.0
Funding to approved organisations	254.8	308.6	258.2
Funding to approved organisations (Housing Infrastructure Fund)	16.2	20.0	11.1
Funding to approved organisations (Provincial Growth Fund)	46.3	25.4	20.4
Interest and finance costs	2.6	3.4	1.2
Total operating expenses	320.0	357.4	290.9
Surplus/(deficit)	0.0	0.0	0.0
Borrowing funding			
National Land Transport Fund (seasonal borrowing facility)	12.7	0.0	0.0
Total borrowing funding	12.7	0.0	0.0
Borrowing repayment			
Repayment of the seasonal borrowing facility	12.7	0.0	0.0
Total borrowing repayment	12.7	0.0	0.0
Net borrowing	0.0	0.0	0.0
Total movement	0.0	0.0	0.0

Local road maintenance

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (COVID-19 Response and Recovery Fund)	0.7	0.0	0.0
National Land Transport Fund	666.9	668.9	617.7
Total operating revenue	667.6	668.9	617.7
Operating expenses			
Crown (COVID-19 Response and Recovery Fund)	0.7	0.0	0.0
Funding to approved organisations	666.8	668.8	617.7
Transport Agency operating activities	0.1	0.1	0.0
Total operating expenses	667.6	668.9	617.7
Surplus/(deficit)	0.0	0.0	0.0
Borrowing funding			
National Land Transport Fund (seasonal borrowing facility)	33.2	0.0	0.0
Total borrowing funding	33.2	0.0	0.0
Borrowing repayment			
Repayment of the seasonal borrowing facility	33.2	0.0	0.0
Total borrowing repayment	33.2	0.0	0.0
Net borrowing	0.0	0.0	0.0
Total movement	0.0	0.0	0.0

Regional improvements

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
National Land Transport Fund	62.8	42.3	30.2
Total operating revenue	62.8	42.3	30.2
Operating expenses			
Funding to approved organisations	62.8	42.3	30.2
Total operating expenses	62.8	42.3	30.2
Surplus/(deficit)	0.0	0.0	0.0
Capital funding			
Crown (Provincial Growth Fund)	9.1	49.9	5.2
Crown (NZ Upgrade Programme Regional Package)	33.2	70.1	0.8
National Land Transport Fund capital contribution	48.8	81.5	66.5
Total capital funding	91.1	201.5	72.5
Capital expenditure			
Funding to approved organisations (Provincial Growth Fund)	9.1	49.9	5.2
Capital investment (NZ Upgrade Programme Regional Package)	33.2	70.1	0.8
Capital investment	48.8	81.5	66.5
Total capital expenditure	91.1	201.5	72.5
Net capital movement	0.0	0.0	0.0
Total movement	0.0	0.0	0.0

Regulation of the rail transport system

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (protection of core regulatory functions)*	(0.5)	0.0	0.9
Fees and charges	2.4	3.0	1.6
Total operating revenue	1.9	3.0	2.5
Operating expenses			
Fees and charges funded activities	2.7	3.1	2.9
Total operating expenses	2.7	3.1	2.9
Surplus/(deficit)	(0.8)	(0.1)	(0.4)

*Represents the return of Crown funding in 2020/21.

Road safety promotion and demand management

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
National Land Transport Fund	54.8	56.3	46.5
Community Road Safety Programme	5.8	3.8	3.9
Other	0.5	0.0	0.6
Total operating revenue	61.1	60.1	51.0
Operating expenses			
Transport Agency (Community Road Safety Programme)	2.6	1.9	1.5
Funding to approved organisations	55.1	52.8	45.4
Transport Agency (vehicle impoundment)	0.0	0.3	0.2
Transport Agency operating activities	0.8	3.2	1.4
Total operating expenses	58.5	58.2	48.5
Surplus/(deficit)	2.6	1.9	2.5
Capital funding			
National Land Transport Fund capital contribution	1.5	1.5	1.6
Total capital funding	1.5	1.5	1.6
Capital expenditure			
Capital investment	1.5	1.5	1.6
Total capital expenditure	1.5	1.5	1.6
Net capital movement	0.0	0.0	0.0
Total movement	2.6	1.9	2.5

Driver licensing and testing

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (protection of core regulatory functions)*	(3.1)	0.0	4.2
Crown (driver licensing stop orders)	0.1	0.1	0.1
Crown (driver test subsidy)	2.1	1.4	2.1
Crown (drug and alcohol assessments)	0.4	1.0	0.5
Crown (ministerial advice and official correspondence)	0.5	0.5	0.5
Crown – Palmerston North building operating funding	0.8	0.0	0.0
Fees and charges	67.1	64.7	57.1
Total operating revenue	67.9	67.7	64.5
Operating expenses			
Drug and alcohol assessments	0.6	1.1	1.1
Ministerial advice and official correspondence	1.8	2.7	1.8
Crown – Palmerston North building operating expenses	0.8	0.0	0.0
Fees and charges funded activities	86.0	86.1	73.3
Other	0.8	0.0	2.7
Total operating expenses	90.0	89.9	78.9
Surplus/(deficit)	(22.1)	(22.2)	(14.4)
Capital funding			
Crown – Palmerston North leasehold improvements	0.0	0.0	2.2
Total capital funding	0.0	0.0	2.2
Capital expenditure			
Palmerston North leasehold improvements capital expenditure	0.0	0.0	2.2
Total capital expenditure	0.0	0.0	2.2
Net capital movement	0.0	0.0	0.0
Total movement	(22.1)	(22.2)	(14.4)

*Represents the return of Crown funding in 2020/21.

Vehicle safety and certification

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (protection of core regulatory functions)	4.5	0.0	1.8
Crown (rules development)	0.8	0.8	0.8
Fees and charges	70.4	77.3	68.5
Total operating revenue	75.7	78.1	71.1
Operating expenses			
Rules development	0.4	3.2	0.9
Fees and charges funded activities	68.3	65.6	78.0
Total operating expenses	68.7	68.8	78.9
Surplus/(deficit)	7.0	9.3	(7.8)

Regulation of commercial transport operators

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Crown (protection of core regulatory functions)	1.4	0.0	0.7
Fees and charges	11.0	13.9	12.6
Total operating revenue	12.4	13.9	13.3
Operating expenses			
Transport Agency operating activities	10.9	19.7	24.0
Total operating expenses	10.9	19.7	24.0
Surplus/(deficit)	1.5	(5.8)	(10.7)

Rapid transit

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
National Land Transport Fund	20.9	0.0	32.3
Other revenue	0.7	0.0	0.0
Total operating revenue	21.6	0.0	32.3
Operating expenses			
Impairment expense	0.0	0.0	32.3
Operating expense	19.5	0.0	0.0
Transport Agency operating activities	2.1	0.0	0.0
Total operating expenditure	21.6	0.0	32.3
Surplus/(deficit)	0.0	0.0	0.0
Capital funding			
National Land Transport Fund capital contribution	0.0	42.8	0.0
Total capital funding	0.0	42.8	0.0
Capital expenditure			
Capital investment	0.0	42.8	0.0
Total capital expenditure	0.0	42.8	0.0
Net capital movement	0.0	0.0	0.0
Total Movement	0.0	0.0	0.0

Transitional rail

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
National Land Transport Fund	160.4	100.0	64.6
Total operating revenue	160.4	100.0	64.6
Operating expenses			
Funding to approved organisations	160.4	100.0	64.6
Total operating expenses	160.4	100.0	64.6
Surplus/(deficit)	0.0	0.0	0.0

Clean Car Discount

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Fees and charges	0.0	0.0	0.0
Total operating revenue	0.0	0.0	0.0
Operating expenses			
Transport Agency operating activities*	1.1	0.0	0.0
Total operating expenses	1.1	0.0	0.0
Surplus/(deficit)	(1.1)	0.0	0.0

*Establishment and implementation costs for the immediate rebates from Clean Car Discount Scheme, available from 1 July 2021.

Clean Car Standard

	Actual 2020/21 \$M	Budget 2020/21 \$M	Actual 2019/20 \$M
Operating revenue			
Fees and charges	0.0	0.0	0.0
Total operating revenue	0.0	0.0	0.0
Operating expenses			
Transport Agency operating activities*	0.3	0.0	0.0
Total operating expenses	0.3	0.0	0.0
Surplus/(deficit)	(0.3)	0.0	0.0

*Establishment costs for Clean Car Standard Scheme.

Independent auditor's report

To the readers of Waka Kotahi NZ Transport Agency's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Waka Kotahi NZ Transport Agency ("Waka Kotahi"). The Auditor-General has appointed me, Ed Loudon, using the staff and resources of KPMG, to carry out the audit of the financial statements and the performance information, of Waka Kotahi on his behalf.

Opinion

We have audited:

- the financial statements of Waka Kotahi on pages 81 to 116, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of Waka Kotahi on pages 28 to 75.

In our opinion:

- the financial statements of Waka Kotahi on pages 81 to 116:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards; and
- the performance information on pages 28 to 75:
 - presents fairly, in all material respects, the performance of Waka Kotahi for the year ended 30 June 2021, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts

- included in the statement of performance expectations for the financial year; and
- its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – State Highway valuation

Without modifying our opinion, we draw your attention to Note 4 in the financial statements which describes the accounting policy, the valuation inputs and estimates made in determining the fair value of the State Highway network. The State Highway network is a significant asset of Waka Kotahi and changes in valuation inputs and estimates can have a material impact on the financial statements. Note 4 also provides a sensitivity analysis to highlight such impacts. We consider the disclosures about the valuation of the State Highway network to be adequate.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of Waka Kotahi for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of Waka Kotahi for assessing ability of Waka Kotahi to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Waka Kotahi, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Waka Kotahi statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control at Waka Kotahi.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Waka Kotahi framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Waka Kotahi to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Waka Kotahi to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 6 to 25, 28 to 75 (excluding position, service delivery and investment performance measures), 78 to 80, 117 to 140, 144 to 145 and 150 to 203, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Waka Kotahi in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out other assurance-type engagements over the application of the Scrutiny Principle, the procurement process undertaken for a new human resources system and the establishment of the Te Hau Ora digital portfolio, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in Waka Kotahi.



Ed Loudon

KPMG Wellington

On behalf of the Auditor-General
Wellington, New Zealand

Putting the scrutiny principle into practice

Report on the implementation of systems and procedures to give effect to the scrutiny principle

Legislative requirement and control objective

The Land Transport Management Act 2003 (section 96(1)(d)(ii)) states that Waka Kotahi must ensure that:

it gives, when making decisions in respect of land transport planning and funding ..., the same level of scrutiny to its own proposed activities and combinations of activities as it would give to those proposed by approved organisations. Waka Kotahi refers to this requirement as the "Scrutiny Principle".

Waka Kotahi must, among other things, develop systems and procedures to give effect to this scrutiny principle and must report on its implementation of those systems and procedures in its annual report. This section meets that requirement.

Systems and procedures

Waka Kotahi has implemented systems and procedures to give effect to the scrutiny principle. The three sets of procedures to support compliance are:

- operational procedures – to support individuals to apply the appropriate level of scrutiny when making decisions
- managerial procedures – to oversee the application of the scrutiny principle
- monitoring and reporting procedures – to confirm the operational procedures are followed and the scrutiny principle has been properly applied.

The operational procedures enable staff and board members of Waka Kotahi to know when and how to comply with the principle in relation to individual decisions, including:

- following the same procedure for similar types of activities
- applying equivalent evaluation criteria
- requiring an equivalent level of information
- applying the same level of rigour to analysis

- applying the same level of tolerance to cost estimates
- having staff with equivalent seniority and experience involved with equivalent decisions.

The main system Waka Kotahi uses to manage the National Land Transport Programme is the web-based Transport Investment Online (TIO). TIO contains all the activities proposed for funding and sets out for all applicants (both approved organisations and Waka Kotahi for its own activities) the evidence supporting investment decisions. TIO records the decisions made by Waka Kotahi, including any conditions applied to funding. The system is transparent with approved organisations able to see the details of their proposals and Waka Kotahi recommendations and decisions and provides transparency of the operational aspects of decision making. TIO holds all relevant information and documentation including: cost estimates, confirmation and sign off from senior staff, minutes of committee and Board minutes etc.

The Planning and Investment Knowledge Base (PIKB) is a web-based portal that sets out the policies, principles and processes for all investment in land transport from the National Land Transport Fund with similar rules applied in relation to assessing and evaluating all activities seeking funding.

Controls in the systems and procedures

To give effect to the requirement of the Act, within Waka Kotahi systems and procedures the following controls have been implemented and operated effectively throughout the year to 30 June 2021 across all funding applications:

- all funding applications are managed in Transport Investment Online;
- all new funding applications are supported by a business case and cost benefit analysis;

- a peer review is required for all improvement activity business cases with an expected implementation cost greater than \$15 million;
- all funding applications are assessed and approved in line with a delegations policy approved by the Waka Kotahi Board. The amount and type of application determines the levels of approval that are required. All funding applications with an expected implementation cost exceeding \$50 million are approved by the Waka Kotahi Board.
- The Business case and funding decisions committee (also referred to as the Delegations Committee) considers all funding applications, both from Waka Kotahi and approved organisations. There is representation from the staff involved in assessing funding applications from Waka Kotahi and approved organisations to ensure that a consistent approach is applied to consideration of funding applications and recommendations and funding decisions.
- Post approval reviews are conducted annually on a selection of investment approvals to check that investment decisions meet the requirements of PIKB based on the evidence in TIO.
- Internal monitoring and reporting on the length of time between funding applications and investment decisions enables tracking and identification of any variation in the processing time of funding applications from Waka Kotahi as compared to approved organisations.

The post approval review covering the annual period ending 30 June 2021 identified several investment decisions did not meet required process standards in some respects. These related to process issues, such as incomplete information within TIO, or omission to gain confirmation of funding availability before consideration of funding approval. Waka Kotahi is satisfied that the matters identified have not had a material impact on the application of the Scrutiny Principle during the year to 30 June 2021. Steps have been taken to mitigate these process issues and to inform investment advisors and project managers to ensure processes are met.

Additional information

We publish our detailed approach to giving effect to the scrutiny principle on our website.¹ A webpage lists the systems and procedures in place to apply the scrutiny principle and provides links to the procurement manuals and Planning and Investment Knowledge Base where the systems and procedures are detailed.

The webpage also has links to two other webpages that contain minutes of all funding decisions made by the Waka Kotahi Board² and lists all decisions delegated to Waka Kotahi staff³ since 1 August 2008.⁴ Both pages are updated regularly once the Board's decisions have been confirmed.

1 www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/201821-nltp/planning-and-investment-principles-and-policies/investment-principles/planning-and-investment-principles/#scrutiny-principle

2 Waka Kotahi NZ Transport Agency. 2020. Board funding decisions. <https://nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/our-board/board-meeting-minutes/>

3 Waka Kotahi NZ Transport Agency. 2020. Delegated funding decisions. www.nzta.govt.nz/planning-and-investment/funding-and-investing/investment-decisions/delegated-decisions/

4 The prescribed date in the Land Transport Management Act 2003 for reporting on these decisions is 1 October 2008

Independent limited assurance report

Independent Limited Assurance Report to the Readers of the Waka Kotahi NZ Transport Agency Report "Putting the Scrutiny Principle into Practice" for the period ended 30 June 2021

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that, in all material respects, Waka Kotahi NZ Transport Agency's ("Waka Kotahi") "Putting the Scrutiny Principle into Practice" report (the "report") is not fairly presented, in that:

- the controls were not suitably designed to achieve the control objective specified in section 96(1)(d)(ii) of the Land Transport Management Act 2003 (the "Act") being, Waka Kotahi giving, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Act, the same level of scrutiny to its own proposed activities and combinations of activities as it would give to those proposed by approved organisations throughout the period 1 July 2020 to 30 June 2021;
- the description does not fairly present the systems and procedures as designed, throughout the period 1 July 2020 to 30 June 2021; and
- the controls, necessary to achieve the control objective, did not operate effectively as designed, throughout the period from 1 July 2020 to 30 June 2021.

Information subject to assurance

We have undertaken a limited assurance engagement on:

- the design of controls within the systems and procedures of Waka Kotahi, throughout the period 1 July 2020 to 30 June 2021, relevant to the control objective specified in section 96(1)(d)(ii) of the Act, that Waka Kotahi give, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Act, the same level of scrutiny to its own proposed activities and combinations of activities as it would give to those proposed by approved organisations;
- the Waka Kotahi description of its systems and procedures at pages 144 to 145 (the 'description'); and

- the operating effectiveness of those controls.

The Auditor-General is the auditor of Waka Kotahi. The Auditor-General has appointed me, Ed Loudon, using the staff and resources of KPMG, to carry out this work on his behalf.

Criteria

An assurance engagement to report on the design, description and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives, the completeness, accuracy and method of presentation of the description of the systems and procedures and the operating effectiveness of controls throughout the period.

Standards we followed

We conducted our work in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements other than audits or reviews of historical financial information and Standard on Assurance Engagements 3150 Assurance Engagements on Controls. In accordance with those standards we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the Statement is free from material misstatement, whether due to fraud or error; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the controls.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

How to interpret limited assurance and material misstatement

A limited assurance engagement is restricted primarily to enquiries and other relevant procedures as described above.

Misstatements, including omissions, within the report are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the report.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objective may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that we have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Directors' responsibility

The Directors of Waka Kotahi are responsible for:

- the implementation of systems and procedures that enable Waka Kotahi to give, when making decisions in respect of land transport planning and funding under subpart 1 of Part 2 of the Act, the same level of scrutiny to its own proposed activities and combinations of activities, as it would give to those proposed by other approved organisations;
- identifying the control objective;
- identifying the risks that threaten achievement of the control objective;
- designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objective;
- preparing the description and report at pages 144 to 145, including the completeness, accuracy and method of presentation of the description and report; and
- operating those controls effectively as designed throughout the period.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Waka Kotahi report regarding the suitability of the design of controls to achieve the control objective, the presentation of the description of the systems and procedures and the operating effectiveness of the controls within the Waka Kotahi systems and procedures, based on our procedures.

Our independence and quality control

When carrying out the limited assurance engagement we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (NZAuASB) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the External Reporting Board.

