

Waka Kotahi NZ Transport Agency annual report

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Tirohanga whānui o te tau 2021/22

Overview
of 2021/22



He tirohanga whānui nā te heamana me te pou whakahaere

Chair and chief executive overview

Ko te uaratanga o Te Kāpehu, tā mātau ahunga rautaki, mō tētahi pūnaha tūnuku whenua e tūhono ana i te tangata, ngā wāhi me ngā hua kia momoho ai a Aotearoa.

He uaua tonu te whakatutuki i taua ahunga rautaki. He nui ngā mea i taea i roto i te tau, ā, he maha ngā wāhi mahinga i anga whakamua. E ai ki tērā i kōrerohia e mātau i mua, nā ngā pēhitanga tuku pūtea kei runga i a Waka Kotahi me ō mātau hoa haumitanga i rō kaunihera kua kore e tutuki tēnei uaratanga ki te kore ngā huringa nui ki te tauira tuku pūtea tūnuku whenua.

E ai ki ngā whakaritenga onāiane mō Te Tahua Tūnuku Whenua ā-Motu (NLTF) me arotake hei whakarite kei te hāngai ki te kaupapa kia iti ai te tukunga waro ā tōna wā me te whakarato i ngā tūmomo mahinga whānui e hiahiatia ana e Te Tauākī Kaupapa Here (GPS) a te Kāwanatanga mō ngā waka whenua 2021 me te Mahere Whakaiti Tukunga Waro (ERP).

Kua tāpirihia i te tukutanga o te GPS 2021 me te ERP ki ngā tūmanako me te whānuitanga o ngā mahi me oti i a mātau ko ō mātau hoa, me te kore e whakapiki pūtea mō ēnei. Nā te mate urutā KOWHEORI-19 kua tino hē kē atu ngā uauatanga kua pā ki a mātau me ō mātau hoa. Kei te pā tonu ngā pānga o te mate urutā ki ngā moni whiwhi o te NLTF i te tau 2021/22, otirā i ngā wā o te noho rāhui me ngā whakatiki hāereere. I heke anō ngā moni whiwhi waeture mai i ngā raihana taraiwa me te whakamātautau.

Pērā anō i ētahi atu whakahaere, kua pā mai ki ā mātau me ō mātau pātui ngā raru ōhanga mai i te KOWHEORI-19, ā, he nui te whakararu ki te ara ratonga me te whakapikinga utu. I whai pānga ēnei raru ki ngā utu me te whakaratonga o te maha o ā mātau kaupapa pūrawa, tae atu ki te pikitanga o ngā utu o te tautiaki me ētahi atu mahinga ā-whakahaere. Tāpiri anō ki ēnei ko te āhuatanga o te tokoiti me te whakataetae hoki o te rāngai mahi.

He kaha tā mātau tautoko i te hiahia ki te whakatutuki i ngā whakahekenga whaikiko o ngā taumata tukunga waro mai i te rāngai tūnuku. Engari, me whai pūtea atu anō hei whakaū i ngā huringa hangarau me te whanonga e hiahiatia ana hei whakatutuki i ēnei whakahekenga me te whakakore i te waro mai i te pūnaha tūnuku whenua.

Ka āwhina te whakarewatanga o te Tahua Urupare Ohotata Āhuarangi ki te tautoko i a Waka Kotahi me ō mātau hoa ki te whakatinana i te ERP. Kua tautokona anō e te kāwanatanga te rāngai mā tētahi pūtea taurewa atu ki te \$2 piriona ki a Waka Kotahi mō te whakarato i te NLTP, ngā pūtea tāpiri mō ngā utu o ngā ratonga tūnuku tūmatanui, me te whakakī i te NLTF hei whakatautika i ngā pānga o ngā whakahekenga tāke kora o ngā moni whiwhi i tēnei tau. Nā tēnei i taea e mātau te whakanui ake i te whakaratonga mā te Kaupapa Tūnuku Whenua ā-Motu 2021-2024 me te haumi tonu i te tūnuku tūmatanui, ahakoa te heke o te tautokonga me ngā moni whiwhi mai i te tūnuku tūmatanui.

Kei te tino tautoko mātau i te Arotake Moni Whiwhi a Tūnuku Whenua i whakahautia e te kāwanatanga i te Ākuhata 2021, e whai ana ki te whakarite me pēhea, ā, e hia te roa e pūmau ai te ara pūtea. Ahakoa i āwhina ngā tautoko ā-pūtea mai i te kāwanatanga i te 2021/22 ki te whakamāmā i ētahi o ngā

pēhitanga ā-pūtea i roto i te wā poto, kāore e whakaritea e tērā ngā whakaritenga pūtea haere ake nei.

He wāhanga taketake te arotake o te urupare a te kāwanatanga ki ngā pēhitanga pūtea e tipu haere ana i te whakatinanatanga o ngā whāinga whakaheke tukunga waro a te kāwanatanga. E tautoko ana a Waka Kotahi i te whakaheke i te tukunga waro o te pūnaha tūnuku whenua hei kaupapa matua mō Aotearoa me te mōhio ki tō mātau wāhanga mō te whakatutuki i te whakahekenga tukunga waro āpōpō. Engari, nā te heke o te whakawhirinaki ki ngā waka tūmataiti me ngā koranehe ka pā mai i te whakahekenga tukunga waro ka heke ngā moni whiwhi mai i ngā tāke koranehe me ngā nama kaiwhakamahiri rori, ka ahu mai i konei te nuinga o te Te Tahua Tūnuku Whenua ā-Motu.

I taua wā anō, ko te rerekē me te maha o ngā haumitanga kia tutuki ai ngā whāinga huringa, tae atu ki ngā haumitanga ki ngā āhuratanga hou, me tino nui ake ēnei.

Kei mua anō i a Waka Kotahi me ō mātau hoa ko ngā uauatanga o te tautiaki i te kōtuinga tūnuku whenua me te urupare ki te nui haere ake me te auau haere ake o te kino o Tāwhirimātea. Nā te maha o ngā marangai i te tau 2021/22, i hīkina ētahi o ngā mahi tautiaki kia pai ai te tuku i ngā pūtea me ngā rawa hei whakaoti i ngā tapitapi ohotata. I te mea kei te nui haere ake te pā mai o ngā marangai me ngā aituā ao tūroa me nui ake ngā pūtea hei whakarite ka whaitake tā tātau urupare ki ngā whakararu ki te kōtuinga, me te tautiaki i te āhua o te kōtuinga.

He whakautu poto noa iho ngā mahinga ohotata. I te roanga o te wā, me nui ake ngā haumitanga tāpiri ki te kōtuinga tūnuku whenua kia pakari ake te kōtuinga i roto i te kino o Tāwhirimātea, me te pikitanga o te moana. I te nuinga o te wā he kaha ake te pānga o ēnei āhuratanga ki te hunga tino whakaraerae me rātau kei ngā hapori taratahi i Aotearoa.

Ko ngā mahi tapitapi ohotata, i te taha o ngā mahi tautiaki pūmau o te kōtuinga onāiane, me āta whakahaere. E mōhio ana mātau ki ngā raru e ara ake ana mō te āhua o ngā huarahi matua, ā, kei te pūmau mātau ki te whakarite i ērā.

Mā te mōhio me pēhea, ā, me te wā e taea ai te whakapūmau i te ara pūtea, he mahi taketake te Arotake Moni Whiwhi a Tūnuku Whenua mō te whakarite ka hāngai te pūtea mō te pūnaha tūnuku whenua ki ngā manako o te GPS me ngā mahinga urupare huringa āhuarangi a te kāwanatanga.

Ahakoā ēnei uauatanga rautaki nui, he pai te anga whakamua i taea i te tau 2021/22 i ngā wāhi maha. I haere tonu ā mātau mahi ki te uaratanga te Ara ki te Kore o te whakaiti i ngā matenga tūnuku whenua me ngā wharanga kino mā te 40 ōrau i mua o te tau 2030 (mai i ngā taumata o te tau 2018), te whakarewa i te kaupapa whakahau tūmatanui mō te Ara ki te Kore me te whakarato i ngā whakapaitanga tūāhanga haumaruru rori. I haere tonu ā mātau mahi ki te whakatika i ngā hapa waeture o mua, te whakahou i a Tū Ake, Tū Māia, tā mātau rautaki waeture, me te kauneke i tētahi tauira whakahaere waeture hou. I whakapaihia e mātau te waeture rāngai rēra, ka whakatū i te rōpū Rēra Haumaruru Ake. Ko te whakatutuki pai i te arotake i ngā utu waeture me ngā nama me ea hei te tīmatanga o te tau 2022/23 tētahi mahi whai ake taketake hei whakarite i tauira pūtea waeture toitū ki ngā rā anamata.

I tīmata tā mātau hanga i a Tiro Rangi, tā mātau mahere urutaunga āhuarangi, ā, ka whakahiato mai i tā mātau tirohanga mō te urutau i te pūnaha tūnuku whenua i runga i te mōhio tūturu ki te huringa āhuarangi. He mahi hira a Tiro Rangi i roto i te Mahere Urutaunga a Te Kāwanatanga. I hāpai mātau i te ERP, ā, kei runga i a mātau mō te whakatinana i te maha o ngā kaupapa o te mahere, me te maha mā te Tahua Urupare Ohotata Āhuarangi e utu.

Ka whakawhānui haere atu ngā mahinga o te Mahere Whakaheke Tukunga Waro i ngā mahi kua tīmata kē i roto i ā mātau mahi whakahekenga waro tukunga, tae atu ki te whakapiki i te haumitanga ki ngā mahinga hīkoi me te eke pahikara o te Kaupapa Tūnuku Whenua ā-Motu 2021–24. Kei te whai anō mātau ki te ine me te pūrongo i ā mātau tukunga waro i runga i te āhuetanga takohanga. I whakahoutia e mātau tā mātau paerewa taiao me te herenga pāpori, ā, kei te mahi mātau ki te pūrongo me te whakaheke i ngā tukunga waro rangatōpū hei wāhanga o te Kaupapa Kāwanatanga Waro Ōrite.

I taea ngā tohu nui hira mō te whakatutuki i ngā kaupapa nui, tae atu ki te whakatuwheratanga o Te Aranui o Te Rangihaeata me te whakaroa ake i te Ara Pahi o te Raki. I pai te anga whakamua o te maha o ngā kaupapa tūnuku o te Kaupapa Whakarākei o Aotearoa. Kei te tino whakatinana mātau i te kaupapa Hekeutu Waka Mā (tukunga waro iti).

E ngākau whakahī ana mātau ki te anga whakamua kua oti i a mātau mō te whakatutuki i ō mātau paiherenga o Te Tiriti o Waitangi. I whakahautia e mātau he rangahau kia mārama pai ake mātau ki ngā hiahia o te Māori, kia mōhio ai kei te pēhea tā mātau whakatutuki i aua hiahia, me te tautuhi i ngā whai wāhitanga kia pai ake. I kōrerorero tahi tonu mātau me ngā iwi, ā, i taea e mātau he tohu nui matua i te marama o Mei 2022 i te huratanga o ngā tohu tūnuku kura reorua tuatahi i Ahuriri. I mahi tahi mātau me te mana whenua ki te whakauru mai i ngā kōrero ā-iwi, ā-ahurea ki te hoahoa o ngā kaupapa tūāhanga pērā i Ngā Whakapaitanga ki te Ara o te Raki i Tāmaki Makaurau me Te Aranui o Te Rangihaeata.

Ka taea e te haumi ki te pūnaha tūnuku tētahi wāhanga hira mō te hāpai i te mana ōrite. I a mātau e whakatinana ana i te Mahere Whakahekenga Tukunga Waro, kei te hiahia mātau ki te tautoko i tētahi whakawhitinga tōtika kia kore ai e mahue he tangata ki muri. Koinei tētahi mea i whakapau kaha ai mātau i te tau 2021/22, mā te whakamātautau i te kaupapa rīhi-waka hapori a Waka Aronui i Tāmaki Makaurau, ā, i utu i ngā whānau moni whiwhi iti ki te rīhi waka momorua.

I arotahi tonu mātau ki te oranga o tō tātau iwi. I hiahia tautoko atu anō ā mātau kaimahi i te wā o te mate KOWHEORI-19, otirā rātau i te rohe o Tāmaki Makaurau neke atu i te 100 rā rātau e noho rāhui ana i te tau 2021. I ārahi mātau i ngā kamahi i roto i ngā huringa o te urupare ki te KOWHEORI-19 me te hanga ārai kanohi me te whakawātea mai i ngā whakamātautau ākipaturopi tere. He tikanga noa ināianei te mahi haora ngāwari o ā mātau mahi, ā, kei te mahi ngātahi tonu mātau me ā mātau tāngata kia haumarua a Waka Kotahi me tētahi wāhi tautoko ki te mahi e noho ana i ō mātau uara o te kotahitanga me te ngākau aroha.

I tautoko tonu mātau i ō mātau pātui o te rohe, ā, kei te pērā anō ngā uauatanga tuku pūtea me te haumitanga, ā, kei te tino whakapau kaha rātau ki te tuku whakatau e tautoko ana i te oranga o ō rātau hapori.

I a mātau e mahi ana ki tētahi tauira tuku pūtea toitū, he mea hira ō mātau kaiārahi me te mahi ngātahi me Te Manatū Waka. He whai wāhitanga hira te urupare ki ngā whakapātaritari o te huringa āhuarangi hei ahuhahu me te haumi ki tētahi pūnaha tūnuku whenua pai ake, he haumarua ake, he mā ake, ā, e tuwhera ana ki te katoa.



Tā Brian Roche KNZM
Haemana



Nicole Rosie
Tumuaki

He tirohanga whānui nā te heamana me te pou whakahaere

Chair and chief executive overview

The vision of Te Kāpehu, our strategic direction, is for a land transport system that connects people, places and products for a thriving Aotearoa New Zealand.

Delivering on that strategic direction continues to be challenging. Much has been achieved over the last year, with progress made across multiple areas of activity. As we have signalled previously, the growing funding pressures faced by Waka Kotahi and our investment partners in local government mean that this vision will not be realised without significant changes to the land transport funding model.

The current arrangements for the National Land Transport Fund (NLTF) require review to ensure they are fit for purpose for achieving a low carbon future and delivering the broad range of activities required by Te Tauākī Kaupapa Here a te Kāwanatanga mō ngā waka whenua 2021, the Government Policy Statement (GPS) on land transport 2021 and the first Emissions Reduction Plan (ERP).

The release of GPS 2021 and the ERP have added to the expectations and scope of what we and our partners are tasked to deliver, without a corresponding increase in funding. The COVID-19 pandemic has exacerbated some of the challenges we and our partners have faced. The impacts of the pandemic continued to affect NLTF revenue in 2021/22, especially during periods of lockdown and travel restrictions. Regulatory revenue from driver licensing and testing also decreased.

Like many other organisations, we and our partners have been affected by the economic fall-out from COVID-19, which has seen significant supply chain disruption and price inflation. These issues have affected the costs and delivery of many of our capital projects, as well as increased the costs of maintenance and other operational activities. A tight and increasingly competitive labour market is a compounding factor.

We strongly support the need to achieve tangible reductions in the level of emissions from the transport sector. However, additional funding will be required to make the technological and behavioural changes needed to achieve these reductions and decarbonise the land transport system.

The launch of the Climate Emergency Response Fund will help support Waka Kotahi and our partners to implement the ERP. The government has also supported the sector with a loan to Waka Kotahi of up to \$2 billion for delivery of the NLTP, additional funding for the costs of public transport services, and a top up of the NLTF to offset impacts of this year's fuel tax cuts on revenue. This enabled us and our partners to increase delivery via the 2021-2024 National Land Transport Programme and to continue to invest in public transport, despite reduced public transport patronage and revenue.

We are in full support of the Land Transport Revenue Review commissioned by the government in August 2021, which aims to determine how and over what time the funding path can be stabilised. While the financial support received from the government over 2021/22 has helped to ease some of the funding pressures in the short-term, it will not address our ongoing funding requirements.

The review will be a critical part of the government's response to growing funding pressures as the government's decarbonisation objectives are implemented.

Waka Kotahi supports decarbonising the land transport system as a priority for Aotearoa and recognises our role in achieving a decarbonised future. However, the reduction in reliance on private vehicles and fossil fuels that will occur due to decarbonisation will reduce the revenue from fuel taxes and road user charges, which make up the bulk of the National Land Transport Fund.

At the same time, the variety and number of investments to meet climate change objectives, including investments in mode-shift, will be required to increase dramatically.

Waka Kotahi and our partners are also facing the dual challenge of maintaining the condition of the land transport network while also responding to increasingly frequent and more extreme weather events. Due to the number of severe weather events in 2021/22, some planned maintenance activities were deferred so that funding and resources could be diverted to complete emergency repairs. As severe weather events and natural disasters become more frequent, increased funding will be needed to ensure we can respond to network disruptions effectively, as well as maintain network condition.

Emergency works are the short-term response. Over time, the land transport network will need substantial additional investment to increase the resilience of the network in the face of extreme weather, as well as sea level rise. These factors tend to have the greatest impact on the most vulnerable and isolated communities in Aotearoa.

Emergency repair works, together with ongoing maintenance of the existing network, are requiring careful management. We acknowledge the emerging issues around the state of the highway network and are committed to addressing them.

By determining how and over what time the funding path can be stabilised, the Land Transport Revenue Review will be a critical step in ensuring that funding for the land transport system aligns with the ambitions of the GPS and government's climate change response activities.

Despite these significant strategic challenges, good progress has been made in 2021/22 in several areas. We continued to work toward the Road to Zero vision of reducing land transport deaths and serious injuries by 40 percent by 2030 (from 2018 levels), launching the Road to Zero public awareness campaign and delivering important road safety infrastructure improvements. We also continued our work to address past regulatory failure, updating Tū Ake, Tū Māia, our regulatory strategy, and progressing a new regulatory operating model. We improved rail sector regulation, establishing the Safer Rail team. Successful conclusion of the review of regulatory fees and charges due in early 2022/23 is a critical next step to ensure a sustainable regulatory funding model into the future.

We began developing Tiro Rangi, our climate adaptation plan, which will bring together our view for adapting the land transport system with the reality of the changing climate. Tiro Rangi is a critical action in the government's National Adaptation Plan. We contributed to the ERP and will be responsible for implementing many of the plan's initiatives, which will be funded by the Climate Emergency Response Fund.

The Emissions Reduction Plan activities will build on the mahi already underway as part of our decarbonisation activities, including increased investment in walking and cycling initiatives as part of the 2021-24 National Land Transport Programme. We are also taking responsible steps to measure and report on our own emissions. We updated our environmental and social responsibility standard and we are working toward reporting on and reducing our corporate emissions as part of the Carbon Neutral Government Programme.

Key milestones were achieved in delivery of significant capital projects, including the opening of Te Aranui o Te Rangihaeata Transmission Gully and the Northern Busway extension. Good progress was also made on many of the New Zealand Upgrade Programme transport projects. We also fully implementing the Clean Car (low emission) Discount scheme.

We are proud of the progress we have made toward better meeting our Tiriti o Waitangi commitments. We commissioned research to better understand the needs of Māori, determine how well we are meeting those needs, and identify opportunities for improvement. We continued to collaborate with iwi, reaching a major milestone in May 2022 when the first bilingual kura traffic signs were unveiled in Napier. We partnered with mana whenua to incorporate the stories of people and culture into the design of infrastructure projects such as the Northern Corridor Improvements in Auckland and Te Aranui o Te Rangihaeata Transmission Gully.

Investment in the transport system can play an important role in promoting equity. As we implement the Emissions Reduction Plan, we want to support a fair transition where no one gets left behind. This is something we worked on in 2021/22, by piloting Waka Aronui community car-leasing scheme in Auckland, which subsidised low-income families to lease a hybrid vehicle.

We continued to focus on the wellbeing our people. Our staff required extra support during the COVID-19 pandemic, particularly those in the Auckland region who spent more than 100 days in lockdown during 2021. We guided staff through COVID-19 response changes and made masks and rapid antigen tests readily available. Flexible working has become a standard part of how we operate, and we will continue to work closely with our people to make Waka Kotahi a safe and supportive place to work that lives our values of kotahitanga and ngākau aroha.

We continued to support our local partners, who are facing similar funding and investment challenges and are doing their best to make decisions that support the wellbeing of their communities.

As we work towards a sustainable funding model, our leadership and collaboration with Te Manatū Waka will be vital. Responding to the challenges of climate change is an important opportunity to shape and invest in a better land transport system that is safe, cleaner and more accessible for everyone.



Sir Brian Roche KNZM
Chair



Nicole Rosie
Chief Executive

Kupu whakataki

Our highlights for 2021/22

We're using our new performance framework to track our journey toward the vision of Te Kāpehu - Our Compass

This year we used our new performance framework to measure our progress toward achieving the vision of Te Kāpehu, our new strategic direction (see figure 3). Our new performance framework can be found on pages 18 and 19 of this report.

Te Kāpehu sets out the long-term system outcomes we need to achieve to realise our vision: safe, environmentally sustainable, effectively and efficiently moving people and freight, and meeting current and future needs.

We're moving in the right direction

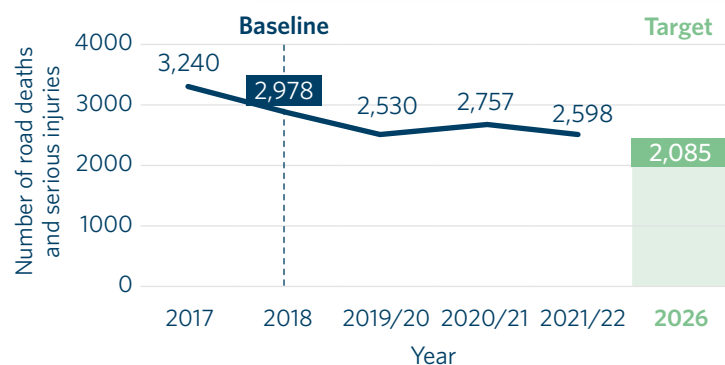
Using our performance framework, we can tell that we've worked with our partners to invest in and deliver activities that will make a difference.

Over time, we expect these will contribute to positive changes to our long-term system outcomes.



Safe

Progress has been made toward **reducing the number of people killed or seriously injured** on the land transport system. To sustain the decreasing trend and achieve the 40% Road to Zero reduction target, we'll need to work with our partners to lift our delivery performance across several areas.



We've also launched the **Road to Zero public awareness campaign**, aimed at changing the conversation about road safety in Aotearoa.



Environmentally sustainable

We played a lead role in shaping the government's first **Emissions Reduction Plan**, which will help us work toward our target of reducing greenhouse gas emissions from the land transport system.



41% reduction in emissions from Waka Kotahi corporate travel compared to the previous year

We also reduced our corporate emissions from staff travel for the second year in a row.



Following the implementation of the Clean Car Discount and other clean car initiatives, **more low and no carbon vehicles were registered in Aotearoa.**



7.5% increase in the number of low and no carbon light vehicles since 2020



Effectively and efficiently moving people and freight

We also...

...started implementing our **freight action plan**, and began updating the plan to reflect industry feedback and the Emissions Reduction Plan.

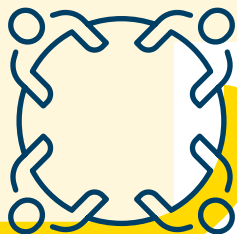


We began developing **Tiro Rangi**, our first climate change adaptation plan. Implementing Tiro Rangi will help keep communities connected and safe by improving the climate resilience of the network.

...achieved important significant capital project milestones, including opening of Te Aranui o Te Rangihaeata Transmission Gully and the Northern Busway extension, despite the significant challenges faced due to the impacts of COVID-19.

Meeting current and future needs

We've worked with our partners to develop a better understanding of the skills, funding and systems we need to keep working effectively toward our vision.



The findings of our survey of how we can improve responsiveness to Māori will help us build on the work we've already done to become an effective Te Tiriti o Waitangi partner.

We made good progress on **strengthening our regulatory performance**, but still have more work ahead of us to embed the changes we want to make.



We developed a clearer view of what we need to ensure we're **funded sustainably** but need to do more work on measuring this robustly.

We've continued to live our values and behaviours

Ngā mātāpono (our values) and our behaviours shape our culture and influence how we work and how we engage with iwi, partners, stakeholders and communities.

In 2021/22 we provided extra support to our people during the COVID-19 pandemic and extended Auckland lockdown. We ensured staff were supported to work from home, offered guidance on COVID-19 response changes as they happened, and made masks and rapid antigen tests available. Flexible working has also become a standard part of how we operate.

We will live our value of kotahitanga as we work with our partners to make the important changes needed to help us achieve our vision

Creating a safe, sustainable and resilient transport system to support a thriving Aotearoa remains at the heart of what we do. To achieve this vision, we will need to work closely with Te Manatū Waka and our other partners to ensure a sustainable funding model for the land transport system.



Ngākau aroha
Have heart



Kia māia
Be brave



Kotahitanga
Better together



Mahia
Nail it

Tā mātau horopaki me te ahunga rautaki

Our
context
and
strategic
direction



Government direction

Transport Outcomes Framework

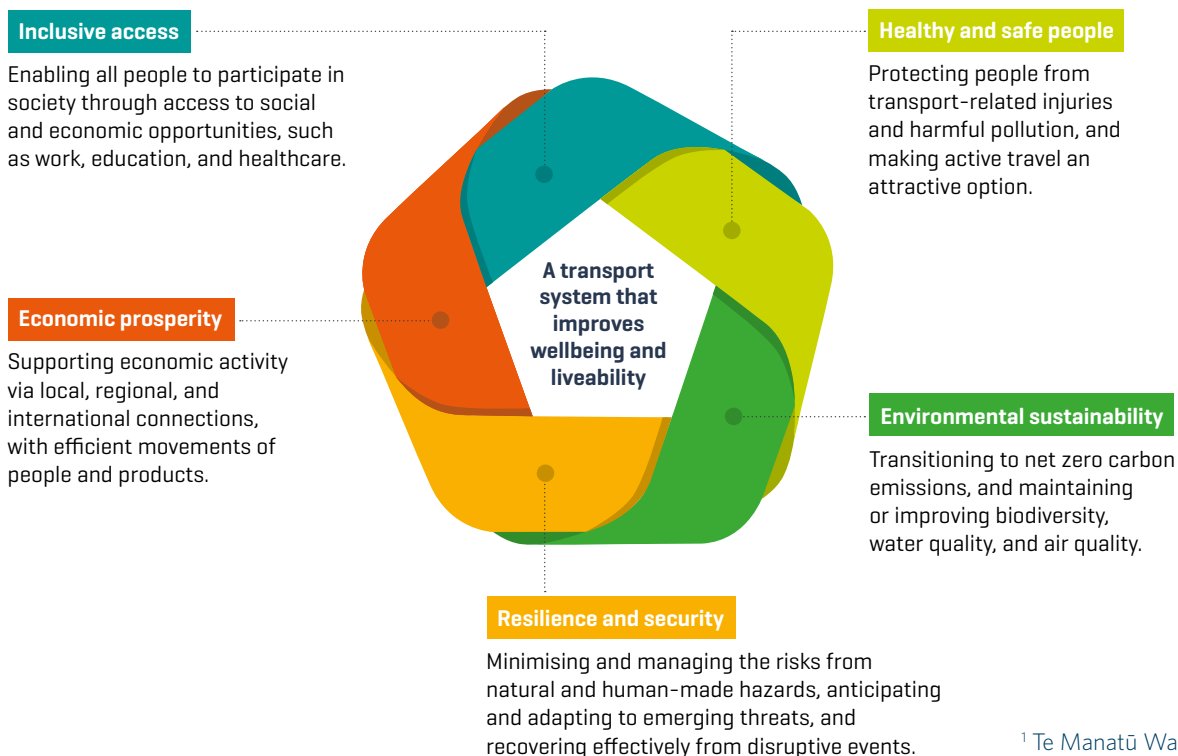
Te Manatū Waka Ministry of Transport Transport Outcomes Framework defines the government's long-term strategic outcomes for the transport system. The framework sets the purpose of the transport system as improving people's wellbeing and the liveability of places. It describes five long-term outcomes for the Aotearoa New Zealand transport system (see figure 1):

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

These outcomes are interrelated so must be achieved together to improve intergenerational wellbeing and the quality of life in the cities, towns and provinces of Aotearoa.

They are also reflected in Government Policy Statement on land transport (GPS) priorities and our strategic direction Te Kāpehu | Our Compass.

Figure 1 Te Manatū Waka Transport Outcomes Framework



¹ Te Manatū Waka Ministry of Transport (2021) Te Anga Whakatakoto Hua mō ngā Waka: Transport Outcomes Framework (webpage). www.transport.govt.nz/area-of-interest/strategy-and-direction/transport-outcomes-framework

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 guides how we invest the National Land Transport Fund (NLTF), and how we prioritise activities in regional land transport plans for inclusion in the National Land Transport Programme (NLTP).

The GPS for 2021/22 to 2030/31 (GPS 2021) has four strategic priorities to guide investment: safety, better travel options, improving freight connections, and climate change (see figure 2). GPS 2021 also introduced new functions and responsibilities for Waka Kotahi, including in rail and coastal shipping.

GPS 2021 priorities often overlap and can contribute to each other’s benefits. For example, if purposefully designed, many investments in a low carbon transport system also give people better, safer choices to walk, cycle or take public transport.

Figure 2 GPS 2021 strategic priorities



While we are responding to the government’s emerging priorities, we must also continue to maintain and renew the existing transport network. The NLTF annual report (pages 207-281) summarises how the NLTF was invested over 2021/22 to contribute to GPS 2021 priorities.

Te Kāpehu

Our Compass

Our strategic direction

In 2021 we updated our strategic direction in response to our changing strategic and operating context, as set out in our 2021-26 statement of intent and 2021/22 statement of performance expectations.^{2 3}

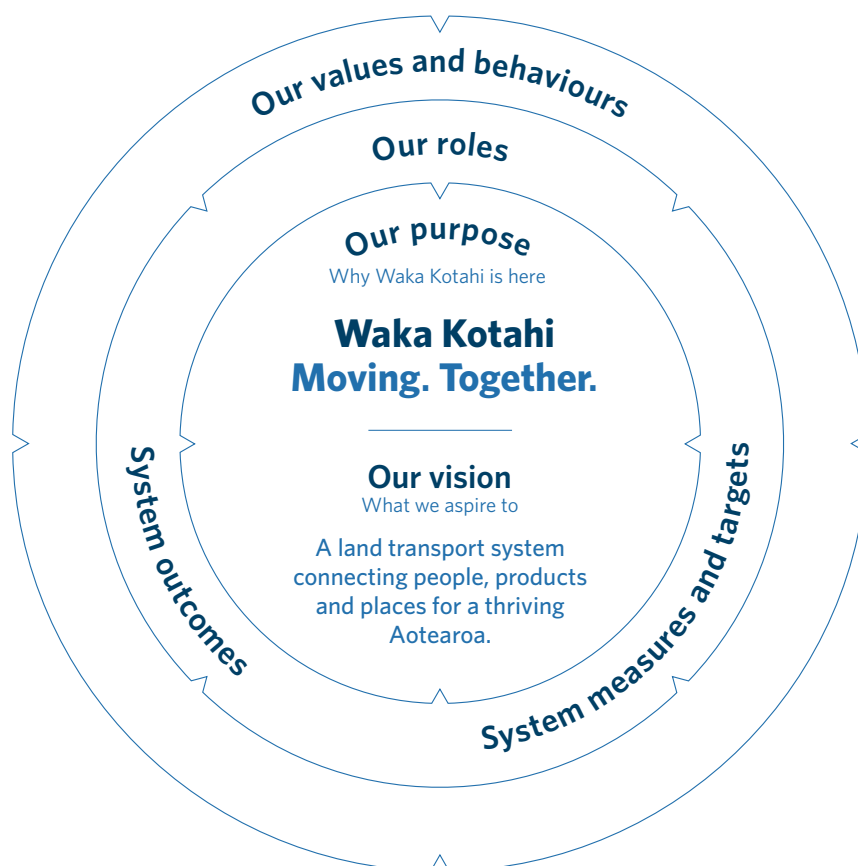
Our new strategic direction Te Kāpehu describes our place and aspirations within the land transport system, what we want to achieve as an organisation, and how we will go about achieving this (see figure 3).

Our system outcomes are the long-term 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 medium-term results reflecting the interim changes we need to see to achieve these outcomes. For details on our system outcomes and results, including the relationships between them, see our 2021-26 statement of intent.

Figure 3 Te Kāpehu | Our Compass



² Waka Kotahi (2021) Waka Kotahi tauākī whakamaunga atu: Waka Kotahi NZ Transport Agency statement of intent 2021-26. www.nzta.govt.nz/resources/nz-transport-agency-statement-of-intent-main-index/soi-2021-2026

³ Waka Kotahi (2021) Waka Kotahi tauākī o nga tūmanako whakatutukinga: Waka Kotahi NZ Transport Agency statement of performance expectations 2021/22. www.nzta.govt.nz/resources/nz-transport-agency-statement-of-performance-expectations-main-index/spe-2021-2022

Opportunities and challenges

Te Kāpehu has guided our response to the various demands placed on the transport system.

We've managed new government expectations alongside existing delivery commitments. The scope of our activities further expanded with the government's first Emissions Reduction Plan (ERP) and announcement of the Climate Emergency Response Fund.

Several legislative changes gave us new and enhanced responsibilities: the low emission vehicle scheme and standard; an advisory role on rail investment; and national oversight of public transport planning, operation and delivery. As the scope of our work grows, we will have to prioritise carefully so we can resource key projects.

The COVID-19 pandemic continues to affect how we work, including through increased costs of project delivery, increased funding requirements for public transport services, reduced land transport and regulatory transactions, and reduced NLTF revenue. We expect the impact of the pandemic to continue in 2022/23 and beyond.

Inflationary pressures have also increased the costs of most of our activities and affected project budgets. Temporary reductions in fuel excise duty and road user charges announced in March 2022 in response to inflation further affected NLTF revenue.

Workforce sickness and absences, along with shipping and supply chain costs and competing demand for materials have affected productivity and project delivery. Workforce resourcing in the construction sector continues to be a longer-term issue.

We've managed new government expectations alongside existing delivery commitments. The scope of our activities further expanded with the government's first Emissions Reduction Plan (ERP) and announcement of the Climate Emergency Response Fund.

Waka Kotahi performance framework

Our vision: A land transport system that connects people, products and places for a thriving Aotearoa

System outcomes and measures ^A

Are we achieving the long-term outcomes we need to achieve to realise our vision?

Safe

Number of road deaths and serious injuries (DSIs)
 ✓ 30%
 Sector target: 40% reduction in DSIs (from 2018 levels) by 2030
 Significant incident frequency rate
 ✓ Decrease

Environmentally sustainable

Greenhouse gas emissions from the land transport system
 ✓ Decrease by December 2026
 Proportion of the light vehicle fleet that are low/no carbon vehicles
 ⬆ Increase
 Sector target(s) to be added when available

Effectively and efficiently moving people and freight

User experience of transport network by mode
 ⬆ Improving for public transport and active modes
 Freight mode share of road and rail
 ✓ Decrease for road
 ⬆ Increase for rail

Meeting current and future needs

Funding sustainability (Measure being finalised)
 Proportion of the state highway network that meets minimum asset condition requirements
 ⬆ ⬆ Maintain or increase

Light vehicle kilometres travelled in major urban areas
 ✓ Decreasing
 ● ● ●

Results and measures ^A

Are we seeing the changes we need to achieve our system outcomes?

Are we influencing the right external changes?

Safer travel and infrastructure ● ●

Number of DSIs where the speed limit does not align with the safe and appropriate speed
 ✓ 40%
 Number of head-on, run-off-road and intersection DSIs
 ✓ 30%

Safer vehicles ● ●

Number of DSIs involving a vehicle with a low safety rating
 ✓ 20%

Improved resilience to disruptive events ● ●

Proportion of unplanned road closures resolved within standard timeframes
 Ⓧ Weather event ≥50%
 Ⓧ Other events ≥90%

Increased share of travel by public transport, walking and cycling ● ● ●

Mode share of public transport and active modes in urban areas
 ⬆ Increase

Are we making the right internal changes?

Effective delivery ● ● ● ●

Staff engagement
 ⬆ ⬆ Maintain or increase
 Investment performance
 ⬆ Improve investor confidence rating
 Service quality (ease of transacting with us)
 ⬆ ⬆ Maintain or increase
 Regulatory performance
 Progress in delivering the regulatory strategy

Safer road user choices ●●

Number of DSIs associated with behavioural risk factors
 ✓ 20%

Increased protection of the environment ●

Forecast Infrastructure Sustainability Council – Infrastructure Sustainability rating scheme points for applicable projects
 ➔ ⬆️ Maintain or increase Waka Kotahi corporate carbon footprint
 ✓ 44% by 2025

More reliable freight network ●●●

Interpeak predictability of travel times on priority freight routes
 ➔ ⬆️ Maintain or increase

Improved connections to key destinations ●●●

Access to social and economic opportunities by mode
 ⬆️ Increase for public transport and active modes
 Proportion of recently built residential dwellings in major urban areas with access to frequent public transport services
 ⬆️ Increase

Effective collaboration ●●●●

Partnership and engagement with Māori
 ⬆️ Improve
 Partnership and engagement with stakeholders
 ⬆️ Improve

Delivery and measures

Are we delivering what we need to deliver to support these changes?

Are our **key programmes, strategies and initiatives** being delivered as intended?

Significant activities

Our significant activities capture the milestones we want to achieve to help us progress towards our system outcomes and respond to government priorities for the land transport system. These are detailed in the Output class performance section (pages 53-76).

How are we delivering and investing in our **products and services (output classes)** in terms of quantity, quality, timeliness and cost?

Significant capital projects as part of:

- National Land Transport Programme
- New Zealand Upgrade Programme

Output classes:

- Road to Zero
- State highway improvements
- State highway maintenance
- Local road improvements
- Local road maintenance
- Walking & cycling improvements
- Public transport services & infrastructure
- Rail network
- Coastal shipping
- Investment management
- Driver licensing and testing
- Vehicle safety and certification
- Regulation of commercial transport operators
- Regulation of the rail transport system
- Revenue collection and administration (including tolling)

^A Unless otherwise stated, the timeframe for achieving our system outcome and result measure targets is 30 June 2026.

Ngā taipitopito o ngā otinga

Detailed
results



Safe

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

Overview

People are vulnerable in a crash, so Aotearoa needs everyone to make safe choices in safe vehicles, on safe roads and travelling at safe speeds. People also make mistakes, so crashes will still happen. Together with its partners, Waka Kotahi help can prevent people being killed or seriously injured in these crashes by helping to build a safe transport system. We want everyone – whether they're using active modes (like walking and cycling), taking public transport, driving, riding a motorcycle or are in a mobility vehicle – to get to where they're going safely.

Road to Zero

We continue to collaborate with the New Zealand Police, Te Manatū Waka, local government, WorkSafe and many others to implement Road to Zero, the national road safety strategy to 2030.

Road to Zero adopts a world-leading approach to road safety that says it's possible to have no loss of life or serious injury on roads (Vision Zero). It sets a target of reducing deaths and serious injuries on our roads by 40 percent by the year 2030 (from 2018 levels).

To achieve this vision, councils, community groups, road designers, policy makers, car dealers, insurers, regulators, police, whānau, media and every individual must share responsibility for keeping people safe on the roads.

We are on track to achieve the 2030 target and are making progress in the delivery of Road to Zero actions. While the numbers of deaths and serious injuries are still unacceptably high, this year deaths and serious injuries reduced compared to the previous year (figure 4).

Over time, we expect that the speed and infrastructure management, road policing, road safety advertising and education actions we're undertaking with our partners will help to achieve the vision of Road to Zero. While we saw deaths and serious injuries decline overall this year, to sustain this decreasing trend we, Te Manatū Waka, New Zealand Police and our other partners need to lift our delivery performance for our infrastructure and speed management actions, vehicle safety, road policing, and road safety advertising and education.

Road safety advertising

We launched a new public awareness campaign to gain the public's buy-in to Road to Zero and Vision Zero, which within a month of launching achieved record levels of engagement on social media. The campaign included our television advertisement Booth and our Riding Together and Safer Limits advertising campaigns (see the case study on page 24). The campaign started a new conversation, encouraging audiences to think differently about road safety.

Speed and Infrastructure Programme

The Road to Zero Speed and Infrastructure Programme focuses on two of the most significant actions in *Road to Zero: Action plan 2020–22*: investing more in safety treatments and infrastructure improvements and introducing a new approach to tackling unsafe speeds.⁴

We achieved our target of starting four new major intersection safety improvement projects this year, while delays in confirming funding and starting procurement meant we could start only four of our five planned road corridor infrastructure safety improvement projects.

We continue to identify ways to speed up the rate at which we deliver infrastructure safety improvements. We've changed our processes and approach to phased project delivery to allow earlier construction of median barriers.

These changes will increase our ability to deliver long-term improvements in road safety performance, contributing toward a sustained and long-term reduction in deaths and serious injuries.

Tackling Unsafe Speeds Programme

The Tackling Unsafe Speeds Programme is establishing a streamlined and coordinated process for speed management, a more transparent and effective approach to automated speed enforcement, and safer speeds around schools.

Over 2021/22 we reviewed the process for implementing speed limit restrictions on the state highway network and introduced new rules, guidance and speed management plans to reduce the time needed to make speed changes.

The new Land Transport Rule: Setting of Speed Limits 2022 is now in force. This rule establishes a speed management planning process that considers how safety infrastructure, safety cameras and speed limits can be combined effectively to achieve a safer transport system.

The contentious nature of speed limit reductions has delayed the ongoing programme of public engagement around reducing speed limits. We needed to spend longer than we expected on community engagement, which delayed the delivery of speed limit reviews. As a result, we didn't achieve our target of treating at least 500km of the network with reduced speed limits.

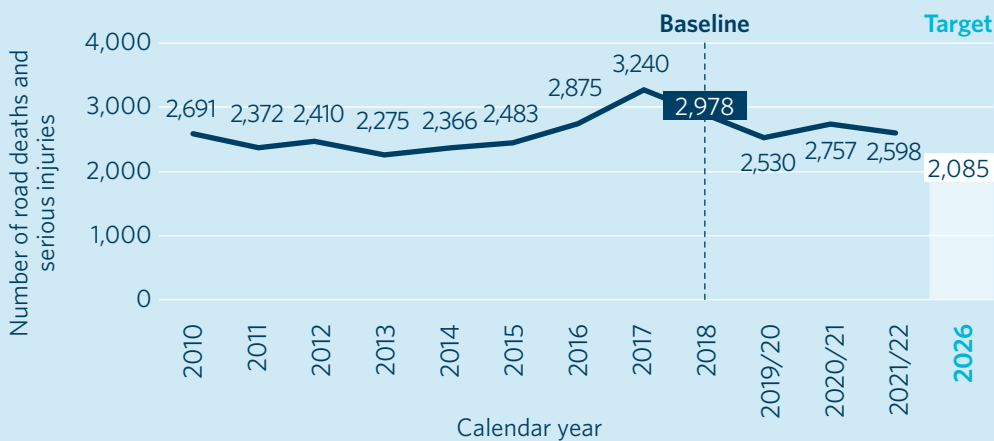
Road Safety Partnership Programme

The Road Safety Partnership Programme was established between us, New Zealand Police and Te Manatū Waka to reduce harm on the roads through collaborative effort. We are strengthening the partnership, with all agencies endorsing the recommendations of the MartinJenkins review of road safety investment and delivery.⁵ The Waka Kotahi Board will monitor the implementation of these recommendations and the prioritisation of resources towards road safety and the outcomes sought through Road to Zero. One recommendation, an independent review of the Road Safety Partnership Programme performance measures, is expected to be completed in 2022/23.

⁴ New Zealand Government (2019) Road to Zero: Action plan 2020–2022. www.transport.govt.nz/assets/Uploads/Report/Road-to-Zero-Action-Plan_Final.pdf

⁵ MartinJenkins (2021) Road safety investment and delivery: Final report. nzta.govt.nz/about-us/news-and-media/reports-and-reviews/progress-assessment-against-waka-kotahi-regulatory-functions

Figure 4 Deaths and serious injuries 2010–2022 (12-month rolling total)



Transfer of safety camera functions from New Zealand Police to Waka Kotahi

Safety cameras discourage excessive speeds, improve compliance with posted speed limits, and reduce deaths and serious injuries. The Safety Camera System Programme will deliver a new approach to safety cameras on the roads, including transitioning their ownership and operation from New Zealand Police to Waka Kotahi. This year we established governance structures and leadership roles, completed a high-level process design, and selected a preferred technology supplier.

Rail safety regulatory programme and risk framework established

The Safer Rail team was established to implement three transformational changes to the rail system regulatory. These changes focus on improving safety for all rail participants and building the capability of our people, transitioning to active regulation, and developing industry engagement and governance.

Our new rail regulatory risk framework uses international best practice to determine how best to improve safety in the industry. We expect the framework will be effective in Aotearoa. The framework is evidence driven and based on intelligence and risk assessment – its application providing the regulator and rail licensees with valuable insights. We selected a group of rail participants to pilot a safety assessment using the framework, to gather data about rail participant types and evaluate the framework’s effectiveness. The data will support a systems approach to the regulation of industry and enhance rail safety overall.

Keeping our people safe

The health, safety and wellbeing of our staff and contractors is our top priority. We’re committed to a risk-based approach to health and safety – not only within our organisation, but across the transport sector. Our safety improvement work over 2021/22 focused on revised safety policies and procedures, dedicated critical risk improvement projects focused on road worker safety and temporary traffic management, and mental health and wellbeing.

Our significant incident frequency rate for our staff and contractors has reduced (see page 26). The rate includes near misses that could have caused serious or life-threatening injuries and allows us to identify and assess a broad range of impacts and systematic issues.

Last year, we launched Kōrero Mai, which we use for recording significant incidents. This year, we extended the system so key business groups can also report incidents involving our agents and contractors. A health and safety dashboard allows Transport Services to track trends and use data to improve the safety performance of our contractors and project sites.

The presence of COVID-19 in the community has affected our workforce this year, with high numbers of our people unable to come to work due to COVID-19 as well as influenza and other illnesses. We encouraged our people to rest, recuperate and fully recover before returning to work, provided free rapid antigen tests to all staff, and continued to promote the COVID-19 and influenza vaccination programmes. We also adjusted our work priorities and adopted business continuity plans to ease high workloads for the remaining staff and adopted measures such as splitting teams across multiple locations and shifts to support continuity of our critical functions. We regularly review our workplace policies around COVID-19 and continue to promote mask use and physical distancing in our buildings.

Safer speeds

A television commercial from our Safer Limits marketing campaign features a man wearing a hi-vis vest explaining to two young people why we're reviewing speed limits on some roads - to make sure they're safe and appropriate. Their voices are often drowned out by the traffic rushing past, which is clearly an impassable barrier between them.

We want everyone who uses the roads to get to where they're going safely. Lower speeds give road users a second chance to avoid a crash or at least walk away from one if it happens.

When roads have safer speeds, it makes them more appealing for people who walk, cycle or scoot. Active transport is good for people's physical and mental health, and it reduces reliance on vehicles that produce emissions that contribute to climate change and negatively affect people's health. Slower speeds also reduce traffic noise, making for quieter and more pleasant neighbourhoods.

It isn't just the man in hi-vis who makes the decision about speed limits - in our speed reviews we actively seek feedback from our Māori and local government partners, key stakeholders and the community. We want their input because they are the people who will benefit from a safer and healthier neighbourhood, and their local knowledge can help make that happen.



Measuring our performance

Our system outcome measures and targets help us track our progress toward achieving our four system outcomes. Our results are the medium-term changes we need to achieve if we are to realise our system outcomes. The relationships between results and outcomes aren't linear – our results influence each other and will work together to help us achieve our system outcomes.

For measure definitions and data sources, see the explanatory notes on our website⁶.

System outcome measures

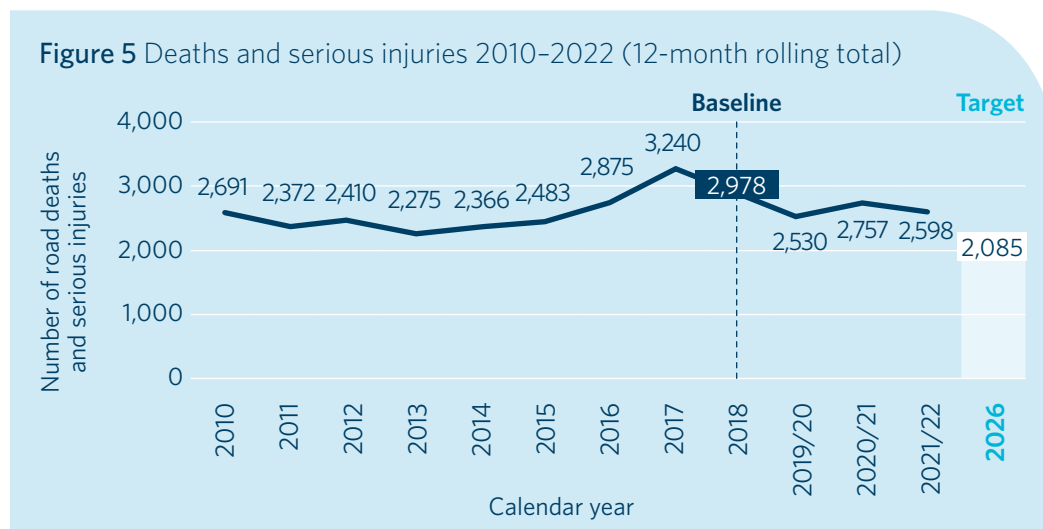
Our Safe System outcome measures are the long-term changes to the transport system we will focus on to realise our vision of ensuring no one is killed or seriously injured when using or working on the transport system.

Ref	Measure	Status against	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
SAFE1	Deaths and serious injuries ^{A B}	Achieved	Decreasing trend (from December 2018 baseline of 2,978)	2,598 ^C	2,757	2,530

While the high-level decreasing trend is showing we are on track to meet the Road to Zero target of a 40 percent reduction in deaths and serious injuries by 2030 (from 2018 levels), several of our key programmes are underperforming.

To sustain the decreasing trend in deaths and serious injuries we need to lift our delivery performance for our combined road safety actions in infrastructure and speed management, road policing, and road safety advertising and education.

This reduction is reflected in similar decreases in our other safety indicators (see pages 27–28) with the largest improvement in the behavioural risk factors indicator (see page 28). The exception is the indicator for deaths and serious injuries involving a vehicle with a low safety rating, which increased this year. See page 28 for more detail on this indicator.



Ref	Measure	Status against	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
SAFE2	Significant incident frequency rate	Achieved	Decreasing trend (from December 2020 baseline of 18.97 per million hours worked)	9.32 per million hours worked	12.82 per million hours worked	New measure

^A From 2019/20 onwards, results are a 12-month rolling total to 30 June of each year. Prior to 2019/20, data was only available to 31 December of each year, at the time of annual report preparation.

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

^C The data model for SAFE1 is updated continuously. While we have retrospectively updated data from previous years in our systems, we have not changed the prior year actuals presented in this annual report.

Results measures

Our external results are the changes we need to achieve over a five-year horizon if we are to realise our system outcomes. The following results have a primary contribution to Te Kāpehu Safe system outcome. We also measure our progress through financial and non-financial performance expectations for output classes (see pages 53-76).

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
Safer travel and infrastructure Improving the safety of transport infrastructure and setting safe speed limits to improve the safety of travel across all modes						
STI1	Number of deaths and serious injuries where the speed limit does not align with the safe and appropriate speed	Achieved	Decreasing trend (from 2019/20 baseline of 1,542)	1,479	1,573	1,542
<p>The number of deaths and serious injuries where the speed limit is not safe and appropriate has decreased from last year. However, the current rate of reduction in deaths and serious injuries is below the rate required to meet our target of 925 by June 2026. To see this rate of deaths and serious injuries reduce in line with our 2026 target, we will need to work with our partners to implement our respective speed management plans, which have not yet been fully, developed and implemented. We only expect to see a reduction in this rate in line with our 2026 target after safe and appropriate speed limits have been physically delivered across the network.</p>						
STI2	Number of head-on, run-off-road and intersection deaths and serious injuries	Achieved	Decreasing trend (from the 2018/19 baseline of 2,015)	2,026	2,109	1,777
<p>The number of deaths and serious injuries from head-on, run-off-road and intersection crashes decreased from last year. The current rate of reduction in deaths and serious injuries is below the rate required to meet our target of 1,411 by June 2026. To see this rate of deaths and serious injuries reduce in line with our 2026 target, we will need faster delivery of key Road to Zero Speed and Infrastructure Programme safe system interventions, which have not been delivered as quickly as originally expected. With an uplift in delivery we would expect to see an improved rate of reduction in these deaths and serious injuries, allowing us to reach our June 2026 target.</p>						

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
Safer vehicles						
Encouraging more people to buy safe vehicles						
SV1	Number of deaths and serious injuries involving a vehicle with a low safety rating	Not achieved	Decreasing trend (from the 2018/19 baseline of 877)	832	761	775

Deaths and serious injuries involving a vehicle with a low safety rating is 9 percent higher than last year. The work to improve the safety standards of vehicles imported into New Zealand was delayed due to resource constraints and reprioritisation of work at the Ministry of Transport. That work will contribute to a reduction in these deaths and serious injuries.

Safer road user choices						
Encouraging safer road user choices and behaviours						
SRUB1	Number of death and serious injuries associated with behavioural risk factors	Achieved	Decreasing trend (from the 2018/19 baseline of 735)	514	646	666

Environmentally sustainable

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

Overview

Toitū te Taiao, our sustainability action plan,⁶ sets out our vision of a low carbon, safe and healthy land transport system. It also sets out the actions we will take to respond to the challenges of reducing sector greenhouse gas emissions, reducing harm to public health, and reducing our environmental impact and corporate emissions.

Our progress on Toitū te Taiao is described throughout this report and is summarised in appendix 1.

Toitū te Taiao will be refreshed in 2022/23 to respond to changing expectations and requirements, including those in the Emissions Reduction Plan (ERP),⁷ National Adaptation Plan⁸ and Carbon Neutral Government Programme.⁹

Emissions Reduction Plan

In response to the declared climate emergency, the government released its first Emissions Reductions Plan.

Waka Kotahi supported the ERP's development and contributed significantly to transport and planning and infrastructure chapters. The ERP focuses on climate change mitigation and sets out the actions needed to achieve a 41 percent reduction in emissions from the transport sector by 2035 (from 2019 levels).

The plan sets out three focus areas to guide the approach to reducing transport emissions:

- reducing reliance on cars and supporting people to walk, cycle and use public transport
- adopting low-emissions vehicles rapidly
- beginning work now to decarbonise heavy transport and freight.

Activity in all focus areas is required – no focus area on its own can deliver the reductions needed in time. How quickly emissions reduce depends on the actions everybody takes. Changes to the land transport system such as a focus on active and public transport (mode shift) and adoption of low or no emissions vehicles rely on changing how New Zealanders think about and use the land transport system.

Funding received from the Climate Emergency Response Fund in May 2022 will support Waka Kotahi and approved organisations to deliver ERP activities. We will need to develop a prioritised emissions reduction work programme in 2022/23. This will be progressed with the Ministry of Transport as the Decarbonising Transport Action Plan is developed.

For our work on encouraging mode shift and adapting to climate change, see the efficiently and effectively moving people and freight outcome (pages 36–40).

⁶ Waka Kotahi (2020) Toitū te taiao: Our sustainability action plan. www.nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/environmental-and-social-responsibility/toitu-te-taiao-our-sustainability-action-plan

⁷ New Zealand Government (2022) Te hau mārohi ki anamata: Towards a productive, sustainable and inclusive economy – Aotearoa New Zealand's first emissions reduction plan. environment.govt.nz/publications/aotearoa-new-zealands-first-emissions-reduction-plan

⁸ Ministry for the Environment (2022) Aotearoa New Zealand's first national adaptation plan. environment.govt.nz/publications/aotearoa-new-zealands-first-national-adaptation-plan

⁹ Ministry for the Environment (no date) Carbon Neutral Government Programme (webpage). environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/carbon-neutral-government-programme

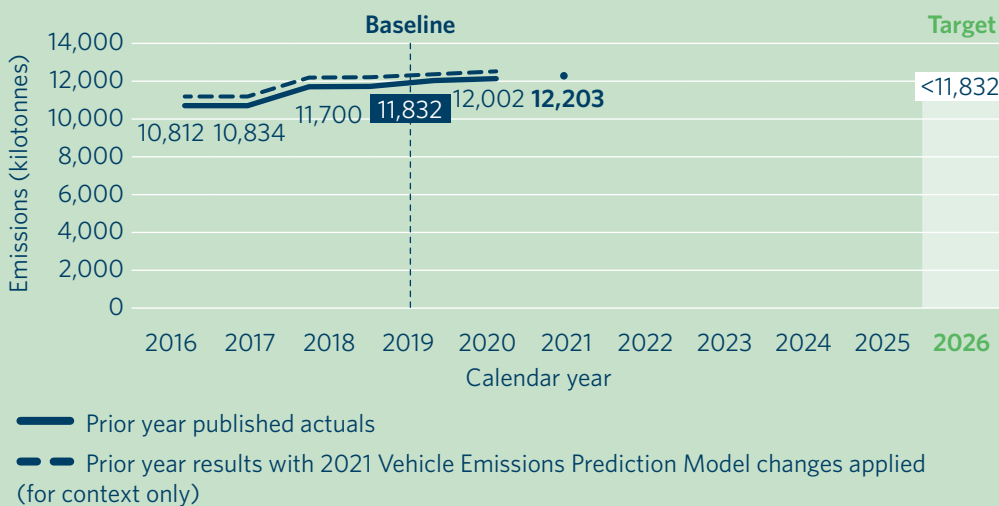
Transport greenhouse gas emissions

Transport, primarily land transport, is the second largest source of greenhouse gas emissions in Aotearoa (about 17 percent of the country’s total greenhouse gas emissions¹⁰) and the country’s fastest growing source of domestic emissions.

Greenhouse gas emissions from the land transport system have continued to increase over several decades. This increase is also reflected in light vehicle fleet emissions (see figure 6 and ENV1, page 33).

As the lead land transport system investor, planner and regulator, Waka Kotahi is committed to working with its partners to tackle the system-wide challenge of reducing greenhouse gas emissions from the land transport system. Over the next year, we will work toward this goal by implementing the government’s first Emissions Reduction Plan. We will also continue to implement Toitū te Taiao our sustainability action plan and will continue to work on reducing emissions from infrastructure development.

Figure 6 Greenhouse gas emissions from the land transport system



Adopting low emissions vehicles

Through the Clean Car Discount, we paid over \$117 million in rebates to New Zealanders who purchased low or zero carbon emissions vehicles with a three star or higher safety rating. Since the scheme began, more than 63,000 of these vehicles were registered (see the case study on page 32).

The proportion of the light vehicle fleet that is low or no carbon is small (1.1 percent) but is increasing (up from 0.6 percent last year, see page 34).

To achieve the ERP target of 30 percent low-emissions vehicles in the light vehicle fleet by 2035 requires further investment and policy changes across the transport system. We will continue working with our partners on initiatives to increase the adoption of low emissions vehicles.

¹⁰ An estimate of 2019 transport emissions from Ministry for the Environment (2022) 1990–2020
Te rāngi haurehu kati mahana a Aotearoa: New Zealand’s greenhouse gas inventory. environment.govt.nz/publications/new-zealands-greenhouse-gas-inventory-1990-2020

Working to reduce our emissions

The Carbon Neutral Government Programme aims to accelerate emissions reduction from the public sector,¹¹ with reporting on the level of emissions a requirement from 2022/23. These emissions are in two categories:

- corporate emissions, which are from corporate activities such as travel and office energy use
- non-corporate emissions (including embodied emissions), which are from the construction, maintenance, operation and end-of-life processes of physical assets.

We are well placed to meet the programme's requirements for corporate emissions guided by Toitū Te Taiao, which commits us to leading by example in terms of reducing our corporate emissions, especially those related to business travel, and adopting electric vehicles in our fleet.

We continued to reduce our corporate emissions and are in the process of receiving Toitū certification for our third year.

The scale, volume and nature of our infrastructure activities mean we have significant embodied carbon emissions. Accurately capturing data on these emissions is a considerable challenge and will take time.

We are committed to contributing to the intent of the Carbon Neutral Government Programme by understanding and reducing the embodied carbon emissions from our projects, including across asset maintenance and operation, materials consumption and waste.

We are working towards reducing embodied emissions by implementing Te Hiringa o Te Taiao, our resource efficiency and strategy, and using our sustainability rating tools for high-value projects.

Through the New Zealand Upgrade Programme we are working with our partners to consider lower carbon alternatives (for example, an industry working group is assessing the feasibility of short-span timber bridges).

We continue to improve our understanding of our carbon emissions and to progress the development of an environment and social responsibility policy.

Working together to protect the environment

To achieve a low carbon, safe and healthy land transport system, we need to work with the rest of government, iwi and our local partners.

To respond to the Toitū te Taiao challenge of reducing our environmental impact, we need a land transport network that supports and enhances indigenous biodiversity. We are establishing the foundations needed to support biodiversity, including the development of guidelines, standards, research and trials (see appendix 1).

Our updated environmental and social responsibility standard,¹² provides guidance for land transport projects on how and when to implement environmental and sustainability policy, strategy and legislative requirements. The standard helps us to drive sustainable sourcing of materials, waste minimisation and emissions reductions.

Our sustainability rating scheme assessments aim to improve our environmental and sustainable outcomes for high value projects by incorporating sustainable outcomes early in project planning.¹³ Eight high-value projects are registered and working towards the current Infrastructure Sustainability Council infrastructure sustainability (ISC-IS) rating scheme or Greenroads-based ratings.¹⁴

¹¹ Ministry for the Environment (no date) Carbon Neutral Government Programme (webpage). environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/carbon-neutral-government-programme

¹² Waka Kotahi (2022) Z/19 Taumata taiao: Environmental and sustainability standard. www.nzta.govt.nz/roads-and-rail/highways-information-portal/technical-disciplines/environment-and-social-responsibility/national-standards-guidelines-and-specifications/z19-taumata-taiao

¹³ Waka Kotahi (2022) Sustainability rating schemes (webpage). www.nzta.govt.nz/roads-and-rail/highways-information-portal/technical-disciplines/environment-and-social-responsibility/sustainability-rating-schemes

¹⁴ Waka Kotahi (2022) Greenroads (webpage). www.nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/environmental-and-social-responsibility/environmental-and-social-responsibility/greenroads

Implementing the Clean Car Programme

By encouraging New Zealanders to choose cleaner and safer vehicles, we're setting our country on a path to a low-emission, climate-resilient future.

While Aotearoa is a small emitter by global standards, its per person greenhouse gas emissions are among the highest in the world.

Light vehicles account for two-thirds of road transport emissions.

Vehicle emissions also cause air pollution that can seriously affect human health.¹⁵

Aotearoa has committed to net zero greenhouse gas emissions by 2050 and, as transport is responsible for 47 percent of domestic carbon dioxide (CO₂) emissions, this target cannot be achieved without decarbonising transport.

The cost of cleaner vehicles has been a barrier, but the rebate that is part of the Clean Car Discount is making them more affordable. In the year after the discount's introduction on 1 July 2021, over \$117 million was paid in rebates to consumers who purchased low or zero carbon emissions vehicles with a three star or higher safety rating. Furthermore, over 63,000 light-electric, plug-in and non-plug-in hybrid vehicles have been registered (a 56 percent increase on the previous year).



The next step to clean up cars being brought into the country is the Clean Car Standard. Once the standard is introduced, we can charge importers fees for importing vehicles with high CO₂ emission ratings – the higher the CO₂ rating, the greater the fee – and offer a credit that can be used to offset fees for vehicles with low CO₂ ratings.

¹⁵ Health and Air Pollution in NZ is a cross-government research project we contributed to. It estimates that transport-related air pollution contributes to 2250 premature deaths per year: G Kuschel, J Metcalfe, S Sridhar, et al (2022) Health and air pollution in New Zealand 2016 (HAPINZ 3.0): Findings and implications. environment.govt.nz/publications/health-and-air-pollution-in-new-zealand-2016-findings-and-implications

Measuring our performance

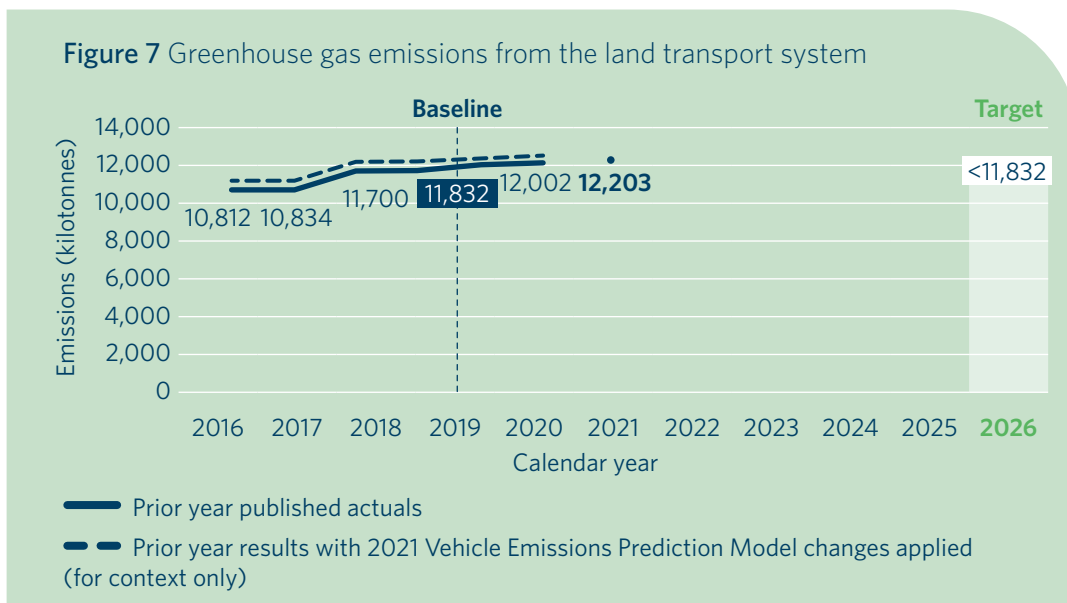
System outcome measures

Our environmentally sustainable outcome measures are the long-term changes to the transport system we will focus on to realise our vision of reducing harm to and improving the environment with a focus on reducing greenhouse gas emissions. Our emissions measures were developed before the ERP was finalised. We are working on aligning our measures and calculation methods more closely with the ERP.

Ref	Measure	Status against	2021/22 Target	2021/22 Actual	2020/21 Actual ^B	2019/20 Actual
ENV1	Greenhouse gas emissions from the land transport systems ^A	Not achieved	Decreasing trend (from 2019 baseline)	12,203 kilotonnes of CO ₂ e	12,002 kilotonnes of CO ₂	11,832 kilotonnes of CO ₂

Waka Kotahi set a target of seeing a reduction of greenhouse gas emissions below 2019 levels by 2026. Waka Kotahi is concerned that this target is not on track to be met. Transformational changes will be needed to reduce greenhouse gas emissions from the land transport system. While this will require significant shifts in government policy, Waka Kotahi (as the lead transport system investor, planner and regulator) has a critical role to play in working with its partners to implement these policies and ensure that the commitment to reducing emissions is embedded in how we plan, invest and deliver land transport activities.

Over the next year this will include implementing the ERP, implementing Toitū te Taiao our sustainability action plan transitioning toward meeting the requirements of the Carbon Neutral Government Programme and by implementing our new environmental and social responsibility standard. We will also continue to work closely with Te Manatū Waka, our sector partners, iwi and communities to respond to the advice of He Pou Rangi Climate Change Commission and the new policies developed in response to their advice.

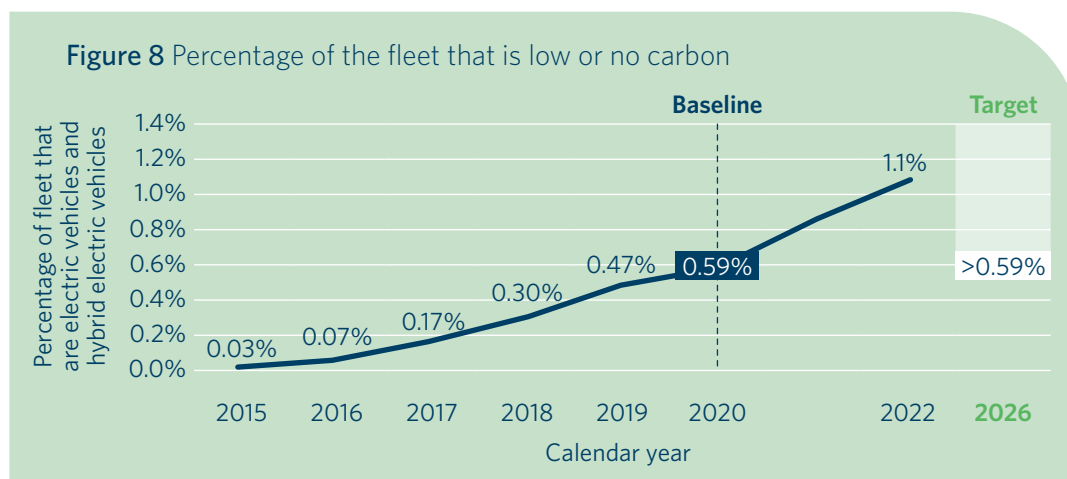


The prior year published actuals (the solid line in figure 7 above) represent the prior year actuals published in our previous annual reports. Since publication of these reports, prior year data has been back-casted to reflect annual changes to the Vehicle Emissions Prediction Model (refer below for more detail) and to change the unit of measurement from CO₂ to CO₂e (CO₂ equivalent). For context, the back-casted figures are shown in the dotted line in figure 7.