Our firm has also performed the annual statutory audit of Waka Kotahi and carried out other assurance-type engagements over the procurement process undertaken for a new human resources system and the establishment of the Te Hau Ora digital portfolio. Subject to certain restrictions, partners and employees of our firm may also deal with Waka Kotahi on normal terms within the ordinary course of trading activities of the business of Waka Kotahi. These matters have not impaired our independence as assurance providers of Waka Kotahi for this engagement. The firm has no other relationship with, or interest in, Waka Kotahi.



Ed Louden

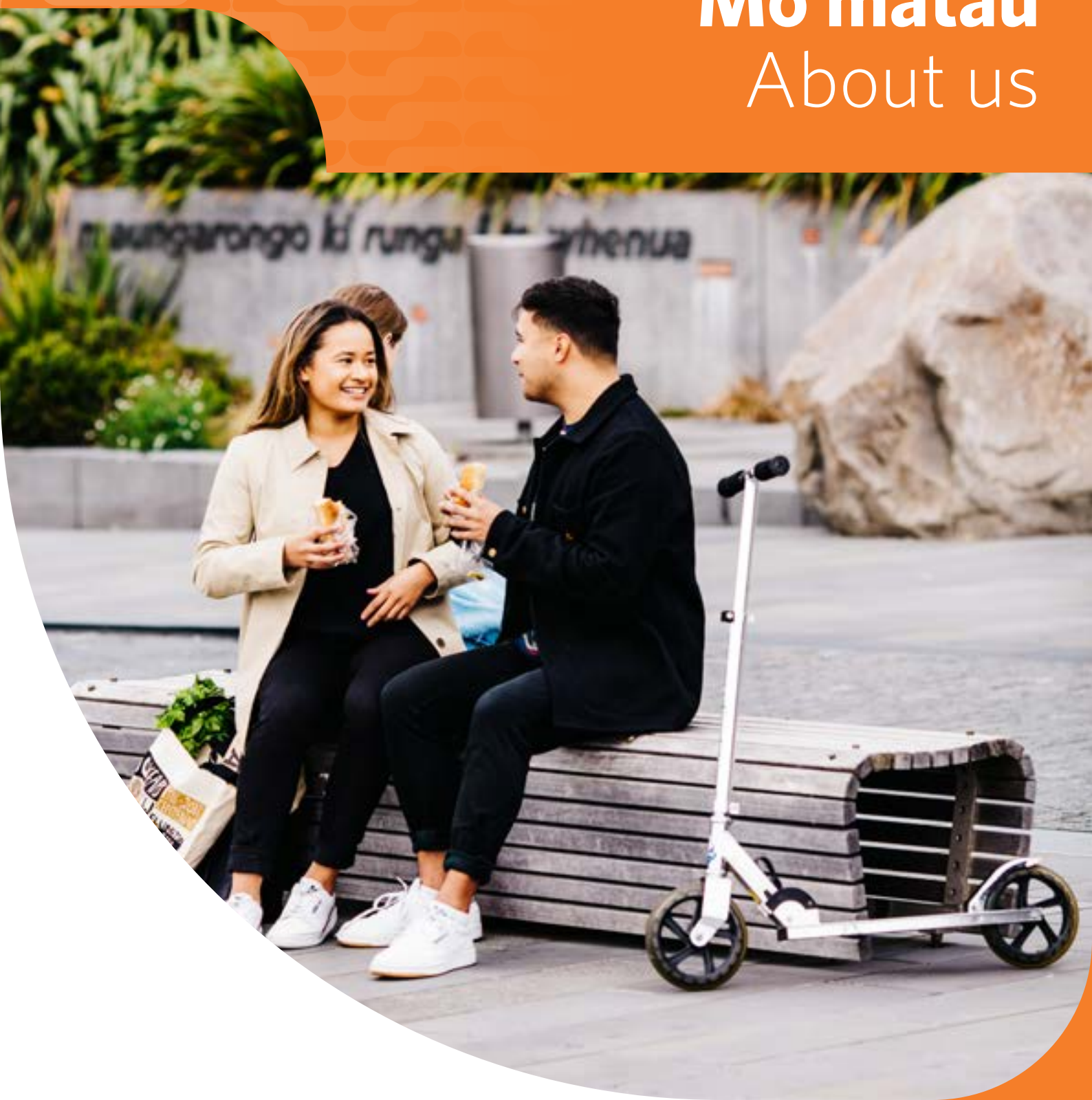
KPMG Wellington

On behalf of the Auditor-General

30 September 2021

Mō mātau

About us



Who we are

Our board

(as at 30 September 2021)

Sir Brian Roche KNZM Chair



Sir Brian brings extensive governance, leadership and business experience to Waka Kotahi.

In 2017, Brian was named a Knight Companion of the New Zealand Order of Merit for services to the state and business.

He was chief executive of New Zealand Post Group from 2010 to 2017 and chaired the Waka Kotahi Board from 1 August 2008 to 31 March 2010.

Brian was chair of the Waka Kotahi Investment and Delivery Committee until November 2020. He remains a member of the committee and is also a member of the Risk and Assurance Committee.

Cassandra Crowley Deputy Chair



Cassandra is a chartered accountant (Fellow), barrister and solicitor of the High Court of New Zealand and member of the Institute of Directors.

In addition to her commercial advisory work, Cassandra holds non-executive directorship roles in several sectors of the economy of Aotearoa. These roles include chairing several audit, finance and risk committees and overseeing digital transformation. She is a past president of Chartered Accountants Australia and Aotearoa and has been recognised for her leadership and governance contributions with the Supreme Award for Excellence in Governance from Women on Boards.

Cassandra chairs the Waka Kotahi Risk and Assurance Committee and is a member of the Investment and Delivery Committee.

Catherine Taylor



Catherine is a chartered accountant and has held senior management positions in the public and private sectors, including five years as Director and Chief Executive of Maritime New Zealand. Catherine understands transport sector regulatory issues and has always been interested in how regulatory tools can be used to achieve safety outcomes.

Catherine's current governance roles include Deputy Chair of the Energy Efficiency and Conservation Authority, Chair of the International Visitor Conservation and Tourism Levy Investment Advisory Group, Deputy Chair of Nelson Airport Limited, chair of Diabetes New Zealand, trustee of the John Nesfield Trust and trustee of the New Zealand Law Foundation.

Her past roles include director of the New Zealand Institute for Crop and Food Research (now Plant and Food Research), member of the Civil Aviation Authority, member of the Building Practitioners Board, member of the Biosecurity Ministerial Advisory Committee and trustee of the Life Flight Trust.

Catherine chairs the Regulatory Committee and is a member of the People and Culture Committee.

David Smol QSO



David has over 35 years' experience in Aotearoa and the United Kingdom in the public and private sectors. He has worked in the energy sector in both countries, including as director of an Oxford-based energy consulting firm with clients in the United Kingdom and Europe and in large energy utilities and transmission companies, renewable energy generators, regulatory bodies and government departments.

In 2008, David was appointed chief executive of the Ministry of Economic Development. From 2012 to 2017, he was the inaugural chief executive of the Ministry of Business, Innovation and Employment, where he was responsible for the stewardship of multiple regulatory systems.

David is an independent non-executive director of Contact Energy and chair of VicLink, the commercialisation subsidiary of Victoria University of Wellington.

David was made a Companion of the Queen's Service Order in 2018.

David is a member of the Waka Kotahi Regulatory Committee.

John Bridgman



John has over 35 years' experience in engineering and project management roles across Australasia and Asia.

John is the chief executive of Ōtākaro Limited. He has held a variety of senior leadership positions and governance roles at AECOM (including as industry director – civil infrastructure in Australia with responsibility for the company's involvement in several of Australia's largest infrastructure projects and as managing director for the Aotearoa business), as well as governance roles on major infrastructure projects in Aotearoa, Australia, Asia and the United Kingdom.

John became chair of the Investment and Delivery Committee in November 2020.

Ken Rintoul



Ken has over 40 years' experience in the public and private sectors of Aotearoa and has extensive knowledge of the construction and civil industries, including business ownership in these industries.

Having lived in provincial Aotearoa all his life, Ken is also aware of the needs of rural New Zealanders.

In the past 10 years, Ken's governance roles have included director of Far North Holdings, appointed trustee of Top Energy Ltd, appointed chair of Northern Rural Fire, chair of Youth Development Trust (YES programme), trustee of North Point Trust, advisor to the TKEMK Trust, member of the Rural Advisory Forum, advisor to Fire and Emergency New Zealand, trustee of the Hundertwasser Trust, member of the Northern Transport Committee, and appointed chair of the Northland College Transition Board.

Ken is a member of the Waka Kotahi Investment and Delivery Committee and People and Culture Committee.

Patrick Reynolds



Patrick brings extensive expertise in urban form and transport analysis and advocacy, along with public sector governance experience to Waka Kotahi.

He has lectured in urban design at the University of Auckland and written about transport and the urban realm, most prominently greater Auckland, in books and magazines and online. Patrick is a recipient of the New Zealand Institute of Architects President's Award for his contributions to debates on Auckland's urban issues. He has served on boards for Auckland Council, Auckland Transport and Rotorua Lakes Council.

Patrick is a member of the Waka Kotahi Investment and Delivery Committee and Regulatory Committee.

Victoria Carter NZOM



Victoria has over 25 years' experience as a director on the boards of NZX (the New Zealand stock exchange), private companies and council entities in the transport, tourism, education, property and arts sectors.

As founder of Cityhop, the first and largest carshare business in Aotearoa, Victoria is a known expert on mobility as a service.

Victoria is a former Auckland city councillor and an accredited Fellow of the Institute of Directors. In 2016, she was awarded the New Zealand Order of Merit for services to the arts, business and community. She holds a bachelor of laws from the University of Auckland.

Victoria chairs the Waka Kotahi People and Culture Committee and is a member of the Risk and Assurance Committee.

Governance report

Our governance framework is established under the Land Transport Management Act 2003 and Crown Entities Act 2004. The Land Transport Management Act sets out our objective and functions, and the Crown Entities Act sets out the rules governing Waka Kotahi as a Crown entity. As a Crown entity, Waka Kotahi is a legal entity in its own right.

Board functions and operations

The Waka Kotahi Board is the Waka Kotahi governing body with authority to exercise its powers and perform its functions. All decisions relating to Waka Kotahi operations must be made by or under the Board's authority.

The Board is appointed by and accountable to the Minister of Transport and responsible for Waka Kotahi:

- acting consistently with its objectives and functions
- carrying out its functions efficiently and effectively

- operating in a financially responsible manner.

Waka Kotahi has the objective, under the Land Transport Management Act 2003, of undertaking its statutory functions in a way that contributes to an effective, efficient and safe land transport system in the public interest.

Board membership

The Minister of Transport may appoint up to nine members to the Board. Board members are appointed for a period of up to three years, which may be extended. The Board appoints members to its four standing committees.

Board functions

The Board operates according to its charter, which sets out its governance arrangements and responsibilities. Our Board's functions are summarised in the following table.

Function	Description
Government and ministerial relationships	Maintaining appropriate relationships with the government (particularly, the Minister of Transport) and Ministry of Transport
Health and safety	Setting the strategy, culture and expectations in relation to health and safety
People and culture	Leading culture 'from the top' Reviewing and approving people and remuneration strategies and structures Appointing, overseeing and reviewing the performance of the Chief Executive (and her remuneration)
Strategy and performance	Setting the Waka Kotahi strategic direction and annual performance expectations, in consultation with the Minister of Transport Monitoring and reviewing Waka Kotahi performance
Significant decisions	Carrying out functions specifically reserved to the Board, including: <ul style="list-style-type: none"> • making significant funding decisions and awarding major contracts • allocating and investing funds from the NLTF • authorising significant changes to processes or procedures for the allocation of funding from the NLTF
Financial oversight and risk management	Approving annual budgets Overseeing Waka Kotahi accounting and reporting systems and, where appropriate, approving financial and other reports Overseeing and monitoring the performance of internal and external auditors Setting, monitoring and reviewing the internal audit plan through the Risk and Assurance Committee Ensuring Waka Kotahi has appropriate risk management and regulatory compliance policies Reviewing key risks and risk reports regularly

Board committees

The Board has established four standing committees: the Risk and Assurance, Investment and Delivery, Regulatory, and People and Culture Committees. These committees assist the Board by focusing on specific matters in greater detail than is possible for the Board as a whole. The committees are governed by a Board approved terms of reference. The Board may establish other standing or ad hoc committees to assist it in carrying out its powers and functions.

Risk and Assurance Committee

Role	To assist the Board in: <ul style="list-style-type: none">ensuring Waka Kotahi operates in a financially responsible mannerexercising due care and diligence in relation to Waka Kotahi financial reportingestablishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of Waka Kotahi financial reporting
Members	Cassandra Crowley (chair), Victoria Carter, Sir Brian Roche

Investment and Delivery Committee

Role	Assist the Board by providing advice and assurance in relation to significant investment and operational matters
Members	John Bridgman (chair), Sir Brian Roche, Ken Rintoul, Cassandra Crowley, Patrick Reynolds

Regulatory Committee

Role	Assist the Board by providing advice and assurance in relation to Waka Kotahi regulatory responsibilities
Members	Catherine Taylor (chair), David Smol, Patrick Reynolds

People and Culture Committee

Role	Assist the Board by providing advice and assurance in relation to Waka Kotahi people policies, practices and strategies, Waka Kotahi people health and safety, and stakeholder engagement and perceptions
Members	Victoria Carter (chair), Catherine Taylor, Ken Rintoul

Delegations

The Board operates through delegation to the Chief Executive. The Chief Executive with the Executive Leadership team are charged with the day-to-day leadership and management of Waka Kotahi. Our Chief Executive sub-delegates authority to the Executive Leadership team and others within specified financial and non-financial limits. Formal policies and procedures govern the parameters and operation of these delegations.

Disclosure of interests

Before being appointed to the Board, potential Board members must disclose all interests to the Minister of Transport. Following appointment, Board members must disclose all interests as soon as practicable. A register of interests is kept and provided to the Board at each scheduled Board meeting.

Board performance reviews

The Board regularly reviews its overall performance and the performance of its committees and individual Board members.

Risk management

Like all entities, Waka Kotahi is exposed to a variety of risks. Our risk management activities aim to ensure we identify, prioritise and manage risks so we can execute our strategies and achieve our goals.

Our Board is ultimately responsible for risk management governance by:

- reviewing key risks annually
- approving and regularly reviewing our risk framework
- providing, through our Risk and Assurance Committee, oversight and monitoring of key risks.

Risks are assessed using a risk profile to identify the likelihood of occurrence and potential severity of impact. Key risks are identified using an enterprise risk management framework that encompasses financial and non-financial risks. These fall into the following broad categories:

- technology risks, for example, around system performance and cybersecurity
- people and culture risks, for example, around health and safety, capability, talent and change management
- regulatory risks, for example around delivering our regulatory responsibilities
- funding risks, for example around short-term and long-term funding (including in respect of the National Land Transport Fund)
- operational delivery risks, for example, around industry capability and capacity, benefits realisation, resilience and road safety outcomes.

Board and Board committee meeting attendance in the year to 30 June 2021

	Regular Board meetings	Special Board meetings	Risk and Assurance Committee	Regulatory Committee ¹	People and Culture Committee	Investment and Delivery Committee
Total meetings held	10	1	6	4	6	9
Current Board and committee members						
Sir Brian Roche	10	1	6	-	-	9*
Cassandra Crowley	10	1	6	-	-	8
Catherine Taylor	10	0	-	4	6	-
David Smol	9	0	-	4	-	-
Ken Rintoul	9	1	-	-	6	8
Patrick Reynolds	10	1	-	4	-	9
Victoria Carter	10	1	6	-	6	-
John Bridgman	10	1	-	-	-	7**

The above table records attendances at Committee meetings by Committee members. Board members who are not Committee members often also attend Committee meetings. Those meeting attendances are not recorded in the table.

*Chair of Investment and Delivery Committee to November 2020

**Member and Chair of Investment and Delivery Committee from November 2020

Our organisation

Our leadership team

Managing our organisation is our Chief Executive and our Executive Leadership Team:

Nicole Rosie
Chief Executive

Brett Gliddon
General Manager Transport Services

Kane Patena
General Manager Te Roopu Waeture | Regulatory Services and Director of Land Transport

Greg Lazzaro
General Manager Safety, Health and Environment

Chris Lokum
General Manager Pūmanawa Tāngata | People

Karen Jones
General Manager Te Waka Kōtuia | Engagement and Partnerships

Matthew Walker
General Manager Corporate Support

Yogesh Anand
Chief Technology Officer Te Aukaha | Digital

Profiles of the Waka Kotahi leadership team are on our website www.nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/our-executive-leadership-team

Our values and behaviours

Our values and behaviours were launched across the organisation in December 2020 as part of Te kāpehu, our strategic direction.

Our values and behaviours shape our culture, guide the way we work together and define what's important to us and help us deliver our best work, every day. They influence how we work within Waka Kotahi and how we engage with iwi, partners, stakeholders and communities.

We have four values, which are each underpinned by five behaviours:



Ngākau aroha
Have heart

We have the wellbeing of our people, community and planet at the heart of everything we do.



Kia māia
Be brave

Our outcomes are better when we bring courage and self-belief to our passion and purpose.



Kotahitanga
Better together

We achieve great things when we work together to build trusted relationships inside and outside of Waka Kotahi.



Mahia
Nail it

We create an enduring legacy, delivering our best work every day.

Our mātāpono (values) are bilingual in English and te reo Māori. They are not direct translations but are closely related concepts so each mātāpono has its own meaning. The values and behaviours are becoming part of what it means to be an employee of Waka Kotahi. They shape how our people leaders coach teams and give recognition, are incorporated into our recruitment processes, play a key part in performance reviews, and are becoming integrated across all other parts of the employee experience.

Workforce profile

Our people mean a lot to us. In fact, they're everything. It's their effort and commitment that enable us to do what we do. Our diverse workforce is located in 21 locations from Whāngarei to Dunedin.

Employee count vs total FTEs

Permanent employees The full-time equivalent (FTE) of our permanent employees as at 30 June 2021 was 2081.2, an increase of 15 percent from 30 June 2020. The increase in our FTEs reflects our extensive delivery programme, as well as a proactive effort to convert contractors to permanent roles.

Fixed term employees Our use of employees on fixed-term agreements is also increasing from the same time last year, though varying during the year depending on our business needs.

As at 30 June 2021, 4.4 percent of our fixed and permanent workforce were on fixed-term employment agreements.