Ref	Measure	Status against	2021/22 Target	2021/22 Actual	2020/21 Actual ^B	2019/20 Actual
	<i>Improving how we measure greenhouse gas emissions from the land transport system</i>					
	The ERP and the Ministry for the Environment use the national greenhouse gas emissions inventory to measure greenhouse gas emissions. Waka Kotahi currently uses a different measurement approach (the Vehicle Emissions Prediction Model [VEPM]) but plans to adopt the ERP methodology in the future, which will require a review of the 2026 emission reduction target. We used the VEPM for this annual report, which means the numbers presented here are not directly comparable with those in the ERP.					
	The VEPM uses data about network conditions to predict emissions, including data on road and operating conditions, traffic volumes and the mix of heavy and light vehicles on the road, including their energy source. Using the model assumes that this source data is reasonably representative of actual conditions. We have however identified areas in which this data could be improved. Our work to align with the ERP measurement approach will help to resolve some of these issues.					
	We have undertaken a limited study to understand the impact of changes in traffic data on the result of the VEPM. This study indicates a 10% change in traffic volume has a 10% impact on emissions, a 10% change in speed has a variable impact on emissions in the order of +/-3% , and an increase in EV light fleet to 10% of the fleet has a 9% reduction in emissions. A study of the VEPM concluded a 2.5% statistical error margin exists in the operation of the model over and above inputs variation					
ENV2	Proportion of light vehicle fleet that are low or no carbon vehicles ^C	Achieved	Increasing trend (from 2020 baseline)	1.1%	0.59% ^C	0.47%

The proportion of the light vehicle fleet that is low or no carbon vehicles has increased over time as the Clean Car Immediate Rebate and other clean vehicle initiatives have been implemented. In 2022/23 we will work to ensure that the methodology for calculating this measure aligns with the Clean Car Programme.

Our result for 2021/22 indicates we have already surpassed our 2026 target as part of our work to align with the Clean Car Programme and Emissions Reduction Plan (figure 8).



^A Data is shown for the last full calendar year, for example 2021/22 is for the 2021 calendar year.

^B The prior year actuals presented in this table represent the prior year actuals published in our previous annual reports.

^C This baseline result is for quarter 2 of the 2020/21 financial year.

Results measures

Our external results are the changes we need to achieve over a five-year horizon if we are to realise our system outcomes. The following results have a primary contribution to Te Kāpehu environmentally sustainable outcome. We also measure our progress through financial and non-financial performance expectations for output classes (see pages 53–76).

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
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Increased protection of the environment

Investing in the land transport system in a way that is sustainable and reduces harm

IPOE1	Forecast Infrastructure Sustainability Council – Infrastructure Sustainability (ISC-IS) rating scheme points for applicable projects ^{A B}	Not achieved	To be baselined	Baseline not set	New measure	New measure
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Projects teams are building their sustainability performance and understanding. Three projects are registered under the ISC-IS scheme and their ratings are underway (Papakura ki Pukekura Stage 1A, Te Ahu a Turanga and Takitimu Northern Link). Three additional projects are also working towards an ISC-IS rating but are not yet registered. Of the three projects registered, two are on track and one (Papakura ki Pukekura Stage 1A) “as built” rating is at risk as design information is not currently available to the project team and insufficient points may be awarded to achieve a commended rating.

ISC-IS ratings are provided at the completion of a project and cannot be forecast. This measure, along with the target of ‘≥ 25 forecast points totals on average per project by June 2026’ will be adjusted to reflect this in the 2023/24 statement of performance expectations.

IPOE2	Waka Kotahi corporate carbon footprint	Achieved	Decreasing trend (from 2020/21 baseline)	1,721.06 tonnes CO ₂ e ^C	2,910.95 tonnes CO ₂ e	3,619.71 tonnes CO ₂ e
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We have made good progress in reducing corporate emissions over the last three years. However, the result for 2021/22 was affected by extensive COVID-19 lockdowns and travel restrictions, so the reduction observed over the last year will be hard to maintain over 2022/23.

We need to do more work so this measure captures multiple sources of corporate emissions. At present, it captures corporate emissions from staff travel only and excludes emissions from commuting and other supply chain emissions. Over 2022/23, we will work on incorporating these other emissions sources into our measurement approach.

^A The Infrastructure Sustainability Council of Australia rebranded as the ISC in late 2021. The unit of measure was incorrectly stated as ‘credits’ instead of ‘points’ in the statement of performance expectations 2021/22. This was a mistake in the terminology we used.

^B The baseline of ‘25 forecast credit totals per project’ was set as a minimum point total of 25 (commended rating) at project completion is required for ISC certification. For more information on the ISC rating scheme, see xx.

^C This result is provisional and unverified. The Toitū Envirocare certification process will verify the results and any changes will be reported in the 2023/24 statement of performance expectations and the 2022/23 annual report.

Efficiently and effectively moving people and freight

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

Overview

As stewards of the land transport network, we are responsible for ensuring our roads fulfil their important function of moving people and goods, now and in the future.

Changing weather patterns and more extreme weather and rainfall intensity, combined with sea-level rise, are expected to affect the land transport network more often than in the past. We are starting to see this impact now, with more weather-related events than in the past (up 84 percent for state highways, see page 42).

We are working alongside our partners to develop a more resilient land transport network that is adaptable to climate change, helping to achieve the government's long-term resilience and security outcomes.

Encouraging mode shift

By encouraging people to travel using public transport and active modes ('mode shift') and making it easier for them to do so, we can reduce light vehicle movements in towns and cities. This will reduce transport emissions, air and noise pollution, and traffic congestion.

One in five trips taken in urban areas uses public transport or active modes (see page 43). Our national mode-shift plan Keeping Cities Moving describes how we'll work with our partners to improve wellbeing in cities to achieve mode shift. We will also work with councils to build on their existing mode-shift plans to better support the ERP National Vehicle Kilometres Travelled Reduction Plan.

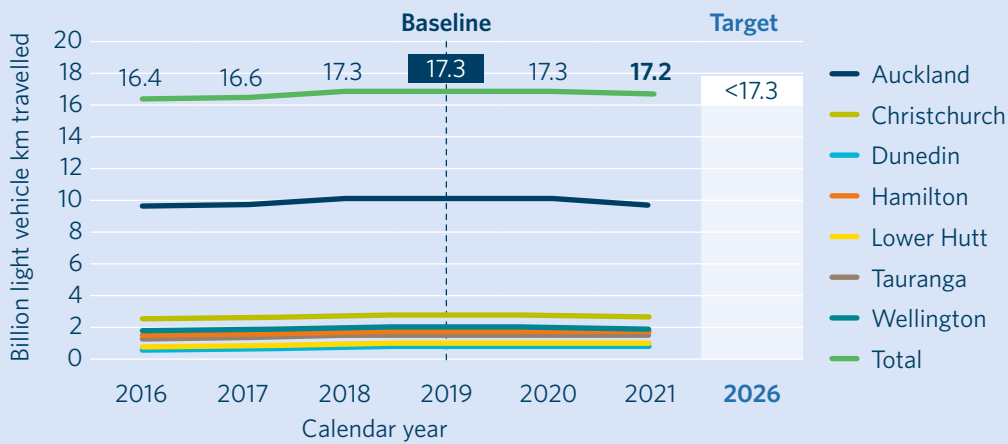
To support future infrastructure delivery for mode shift, we supported the policy development of the Reshaping Streets regulatory changes and a national walking and cycling plan that will be published in August 2022.

The funding provided through our Innovating Streets for People programme is helping make our streets safer for people to bike, scoot or walk to work.

The user experience for active modes is higher than for public transport (64 percent compared with 59 percent satisfied) (page 41). To encourage a more environmentally sustainable and user-friendly public transport fleet, we established a sector steering group, started fleet transition planning with our partners towards a low carbon public transport bus fleet, and have chosen a preferred supplier for the national ticketing solution.

The kilometres travelled by light vehicles in urban areas reduced to below our 2026 target (see figure 9).

Figure 9 Light vehicle urban kilometres travelled



Improving freight connections

Freight is an important part of economic activity, and as the economy and population continue to grow, so too does the demand for goods. The challenge is to make sure freight delivery is efficient and safe and supports our goal to reduce greenhouse gas emissions.

Most freight (88 percent) is moved by road and, due to the impacts of COVID-19, travel times have been less predictable (see pages 42 and 43). By improving the efficiency of freight movement and using lower emission options such as rail and coastal shipping, we can reduce greenhouse gas emissions from freight movement.

With KiwiRail, Te Manatū Waka, The Treasury and local partners, we implemented a new rail planning and funding model through the Rail Network Investment Programme. This three-year programme aims to restore the national rail network to a resilient and reliable state. We supported KiwiRail for the first year of the programme, providing \$xx through the NLTF.

We contracted four suppliers for co-investment (through the NLTF) in new and enhanced coastal shipping.

Investing in infrastructure to improve transport outcomes

Infrastructure improvements to the transport network are made in partnership with other government agencies, iwi and local authorities. Over 2021/22 we continued to invest in infrastructure improvements for public transport, walking and cycling, state highways and local roads, and continued working with our partners on integrated transport and spatial planning.

We worked with our partners to continue delivering the Auckland Transport Alignment Project, the New Zealand Upgrade Programme (which now includes a stronger focus on decarbonisation and reduction of construction emissions), Let's Get Wellington Moving, the Crown Infrastructure Partner projects, the Supporting Regions projects and public-private partnerships.

The 2021-24 NLTP provided the next stage of funding to support the 2021-31 Auckland Transport Alignment Project in alignment with the Auckland Regional Land Transport Plan. The project will work towards an Auckland transport system that encourages more people to use public transport and active modes, addresses congestion, increases accessibility, reduces negative impacts on the environment and sees a reduction in deaths and serious injuries.

¹⁷ KiwiRail (2021) Rail Network Investment Programme. www.kiwirail.co.nz/what-we-do/projects/rail-network-investment-programme

The New Zealand Upgrade Programme supports growing communities across the country with better travel choices that help people get where they're going safely. Seven of the programme's 18 projects have progressed as planned. Progress was delayed for the remaining projects due to a variety of impacts including requirements for more detailed options, remedial work, COVID-19 and consenting requirements.

Let's Get Wellington Moving supports effective urban development: moving more people with fewer vehicles. The City Streets indicative business case was completed, and the single stage business cases progressed. The remaining six projects progressed with further business cases now expected to be completed in 2022/23. A transformation programme is also underway, with the preferred option announced by the government in late 2022.

The seven projects in the Supporting Regions Programme will address challenges in regional networks, including safety risks, resilience and congestion problems, accessibility, and travel time reliability. Four projects were completed at Kawakawa, Tahaenui, Ngongotahā and MacKenzie Basin.

Practical completion was delayed for some state highway projects, but progress continued, including the opening of:

- Te Aranui o Te Rangihaeata Transmission Gully Motorway (March 2022)¹⁸
- the Northern Busway extension (May 2022)
- the Hamilton section of the Waikato Expressway (July 2022).

Construction continued for the four state highway projects managed through Crown Infrastructure Partners, with the SH10 Papakawau culverts improvements completed.

We are taking an integrated transport and spatial planning approach to how we invest in infrastructure development in other areas of the country, including Tauranga, Queenstown, and Christchurch. We are also implementing multiple safety improvements through the Road to Zero Speed and Infrastructure Programme (see page 22 for more detail).

The direct and indirect impacts of COVID-19 continue to be seen across our infrastructure projects. Several significant capital projects were delayed due to the impact of restrictions to site access, material availability, supply chain disruptions, site personnel and supplier availability, cost escalation and increased time required to obtain consents and approvals. The impact of COVID-19 on capital projects, including milestones, is in appendix 4, pages 192-198.

Resilience and adaptation of the land transport network

The resilience of the land transport network not only requires preventative work to reduce the impacts of natural hazard events, but it also requires recovery from sudden disruptions and a return to normal of the network in as short a time as possible.

The ability for the state highway network to reopen after unplanned events has improved. However, reopening after non-weather-related events, including crashes, is taking longer (see page 42). The scale of our response to weather-related events varies, from quick, straightforward repairs to longer, more complex repairs such as those to Mangamuka Gorge (see page 40).

We are developing and rolling out our centralised risk tool to better document and prioritise resilience risks across the network, establishing a centralised risk tool called Resilience Hub.

We contributed to the development of the National Adaptation Plan led by the Ministry for the Environment.¹⁹ Tiro Rangi, our climate adaptation plan, is an action in the national plan and will be released by the end of 2022. It will outline how we will respond to the changing climate and increasing climate risk through the design, delivery, operation and use of the land transport network.

Working together for integrated planning

We partner with others to develop a shared view of the future transport system and plan places, networks and corridors.

We are implementing our Freight Action Plan and updating it to reflect freight industry feedback and the ERP and refreshing the freight industry forums.

We released Baseline Network Version, the first step in developing our 30-year plan for meeting the transport needs of 2050 and have started developing our first full system plan to provide a shared view of the future land transport system.

We worked with Te Manatū Waka on the reform of the Resource Management Act 1991, which will require regional spatial strategies to support better land use and transport network integration.

Partnerships have been established for integrated transport and spatial planning for four high-growth areas (Wellington – Horowhenua, Queenstown Lakes, greater Hamilton and greater Christchurch), with spatial plans in place for all areas except Christchurch. We supported the work programmes to implement spatial plans for Tauranga–Western Bay of Plenty and the Hamilton–Auckland corridor.

Development of the rapid transport framework in partnership with Te Manatū Waka has been delayed, and the Auckland Rapid Transport Plan was progressed but will not be completed until after local government elections.

The planning process for individual rapid transport projects has continued with our partners, with several projects working on business cases, including projects from Auckland, Wellington and Christchurch.

¹⁸ Final completion works and consenting are required of the builder.

¹⁹ Ministry for the Environment (2022) Aotearoa New Zealand's first national adaptation plan. environment.govt.nz/publications/aotearoa-new-zealands-first-national-adaptation-plan

Mangamuka Gorge slip repairs

A severe storm in July 2020 caused slips in Mangamuka Gorge, closing SH1. The slips cut off the most direct route to the Far North for people and freight, and the detour added up to 30 minutes to journeys.

Safely reopening the road was not easy – there were eight slips, the largest of which threatened to cause the road to fall away entirely. Complicated engineering work was required, including almost 100 concrete and steel piles and a 135m-long 4m-high retaining wall.

In August 2022, heavy rain caused several new slips under the road on SH1 through Mangamuka Gorge. The highly unstable conditions led to the road between Victoria Valley Road and Makene Road being closed indefinitely, with a detour in place via SH10. While progress has been made in clearing the three slips over the road, there are significant issues to be resolved before light vehicle access to the road can be restored.

Geotechnical assessments are underway to help us identify the next steps require to safely restore access. We are also working to improve the resilience of SH10 as a detour route.

Severe weather events, like the ones leading to the closures of SH1 in this region, are predicted to become more frequent as the impacts of climate change worsen. It is critical that we and our partners are funded appropriately to both undertake preventative work that will strengthen the resilience of the network to natural hazards, and to respond effectively to severe weather and other emergency events.

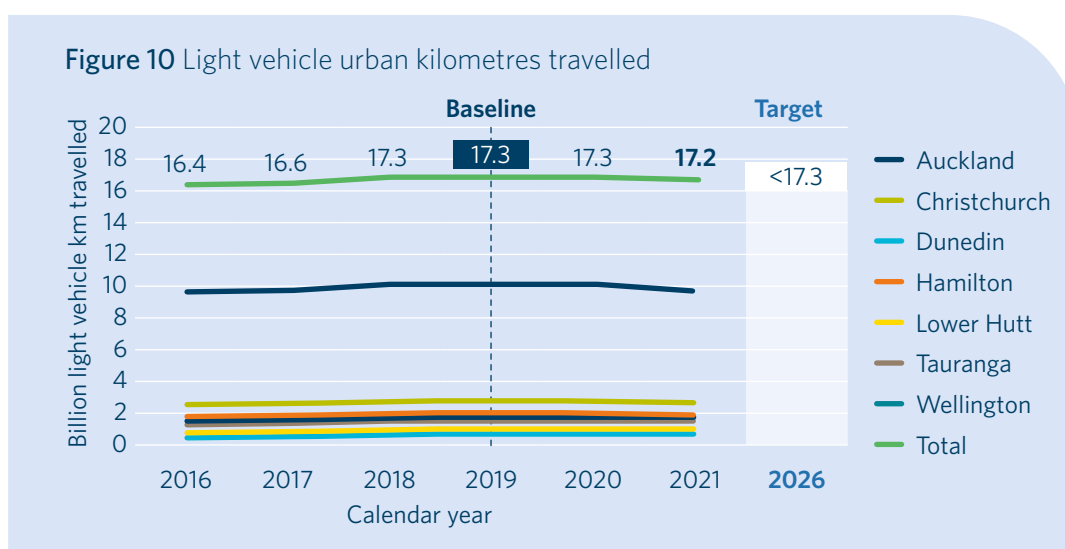


Measuring our performance

System outcome measures

Our efficiently and effectively moving people and freight outcome measures are the long-term changes to the transport system we will focus on to realise our vision of ensuring networks are available and reliable with a focus on increasing the uptake of efficient, cost-effective, low carbon transport options.

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
MOVE1	Light vehicle kilometres travelled in main urban areas ^{AB}	Achieved	Decreasing trend ^C (from 2019 baseline)	17.2 billion km	17.3 billion km	17.3 billion km



There was a small decrease in total light vehicle kilometres travelled (VKT) in main urban areas. It is likely that this reduction was influenced by the impacts of COVID-19 lockdowns on traffic volumes, particularly during the extended lockdown in Auckland in late 2021. This means that this reduction may not be sustained over 2022/23.

Over the next two years we will need to work with the Ministry of Transport to ensure that Waka Kotahi targets for reduction in light VKT align with the government's light VKT reduction programmes for urban areas. These programmes will be developed over 2023 and 2024 as part of the government's Emissions Reduction Plan.

MOVE2	User experience of the transport network by mode ^C	Achieved (baseline set)	Improving trend (from December 2020 baseline)			
	Public transport			59%	57% ^D	55%
	Active modes			62%	60%	61%

The overall user experience for public transport and active modes has slightly improved from baseline (54 percent for public transport and 62 percent for active modes). This level of change is within the margin of error for this survey (± 3 percent).

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
MOVE3	Freight mode share of road and rail	Achieved	Baseline for 2021/22	Baseline set:	New measure	New measure
	Road			87%		
	Rail			13%		

The majority (87 percent) of freight was moved by road during 2021/22.

^A Data is shown for the last full calendar year; that is, the column labelled 2021/22 is actually for the 2021 calendar year. Main urban areas are Auckland, Christchurch, Dunedin, Hamilton, Lower Hutt, Tauranga and Wellington.

^B The 2026 target will be revised in 2022/23 to align with ERP sector targets.

^C Overall experience (based on our customer journey monitor survey), with recent journeys by main transport mode scored from 1 (lowest) to 10 (highest). The percentages shown are for ratings of 8 to 10. Active modes include walking and cycling.

^D This varies from the baseline in the statement of performance expectations for 2021/22, which is for 31 December 2021 (54 percent public transport, 62 percent active modes).

Results measures

Our external results are the changes we need to achieve over a five-year horizon if we are to realise our system outcomes. The following results have a primary contribution to Te Kāpehu efficiently and effectively moving people and freight system outcome. We also measure our progress through financial and non-financial performance expectations for output classes (see page 53-76).

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
Improved resilience to disruptive events						
Improving the ability of the land transport system to withstand, absorb, adapt, respond and recover from unplanned disruptive events						
RES1	Proportion of unplanned road closures resolved within standard timeframes	Not achieved	Maintaining or improving trend (from 2019/20 baseline)			
	Weather event			58%	57%	50%
	Other events			85%	86%	90%

The number of weather-related events significantly increased from last year (up 84 percent to 272). Despite this, the proportion of unplanned road closures resolved within the standard timelines for weather events is improving.

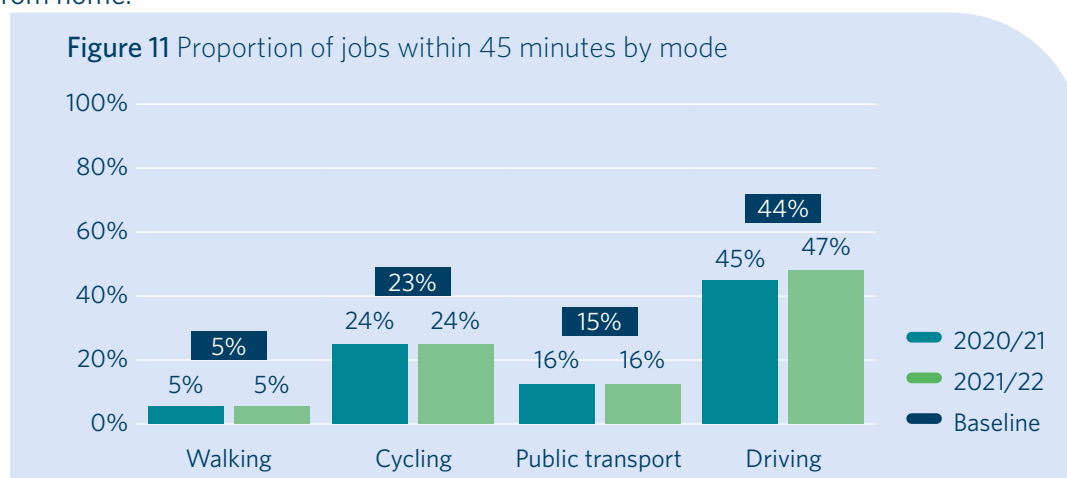
The proportion of unplanned road closures resolved within the standard timeframes for events other than weather events is declining. Crashes made up 82 percent of these other events. Numerous factors in attending and managing crashes may cause standard timeframes to be exceeded, including weather conditions, the injury status of people involved, emergency services requirements, police accident investigations, and the vehicles involved.

To improve this performance, we updated our memorandum of understanding on incident management with the New Zealand Police, Fire and Emergency New Zealand, St John Ambulance and Wellington Free Ambulance. The memorandum sets out clear expectations for incident management and is guided by the philosophy that roads in Aotearoa will not be closed or restricted for any longer than is necessary.

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
More reliable freight network						
Improving network predictability						
MRFN1	Interpeak predictability of travel times on priority freight routes	Not achieved	Maintaining or improving trend (from 2019/20 baseline)	81%	88%	93%
<p>The predictability of travel times is based on a comparison with the same times and locations as in the prior year. In 2020/21, COVID-19 lockdowns meant the road network experienced a decline in demand, which made journeys freer flowing (particularly on key state highways near urban centres). With the return to more normal journey times this year, we expect higher travel time predictability in 2022/23.</p>						
Increased share of travel by public transport, walking and cycling						
More people are choosing active and/or shared modes as their preferred method of travel						
SHARE1	Mode share of public transport and active modes in urban areas ^A	Achieved	Increasing (from 2019/20 baseline)	20%	19%	19%
<p>The overall mode share of public transport and active mode trips in urban areas slightly improved from the baseline of 19 percent in 2019/20. This level of change is within the margin of error for this result (± 2 percent).</p>						
Improved connections to key destinations						
ACCESS1	Access to social and economic opportunities by mode	Not achieved	Increasing for public transport and active modes (from 2019/20 baseline; refer figure 11)	Maintaining	Increasing	Baseline

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
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The proportion of people with access to jobs through public transport, walking and cycling remained stable (see figure 11). The increase in access by driving is a result of faster peak morning journey times during COVID-19 lockdowns and more people in Auckland and Wellington working from home.



The proportion of people with access to social opportunities within 15 minutes by public transport, walking and cycling remained stable (see table 1).

Table 1 Proportion of population with access to social opportunities within 15 minutes by mode ^B

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%	63% ▲1%	95% —
Supermarkets	39% ▼1%	82% —	51% —	95% —

ACCESS2	Proportion of recently built residential dwellings in major urban areas with access to frequent public transport services ^{C D}	Not achieved	Increasing trend (from 2019/20 baseline)	19.5%	20.0% ^D	New measure
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Access to frequent public transport services for new residential dwellings has remained stable. This is influenced by factors including:

- greenfield development (which expands the built environment) outpacing redevelopment or intensification of existing urbanised land
- suburban sprawl, which is harder to service with public transport
- development in established suburban areas where public transport is not frequent
- reduced operating timetables due to driver shortages.

To improve access to public transport services, we are working with Urban Growth Agenda partnerships to influence development patterns.

^A Data is for the past three years, for example, the column labelled 2021/22 means the period 1 July 2018 to 30 June 2021.

^B The change shown is compared with the baseline period of 2019/20.

^C This is based on morning peak frequent public transport services and building consents issued in major urban areas.

^D This result is based on the percentage of units consented, the results published in the statement of performance expectations for 2021/22 was based on the percentage of consents, so is not comparable.

Meeting current and future needs

Meeting current and future needs is about ensuring we have access to the people, funding and systems we need.

Overview

Our role and the expectations of what we'll deliver continue to expand. We focus on how we can improve our capability for effective and efficient delivery and collaboration with our partners.

This year has seen improvements to our staff engagement levels, service quality, and partnerships and engagement with our stakeholders.

Our main challenge is being able to prioritise and sustainably fund what we need to deliver now and in the future. We've progressed several initiatives, but need to prepare for further and significant changes in our information, technological, economic, social and physical environments.

Funding sustainability

The pressure on the NLTF to meet an expanding range of activities and demand is a challenge requiring urgent and concerted attention.

In the short term, COVID-19 and related economic factors continue to have a financial impact, with reduced NLTF revenue, additional funding requirements to support public transport services, and inflationary cost pressures. Temporary reductions in fuel excise duty and road user charges announced in March 2022 further affected land transport revenue.

As a result of these factors, many activities have been deferred to future years. This backlog worsens the essential underlying problem, which is a revenue system based on fuel excise duty and road user charges. We do not expect the current system to sustainably meet the requirements for funding the maintenance, operation and development of the land transport system, including the added requirements of responding to the first ERP.

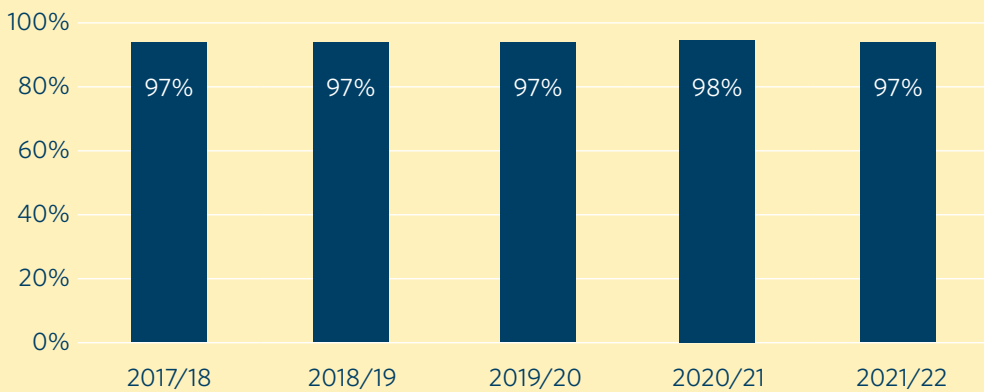
Separately, the funding review of our regulatory services progressed slowly. For this activity to have a sustainable funding outlook, we need final decisions on a revised regulatory funding model in the coming year.

Monitoring the condition of the state highway network

The state highway network is one of the country's most important assets, playing an important role in delivering public transport solutions and connecting people and goods across the country.

We've set a baseline for our system outcome measure that monitors the condition of the state highway network. This helps us understand whether the condition of state highways supports the safety and resilience of the land transport system and to see if it is improving.

Figure 12 Proportion of the state highway network that meets minimum asset condition requirements



Partnership and engagement with Māori

We are developing stronger relationships with Māori as the Crown's partner under Te Tiriti o Waitangi. This is driven by Te Ara Kotahi, our Māori strategy, which provides a guiding framework for us to work with and respond to Māori. We've commissioned research to help us better understand the needs of Māori, determine how well we are currently meeting those needs, and identify where improvements can be made to strengthen our relationships with Māori. We will use this information to develop a new measure of how well we partner and engage with Māori and to set a baseline to measure changes against.

We share the vision of revitalising te reo Māori by enabling it to be seen, spoken and heard wherever possible. A legislative amendment in April 2022 requires new kura/school signs to be bilingual. We partnered with Te Mātāwai, the Crown partner for Māori language revitalisation, on He Tohu Huarahi Māori Bilingual traffic signs programme, with the first bilingual traffic signs unveiled in May 2022. With more than 2500 schools in Aotearoa, this represents a significant opportunity to increase New Zealanders' exposure to te reo Māori. Te Mātāwai, Waka Kotahi and local government are now working together on the next set of signs to progress to public consultation.

We continue to lead, drive and uphold our commitment to Te Tiriti o Waitangi and partnering with Māori through Te Ara Kotahi initiatives. We've established the Improving Māori Road Safety project and refreshed Te Ara Poutama, our staff cultural capability framework, to better align with public sector frameworks such as Whāinga Amorangi: Transforming Leadership. We strengthened our regional Māori engagement approach by establishing regional relationship teams and have developed a Māori engagement baseline measure. Te Ara Kotahi is now over three years old and a health check is under way that will result in a refreshed strategy being delivered in 2023.

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 to make it easier for those who want to get it right.

We commissioned an independent assessment of our regulatory function and progress since the 2019 regulatory review. This assessment generated important insights about our regulatory function and has informed the refresh of our regulatory strategy Tū Ake, Tū Māia and the strengthening of our regulatory performance measures.

Since we launched Tū Ake, Tū Māia in April 2020, our internal and external operating environments changed, which needed to be reflected in the strategy. In response, we've refreshed the strategy, consulting with internal and external groups who perform regulatory functions about what's important as we take a longer-term view of the land transport system and our future regulatory role within it. We've also developed a new framework to objectively measure our regulatory performance.

We are establishing a regulatory operating model to support the new Director of Land Transport requirements. The director is responsible for carrying out regulatory functions and powers on an operational level. The regulatory operating model ensures we have the appropriate structure, support and expertise to deliver effective regulatory outcomes.

We continued our review of fees and charges to ensure a sustainable funding model supports the delivery of regulatory activities, capability and performance. We completed public consultation on the review of regulatory funding and fees, which industry and the public broadly supported. This has allowed us to start designing the technical and organisational changes needed to make final recommendations to Cabinet for a revised regulatory funding and fees regime in 2023.

We have more staff investigating and recovering unpaid road user charges, which allowed us to significantly increase the number of investigations this year. We enhanced our digital road user charges collection methods and strengthened our process when taking legal action against non-compliant operators. We increased our legal enforcement options so we can now take security interests in vehicles for operators making only limited repayments on large debt or operators taking longer than 12 months to repay debt. Through these changes, we've increased road user charges debt recovery by \$18 million compared with last year. We will continue to strengthen our collection methods and processes to manage unpaid road user charges.

National Ticketing Solution

Ease of payment for public transport is an area where customer preferences and expectations in Aotearoa are changing rapidly. Our national public transport ticketing project is implementing a nationally coordinated approach to regional payment solutions for public transport services. This will, among other things, give customers a better payment experience across public transport networks.

The project is in the final stages of the procurement process to select a preferred supplier to provide the national ticketing solution. This process has been affected by the complex nature and the scale of the contract, number of stakeholders plus COVID-related challenges. Despite these challenges, the project continues to make progress ensuring all requirements are being satisfied to deliver a national public ticketing platform.

Launch of the Hoe ki Angitū innovation fund

We launched the innovation fund Hoe ki Angitū to support and accelerate innovative transport solutions that will help tackle some of the transport challenges we're facing. These challenges include reducing emissions, improving road safety, encouraging mode shift and developing more sustainable materials for use in land transport construction, maintenance and operations. Over the next two years, \$15 million has been allocated to support private sector innovators at various stages of the innovation cycle. For more information on Hoe ki Angitū, see the case study on page 49.

Digital Strategy

Digital solutions play an increasingly important role in delivering system and customer outcomes now and into the future. Accelerating digital is one of our strategic priorities and reflects the significant opportunity to improve our digital capabilities.

There was good momentum in the development of the Digital Strategy. The immediate focus is to build and strengthen the foundations needed for our digital future. The strategy will set out the direction we will take to create new opportunities with data and information, as well as the tactics we need to use to achieve these changes.

We also made good progress in understanding and addressing our critical digital risks. We completed our Website Firewall Protection Programme, delivered the Unisys Data Centre exit, moved our driver licence and motor vehicle registers to the cloud so they remain robust and available, and upgraded our Advanced Traffic Management System in our Wellington and Auckland Traffic Operations Centres to improve their security and stability.

Organisational risks

We reviewed and reset our strategic risks following the COVID-19 pandemic and to reflect the expanded range of responsibilities and services expected of us. Strategic risks are reviewed quarterly and cover health, safety and wellbeing, workload prioritisation and climate change response. Our climate change risks are outlined in the climate-related disclosures in appendix 2 (pages 181-186).

We continue to have critical risks across the areas of technology, cybersecurity and information security. We've taken steps to increase our capacity and readiness to respond to potential cyber-attacks and to address our critical digital risks.

Our critical functions and business groups have been preparing for and monitoring the impact of the pandemic on our work. We have measures in place to help manage risks to delivery and other essential services caused by supply chain disruptions and pressures. We engaged with the supply chain through industry liaison meetings, implemented phased procurement approaches and improved planning to match market capacity. We also adjusted our cost estimation processes so they are reviewed and updated more regularly to respond to changes in the global supply situation.

Most of our independent, risk-based internal and investment assurance programme was delivered in 2021/22. Several strategic audits were deferred due to changes in our context, business priorities or risks. COVID-19 impacts such as regional lockdowns and self-isolation requirements meant that for some of the year, our team could not travel to carry out audits and approved organisations were not available to be audited. Employee turnover in the Risk and Assurance team also affected delivery. We completed all 18 planned procedural audits and completed 17 of the 20 planned technical investment assurance audits. The remaining three technical audits have been moved to next year's programme.

Funding innovation

Solving our transport challenges in partnership with innovators

Aotearoa is facing critical transport problems, including the pressing need to reduce transport emissions and make the transport system safer, more sustainable and more effective.

In May 2022, we launched Hoe ki Angitū, our

innovation fund, to support the private sector to develop and accelerate innovative solutions that will help to solve some of the biggest transport challenges. Together we can work with our partners solve these problems better, and faster, than we can on our own.

We issue challenges on specific transport issues and invite applications for funding from the private sector – companies, community organisations, iwi and individuals – anyone with innovative ideas that have the potential to deliver a real impact.

Our first round of funding received 118 applications responding to challenges about recycling and sustainable practices, improving access to public transport and providing better access to transport for under-served communities.

We want to not only uncover innovative solutions, but also accelerate them. As well as financial support, we offer successful applicants non-financial support, including data, expertise in transport and government regulations, and help with real-world testing of potential solutions.

Hoe ki Angitū means 'paddle to opportunity' – we want to give innovators an opportunity to pick up their paddle, bring their ideas and work alongside us to shape the future of the Aotearoa land transport system.

Measuring our performance

System outcome measures

Our meeting current and future needs outcome measures are the long-term changes we will focus on to realise our vision of people, funding and systems we need.