Voluntary permanent turnover

4.3 years

Average tenure (Permanent leavers in past year)

5.9 years

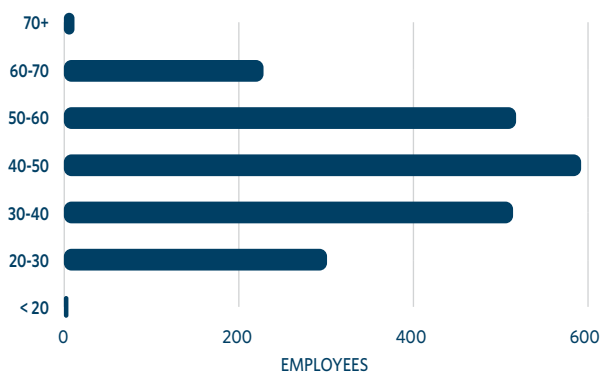
Average permanent tenure (current)

10.6%

Voluntary permanent turnover

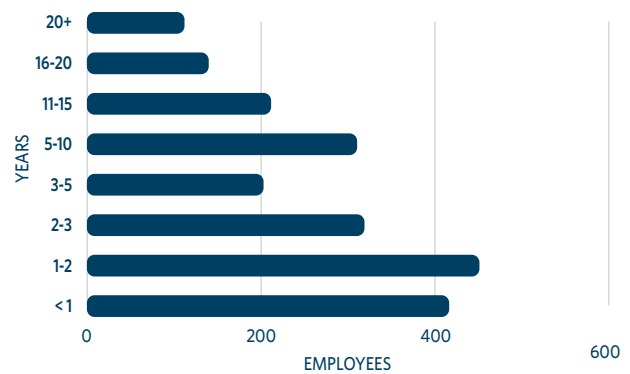
As at 30 June 2021, our annual voluntary turnover of permanent staff was 10.6 percent, 0.8 percent lower than the same time last year. Voluntary turnover of permanent employees with less than two years' service was 10 percent. The reduction in voluntary turnover has been influenced by the increase of overall headcount; the ongoing impacts of the COVID-19 pandemic and our focused effort to make Waka Kotahi a great place to work.

Age profile



As at 30 June 2021, the average age of our permanent employees was 45 years old (43 years for women and 47 years for men). We had 253 permanent employees over 60 years of age, and five aged under 20 years old.

Length of service



As at 30 June 2021, the average tenure of our permanent employees was 5.9 years. As our employee numbers increase, the average tenure is slowly decreasing. We have 114 employees who've been with Waka Kotahi and its predecessors for more than 20 years.

Ethnicity breakdown of permanent employees

- European 68%
- Asian 10%
- Not stated 8%
- Māori 6%
- Other 3%
- MELAA 3%
- Pacific peoples 2%



Note: MELAA = Middle Eastern, Latin American, African

Ethnicity breakdown of permanent managers

- European 86%
- Māori 5%
- Other 4%
- Asian 2%
- Not stated 2%
- MELAA 2%



Note: MELAA = Middle Eastern, Latin American, African

Gender profile

As at 30 June 2021, we have more employees who identify as female (1,117 or 52 percent) than male (1,039 or 48 percent). One person identified as another gender.

Approximately 9 percent of our permanent female workforce and 3 percent of our permanent male workforce are part-time (work fewer than 40 hours per week). This means approximately 6 percent of our permanent workforce is part-time.

Of our 72 permanent senior management, 38 are female (53 percent) and 34 are male (47 percent).



- Female 52%
- Male 48%



- Female 53%
- Male 47%

Disability

As part of our March 2021 Ask Our Team survey of employees, we asked people whether they lived with a disability. Of the 1995 respondents, 109 (5 percent) of people answered “yes”. Note that we did not define what was considered a “disability”,

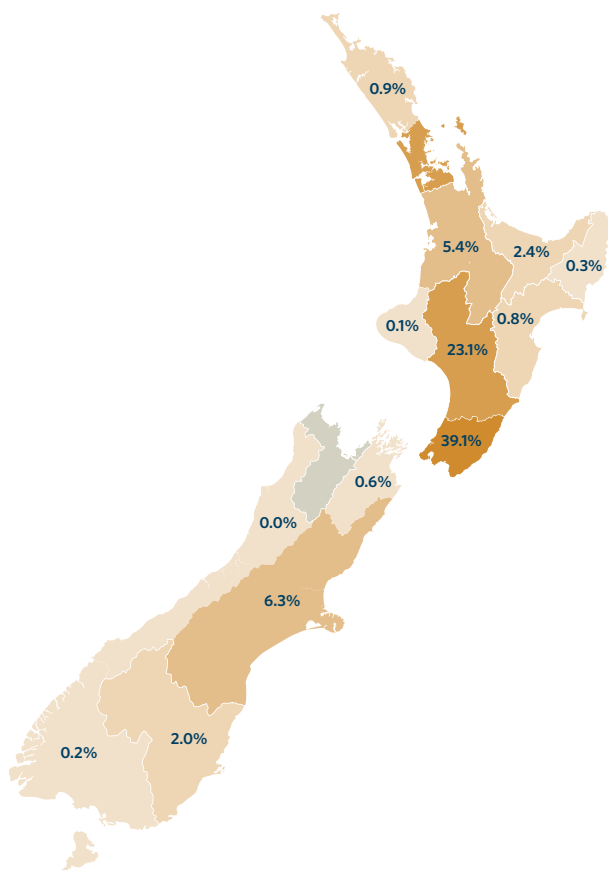
so people had no guidance on how to self-identify on this question.

We have a number of initiatives underway as part of our diversity and inclusion strategy that are outlined in the Papa Pounamu focus areas from page 166.

Workforce by region

The number of permanent and fixed-term employees by region or province as at 30 June 2021 is shown in the table below:

Region/province	Headcount	Proportion
Auckland	412	18.3%
Bay of Plenty	54	2.4%
Canterbury	143	6.3%
Gisborne	6	0.3%
Hawke’s Bay	18	0.8%
Manawatu-Wanganui	522	23.1%
Marlborough	13	0.6%
Nelson	11	0.5%
Northland	21	0.9%
Otago	45	2.0%
Southland	4	0.2%
Taranaki	3	0.1%
Waikato	122	5.4%
Wellington	882	39.1%



Being a good employer

We are committed to being a good employer. We recognise, respect and value differences and are committed to providing equal employment opportunities for all. This creates better outcomes for both our people and the people we are ultimately here for – the people of Aotearoa.

We are focusing on creating a strategy-led, people-centred organisation that is fit for the future, where our people are proud to be part of creating a better Aotearoa. We are committed to being fair, open and transparent and having a workplace where our people are energised and able to perform at their best.

We strive to address barriers to diversity and inclusion in our organisation. We actively engage with our people and their unions when we develop people policies and initiate change programmes, including as we continuously improve our practices as a good employer.¹

The following actions support our aspiration of being a good employer and a great place to work.

1. Leadership, accountability and culture

- Our leadership expectations provide clear direction for our leaders. Through these expectations, our leaders are encouraged to embrace diversity, be inclusive, openly share knowledge and information, encourage curiosity and seek out different points of view.
- Our Accelerate Leadership Programme was developed to lift the capability of all Waka Kotahi leaders regardless of tier. Consisting of five modules, all people leaders will complete training on Courageous Leadership, Strategic Leadership, People Leadership, Team Leadership and Adaptive Leadership.
- Senior leader hui are held to provide leaders with the opportunity to work collaboratively and contribute to organisational thinking and decision making. These forums are highly valuable as an opportunity to focus on collective leadership for the organisation.
- Our chief executive's The Way We Move newsletter, regular video newsletter and audio calls, and regular posts on Workplace provide strong leadership and ensures everyone in Waka Kotahi has access to the same information. Calls can be listened to, watched live or viewed later.

¹ Human Rights Commission Good employer advice www.hrc.co.nz/your-rights/businessand-work/tools-and-research/reporting-crown-entities-goodemployers/

- Our values and behaviours define what's important to us and help us deliver our best work, every day. They influence how we work within Waka Kotahi and how we engage externally with iwi, partners, stakeholders and communities.
- We have Workplace by Facebook and Microsoft Teams as tools to allow everyone in Waka Kotahi to collaborate and contribute to workplace conversations. These tools are popular and provides an engagement channel directly to our people.
- We hold people accountable through robust performance and development planning.

2. Recruitment, selection and induction

- Our recruitment and selection processes support our commitment to diversity and inclusion, the elimination of conscious and unconscious bias, and equal employment opportunities. Our diversity and inclusion approach includes a goal of a workforce broadly reflective of the community.
- Videos and profiles on our career website and recruitment collateral feature employees from diverse backgrounds, and we use inclusive language in our online careers pages.
- We are an accredited employer with the New Zealand Immigration Service.
- Progression within Waka Kotahi is based on merit rather than service and is built around competencies and skills. We identify and address barriers to participation and progression.
- All new people are invited to the organisation-wide induction to Waka Kotahi, and we are increasingly holding pōwhiri and mihi whakatau to welcome our new starters.
- Our development tools for managers who are recruiting include training on recognising and addressing unconscious bias towards applicants.
- We actively recruit multilingual people for some of our customer-facing roles.
- We have an Emerging Professionals graduate programme. This was implemented to identify and engage with the country's emerging talent and includes a planned rotational programme with a strong development focus.
- We participate in the GovTech cross-government graduate scheme, hosting three graduates per cohort for eight-month rotations. Waka Kotahi had two cohorts in the 2020/21 financial year (six people).

- During the 2020 COVID-19 pandemic response, induction and onboarding were moved online. Additional support was wrapped around our people leaders and new starters, to ensure they were successfully set up to welcome people remotely.

3. Employee development, promotion and exit

- We promote a culture of learning and continued development at all levels. Development opportunities include project work, acting in other roles, secondments, mentoring and coaching, online learning, and face-to-face learning programmes offered through our centralised learning calendar.
- We encourage teamwork and for people to work collaboratively.
- We offer LinkedIn learning licences to our employees, to enable them access to a platform of over 16,000 professional learning opportunities.
- We value an ongoing process of feedback and two-way communication.
- Capability mapping, talent management, succession planning and progression frameworks are in place.
- We are an accredited Institute of Professional Engineers New Zealand professional development partner.
- We use our LinkedIn page to stay connected with current, former and prospective employees.
- We provide access to career planning tools and advice.
- We offer flexible, user-choice exit interview options including surveys, coffee debriefs and formal interviews.

4. Flexibility and work design

- We promote balanced work-life responsibilities through flexible working.
- Our people can request changes to their working arrangements, including job sharing, compressed weeks, reduced hours, working from home and leave during school holidays.
- We encourage people to take annual leave in the year it is accrued and manage their hours to maintain wellbeing.
- During the 2020 COVID-19 pandemic, most of our people were set up to work from home. For those with roles that could not be

completed remotely, or for those who had other responsibilities such as caring for children or aged parents, we offered special leave allowances and additional online development and learning opportunities.

5. Remuneration, recognition and conditions

- Our remuneration policies and frameworks are based on the principle that pay reflects the market and performance – not tenure, cost of living or other personal circumstances. We conduct an annual remuneration review, including comparing our remuneration ranges to public sector and other organisations' market data.
- We continue to monitor our gender pay gap to ensure remuneration equality across Waka Kotahi.
- We endeavour to make our job evaluation and remuneration practices transparent, equitable and gender neutral.
- Recognition is encouraged and we use a variety of ways to celebrate success and recognise people publicly and privately.
- In the COVID-19 pandemic environment, we have adjusted our approach to remuneration and demonstrated appropriate restraint, while acknowledging and rewarding our people.

6. Harassment and bullying prevention

- We are committed to maintaining a safe working environment for all our people where we experience mutual respect, trust, dignity and security. Ensuring psychological safety is paramount to this.
- We have an employee liaison service in partnership with FairWay, which provides issue resolution services free to all our people.
- We worked collaboratively with unions to better understand harassment and provide tools and support for our people dealing with harassment.
- We have stand-alone bullying and harassment and sexual harassment policies, and an online learning module to support employee understanding of these policies.
- We have taken note of the lessons learned from the Ministry of Transport's Civil Aviation Authority review.

7. Safe and healthy environment

Waka Kotahi has matured its health, safety and wellbeing programme over the last year and continues

to see improvement in employee engagement, outcomes and opportunities.

Our three-year health and safety workplan is centred around three pillars:

- Safety leadership and capability – we aim to build a culture of care starting at the top, through our people leaders and by building knowledge and capability to be safe through training, better communication and our values coming to life.
- Focusing on critical risks – we want to focus on what is important, and what will support our people and partners to be safer. We have assessed six critical safety risks in detail and have dedicated project plans to manage them.
- Systems and standards – we are developing and integrating health, safety and wellbeing information, expectations and tools. They will be easy to find and use to help our people.

In 2020/21 we continued to progress the work outlined in our three-year health and safety workplan, supported by a dedicated team across Waka Kotahi and commitment at the executive-level. We're focused on several critical risks for employees including mental health and wellbeing, especially in light of COVID-19 challenges. We're working to reduce and eliminate the impact of harmful interactions affecting our public-facing employees. We're also focused on ensuring our employees driving around the country are safe on the roads.

Over the next year, we'll continue to progress important health, safety and wellbeing initiatives including working on our mental health leading indicators; training and induction content; drug and alcohol programme; and leadership expectations including integrating health, safety and wellbeing metrics and targets into our leaders' performance plans.

Reviewing policies and procedures

We involve unions in the development and implementation of policies and procedures and consult with our people before making significant changes. To ensure our policies and procedures remain relevant, we review them on a two-yearly cycle or more often if necessary. We are receptive to feedback on our policies at any time.

Improving health, safety and wellbeing

A significant work programme is underway to mature our health, safety and wellbeing management system

including policies, procedures, guidance, tools and forms. Our aim is to provide a solid foundation for safety culture and performance improvement through risk based, consistent and legally compliant ways of working. Waka Kotahi has commenced work toward SafePlus accreditation. SafePlus is WorkSafe NZ's safety performance standard.

Our mental health and wellbeing programme has overseen a revitalised EAP engagement approach; trained and supported over 60 workplace mental health first responders and People business partners; and has been recently nominated in the NZ HeadFit awards for its efforts.

Our safety and wellbeing efforts have seen the delivery of routine workplace flu vaccinations, revised and improved workspace ergonomics assessments (including the use of online tools) and we have commenced using a digital platform for workplace inspections (embraced by health and safety representatives across the country). We are also proud to be selected by the Ministry of Health as a workplace provider for COVID-19 vaccinations.

On our construction sites, we are driving greater visibility and integration of mental health and wellbeing through our partners and major contracts. Our reporting requirements have been updated to capture how mental health and related aspects impact people in the field.

Central to our health and safety strategy is building a culture of care where leaders put safety first, in line with our value of Ngākau Aroha (Have Heart). To underpin and support a safety culture our systems, policies and procedures also need to evolve. Our Board and leadership team have committed to completing the SafePlus assessment – a voluntary health and safety performance improvement toolkit that goes beyond minimum legal compliance.

Over 2020/21, we've continued to work closely with our health and safety representatives, employee assistance programme and health care providers to help continually improve health, safety and wellbeing outcomes. We've updated our documentation and information resources, undertaken our baseline survey in July 2021 and continued our site engagements across workplaces and operational sites.

This year we also launched our new internal health, safety and security reporting system Kōrero Mai for Waka Kotahi employees. Reported events increased by over 160 percent, which has helped provide a

greater visibility of issues and shows a positive trend in people's awareness in reporting.

Total recordable injury frequency rate (TRIFR) is the number of injuries and fatalities per million hours worked. Over the last 18 months, the 12-month rolling average TRIFR has remained relatively stable. During this time, TRIFR for Waka Kotahi employees has stayed within our target of <4. TRIFR for contractors has remained in the range of 4-6 over this same period, in line with industry performance, but not meeting our target.

For contractors, the lack of significant improvement to TRIFR may be the result of gaps in the improvement strategies we've used, including insufficient incorporation of Health and Safety by Design principles into project delivery and lack of material consequences (positive or negative) based on safety performance. Changes to the labour market and projects we're undertaking may also be affecting contractor TRIFR. Due to the labour market becoming stretched, worker pools are being expanded to those with less capability and experience, which may be affecting health and safety practices. Additionally, Waka Kotahi has shifted from delivering large projects (for example, roads of national significance) to several smaller projects, which may have more limited resources and safety leadership.

It's also likely that incident reporting for both staff and contractors has improved over time. While this is very positive, it may have also resulted in more recordable incidents being reported or incidents being elevated into a reportable classification. For example, there's been increased effort over the last few years

to empower workers to speak out and seek out the requirement for injuries. Additionally, in 2020/21, we implemented a new contractor reporting tool and have increased site engagement by the safety team.

From 2021/22 our new performance framework, Te kāpehu, will also measure our significant incident frequency rate, which includes serious near misses that could have caused serious or life-threatening injuries. We will track and monitor our health, safety and wellbeing performance using these measures.

Total recordable injury frequency rate for employees

In 2020/21, there were 391 events reported using Kōrero Mai. Out of these, four resulted in lost time at work, 11 required medical attention and 40 required first aid assistance.