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
MEET1	Funding sustainability – measure to be provided	Unable to report	Not available	Not available	New measure	New measure
Development of this measure was deferred, pending the conclusion of the revenue sustainability review (which Te Manatū Waka and The Treasury are leading) in the first half of 2022/23.						
MEET2	Proportion of the state highway network that meets minimum asset condition requirements	Achieved (baseline set)	Baseline to be set	Baseline set: 97%	New measure	New measure

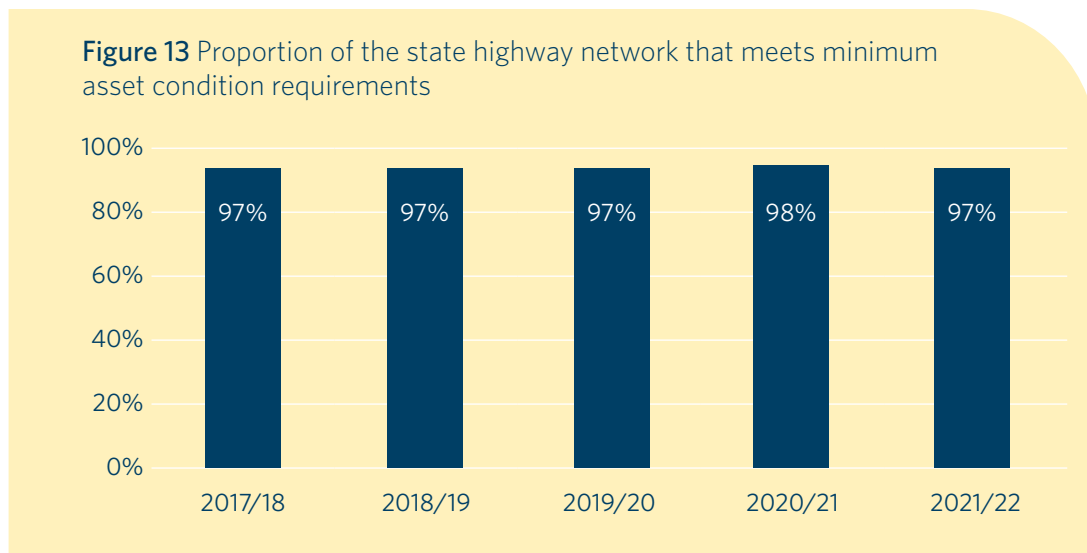
We collect state highway asset condition data every year to help us understand how effective our maintenance programme is and where immediate action needs to be taken.

This result combines three previously separate indicators:

- skid resistance – the efficiency in meeting surface texture standards
- rutting – the depth of rut in the pavement surface underneath vehicle wheel paths
- roughness – smooth travel standards.

These indicators are important in the safe operation of the road network and help us identify sections that are below safety standards, are deteriorating or will require expensive treatment if not maintained at the right time. For further trend information on this result, see appendix 3.

This measure is an aggregate measure of data capturing different aspects of asset condition. Although we’ve collected and reported data on individual aspects of asset condition in the past, this is the first year we have combined the data to report on this aggregate measure. For context, prior year aggregate data has been calculated and presented in figure 13. For further information about asset performance, see appendix 3.



Results measures

Our internal results are the changes to our delivery capability and collaboration that we need to see to achieve our external results. The following results have a primary contribution to Te Kāpehu meeting current and future needs system outcome but influence all four system outcomes. We also measure our progress through financial and non-financial performance expectations for output classes (see pages 53-76).

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
Effective delivery						
DEL1	Staff survey engagement score – based on an overall survey score, where 'strongly agree' (100%) is the highest	Unable to report	≥ 65% by March 2026	Not available	New measure	New measure
<p>In October 2021, we implemented Tapatahi, a new staff engagement survey to replace our previous survey, which we used to set the performance target for this measure. Tapatahi takes a continuous listening approach with shorter and more frequent surveys that will help us better measure, understand and improve staff engagement at Waka Kotahi. Tapatahi delivers results in real time and recommends targeted actions to drive up engagement. Our overall engagement score for 2021/22, an average of all ratings received between October 2021 and July 2022, is 7.4 out of 10. This result is at the government (worldwide) benchmark for all surveys of this type. For 2022/23, this measure will be based on the Tapatahi results.</p>						
DEL2	Waka Kotahi investor confidence rating ^A	Unable to report	Increasing trend (from 2018 rating)	Not available	No result	No result
<p>While we are on track for key improvements, we are waiting on the reset investor confidence rating approach and timings for the next review from The Treasury, which is likely to be in late 2023.</p>						
DEL3	Ease of transacting with Waka Kotahi	Achieved	Maintaining or improving trend (from 2019/20 actual)	64%	64%	63%

Ref	Measure	Status	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
DEL4	Assessment of our regulatory function and progress since the regulatory review by June 2022	Achieved ^B	No target set ^C	Achieved	New measure	New measure

MartinJenkins completed an assessment in December 2021. It found significant progress in several areas since the initial regulatory review, particularly in clarifying direction, roles and responsibilities, key shifts required to be made, and the pathway forward. More progress is required in ensuring our regulatory framework and culture support outcomes, systems and a risk-based orientation; completing the regulatory performance measurement framework; improving information management, analysis and insights; creating stronger links between our Intelligence, Research and Analysis teams; working more collaboratively with stakeholder groups; and ensuring funding is adequate to support our regulatory role.^D

Work is underway to refresh our regulatory strategy, Tū Ake, Tū Māia, and to embed the Director of Land Transport role, which will provide further clarity on regulatory accountabilities and responsibilities. Our intelligence capability has been established to provide insights into the performance of the land transport regulatory system and levels of compliance. A regulatory performance framework has been developed to support greater understanding of the regulatory environment. Furthermore, risk and assurance maturity continues to be built through the imbedding of the regulatory risk and assurance framework endorsed in February 2021.

Effective collaboration

COL1	Average performance score of key strategic relationship drivers of Māori partnerships	Achieved (baseline set)	To be baselined	Baseline set: 45%	New measure	New measure
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Research was conducted to better understand the needs of Māori, determine how well we are currently meeting those needs, and identify improvements to strengthen our relationships with Māori. This work included establishing a quantitative baseline score of the relationship between Māori and Waka Kotahi. The baseline takes the average performance score (the percentage who agree) across seven relationship drivers.^E

COL2	Partnerships and engagement with stakeholders (co-investment partners) stakeholder satisfaction ^F	Achieved	Improving trend (from 2020/21 actual)	56%	54%	54%
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^A The rating scale is from A to E, with an A signalling high performance. The last rating was in 2018 (C rating).

^B Although there was no explicit target set for DEL4 in the 2021/22 statement of performance expectations (SPE), the measure description indicates that the target for this measure was to complete the assessment. While we have completed the assessment and good progress has been made, more work is needed to continue to strengthen our regulatory function.

^C Over 2021/22 Waka Kotahi worked toward the target of completing the assessment of our regulatory function and progress, as indicated by the measure description. However, we did not retrospectively add this target to this annual report as we did not include a target in the 2021/22 SPE.

^D The full assessment report is available on our website: *MartinJenkins (2021) Road safety investment and delivery: Final report*. nzta.govt.nz/about-us/news-and-media/reports-and-reviews/progress-assessment-against-waka-kotahi-regulatory-functions/

^E The seven key relationship drivers that make up this measure are that Waka Kotahi sees Māori as an equal partner; is culturally aware and competent; looks to understand and meet your needs as Māori; provides sufficient time, funding and resources to foster the relationship; is delivering effective outcomes for Māori; takes Māori expertise into account when making decisions in your area; and can be relied on to deliver what it says it will.

^F Data is shown for the last full calendar year, for example, the column heading 2021/22 means the 2021 calendar year. Results shown are the percentages of stakeholders who said they were satisfied with the current relationship of their organisation with Waka Kotahi.

Output class performance

































Overview

Waka Kotahi is funded to deliver and invest in a variety 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 GPS 2021 and effectively perform our regulatory function.

In 2021/22, we had 16 output classes. Under each system outcome we listed the output classes we'll deliver and invest in to complete our significant activities.





Table 2 summarises the contribution of each output class to our four Te Kāpehu system outcomes.

Table 2 Contribution of each output class to our system outcomes

Output class	Safe	Environmentally sustainable	Effectively and efficiently moving people and freight	Meeting current and future needs
State highway improvements				
Local road improvements				
Walking and cycling improvements				
State highway maintenance				
Local road maintenance				
Public transport services				
Public transport infrastructure				
Road to Zero				
Rail network				
Coastal shipping				
Investment management				
Driver licensing and testing				
Vehicle safety and certification				
Regulation of commercial transport operators				
Regulation of the rail transport system				
Revenue collection and administration				

Output class results

Our output class measures tell us whether we are effective in undertaking the activities the government expects us to deliver and invest in. The relationships between these measures and Te Kāpueu outcomes aren't linear - the results influence each other and will work together to help us achieve our system outcomes. We've used the following key to indicate the outcomes each result contributes to:

-  Safe
-  Environmentally sustainable
-  Effectively and efficiently moving people and freight
-  Meeting current and future needs

For measure definitions and data sources, see the explanatory notes on our website.²⁰

For full details on output class funding and expenditure, see page 133 onwards.

From 2022/23, Waka Kotahi will need to comply with the new PBE FRS 48 standard for non-financial reporting. This will require assessing all our current measures against the standard, reporting on updated measures as part of our quarterly reporting to help us prepare for year-end and developing guidance to help ensure all new measures meet this standard. This will be undertaken through implementation of our continuous improvement measures roadmap.

State highway improvements

Delivered by Waka Kotahi and funded from the National Land Transport Fund and the Crown

What we do

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.

Difference this output class makes

State highway improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, better travel options and improved freight connections. We also aim to improve levels of service and value for money for more sustainable transport outcomes.

Investing in state highway improvements plays a critical role in reducing safety and resilience-related risks across the land transport system.

²⁰ nzta.govt.nz/resources/annual-report-nzta

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
SH11	Proportion of state highway improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ^{A B}	Not achieved	≥ 90%	86%	New measure	New measure
<p>Target was not met mainly due to delays in some of our significant capital projects such as requirements for more detailed options, remedial work, and direct and indirect impacts of COVID-19. COVID-19 impacts (that continue to affect most of our infrastructure projects) include restrictions to site access, material availability, supply chain disruptions, site personnel and supplier availability, cost escalation, and increased time taken to obtain consents and approvals.</p>						
SH12	Proportion of state highway improvement activities funded by the Crown delivered to agreed standards and timeframes	Not achieved	≥ 90%	58%	New measure	New measure
<p>Target was not met primarily due to the re-baseline of the NZ Upgrade Programme, which resulted in the re-setting of the programme and the need to rescope some significant projects. This meant benchmarks shifted since initial targets were set at the beginning of the year. On some projects there were also delays related to COVID-19 impacts, property acquisition, weather events and contractor performance issues.</p>						

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

^B For SH11 and SH12, the standards and timeframes that are assessed against include milestones and budget and delivery of property acquisition programmes against time, budget and quality standards. Further detail on how performance against these measures is calculated can be found in the performance measures explanatory notes, found at nzta.govt.nz/resources/annual-report-nzta.

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Restated Actual 2020/21 \$M
Revenue	1,472	1,702	(230)	1,473
Expenditure	1,433	1,702	(269)	1,514
Net surplus/(deficit)	39	0	39	(39)

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 \$574 million (2020/21: \$646 million)
- public-private partnerships of (\$171) million (2020/21: (\$99) million)
- assets vested to local authorities of \$2 million (2020/21: \$2 million).

Funding and expenditure for the disestablished regional improvements output class has been moved to state highway improvements.

The Supporting Regions Programme and New Zealand Upgrade Programme regional package funding and expenditure have been moved from the disestablished regional improvements output class. The Supporting Regions Programme administration funding and expenditure was moved from the investment management output class.

State highway improvements was \$269 million (16 percent) below budget mainly due to underspends and delays across a number of projects, including projects that are funded by Crown particularly in the New Zealand Upgrade Programme where a re-baselining exercise was undertaken after setting the 2021/22 budget.

See pages 133-149 for full details on output class funding and expenditure.

Local road improvements

Invested in by Waka Kotahi, delivered by approved organisations and funded from the National Land Transport Fund and the Crown

What we do

We co-invest in infrastructure (including roads, roadsides and all supporting infrastructure and technology) by planning collaboratively to co-create integrated, resilient, multimodal and community-wide transport solutions.

Difference this output class makes

Local road improvements primarily contribute to a safer, more resilient transport system, improved access to social and economic opportunities, and better travel options. We also aim to improve levels of service and value for money for more sustainable transport outcomes.

Investing in local road improvements plays a critical role in reducing safety and resilience-related risks across the land transport system.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
LRI1	Proportion of local road improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ^A	Not achieved	≥ 80%	68%	New measure	New measure

The delivery of some improvement activities has been delayed, including completion of the Horsham Downs Link connection to the Waikato Expressway Interchange and underpass. Due to consenting delays, we now expect that the link road will be open by October or November 2022. The projects underway to replace existing street lighting with light-emitting diode (LED) lighting in Selwyn and Hurunui are also progressing more slowly than planned, largely due to a lack of LED supply.

It is also likely that the impacts of COVID-19 have influenced the delivery of some activities.

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Restated Actual 2020/21 \$M
Revenue	216	210	6	383
Expenditure	216	210	6	383
Net surplus/(deficit)	0	0	0	0

Finance costs have been added to the budget for comparability.

Local road improvements was materially on budget. Delays and reduced activity by approved organisations (as shown through the non-financial performance measures) has been offset by additional work approved following the approval of the 2021-24 NLTP loan facility. See page 133-149 for full details on output class funding and expenditure.

Walking and cycling improvements

Delivered by Waka Kotahi and approved organisations and funded from the National Land Transport Fund and the Crown

What we do

We plan and co-invest in new and improved walking and cycling facilities, as well as in community education and promotion activities, to increase the uptake of walking and cycling.

We deliver walking and cycling facilities in state highway corridors, and local and regional councils primarily deliver local walking and cycling facilities.

Difference this output class makes

Walking and cycling improvements encourage more people to mode shift by:

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

As active travel modes, walking and cycling also promote health and wellbeing.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
WCI1	Proportion of cycleways, pathways and shared paths delivered against plan ^A	Unable to report	≥ 80%	Not available	New measure	New measure
<p>Many of the walking and cycling submissions for the 2021–24 NLTP did not include enough information on the number of kilometres of walking and cycling facilities planned to be delivered. This has made it challenging to accurately assess whether activities were delivered to plan. We are working with our people and our partners to ensure this data is collected and captured by our systems. In the interim, we've used local road authority data on kilometres of cycleways delivered to provide some insights into cycleway delivery. In 2021/22, 30.5km of cycleways were delivered compared with 59.2km in 2020/21.</p> <p>As 2021/22 was the start of a new NLTP period, many planned projects were still in the business case or design phase and were not yet ready for construction. The Urban Cycleways Programme came to a close in 2020/21 with many of its projects achieved practical completion in that year, with very little programme activity occurring over 2021/22.</p>						
WCI2	Cycling count in main urban areas	Not achieved	Baseline to be set	Baseline not set	New methodology	New methodology
<p>The transition to automated counters for collecting walking and cycling data required significant investment in modelling to account for environmental and technical factors that can distort data. Waka Kotahi did not complete the modelling in 2021/22 as planned. It will publish the baseline for this measure in quarter one of 2022/23.</p> <p>In the interim, Waka Kotahi has used data from the Walking and Cycling Attitudes and Behaviour Survey to provide a snapshot of walking and cycling uptake this year. Fifty percent of the survey respondents living in urban areas walked to work, study or get around town once a week or more compared with 52 percent in 2020/21 and 49 percent in 2019/20. For cycling, this was 11 percent of respondents compared with 10 percent in 2020/21 and 9 percent in 2019/20.</p>						
WCI3	Walking count in main urban areas	Not achieved	Baseline to be set	Baseline not set	New methodology	New methodology
Refer to WCI2 commentary.						

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	156	192	(36)	210
Expenditure	156	192	(36)	210
Net surplus/(deficit)	0	0	0	0

Walking and cycling expenditure was \$36 million (19 percent) below budget mainly due to delays in Crown-funded projects particularly in the New Zealand Upgrade Programme where a re-baselining exercise was undertaken after setting the 2021/22 budget.

See page 133–149 for full details on output class funding and expenditure.

State highway maintenance

Delivered by Waka Kotahi and funded from the National Land Transport Fund and the Crown

What we do

We maintain and operate the state highway network (including roads, roadsides, supporting infrastructure, technology and emergency works) to agreed levels of service.

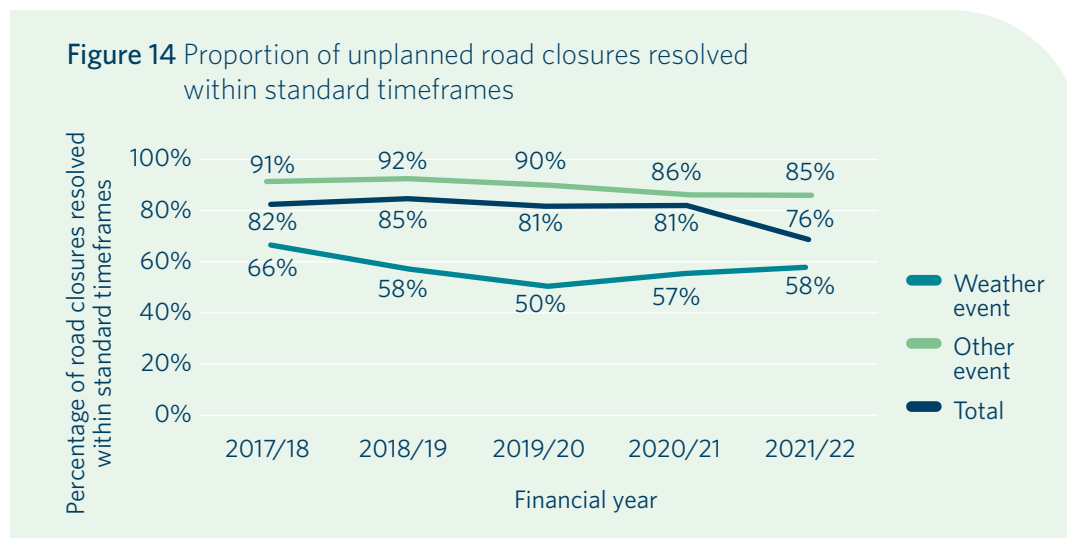
Difference this output class makes

State highway maintenance provides reliable access for people to social and economic opportunities, while maintaining the safety and resilience of the state highway network.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
SHM1	Proportion of state highway maintenance activities delivered to agreed programme ^A	Not achieved	≥ 90%	85% ^A	New methodology	New methodology
<p>This year was the first year we included emergency works as one of the activities we reported on for this measure. We also moved to a new reporting system for emergency works. Collecting and entering data into the new reporting system took longer than expected and some data was not entered accurately, leading to a lower result being calculated for this measure than in previous years. To improve the accurate capture of emergency works data, we are undertaking monthly monitoring and reporting, increasing communication about the new system, and training and supporting staff in using the new system.</p>						
SHM2	Proportion of the state highway network that meets minimum asset condition requirements ^C	Achieved (baseline set)	Baseline to be set	Baseline set: 97%	New measure	New measure
Refer to MEET2 commentary (page 50).						
SHM3	State highway maintenance cost per lane kilometre delivered ^D	Achieved	\$25,000–34,200	\$29,423	\$26,292	\$25,352
<p>A smaller programme of maintenance work was planned for 2021/22 than in the second and third years of the 2021–24 NLTP. Waka Kotahi expects increasing inflation, increasing material costs, and market impacts on contracts will increase the cost per lane kilometre delivered over 2022/23 and 2023/24.</p>						

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
SHM4	Proportion of unplanned road closures resolved within standard timeframes	Not achieved	Weather: ≥ 50% Others: ≥ 90%	Weather Events: 58% Other Events: 85%	Not applicable	Not applicable

Refer to RES1 commentary (page 42).



^A The methodology of this measure changed this year to include emergency works.

^B Due to the methodology change, the 2020/21 actual result is not comparable to the result for 2021/22.

^C This is also a measure for our system outcome meeting current and future needs (see page 50).

^D This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	840	796	44	815
Expenditure	840	796	44	815
Net surplus/(deficit)	0	0	0	0

State highway maintenance expenditure was \$44 million (5 percent) above budget. This was mainly due to additional costs from higher emergency works, increased contract prices, and additional spend approved following the approval of the 2021-24 NLTP loan facility. See page 133-149 for full details on output class funding and expenditure.

Local road maintenance

Invested in by Waka Kotahi, delivered by approved organisations and funded from the National Land Transport Fund

What we do

We co-invest in the planning and maintenance of the local road network (including roads, roadsides and all supporting infrastructure and technology) to the appropriate levels of service.

Difference this output class makes

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

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
LRM1	Proportion of local road maintenance activities funded by the National Land Transport Fund delivered to plan ^A	Not achieved	≥ 90%	85%	New measure	New measure
<p>The delivery of the scheduled local road maintenance programme was affected by both rising costs and the redirection of resources to emergency response works. Specifically:</p> <ul style="list-style-type: none"> the costs of service and delivery provider contracts awarded by local authorities increased significant resources redirected to emergency response works affected our partners' ability to supply and deliver local road maintenance activities as planned illness among staff and subcontractors who control traffic delayed programme works, because without traffic controllers, an entire site and its works are held up. <p>Poor weather conditions also affected delivery of this programme.</p> <p>It is likely activities not completed this year will be deferred to 2022/23, increasing the total number of activities planned for that year. Scoping that has already been completed for the deferred activities should help to make delivery more efficient. However, the number of activities that can be delivered within available funding will be affected by inflationary cost pressures. Additional emergency and weather events may also limit delivery of other activities.</p>						
LRM2	Proportion of travel on smooth roads	Achieved	≥ 86%	87%	87%	87%
LRM3	Local road maintenance cost per lane kilometre delivered ^B	Achieved	\$3,600-4,400	\$4,108	\$4,004	\$3,628

^A This measure compares the delivery of sealed pavement and resurfacing and rehabilitation, unsealed road metalling and rehabilitation and drainage renewals by approved organisations against forecast works and budget. See the performance measure explanatory notes for further detail nzta.govt.nz/resources/annual-report-nzta.

^B This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	736	659	77	668
Expenditure	736	659	77	668
Net surplus/(deficit)	0	0	0	0

Local road maintenance was \$77 million (12 percent) above budget mainly due to higher emergency works spend. See pages 133-149 for full details on output class funding and expenditure.

Public transport services

Invested in by Waka Kotahi, delivered by approved organisations and funded from the National Land Transport Fund and the Crown

What we do

We co-invest with approved organisations in bus, ferry and rail public transport services, customer information, technology, facilities operations and maintenance. We also subsidise door-to-door transport for people with mobility impairments and administer the Crown-funded SuperGold card concession scheme.

Difference this output class makes

Public transport improves travel choices: increases people's access to employment, educational and social opportunities; eases congestion; and makes better use of the existing transport system. It 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.

The Total Mobility scheme increases equity of access for mobility-impaired people, and the SuperGold scheme improves access to social and health opportunities for older people.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
PTS1	Number of boardings on urban public transport services (bus, train and ferry) ^{A B}	Not achieved	Increasing (from 2020/21 actual)	86 million	120 million	139 million

The impacts of the COVID-19 pandemic have changed the way people travel in Aotearoa. Lockdown restrictions, increased public health measures and working from home arrangements have affected people's willingness to travel, how often they travel and the types of transport they use.

People are using public transport less than they used to. The number of urban public transport boardings declined year on year through the pandemic. The decline in boardings from 2020/21 to 2021/22 was greater than in the previous year and more significant than expected, especially in Auckland.

Forecast patronage for 2022/23 is still less than the number of boardings in 2020/21.

PTS2	Reliability of rail, bus and ferry services	Achieved (baseline set)	Baseline to be set	Baseline set (see table)	87%	87%
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This measure uses data from local authorities to calculate the proportion of rail, bus and ferry services in Wellington and Auckland that are "completed" (arrive at their final destination without a breakdown). To calculate the results for this measure, we also consider whether or not the service left on time, with the calculation only including completed services that left the origin stop between 59 seconds before and 4 minutes 59 seconds after the scheduled departure time.

Table 3 Reliability of rail, bus and ferry services

Location	Rail	Bus	Ferry
Auckland	98%	95%	93%
Wellington	96%	97%	N/A

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

^B This is also a performance measure for the public transport infrastructure output class.

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Restated Actual 2020/21 \$M
Revenue	534	451	83	619
Expenditure	534	451	83	619
Net surplus/(deficit)	0	0	0	0

The public transport output class was disestablished in 2021–24 NLTP and replaced with two new output classes – public transport services and public transport infrastructure.

Included in public transport services from 2021/22 is the funding and expenditure for SuperGold card. The SuperGold card and public transport concessions output class was disestablished in 2021–24 NLTP .

Public transport services expenditure was \$83 million (18 percent) above budget mainly relates to the impacts of COVID-19 on lower farebox revenue and the required NLTF and Crown funding provided to aid with this. See pages 133–149 for full details on output class funding and expenditure.

Public transport infrastructure

Delivered by Waka Kotahi and approved organisations and funded from the National Land Transport Fund

What we do

We co-invest with approved organisations in bus, ferry and rail public transport infrastructure improvements to deliver safe and effective public transport services.

Difference this output class makes

Public transport improves travel choices, increases people’s access to employment, educational and social opportunities, eases congestion, and makes better use of the existing transport system. It 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.

Investing in infrastructure improvements for public transport increases the safety, reliability, resilience and effectiveness of services, as well as increasing public transport’s attractiveness to users.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
PT11	Number of boardings on urban public transport services (bus, train and ferry) ^{A B}	Not achieved	Increasing (from 2020/21 actual)	86 million	120 million	139 million

Refer to PTS1 in Public Transport Services, on page 62.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
PTI2	Punctuality of metro rail services ^A	Achieved (baseline set)	Baseline to be set	Baseline set: Auckland: 94.0% Wellington: 89.3%	Not applicable	Not applicable

Punctuality is a useful measure of service reliability and infrastructure standards for rail services (that is to avoid unplanned closures of the rail lines due to repairs or unscheduled maintenance). Punctuality is measured by regional councils to determine compliance with Public Transport Operating Model contracts. In 2021/22, Waka Kotahi worked with regional stakeholders to clarify methods used by councils to measure punctuality, in order to establish nationally consistent baselines that are suitable and also consistent with Public Transport Operating Model contractual requirements.

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

^B This is also a performance measure for the public transport infrastructure output class.

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Restated Actual 2020/21 \$M
Revenue	350	393	(43)	353
Expenditure	350	393	(43)	353
Net surplus/(deficit)	0	0	0	0

The public transport output class was disestablished in NLTP 2021-24 and replaced with two new output classes – public transport services and public transport infrastructure. Included in public transport infrastructure are the transitional rail and rapid transit output classes. Both output classes were disestablished in NLTP 2021-24.

Public transport infrastructure expenditure was \$43 million (11 percent) below budget mainly due to project delays and deferrals. See pages 133-149 for full details on output class funding and expenditure.

Road to Zero

Delivered by Waka Kotahi and approved organisations with funding from the National Land Transport Fund

What we do

We work with approved organisations to:

- deliver the Road to Zero Speed and Infrastructure Programme, which will deliver safety treatments and speed management changes on state highways and local roads, targeting roads and roadsides that offer the greatest potential for reducing deaths and serious injuries
- invest in the Road Safety Partnership Programme (Road Policing), taking a risk-based approach that targets activity at behaviours likely to create the highest safety risks, alongside highly visible patrols to support and encourage safe driving behaviour
- deliver road safety promotion activities, including the Vehicle Safety Programme, national, regional and local road safety education and advertising campaigns and initiatives, and a public awareness campaign to support Road to Zero
- prepare for the delivery of the Tackling Unsafe Speeds Programme that supports effective speed management
- support the court-imposed alcohol interlocks subsidy scheme
- deliver system leadership, research, monitoring and coordination to support Road to Zero.

Difference this output class makes

This output class contributes to the Road to Zero target of a 40 percent reduction in deaths and serious injuries by 2030 (from 2018 levels). This means 750 fewer people killed and 5,600 fewer seriously injured by 2030. It also embeds the Safe System approach in our safety interventions and investment.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
RTZ1	Length of the road network treated with reduced speed limits ^A	Not achieved	≥ 500km	165km	New measure	New measure
<p>Engaging with communities is critical to successfully implementing Road to Zero. In 2021/22, community engagement took longer than expected, which delayed completion of the speed limit reviews.</p> <p>The Speed Programme is being reset to support reduced timeframes for speed limit changes and improve the RTZ1 result. Following the reset, the programme will align with new guidelines for phased delivery of speed changes and introduce the new speed rule, guide and management plans.</p>						
RTZ2	Number of corridor infrastructure safety improvement projects started ^B	Not achieved	≥ 5	4	New measure	New measure
<p>Due to the slightly later adoption of the 2021–24 NLTP, some physical works started later than planned. Four of the five new projects planned are under way, and we expect to finalise contracts for two more projects by the end of August 2022.</p> <p>We are also implementing a new delivery and procurement approach so we can achieve our delivery target next year.</p>						

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
RTZ3	Number of intersections with primary Safe System interventions started ^B	Achieved	≥ 4	4	New measure	New measure
RTZ4 (reflects NZ Police delivery)	Number of passive breath tests and breath screening tests conducted ^C	Not achieved	≥ 3m	1.6 million	1.5 million	1.4 million
	<p>Breath-testing numbers fell well below desired levels. Demands were placed on New Zealand Police by the country's COVID-19 response, which added an extra challenge to reaching the target. Demands included redeployment of police to regional border checkpoints (predominantly around the Auckland region), providing security at managed isolation and quarantine facilities, and increased community policing to enforce compliance with health orders.</p> <p>New Zealand Police has committed to a renewed focus in this area and an improvement in performance activity. It is implementing a centralised platform to allow data to be regularly downloaded from breath-testing devices. This will enable more real-time data to be used to monitor performance against Road Safety Partnership Programme targets.</p>					
RTZ5 (reflects NZ Police delivery)	Number of hours mobile cameras are deployed ^C	Not achieved	≥ 80,000	58,408	61,199	61,274
	<p>Camera breakdowns significantly reduced the ability to deploy cameras for the required hours. To remedy this, the Mobile Camera Replacement Programme began work in April 2022. It will replace all older model cameras with 45 cameras that are more reliable and better at identifying speeding vehicles.</p> <p>Waka Kotahi and New Zealand Police have partnered on a new safety camera and infringement processing operating model to support the transfer of camera ownership and operation from New Zealand Police to Waka Kotahi.</p> <p>The target for mobile speed camera hours deployment was set at 80,000 hours for the financial year. Police districts were offered additional funding and are exploring the opportunity to add additional temporary full-time equivalents to support this target. The delivery of the Mobile Camera Replacement Programme is expected to provide more reliability, so will support performance.</p>					
RTZ6	Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	Not achieved	≥ 86%	81%	85%	90%
	<p>This year-end result saw a score of 81 percent against a target of 86 percent. This score was to be expected given known limitations of the current measurement tool, despite ongoing delivery of the Road Safety Promotional Programme. We believe this is the outcome of a measurement definition that narrowly focuses on traditional advertising channels. It does not reflect the effectiveness of a multi-channelled and integrated marketing and education programme for road safety.</p> <p>This measure also fails to take account of different levels of strategic and tactical priorities, in particular the high priority Road to Zero Public Awareness Campaign, which was excluded for part of the reporting period.</p> <p>Work is under way to develop a new performance measurement framework that will better represent the strategic outcomes of the full marketing and education road safety promotional programme.</p> <p>We will continue to report against the current RTZ6 measure until the new measurement framework has been developed and approved.</p>					

^A This is also an appropriation measure in Vote Transport (see appendix 5).

^B This is an indicative target for 2021/22. Performance assessment of this activity under the Road to Zero programme is at the end of the three-year period of the 2021–24 NLTP.

^C New Zealand Police delivers this activity.

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Restated Actual 2020/21 \$M
Revenue	309	290	19	63
Expenditure	306	290	16	61
Net surplus/(deficit)	3	0	3	2

Road to Zero is a new output class established as part of the 2021–24 NLTP. In 2020/21, Road to Zero funding and expenditure was included in various output classes, including local road improvements, state highway improvements, and promotion of road safety and demand management. Funding for road policing comes out of the NLTF directly.

Road to Zero was \$16 million (6%) over budget at the end of the first year of the 2021–24 NLTP. Road to Zero includes spend on road safety promotion and safety infrastructure works for both approved organisations and state highways.

Road policing

A portion of the NLTF is transferred directly to New Zealand Police for road policing activities that are part of Road to Zero.

The table below shows the revenue, expenditure and net surplus/deficit for this portion of funding to the Road to Zero programme. Road policing was materially on budget in 2021/22.

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	394	393	1	376
Expenditure	394	393	1	376
Net surplus/(deficit)	0	0	0	0

See pages 133–149 for full details on output class funding and expenditure.

See National Land Transport Fund annual report for 2021/22 for more information on road policing page 221.

Rail network

Invested in by Waka Kotahi, delivered by KiwiRail and funded from the National Land Transport Fund and the Crown

What we do

We support KiwiRail to deliver the first Rail Network Investment Programme, which sets out all rail activities that will be funded from the NLTF over the next three years. With KiwiRail, we monitor the delivery of this programme and report to the Minister of Transport on progress.

Difference this output class makes

Rail network activities enable the development of a resilient and reliable rail network, which improves safety and supports freight movements in a mode-neutral system by enabling choices to be made (by companies and customers) about the most efficient way to move freight. Improving the rail network also contributes to reducing congestion and emissions.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
RN1 (reflects KiwiRail delivery)	Reliability of freight travel time ^A	Achieved (baseline set)	Baseline to be set	Baseline set: 86%	New measure	New measure
For this measure, KiwiRail has set a three-year target of 90%.						

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	287	368	(81)	0
Expenditure	287	368	(81)	0
Net surplus/(deficit)	0	0	0	0

Rail network was \$81 million (22 percent) below budget mainly due to KiwiRail's delivery against baseline having experienced supply chain disruption and resourcing constraints. See pages 133-149 for full details on output class funding and expenditure.

Coastal shipping

Delivered by Waka Kotahi and funded from the National Land Transport Fund

What we do

We assess the type of assistance and investments that would best achieve the government's coastal shipping outcomes. This involves supporting research and other activities to identify how the domestic coastal shipping sector could be best supported to grow and more freight could be moved on the 'blue highway'.

Through activities in other output classes, we also invest in infrastructure feasibility work and improvements to help support moving freight by coastal shipping.

Difference this output class makes

Coastal shipping activities enable growth in the domestic coastal shipping sector that generate a variety of benefits. These benefits include reduced emissions and air pollution, reduced safety risks of freight travel, improved mode choice for freight transporters, and Aotearoa-flagged coastal shipping that can operate on a more level playing field with other freight operators, enhancing the sustainability and competitiveness of the domestic sector.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
CS1	An investment plan for coastal shipping has been developed and has also been endorsed by the Waka Kotahi Board ^A	Achieved	Achieve	Plan developed and endorsed	New measure	New measure
For this measure, KiwiRail have set a three-year target of 90%.						

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	0	5	(5)	0
Expenditure	0	5	(5)	0
Net surplus/(deficit)	0	0	0	0

Coastal shipping expenditure was \$5 million (100 percent) below budget. The first year of the programme was focused on procurement activities, and this was successfully completed with four suppliers engaged. See pages 133-149 for full details on output class funding and expenditure.

Investment management

Delivered by Waka Kotahi and funded from the National Land Transport Fund and the Crown

What we do

We develop and manage the NLTP, including managing the NLTF; advising the government on investment and funding, including development of the GPS; developing the NLTP and Waka Kotahi Investment Plan; and providing risk-based targeted assurance over outcome delivery.

We plan the transport system, including supporting the development of statutory, regional, long-term and spatial transport planning. We also develop transport models and business cases and plan activity management.

We deliver sector research, including engaging with the sector, developing, delivering and promoting research projects.

Difference this output class makes

Investment management allows us to shape the land transport system in accordance with government direction. Minimising the cost of managing the investment funding allocation system will help ensure we're reducing expenditure on unnecessary or inefficient processes.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
IM1	Proportion of the total cost of managing the investment funding allocation system to National Land Transport Programme expenditure ^A	Achieved	≤ 1.1%	0.86%	1.00% ^B	1.02% ^C
IM2	Proportion of stakeholders satisfied with Waka Kotahi engagement and systems that support land transport planning, research funding and investment decision making	Not achieved	Baseline to be set	Baseline not set	New measure	New measure

The development of the required satisfaction research was unable to be completed as planned during 2021/22.

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

^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).

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Restated Actual 2020/21 \$M
Revenue	62	78	(16)	69
Expenditure	62	78	(16)	69
Net surplus/(deficit)	0	0	0	0

Investment management expenditure was \$16 million (21 percent) below budget mainly due to underspends in transport planning for approved organisations and programme business case development. See pages 133-149 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

What we do

We improve the safety of the land transport system by helping drivers to meet and maintain required safety standards. We develop and manage the driver licensing system, including by providing approved driver licensing courses and developing licensing and testing rules. We also run public education campaigns and develop and maintain resources, including road codes, theory and practical test requirements, and testing and provider manuals.

We work with our partners to audit systems and implement other regulatory activities. Our partners include driver licensing and testing course providers, testing officers, alcohol interlock providers and our driver licensing agent network.

Difference this output class makes

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	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual	
DLT1	Proportion of non-compliance actions for driver licence course providers and testing officers that are progressed within acceptable timeframes	Achieved	≥ 95%	100%	New measure	New measure	
DLT2	Proportion of practical tests taken within 30 working days of booking	Achieved	Increasing (from 2020/21 actual)	63%	60%	61%	
				Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
	Revenue			68	75	(7)	68
	Expenditure			85	103	(18)	90
	Net surplus/(deficit)			(17)	(28)	11	(22)

Driver licencing and testing recorded a deficit of \$17 million, which was lower than planned. This is mainly due to additional regulatory funding from Crown. See pages 133-149 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

What we do

We use vehicle registration, licensing, standards and certification to help ensure vehicles on the country's roads are compliant and safe. We do this by developing rules, standards and guidelines for vehicle inspection and certification, appointing vehicle inspectors, and inspecting organisations and revoking certification of vehicles when we find they are unsafe or illegal. We monitor performance of these inspectors and organisations, investigating complaints and taking appropriate action against inspectors and organisations that do not meet the required standards.

We also manage the delivery of motor vehicle registration and licensing services to the public. This includes maintaining the integrity of the motor vehicle register and related systems, authorising and managing third-party access to registry information, and informing the public of vehicle standards, registration and licensing regulatory requirements.

Difference this output class makes

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	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
VSC1	Proportion of non-compliance actions for vehicle inspecting organisations, vehicle certifiers and vehicle inspectors that are progressed within acceptable timeframes	Achieved	≥ 95%	98%	95%	New measure
VSC2	Proportion of vehicles relicensed on time	Achieved	≥ 98%	98%	98%	98%

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	70	72	(2)	76
Expenditure	66	69	(3)	69
Net surplus/(deficit)	4	3	1	7

Vehicle safety and certification recorded a surplus of \$4 million which was materially on budget. See pages 133-149 for full details on output class funding and expenditure.

Regulation of commercial transport operators

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

What we do

We improve the safety of the land transport system by helping to ensure commercial operators and drivers meet the required safety standards. This includes developing land transport rules relating to commercial transport operation, setting regulatory standards and requirements for the industry, and educating operators and the public on commercial transport obligations. We also administer permits for over-weight, over-dimension and high-productivity vehicles and manage commercial transport operator licensing. We monitor compliance with these commercial operator obligations, and investigate and prosecute operators and drivers who do not meet required standards.

Difference this output class makes

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	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
CTO1	Proportion of non-compliance actions for commercial transport operators that are progressed within acceptable timeframes	Achieved	≥ 95%	99%	New measure	New measure
CTO2	Proportion of standard permits issued within 10 working days	Achieved	≥ 95%	95%	94%	100%

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	12	12	0	12
Expenditure	12	10	2	11
Net surplus/(deficit)	0	2	(2)	1

Regulation of commercial transport operators recorded a nil surplus which was materially on budget. See pages 133-149 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 and the Crown

What we do

We regulate the rail transport system to assure stakeholders and the public that rail participants effectively manage rail safety risks. We manage entry to and exit from the rail system by licensing and restricting operations, approving 'safety cases' (documents that describe a licensee's safety approach) and guiding the development of safety standards. We also assess compliance, investigate safety accidents, and direct improvements or restrictions in response to safety breaches. We prosecute breaches of the Railways Act 2005, monitor risks and the overall level of safety in the rail system, and provide advice and information on rail system safety.

Difference this output class makes

Effective regulation of rail participants helps Aotearoa have safe rail networks that can be used with confidence to move people and goods.

Ref	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
RTS1	Proportion of non-compliance actions for rail participants that are progressed within acceptable timeframes	Achieved	≥ 95%	95%	New measure	New measure

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	3	3	0	2
Expenditure	3	3	0	3
Net surplus/(deficit)	0	0	0	(1)

Regulation of the rail transport system recorded a nil surplus which was on budget. See pages 133-149 for full details on output class funding and expenditure.

Revenue collection and administration

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

What we do

We collect and refund road user charges revenue (to be paid to the NLTF) by selling road user charges licences, investigating evasion and enforcing payment, and refunding customers' charges paid for off-road travel.

We collect road tolling revenue to fund or repay the cost of building, maintaining and operating toll roads, investigating evasion and enforcing payment, and managing associated systems, customer interfaces and payment channels.

We collect and rebate regional fuel tax to fund regional projects, including collecting fuel tax from distributors, providing rebates for off-road use, auditing compliance with the requirements, and reporting fuel prices and volumes. We refund and account for fuel excise duty claims so customers are refunded for off-road fuel use.

We also inform and advise the public about revenue collection and administration, including road user charges and road tolling.

Difference this output class makes

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	Measure	Result	2021/22 Target	2021/22 Actual	2020/21 Actual	2019/20 Actual
REV1	Proportion of unpaid road user charges identified through investigations and assessments that are collected ^{A B}	Achieved	65-75%	82%	New measure	New measure
REV2	Average number of days to process road user charges, fuel excise duty and regional fuel tax refund applications	Achieved	≤ 20 working days	20 working days	19.8 working days	Not applicable

^A This is also an appropriation measure in Vote Transport (see appendix 5, page 199 onwards).

^B This measure result had been reported incorrectly in the Waka Kotahi quarterly reporting for 2021/22 due to an error in the payment data captured. The quarterly reporting figures did not include all payments received towards debts, including repayments on instalment plans. This error has been rectified in this annual report figure.

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	41	36	5	38
Expenditure	37	33	4	33
Net surplus/(deficit)	4	3	1	5

Revenue collection and administration recorded a surplus of \$4 million, which was higher than planned due to additional funding to support administration of road user charges and fuel excise duty refunds. See page xxx for full details on output class funding and expenditure

Other outputs

Clean Vehicle Discount

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	129	0	129	0
Expenditure	128	0	128	1
Net surplus/(deficit)	1	0	1	(1)

Clean vehicle discount expenditure was \$128 million (100 percent) above budget as the clean vehicle discount scheme was announced after the budget was finalised. See pages 133-149 for full details on output class funding and expenditure.

Clean Car Standard

Measure	Actual 2021/22 \$M	Budget 2021/22 \$M	Variance 2021/22 \$M	Actual 2020/21 \$M
Revenue	6	0	6	0
Expenditure	6	0	6	0
Net surplus/(deficit)	0	0	0	0

Clean car standard project implementation expenditure was \$6 million (100 percent) above budget as the clean car standard scheme was announced after the budget was finalised. See pages 133-149 for full details on output class funding and expenditure.

Ngā tauākī pūtea me ngā pūrongo ōtita

Financial
statements
and audit
reports



Insurance and indemnities

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 Waka Kotahi 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.

Statement of responsibility

The Waka Kotahi NZ Transport Agency Board (the '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 2022.

Signed on behalf of the Board:



Sir Brian Roche

Chair

30 September 2022



Cassandra Crowley

Chair of the Risk and Assurance Committee

30 September 2022

Countersigned by:



Nicole Rosie

Chief Executive

30 September 2022



Howard Cattermole

Chief Financial Officer

30 September 2022

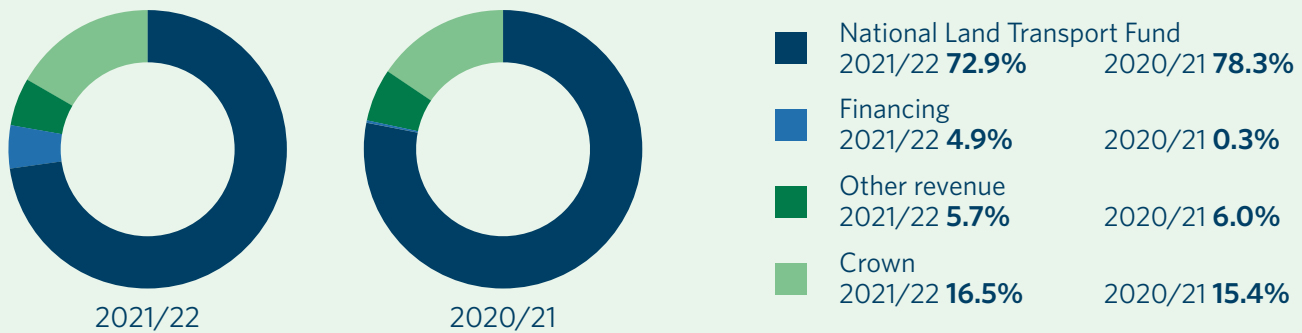
Highlights from our financial statements (unaudited)

Most of Waka Kotahi NZ Transport Agency's income is from the National Land Transport Fund (NLDF). We also receive revenue from the Crown to support our objectives and for specific projects. Most of the Crown revenue funding was for the New Zealand Upgrade Programme and payment of clean vehicle discount rebates. Other revenue comes from licensing and regulatory activities.

\$4.8 billion
total funding
received

(2020/21: \$4.8 billion)

Funding received by source

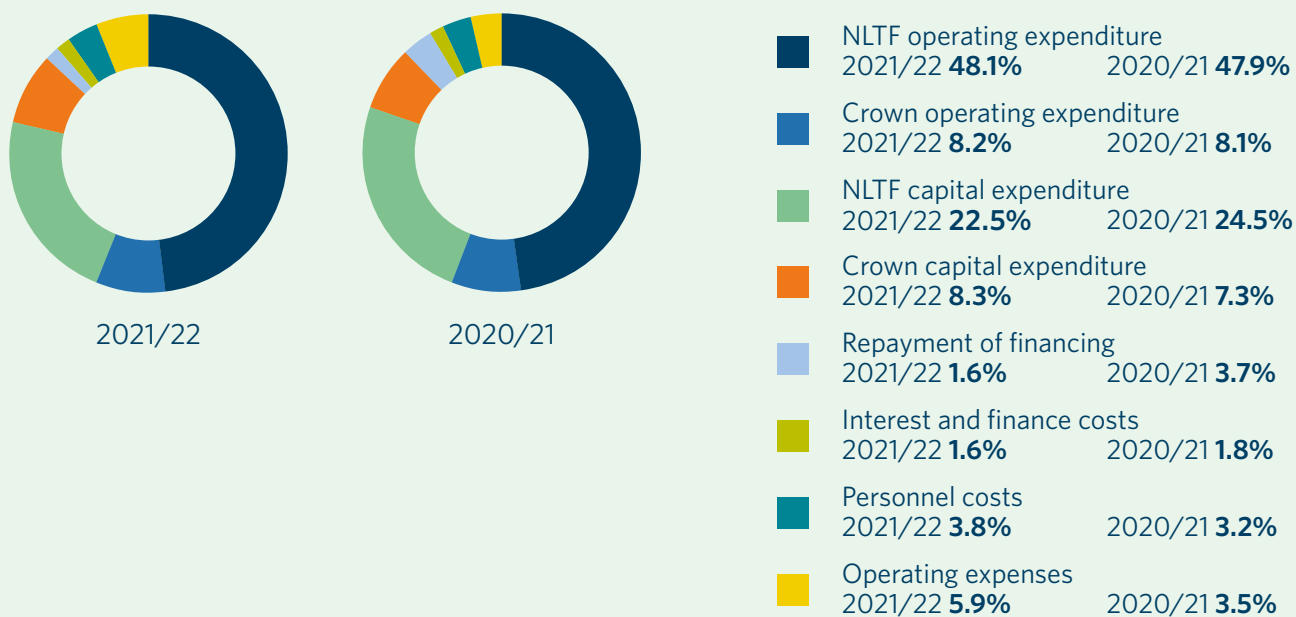


Our expenses are guided by the Government Policy Statement on land transport and the priorities identified in our *2021-2026 statement of intent*. In 2021/22, over half (57 percent) of our expenses directly related to NLTP operating expenses we provided to approved organisations, activities funded from the Crown, and maintenance and operation of the state highway network. NLTP capital expenses comprised 31 percent of our annual expenditure, which included state highway improvements, renewals and other capital activities where the assets are owned by Waka Kotahi such as certain public transport and walking and cycling assets. Personnel and operating expenses, including interest and finance costs made up 12 percent of the annual expenditure.

\$4.7 billion
total funding
spent

(2020/21: \$4.8 billion)

Funding spent by type



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 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Total assets	79,340	66,017	65,220
Less total liabilities	3,849	4,237	4,026
Net assets/equity at end of year	75,491	61,780	61,194

Our statement of financial position reflects the significant value held in the state highway network, with \$79.3 billion of assets and low levels of liabilities. The state highway network accounts for 94 percent of our asset base. In the previous two years, the value increased significantly due to investment in the network and increases in land valuation and other input values. Most of the asset base increase this year relates to increases in the state highway land corridor value; increases in base unit rates for pavements, bridges and drainage construction; and capital expenditure.

\$75.5 billion
net assets/
equity

(2020/21: \$61.2 billion)

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2022

	Note	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Revenue				
Operating funding from the National Land Transport Fund	2	3,332	3,270	3,163
Operating funding from the Crown	2	394	110	386
Revenue from other activities	2/3	272	207	283
Total revenue		3,998	3,587	3,832
Expense				
Land transport funding		2,707	2,253	2,777
Employee costs	7	182	164	154
Operating expenses	8	158	187	167
Clean vehicle discount rebates	8	121	0	0
Interest and finance costs	11	73	61	87
Depreciation, amortisation and state highway write-off	4	749	598	647
Assets vested to local authorities	4	2	339	2
Total expense	2	3,992	3,602	3,834
Surplus/(deficit)		6	(15)	(2)
Other comprehensive revenue and expense				
Gain/(loss) state highway network revaluations	4	13,253	1,500	5,794
Net movement in cash flow hedges	11	332	(11)	265
Total other comprehensive revenue and expense		13,585	1,489	6,059
Total comprehensive revenue and expense		13,591	1,474	6,057

Statement of financial position as at 30 June 2022

	Note	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Assets				
Cash and cash equivalents		180	50	170
Debtor Crown		180	53	185
Receivables and other assets		124	155	170
Debtor National Land Transport Fund		310	317	293
Debtor National Land Transport Fund - debt related*		3,033	3,706	3,163
Property assets held for sale	4	32	36	27
Public-private partnership assets	5	980	0	2,156
Property, plant, equipment and intangible assets		80	96	70
State highway network	4	74,421	61,604	58,986
Total assets		79,340	66,017	65,220
Liabilities				
Payables	8	678	447	731
Employee entitlements	7	32	26	26
Provisions	10	46	2	66
Derivative financial liability	11	131	626	478
Borrowing and other liabilities	11	1,063	1,180	883
Public-private partnership liabilities	5	1,899	1,956	1,842
Total liabilities		3,849	4,237	4,026
Net assets		75,491	61,780	61,194
Equity				
Contributed capital		0	0	0
Retained funds		(23)	(43)	(17)
Equity derived from the state highway network		75,578	62,361	61,607
Cash flow hedge reserve	11	(64)	(538)	(396)
Total equity		75,491	61,780	61,194

*Including \$75 million of current debtors related to private-public partnerships unitary charges

Statement of changes in equity for the year ended 30 June 2022

	General funds \$M	Retained funds \$M	Memorandum accounts \$M	Equity derived from the state highway network \$M	Cashflow hedge reserve \$M	Total \$M	Budget 2020/21 \$M
Balance at 1 July 2020	0	12	(20)	54,917	(661)	54,248	55,431
Surplus/(deficit)	0	10	(12)	0	0	(2)	(9)
Other comprehensive revenue and expense							
State highway network revaluations	0	0	0	5,794	0	5,794	1,888
Movement in cash flow hedges	0	0	0	0	265	265	21
Total other comprehensive revenue and expense	0	0	0	5,794	265	6,059	1,909
Total comprehensive revenue and expense	0	10	(12)	5,794	265	6,057	1,900
Changes in equity - capital contribution from National Land Transport Fund	0	0	0	889	0	889	1,393
Changes in equity - other adjustments	0	(7)	0	7	0	0	0
Total changes in equity	0	3	(12)	6,690	265	6,946	3,293
Balance at 30 June 2021	0	15	(32)	61,607	(396)	61,194	58,724

Statement of changes in equity for the year ended 30 June 2022 (continued)

	General funds \$M	Retained funds \$M	Memorandum accounts \$M	Equity derived from the state highway network \$M	Cashflow hedge reserve \$M	Total \$M	Budget 2021/22 \$M
Balance at 1 July 2021	0	15	(32)	61,607	(396)	61,194	58,724
Surplus/(deficit)	0	15	(9)	0	0	6	(15)
Other comprehensive revenue and expense							
State highway network revaluations	0	0	0	13,253	0	13,253	1,500
Movement in cash flow hedges	0	0	0	0	332	332	(11)
Total other comprehensive revenue and expense	0	0	0	13,253	332	13,585	1,489
Total comprehensive revenue and expense	0	15	(9)	13,253	332	13,591	1,474
Changes in equity - capital contribution from the National Land Transport Fund	0	0	0	706	0	706	1,582
Changes in equity - other transfers	0	(12)	0	12	0	0	0
Total changes in equity	0	3	(9)	13,971	332	14,297	3,056
Balance at 30 June 2022	0	18	(41)	75,578	(64)	75,491	61,780

Statement of cash flows for the year ended 30 June 2022

	Actual 2021/22 \$M	Budget 2021/22 \$M	Restated Actual* 2020/21 \$M
Cash flows from operating activities			
Receipts from the National Land Transport Fund	3,162	3,184	3,253
Receipts from the Crown	436	146	311
Receipts from other revenue	283	199	227
Payments to employees	(179)	(159)	(144)
Payments to suppliers	(3,039)	(2,420)	(3,043)
Goods and services tax (net)	2	0	38
Net cash from operating activities	665	950	642
Cash flows from investing activities			
National Land Transport Fund receipts from sale of state highway-held properties	51	4	31
Purchase of property, plant, equipment and intangible assets	(26)	(29)	(18)
Investment in the state highway network	(1,698)	(2,513)	(1,663)
Net cash from investing activities	(1,673)	(2,538)	(1,650)
Cash flows from financing activities			
Capital contribution from the National Land Transport Fund	613	650	697
Capital contribution from the Crown	356	865	365
Receipts from borrowing	445	67	231
Repayment of borrowing	(352)	0	(204)
Interest paid on borrowing	(44)	6	(17)
Net cash from financing activities	1,018	1,588	1,072
Net (decrease)/increase in cash and cash equivalents	10	0	64
Cash and cash equivalents at the beginning of the year	170	50	106
Cash and cash equivalents at the end of the year	180	50	170

* In 2020/21, there is a \$27 million reclassification between investment in the state highway network and repayment of borrowing.

Reconciliation of net surplus to net cash from operating activities

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Surplus/(deficit)	6	(15)	(2)
Add/(deduct) non-cash/non-operating items:			
Depreciation, amortisation and state highway write-off	749	598	647
Losses on disposal of non-financial assets	8	0	13
Net impact of assets vested to/(from) local authorities	2	339	2
Movement in discounting on receivables	(1)	11	21
Interest on borrowings	71	36	32
Movement in discounting on borrowings	2	(7)	(21)
Movement in ineffective portion of cash flow hedge	(15)	6	15
Total non-cash/non-operating items	816	983	709
Add/(deduct) movements in working capital:			
(Increase)/decrease in Debtor National Land Transport Fund and Debtor Crown	(144)	(40)	25
(Increase)/decrease in receivables and other assets	47	(2)	(9)
(Increase)/decrease in prepayments and inventories	0	23	0
Increase/(decrease) in creditors and other payables	(66)	(3)	(85)
Increase/(decrease) in employee entitlements	6	4	4
Net movements in working capital items	(157)	(18)	(65)
Net cash from operating activities	665	950	642

Notes to the financial statements

1 Entity information

Waka Kotahi NZ Transport Agency ('Waka Kotahi') 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 2022 and were approved by the Waka Kotahi Board on 30 September 2022.

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).

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.

Budget figures

The budget figures are derived from the *Statement of performance expectations 2021/22* as approved by the Board on 12 June 2021. 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 2021/22.

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 that is in 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 have considered 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.

There is no indication that Debtor National Land Transport Fund or debtor Crown are impaired as at 30 June 2022. We have considered the credit risk to Waka Kotahi from the National Land Transport Fund in note 11.

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 2021.

PBE IPSAS 41 replaces PBE IFRS 9 *Financial Instruments* and is effective for the year ending 30 June 2023, with earlier adoption permitted. A detailed assessment of the impact on the financial statements has not been carried out, however the requirements are similar to those contained in PBE IFRS 9.

On 31 August 2020, the New Zealand Accounting Standards Board (NZASB) issued amendments to PBE FRS 48 *Service Performance Reporting* that deferred the effective date from 1 January 2021 until 1 January 2022. PBE FRS 48 aims to establish requirements for the reporting of service performance information in order to better meet the needs of users of general purpose financial reports of public entities. Waka Kotahi has begun preparing for implementation of this standard. Further information on our preparatory work is found in the output class performance section, page 54.

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 debt apportionment table on page 132.

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.

2021/22

	Operating Funding Revenue* Actual 2021/22 \$M	Capital Funding Contribution Actual 2021/22 \$M	Total Funding Actual 2021/22 \$M	Operating Expense Actual 2021/22 \$M	Capital Expense Actual 2021/22 \$M	Total Expense Actual 2021/22 \$M
National Land Transport Fund						
Public-private partnerships	0	200	200	0	160	160
Public-private partnerships - impact of derivative and interest payment funding movements	0	(332)	(332)	0	(332)	(332)
State highway improvements	654	197	851	609	200	809
Local road maintenance	737	0	737	737	0	737
State highway maintenance	781	0	781	837	0	837
Public transport services	431	0	431	431	0	431
Public transport infrastructure	303	47	350	303	47	350
Local road improvements	142	0	142	142	0	142
Walking and cycling improvements	70	64	134	70	72	142
Investment management	60	0	60	58	0	58
Road to zero	111	188	299	111	190	301
Local road improvements (Housing Infrastructure Fund)	31	0	31	31	0	31
Road user charges collection, investigation and enforcement	8	0	8	8	0	8
Refund of fuel excise duty	4	0	4	4	0	4
Total National Land Transport Fund funding and expense	3,332	364	3,696	3,341	337	3,678
Total Budget***	3,270	972	4,242	3,276	977	4,253
Classified as follows:						
Funding paid to approved organisations				1,785		
Waka Kotahi operating expenditure				1,556		
Total National Land Transport Fund expense				3,341		

State highway improvements and state highway maintenance capital expenditure is partly funded from depreciation (operating) funding. All expenditure by approved organisations regardless of whether it is capital in nature to them is an operating expense for Waka Kotahi.

	Operating Funding Revenue* Actual 2021/22 \$M	Capital Funding Contribution Actual 2021/22 \$M	Total Funding Actual 2021/22 \$M	Operating Expense Actual 2021/22 \$M	Capital Expense Actual 2021/22 \$M	Total Expense Actual 2021/22 \$M
Crown						
New Zealand Upgrade Programme	6	320	326	6	320	326
COVID-19 related funding - public transport	47	0	47	47	0	47
COVID-19 related funding - public-private partnerships	82	0	82	82	0	82
Return of COVID-19 funding - State highway improvements	(2)	0	(2)	(2)	0	(2)
COVID-19 - protection of core regulatory services**	7	0	7	0	0	0
Half price funding of public transport	26	0	26	26	0	26
Local road improvements (Provincial Growth Fund)	34	0	34	34	0	34
SuperGold card administration and public transport concessions	30	0	30	30	0	30
Crown (Accelerated Regional Roding Programme)	0	4	4	0	4	4
Crown (Supporting regions programme)	2	34	36	2	34	36
Kaikōura earthquake response	2	0	2	2	0	2
Crown infrastructure partners	0	27	27	0	27	27
Clean vehicle discount	126	3	129	126	2	128
Clean car standard	2	4	6	2	4	6
Other Crown funding and expense	32	0	32	33	0	33
Total Crown funding and expense	394	392	786	388	391	779
Total Budget***	110	863	973	111	863	974
Classified as follows:						
Funding paid to approved organisations				139		
Waka Kotahi operating expenditure				249		
Total Crown expense				388		

	Operating Funding Revenue* Actual 2021/22 \$M	Capital Funding Contribution Actual 2021/22 \$M	Total Funding Actual 2021/22 \$M	Operating Expense Actual 2021/22 \$M	Capital Expense Actual 2021/22 \$M	Total Expense Actual 2021/22 \$M
Total funding and expense from fees, charges and other revenue	272	0	272	263	0	263
Total Budget***	207	0	207	215	0	215
Total revenue and expense	3,998	756	4,754	3,992	728	4,720
Total Budget***	3,587	1,835	5,422	3,602	1,840	5,442

*Funding from borrowing facilities is included within the funding revenue column. The financing component included in 2021/22 is: \$24 million state highway improvements; \$16 million local road maintenance; \$43 million public transport infrastructure; \$2 million public transport services; \$34 million state highway maintenance; \$37 million local road improvements ; \$15 million road to zero and \$30 million walking and cycling 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.

***Budgets by output class are included in the output class income and expenditure statements on page 133-149.

2020/21

	Operating Funding Revenue* Actual 2020/21 \$M	Capital Funding Contribution Actual 2020/21 \$M	Total Funding Revenue 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	205	205	0	205	205
Public-private partnerships - impact of derivative and interest payment funding movements	0	(305)	(305)	0	(305)	(305)
State highway improvements	678	245	923	646	250	896
Local road maintenance	667	0	667	667	0	667
State highway maintenance	545	194	739	579	195	774
Public transport	520	102	622	520	102	622
Local road improvements	255	0	255	255	0	255
Transitional rail	160	0	160	160	0	160
Walking and cycling improvements	111	81	192	111	83	194
Investment management	67	0	67	65	0	65
Regional improvements	63	49	112	63	49	112
Road safety promotion and demand management	55	2	57	56	2	58
Rapid transit	21	0	21	22	0	22
Local road improvements (Housing Infrastructure Fund)	16	0	16	16	0	16
Road user charges collection, investigation and enforcement	4	0	4	4	0	4
Refund of fuel excise duty	1	0	1	1	0	1
Total National Land Transport Fund funding and expense	3,163	573	3,736	3,165	581	3,746
Classified as follows:						
Funding paid to approved organisations				1,869		
Waka Kotahi operating expenditure				1,296		
Total National Land Transport Fund expense				3,165		

	Operating Funding Revenue* Actual 2020/21 \$M	Capital Funding Contribution Actual 2020/21 \$M	Total Funding Revenue 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	267	267	0	267	267
COVID-19 related funding - public transport	138	0	138	138	0	138
COVID-19 related funding - public-private partnerships	115	0	115	115	0	115
COVID-19 revenue shock and cost pressure funding - State highway improvements	19	0	19	19	0	19
Return of COVID-19 funding - State highway improvements	0	(20)	(20)	0	(20)	(20)
COVID-19 related funding - state highway maintenance	9	0	9	9	0	9
COVID-19 - protection of core regulatory services**	5	0	5	0	0	0
COVID-19 related funding - other	1	0	1	1	0	1
Local road improvements (Provincial Growth Fund)	46	0	46	46	0	46
New Zealand Upgrade programme - regional	0	33	33	0	33	33
SuperGold card administration and public transport concessions	30	0	30	30	0	30
Accelerated Regional Roding Programme	0	30	30	0	30	30
Regional improvements (Provincial Growth Fund)	0	9	9	0	9	9
Kaikōura earthquake response	7	24	31	7	24	31
Crown infrastructure partners	0	4	4	0	4	4
Investment management (Provincial Growth Fund)	3	0	3	3	0	3
Enhanced road maintenance	2	0	2	2	0	2
Urban Cycleways Programme	1	0	1	1	0	1
Clean vehicle discount	0	0	0	1	0	1
Clean car standard	0	0	0	0	0	0
Other Crown funding and expense	10	0	10	12	0	12
Total Crown funding and expense	386	347	733	384	347	731
Classified as follows:						
Funding paid to approved organisations				219		
Waka Kotahi operating expenditure				165		
Total Crown expense				384		

	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	0	283	285	0	285
Total revenue and expense	3,832	921	4,753	3,834	928	4,762

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 \$65 million (2 percent) above budget. This is due to higher than budgeted claims from approved organisations for various activity classes including local road maintenance and public transport services.

Operating expense related to the Crown was \$277 million (249 percent) above budget. This was mainly due to payment of clean vehicle discount scheme rebates that were not included in the original budget. Also not in the original budget were additional claims to meet the shortfall in farebox revenue for public transport services during the COVID-19 lockdown and the funding of half price ticketing on public transport.

Capital expense related to the National Land Transport Fund was \$640 million (65 percent) below budget. This was mainly due to the fair value movements of public-private partnership interest rate swaps which impact on the overall expenditure position and a technical accounting change where state highway renewals in the state highway maintenance output class were funded by inflows that cover depreciation rather than National Land Transport capital funding. The budget had assumed mainly capital funding.

Capital expense related to the Crown was \$472 million (55 percent) below budget. This was the result of lower spend in the NZ Upgrade Programme due to scope revisions that occurred in 2021/22. In particular, the decision to no longer proceed with certain projects.

3 Revenue from other activities

	Actual 2021/22 \$M	Actual 2020/21 \$M
Fees and charges		
Motor vehicle licensing fees	48	51
Driver licensing fees	35	38
Driver testing fees	23	29
Road user charges collections	13	13
Certification review fees	11	12
Transport licensing fees	10	10
Standards development fee and certification levies	7	7
Rail licensing fees	2	2
Over dimension and overweight permits	2	1
Border inspection fees	1	1
Total fees and charges	152	164
Recoveries from National Land Transport Programme and other activities*	79	54
Tolling fees and contributions	15	17
Interest and finance income	17	40
Levy on personalised plates for community road safety initiatives	8	6
Administration fee from Accident Compensation Corporation	0	1
Miscellaneous revenue	1	1
Total revenue from other activities	272	283

* Including developer contributions.

4 State highway network

	Actual 2021/22 \$M	Actual 2020/21 \$M
Opening balance	58,986	52,191
Additions	2,982	1,679
Depreciation*	(721)	(608)
Write-offs*	(12)	(25)
Assets vested to local authorities	(2)	(2)
Disposals	(59)	(33)
Revaluation of state highway network	13,324	5,853
Impairment through the revaluation reserve	(71)	(59)
Assets transferred from/ (to) held for sale	(6)	(10)
Closing balance	74,421	58,986

*Depreciation, amortisation and state highway write-off balance in the statement of comprehensive revenue and expense included \$16 million (2020/21: \$14 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 cost of constructing the state highway network is 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 the "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 valuation along with support from Waka Kotahi as shown in the table below.

State highway network component	Valuer
Existing network assets: Roads (formation and pavement), bridges, culverts and subways, drainage, traffic facilities and other structures	WSP, based on unit rates provided by BondCM**
New major network assets*	Based on unit rates provided by BondCM** and input from internal project review assessments; reviewed by WSP
Tunnels	Valued by Waka Kotahi and reviewed by WSP
Land (held property)	Darroch Ltd
Land (corridor)	Internally valued by Waka Kotahi from QV data with indexation from Core Logic
Miscellaneous assets	Derived from other values and reviewed by WSP

*State highway projects with expenditure over \$20 million.

** Unit rates are provided by BondCM on a 3-yearly basis and indexed in intervening years based on indices provided by Stats NZ and reviewed by BondCM and WSP.

State highway network components	Optimised depreciated replacement cost		Depreciation expense	
	Actual 2021/22 \$M	Actual 2020/21 \$M	Actual 2021/22 \$M	Actual 2020/21 \$M
Land*	23,486	18,489	0	0
Formation	16,907	14,257	0	0
Pavement base course**	9,769	6,978	88	78
Pavement surface	1,640	1,347	217	154
Drainage	2,615	2,246	63	50
Traffic facilities	1,836	1,709	107	95
Bridges	12,198	8,934	138	128
Culverts and subways	852	648	17	18
Tunnels and other structures	4,680	4,033	52	52
Miscellaneous***	438	345	39	33
Total	74,421	58,986	721	608

*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 \$15 billion mainly due to price movements in unit rates reflecting the current costs of construction and increases from the land revaluation, particularly in the Auckland region, along with capital expenditure on 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 reduce the value of the assets to their estimated residual value over the useful life of the assets. The depreciation expense for 2021/22 is calculated based on the 30 June 2021 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. Any excess is recognised in surplus or deficit.

The only impairment of individual significance is from the October 2021 Government announcement stating that it was not proceeding with the walking and cycling bridge across the Auckland Harbour (Northern Pathway project) which triggered an impairment test for costs that have already been capitalised. The costs, excluding property purchases that are considered to be impaired, is \$38 million.

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 accuracy of the asset databases and the identification of all costs that should be capitalised through its state highway valuation improvement programme.

The state highway valuation improvement programme for 2021/22 continued the focus on simplifying the valuation process and improving the quality of the valuation input and outputs. The main improvement undertaken for the year was the continued refinement of the land corridor valuation process through the use of a Geospatial Information System (GIS) that was implemented for the first time in 2020/21 and the completion of a review of the useful life of pavements (basecourse and surfacing).