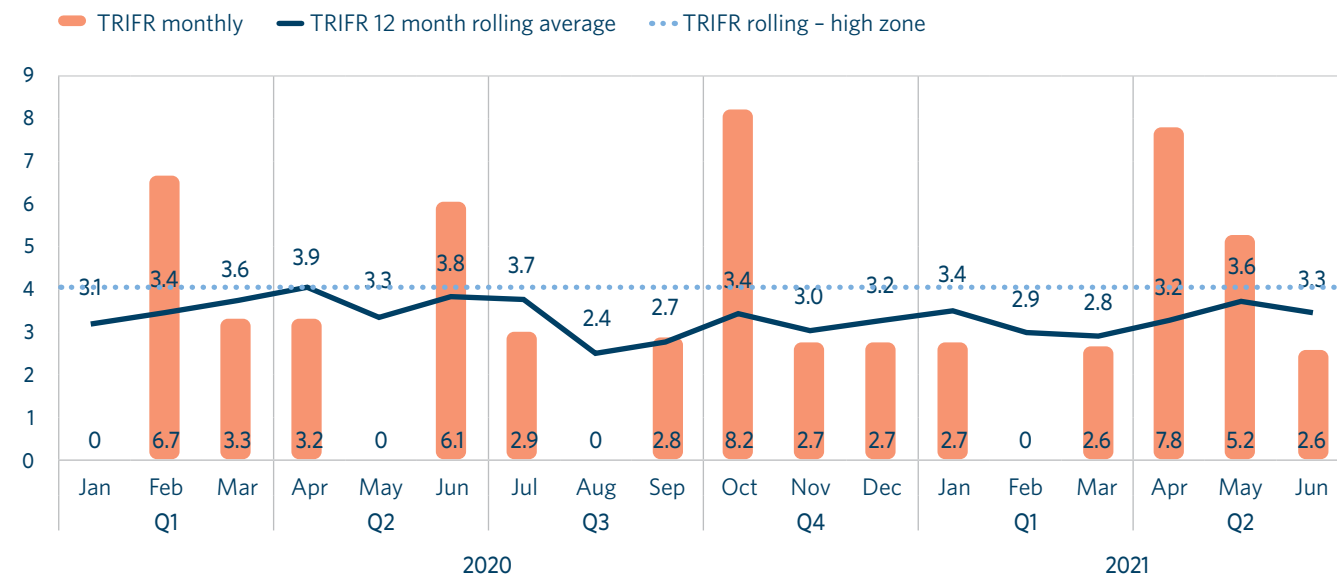
There were 142 near misses and 194 non-injury incidents (such as hazards and concerns) reported in the same period.

The leading causes of events reported in 2020/2021 were:

- harmful interactions - these were related to employee interactions with members of the public, including contact centres
- ergonomics related injuries and near misses
- work environment (such as office temperatures, preventive maintenance and office set up).

Twelve-month rolling averages are used to remove any effects from seasonality or from an extreme result in a single month. To present a measure as a 12-month rolling average, each of the components in the calculation must also be a total of 12 months' duration.

Total recordable injury frequency rate for employees



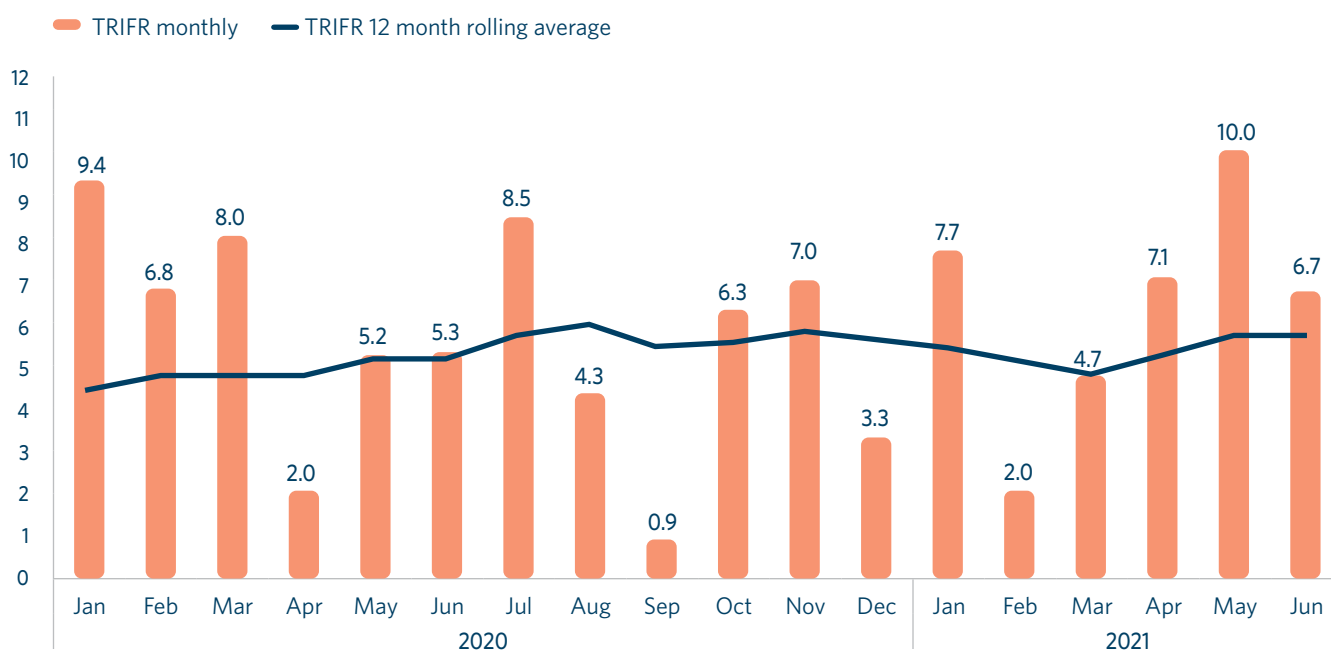
Contractor total recordable injury frequency rate

In 2020/21 three road workers died while undertaking work for Waka Kotahi. The first worker passed away while moving between mowing sites in his tractor on SH5 when a milk truck lost control on a corner and rolled, hitting the tractor. The second was a truck driver working for the Milford Road Alliance, who died while working on a local road driving

between a quarry and a worksite when the truck rolled off a small bridge. The third worker died while working on SH1 Waikato Express way when a member of the public failed to move from a closed lane and drove up the inside of a traffic management vehicle and hit a worker just as he was getting out of the cab on the shoulder side of the vehicle.

The critical risk strategy for 2021/22 is setting ambitious targets to sustainably lower serious incidents on our construction sites.

Total recordable injury frequency rate for contractors



Critical risk team – work programme

Waka Kotahi has partnered with the sector to put into effect critical risk bow ties risk assessments as a continual learning tool. This has been primarily done with direct interventions on construction sites, with work also being done in the pre-construction phases, to plan and design out risk or make it more tolerable.

Temporary Traffic Management

Road worker safety and the risks from public vehicles entering our work sites causing harm remains very high. To address this, a systems approach has been adopted and the Road worker safety improvement programme has been created in partnership with our supply partners, WorkSafe, Local Government New Zealand and Civil Constructors New Zealand.

This programme has a strong governance group chaired by the Waka Kotahi General Manager

Transport Services and has chief executive representation from our supply and industry partners.

This programme is focusing on four work streams:

- raising public awareness
- enforcement on work sites
- raising sector capability and capacity including:
 - WorkSafe guidance
 - aligning traffic management guidance with AusRoads
 - a trained and competent workforce
- asset lifecycles opportunities to eliminate or effectively manage risk, including:
 - safety in design
 - procurement
 - business case.

New Zealand Upgrade Programme

NZUP is tasked with creating delivery improvements in three areas - one of which is health, safety and wellbeing. In partnership with our external partners we've created a workplan of initiatives to achieve this. The first five initiatives being operationalised are:

- key performance indicators and lead indicators to drive change
- asset lifecycles opportunities to eliminate or affectively manage risk
- focus on critical risk management in construction
- road worker safety - periodic road closures
- proactive mental health

These initiatives will be monitored and amended as required to ensure they're effective.

The next five initiatives are in the early planning stages and will go through design and implementation over 2021/22.

Promoting diversity and inclusion

We are committed to promoting diversity and inclusion at Waka Kotahi. A diverse and inclusive workplace is a critical strength that enables us to better understand, listen to work with communities across Aotearoa, enhance relationships with stakeholders, attract top talent, make better decisions and innovate.

This year, we started developing a new three-year diversity and inclusion roadmap that formally pulls together and aligns work done in the past with what we need to do to build a thriving, inclusive and high-performing culture. This roadmap includes a range of initiatives to create a culture of inclusion that align with the five Papa Pounamu focus areas we have committed to as a member of the public service leadership team.

Over the last year, we progressed the following six elements:

1. Cultural competence

Building our cultural competency through Te Ara Kotahi, Our Māori Strategy and Te Ara Poutama, our Māori Capability Framework.

Te Ara Kotahi, our Māori strategy, outlines our commitment to embrace, value, and promote te reo Māori and tikanga Māori in the mahi (work) we do. To bring Te Ara Kotahi to life, we have Te Ara Poutama to build our mātauranga (knowledge).

Te Ara Poutama has four steps, each containing a range of activities and learning opportunities that are based on the 70/20/10 learning model - 70 percent experiential learning (on the job), 20 percent social learning (coaching, mentoring, group work) and 10 percent formal learning (workshops and programmes).

For the formal learning component, we ran 18 courses (mix of face to face and virtual) and had five online courses/modules available in 2020/21. A total of 453 people successfully completed the following internally facilitated courses and online modules:

Course name	Passed
Kia Tipu - Te Ao Māori Course 1	207
Kia Hua - Te Ao Māori Course 2	42
Te Reo Māori 101 (1x online module)	107
Te Rito - Course One - Introduction to Te Rito (2x online modules)	32
Te Rito - Course Two - Te Ao Māori - the Maori World (4x online modules)	23
Te Rito - Course Three - Back to the Future (4x online modules)	23
Te Rito - Course Four - Walking in Two Worlds (4x online modules)	19
Grand Total	453

We encouraged people leaders to develop their cultural competency and support their people in developing theirs as part of our performance goal setting process.

Foundational diversity and inclusion learning

We are developing further cultural competency learning modules as part of our foundational diversity and inclusion learning. This includes the Mana Āki intercultural competency programme, and other aspects of culture such as LGBTQIA+ Rainbow inclusion, and Disability awareness, in partnership with CCS Disability Action.

2. Addressing bias

Developing our diversity and inclusion roadmap to align current and future activity

We engaged Diversity Works New Zealand who completed an audit of our internal policies, practices and learning initiatives. We will build on their recommendations and this work will be integrated

into our diversity and inclusion roadmap and resulting implementation plan.

Integrating unconscious bias into the Waka Kotahi Accelerate Leadership programme

Accelerating Leadership is a programme of five learning modules focusing on different elements of Leadership: Courageous, Strategic, Team, People and Agile leadership. Launched in late 2020, 35 percent of all people leaders have completed all five modules.

The team leadership module contains content regarding understanding our unconscious biases, seeking feedback to build awareness and cultural competency, and creating a safe space for people to give you feedback. The module also included techniques for addressing and working on unconscious bias and building cultural competence. This module was launched in April 2021 and has been completed by 157 people leaders (41 percent).

Foundational diversity and inclusion learning

We designed and implemented an introductory module, 'Introduction to building our inclusive waka'. This module looks at the importance of diversity and inclusion, what a diverse and inclusive workplace looks like, and the importance of being consciously inclusive. A total of 140 people have undertaken this so far, with 116 completions. We will promote this module next year as part of an overall learning campaign.

Further learning is in development. We have created two eLearning modules, Conscious Inclusion and Diversity in Recruitment.

In our last Ask Our Team survey in March 2021, 77 percent of our people said they have a clear understanding of what unconscious bias is and how it impacts on their decisions.

Improving diversity reporting

We began collecting ethnicity and gender information at application stage to address any biases in the recruitment process. This information is not made available to our Talent Acquisition Consultants or People Leaders as part of the selection process and can only be pulled from a back-end report.

We also began collecting disability information from our people as part of our last Ask Our Team survey.

Accessibility Charter

We continue to build capability in our people to deliver

accessible solutions for both public and internal-facing products, including our intranet, learning modules, and tools used by our employees.

We provide coaching, mentoring and run training and regular weekly clinics on accessibility, and produced guidelines to create content which is accessible for everyone.

We reviewed several of our public-facing websites and completed a programme of work that has improved the accessibility of our main public-facing website, nzta.govt.nz. Our accessibility statement has been updated on nzta.govt.nz to reflect the changes we've made.

Testing and remediation for other public-facing sites has been completed, including the Safe system learning module, RightCar website, Driver Fatigue website and app, and assessments of other sites are underway.

Ethnic and gender pay gap actions

Waka Kotahi is analysing any ethnic pay gap issues using the existing information we have on our people's self-declared ethnicities. We're seeking to improve the quality of the ethnicity information we capture as part of implementing a new human resources information system in 2021/22, which will enable us to monitor and undertake further analysis into ethnic pay gaps.

For actions and progress made on gender pay gap issues, see Addressing the gender pay gap from page 169.

3. Inclusive leadership

Integrated inclusive leadership into Waka Kotahi's Accelerate leadership programme

We supported our leaders to embed inclusive approaches into their practices and behaviours, through our Accelerating Leadership programme.

The Team Leadership module contains content regarding inclusive leadership with techniques on building conscious inclusion, understanding the role of the leader in building inclusive leadership. It leads participants through the six signature traits of an inclusive leader including courage, cognizance, curiosity, cultural intelligence, collaboration and commitment.

In our March 2021 Ask Our Team survey, we asked questions that reflected key attributes of inclusive leaders. 79 percent of our people who participated, said their people leader encourages us to share our opinions and offer different perspectives to discussions, 80 percent believed their people

leader will support them challenging someone's inappropriate behaviour, and 71 percent said their people leader regularly asks for feedback about how they can better support them and the team. Leadership was the highest scoring category overall, with an overall score of 76 percent.

Foundational diversity and inclusion learning

An introductory eLearning module called "Inclusive Leadership" is in development.

Leading with heart

In response to the challenges of COVID-19, we developed a programme Keep calm, carry on - Leading with Heart, which is linked directly to our value Ngākau aroha (Have Heart).

The programme aims to provide our people leaders with practical tools, frameworks and principles for creating a caring and connected workplace environment and supporting teams to move forward, especially during challenging times. Topics include:

- leading by example, to meet your people with compassion and foster a supportive and resilient team culture
- identifying the early warning signals of stress-overload with each of your people and provide timely and appropriate support to minimise stressors in the workplace environment
- assisting your people in staying connected with meaning and purpose, especially when the going gets tough.

We've run five workshops since February 2021, with 34 people leaders completing the programme.

4. Building relationships

Lifting our leadership capability

A key focus of the Accelerating Leadership programme is fostering positive relationships between people leaders and their direct reports. The programme emphasises building psychological safety, motivating people based on their interests, checking in on engagement.

We are committed to supporting our people's development. As part of our performance cycle, all people go through a development goals process that highlights personal and professional career growth and identify opportunities to support them in that growth on the job.

In our last Ask Our Team survey in March 2021, 80 percent of our people said they feel included in their team, and 68 percent felt that Waka Kotahi genuinely values the differing perspectives, skills and experiences different groups of our people bring. Diversity and inclusion was the second highest scoring category overall, with an overall score of 75 percent.

Organisational co-design of values and behaviours

Our values and behaviours shape our culture and guide the way we work together. We launched our new values and behaviours and integrated them into our core people processes and practices, with a focus on team conversations and activities. Through our Values & Behaviours Toolkit, these activities help our teams to think about how we can work effectively together with others and as a team.

Pronoun use in email signatures

We promoted including pronouns in email signatures to help build more respectful and inclusive relationships for everyone. Pronouns are words used to refer to people (for example, she/her, he/him, or they/them) and getting them right is critical to inclusion in our workplace and delivery of services. To help normalise pronoun use, our corporate email signature templates and guidelines includes the option to add pronouns.

5. Employee-led networks

Including employee-led networks as a key focus area in our diversity and inclusion roadmap

We recognise employee-led networks play a key role in creating an inclusive culture. We are committed to actively supporting new and existing networks as part of our diversity and inclusion roadmap, with specific guidance and resources to be developed next year.

Establishing Pride at Waka Kotahi

We established a new network, Pride at Waka Kotahi. The network has formed a working committee of 12 creating the terms of reference and charter. The network will have operating charter and will have executive leadership sponsorship. The network has 60 members to date.

Online forums have been established for people in the network to connect, share content, and shape the future of the group and the initiatives run across Waka Kotahi.

Several significant occasions have been recognised and celebrated this year: Pride festival; Pink Shirt Day;

Transgender Day of Visibility; Lesbian Visibility Day; International Day against Homophobia; Transphobia and Biphobia; and International Non-binary Peoples Day.

Representatives from Pride at Waka Kotahi are also part of the Cross-Agency Rainbow Network that works to ensure Rainbow voices are included, respected and celebrated across the public service.

Partnering with the Transport Group Women’s Network

We have partnered with five other transport-related government agencies (Ministry of Transport, Civil Aviation Authority, Maritime New Zealand, KiwiRail, and Transport Accident Investigation Commission) to form a Transport Group Women’s network and support the vision and strategic outcomes of the wider Government Women’s Network.

Addressing the gender pay gap

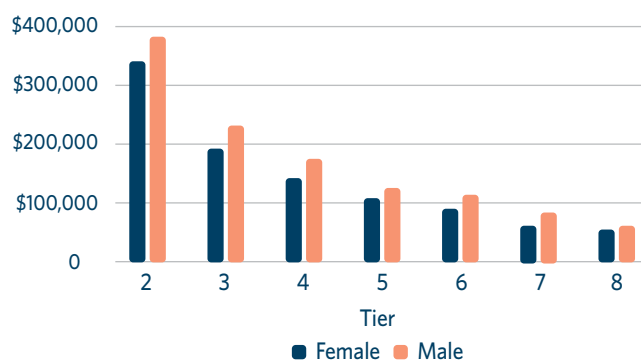
As part of our actions to address the gender pay gap, we made initial pay adjustments to close like for like pay gaps.

We began making changes to our human resources processes, including developing a remuneration calculator to help remove bias from remuneration decisions.

We also created helpful hints on unconscious bias for hiring managers that we share with people leaders and through our Talent Acquisition intranet page. Our Talent Acquisition Consultants have conversations with people leaders in their initial briefings and if they get any indication of biases these are discussed.

We released new flexible working guidelines, tools and technology to support flexible work practices. Flexible working helps us create a more diverse and inclusive workplace where everyone can contribute to the success of Waka Kotahi.

Pay profile by gender



Gender pay gap review

Our overall gender pay gap (the difference between the average pay for male and female employees) as at 30 June 2021 was 21.0 percent, down from 24.3 percent in 2019/20. This overall gender pay gap is primarily a result of the over-representation of female employees in lower job bands, and the under-representation of female employees in middle management roles.

The gender pay gap at a band-by-band level is shown in the table below (negative indicates that the average pay for female employees is higher than the average pay for male employees):

Band	Average gender pay gap
11	0.7%
12	-0.8%
13	-2.6%
14	-2.8%
15	-1.8%
16	1.7%
17	0.5%
18	1.4%
19	2.0%
20	3.1%
21	3.4%
22	3.3%
23	0.0%
Executive	4.8%

Ngā tāpiritanga

Appendices



Appendix 1:

Climate-related disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) has developed a framework of disclosure recommendations designed to solicit consistent, decision-useful, forward-looking information on the material financial impacts of climate-related risks and opportunities. This is our first disclosure against the TCFD recommendations and describes the progress that we have made to date. It also signals opportunities to support fuller disclosure during 2021-22 and beyond.