WSP reviewed a report on the Infrastructure Decision Support NZTA Strategic Maintenance Investment Model which provided scenarios of investment meeting renewal requirements to preserve the pavement asset. From the conclusions and data provided in the report it was deemed that the current useful lives for pavement and surfacing should be revised. This resulted in an increase in the expected useful life of pavement and surfacing that is further differentiated by road traffic volume category. The lives have been revised and changed to the lives shown in the table below for 2021/22.

Road traffic volume category	% Network	Asphalt concrete life	Chipseal life	Pavement basecourse life
High	24%	10	10	75
Medium	40%	13	11	100
Low	36%	13	13.5	150

The impact of the change in lives for 2021/22 is an increase in the depreciated replacement cost of \$1.4 billion and a reduction in the annual depreciation from the increased life.

The following represent estimated inputs used in the 2021/22 valuation.

State highway network component	Quantity	Rate	Useful life (years)	Basis of valuation
Land	Land corridor: 35,081 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: 104,143,004 m ² Shoulder formation: 21,077,282 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: 21,782,572 m ³ Shoulder base course: 3,099,897 m ³	Unit prices and an overhead rate	75-150 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: 115,539,294 m ²	Unit prices and an overhead rate	11-14	Unit rates are provided by BondCM and adjusted for overhead costs.
Drainage	Drainage: 138,831 units Stormwater channel: 15,343,521 m	Unit prices and an overhead rate	50	Unit rates are provided by BondCM and adjusted for overhead costs.
Traffic facilities	Railings: 2,808,778 m Signs: 196,126 units Traffic facilities: 11,716,062 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	2,786 bridges	Unit prices and an overhead rate	90-100	Unit rates are provided by BondCM.
Culverts and subways	Culverts and subways: 1,631 units and 438,107 m ³	Unit prices and an overhead rate	50-75	Unit rates are provided by BondCM.
Other structures	Retaining walls: 817,000 m ² Tunnels: 22 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. In 2021, BondCM applied 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 was derived to determine regional rates for each item. The regional weightings are based on costs BondCM has observed in the regions. In 2022, BondCM applied indexation to the 2021 rates as per the cyclical rates review methodology. WSP reviewed the indices and updated for market trends from available information. 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.

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 greenfields or brownfields 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 2021/22 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. This is because the projects are large and it can take several years to finalise the project and complete the necessary records in the asset management information systems. Typically, large projects are entered into the information systems some years after they are first operational given the complexity of the asset components. The total work in progress included in the valuation is \$6.9 billion, which is included at cost, with prior years' work in progress being indexed. 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 2021/22 \$M	Change in optimised depreciated replacement cost 2020/21 \$M
Movement in P&G on-costs by 10% (from 35.0% to 38.5%)	1,321	1,053
Movement in external professional fees by 10%	430	425
Movement in formation unit costs by 10%	1,691	1,432
Movement in bridge unit costs by 10%	1,220	893
Movement in unit prices* by 10%	2,446	1,795
Movement in land corridor prices by 10%	2,349	1,661
Movement in brownfield costs by 10%	245	198
Movement in price index by 10%	4,826	3,456

*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.

Property assets held for sale

Waka Kotahi owns 48 properties valued at \$32 million (2020/21: 58 properties valued at \$27 million) that have been classified as held for sale. It is expected that these properties will be sold by 30 June 2023.

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 \$74,421 million, \$12,817 million (21 percent) above budget of \$61,604 million due to increases in unit cost rate indices and property price inflation exceeding budget expectations and an increase from the change in pavement (subbase and surfacing) useful life.

5 Public-private partnership assets and liabilities

	Actual 2021/22 \$M	Actual 2020/21 \$M
Assets		
Transmission Gully*	0	1,281
Pūhoi to Warkworth	980	875
Total public-private partnership assets	980	2,156
Liabilities		
Transmission Gully	1,049	1,050
Pūhoi to Warkworth	850	792
Total public-private partnership liabilities	1,899	1,842

*In March 2022, Transmission Gully became operational, at this point the public-private partnership asset was included in the state highway asset at its carrying value of \$1,336 million.

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. At contract inception there are no scheduled payments before the service commencement date.

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.

At contract inception it was intended that once the public-private partnership assets become operational, Waka Kotahi would 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.

Under the settlement agreements agreed between Waka Kotahi and the public-private partnership counterparties in 2020/21, the debt component of the quarterly payments have commenced before service commencement date. This has occurred for both Transmission Gully and Pūhoi to Warkworth.

Transmission Gully public-private partnership

The COVID-19 lockdown in March-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. Under the terms of the settlement agreement, risks and costs related to Alert Levels 1 and 2 are the Builder's responsibility. Waka Kotahi was exposed to risks and costs associated with any future periods at Alert Levels 3 and 4. Agreement is still to be reached between the parties of the impacts of the lockdowns on the project.

In March 2022 Transmission Gully was opened to traffic in advance of the completion of final required activities by the public-private partnership counterparties. With the opening of the asset to traffic the public-private partnership asset became part of the state highway asset.

Refer to note 13 contingencies for further information on contingent liabilities for Transmission Gully.

Pūhoi to Warkworth public-private partnership

The COVID-19 lockdown in March/April 2020 was considered an uninsurable event for which Waka Kotahi, the Builder and the Contractor have reached a pre-settlement agreement in financial year 2019/20.

Under the terms of the settlement agreement, 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.

There is an ongoing assessment of claims for subsequent COVID-19 lockdowns in accordance with the process set out in the agreements. A claim for \$280 million has been submitted, which has been recognised as a contingent liability. Refer to the Contingent liabilities note for further information.

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 \$57 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 \$980 million, \$980 million (100 percent) above a nil budget mainly due to the assumption in the budget that the Pūhoi to Warkworth road would be completed in 2021/22 and the road asset transferred to the state highway network.

Public-private partnership liabilities were \$1,899 million, \$57 million (3 percent) below budget of \$1,956 million mainly due to slower than expected construction progress.

6 Capital commitments

	Actual As at 30 June 2022 \$M	Actual As at 30 June 2021 \$M
Not later than one year	1,384	1,534
Later than one year and not later than five years	996	1,207
Later than five years	0	4
Total capital commitments*	2,380	2,745

*Included in total capital commitments is \$57 million relating to the construction of the public-private partnership assets.

7 Waka Kotahi NZ Transport Agency employee costs and employee entitlements

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

	Actual 2021/22 \$M	Actual 2020/21 \$M
Salaries and wages	170	145
Defined contribution plan employer contributions	6	5
Other employee costs	6	4
Total Waka Kotahi NZ Transport Agency employee costs*	182	154

*Total Waka Kotahi employee costs exclude contractor costs which are included under note 8.

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

	Actual 2021/22 \$M	Actual 2020/21 \$M
Total employee costs	262	234
Deduct:		
Transport Agency capitalised employee costs allocated to NLTP activities	(44)	(54)
Transport Agency operating employee costs allocated to NLTP activities	(36)	(26)
Total Waka Kotahi NZ Transport Agency employee costs*	182	154

Explanation of major variances against budget

Net employee costs were \$182 million, \$18 million (11 percent) above budget of \$164 million. This is mainly from an increase in staff numbers across the two years reflecting capacity and capability increases required from Waka Kotahi.

Employee entitlements (included in the statement of financial position)

	Actual 2021/22 \$M	Actual 2020/21 \$M
Employee entitlements - current	28	22
Employee entitlements - non-current	4	4
Total Waka Kotahi NZ Transport Agency employee entitlements	32	26

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 2021/22 \$000	Actual 2020/21 \$000
Board members			
Remuneration		353	332
Number of Board members in the financial year	a	10	8
Leadership team			
Remuneration	c	4,289	5,131
Number of personnel		12	10
Total key management personnel compensation		4,642	5,463
Total personnel during the year	d	22	18

a. Reflects the number of members 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 18 (2020/21: 15).

Board member remuneration

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

	Appointed	Resigned	Actual 2021/22 \$000	Actual 2020/21 \$000
Sir Brian Roche (Chair)	June 2019		71	71
Cassandra Crowley (Deputy Chair)	September 2019		45	45
David Smol	February 2019		36	36
Catherine Taylor	September 2019		39	36
Ken Rintoul	September 2019	November 2021	12	36
Patrick Reynolds	September 2019		36	36
Victoria Carter	September 2019		39	36
John Bridgman	July 2020		39	36
Ngarimu Blair	November 2021		15	0
Tracey Martin	November 2021		21	0
Total board member remuneration			353	332

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 (2020/21: \$nil).

Employee remuneration

Total remuneration paid or payable	No. of staff 2021/22	No. of staff 2020/21
100,000-109,999	143	175
110,000-119,999	190	174
120,000-129,999	177	154
130,000-139,999	156	141
140,000-149,999	118	94
150,000-159,999	83	91
160,000-169,999	75	55
170,000-179,999	37	37
180,000-189,999	43	38
190,000-199,999	27	18
200,000-209,999	18	6
210,000-219,999	14	15
220,000-229,999	13	5
230,000-239,999	10	6
240,000-249,999	10	11
250,000-259,999	8	5
260,000-269,999	8	4
270,000-279,999	2	2
280,000-289,999	5	3
290,000-299,999	1	5
300,000-309,999	3	6
310,000-319,999	4	1
320,000-329,999	3	2
350,000-359,999	1	1
360,000-369,999	0	1
370,000-379,999	1	0
380,000-389,999	2	2
390,000-399,999	1	2
410,000-419,999	1	0
420,000-429,999	0	1
440,000-449,999	0	1
450,000-459,999	1	0
460,000-469,999	1	1
480,000-489,999	1	0
490,000-499,999	0	1
500,000-509,999	0	1
580,000-589,999	1	0
630,000-639,999	0	1
650,000-659,999	1	0
750,000-759,999	0	1
Total employees	1,159	1,061

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.

For the 2021/22 Waka Kotahi provided permanent employees with life, critical illness and income protection insurance. The remuneration above includes the cost of this insurance benefit for permanent employees.

During the year ended 30 June 2022, 11 (2020/21: 24) Waka Kotahi employees received compensation and other benefits in relation to cessation of \$0.5 million (2020/21: \$1.6 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 2021/22 \$M	Actual 2020/21 \$M
Clean vehicle discount rebates	a	121	0
Commissions and transaction costs	b	75	83
Contractor and professional services		9	11
Information technology		40	39
Operating lease expense		13	12
Office and building management		8	7
Employee travel		2	4
Meetings and conferences		1	1
Fees to principal auditors for:			
- audit of financial statements		0.5	0.5
- other assurance services	c	0.1	0.1
Other operating expenses		9	9
Waka Kotahi NZ Transport Agency operating expenses		279	167

a. The clean vehicle discount scheme commenced on 1 July 2021 with the payment of rebates on zero and low emission vehicles.

b. 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. These costs have been affected by lockdowns in both financial years.

c. Other assurance services by KPMG included a review of the application of the scrutiny principle.

Explanation of major variances against budget

Operating expenses were \$279 million, \$92 million (49 percent) above budget of \$187 million mainly due to the introduction of the clean vehicle discount scheme which was not included in the original budget.

Payables (included in the statement of financial position)

	Actual 2021/22 \$M	Actual 2020/21 \$M
Creditors	640	687
Income in advance	38	44
Total Waka Kotahi NZ Transport Agency payables	678	731

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. All creditors are classified as current.

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 2021/22 \$M	Actual 2020/21 \$M
Not later than one year	15	15
Later than one year and not later than five years	56	52
Later than five years	49	51
Total non-cancellable operating lease	120	118

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.

10 Provisions

	State Highway - current \$M	Onerous Contracts - current \$M	Onerous Contracts - non-current \$M	Total \$M
Balance at 1 July 2020	212	1	3	216
Additional provisions made	35	0	0	35
Amounts used	(136)	0	(2)	(138)
Unused amounts reversed	(47)	0	0	(47)
Balance at 30 June 2021 / 1 July 2021	64	1	1	66
Additional provisions made	30	1	0	31
Amounts used	(49)	0	(1)	(50)
Unused amounts reversed	(1)	0	0	(1)
Balance at 30 June 2022	44	2	0	46

The state highway provision relates to estimates for expected contractual claims and remaining COVID-19 claims, where it is probable that Waka Kotahi will be required to settle these claims. Actual costs may vary from the provision estimates.

Refer to note 13 for details on contingent liabilities.

11 Borrowings, financial instruments and financial risk management

Waka Kotahi had the following borrowings outstanding at 30 June 2022.

Name	Total facility \$M	Nominal amount borrowed \$M	Actual 2021/22 \$M	Actual 2020/21 \$M	Interest rate	Final repayment date
Auckland Transport Package	375	354	318	309	The interest-free loan was discounted using government bond rates of 2.36% to 3.29%.	June 2027
Housing Infrastructure Fund	357	56	46	25	The interest-free loan was discounted using government bond rates of 0.50% to 4.02%.	June 2032
Total interest-free borrowing			364	334		
Tauranga Eastern Link	107	107	110	107	\$87.0 million at fixed rates ranging from 4.99% to 5.14%. \$20.0 million at floating rates.	June 2050
Regulatory facility	95	51	52	34	Fixed rates ranging from 1.32% to 3.07%.	March 2032
COVID-19 NLTF borrowing facility	425	325	332	329	Fixed rates ranging from 1.10% to 1.18%.	June 2027
Short term facility	500	0	0	75	Floating rates.	Not applicable
2021-24 NLTP facility	2,000	200	201	0	Fixed rate of 3.63%.	April 2032
Total borrowing			1,059	879		
Tolling funds held in trust			4	4		
Total borrowing and other liabilities			1,063	883		
Classified as follows:						
Current			4	4		
Non-current			1,059	879		
Total			1,063	883		

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 2021/22 \$M	Actual 2020/21 \$M
Opening balance	334	339
Face value of loans issued	28	17
Fair value adjustment	(7)	(30)
Repayments	0	(1)
Amortised interest (at government bond rates)	9	9
Closing balance	364	334

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 2021/22 \$M	Actual 2020/21 \$M
Interest on borrowings	12	10
Interest on public-private partnerships	21	0
Interest rate swap net payment	37	23
Discount on Debtor National Land Transport Fund - debt related	9	30
Amortisation of discount on borrowings	9	10
Ineffective portion of cash flow hedge	(15)	14
Total interest and finance costs	73	87

Financial instruments

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

	Actual 2021/22 \$M	Actual 2020/21 \$M
Financial assets measured at amortised cost		
Cash and cash equivalents	180	170
Debtor National Land Transport Fund and Debtor Crown	3,523	3,641
Other receivables and other assets	41	71
Total financial assets measured at amortised cost	3,744	3,882
Financial liabilities measured at amortised cost		
Payables	678	731
Borrowing and other liabilities	1,063	883
Public-private partnership liabilities	1,899	1,842
Total financial liabilities measured at amortised cost	3,640	3,456
Financial liability at fair value through other comprehensive revenue and expense		
Derivative financial liability	131	478
Total financial liability at fair value through other comprehensive revenue and expense	131	478

The cash and non-cash movements for financial liabilities are shown below.

	Actual 2019/20	Cash Inflows \$M	Cash Outflows \$M	Non- Cash \$M	Changes in fair value \$M	Other \$M	Actual 2020/21 \$M
Financial liabilities measured at amortised cost							
Borrowings	844	231	(182)	0	(21)	11	883
Public-private partnership liabilities	1,677	0	(28)	205	0	(12)	1,842
Financial liability at fair value through other comprehensive revenue and expense							
Derivative liabilities	727	0	(11)	0	(227)	(11)	478
Total	3,248	231	(221)	205	(248)	(12)	3,203

	Actual 2020/21	Cash Inflows \$M	Cash Outflows \$M	Non- Cash \$M	Changes in fair value \$M	Other \$M	Actual 2021/22 \$M
Financial liabilities measured at amortised cost							
Borrowings	883	445	(279)	0	2	12	1,063
Public-private partnership liabilities	1,842	0	(77)	160	0	(26)	1,899
Financial liability at fair value through other comprehensive revenue and expense							
Derivative liabilities	478	0	(42)	0	(309)	4	131
Total	3,203	445	(398)	160	(307)	(10)	3,093

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 having loans that are at fixed interest rates. As at 30 June 2022, approximately 98 percent (2020/21: 90 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 5). 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	848	February 2021	October 2043	5.58%	Floating, with periodic reset	123
Pūhoi to Warkworth	765	August 2023	August 2045	4.16%	Floating, with periodic reset	8
Total derivative financial liability						131

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 2021/22 \$M	Actual 2020/21 \$M
Balance as at 1 July	(396)	(661)
Effective cash flow hedge	332	265
Cash flow hedge reserve	(64)	(396)

During the year, the total ineffective portion of the cash flow hedge reserve charged to surplus or deficit is \$15 million surplus (2020/21: \$14 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	2021/22		2020/21	
	+1%	-1%	+1%	-1%
	\$M	\$M	\$M	\$M
Cash and cash equivalents	1.8	(1.8)	1.7	(1.7)

Effect on other comprehensive revenue and expense	2021/22		2020/21	
	+1%	-1%	+1%	-1%
	\$M	\$M	\$M	\$M
Derivative financial liability	146	(171)	200	(245)

Effect on surplus or deficit	2021/22		2020/21	
	+1%	-1%	+1%	-1%
	\$M	\$M	\$M	\$M
Borrowing	(0.2)	0.2	(1.0)	1.0

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 2022, 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 or some other such significant event 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 million to manage seasonal variations in cash flow and \$250 million to manage unexpected and unfavourable variations in cash flow. Both were available at 30 June 2022.

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.

	2021/22			
	Less than 1 year \$M	1-2 years \$M	2-5 years \$M	Over 5 years \$M
Payables	678	0	0	0
Borrowing	17	17	526	731
Derivative financial liability	17	12	43	122
Public-private partnership liabilities	110	73	231	2,386
Total	822	102	800	3,239

	2020/21 (Restated*)			
	Less than 1 year \$M	1-2 years \$M	2-5 years \$M	Over 5 years \$M
Payables	731	0	0	0
Borrowing	9	84	258	675
Derivative financial liability	37	39	138	349
Public-private partnership liabilities	63	66	114	1,738
Total	840	189	510	2,762

* 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 \$180 million, \$130 million (261 percent) above budget of \$50 million. Additional cash was held to meet expected year end claims from suppliers and approved organisations.

Borrowing was \$1,063 million, \$117 million (10 percent) below budget of \$1,180 million due to lower than expected use of the 2021-24 NLTP facility.

Derivative financial liability was \$131 million, \$495 million (79 percent) below budget of \$626 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 in the year.

12 Memorandum accounts

Memorandum accounts

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 and funding for the protection of core regulatory services.

Below are the closing balances of the memorandum accounts by funding activities. Amounts are in millions to one decimal point.

	Note	Actual 2021/22 \$M	Actual 2020/21 \$M
Driver licensing and testing		(39.9)	(27.4)
Regulation of commercial transport operators and the rail transport system	a	(12.2)	(11.5)
Road user charges collection		(2.3)	(2.1)
Vehicle safety and certification	b	13.4	8.9
Total memorandum accounts - other fees and charges		(41.0)	(32.1)

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

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

Below are the movements of the memorandum accounts. Amounts are in millions to one decimal point.

	Actual 2021/22 \$M	Actual 2020/21 \$M
Border inspections		
Opening balance	3.8	4.0
Revenue	0.7	0.7
Expenditure	0.1	0.9
Net surplus/(deficit)	0.6	(0.2)
Closing balance	4.4	3.8
Certification reviews		
Opening balance	(3.5)	(6.2)
Revenue	12.3	12.7
Expenditure	11.2	10.0
Net surplus/(deficit)	1.1	2.7
Closing balance	(2.4)	(3.5)
Driver licensing		
Opening balance	(43.4)	(31.2)
Revenue (Including Crown driver test subsidy)	36.2	41.1
Expenditure	44.5	53.3
Net surplus/(deficit)	(8.3)	(12.2)
Closing balance	(51.7)	(43.4)
Driver testing		
Opening balance	16.0	21.9
Revenue	29.0	26.7
Expenditure	33.2	32.6
Net surplus/(deficit)	(4.2)	(5.9)
Closing balance	11.8	16.0
Motor vehicle licensing		
Opening balance	(2.0)	(2.5)
Revenue	49.0	54.2
Expenditure	52.0	53.7
Net surplus/(deficit)	(3.0)	0.5
Closing balance	(5.0)	(2.0)

	Actual 2021/22 \$M	Actual 2020/21 \$M
Over dimension permits		
Opening balance	(0.3)	(1.1)
Revenue	0.8	1.0
Expenditure	0.1	0.2
Net surplus/(deficit)	0.7	0.8
Closing balance	0.4	(0.3)
Rail licensing		
Opening balance	(1.2)	(0.4)
Revenue	2.9	1.9
Expenditure	2.9	2.7
Net surplus/(deficit)	(0.0)	(0.8)
Closing balance	(1.2)	(1.2)
Road user charges collection		
Opening balance	(2.1)	(1.7)
Revenue	12.7	15.1
Expenditure	12.9	15.5
Net surplus/(deficit)	(0.2)	(0.4)
Closing balance	(2.3)	(2.1)
Standards development and certification		
Opening balance	10.6	7.4
Revenue	7.1	7.3
Expenditure	1.3	4.1
Net surplus/(deficit)	5.8	3.2
Closing balance	16.4	10.6
Transport licensing		
Opening balance	(10.0)	(10.6)
Revenue	10.6	11.4
Expenditure	12.0	10.8
Net surplus/(deficit)	(1.4)	0.6
Closing balance	(11.4)	(10.0)
Total memorandum account - third party fees and charges	(41.0)	(32.1)

13 Contingencies

Contingent liabilities as at 30 June 2022

Roading and other contract disputes

There are claims of \$353 million (2020/21: \$84 million) relating to a variety of roading and other contract disputes including contractual claims arising from property acquisitions and disposals. The most significant contingent liability relates to Pūhoi to Warkworth.

Public-private partnership claims

Waka Kotahi is a party to two public-private partnerships. Transmission Gully, north of Wellington and Pūhoi to Warkworth, north of Auckland.

They have both had previous disputes and settlements. The most recent settlements have been in relation to the COVID-19 related lockdowns of 2020. Those settlements also included agreed terms for future risk allocation related to COVID-19, while maintaining the remainder of general terms related to performance and risk allocation.

In relation to progress and delays on the works since the 2020 settlements, Waka Kotahi has received a claim for Pūhoi to Warkworth comprising current and estimated future elements, totalling approximately \$280 million that we are validating using internal and external resources. Waka Kotahi has not been presented with any evidence to indicate that a claim of that size will be supported by the independent reviewer.

Waka Kotahi has also received various documents and presentations from the Transmission Gully builder in relation to several issues, including COVID-19, however no contractual claims have been presented by the contractor. Waka Kotahi has not been presented with any evidence to indicate when a valid and material claim may be presented to Waka Kotahi. Accordingly, any potential contingent liability cannot be quantified at present, however any contingent liability could be material.

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 2022, Waka Kotahi has provided for certain contractual matters. Refer to note 10 provisions.

14 Events after balance date

There were no significant events after balance date.

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 funding inflows and National Land Transport Fund outflows
- information about performance by segment of the business
- clean vehicle discount scheme
- details of land transport management (road tolling scheme)
- details of regional fuel tax
- borrowing apportionment.

This information is consistent with and should be read in conjunction with the financial highlights on pages 80-81 and the audited financial statements on pages 82-122.

Waka Kotahi agency expenditure

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Employee costs	182	164	154
Operating expenses	158	187	167
Depreciation and amortisation expense	16	13	17
Waka Kotahi agency operating expenditure	356	364	338
Waka Kotahi agency expenditure recharged to projects*	(34)	0	(29)
Waka Kotahi agency expenditure allocated to the NLTP**	100	87	89
Waka Kotahi agency activities expenditure***	422	451	398

*Projects are funded by tolling, NLTF, Crown or regulatory fees and charges.

**Allocation is done through direct charges and overheads allowances, primarily towards capital projects.

***Waka Kotahi agency expenditure excludes direct expenditure on NLTP activities such as road safety promotion, tackling unsafe speed, clean vehicle discount and the national ticketing solution.

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

	Actual 2021/22 \$M	Actual 2020/21 \$M
Waka Kotahi		
National Land Transport Fund Operating funding	3,332	3,163
National Land Transport Fund Capital funding	364	573
Total funding from the NLTF	3,696	3,736
Deduct:		
(Borrowing) /repayment (shock/seasonal facilities)	75	175
(Borrowing)/repayment NLTP loan 2021-24	(201)	0
(Borrowing)/repayment - public-private partnerships and related interest rate swap	141	0
State highway improvements - public-private partnerships non-appropriated movement	164	99
State highway improvements - other non-appropriated movement	(17)	(14)
Local road improvements - Housing Infrastructure Fund non-appropriated movement	(31)	(16)
Other National Land Transport Fund revenue	(14)	(5)
State highway improvements - Crown capital injection for COVID-19	0	(81)
Public transport - Crown capital injection for COVID-19	0	(90)
Total National Land Transport Fund (NLTP) outflows	3,813	3,804

Performance by segment of the business

The following tables provide detailed financial performance information for each of segment of Waka Kotahi. Segments area 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 vehicle discount - clean vehicle 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 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Revenue			
Waka Kotahi NZ Transport Agency operations	167	156	113
Tolling - administration	15	17	17
Clean vehicle discount	126	0	0
Clean car standard	2	0	0
Memorandum account - other fees and charges	161	171	172
Land transport funding	3,273	3,139	3,154
Specific projects funded by the Crown	254	104	376
Total revenue	3,998	3,587	3,832
Expenditure			
Waka Kotahi NZ Transport Agency operations	166	162	112
Tolling - administration	10	8	11
Clean vehicle discount	126	0	1
Clean car standard	2	0	0
Memorandum account - other fees and charges	170	194	184
Land transport funding	3,264	3,134	3,150
Specific projects funded by the Crown	254	104	376
Total expenditure	3,992	3,602	3,834
Surplus/(deficit)			
Waka Kotahi NZ Transport Agency operations	1	(5)	1
Tolling - administration	5	9	6
Clean vehicle discount	0	0	(1)
Clean car standard	0	0	0
Memorandum account - other fees and charges	(9)	(23)	(12)
Land transport funding	9	4	4
Specific projects funded by the Crown	0	0	0
Total surplus/(deficit)	6	(15)	(2)

Clean vehicle discount scheme

This supplementary information has been provided to fulfil the disclosure requirements under section 9A of the Land Transport Clean Vehicles Amendment Act 2022.

Below is the movement of the Crown clean vehicle discount memorandum account.

	Actual 2021/22 \$M	Actual 2020/21 \$M
Opening balance	(1.1)	0.0
Revenue		
Fees from high emission vehicles	25.0	0.0
Crown grant revenue*	114.0	0.0
Total revenue	139.0	0.0
Expenditure		
Clean vehicle rebates	121.0	0.0
Scheme administration	2.7	0.0
Project implementation	4.1	1.1
Total expenditure	127.8	1.1
Net surplus/(deficit)	11.2	(1.1)
Closing balance	10.1	(1.1)

*A \$301.8 million Crown grant was provided for the establishment of the scheme, administration costs and payment of rebates from 1 July 2021. Since the full scheme went live from 1 April 2022, the intent has been to use fees generated from high emission vehicles to pay for rebates, rather than use the Crown grant. The unspent portion of the Crown grant (\$187.8m) continues to be available if the fees generated are not enough to cover the payment of rebates.

The table below shows Waka Kotahi's situation regarding the Crown grant.

	Actual 2021/22 \$M	Actual 2020/21 \$M
Life to date received by Waka Kotahi from charges paid*	14.9	0.0
Less: life to date rebates paid and administration cost	128.9	1.1
Total deficit funded by the Crown grant	(114.0)	(1.1)

*Waka Kotahi can only draw down sufficient funding from fees and the Crown grant to meet payment of rebates and administration costs.

The Crown grant is repayable to Crown once the amount of revenue generated (from high emission vehicles) is \$15 million above the amount required to pay rebates (to low emission vehicles) and administer the scheme. Waka Kotahi has not repaid any of the Crown grant at 30 June 2022.

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.

Toll road traffic volumes and revenue for the year ended 30 June 2022

	Toll revenue (portion designated for repayment of Crown debt)			Traffic volumes (number of vehicles)		
	Actual 2021/22 \$M	Budget 2021/22 \$M	Forecast 2022/23 \$M	Actual* 2021/22 M	Budget* 2021/22 M	Forecast* 2022/23 M
Northern Gateway toll road - light vehicles	7.8	9.5	10.2	5.6	6.9	7.1
Northern Gateway toll road - heavy vehicles	2.1	2.4	2.3	0.6	0.7	0.6
Tauranga Eastern Link toll road - light vehicles	3.8	3.5	4.7	3.4	3.7	4.0
Tauranga Eastern Link toll road - heavy vehicles	1.8	1.8	2.1	0.5	0.5	0.5
Takitimu Drive toll road - light vehicles	3.7	3.8	4.3	3.9	4.0	4.3
Takitimu Drive toll road - heavy vehicles	2.8	3.1	3.0	0.8	0.8	0.8

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

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

Tolling revenues for the year ended 30 June 2022

	Tolling revenue used to repay debt		Tolling revenue used to operate the business		Total Tolling revenue	
	Actual 2021/22 \$M	Actual 2020/21 \$M	Actual 2021/22 \$M	Actual 2020/21 \$M	Actual 2021/22 \$M	Actual 2020/21 \$M
Northern Gateway toll road	9.9	11.6	4.2	5.1	14.1	16.7
Tauranga Eastern Link toll road	5.5	6.0	2.6	2.8	8.2	8.8
Takitimu Drive toll road	6.4	6.6	3.2	3.3	9.6	10.0
Total	21.9	24.2	10.0	11.2	31.8	35.4

Debt and other financial obligations

	Actual 2021/22 \$M	Budget 2021/22 \$M	Forecast 2022/23 \$M
Debt and other financial obligations			
Tauranga Eastern Link toll road borrowing	107.0	107.0	107.0
Total	107.0	107.0	107.0
Toll revenue inflow to the National Land Transport Fund for repayment of debt			
Tauranga Eastern Link toll road	5.0	5.7	6.6
Takitimu Drive toll road	5.8	5.0	7.2
Total	10.8	10.7	13.8

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 notional 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 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 2021/22 \$M	Actual 2020/21 \$M
Opening balance	(0.2)	(1.5)
Tolling revenue used to repay debt	5.6	6.0
Interest expenditure on \$107 million loan	4.8	4.7
Net surplus/(deficit)	0.8	1.3
Closing balance	0.6	(0.2)

Financial statements for Waka Kotahi road tolling operations

Statement of comprehensive revenue and expense for the year ended 30 June 2022

	Note	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Revenue				
Toll fees	a	14.9	17.1	16.9
Total revenue		14.9	17.1	16.9
Expenditure		10.0	8.3	11.0
Net surplus		4.9	8.8	5.9

a. Toll fees includes \$10.0 million of tolling revenue used to operate the business (2020/21: \$11.2 million) and \$4.9 million of customer toll payment notice revenue (2020/21: \$5.7 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 2022

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Assets			
Current assets	20.7	15.2	14.6
Non-current assets	5.0	4.5	6.8
Total assets	25.7	19.7	21.4
Liabilities	14.5	14.7	14.3
Net assets/equity	11.2	5.0	7.1

Statement of cash flows for the year ended 30 June 2022

	Actual 2021/22 \$M	Budget 2021/22 \$M	Restated Actual 2020/21 \$M
Net cash from operating activities	22.0	25.0	24.6
Net cash from financing activities	(21.6)	(24.8)	(22.4)
Net increase in cash and cash equivalents	0.4	0.2	2.2
Cash and cash equivalents at the beginning of the year	12.7	12.7	10.5
Cash and cash equivalents at the end of the year	13.1	12.9	12.7

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

Waka Kotahi tolling memorandum account

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

	Actual 2021/22 \$M	Actual 2020/21 \$M
Opening balance	6.3	0.4
Revenue	14.9	16.9
Expenditure	10.0	11.0
Net surplus/(deficit)	4.9	5.9
Closing balance	11.2	6.3

Tolling provision for doubtful debts

	Actual 2021/22 \$M	Actual 2020/21 \$M
Opening balance as at 1 July	2.1	1.6
Movement in doubtful debts provision	0.0	0.5
Closing balance as at 30 June	2.1	2.1

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 2021/22 \$M	Actual 2020/21 \$M
Bad debt write-off	1.6	1.3

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 2022

	Actual 2021/22 \$M	Actual 2020/21 \$M
Revenue		
Regional fuel tax	146	161
Rebates	(6)	(7)
Total revenue	140	154
Distributed to:		
Auckland City Council	139	153
Transport Agency administration fee	1	1
Total distributions	140	154
Net surplus/(deficit)	0	0

Statement of financial position as at 30 June 2022

	Actual 2021/22 \$M	Actual 2020/21 \$M
Assets		
Cash and cash equivalents	17	18
Total assets	17	18
Liabilities		
Payables	15	16
Regional fuel tax rebate reserve	2	2
Total liabilities	17	18
Net assets/equity	0	0

Statement of cash flows for the year ended 30 June 2022

	Actual 2021/22 \$M	Actual 2020/21 \$M
Net cash from operating activities	(1)	5
Net (decrease)/increase in cash and cash equivalents	(1)	5
Cash and cash equivalents at the beginning of the year	18	13
Cash and cash equivalents at the end of the year	17	18

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

Borrowing apportionment

\$200 million of the \$2 billion NLTP 2021-24 loan facility has been drawn down and funding has been apportioned across output classes as follows:

Output Class	2021-24 NLTP Facility \$M
State highway improvements	24
Local road improvements	37
Public transport services	2
Public transport infrastructure	43
Walking and cycling improvements	30
State highway maintenance	34
Local road maintenance	16
Road to Zero	15
Total apportionment*	201

*Including accrued interest

Drawdowns from the \$2 billion NLTP 2021-24 loan facility have been apportioned based on the output class investment targets set by the Board.

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 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (Crash Analysis System)	1	1	1
National Land Transport Fund	60	77	67
Other	1	0	1
Total operating revenue	62	78	69
Operating expenses			
Transport Agency (Crash Analysis System)	4	1	4
Transport Agency (ministerial services)	1	0	2
Funding to approved organisations	5	30	7
Transport planning	10	4	11
Sector training and research	4	0	6
Investment in the funding allocation system	38	43	39
Total operating expenses	62	78	69
Surplus/(deficit)	0	0	0

Revenue collection and administration

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (protection of core regulatory functions - road user charges)	0	0	2
National Land Transport Fund (refund of fuel excise duty)	4	1	1
National Land Transport Fund (investigation and enforcement)	5	4	4
National Land Transport Fund (road user charges refund)	3	1	1
Fees and charges (tolling)	15	17	17
Fees and charges (road user charges)	13	13	13
Regional fuel tax administration	1	1	1
Total operating revenue	41	37	38
Operating expenses			
Refund of fuel excise duty	4	4	1
Regional fuel tax administration	2	2	1
Tolling	10	8	11
Road user charges investigation and enforcement	5	1	4
Road user charges refund	3	1	1
Road user charges collections	13	18	16
Total operating expenses	37	34	34
Surplus/(deficit)	4	3	4

State highway improvements

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
National Land Transport Fund	642	626	666
Crown (COVID-19 public-private partnerships funding)	82	0	0
Crown (COVID-19 Response and Recovery Fund)**	(2)	40	134
Crown infrastructure partners	27	0	4
Crown (NZ Upgrade Programme)	6	0	0
Crown (Supporting Regions Programme)*****	2	0	3
National Land Transport Fund (public-private partnerships)	0	38	0
National Land Transport Fund (tolling)	12	13	13
Developer contributions	4	5	5
Interest and finance income	7	7	37
Other income	8	0	14
Total operating revenue	788	729	876
Operating expenses			
Assets vested to local authorities	0	339	2
Depreciation and state highway write-offs	550	291	646
Interest on Tauranga Eastern Link borrowings	5	0	5
Other interest and finance costs	55	53	78
Crown (COVID-19 public-private partnerships funding)	82	0	0
Crown (COVID-19 Response and Recovery Fund)**	(2)	40	133
Crown infrastructure partners	27	0	4
Crown (NZ Upgrade Programme)	6	0	0
Crown (Supporting Regions Programme)*****	2	0	3
Other expenses	60	0	0
Total operating expenses	785	723	871
Surplus/(deficit)	3	6	5

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Capital funding			
Crown (New Zealand Upgrade Programme)	306	684	251
Crown (Accelerated Regional Roding Programme)	4	0	30
Crown (Supporting Regions Programme)****	34	73	42
Crown (COVID-19 Response and Recovery Fund)**	0	0	(20)
Crown infrastructure partners	27	35	4
National Land Transport Fund capital contribution	146	178	214
National Land Transport Fund (public-private partnerships)	200	155	166
National Land Transport Fund (public-private partnerships - interest rate swap movement)	(332)	0	(265)
National Land Transport Fund (regional improvements)***	0	0	49
National Land Transport Fund (state highway disposals)	51	4	31
Depreciation funding utilised for investment in the state highway network	548	291	646
Net non-cash funding for losses/(income) utilised for investment in state highway network	2	339	2
Total capital funding	986	1,759	1,150
Capital expenditure			
Crown investment (New Zealand Upgrade Programme)	306	684	251
Crown (Accelerated Regional Roding Programme)	4	0	30
Crown (Supporting Regions Programme)****	34	73	42
Crown (COVID-19 Response and Recovery Fund)	0	0	(20)
Crown infrastructure partners	27	35	4
Public-private partnerships	160	155	166
Public-private partnerships - interest rate swap movement*	(332)	0	(265)
Capital investment	671	731	808
Investment in the state highway network (regional improvements)***	0	0	50
Transport Agency capitalised expenditure	80	86	89
Total capital expenditure	950	1,764	1,155
Net capital movement	36	(5)	(5)

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Borrowing funding			
National Land Transport Fund (borrowing facility)	26	0	63
National Land Transport Fund (public-private partnership quarterly unitary payment)	104	135	40
National Land Transport Fund (Auckland Transport Package)	0	0	1
Total borrowing funding	130	135	104
Borrowing repayment			
Repayment of borrowing facility	26	0	63
Repayment public-private partnership quarterly unitary payment	104	135	40
Repayment of borrowing (Auckland Transport Package)	0	0	1
Total borrowing repayment	130	135	104
Net borrowing	0	0	0
Total movement	36	(5)	(5)
Total operating and capital expenditure	1,735	2,487	2,026

* The movement in the public-private partnership interest rate swaps was due to increases in market interest rates in 2021/22 compared to decreases in rates in 2020/21.

** Represents return of COVID-19 funding to Crown in 2021/22.

***The regional improvements output class was disestablished in NLTP 2021-24. The funding and expenditure was moved to State highway improvements.

****In 2021/22 the Supporting Regions Programme and New Zealand Upgrade Programme regional package funding and expenditure was moved from the disestablished regional improvements output class.

*****In 2021/22 the Supporting Regions Programme administration funding and expenditure was moved from the investment management output class.

State highway maintenance

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (Kaikōura earthquake response)	2	1	7
Crown (COVID-19 Response and Recovery Fund)	0	0	9
National Land Transport Fund	757	775	522
National Land Transport Fund (rental and interest income)	24	20	23
Other revenue*	57	0	36
Total operating revenue	840	796	597
Operating expenses			
Maintenance of the state highway network (Kaikōura earthquake response)	2	1	7
Crown (COVID-19 Response and Recovery Fund)	0	0	9
Depreciation on state highway renewals	194	294	0
Maintenance of the state highway network	515	416	496
Maintenance and operation of Transmission Gully	6	9	0
Works funded by third party contributions	56	0	33
Transport Agency operating activities	65	74	50
Interest and finance costs	2	2	0
Other expense	0	0	2
Total operating expenses	840	796	597
Surplus/(deficit)	0	0	0

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Capital funding			
Crown (Kaikōura earthquake response)	0	1	24
National Land Transport Fund capital contribution	0	0	195
Depreciation funding utilised for investment in state highway renewals	194	294	0
Total capital funding	194	295	219
Capital expenditure			
Crown investment (Kaikōura earthquake response)	0	1	24
Capital investment	194	294	195
Total capital expenditure	194	295	219
Net capital movement	0	0	0
Borrowing funding			
National Land Transport Fund (borrowing facility)	49	0	35
Total borrowing funding	49	0	35
Borrowing repayment			
Repayment of borrowing facility	49	0	35
Total borrowing repayment	49	0	35
Net borrowing	0	0	0
Total movement	0	0	0
Total operating and capital expenditure	1,034	1,091	816

* Includes contributions from third parties of \$56 million (2020/21: \$33 million).

Walking and cycling improvements

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (Urban Cycleways Programme)	0	0	1
National Land Transport Fund	69	72	111
Developers contributions	8	0	1
Other revenue	1	0	0
Total operating revenue	78	72	113
Operating expenses			
Funding to approved organisations (Urban Cycleways Programme)	0	0	1
Funding to approved organisations	68	70	109
Transport Agency operating activities	2	2	2
Total operating expenses	70	72	112
Surplus/(deficit)	8	0	1
Capital funding			
Crown (New Zealand Upgrade Programme)	13	71	16
National Land Transport Fund capital contribution	65	49	81
Other capital funding	0	0	1
Total capital funding	78	120	98
Capital expenditure			
Capital investment (New Zealand Upgrade Programme)	13	71	16
Capital investment	73	49	83
Total capital expenditure	86	120	99
Net capital movement	(8)	0	(1)
Total movement	0	0	0
Total operating and capital expenditure	156	192	211

Public transport services

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (half price fares)	26	0	0
Crown (COVID-19 Response and Recovery Fund)	47	0	138
Crown (SuperGold card and administration)	30	31	30
National Land Transport Fund	431	420	451
Total operating revenue	534	451	619
Operating expenses			
Crown (half price fares)	26	0	0
Crown (COVID-19 Response and Recovery Fund)*	47	0	138
Crown (SuperGold card and administration)	30	31	30
Funding to approved organisations	431	420	450
Transport Agency operating activities	0	0	1
Total operating expenses	534	451	619
Surplus/(deficit)	0	0	0

The public transport output class was disestablished in NLTP 2021-24 and replaced with two new output classes - public transport services and public transport infrastructure.

Included in public transport services from 2021/22 is the funding and expenditure for SuperGold card. The SuperGold card and public transport concessions output class was disestablished in NLTP 2021-24.

*\$47 million of COVID-19 payments was paid to Approved Organisations which in turn reduced the contribution made from the NLTF for the costs of the provision of public transport services.

Public transport infrastructure

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
National Land Transport Fund	303	271	250
Other revenue	0	0	1
Total operating revenue	303	271	251
Operating expenses			
Funding to approved organisations	272	262	229
Other operating expenses	22	0	20
Transport Agency operating activities	9	8	2
Interest and finance costs	0	1	0
Total operating expenses	303	271	251
Surplus/(deficit)	0	0	0
Capital funding			
National Land Transport Fund capital contribution	47	122	102
Total capital funding	47	122	102
Capital expenditure			
Capital investment	47	122	102
Total capital expenditure	47	122	102
Net capital movement	0	0	0
Total operating and capital expenditure	350	393	353

The public transport output class was disestablished in NLTP 2021-24 and replaced with two new output classes - public transport services and public transport infrastructure.

Included in public transport infrastructure are the transitional rail and rapid transit output classes. Both output classes were disestablished in NLTP 2021-24.

Local road improvements

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
National Land Transport Fund	142	134	255
National Land Transport Fund (Housing Infrastructure Fund)	31	40	16
National Land Transport Fund (regional improvements)	0	0	63
Crown (Supporting Regions Programme)	34	32	46
Interest and finance income	9	4	3
Total operating revenue	216	210	383
Operating expenses			
Funding to approved organisations	142	134	255
Funding to approved organisations (Housing Infrastructure Fund)	31	40	16
Funding to approved organisations (Supporting Regions Programme)	34	31	46
Funding to approved organisations (regional improvements)	0	0	63
Interest and finance costs	9	5	3
Total operating expenses	216	210	383
Surplus/(deficit)	0	0	0
Borrowing funding			
National Land Transport Fund (borrowing facility)	0	0	13
Total borrowing funding	0	0	13
Borrowing repayment			
Repayment of borrowing facility	0	0	13
Total borrowing repayment	0	0	13
Net borrowing	0	0	0
Total movement	0	0	0

Local road maintenance

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (COVID-19 Response and Recovery Fund)	0	0	1
National Land Transport Fund	736	659	667
Total operating revenue	736	659	668
Operating expenses			
Crown (COVID-19 Response and Recovery Fund)	0	0	1
Funding to approved organisations	736	658	667
Interest and finance costs	0	1	0
Total operating expenses	736	659	668
Surplus/(deficit)	0	0	0
Borrowing funding			
National Land Transport Fund (borrowing facility)	0	0	33
Total borrowing funding	0	0	33
Borrowing repayment			
Repayment of borrowing facility	0	0	33
Total borrowing repayment	0	0	33
Net borrowing	0	0	0
Total movement	0	0	0

Regulation of the rail transport system

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (protection of core regulatory functions)	1	0	0
Fees and charges	2	3	2
Total operating revenue	3	3	2
Operating expenses			
Fees and charges funded activities	3	3	3
Total operating expenses	3	3	3
Surplus/(deficit)	0	0	(1)

Road to Zero

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual* 2020/21 \$M
Operating revenue			
National Land Transport Fund	111	116	55
Community Road Safety Programme	8	4	6
Developers contributions	2	0	0
Total operating revenue	121	120	61
Operating expenses			
Community Road Safety Programme	5	4	3
Funding to approved organisations	94	101	55
Transport Agency operating activities	17	15	1
Total operating expenses	116	120	59
Surplus/(deficit)	5	0	2
Capital funding			
National Land Transport Fund capital contribution	188	170	2
Total capital funding	188	170	2
Capital expenditure			
Capital investment	190	170	2
Total capital expenditure	190	170	2
Net capital movement	(2)	0	0
Total movement	3	0	2
Total operating and capital expenditure	306	290	61

*Road to Zero is a new output class established as part of NLTP 2021-24. In 2020/21 Road to Zero funding and expenditure was included in various output classes including local road improvements, state highway improvements, promotion of road safety and demand management and road policing. Funding for road policing comes out of the National Land Transport Fund directly.

The promotion of road safety and demand management output class was disestablished in NLTP 2021-24.

Coastal shipping

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
National Land Transport Fund	0	5	0
Total operating revenue	0	5	0
Operating expenses			
Funding to approved organisations	0	5	0
Total operating expenses	0	5	0
Surplus/(deficit)	0	0	0

Drivers licensing and testing

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (protection of core regulatory functions)	5	0	(3)
Crown (driver test subsidy and driver licensing stop orders)	2	1	2
Crown (drug and alcohol assessments)	0	1	0
Crown (ministerial advice and official correspondence)	1	1	1
Crown – Palmerston North building operating funding	1	2	1
Fees and charges	58	70	67
Other revenue	1	0	0
Total operating revenue	68	75	68
Operating expenses			
Drug and alcohol assessments	0	2	1
Ministerial advice and official correspondence	1	4	2
Crown – Palmerston North building operating expenses	1	2	1
Fees and charges funded activities	78	95	86
Other	5	0	1
Total operating expenses	85	103	91
Surplus/(deficit)	(17)	(28)	(23)

Vehicle safety and certification

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (protection of core regulatory functions)	2	0	5
Crown (rules development)	0	1	1
Fees and charges	68	72	70
Total operating revenue	70	73	76
Operating expenses			
Rules development	0	2	0
Fees and charges funded activities	66	67	68
Total operating expenses	66	69	68
Surplus/(deficit)	4	4	8

Regulation of commercial transport operators

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown (protection of core regulatory functions)	1	0	1
Fees and charges	11	12	11
Total operating revenue	12	12	12
Operating expenses			
Fees and charges funded activities	12	10	11
Total operating expenses	12	10	11
Surplus/(deficit)	0	2	1

Clean Vehicle Discount

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown grant	111	0	0
Crown revenue	15	0	0
Total operating revenue	126	0	0
Operating expenses			
Clean car rebates	121	0	0
Transport Agency operating activities	5	0	1
Total operating expenses	126	0	1
Surplus/(deficit)	0	0	(1)
Capital funding			
Crown capital contribution	3	0	0
Total capital funding	3	0	0
Capital expenditure			
Capital investment	2	0	0
Total capital expenditure	2	0	0
Net capital movement	1	0	0
Total movement	1	0	(1)
Total operating and capital expenditure	128	0	1

Clean Car Standard

	Actual 2021/22 \$M	Budget 2021/22 \$M	Actual 2020/21 \$M
Operating revenue			
Crown revenue	2	0	0
Total operating revenue	2	0	0
Operating expenses			
Transport Agency operating activities	2	0	0
Total operating expenses	2	0	0
Surplus/(deficit)	0	0	0
Capital funding			
Crown capital contribution	4	0	0
Total capital funding	4	0	0
Capital expenditure			
Capital investment	4	0	0
Total capital expenditure	4	0	0
Net capital movement	0	0	0
Total movement	0	0	0
Total operating and capital expenditure	6	0	0

Independent auditors report

To the readers of Waka Kotahi NZ Transport Agency's financial statements and performance information for the year ended 30 June 2022

Opinion

We have audited:

- the financial statements of Waka Kotahi on pages 82 to 122, that comprise the statement of financial position as at 30 June 2022, 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 21 to 76.

In our opinion:

- the financial statements of Waka Kotahi on pages 82 to 122:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 21 to 76:
 - presents fairly, in all material respects, the performance of Waka Kotahi for the year ended 30 June 2022, 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 2022. 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.

Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emissions

Waka Kotahi has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without further modifying our opinion and considering the public interest in climate change related information, we draw attention to the ENV1 measure on page 33 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board responsible for the other information. The other information comprises the information included on pages 4 to 19, 21 to 76 (excluding position, service delivery and investment performance measures), 78 to 81, 123 to 149, 157 to 158, and 160 to 205, 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 an other assurance-type engagement over the application of the Scrutiny Principle, which is compatible with those independence requirements. Other than the audit and that engagement, we have no relationship with or interests in Waka Kotahi.



Ed Loudon
KPMG Wellington
On behalf of the Auditor-General
Wellington, New Zealand

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 2022

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 2021 to 30 June 2022;
- the description does not fairly present the systems and procedures as designed, throughout the period 1 July 2021 to 30 June 2022; and
- the controls, necessary to achieve the control objective, did not operate effectively as designed, throughout the period from 1 July 2021 to 30 June 2022.

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 2021 to 30 June 2022, 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 157 to 158 (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 page 157 to 158, 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. 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 Loudon
KPMG Wellington
On behalf of the Auditor-General
30 September 2022

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 2022 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 2022 identified some inconsistencies in the documentation and recording of information supporting investment decisions. 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 2022. We have a continuous improvements programme underway aimed at addressing these issues to ensure that processes are completed correctly.

Additional information

We publish our detailed approach to giving effect to the scrutiny principle on our website.²¹ 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 Board²² and lists all decisions delegated to Waka Kotahi staff²³ since 1 August 2008.²⁴ Both pages are updated regularly once the Board's decisions have been confirmed.

²¹ 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

²² Waka Kotahi NZ Transport Agency. 2020. Board funding decisions. nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/our-board/board-meeting-minutes/

²³ Waka Kotahi NZ Transport Agency. 2020. Delegated funding decisions. www.nzta.govt.nz/planning-and-investment/funding-and-investing/investment-decisions/delegated-decisions/

²⁴ The prescribed date in the Land Transport Management Act 2003 for reporting on these decisions is 1 October 2008

Mō mātau

About us



Who we are

Our Board

(as at 30 September 2022)



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.

Sir Brian served on the NZTA Establishment Board from March 2008 and was then appointed as the inaugural chair from August 2008 serving until 31 March 2010.

Sir Brian re-joined our Board, again as chair, on 11 June 2019. He is a member of the Investment and Delivery and Risk and Assurance Committees.



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 across several sectors of the economy of Aotearoa. These roles include chairing several audit, finance and risk committees and overseeing digital transformation. Cassandra is a past president of Chartered Accountants Australia and New Zealand and has been recognised for her leadership and governance contributions with the Supreme Award for Excellence in Governance from Women on Boards.

Cassandra chairs our Risk and Assurance Committee and is a member of the Investment and Delivery Committee.



David Smol

QSO

David has over 35 years' experience in Aotearoa and the United Kingdom in the public and private sectors. He 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 chairs New Zealand Growth Capital Partners and Wellington UniVentures (the commercialisation subsidiary of Victoria University of Wellington). He is also a director of Contact Energy and the Cooperative Bank.

David was made a Companion of the Queen's Service Order in 2018.

David is a member of our Regulatory Committee.



John Bridgman

John has over 35 years' experience in engineering and project management roles across Australasia and Asia.

John is a member of the board of Kāinga Ora and 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 chairs our Investment and Delivery 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 our Investment and Delivery and Regulatory Committees.



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 our People, Culture and Safety Committee and is a member of the Risk and Assurance Committee.



The Hon Tracey Martin

The Hon Tracey Martin was the Minister for Children in the previous government, as well as Minister for Seniors, Associate Minister of Education and Minister of Internal Affairs. She was a member of Parliament for nine years between 2011 and 2020.

Tracey chairs the New Zealand Qualifications Authority, Strong Public Media Establishment Board, Wellington Regional Leadership Committee and Sector Reference Group for Review on how schools are funded for teacher aides.

Tracey is a member of our Investment and Delivery and Risk and Assurance Committees.



Ngarimu Blair

Ngarimu has strong Māori governance experience, including leading the restructuring of Ngāti Whātua Ōrākei Group into a modern post-settlement governance entity in 2012.

Ngarimu is a member of the board of Kāinga Ora, Ngāti Whātua Ōrākei Whai Rawa Ltd, a large property company responsible for the protection and growth of the tribe’s commercial assets, Manaaki Whenua. He co-chairs the Tāmaki Makaurau Mana Whenua Forum and is trustee of the Blake Trust.

Ngarimu is a member of our People, Culture and Safety and Regulatory Committees.

Governance report

Governance

Our governance framework is established under the Land Transport Management Act 2003 and the 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.

Our objective is to undertake our 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.

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.

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.

Board functions

The Board operates according to its Charter, which sets out its governance arrangements and responsibilities including:

- government and ministerial relationships
- health and safety
- people and culture
- strategy and performance
- significant decisions
- financial oversight and risk management.

Board performance

The Board regularly reviews its overall performance and the performance of its committees and individual Board members.

Board committees

The Board has established four standing committees: the Risk and Assurance, Investment and Delivery, Regulatory, and People, Culture and Safety Committees.

The committees are governed by Board approved terms of reference and assist the Board by focusing on specific matters in greater detail than is possible for the Board as a whole. The Board may establish other standing or ad hoc committees to assist it in carrying out its powers and functions.

Insurance and indemnities

Waka Kotahi has indemnified Board members in accordance with the Crown Entities Act 2004 for liabilities and costs they may incur for their acts or omissions as Board members (including costs and expenses of defending actions for actual or alleged liability). A deed of indemnity on similar terms has been entered into with the Chief Executive.

Risk management

We are committed to managing our risks and ensuring effective risk management in everything we do. This is to enable better coordinated, informed planning and decisions, enabling performance, improvement and resilience.

In accordance with ISO Standard 31000 2018, effective risk management is achieved through a structured and consistent approach and activities outlined in the risk management framework and applied across the organisation to assess, treat, monitor, review, record and report risk.

Everyone has a role in managing risk so critical risks are appropriately managed and enable the continuous improvement of the organisation.

We are committed to a culture of transparency, openness and inclusivity that encourages everyone to identify risks and treat them appropriately.

Key strategic financial and non-financial risks are owned by executive and senior leadership and fall into the following broad categories:

- health, safety and wellbeing
- programme management and governance
- road safety outcomes
- critical assets
- cybersecurity and information security
- people and capability
- sustainable funding
- climate change
- stakeholders and partnerships
- technology systems
- regulatory.

Table 4 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.

Table 4 Board and board committee attendance for the year to 30 June 2022

	Regular Board meetings	Special Board meetings	Risk and Assurance Committee	Regulatory Committee	People, Culture and Safety Committee	Investment and Delivery Committee	Board sub-committee
Total meetings held	7	7	6	4	3	7	9
Sir Brian Roche	7	7	5			6	9
Cassandra Crowley	7	7	6			7	9
Catherine Taylor	7	7		4	3		
David Smol	7	5		4			
Patrick Reynolds	7	7		4		7	
Victoria Carter	7	7	6		3		
John Bridgman	7	7				7	9
The Hon Tracey Martin ^A	5	3	1			1	
Ngarimu Blair ^B	4	2		0			

^A Appointed 12 November 2021, member of Risk and Assurance and Investment and Delivery Committees from 21 April 2022.

^B Appointed 12 November 2021, member of People, Culture and Safety and Regulatory Committees from 21 April 2022.

Our organisation

Our leadership team

Managing our organisation is our Chief Executive and Executive Leadership Team:

Nicole Rosie Chief Executive

Liz Maguire Chief Digital Officer

Richard May Chief of Staff

Anna Moodie General Manager Te Ama – Corporate Support (Acting)

Kane Patena General Manager Te Rōpū Waeture – Regulatory Services and Director of Land Transport

Karen Jones General Manager Te Waka Kōtuia |– Engagement and Partnerships

Brett Gliddon General Manager Transport Services

Chris Lokum General Manager Pūmanawa Tāngata – People

Profiles of the leadership team are on our website.²⁵

Our values and behaviours

Our values and behaviours are part of Te Kāpehu. They shape our culture, guide the way we work together, define what's important to us and help us deliver our best work, every day.

Our values and behaviours influence how we work within Waka Kotahi and how we engage with iwi, partners, stakeholders and communities. 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 that help guide us are:



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



Mahia
Nail it

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

The values and behaviours are 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 an important part in performance reviews, and are integrated across all other parts of the employee experience.

²⁵ Waka Kotahi (2022) Our executive leadership team (webpage). www.nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/our-executive-leadership-team

Workforce profile

Our people mean a lot to us. In fact, they're everything. It's their effort and commitment that enables us to do what we do. This section overviews key statistics about our people. All figures are as at 30 June 2022.

Permanent employees

The number of full-time equivalent permanent employees increased 12.4 percent from last year to 2,375.8. This increase reflects our extensive delivery programme and growing mandate requiring additional capacity and capability.

Fixed-term employees

Of our workforce, 3.9 percent were on fixed-term employment agreements. Our use of fixed-term agreements varies during the year, depending on our business needs.

Voluntary permanent turnover

Our annual voluntary turnover of permanent employees was 18 percent, up from 11 percent last year. The increase in voluntary turnover was influenced by COVID-19 impacts on the labour market and the low unemployment rate.

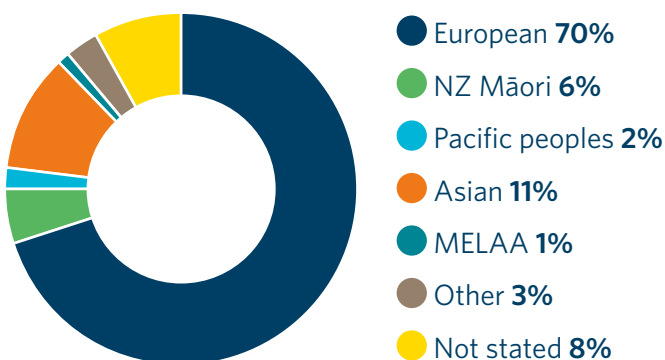
3.9 years Average tenure
(Permanent leavers in past year)

6.1 years Average permanent tenure
(current)

10% Voluntary permanent turnover

Ethnicity profile of permanent employees

Figure 15 Ethnicity of permanent employees

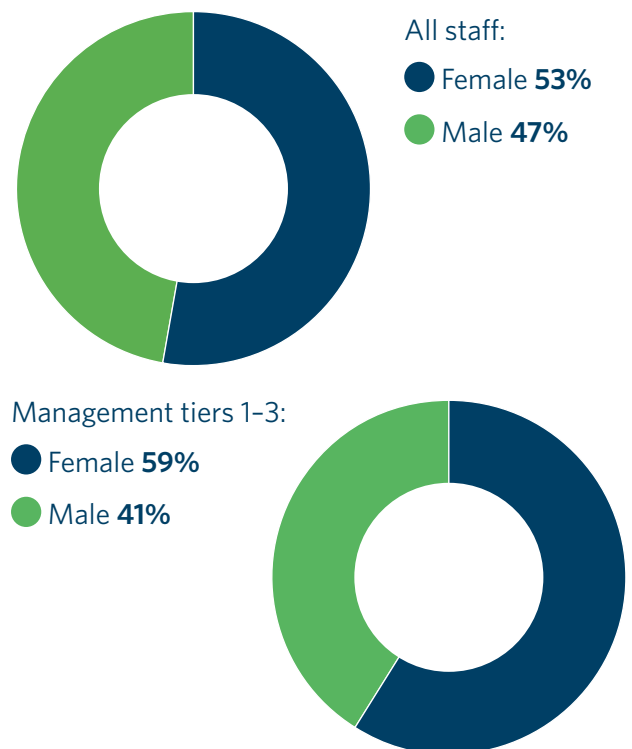


Note: MELAA = Middle Eastern, Latin American, African.

Gender profile

There were more female than male permanent employees: 1,255 (53 percent) female compared with # (47 percent) male. We also had nine people identify as gender diverse or not declare a gender. The makeup of our senior managers (tiers 1 to 3) is 59 percent (26) female and 52 percent male (58). (See figure 15.)

Figure 16 Gender profile of permanent employees



Our part-time workforce (working fewer than 40 hours per week) equals about 6.5 percent of our total permanent workforce. About 9.4 percent of our female workforce works part time compared with 3.2 percent of our male workforce.

Gender pay gap review

Our overall gender pay gap (the difference between the average pay for male and female employees) was 19.0 percent, down from 21 percent last year.

All our roles are split into job bands, which reflect the size of the role (that is, a higher band has more responsibility than a lower band). The 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 higher job bands.

The proportion of female staff and gender pay gap by band level is shown in table 5 (negative indicates that the average pay for female employees is higher than the average pay for male employees).

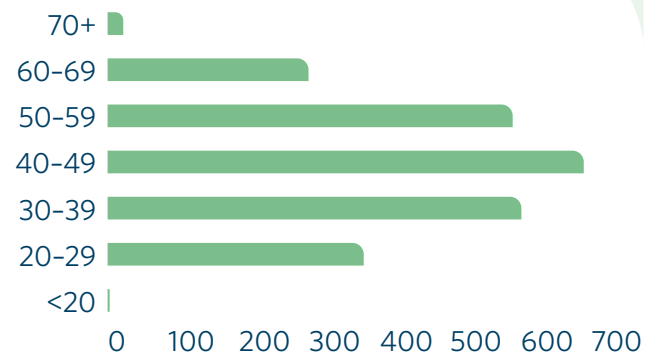
Table 5 Proportion of female permanent staff and average gender pay gap by band

Band	Proportion female	Gender pay gap
Band 11	83%	9.3%
Band 12	84%	0.8%
Band 13	75%	-3.8%
Band 14	70%	-3.1%
Band 15	63%	-2.3%
Band 16	46%	0.6%
Band 17	48%	0.8%
Band 18	42%	1.4%
Band 19	41%	1.3%
Band 20	30%	1.2%
Band 21	38%	5.3%
Band 22	44%	-14.8%
Band 23	50%	2.3%
Executive	36%	5.8%

Age profile

The average age of permanent employees was 44. We had 273 permanent employees aged over 60 and 6 aged under 20 (figure 16).

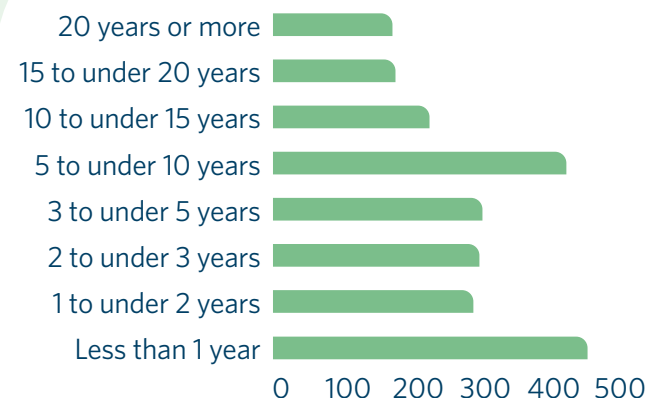
Figure 17 Age of permanent employees



Length of service

The average tenure of permanent employees was 6.2 years. As employee numbers increase, the average tenure is slowly decreasing. We have 147 employees who have been with Waka Kotahi and its predecessors for more than 20 years (figure 17).

Figure 18 Average tenure of permanent employees



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 New Zealand.

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.

The following sections demonstrate our people-related elements and the related policies and practices in place to continue our commitment to being a good employer as set out by Te Kawa Mataaho Public Services Commission.

Leadership, accountability and culture

Our leadership expectations provide clear direction for our leaders. They encourage our leaders to embrace diversity, be inclusive, openly share knowledge and information, encourage curiosity and seek out different points of view.

Our Accelerate Leadership Programme lifts the capability of all our leaders regardless of tier. This programme consists of five modules on courageous leadership, strategic leadership, people leadership, team leadership and adaptive leadership. An 'inclusive leadership' learning module is being developed to further highlight inclusion as a leadership expectation within Waka Kotahi.

Regular senior leader hui are held to provide leaders with the opportunity to work collaboratively and contribute to organisational thinking and decision making.

Our Chief Executive's The Way We Move newsletter, video newsletter and audio calls provide leadership and give everyone in Waka Kotahi access to the same information.

We have Yammer and Microsoft Teams as tools to allow everyone in Waka Kotahi to collaborate and contribute to workplace conversations and provide an engagement channel directly to our people.

In April 2022, we implemented Puna Koi, our human resources information management system, to better capture and produce our workforce-related data and insights. We will continue to develop our reporting to make better informed, proactive decisions in partnership with the business.

Table 6 lists our internal leadership training programmes and enrolment data for each programme held this year.

Table 6 Internal leadership training programmes

Programme	Course	Attended
Accelerating Leadership	Adaptive leadership	67
	Courageous leadership	79
	People leadership	36
	Strategic leadership	62
	Team leadership	46
	Leading with heart	44
Total		334

Recruitment, selection and induction

Our recruitment and selection processes support our commitment to diversity and inclusion, providing equal employment opportunities and eliminating bias.

Our recruitment collateral, including our Careers site, features employees from diverse backgrounds and uses inclusive language. We actively recruit multilingual people for some of our customer-facing roles.

We are an accredited employer with the New Zealand Immigration Service.

Our Emerging Professionals graduate programme identifies and engages with emerging talent and includes a planned rotational programme with a strong development focus.

We participate in the GovTech cross-government graduate scheme, hosting graduates for eight-month rotations.

Promoting diversity and inclusion

We are committed to promoting a diverse and inclusive workplace as it is a critical strength that enables us to better understand and work with communities across Aotearoa.

Our three-year diversity and inclusion roadmap includes a variety of initiatives to create a culture of inclusion that aligns with focus areas we have committed to as a member of the public service leadership team.

We are committed to incorporating accessibility into the design of our new office building on Bowen Street and are considering the needs of disabled people beyond the compliance minimum requirements.

We continue to progress the following six elements identified by Te Kawa Mataaho to promote diversity and inclusion.

Cultural competence

We are working with Te Arawhiti Office for Māori Crown Relations to develop our Whāinga Amorangi programme, which will strengthen our capability and competency in Māori Crown relations. This programme has incorporated the work started through Te Ara Kotahi, our Māori strategy, and Te Ara Poutama, our Māori capability framework.

We encourage people leaders to develop their cultural competency and support their people in developing theirs as part of our performance goal-setting process. We provide voluntary internal training courses to support our people to develop their capability.

Our Māori partnerships team Te Mātangi launched an internal forum to discuss and grow our individual and organisational understanding of te ao Māori (the Māori world) and Te Ara Kotahi. This regular forum provides a safe environment where our people can come together to support their learning and understanding of te ao Māori and delivery of Te Ara Kotahi.

Table 7 lists our internal Te Ara Poutama training programmes and the enrolment data for each programme held this year.

Table 7 Te Ara Poutama training programmes

Course	Passed	In progress
Introduction to te ao Māori (the Māori world)	34	15
Kia hua – Te ao Māori course 2	49	9
Kia tipu – Te ao Māori course 1	58	15
Kia pūawai – Te ao Māori Course 3 (9-week course)	14	5
Te reo Māori 101	52	7
Te rito 2020 – Course 4 – Walking in two worlds	13	34
Te rito 2020 – Course 1 – Introduction to Te Rito	30	1
Te Rito 2020 – Course 3 – Back to the future	17	1
Te Rito 2020 – Course 2 – Te ao Māori – the Māori world	20	4
Toro mai – Tikanga Māori	1	3
Toro Mai – Te reo Māori	0	16
Total ^A	228	110

^A Includes registered training courses. We also host lunch and learn sessions throughout the year to lift capability and familiarisation. We do not monitor attendance for these activities.

Addressing bias

We continue to action and integrate recommendations identified by the audit performed by Diversity Works New Zealand on our internal policies, practices and learning initiatives.

As part of implementing Puna Koi, we asked employees to review their diversity-related information and we continue to build our insights in this space and address disparities where identified.

We've partnered with TupuToa, a diverse candidate-sourcing service, to increase the diversity of our resource pipelines and build a more diverse and inclusive workforce.

We have integrated unconscious bias into the Accelerate Leadership programme for people leaders and provide other training modules for all employees. These modules include content on the importance of diversity and inclusion, what a diverse and inclusive workplace looks like, building awareness and cultural competency, and creating a safe space for people to give feedback.

We launched the unconscious bias training module and hosted a panel discussion on conscious inclusion featuring stories from leaders in the organisation who have had to struggle due to the biases of others.

Table 8 lists our internal diversity and inclusion training programmes and the enrolment data for each programme held this year.