Waka Kotahi has a unique and critical role to play in supporting the government's response to climate change. Together with our local partners, we are both a nationwide investor in New Zealand's land transport system and a deliverer of transport infrastructure and services. Our activities have a wide-ranging impact on the land transport system, particularly the state highway network, one of New Zealand's largest physical assets.

The role of Waka Kotahi includes shaping the future land transport system; managing investment of the National Land Transport Fund (NLTF) to deliver on government and regional priorities; maintaining, renewing and operating the state highway network; and influencing the way people use the land transport system.

Waka Kotahi is currently required to give effect to a Climate Change strategic priority under the Government Policy Statement on Land Transport 2021, which includes an outcome of giving effect to the emissions reduction target the Climate Change Commission recommended to Cabinet until emissions budgets are released. In future, the government's Emissions Reduction Programme (ERP) and the requirements of the Carbon Neutral Government Programme will influence our assessment of climate-related risks and opportunities and our reporting obligations. The government's ERP, and in particular the transport chapter, will have significant implications for our climate change mitigation and adaptation work.

Funding for government objectives related to transport emissions over the medium to long-term (in particular funding outside the NLTF) is yet to be determined. One of the most significant risks to achieving the government's objectives is that the technological, behavioural and policy changes required for Aotearoa to meet emissions reduction targets are expected to create significant challenges for how land transport is currently funded. Funding sources for the NLTF include fuel excise duty, road user charges and tolls, and vehicle and driver registration and licensing. Thus, a shift to lower carbon modes of transport (for passengers and freight), reducing travel demand, and accelerating the uptake of electric vehicles will negatively impact on revenue flow into the NLTF. In order to achieve the proposed emissions reduction outlined in the Ministry of Transport's (MoT) Hīkina te kohupara, significant investment in addition to the NLTF for public transport and active modes will be required. This would need to be complemented by supportive regulatory and planning settings for transport and the built environment, and pricing mechanisms that encourage behaviour change.

In line with recommendations from He Pou a Rangi Climate Change Commission (CCC) and the government's draft ERP, we are evolving and adapting our existing work, which includes:

- Arataki – our 10-year view of what is needed to deliver on the government's current priorities and long-term outcomes for the land transport system¹
- Te kāpehu – our new strategic direction and performance framework, reflected in our statement of intent² and annual statement of performance expectations

¹ www.nzta.govt.nz/planning-and-investment/planning/arataki/arataki-version-2

² www.nzta.govt.nz/resources/nz-transport-agency-statement-of-intent-main-index/soi-2021-2026

- Toitū te taiao – our sustainability action plan (2020)³ and Tiakina te taiao – our sustainability monitoring report (2020)⁴
- Part 1 Tiro rangi – our adaptation action plan 2021
- Keeping cities moving – our national mode shift plan (2019)
- our resilience framework (2018)
- our investment decision-making and delivery approaches through the National Land Transport Programme (NLTP), where appropriate.

The following sections summarise the progress of Waka Kotahi to date with respect to each of the TCFD themes of governance, strategy, risk management and metrics and targets.

Governance

The governance of our response to climate change is evolving. We've established a new focussed Executive Leadership team (ELT) subcommittee to provide direction and oversight for climate-related matters and support a more systematic work programme.

Disclosures

Board oversight of climate-related risks and opportunities

- On a monthly basis, the Board reviews a data dashboard including country-wide and internal organisation electric vehicle uptake, and new cycleway delivery. Approximately every quarter the Board reviews a more detailed environment and sustainability section with climate-related metrics.
- The Board has annual oversight of progress against climate metrics defined in Toitū te taiao – our sustainability action plan.
- Other climate-related matters are taken to the Board on an adhoc basis. For example the Board met with the CCC to discuss its draft advice to the government, and subsequently wrote to the CCC to more formally outline its views.
- The Board has given a strong signal on the importance of climate change by requesting our early commitment to and disclosure against the recommendations of the TCFD.

Future opportunities

- Define processes and frequency by which the Board is informed about material climate-related issues, including NLTF planning and investment decisions.
- Provide ongoing briefings and workshop education sessions with the Board on climate risk.
- Formally review the benefits of introducing climate-related performance objectives.

³ www.nzta.govt.nz/assets/About-us/docs/sustainability-action-plan-april-2020.pdf

⁴ www.nzta.govt.nz/tiakina-te-taiao-our-sustainability-monitoring-report

Disclosures

Management's role in assessing and managing climate-related risks and opportunities

- Responsibility for delivering on climate-related actions is allocated across Waka Kotahi. The strategic direction for climate change mitigation is set by our Safety, health and environment group, which also maintains oversight of progress on key actions and monitors performance against indicators and reports directly to the ELT and Board.
- System policy, planning and design is overseen by the Transport services group, which also partners with local government to deliver climate-related activities in relation to adaptation and resilience as well as mitigation (including public transport, walking and cycling). For example, commentary on public transport patronage and decarbonisation of the public transport fleet has been included in the group's monthly report to the Board.
- Investment decision-making tools and policies for valuing, assessing, prioritising and funding programmes and activities (including with regard to climate change objectives) are overseen by our Corporate support group.
- Roles and responsibilities may be adjusted in future by the new Climate change and sustainability ELT subcommittee (CC ESC).
- The CC ESC will provide direction and oversight of matters including climate change, and will meet and report monthly into the Board Risk and Assurance subcommittee.

Future opportunities

- Define the organisational management and oversight of climate change risks and issues.
- Continue to define the scope of how the CC ESC will operate and influence the organisation's approach to climate-related risks and opportunities, including planning and investment decisions.

Strategy

Waka Kotahi currently approaches our response to climate change through two areas of focus: adaptation (reflected in Part 1 Tiro rangi our adaptation action plan 2021) and mitigation (reflected in Toitū te taiao, our sustainability action plan and Keeping cities moving, our national mode shift plan). These areas are interdependent and will further integrate as we evolve our oversight of and response to climate-related issues. Central to our response is the avoid-shift-improve framework embedded in Toitū te taiao, which has also been adopted by the Ministry of Transport and the CCC to inform transport elements of the government's emerging ERP and the climate change strategic priority in the GPS. Our role in planning and delivering transport investments through the NLTP is central to achieving our strategic direction. Investment policies are reviewed every three years or when a new Government Policy Statement (GPS) on land transport is released.

Disclosures

Identification of climate-related risks and opportunities over the short, medium and long-term

- As we develop Tiro rangi, we have identified certain priority climate risks - mainly physical risks - and have begun identifying transitional risks. Physical risks include coastal erosion, heat stress for materials, changes to maintenance routines and seasons, and thermal expansion of structures.
- We have undertaken an initial assessment on certain aspects of our operational resilience, for example a coastal inundation assessment identifying state highway hazards from sea level rise and storm surge.
- In 2020, through Toitū te taiao, we adopted the avoid-shift-improve framework focused on sustainable transport and carbon reduction. The framework is primarily focused on the opportunities and activities in the short, medium and longer terms required to reduce transport emissions.
- Keeping cities moving identifies priority actions for reducing reliance on cars and accelerating uptake of low-emissions transport modes. We have also partnered with councils to develop mode shift plans for the six high-growth urban areas (Auckland, Tauranga, Hamilton, Wellington, Christchurch, Queenstown) to inform future city-based approaches.
- To inform our future climate-related disclosures we have undertaken a gap analysis between our current processes and disclosures and the TCFD recommendations.

Future opportunities

- Undertake a systematic exercise across the organisation to identify our material adaptation and mitigation risks and opportunities over the short, medium and long term.

Disclosures

Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

- The climate mitigation aspects of Toitū te taiao have informed Te kāpehu and Arataki, both of which recognise the need for key shifts throughout the transport system in response to climate change.
- Te kāpehu describes how we'll realise our vision for the next five years and reflects the system changes we need to see to deliver on the government's long-term strategic direction for the land transport system. Environmental sustainability – reducing harm to and improving the environment with a focus on reducing greenhouse gas emissions – is one of four system outcomes of Te kāpehu, with detailed operational delivery measures and milestones to ensure we can track progress.
- Arataki provides our ten-year view of what is needed to deliver the land transport system that the government and communities want. It identifies five step changes, including 'tackling climate change', to deliver long-term outcomes for the land transport system. In relation to climate change adaptation, Arataki indicates that our initial efforts will focus on areas most likely to face disruption from coastal and inland flooding and intense storms. Early intervention is key to plan for the longer-term effects of sea-level rise. Toitū te taiao provides the framework for achieving the climate change mitigation step changes; Keeping cities moving provides the national and city-based action plan, for mode shift as a key contribution to the mitigation step change; and Tiro rangi, our adaptation action plan will provide the framework for achieving the climate change adaptation step change.
- The GPS also has a statutory role to provide direction for land transport investment over a 10-year period but with three-yearly reviews. When making investment decisions using the NLTF, Waka Kotahi must give effect to the GPS and its strategic priorities. The GPS 2021 identifies climate change as one of four strategic priorities, and investment according to the NLTP 2021-24 will advance that priority within the GPS/NLTP framework, including through investment supporting emissions reduction and increased resilience of the transport system. However significant additional funding will be needed to deliver the transformative changes signalled in the CCC's report and in the draft ERP.

Use of climate-related scenarios to understand the resilience of the organisation's strategy

- The resilience of our operating model to extreme situations has been given a clear test during the COVID 19 pandemic. This required us to be agile, utilising collaborative technology and enabling remote working. We worked with contractors to rapidly close down and secure construction projects, and maintain essential public transport services.
- We are using scenario modelling from local councils, NIWA and others to assist with risk identification. We will apply the best practice Adaptive pathway model (initially developed by Hawke's Bay Regional Council) to the highest-risk locations. This involves consideration of options to defend, accommodate and/or retreat from climate-related hazards, and the thresholds for moving between these options.
- For certain capital projects since 2018, we have been assessing the future projected changes to sea levels, river flows and storm water under different greenhouse gas scenarios. These projects have considered thresholds for design and future adaptation, primarily taking the form of ensuring foundations will support raising surface levels of pavements in future.

Future opportunities

- Incorporate climate risks and opportunities into our long-term planning and investment framework and functions, guided by Toitū te taiao GPS and parts 1 and 2 of our adaptation action plan. This will enable us to deepen our understanding of impacts on our business and financial planning.

- Using the output from a systematic risk and opportunity identification exercise (discussed below), define how scenario analysis can be used to deepen our understanding of the resilience of our strategy.
- Understand the impact the government's ERP, and in particular the transport chapter, will have on how we use scenarios, and implications for both climate mitigation and adaptation work.

Risk management

We are aware of the complexity involved in identifying and managing our climate-related risks, which are longer-term, uncertain, dynamic, interdependent and cumulative. For example, COVID-19 has had a lasting impact on how and when people travel, which has impacted on our revenue. Consequently, ensuring there is sufficient funding (including, where appropriate, from our local government investment partners) to deliver a net zero emissions future is a known major strategic risk to be managed. Investment will be successful only if complemented by other levers such as planning and regulation (for example, road pricing). A key next step is to take an integrated view of climate adaptation and mitigation, and apply our existing risk framework to climate risk and opportunities.

Disclosures

Identifying and assessing climate-related risks

- For some time, we have been identifying climate-related risks, including a qualitative assessment of physical and transition risks.
- The national resilience programme business case also identifies and rates nationally important risks from natural hazards (including climate-related) in the Aotearoa land transport system, and addresses a range of system-wide resilience process issues.
- Our existing risk management framework is based on the ISO 13000 standard for risk management and comprises five key steps including risk identification. Climate-related risk identification, assessment and management will be undertaken using our existing risk management framework.

Managing climate-related risk

- In response to adaptation risks, we are developing a climate change adaptation action plan (due by end of 2021) that will describe how Waka Kotahi will adapt to the fundamental shifts needed through the development, management, and operation of the land transport system. It will enable us to meet climate change challenges with resilience and take advantage of opportunities arising in future.

Integrating climate related risks into risk management

- Waka Kotahi worked with the MoT, the Ministry for the Environment (MfE) and the CCC to inform the Commission's advice to the government on emission budgets and policy pathways, and to inform the MoT's discussion paper on reducing transport emissions. This paper is likely to form the basis of the transport chapter in the government's ERP due by the end of 2021. Our input to these processes has been guided by Toitū te taiao, our sustainability action plan.
- Waka Kotahi has also worked closely with MfE through development of the national climate change risk assessment 2020.
- The new adaptation legislation (one of three acts to replace the Resource Management Act) will provide a framework for future engagement and planning with councils and communities on adaptation for example, managed retreat from flood- or slip-prone areas, and from coastal areas that may be at risk from sea-level rise. This will inform our ongoing investment plans for maintenance and renewal of strategic assets – including where we stop investing in assets that are not 'future-proof'. Using a 'whole of life' model presents important questions to be answered, such as understanding minimum levels of asset utilisation needed to be confident there is a net carbon benefit, and what exceptions might need to be made to proceed with certain projects with anticipated lower use.

Future opportunities

- Undertake a systematic climate-related risk (and opportunity) identification exercise to highlight the most material physical and transition risks that the organisation faces. This includes assessing the impact, including likelihood of occurrence and time horizon and moving towards quantification of risks.
- Review our existing risk management framework to understand fully how effective it will be to manage climate-related risk, and update where required.
- Review Toitū te taiao against the final ERP when it is available to determine how this plan may need to evolve.
- Confirm how our adaptation action plan (Part 2) can address prioritisation and management of adaptation risks within our existing risk management framework, applying ISO-14091:2021 on adaptation to climate change where relevant.

Metrics and targets

Our metrics and targets are evolving in line with our strategic direction and the government's priorities. Our new performance framework⁵ acknowledges the need to tackle climate change and emissions reduction through multiple interventions and aligns with the avoid-shift-improve framework embedded in Toitū te taiao.

Disclosures

Future opportunities

Metrics used to assess climate-related risks and opportunities

- In 2021, we released our first sustainability monitoring report – Tiakina te taiao, which sets out the metrics we monitor to assess progress on land transport emissions reduction, including:
 - New Zealanders' greenhouse gas emissions from land transport
 - social and economic implications by mode of transport such as the proximity to home of New Zealanders' jobs
 - proportion of trips taken by mode of transport
 - proportion of vehicles by fuel type
 - vehicle kilometres travelled
 - the carbon footprint of materials used in construction and maintenance projects via the ISCA-IS Rating Scheme for projects over \$15m.

- Once we have obtained a systematic view of the most material climate-related risks and opportunities across the organisation, we will ensure metrics remain materially relevant and appropriate and their reporting and monitoring is driving real year-on-year change.

Scope 1, 2 and 3 greenhouse gas emissions

- We are tracking our scope 1, 2 and 3 emissions through the Toitū Carbonreduce certification programme⁶. Total gross emissions from 1 July 2019 to 30 June 2020 were 3,809.77 tonnes of carbon dioxide equivalent.
- This data has a number of uses including as an input to the Carbon Neutral Government Programme, which requires the public sector to achieve carbon neutrality by 2025.

- Fully disclose Scope 1, 2 and 3 emissions including year-on-year trends on our website.

Targets used to manage climate-related risks and opportunities

- In 2021, we set SMART (specific, measurable, achievable, realistic, and time-constrained) reduction targets for our corporate emissions. These targets are in line with New Zealand's commitment of achieving net zero by 2050.
- At a strategic level, in our annual statement of performance expectations we have set medium-term targets for reducing land transport greenhouse gas emissions, including reducing light vehicle travel in major urban areas, increasing the share of travel on public transport and active modes (walking and cycling), increasing the uptake of electric vehicles, and improving access to key destinations via public transport and active modes.
- These targets will be aligned to the transport chapter in the government's ERP during 2021/22 as appropriate (including to give effect to the climate change strategic priority in GPS 2021).

- Continue to disclose and expand our year-on-year performance against our climate-related targets to better demonstrate trends and progress towards our goals.

Next steps

We have completed a maturity assessment against the TCFD's recommended disclosures. This assessment will inform the development of a roadmap outlining opportunities and actions to improve our disclosures in coming years.

⁵ www.nzta.govt.nz/resources/nz-transport-agency-statement-of-intent-main-index/soi-2021-2026

⁶ www.toitu.co.nz/what-we-offer/carbon-management

Appendix 2:

Asset performance

Under Cabinet Office Circular CO (19)6, all government agencies, including Waka Kotahi, are required to report on the performance of their assets in their annual reports. It requires agencies to capture and use in internal management and decision-making processes, relevant indicators of past and projected asset performance, such as asset utilisation, asset condition, and fitness for purpose.

Performance of state highway assets

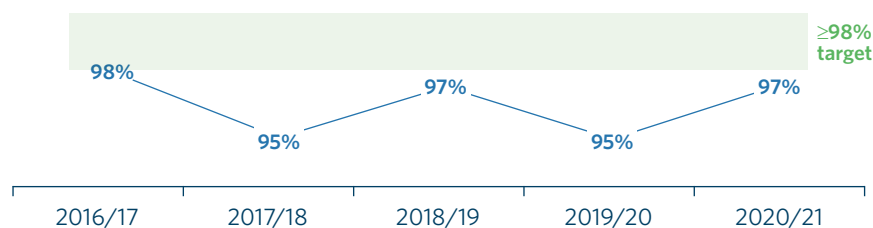
Our state highway assets were assessed this year using performance measures from our state highway maintenance output class and from our annual national pavement conditions results.

We are working on developing a new set of measures in the next financial year to better demonstrate the performance of our state highway assets.

The explanatory notes of the output class non-financial performance measures can be found in appendix 4, from page 190⁷.

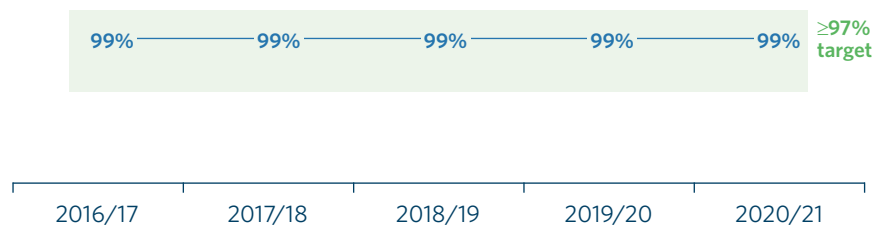
Proportion of the network above skid threshold

This is also an output class measure for state highway maintenance. Refer to page 192 for details on this measure.



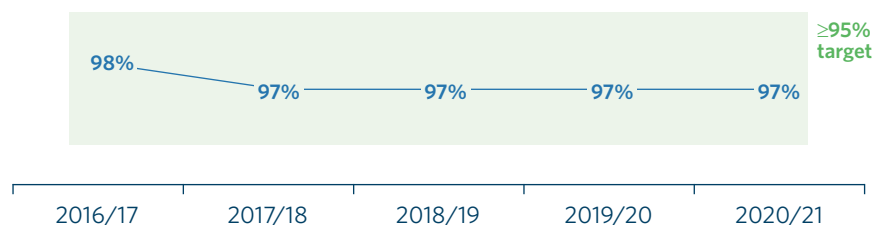
Proportion of the state highway network with rutting $\leq 20\text{mm}$ in depth.

For explanatory notes refer to appendix 4 - asset performance measures on page 195.



Proportion of the state highway network with roughness ≤ 150 NAASRA score

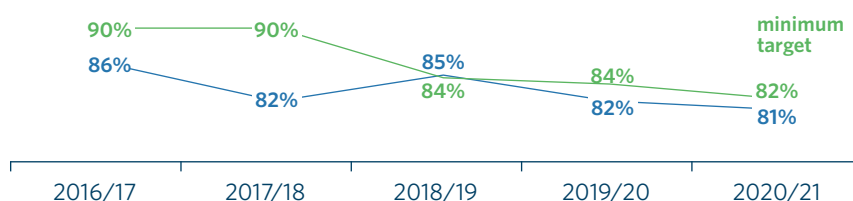
For explanatory notes refer to appendix 2 - asset performance measures on page 195.



⁷ Cabinet Office Circular CO (19) 6 Investment Management and Asset Performance in the State Services superseded Cabinet Office Circular CO (15) 5. More information can be found on: <https://dpmc.govt.nz/sites/default/files/2019-10/co-19-6-investment-management-and-asset-performance-state-services.pdf>.

Proportion of unplanned road closures resolved within standard timeframes⁸

This is also an output class measure for state highway maintenance. Refer to page 192 for details on this measure.



Performance of information and communication technology assets

This section provides information on the performance of our information asset management systems, including our critical information and communications technology (ICT) systems. We've identified these systems as critical based on the potential impacts on operational and business delivery resulting from any system failure or malfunctioning.

We are addressing some of our technology system risks through our Technology Risk Mitigation Programme to ensure the systems are up to date, supported, secure, and have redundancy in place to continue to deliver Waka Kotahi core services. This is a risk-based view to ensure that critical services are addressed first.

We have five ICT asset performance measures across the categories of availability, condition and fit for purpose, which align with the expectations for asset performance assessment as described in CO (19) 6. In 2020/21 we aimed to set a baseline for our asset performance measures (see the following table for our 2020/21 baseline).

See the explanatory notes in appendix 4 (pages 196 - 197) for additional information on our ICT asset performance measures, including a description of each measure, the matrix we use to determine incident priority and a glossary describing our critical ICT systems.

⁸ Note that the change in target across the years reflects the impacts of weather events on the results of the measure in the previous reporting year. This variability in target-setting will be addressed from 2021/22 as we begin assessing performance separately for closures caused by weather events and those caused by other incidents. This will allow us to understand better the dependencies within the measure and get more consistent results. There has also been a slight scope change in the measure from 2019/20 due to the change in the definition of the urban and rural roads. We have included historical results on the graph because the recalculated 2019/20 data did not change the result significantly, that is, from 81% to 81.8%.

Asset performance baseline - June 2020 to June 2021

System name	Availability	Condition		Fit for purpose	
	Percentage uptime ^A	Priority 1 outage time ^B	Number of priority 1 incidents	Number of priority 2 incidents	Business assessment ^C
ITS Network	99.84%	13 hours 44 mins	6	4	A project is under way to address identified risks.
DYNAC	99.93%	5 hours 55 mins	5	5	A project is under way to upgrade the system to mitigate identified risks.
SCATS	99.98%	1 hour 50 mins	1	1	Currently fit for purpose
Driver Licensing Register (DLR)	99.421%	50 hours 46 min	2	5	Currently fit for purpose.
Landata, consisting of:					
1. Motor vehicle register (MVR)					
2. LATIS - Vehicle inspection service					
3. RUC - Road user charges					
FLIR Latitude network video management	99.97%	2 hours 26 mins	1	6	Currently fit for purpose.
AIP - Automated invoice processing	99.73%	24 hours	1	0	Currently meets business needs. Work is underway to identify future requirements.
NIEMS	99.98%	1 hour 22 mins	2	4	Currently meets core requirements for WTOC and Christchurch City Council but unable to deliver an integrated national event and incident management solution for Waka Kotahi. A review is planned for 2024 to determine future direction.
TRIES	99.89%	9 hours 35 mins	3	3	This is a legacy bespoke system currently the centralised system for incidents managed by Waka Kotahi. A review is planned for 2024 to determine future direction.

^A The percentage of time the system is available for use.

^B Average time for resolving a priority 1 incidents.

^C To measure whether a system is fit for purpose, a business assessment is completed to determine whether the system still fulfils the business requirements.

Appendix 3:

Significant capital projects performance against milestones

Kaikōura recovery, Manawatū Gorge replacement and Te Ore Ore reinstatement

Project	2020/21 milestone	2020/21 result	Commentary
Kaikōura earthquake recovery	Practical completion.	Achieved	Physical works of all projects were completed by June 2021, but, practical completion was not achieved until July 2021.
Te Ahu a Turanga, Manawatū Tararua highway (Manawatū Gorge replacement)	Regional consents granted, land acquisition completed, management plans/outline plan of works approved, detailed design completed, enabling works completed and main construction works commenced.	Achieved	All milestones were achieved and the project is ahead of its earthworks programme. There is strong community, council and iwi support for the project. Broader outcomes are being implemented – the project is well known for its approach to health, safety and wellbeing, and won a national planning award.
SH4 Te Ore Ore reinstatement	Regional consents granted, land acquisition completed, alteration to designation accepted, detailed design completed, and main construction works completed. Practical completion.	Progress made, but not achieved	The milestones were not achieved because the cultural impact assessment, consent lodgement and property acquisition were delayed. We are increasing our focus on building iwi relationships in parallel with property and cultural mitigation negotiations. Construction is now programmed for 2022/23.

Significant state highways

Project	2020/21 Milestone	2020/21 Result	Commentary
Pūhoi-Wellsford: Pūhoi-Warkworth	All concrete and steel structures completed. Earthworks completed in all areas except Northern Zone. Pavements completed in Central South and South Zones.	Good progress made, but not achieved	Structures are substantially complete, but, there were some delays due to COVID-19 disruptions and in getting an endorsement from the joint venture on a compliant design for pavements. Opening date is now programmed for May 2022.
Pūhoi-Wellsford: Warkworth-Wellsford	Route protection application (designation and consents) decisions announced.	Achieved	A decision on the resource consents and notice of requirement was received in March 2021.
Waikato Expressway: Hamilton section	Open to traffic.	Good progress made, but not achieved	The programme was reset due to the delays and impacts of COVID-19. Road opening is now expected in mid-2022.
Waikato Expressway: Cambridge to Piarere	Detailed business case completed and approved by Waka Kotahi Board. Pre-implementation phase commenced.	Achieved	The detailed business case was approved in May 2021. Pre-implementation has commenced with property negotiations underway.
Wellington Northern Corridor: Transmission Gully	Open to traffic.	Good progress made, but not achieved	The milestone was not achieved because the programme was reset due to COVID-19. A new road opening completion date of 27 September 2021 was agreed during the COVID-19 claim negotiations, with a final completion date of 27 March 2022. There were delays under the new construction programme due partly to poorer than average weather through spring and summer. Reasonable progress was made in recent months, but it is unlikely that road opening will occur in September 2021.
Wellington Northern Corridor: Peka Peka to Ōtaki	Asphalt plant consented and construction of structural asphaltic pavement underway.	Achieved	Structural pavement construction has commenced and earthworks and bridges are almost completed. However, the road opening date was pushed out to late 2022 due to the impact of COVID-19 and lack of grade 40/50 binder material to complete the works.
Christchurch Motorways: Christchurch Northern Arterial Rural with QEII Drive	Practical completion.	Achieved	Practical completion was achieved in December 2020. The road has been opened.
Christchurch Motorways: Christchurch Southern Motorway (Stage 2)	Practical completion.	Achieved	Practical completion was achieved in December 2020. The road has been opened.

Significant investments in Auckland

Project	2020/21 Milestone	2020/21 Result	Commentary
Northern Corridor Improvements	Resource Management Act consent for Rosedale bus station approved. SH1 central median temporary traffic management plan switch implemented.	Achieved	All milestones were achieved on or ahead of schedule. We expect the project will be completed in September 2022.
Additional Waitematā Harbour Connections	Rapid transit connection across the Waitemata Harbour business case commenced.	Progress made, but not achieved	Some progress was made on the Additional Waitemata Harbour Connections (AWHC), but, the project has slowed down because of its strong interdependency with the City Centre to Māngere light rail project. The mode and alignment of the light rail project will inform the future pathway for AWHC. Investigations are expected to commence in 2021/22.
Supporting Growth Alliance	North strategic detailed business case completed.	Not achieved	The milestone was not achieved due to financial constraints caused by COVID-19 requiring some changes to the programme timeline.

Significant investments in Wellington (Let's Get Wellington Moving)

Although significant work was delivered in 2020/21, Let's Get Wellington Moving (LGWM) has been subject to delays as a result of three key factors.

- The most significant delay occurred as a result of the programme health check commissioned on behalf of the LGWM Partnership Board and LGWM Governance Reference Group early in 2020/21. Detail of the check's findings emerged in the early part of quarter three, resulting in significant shifts within the programme, across both scope and resource (including programme and governance structure).
- The impacts of COVID-19 affected the ability to commission certain resources (specifically overseas resources). It also created work inefficiencies and made engaging with the public and stakeholder groups challenging.
- Public reaction and partner response to the Early Delivery Golden Mile Project resulted in concerns over their commitment to the programme vision and objectives, along with associated delays for this project and the wider programme.

Project	2020/21 Milestone	2020/21 Result	Commentary
Early Delivery Central City and SH1 walking and cycling speed	Central city safer speeds and pedestrian intersection improvements completed. Cobham Crossing and safer speeds east of Mt Victoria Tunnel completed.	Good progress made, but not achieved	The milestones were not achieved due to the impacts of COVID-19 on access to specialist international resources and delays resulting from the actioning of the programme health check recommendations. This included the review and reset of programme objectives to reflect the current economic, climate and policy conditions. We expect that the single stage business case, design and construction will be completed by June 2022.
Early Delivery Golden Mile	Early improvements for bus priority and pedestrian amenity completed. Single stage business case for Golden Mile approved. Pre-implementation commenced.	Good progress made, but not achieved	Early improvements trials were cancelled due to COVID-19. We've substantially completed the single stage business case and expect it to be approved in early 2021/22, with pre-implementation to commence in August 2021.
Early Delivery Thorndon Quay & Hutt Road	Single stage business case approved. Pre-implementation commenced.	Good progress made, but not achieved	The milestones were not achieved due to delays resulting from the actioning of the programme health check recommendations. Public consultation was completed and we expect the single stage business case to be approved in December 2021.
Mass Rapid Transit	Indicative business case completed.	Good progress made, but not achieved	The milestones were not achieved due to the impacts of COVID-19 on access to specialist international resources and delays resulting from the actioning of the programme health check recommendations. This included the review and reset of programme objectives to reflect the current economic, climate and policy conditions. We've combined the indicative business case for this project with the Strategic Highway Improvements indicative business case. We expect the combined business case to be completed by June 2022.

Project	2020/21 Milestone	2020/21 Result	Commentary
Strategic Highway Improvements	Indicative business case completed.	Good progress made, but not achieved	The milestones were not achieved due to the impacts of COVID-19 on access to specialist international resources and delays resulting from the actioning of the programme health check recommendations. This included the review and reset of programme objectives to reflect the current economic, climate and policy conditions. We've combined the indicative business case for this project with the Mass Rapid Transit indicative business case. We expect the combined business case to be completed by June 2022.
Travel Demand Management	Indicative business case completed.	Good progress made, but not achieved	We've delivered an advanced draft of the travel behaviour change single stage business case, which will be finalised but completion of the broader programme public engagement scheduled for December 2021.
City Streets	Indicative business case completed. First wave of early works identified and implemented.	Good progress made, but not achieved	The milestones were not achieved due to delays resulting from the actioning of the programme health check recommendations, including the review and reset of programme objectives to reflect the current economic, climate and policy conditions. Approval of the indicative business case is planned for September 2021.

Investments in regional connections

Project	2020/21 Milestone	2020/21 Result	Commentary
New Ōpaoa River Bridge (formerly Opawa Bridge Replacement)	Practical completion.	Achieved	Practical completion was achieved in October 2020.
Loop Road North to Smeatons Hill safety improvements	Practical completion.	Good progress made, but not achieved	The project was delayed because the project scope was extended to allow for the dual lane design to be revised. The bridge location and alignment south of the roundabout does not match the preferred alignment for the future SH1 Whangārei to Port Marsden Highway project, which meant design works for that section could not begin. Project delays were also exacerbated by COVID-19 alert level changes that disrupted construction works.
SH3 Awakino Tunnel Bypass	Practical completion of Separable Portion 1 roadworks.	Good progress made, but not achieved	Road and new bridges were opened to traffic in May 2021. We expect remaining works to be completed mid-2021.
Mt Messenger and Awakino Gorge Corridor	Rapanui Passing Lane and Tongaporutu Intersections – consents gained, land acquisition completed, and construction commenced.	Good progress made, but not achieved	All milestones for Rapanui Passing Lane were achieved. Tongaporutu Intersection milestones were substantially achieved with the commencement of enabling works for construction.
Mt Messenger Bypass	Construction site established and major construction works commenced.	Progress made, but not achieved	The milestones were not achieved because of delays in getting resource consent and designation. This, along with prolonged property acquisition, delayed commencement of construction. High Court appeals are ongoing while other works are progressed where possible.
Napier Port Access Package: Hawke's Bay Expressway Safety Treatments	Additional works completed.	Good progress made, but not achieved	Additional works were completed except for the pou carving, which is expected to be completed in 2021/22. Local iwi requested the opening and blessing be held in June 2022 on the celebration of Matariki.
Napier Port Access Package: Prebensen Hyderabad Intersection upgrade	Physical works awarded and completed.	Progress made, but not achieved	We're tendering for physical works with awarding expected shortly after scheduled tender close on 31 July 2021. Construction works are due to be completed by the end of December 2021.
Nelson Future Access ⁹	Detailed business case completed to inform development of Nelson Regional Land Transport Plan.	Progress made, but not achieved	While the detailed business case has been developed, the programme was reset to allow Nelson City Council to endorse the business case, which will enable community engagement. We expect the detailed business case to be completed in December 2021.

9 Formerly the Nelson Southern Link.

New Zealand Upgrade Programme - Transport

When the government initiated the New Zealand Upgrade Programme (NZUP) transport package, some projects were still in early stages of development with detailed project information still being established. Several significant changes have occurred since then including impacts of COVID-19, increases in construction costs, and release of the Climate Change Commission's recommendation that transport emissions need to be halved by 2035.

Following initiation of the programme, Waka Kotahi did significant work to gain a better understanding of project risks, scope, costs and timeframes. As a result, there were some changes to project timeframes and an increase in cost estimates due to a range of factors, including significant cost increases in property, construction materials and resources, better scope definition and more detailed investigations.

In June 2021, the government increased investment to support delivery of the programme, which allows Waka Kotahi to fully deliver 16 significant projects across the country that have confirmed scopes, costs and timeframes and are designed to respond better to climate change and housing needs.

The government also decided to make changes to a small number of projects. Papakura to Drury South stage 2 will no longer be progressed through NZUP and Takitimu North Link Stage 2 will be funded for route protection only. Waka Kotahi was also asked to carry out more work to re-scope Whangārei to Port Marsden Highway and Mill Road.

Project	2020/21 Milestone	2020/21 Result	Commentary
Northland package: SH1 Whangarei to Port Marsden	Detailed business case completed. Design developed. Notice of requirement and consenting strategy developed and lodged.	Progress made, but not achieved	The milestones were not achieved due to the decisions arising from the re-baselining of NZUP. The project has now been rescoped to focus on safety improvements along the existing state highway and a new rail line to Northport. Milestones for 2021/22 are being developed.
Auckland package: Penlink	Intellectual property transferred from Auckland Transport to Waka Kotahi. Design contract tendered.	Achieved	All milestones were achieved and full delivery of the project as a proposed toll, two-lane road with a shared use path for people walking and on bikes has been confirmed under the re-baselined NZUP.
Auckland package: Mill Road Corridor	Design contract tendered.	Not achieved	The milestone was not achieved due to the decisions arising from the re-baselining of NZUP. A review of the scope of the South Auckland package is underway with scope expected to be finalised by December 2021.
Auckland package: SH1 Papakura to Drury South ¹⁰	Construction for Stage 1A commenced. Consents and notice of requirement for stage 1B and 2 lodged.	Achieved	All milestones were achieved except for the lodgement of consents and notice of requirement for stage 2. Stage 2 will no longer progress to implementation due to decisions arising from the re-baselining of NZUP.
Auckland package: Northern Pathway Westhaven to Akoranga ¹¹	Preferred alliance team selected.	Achieved	The milestone was achieved and full delivery of the project as a walking and cycling link between central Auckland and the North Shore has been confirmed under the re-baselined NZUP.

¹⁰ Formerly the Papakura to Bombay project.

¹¹ Formerly the Auckland Harbour Bridge Walking and Cycling Facility and Seapath.

Project	2020/21 Milestone	2020/21 Result	Commentary
Waikato and Bay of Plenty package: SH1/SH29 intersection	Pre-implementation professional services contract awarded. Designation, consents, design and property acquisition commenced.	Achieved	The milestone was achieved and full delivery of the project has been confirmed under the re-baselined NZUP.
Waikato and Bay of Plenty package: Takitimu North Link Stage 1 ¹²	Design and construct tendered and awarded.	Achieved	The design and construct contract was awarded in May 2021. Full delivery of the project has been confirmed under the re-baselined NZUP, with construction expected to start in 2021/22.
Waikato and Bay of Plenty package: Takitimu North Link Stage 2 ¹³	Designation, consents, design and property acquisition commenced.	Not achieved	The milestones were not achieved due to decisions arising from the re-baselining of the NZUP. The scope of the project has been confirmed as to route protection only.
Wellington package: SH58 safety improvements - stage 2	Consents gained. Contract awarded. Construction in zones 1 and 3 commenced.	Progress made, but not achieved	The milestones were not achieved because of uncertainties on scope and funding that required confirmation under the single stage business case. Full delivery of the project has been confirmed under the re-baselined NZUP.
Wellington package: SH2 Melling efficiency and safety improvements	Designation and consent application lodged.	Progress made, but not achieved	Designation and consent application lodgement have been delayed to allow for further technical investigation and the assessment of environmental effects. Consents are due to be lodged early in the 2021/22 year. Full delivery of the project has been confirmed under the re-baselined NZUP.
Wellington package: Ōtaki to north of Levin	Detailed business case and preferred alignment finalised. Pre-implementation design contract tendered.	Good progress made, but not achieved	The preferred alignment has informed the draft detailed business case expected to be finalised in October 2021. Tender of the pre-implementation design contract has been slightly delayed.
Canterbury package: Rolleston access improvements	Single stage business case finalised. Pre-implementation commenced.	Progress made, but not achieved	The milestones were not achieved due to delays resulting from the re-baselining of the NZUP. Delivery of the project has been confirmed. The detailed business case will be completed by December 2021. Pre-implementation will follow in early 2022.
Canterbury package: Brougham Street Improvements	Single stage business case finalised. Pre-implementation commenced.	Good progress made, but not achieved	The business case has been finalised and is pending approval. The pre-implementation phase will commence on approval of the business case.
Canterbury package: SH75 Halswell Road Improvements	Professional services contract tendered and awarded.	Achieved	The milestones were achieved. The detailed business case phase is expected to be completed in August 2021.

¹² Formerly the Tauranga Northern Link project.

¹³ Formerly the SH2 Omokoroa to Te Puna project.

Project	2020/21 Milestone	2020/21 Result	Commentary
Canterbury package: West Melton improvements	Design contract tendered.	Achieved	The milestone was achieved, and the design contract has been awarded.
Canterbury package: SH1 Walnut Avenue intersection improvements	Construction contract tendered and awarded.	Good progress made, but not achieved	The construction contract has been tendered but not yet awarded.
Canterbury package: SH1 Tinwald corridor improvements	Preferred option assessed and developed.	Achieved	The milestones were achieved. The preferred option scheme plans have been incorporated in the single stage business case which is scheduled for approval in August.
Queenstown package: SH6A corridor improvements	Detailed business case finalised.	Achieved	The detailed business case was approved in February 2021. Full delivery has been confirmed under the re-baselined NZUP.
Queenstown package: SH6 Grant Road to Kawarau Falls improvements	Detailed business case finalised.	Achieved	The detailed business case was approved in February 2021. Full delivery has been confirmed under the re-baselined NZUP.

Appendix 4:

Explanatory notes for non-financial performance measures

Output class measures

State highway improvements

SHI1 Proportion of state highway improvement activities delivered to agreed standards and timeframes assesses the delivery of state highway improvement programmes and projects against milestones and budget. It also assesses the delivery of property acquisition programmes against budget. For significant capital projects, delivery to milestones is assessed using a 4-point rating based on the extent of achievement against the milestones. All other projects are assessed based on achievement against planned completion schedule. Each programme result is weighted based on the size of the programme budget for the year compared to the total budget of all programmes in the year. The overall delivery to milestones result is the sum of the weighted programme results. Delivery to budget is assessed by comparing expenditure with budget for the year. For the overall result, delivery to milestones and delivery to budget are equally weighted. Delivery to quality standards is tested using cost as a proxy through the different gateways in the project management process; that is, the project should meet the quality control requirements of Waka Kotahi for that stage before a progress payment is made or before it can be considered complete. The measure includes only programmes and projects funded by the National Land Transport Fund.

SHI2 Length of the state highway network modified to align with safe and appropriate speed tracks the length of the state highway network that has speed limit reductions or engineering improvements completed during the year to ensure travel speeds are safe at current or higher speed limits where appropriate.

Local road improvements

LR11 Length of the state highway network aligned with safe and appropriate speed, tracks the length of the local road network that is reviewed and confirmed to have safe and appropriate speed limits during the year.

Road safety promotion and demand management

RSP1 Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria assesses the number and breadth of advertising campaigns used, the varied media in which they are presented, and the different aspects of the campaigns that are measured (including likeability, relevance, message takeout, likelihood to change attitude and prompted recall) against success criteria. The success of each individual campaign is assessed using weighted scores based on strategy priority.

Regional improvements

R11 Proportion of regional improvement activities delivered to agreed standards and timeframes assesses the delivery of regional improvement programmes and projects against milestones and budget. It also assesses the delivery of property acquisition programmes against budget. For significant capital projects, delivery to milestones is assessed using a 4-point rating based on the extent of achievement against the milestones. All other projects are assessed based on achievement against planned completion schedule. Each programme result is weighted based on the size of the programme budget for the year compared to the total budget of all programmes in the year. The overall delivery to milestones result is the sum of the weighted programme results. Delivery to budget is assessed by comparing expenditure with budget for the year. For the overall result, delivery to milestones and delivery to budget are equally weighted. Delivery to quality standards is tested using cost as a proxy through the different gateways in the project management process; that is, the project should meet the quality control requirements of Waka Kotahi for that stage before a progress payment is made or before it can be considered complete. The measure includes only programmes and projects funded by the National Land Transport Fund.

RI2 Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to agreed standards and timeframes assesses the delivery of Waka Kotahi transport infrastructure projects funded by the Provincial Growth Fund against agreed milestones and budget. It also assesses the delivery of property acquisition programmes against budget. Delivery to milestones is assessed based on the achievement against planned completion schedule. Delivery to budget is assessed by comparing expenditure with budget for the year. For the overall result, delivery to milestones and delivery to budget are equally weighted. Delivery to quality standards is tested using cost as a proxy through the different gateways in the project management process; that is, the project should meet the quality control requirements of Waka Kotahi for that stage before a progress payment is made or before it can be considered complete.

Public transport

PT1 Number of boardings on urban public transport services (bus, train and ferry) is the sum of all public transport passenger boardings by bus, train and ferry across all regions. It includes boardings using SuperGold card concessions. A boarding is a single trip made on public transport, for example from when a person boards a bus to when they get off. This is different to a journey, which is travel from origin to the final destination. A journey may involve more than one public transport boarding and/or travel by different modes. This information is reported by local authorities through the annual achievements return process in Transport Investment Online.

PT2 Proportion of people with access to frequent public transport services at peak times in Auckland, Wellington and Christchurch reflects the number of people that is within 500m walking distance of a frequent bus-stop or ferry terminal, or within 1km of a frequent rapid transit stop (mainly trains, but also includes grade-separated bus ways). This covers public transport services scheduled every 15 minutes (or 30 minutes for ferry) during the morning peak Monday to Friday (7am–9am). The overall result is the weighted average based on population across the three centres.

PT3 Mode share of people into Auckland central business district compares the number of people travelling by bus and car into the Auckland central business district during morning peak Monday to Friday (7am–9am). Data is collected through a combination of sources: HOP card for public transport, vehicle data count and vehicle occupancy surveys for cars.

SuperGold card - administration of the public transport concessions scheme | SuperGold card - public transport concessions for cardholders

SG1 Proportion of bulk funding payments of Crown SuperGold allocation paid to approved organisations within a month from funding amount agreement date is the number of authorised organisations whose bulk payments of SuperGold allocation for the forward year was paid by Waka Kotahi within a calendar month from the date the amount of funding was agreed, divided by the total number of authorised organisations with approved SuperGold allocation for the year.

SG2 Number of boardings using SuperGold concessions is the sum of all public transport passenger boardings across all regions where SuperGold card concessions were used. A boarding is a single trip made on public transport, for example from when a person boards a bus to when they get off. This is different to a journey, which is travel from origin to the final destination. A journey may involve more than one public transport boarding and/or travel by different modes. This information is reported by local authorities through the annual achievements return process in Transport Investment Online.

Walking and cycling

WC1 Network kilometres of walking and cycling facilities delivered is the total length of new walking and cycling facilities added to the network during the year and includes lengths of existing pathways and cycleways where improvements were made.

WC2 Cycling count in urban areas reflects the number of cyclists counted in the annual cycling cordon count in Auckland, Wellington and Christchurch.

Rapid transit

RPT1 Proportion of rapid transit activities delivered to agreed standards and timeframes assesses the delivery of rapid transit programmes and projects against milestones and budget. It also assesses the delivery of property acquisition programmes against budget. For significant capital projects, delivery to milestones is assessed using a 4-point rating based on the extent of achievement against the milestones. All other projects are assessed based on achievement against planned completion schedule. Delivery to budget is assessed by comparing expenditure with budget for the year. For the overall result, delivery to milestones and delivery to budget are equally weighted. Delivery to quality standards is tested using cost as a proxy through the different gateways in the project management process; that is, the project should meet the quality control requirements of Waka Kotahi for that stage before a progress payment is made or before it can be considered complete. The measure includes programmes and projects funded by the National Land Transport Fund.

Transitional rail

TR1 Proportion of transitional rail projects delivered to plan assesses the delivery of transitional rail projects against business case process timelines or project milestones.

State highway maintenance

SHM1 Proportion of state highway maintenance activities delivered to agreed programme compares delivery of pavement and surfacing renewals and maintenance activities against schedule and budget for the financial year. Delivered activities does not include emergency works. Achievement of these activities is measured in lane kilometres, metres or sites for activities measured in trackers, in percentage for compliance under the network outcomes contracts operational performance measures, or in percentage by comparing expenditure against forecast (financial proxy) for activities where measurement of programme achievement is varied or unavailable. Achievements are assessed against programme baseline. Each result is weighted based on the weight of the expenditure on each asset type compared to the total expenditure across the entire programme in the year. The overall result is the sum of these weighted asset type results.

SHM2 Safe stopping: proportion of network above skid threshold reflects efficiency in meeting surface texture standards (to ensure safe stopping) as per sector research. Minimum acceptable levels of skid

resistance are set in relation to the road environment. The annual programme of reseals (such as surface renewals) is driven, in part, by the need to improve skid resistance. Data is collected using a Sideway-force Coefficient Routine Investigation Machine (SCRIM) that collects road surface information.

SHM3 Availability of state highway network: Proportion of unplanned road closures resolved within standard timeframes is the percentage of all unscheduled road closure incidences with significant impact on road users that are addressed within standard protocol and timeframes (that is, urban less than 2 hours and rural less than 12 hours), divided by the total number of road closure incidences. Standard protocol and timeframes mean that road closures are addressed within 2 hours on urban roads and within 12 hours on rural roads. Urban roads are roads within the boundary of either a major or medium urban area (areas with a population of 30,000 people or greater). All other roads outside this definition are rural roads. Performance against this measure is influenced by the frequency and severity of weather events.

SHM4 State highway maintenance cost per lane kilometre delivered is calculated by dividing the amount spent on maintenance activities on the state highway network during the financial year by the total number of lane-kilometres in the network at the end of the financial year. This excludes emergency works. This is adjusted for inflation based on the network outcomes index.

SHM5 Proportion of restoration and rebuild projects of State Highway 1 between Picton and Christchurch delivered to agreed standards and timeframes compares is the percentage of State Highway 1 between Picton and Christchurch projects delivered against plan across the four-year programme. Delivered projects are the individual projects that are handed over by the North Canterbury Transport Infrastructure Recovery alliance to Waka Kotahi following practical completion. The projects include recovery and resilience activities (restoration), as well as improvements (rebuild) on the corridors. The projects are funded from different sources including Crown funding for the Reinstatement of the South Island Transport Corridors.

Local road maintenance

LRM1 Smooth ride: proportion of travel on smooth roads is the percentage of vehicle kilometres travelled on sealed roads with roughness below a defined upper threshold level (that is, smoother than a nominated

surface texture standard). The threshold varies depending on the traffic volume band and urban or rural environment of the road and the result represents the aggregated total on all roads. This measure is also called 'smooth travel exposure'. This information is reported by local authorities through the annual achievements return process in Transport Investment Online.

LRM3 Local road maintenance cost per lane kilometre delivered is calculated by dividing the NLTF amount spent on maintenance activities on the local road network during the financial year by the total number of lane-kilometres in the network at the beginning of the financial year. This excludes emergency works. This is adjusted for inflation based on the network outcomes index.

Driver licensing and testing

DLT1 Unit cost of providing user-facing driver licensing and testing services is the sum of expenditure on driver licensing or driver testing transactions, divided by the total transaction volume of these components.

DLT2 Proportion of driver licence tests booked online is the number of practical test bookings and rescheduled test bookings completed through the Waka Kotahi Transact website, divided by the total number of test bookings completed for driver licence tests in the same reporting period.

DLT3 Proportion of practical tests taken within 30 working days of booking is the number of driver licence applicants who took practical tests within 30 working days of booking, divided by the total number of driver licence applicants who took a practical test in the same reporting period. Data is sourced from the Driver Licence Register.

DLT4 Proportion of audits for driver licence course providers completed against target is the total number of audits for driver licence course providers completed, divided by the total number of planned audits for driver licence course providers for the same reporting period. Data is taken from the Waka Kotahi course provider register where audits are monitored.

DLT5 Proportion of non-compliance actions for driver licence course providers and testing officers that are under active management is the total number of non-compliance actions for driver licence course providers and testing officers that are actively monitored and progressed towards resolution, divided by the total number of non-compliance actions for driver licence course providers and testing officers identified

and open, as reported in CASEY (a Waka Kotahi regulatory database). 'Under active management' means non-compliance actions are managed towards resolution in line with the Waka Kotahi regulatory case management guidelines and processes, which provide recommended timeframes and courses of action based on the risk priority of each case. Determining appropriate timeframes and courses of action requires considerable judgement, and senior Regulatory Services managers are involved in these case management processes and decisions.

Vehicle safety and certification

VSC1 Unit cost of providing user-facing motor vehicle licencing services is the sum of expenditure on motor vehicle registration transactions, divided by the total volume of motor vehicle registration transactions.

VSC2 Proportion of motor vehicle licencing completed online is the total number of annual motor vehicle licencing (including reversals), new registrations and register maintenance actions (including vehicle licencing exemptions, change of ownership (buyer), change of ownership (seller), change of name or address, registered person name and address) completed on the Waka Kotahi Transact website, via Direct Connect or via an industry agent, divided by the total number of completed motor vehicle transactions that are available online.

VSC3 Proportion of vehicles relicensed on time is the proportion of vehicles that have been relicensed on or before the licence expiry date. The measure is calculated as the total number of active or current licences for the period, divided by the total number of vehicles due for relicensing for the same period. Data is sourced from the Motor Vehicle Register.

VSC4 Proportion of audits and reviews for inspecting organisations and vehicle inspectors completed against target is the total number of audits and reviews for inspecting organisations and vehicle inspectors completed, divided by the total number of planned audits and reviews for inspecting organisations and vehicle inspectors for the same reporting period. Data is taken from Scheduler (a Waka Kotahi monitoring database).

VSC5 Proportion of non-compliance actions for vehicle inspecting organisations, vehicle certifiers and vehicle inspectors that are under active management is the total number of non-compliance actions for vehicle inspecting organisations, vehicle certifiers and vehicle inspectors that are actively monitored and

progressed towards resolution, divided by the total number of non-compliance actions identified and open for vehicle inspecting organisations, vehicle certifiers and vehicle inspectors, as reported in CASEY (a Waka Kotahi regulatory database). “Under active management” means non-compliance actions are managed towards resolution in line with the Waka Kotahi regulatory case management guidelines and processes, which provide recommended timeframes and courses of action based on the risk priority of each case. Determining appropriate timeframes and courses of action requires considerable judgement, and senior Regulatory Services managers are involved in these case management processes and decisions.

Regulation of commercial transport operators

CTO1 Proportion of commercial operators reviewed or audited against target is the total number of commercial operators investigated or audited during the reporting period, divided by the total number of planned reviews, audits or investigations for commercial operators for the same reporting period. Data is taken from CASEY (a Waka Kotahi regulatory database).

CTO2 Proportion of non-compliance actions for commercial operators that are under active management is the total number of non-compliance actions for commercial transport operators that are actively monitored and progressed towards resolution, divided by the total number of non-compliance actions identified and open for commercial transport operators, as reported in CASEY (a Waka Kotahi regulatory database). “Under active management” means non-compliance actions are managed towards resolution in line with the Waka Kotahi regulatory case management guidelines and processes, which provide recommended timeframes and courses of action based on the risk priority of each case. Determining appropriate timeframes and courses of action requires considerable judgement, and senior Regulatory Services managers are involved in these case management processes and decisions.

CTO3 Proportion of standard permits issued within 10 working days is the total number of commercial transport operator standard permits issued within 10 working days from the date of receipt of application, divided by the total number of commercial transport operator standard permit applications received for the same reporting period. This excludes applications that are on hold, queried and rejected. Data is sourced from the 50MAX Permit Register and the HPMV Permit Register.

Regulation of the rail transport system

RTS1 Proportion of rail participants reviewed or audited against target is the total number of assessments or inspections of rail participants completed, divided by the total number of planned assessments or inspections of rail participants for the same reporting period.

RTS2 Proportion of non-compliance actions for rail participants that are under active management is the total number of remedial actions for rail participants progressed by their due date and the total number of overdue remedial actions where the appropriate escalation path is being undertaken in accordance with the Railways Act 2005, divided by the total number of remedial actions for rail participants identified, as recorded in the Rail Information System (a Waka Kotahi regulatory record system). ‘Under active management’ means remedial actions are managed in line with Waka Kotahi rail safety compliance intervention tools, processes and legislation, which provide recommended timeframes and courses of action based on the risk priority of each case.

Revenue collection and administration

REV1 Unit cost of providing user-facing road tolling services is the unit cost of delivering a toll service. Cost excludes write-offs, bad debts and net of administration fees recovered from toll payment notices.

REV2 Tolling revenue written off as proportion of current year revenue is total chargeable toll revenue that is not collected and, so is written off, divided by total chargeable revenue for the year. Chargeable tolling revenue includes administration revenues and revenues for all chargeable toll trips. This excludes exempt trips (for example, emergency services), technical loss (for example, camera fault) and unidentified toll trips. Write offs in any year include revenue from the prior year.

REV3 Proportion of road user charges licences completed online is the number of light and heavy vehicle road user charges licences purchased online, divided by the total number of road user charges licences purchased. Online refers to transactions via industry agents, Direct Connect, Waka Kotahi Transact website, e-RUC and automatic tellers.

REV4 Unit cost of providing user-facing road user charges services is the sum of expenditure of collecting road user charges, divided by the total volume of road user charges.

REV5 Proportion of Transport Service Licence holders that are assessed for road user charges compliance against target is the total number of Transport Service Licence holders (TSL) investigated or audited during the reporting period, divided by the total number of TSL holders profiled as likely to be noncompliant with their road user charges obligations for the same reporting period.

REV6 Proportion of unpaid road user charges identified through investigations and assessments that are collected is the total amount of unpaid road user charges and penalties that are collected, divided by the total amount of unpaid road user charges and penalties that were invoiced for payment in the 12 months ending six months prior to reporting (that is, report ending in June 2022 covers the total amount invoiced from January to December 2021). Amount collected refers to road user charges and penalties paid to Waka Kotahi for invoices related to the relevant 12-month period, as well as road user charges and penalties paid to debt collection agencies during the financial year. Data is sourced from the Motor Vehicle Register and SAP (the Waka Kotahi finance tool).

REV7 Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications is determined by how long it takes, on average, to process road user charges, fuel excise duty and regional fuel tax applications. Days to process refers to the number of working days between the date an application was received and the date when a decision of the application is made. This excludes the time that applications may be queried or audited. Data is sourced from the HEAT (a Waka Kotahi call log support dashboard) and SAP (the Waka Kotahi finance tool).

Investment management

IM1 Proportion of the total cost of managing the investment funding allocation system to National Land Transport Programme expenditure is the total service cost of managing the Investment Funding Allocation System (IFAS), divided by total NLTP expenditure less local share. IFAS activities are funded from the NLTF, the Crown and loans. NLTP expenditure includes loan repayments from the NLTF but excludes local authority funding contributions for investments in local transport and regulatory revenue and expenditure. This measure is reported cumulatively over the three-year period of the NLTP.

IM2 Proportion of reviewed Waka Kotahi investment decisions that meet required process standards is the total number of investment decisions made by Waka Kotahi that are reviewed against investment quality

assurance guidelines (post approval reviews), divided by the total number of investment decisions made during the reporting period.

IM3 Proportion of sector research activities delivered to agreed standards and timeframes is a measure that compares planned or contracted time, cost and quality of research investment with actual performance. It is a measure of the effectiveness of the Waka Kotahi as a contract manager. Assessment against time and cost standards is based on contracted timeframes and cost. Assessment against quality standards is done through peer review. All aspects contribute equally to the overall result.

IM4 Proportion of investment audit activities delivered to plan is the average of two components: investment audit programme and benefits realisation programme completed on time. Investment audit activities assess the performance of approved organisations in relation to activities approved by Waka Kotahi and the operation of the land transport disbursement accounts of approved organisations under section 95(1)(e) of the Land Transport Management Act 2003. Reporting is based on the latest assurance programme approved by Waka Kotahi's Risk and Assurance Committee.

IM5 Average number of days to action new funding approvals is determined by how long it takes, on average, to process and approve funding of a new NLTP activity. Days to funding approval is defined as the number of working days between the date of receipt and the date the approval was recorded in the Transport Information Online system.

State highway asset performance measures

Proportion of network above skid threshold is also an output class measure for state highway maintenance. Refer to SHM2 on page 64.

Proportion of the state highway network with rutting ≤20mm in depth is the percentage of the state highway network within safe standards of pavement rutting. Rutting greater than 20 mm in depth is more than the acceptable minimum, which has implications for safety.

Proportion of the state highway network with roughness ≤150 NAASRA score is the percentage of the state highway network with roughness of the road within smooth travel standards. Roughness in excess of a score of 150 National Association of Australian State Road Authorities (NAASRA) units mean are deemed unacceptable and, if practicable, requires fixing.

Proportion of unplanned road closures resolved within standard timeframes is also an output class measure for state highway maintenance. Refer to SHM3 on page 65.

Information and communications technology (ICT) asset performance measures

This table described the alignment of our ICT asset performance measures with the performance indicators prescribed under Cabinet Office Circular CO (19)6.

Measures	Indicator	
Percentage uptime (percentage of time the system is available for use)	Availability	<p>Availability is measured as the percentage of time the system is available for use. When there is a system fault, this is logged as an incident and the time that the system is not available is monitored/recorded to calculate availability.</p> <p>This is different from planned outages advertised in advance where the system may not be available in order to perform regular maintenance activities.</p>
Priority 1 outage time (average time for resolving a priority 1 incidents) Number of priority 1 incidents Number of priority 2 incidents	Condition	<p>Our condition measures focus on incidents linked to unplanned interruptions, with a focus on priority 1 and priority 2 incidents (lower priority incidents don't have as high an impact on the system availability).</p> <p>An incident's priority is usually determined by assessing its impact and urgency. Urgency is a measure of how quickly a resolution for the incident is required, while impact is a measure of the potential damage caused by the incident before it can be resolved.</p> <p>Our two condition measures relate to:</p> <ul style="list-style-type: none"> incident resolution time – average time for resolving an incident number of incidents – number of incidents registered by the Service Desk <p>See below for the matrix we use to determine incident priority, target response time and target resolution time.</p>
Business assessment against business requirements	Fit for purpose	To measure whether as system is fit for purpose, a business assessment is completed to determine whether the system still fulfils the business requirements.

This table describes the incident priority matrix used to assess performance against the measures.

Priority code	Description	Target response time	Target resolution time
1	Critical	Immediate	1 hour
2	High	10 minutes	4 hours
3	Medium	1 hour	8 hours
4	Low	4 hours	24 hours
5	Very low	1 day	1 week

This table describes our ICT assets (systems) that were assessed under the performance measures.

Name

ITS Network	This is the technology network infrastructure that supports our transport operations and connects our road-side assets to the Transport Operations Centre (TOC), for example connecting cameras or variable message signs to our traffic operation centres.
DYNAC	Dynac is our advanced traffic management system that controls electronic road-signs, like variable message signs and variable speed signs to manage the road network. Dynac is also used for managing infrastructure in several tunnels, such as controlling the tunnel safety systems, for example, deluge system, fire panels, lights.
SCATS	The Sydney Coordinated Adaptive Traffic System (SCATS) is an intelligent transportation system that manages the traffic signals. It provides the phasing for a traffic situation, for both individual intersections and the whole network.
Driver Licensing Register (DLR)	The system that supports our services in relation to the issuing and maintenance of driver licences.
Motor Vehicle Register (MVR)	The system that supports our services in relation to the motor vehicles, that is, issuing of motor vehicle registrations
FLIR Latitude Network Video management	The FLIR system manages the closed-circuit television cameras used on state highways. This system provides situational awareness to operators in our traffic operation centres to better support the safe operations of the road network.
AIP - Automated Invoice processing	Automated invoice processing system for approval of payment.
NIEMS	National Incident and Event Management System (NIEMS) is a system where incidents like fallen trees or accidents are logged to enable the coordinated management of incidents from start to finish.
TRIES	Transport Incident and Event Management system (TRIES) is our system of record for incidents and events on the road network. This system is also used by our partners to support the road network and provide incident and event information on our website and to other mapping and navigation partners.

Appendix 5:

Vote transport appropriation measures

Waka Kotahi is required to provide year-end performance information on appropriations that it is funded for. This section delivers against our reporting requirements under Vote Transport Estimates of Appropriations 2020/21 - Economic Development and Infrastructure Sector and Vote Transport Supplementary Estimates of Appropriations 2020/21.

Ref	Appropriation and measure name	Result	2020/21 Budget standard	2020/21 Actual	2019/20 Actual	2018/19 Actual
Crash Analysis						
CAS1	Average number of days taken to enter fatal crash reports into the Crash Analysis System	Achieved	10 working days or less	1 working day	3 working days	10 working days
Licensing Activities						
LIC1	Number of drug or alcohol assessments funded ^A	Not achieved	700-850	628	634	1,051
LIC2	Number of older driver licences subsidised ^A	Not achieved	39,000-41,000	96,833	83,164	Not applicable
Ministerial servicing by Waka Kotahi NZ Transport Agency						
MIN1	Proportion of requests completed within specified timeframes - ministerial correspondence	Not achieved	100%	99%	100%	90%
MIN2	Proportion of requests completed within specified timeframes - parliamentary questions	Achieved	100%	100%	99%	99%
MIN3	Proportion of requests completed within statutory timeframes - Official Information Act	Not achieved	100%	98%	99%	99%
Road user charges refunds						
RUC1	Average number of days to process road user charges refund applications	Achieved	20 working days or less	16 working days	Not applicable	Not applicable
Bad Debt Provision - Motor Vehicle Registration/Licences and Road User Charges						
BDP1	Proportion of bad debt for road user charges against forecast revenue	Achieved	≤0.45%	0.15%	0.41%	0.47%
Urban cycleways - local routes						
UC1	Proportion of urban cycleways projects for local routes completed as planned	Not achieved	100%	46%	100%	100%

Ref	Appropriation and measure name	Result	2020/21 Budget standard	2020/21 Actual	2019/20 Actual	2018/19 Actual
Housing Infrastructure Fund loans						
HIF1	The loan will be drawn down for the purposes and on the terms agreed between Waka Kotahi NZ Transport Agency and the Minister of Transport	Achieved	100%	100%	100%	100%
NLTF borrowing facility for short-term advances						
NLTF1	The loan will be drawn down for the purposes and on the terms agreed between Waka Kotahi NZ Transport Agency and the Minister of Transport	Achieved	100%	100%	100%	100%
Regional state highways						
RSH1	Proportion of Waka Kotahi NZ Transport Agency regional state highway activities delivered to agreed standards and timeframes ^B	Not achieved	≥90%	70%	Not applicable	Not applicable
Reinstatement of the South Island transport corridors						
SHM5a	Proportion of restoration projects of State Highway 1 between Picton and Christchurch delivered to agreed standards and timeframes	Achieved	100%	100%	97%	99%
SHM5b	Proportion of rebuild projects of State Highway 1 between Picton and Christchurch delivered to agreed standards and timeframes	Achieved	100%	100%	100%	29%
Tuawhenua Provincial Growth Fund – Transport projects						
PGF1	Supporting regional and infrastructure projects – average number of days to provide feedback on Provincial Growth Fund funding applications	Achieved	20 working days or less	9 working days	9 working days	20 working days
PGF2	Enabling infrastructure projects – average number of days to release Provincial Growth Fund infrastructure funding once approved	Achieved	20 working days or less	13 working days	10 working days	13 working days
Capital investment package – roads, walking and cycling						
CIP1	Proportion of roads and walking and cycling infrastructure delivered to agreed standards and timeframes ^C	Not achieved	≥90%	79%	81%	Not applicable

Ref	Appropriation and measure name	Result	2020/21 Budget standard	2020/21 Actual	2019/20 Actual	2018/19 Actual
Waka Kotahi NZ Transport Agency regulatory loans						
REG1	The loan will be drawn down for the purposes and on the terms agreed between Waka Kotahi NZ Transport Agency and the Minister of Transport	Achieved	100%	100%	100%	Not applicable
Waka Kotahi NZ Transport Agency Palmerston North Premises						
PNP1	Proportion of operational expenditure spent to budget	Achieved	100%	100%	100%	Not applicable
Protection of Waka Kotahi NZ Transport Agency's Core Regulatory Functions						
REGP1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%	Not applicable
COVID-19 NLTF Borrowing Facility						
NLTFC1	The loan will be drawn down for the purposes and on the terms agreed between Waka Kotahi NZ Transport Agency and the Minister of Transport	Achieved	100%	100%	100%	Not applicable
Enhanced Road Maintenance - State Highways						
ERM1	Number of forestry workers employed to complete hazardous tree removal and enhanced road maintenance on state highways under the Tairāwhiti redeployment package	Achieved	≥8 workers	8 workers	Unable to measure	Not applicable
NLTF Funding for Cost Pressures and Revenue Shocks						
CNLTF1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	Not applicable	Not applicable
CNLTF2	Operating Cost Pressure and Revenue Shortfall Funding - Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	Not applicable	Not applicable
CNLTF3	Capital Cost Pressure Funding - Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	Not applicable	Not applicable
CNLTF4	Equity Injection to Waka Kotahi NZ Transport Agency - Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	Not applicable	Not applicable

^A The result is dependent on the number of applications received by Waka Kotahi.

^B Formerly Proportion of regional state highway activities delivered to agreed standards and timeframes. The scope of this measure was changed to include Regional Investment Opportunities transport projects that are delivered by Waka Kotahi. The result of this measure is not comparable to the result in previous years.

^C The methodology of this measure was changed this year to include assessment against time standards because that information was not available in the early stages of NZUP. Details of NZUP projects can be found in the significant capital projects report on pages 187 - 189 of appendix 3. The following results are also reported under the output class section of the annual report on pages 53-75.

Ref	Appropriation and measure name	Result	2020/21 Budget standard	2020/21 Actual	2019/20 Actual	2018/19 Actual
National Land Transport Programme PLA						
IM1	Proportion of total cost of managing the investment funding allocation system to National Land Transport Programme expenditure	Achieved	≤1.1%	1.00% ^A	1.02% ^B	1.03%
RSP1	Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	Achieved	≥80%	85%	90%	89%
LRI1	Length of the local road network modified to align with safe and appropriate speed	Unable to measure	Baseline to be set	Unable to measure	Unable to measure	Unable to measure
SHI1	Proportion of state highway improvement activities delivered to agreed standards and timeframes ^C	Not achieved	≥90%	68%	71%	88%
SHI2	Length of the state highway network modified to align with safe and appropriate speed	Achieved	≥250 kms	465.2 kms	50.5 kms ^D	68.5 kms
LRM1	Smooth ride: proportion of travel on smooth roads	Achieved	≥86%	87%	87%	87%
LRM2	Local road maintenance cost per lane kilometre delivered	Not achieved	≤\$3,000	\$4,004	\$3,628	\$3,455
SHM1	Proportion of state highway maintenance activities delivered to agreed standards and timeframes ^E	Achieved	≥90%	96%	Not applicable	Not applicable
SHM2	Safe stopping: proportion of network above skid threshold	Not achieved	≥98%	97%	95%	97%
SHM4	State highway maintenance cost per lane kilometre delivered	Achieved	\$24,000-\$28,000	\$26,292	\$25,352	\$22,997
RI1	Proportion of regional improvement activities delivered to agreed standards and timeframes	Not achieved	≥90%	77%	88%	98%
TR1	Proportion of transitional rail projects delivered to plan	Not achieved	≥90%	83%	Not applicable	Not applicable

Ref	Appropriation and measure name	Result	2020/21 Budget standard	2020/21 Actual	2019/20 Actual	2018/19 Actual
PT1	Number of boardings on urban public transport services (bus, train and ferry)	Achieved	≥119 million	120 million	139 million	168 million
PT2	Proportion of people with access to frequent public transport services at peak times in Auckland, Wellington and Christchurch	Achieved	Increasing	24.3%	23.8% ^F	25.7% ^F
WC1	Network kilometres of walking and cycling facilities delivered	Achieved	Increasing	85.3 kms	63.2 kms	104.8 kms
Road user charges investigation and enforcement						
REV6	Proportion of unpaid road user charges identified through investigations and assessments that are collected	Achieved	65-75%	73%	Not applicable	Not applicable
SuperGold card - administration of the Public Transport Concessions Scheme						
SG1	Proportion of bulk funding payments of Crown SuperGold allocation paid to approved organisations within a month from funding amount agreement date	Not achieved	100%	29%	Not applicable	Not applicable
SuperGold Card - public transport concessions for cardholders						
SG2	Number of boardings using SuperGold concessions	Achieved	≥11.3 million	12.2 million	12.6 million	15.7 million
National Land Transport Programme Capital PLA						
RPT1	Proportion of rapid transit activities delivered to agreed standards and timeframes	Not achieved	≥90%	39%	Not applicable	Not applicable
SHI1	Proportion of state highway improvement activities delivered to agreed standards and timeframes ^A	Not achieved	≥90%	68%	71%	88%
Reinstatement of the South Island transport corridors						
SHM5	Proportion of restoration and rebuild projects of State Highway 1 between Picton and Christchurch delivered to agreed standards and timeframes	Achieved	100%	100%	97%	81%
Tuawhenua Provincial Growth Fund – Transport projects						

Ref	Appropriation and measure name	Result	2020/21 Budget standard	2020/21 Actual	2019/20 Actual	2018/19 Actual
RI2	Infrastructure project - proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to agreed standards and timeframes	Not achieved	≥90%	60%	Unable to measure	Unable to measure

A This reflects the cumulative cost across the three years of the 2018-21 National Land Transport Programme (NLTP).

B This reflects the cumulative cost of years 1 and 2 of the 2018-21 NLTP (2018/19 and 2020/21). This was incorrectly reported as 1.03% in the 2019/20 annual report.

C This is a performance measure for two appropriations: NLTP PLA and NLTP Capital PLA. The scope of this measure changed this year to include only projects funded by the National Land Transport Fund. Crown-funded Accelerated Regional Roding projects previously included in this measure are reported under *Proportion of Waka Kotahi NZ Transport Agency regional state highway activities delivered to agreed standards and timeframes* (in appendix 5, page 198). This change does not materially affect the result of this measure.

D This result was reported as 119 km in the previous annual report, which reflected the cumulative length of the state highway network that was modified in 2018/19 and 2019/20. This year, we assessed results against the target for the financial year only, so have adjusted the figure to show lengths modified for the 2019/20 only.

E The scope and methodology of this measure was changed this year to replace the financial proxy used in previous calculations with actual physical works delivered under the programme. The result of this measure is not comparable with the result in previous years.

F This was rounded off in the previous annual report.