Table 8 Diversity and inclusion training programmes

Course	Passed	In progress
Introduction to building our inclusive waka	22	2
Conscious inclusion	187	32
Including the Rainbow community at Waka Kotahi	49	39
Toro Mai - Te reo Māori	0	16
Total ^A	258	73

^A Includes registered training courses, we also host several lunch and learn sessions throughout the year to draw awareness and promote positive changes. We are unable to monitor attendance for these activities.

We continue to build capability to deliver accessible solutions for both public-facing and internal-facing products, including our intranet, learning modules and tools used by our people.

Our accessibility statement has been updated on our website to reflect the changes we've made to our site, and the testing and remediation of our other public-facing sites have been completed.

Inclusive leadership

The Accelerating Leadership team leadership module contains content about inclusive leadership techniques for building conscious inclusion, understanding the role of the leader in building inclusive leadership, and for embedding inclusive approaches into practices and behaviours.

The leading with heart training module gives our leaders practical tools, frameworks and principles for creating a caring and connected workplace environment and supporting teams to move forward, especially during challenging times.

Building relationships

The main focus of the Accelerating Leadership programme is to foster positive relationships between leaders and their direct reports emphasising psychological safety, motivating people based on their interests and checking in on engagement.

We promote the use of pronouns in email signatures to help build more respectful and inclusive relationships and help normalise pronoun use in the organisation.

Employee-led networks

We recognise employee-led networks play an important role in creating an inclusive culture and are committed to actively supporting new and existing networks as part of our diversity and inclusion roadmap.

Our four employee-led networks are the Women's Network, Māori Network, Pasifika Network and Pride Network. We have executive sponsors for our Māori Pride Networks, and senior leader sponsors for our other networks.

The Pride Network has formed a working committee and has executive sponsorship. Online forums have been established to connect, share content, and shape the future of the network and the initiatives they, such as the promotion of events and activities related to global awareness such as Pride festival, Pink Shirt Day and Transgender Day of Visibility.

Representatives from the Pride Network are also part of the Cross-Agency Rainbow Network that works to ensure Rainbow voices are included, respected and celebrated across the public service.

We partnered with the other transport-related government agencies to form the Transport Group Women's Network and support the vision and strategic outcomes of the wider government Women's Network.

Addressing the gender pay gap

We continue to monitor the gender pay gap, take action when and where needed, and utilise our remuneration calculator to help remove bias from remuneration decisions.

We provide guidance and training on unconscious bias for hiring managers and share helpful hints on unconscious bias through our Talent Acquisition intranet page.

We updated our flexible working guidelines to highlight the scope of flexible options beyond a hybrid office – working from home arrangement (for example, compressed work weeks, part-time hours.) These options will help create a more diverse and inclusive workplace where options are available to accommodate employee worklife requirements where possible.

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 and address concerns as and where needed 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.

Flexibility and work design

We promote balanced work-life responsibilities through flexible working. Our refreshed flexible working guidelines enable our people and their leaders to discuss and agree on the best working arrangement for the individual, the team and the organisation. Our people can request changes to their working arrangements, including full-time and part-time work, variable start and finish times, remote working, job-sharing, condensed working week and extended leave.

We encourage people to take annual leave in the year it is accrued and manage their hours to maintain wellbeing.

Flexible working

Like all organisations during the COVID-19 pandemic, we needed to be increasingly agile in the way we support our people to carry out their work in a new, ever-changing environment.

COVID-19 is still very much a part of our everyday lives and, based on what we've learned over the last few years, we've recently refreshed our flexible working guidance to ensure it meets the needs of our people and our organisation.

Our guidance supports flexibility in four main areas – role, work schedules, workplace and leave arrangements. This can include a mix of working at home and in the office, part-time and job-share roles, flexible hours of work, and paid or unpaid leave. This approach to working has benefits not only for the individual staff member but also for their teams and the organisation, with better work-life balance strengthening wellbeing, performance and productivity.

Beyond work, flexible work arrangements can have wider benefits for our people's families and communities. It may also have benefits for the environment – fewer people driving to work every day, changing their commute to off-peak periods, and having videoconferences rather than driving or flying to meetings can reduce the emissions that contribute to climate change.



Employee development, promotion and exit

We promote a culture of learning and continued development at all levels, which may include project work, acting in other roles, secondments, mentoring and coaching, online learning, and in-person learning programmes.

We launched Tā Tātou Rautaki Akoranga, our learning strategy to support our People Strategy 2021-24 to enable our people, unleash their potential, and creating an awesome place to work.

We offer LinkedIn learning licenses to our all of our permanent and fixed term employees so they can access over 16,000 learning courses.

We continue to develop insights to help support capability mapping, talent management, succession planning and progression and frameworks are in place to support this work.

We are an accredited Institute of Professional Engineers New Zealand professional development partner.

We encourage conversations throughout the year between employees and their leaders to help ensure employee development and help retain key talent by providing internal and external secondment opportunities.

We offer flexible, user-choice exit interview options, including surveys, coffee debriefs and formal interviews.

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 work collaboratively with our unions to better understand harassment and provide tools and support for our people dealing with harassment.

We have bullying and harassment and sexual harassment policies and an online learning module supports employee understanding of these policies.

Safe and healthy workplace environment

We continue to implement work outlined in our Health, Safety and Wellbeing Strategy. Our priority is ensuring our people, partners and community are safe and well.

Our systems, expectations, programmes and culture continue to be refined, driven and monitored to ensure we go beyond compliance and build a culture that shows we care.

A substantial work programme is under way to mature our health, safety and wellbeing management system, including the implementation of policies, procedures, guidance, tools and forms.

We have committed to the SafePlus programme and completed the internal assessment where we achieved a 'performing' rating. We seek to improve to a 'leading' rating but recognise this will take some years and a significant amount of work to shift culture across all leaders, staff and partners.

A health and safety improvement plan has been developed for each business group, covering any gaps identified and addressing existing needed health and safety improvements.

Five critical risks have been identified and developed specific workplans and groups, which may include our external partners established to mitigate and manage them. These risks relate to harmful interactions, roadside work, construction work, driving, and mental health or psychological harm.

We report incidents involving our agents and contractors in Kōrero Mai, which notifies the business when an event is reported, allowing a quick reaction and documenting actions taken.

We work closely with our construction industry partners to improve health and safety practices and outcomes for our contractors and traffic management providers.

We have implemented regular webinars facilitated by motivational speakers, coaches, and doctors specialising in employee mental health and wellbeing.

Ngā tāpiritanga

Appendices
(unaudited)



Appendix 1:

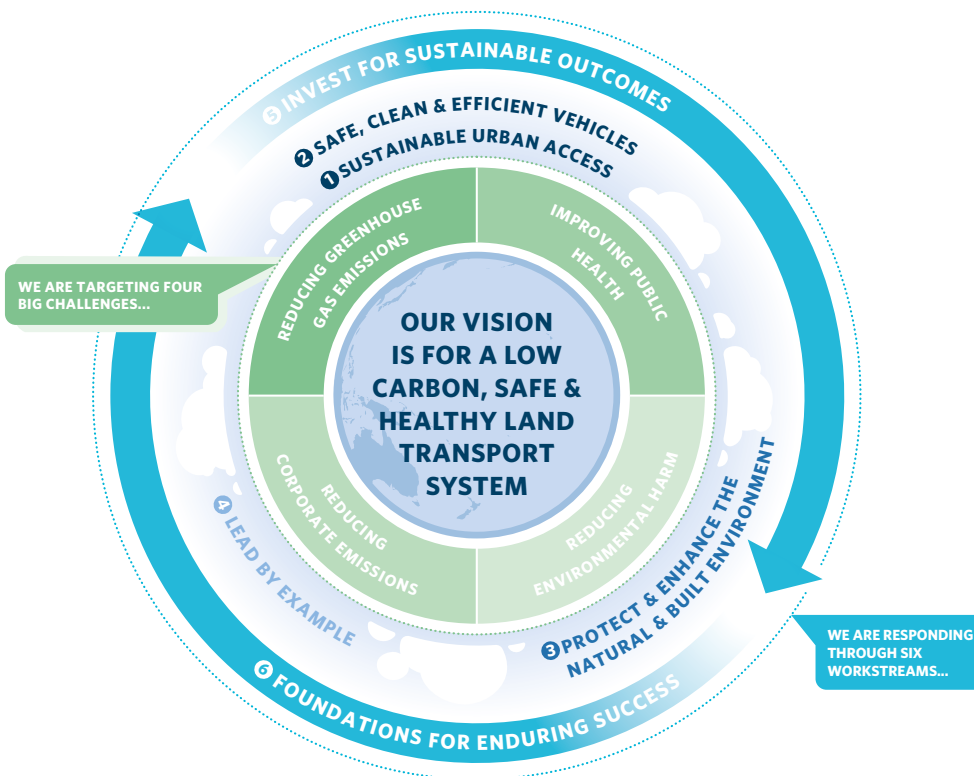
Monitoring the progress of Toitū Te Taiao, our sustainability action plan

Our vision is a low carbon, safe and healthy land transport system. Toitū te Taiao, our sustainability action plan,²⁶ sets out how we will achieve our vision by responding to the challenges of reducing land transport emissions, helping to improve public health, reducing environmental harm and reducing our corporate emissions (see figure 18).

Toitū te Taiao will be refreshed in 2022/23 to respond to our changing context, including the Emissions Reduction Plan and Carbon Neutral Government Programme.

Measuring and monitoring our progress is essential for showing whether and how we are delivering on our commitment to care more for the environment. We have published two sustainability monitoring reports,²⁷ and our latest progress is summarised in table 9.

Figure 19 Toitū Te Taiao, our sustainability action plan



²⁶ Waka Kotahi (2020) Toitū te taiao: Our sustainability action plan. www.nzta.govt.nz/about-us/about-waka-kotahi-nz-transport-agency/environmental-and-social-responsibility/toitu-te-taiao-our-sustainability-action-plan

²⁷ Waka Kotahi (2020) Tiakina te taiao: Our sustainability monitoring report. www.nzta.govt.nz/assets/resources/tiakina-te-taiao/tiakina-te-taiao-sustainability-monitoring-report.pdf and Waka Kotahi (2021) Tiakina te taiao: Our sustainability monitoring report. nzta.govt.nz/assets/resources/tiakina-te-taiao/tiakina-te-taiao-sustainability-monitoring-report-october-2021.pdf

Table 9 Progress against Toitū Te Taiao

Reducing greenhouse gas emissions

We want to mitigate climate change by reducing land transport greenhouse gas emissions.

Long term outcome	Measure	Status (against baseline)	Desired trend	2021 Actual*	2020 Actual	2018 Baseline
Net zero land transport greenhouse gas emissions by 2050	Emissions Total kilotonnes (kt) of carbon dioxide (CO ₂ e) emitted from travelling on the road network	Not achieved	Decreasing (from 2020 actual)	12,203 kilotonnes of CO ₂ e ^A	12,002 kilotonnes of CO ₂	11,700 kilotonnes of CO ₂
	New Zealanders travelled 48.6 billion kilometres on the road network in 2021, emitting a total of 12203 kt of CO ₂ e during the year. Greenhouse gas emissions from the land transport system have continued to increase over several decades. This increase reflects a similar increase in travel by the light vehicle fleet. How quickly emissions reduce depends on the implementation of policies in response to the advice of He Pou a Rangi Climate Change Commission, supported by actions we and our partners undertake.					

*Emissions data is reported for the previous calendar year. Refer ENV1 result and commentary on page 33 for further detail.

Improving public health

We want to reduce harmful land transport-related air and noise pollution and enable more people to safely use active modes.

We are currently able to report on air quality and have provided an interim measure of the share of travel by cycling. We are not yet able to provide an update on exposure to road traffic noise, as noise mapping is not updated every year due to the effort required and because the overall national level of noise exposure is unlikely to change significantly from year to year. The next update will be for 2020 noise levels and will be published as part of our commissioned research on the social cost (healthy) of land transport noise exposure in late 2022.

Long term outcome	Measure	Status (against baseline)	Desired trend	2021 Actual	2020 Actual	2018 Baseline
No harm from land transport air and noise emissions	Air quality ^B Nitrogen dioxide (NO ₂) emissions	NO ₂ : Not achieved	Decreasing (from 2020 actual)	NO ₂ : 6.6kt	NO ₂ : 6.7kt	NO ₂ : 6.5kt
	Fine particulate matter (PM _{2.5}) emissions	PM _{2.5} : Achieved		PM _{2.5} : 1.3kt	PM _{2.5} : 1.5kt	PM _{2.5} : 1.7kt
Health and Air Pollution in New Zealand (HAPINZ 3.0), a cross-government research project, estimates that transport-related air pollution contributes to 2250 premature deaths per year. From 2018 to 2021, NO ₂ emissions from the road transport system increased by 1 percent and PM _{2.5} emissions reduced by 27 percent (see Emissions measure above for commentary regarding increased emissions).						

Reducing environmental harm

We want to improve resource efficiency and waste management and reduce adverse effects of land transport on biodiversity and water quality.

We are working on developing measures to capture our efforts to reduce environmental harm, including measures of resource efficiency, compliance with our legal obligations, support to enhance biodiversity and protection of water bodies.

Reducing corporate emissions

We want to reduce our corporate footprint.

Long term outcome	Measure	Status (against baseline)	Desired trend	2021/22 Actual	2020/21 Actual	2018 Baseline
Waka Kotahi is carbon neutral	Emissions Total corporate emissions (tonnes of CO ₂ – tCO ₂)	Achieved	Decreasing (from 2020/21 actual)	1,721.06 tonnes of CO ₂ e ^A	2910.95 tonnes of CO ₂	3619.71 tonnes of CO ₂ (June 2020)

Waka Kotahi has made good progress in reducing its corporate emissions over the last three years. However, it is important to note that the result for 2021/22 has been affected by extensive COVID-19 lockdowns and travel restrictions, and that the reduction observed over the last year will be hard to maintain over 2022/23.

We also need to do more work to ensure this measure captures multiple sources of corporate emissions. At present it only captures emissions from staff travel and excludes emissions from staff commuting and other supply chain emissions. Over 2022/23, we will work on incorporating these other emissions sources into our measurement approach.

^A in 2021/22 the unit of measurement for this emissions measure was changed from CO₂ to CO₂e (CO₂ equivalent). While we have retrospectively updated data from previous years in our systems, we have not changed the prior year actuals presented in this annual report. The calculation method is also 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 The figures are slightly different from those in previous monitoring reports. This is due to ongoing updates of the Vehicle Emissions Mapping Tool with the latest emission factors from the Vehicle Emission Prediction Model, which are also applied to previous year.

Appendix 2:

Climate-related disclosures

Introduction

The Task Force on Climate-related Financial Disclosures (TCFD) created a framework for organisations to manage risks, identify and seize climate-related business opportunities, and disclose reliable information about the risks and opportunities to investors. Aotearoa New Zealand Climate Standards, proposed by the External Reporting Board, have incorporated the TCFD recommendations and will apply them to the climate reporting entities when the standards are published in December 2022.

While not a climate reporting entity, Waka Kotahi has identified climate change as a key strategic risk and material issue and is working to better understand and manage its exposure and responses. We are committed to supporting a resilient and low carbon economy through our climate-change mitigation and adaptation planning and activities. We began providing voluntary disclosures under the TCFD framework in the 2020/21 annual report and will continue to refine and expand our disclosures. We are still improving our approach but view this reporting as an important way to provide greater transparency to our stakeholders and the community.

The following sections summarise our progress on each of the TCFD themes of governance, strategy, risk management and metrics and targets. Some of our key developments over the past two years include: establishing the Climate Change and Sustainability Executive Leadership Team subcommittee; and identifying and reporting on strategic risks related to Waka Kotahi taking action to mitigate climate change.

Governance – how we govern climate-related risks and exposures

Our Board and executive are clear on the importance of understanding and responding to climate change. The Climate Change and Sustainability Executive Subcommittee provides direction and oversight of our environmental sustainability, climate change, and public health responsibilities and opportunities.

Disclosures

Board oversight of climate-related risks and opportunities

- Improvements have been made to ensure climate-related considerations are routinely presented to the Board. The standard board paper template has been amended to include this information.
- In 2022/23, this will include Tiro Rangi and our readiness for the actions in the National Adaptation Plan.

Management's role in assessing and managing climate-related risks and opportunities

- A central Risk and Assurance team oversees all enterprise risks, including climate-related risks and is responsible for regular enterprise risk reporting and escalations to the executive and the Risk and Assurance Committee. Climate change risk is a key strategic risk and is owned and reported by the executive to the Board and its Risk and Assurance Committee.
- The newly established Climate Change Portfolio team reports to the Climate Change and Sustainability Executive Subcommittee and has delivery oversight for monitoring, risk and assurance. The team is supported and advised by senior leaders from across Waka Kotahi involved in mitigation and adaptation activities.
- The Environment and Sustainability team sets strategic direction and monitors climate change mitigation activities. The Tiro Rangi project team is developing the strategic direction for climate change adaptation.
- Our corporate sustainability is managed centrally through the corporate support team, and we are now entering our second financial year of measuring emissions reductions against baseline.

Strategy

Climate-related risks and opportunities are represented in our key strategic and planning documents, detailed in this section.

Disclosures

Identification of climate-related risks and opportunities over the short, medium and long term

Climate change mitigation

- Through Toitū Te Taiao, we adopted the Avoid-Shift-Improve framework for sustainable transport and reducing transport emissions, and this framework has framed our input into the government's ERP. The framework also supports a variety of opportunities to improve transport outcomes such as improving access to public transport and improving public health and reducing environmental harm.
- We will respond to the transport actions in the government's ERP, launched in May 2022. This includes reviewing Keeping Cities Moving, a plan for mode shift, so it aligns with the relevant targets in the ERP and transitioning mode-shift plans to light vehicle kilometres travelled reduction plans.
- The Carbon Neutral Government Programme requires us to transition to lower emission transport infrastructure and to measure transport infrastructure emissions, set reduction targets and report on progress. We are reviewing the risks and opportunities of this programme and developing a memorandum of understanding with the Ministry for the Environment Te Manatū Mo Te Taiao to confirm how we will meet the programme's reporting requirements.

Climate change adaptation

- The Waka Kotahi National Resilience Programme Business Case identifies and rates nationally important risks from natural hazards (including an initial scan of those related to climate) in the Aotearoa New Zealand land transport system. It also identifies responses that would address a range of system-wide resilience issues. This was guided by the Waka Kotahi Resilience Framework (2018) which outlines our aspirations in managing system hazard risks, including climate change risk as an emerging driver, key challenge and informs some objectives.

Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

- The Government Policy Statement on land transport for 2021/22 to 2030/31 provides direction for land transport investment over a 10-year period and is given effect through investments proposed in the National Land Transport Programme (NLTP). The Government Policy Statement identifies climate change as one of four strategic priorities, and investment made through the 2021-24 NLTP will include investment to support emission reductions and increased resilience of the transport system.
- Climate-related risks and opportunities are embedded in our business and strategic planning at different levels:
 - **Arataki** is our 10-year view of what is needed to deliver on the priorities and objectives of the land transport system. It identifies that addressing the challenges of climate change mitigation and adaptation requires a step-change by the transport system.
 - **Te Kāpehu** is our strategic direction. Environmentally sustainable is one of four system outcomes. This outcome is about reducing harm to and improving the environment with a focus on reducing greenhouse gas emissions. The outcome effectively and efficiently moving people and freight covers resilience aspects of climate adaptation.
 - **Toitū Te Taiao** is our sustainability action plan. It provides near term direction on climate change mitigation. It focuses on sustainable urban access, safe and clean vehicles, and reducing corporate emissions.
 - **Keeping Cities Moving** is our national mode shift plan that is connected to the focus of Toitū Te Taiao on sustainable urban access. The ERP requires Waka Kotahi to revise the national plan and reposition it as the national light vehicle kilometres travelled reduction plan.
 - **Te Hiringa o Te Taiao** is our resource efficiency strategy. This strategy and its policy support our commitment to use resources sustainably with minimal environmental impact. This strategy will guide us in reducing the environmental impact of our work and the operational and embodied carbon emissions created in our projects and maintenance work.
 - **Tiro Rangi**, our climate adaptation plan, will provide direction for the near, medium and long term for adapting to the impacts of climate change and responding to the National Adaptation Plan.
 - **Financial planning and investment decision making**, including improvements to our investment decision making framework for the NLTP, supports the assessment of greenhouse gas emissions impacts and adaptation to climate change.
 - We are supporting The Treasury and Te Manatū Waka Ministry of Transport in the **review of the land transport revenue system**. Understanding the long-term investment needs of the land transport system, including in response to climate change, and alternative funding and financing options will inform the future land transport funding model.

Use of climate-related scenarios to understand the resilience of our strategy

- We assess climate risks at a network or project level. The next stage is to use climate-related scenarios to understand the resilience of our strategy to climate change impacts. We plan to support the development of cross-sector transport scenarios over the coming year to inform future climate-related enterprise risk assessment that includes both transitional and physical risks for Waka Kotahi.

Risk management

We are preparing to engage external climate change risk experts to co-facilitate a full risk and opportunity assessment, including climate scenario analysis, to inform and support our work programme and climate change response. The objective of the risk assessment work is to expand and deepen the understanding of the potential physical, transition and financial risks to Waka Kotahi's strategic objectives and operational environment. This will help us develop an integrated and prioritised work programme and action plan.

Disclosures

Identifying and assessing climate-related risks

- Climate-related risk identification, assessment and management will be undertaken using our enterprise risk management framework developed in accordance with ISO 31000:2018. This will assess all climate-related risks and include mitigation and adaptation (ie physical and transition risks).

Managing climate-related risk

- We are developing a climate adaptation plan (Tiro Rangi) to be published late 2022. The plan will outline how we will respond to a changing climate and increasing climate risk through the development, management, and operation of the land transport system.
- Some medium-term transition risks have been identified and managed as we have been responding to cross government work on the ERP, the Carbon Neutral Government Programme and the Climate Emergency Response Fund. The project and programme framework includes risk management requirements for review, reporting and escalation of risks and help ensure objectives of these critical schemes are achieved.
- We will use five key steps for managing climate related risks. These include identification of all relevant risks, analysis of causes, consequences and effective controls, evaluating the risk for level of severity and further treating the risk if required. The climate change risk profile will then be monitored and regularly reviewed to capture and address any changes as well as assess the effectiveness of controls.

Integrating climate-related risks into risk management

- Our enterprise risk framework covers all aspects of risk management, including management of evolving and emerging risks associated with climate change. The executive owns enterprise risks, which are reviewed and updated in the Waka Kotahi risk register quarterly. The Enterprise Risk and Assurance team facilitates this process. Following the review, action plans are updated to address gaps and incorporate all climate-related risks into general risk management across Waka Kotahi, which contributes to risk- and evidence-based decision making.

Metrics and targets

Our metrics and targets are evolving in line with our strategic direction and the government's priorities. Te Kāpehu acknowledges the need to tackle climate change and emissions reduction through multiple interventions, and our targets are being updated to reflect the ERP.

Disclosures

Metrics used to assess climate-related risks and opportunities

- The strategic measures for Te Kāpehu environmentally sustainable outcome are on pages 33–35 and include:
 - greenhouse gas emissions from the land transport system
 - light vehicle travel in major urban areas
 - the proportion of the light vehicle fleet that is low or no carbon vehicles
 - points under the Infrastructure Sustainability Council's infrastructure sustainability rating scheme for applicable projects, including points for resource efficiency, climate adaptation and climate risk
 - our corporate carbon footprint.
- Toitū Te Taiao sets out long-term outcomes to 2050 and Tiakina Te Taiao, our sustainability monitoring report, sets up measures to monitor progress towards the outcomes listed above (appendix 1, pages 178–180).
- Te Kāpehu includes measures under the efficiently and effectively moving people and freight outcome that are climate related (see pages 41–44), including:
 - light vehicle travel in major urban areas
 - the share of travel on public transport and active modes (walking and cycling)
 - access to key destinations using public transport and active modes.
 - freight mode share of road and rail.
- We will be looking to develop metrics related to adaptation to the impacts of climate change as part of Tiro Rangi.

Scope 1, 2 and mandatory 3 greenhouse gas emissions

- We are tracking our scope 1, 2 and mandatory 3 corporate emissions through the Toitū Envirocare Carbonreduce certification programme.²⁸
- Total gross provisional and unverified corporate emissions from 1 July 2021 to 30 June 2022 was 1,721.06 tonnes of carbon dioxide equivalent. For further information, including commentary on the latest results and a breakdown by emissions scope, see page 186.

²⁸ Toitū (No date) Carbon programmes & certification (webpage). www.toitu.co.nz/what-we-offer/carbon-management

Targets used to manage climate-related risks and opportunities

Climate mitigation targets

Enabled emissions

- We are supporting Te Manatū Waka in developing subnational reduction targets for light vehicle kilometres travelled and will work with local government to develop light vehicle kilometres travelled reduction plans as required by the ERP to transition to a lower emission transport system.
- For all environmental sustainability-related Te Kāpehu strategic measures (see pages 33–35), we have set medium-term targets and will align longer-term targets of those related to the transport sector with sector targets in the ERP as appropriate.

Infrastructure emissions

- Infrastructure (embodied) carbon emissions are covered as 'other material' scope 3 emissions under the Carbon Neutral Government Programme. We are improving our systems and processes, so we can collect the required data and will set targets once we better understand the total carbon footprint of our infrastructure development.

Corporate emissions

- The Carbon Neutral Government Programme wants the public sector carbon neutral from 2025. The targets for our corporate emissions are to reduce corporate-related carbon emissions below:
 - 2027 tCO₂e by 30 June 2025 (44 percent decrease from the 2019/20 baseline of 3619.71 tCO₂e)
 - 1629 tCO₂e by 30 June 2030 (55 percent decrease from the 2019/20 baseline of 3619.71 tCO₂e).

Climate adaptation targets

- We do not yet have targets for climate adaptation. These will be set through Tiro Rangi.

Appendix 3:

Asset performance

All government agencies must report on the performance of their assets in their annual reports. Agencies must 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

To monitor the status of our state highway assets we use the following four indicators. For measure definitions and data sources, see the explanatory notes on our website.

Proportion of the state highway network that meets minimum asset condition requirements

In 2021/22 we worked to develop an aggregate measure of the proportion of the state highway network that meets minimum asset condition requirements. This indicator is important in the safe operation of roading network and helps identify sections that are below safety standards, are deteriorating or will require expensive treatment if not maintained at the right time. This indicator is a combination of previously reported pavement conditions (skid resistance, rutting and roughness). This measure is also included as an indicator for our meeting current and future needs outcome (MEET2, see page 50) and for the state highway maintenance output class (SHM2, see page 59).

	Target	2021/22	2020/21	2019/20	2018/19	2017/18
Proportion of the state highway network that meets minimum asset condition requirements	Baseline to be set	Baseline set: 97.04%	Prior year data calculated using new aggregate methodology (not reported previously)			
			97.58%	96.67%	97.47%	96.84%

²⁹ Cabinet Office Circular CO (19) 6 superseded Circular CO (15) 5: Cabinet Office (2015) Investment management and asset performance in the state services (Circular CO (15) 5). dpmc.govt.nz/sites/default/files/2017-03/coc_15_05_0.pdf and Cabinet Office (2019) Investment management and asset performance in the state services (Circular CO (19) 6). dpmc.govt.nz/sites/default/files/2019-10/co-19-6-investment-management-and-asset-performance-state-services.pdf

³⁰ Waka Kotahi (no date) InfoHub (webpage). infohub.transporthub.govt.nz/otcs/cs.dll?func=ll&-objaction=overview&objid=52863297

Asset sustainability ratio

The asset sustainability ratio assesses the relationship between expenditure on asset renewals relative to depreciation, where depreciation is considered a measure accounting for decrease in the asset condition and monetary value of an asset due to use, wear and tear or obsolescence. It captures the extent to which assets are being renewed or replaced as they reach the end of their useful life and wear out. For example, the 2021/22 ratio for pavement assets broadly implies that, given the rate at which the asset is wearing out/depreciating, investment is at 60 percent of the level needed to sustain the asset base condition.

It is important to recognise that Waka Kotahi is not funded on a depreciation basis, nor does it fund local government on a depreciation basis. However, this form of analysis provides a high-level indication of the sustainability of investment level associated to asset renewal. This measure excludes expenditure on activities creating new or additional assets and undertaking maintenance that are used by Waka Kotahi in the wider management of the state highway infrastructure.

Asset sustainability ratio ^A	Target	2021/22	2020/21	2019/20	2018/19	2017/18
Pavement (base)	Baseline to be set	59.97%	68.59%	70.15%	80.81%	95.02%
Pavement (surface)		51.51%	57.43%	69.21%	82.06%	84.51%
Drainage		13.82%	20.00%	19.19%	15.13%	23.10%
Traffic facilities		14.84%	15.61%	17.14%	21.10%	22.66%
Bridges		29.53%	41.89%	35.11%	60.98%	95.40%

The declining trend in the asset sustainability ratio is, in part, due to the recent growth in asset stock and value arising from capital improvement programmes and indexation. Newer assets will have depreciation but no renewal spend for a significant period of time. Assets such as bridges, culverts (drainage), subways, tunnels and other structures can have longer lives and lower annualised renewal demands than the annual depreciation calculated on a straight-line financial profile. For example, for certain assets (such as the Auckland Harbour Bridge), implementing an ongoing maintenance programme can extend the asset's useful life, delaying the need for renewal or replacement, and slowing the rate of depreciation.

This means that the asset sustainability ratios may not fully reflect the total investment in these asset types, as the ratios only account for investment in renewal and replacement and don't account for investment in ongoing maintenance, or investment in new or other assets that may reduce the wear on existing assets. For example, the low asset investment ratio for traffic facilities reflects the comparatively lower value of these assets and the lower amount invested in their renewal, without accounting for the comparatively higher investment in ongoing maintenance of this asset type.

Number of bridges with restrictions rated as high priority

This indicator is the total number of bridges along state highways with restrictions for all heavy motor vehicles that were assessed during the year as high priority.

	Target	2021/22	2020/21	2019/20	2018/19	2017/18
Number of bridges with restrictions rated as high priority ^A	Maintaining or decreasing	3	2	2	2	0

^A As at October each year, as postings of heavy vehicle limits on bridges are renewed annually in October.

SH30 Kopaki Rail Overbridge and SH25 Waiwawa River Bridge have been high-priority bridges from 2018 to 2021. The Waiwawa River Bridge is being strengthened, with a scheduled completion date of late 2022. The Kopaki Rail Overbridge is being replaced, with a scheduled completion date of late 2023. SH39 Mangaotama Stream Bridge was posted as high priority in 2021. Replacement of its deck and beams has been completed, with the bridge reopening to traffic in June 2022. This bridge is expected to drop from the list in the next annual bridge posting in October 2023.

Proportion of unplanned road closures resolved within standard timeframes

This indicator is the sum of all unscheduled road closure incidences with significant impact on road users that are addressed within standard protocol and timeframes, divided by the total number of road closure incidences. Reporting is split between road closures caused by weather events (such as snow, flooding, rock falls, slips and fallen trees) and those caused by other events (such as vehicle crashes, fire, obstructions, road works, spillage and public events). This measure is also included as an indicator for our efficiently and effectively moving people and freight outcome (RES1, see page 42) and for the state highway maintenance output class (SHM4, see page 60).

	Target	2021/22	2020/21	2019/20	2018/19	2017/18
Weather events	≥50%	58.46%	56.76%	48.52%	56.69%	56.77%
Other causes	≥90%	84.68%	85.69%	89.81%	91.64%	91.03%

The 2019/20 result for road closures caused by weather events was below target and significantly lower than in other years due to extended road closures in the South Island in the first half of that year, with prolonged snow, ice and avalanche hazards over winter, as well as flooding and slips. Results went back to expected levels the following year, and improved this year.

Results for road closures caused by non-weather events have been decreasing in recent years. This year, we updated our memorandum of understanding on incident management with the New Zealand Police, Fire and Emergency New Zealand, St John Ambulance and Wellington Free Ambulance to set clearer expectations about incident management. Work has started across regions to embed the memorandum into processes for emergency services and into network operating contacts.

Performance of information and communication technology assets

This section provides information on the performance of our information asset management systems, including our critical information technology and communications systems (ICT). We have five ICT asset performance measures across the categories of availability, condition and fit for purpose, which align with expectations for asset performance assessment as described in Cabinet Office Circular CO (19) 6.³¹

We continue to address additional technology system risks through our Technology Remediation Programme so systems are up to date, supported and secure and have redundancy for continual deliver of core services. Our risk-based view means critical services are addressed first. The following systems are critical based on the potential impacts on operational and business delivery resulting from any system failure or malfunctioning:

- ITS Network - telecommunications network infrastructure for our transport operations
- DYNAC - our advanced traffic management system
- Sydney Coordinated Adaptive Traffic System (SCATS)
- Driver Licensing Register (DLR)
- Motor Vehicle Register (MVR)
- FLIR - manages the closed-circuit television cameras used on state highways
- Automated Invoice Processing (AIP)
- National Incident and Event Management System (NIEMS)
- Transport Incident and Event Management System (TRIES).

For further 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 these critical ICT systems, see the explanatory notes for our performance measures on our website.³²

Percentage up-times generally decreased compared with last year because we needed to accommodate change and release cycles for projects. The number of priority 1 incidents increased, mainly due to the implementation of the updated DYNAC system. However, the overall priority outage time decreased, due to the high outage time for DLR and Landata in 2020/21.

³¹ Cabinet Office (2019) Investment management and asset performance in the state services (Circular CO (19) 6). dpmc.govt.nz/sites/default/files/2019-10/co-19-6-investment-management-and-asset-performance-state-services.pdf

³² nzta.govt.nz/resources/annual-report-nzta

System name	Availability		Condition					
	Percentage up-time ^A		Priority 1 outage time ^B		Priority 1 incidents		Priority 2 incidents	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
ITS Network	99.76%	99.84%	21.5h	13.7h	8	6	4	4
DYNAC	99.88%	99.93%	10.5h	5.9h	12	5	14	5
SCATS	99.98%	99.98%	2h	1.8h	1	1	4	1
DLR and Landata ^C	99.94%	99.42%	5h	50.8h	5	2	1	5
FLIR	99.89%	99.97%	10h	2.4h	1	1	1	6
AIP	99.82%	99.73%	16h	24h	9	1	0	0
NIEMS	100.00%	99.98%	0h	1.4h	0	2	1	4
TREIS	99.93%	99.89%	6h	9.6h	6	3	4	3
Total			71h	109.6h	42	21	29	28

^A The percentage of time the system is available for use.

^B Average time for resolving a priority 1 incidents.

^C Includes motor vehicle register (MVR), vehicle inspection service (LATIS) and road user charges (RUC).

We completed the upgrade of DYNAC and the system is now fit for purpose, and we are upgrading the ITS Network.

System name	Fit for purpose ^A
ITS Network	A project is under way to upgrade the network
DYNAC	Currently fit for purpose. System was recently upgraded.
SCATS	Currently fit for purpose.
DLR and Landata ^B	Currently fit for purpose. An ongoing programme for technology resilience and security improvements in place.
FLIR	Currently fit for purpose.
AIP	Currently meets business needs. Work is under way to identify future requirements.
NIEMS	Currently meets core requirements for Wellington Transport Operations Centre and Christchurch City Council but is not an integrated national event and incident management solution. A review is planned for 2024 to determine future direction.
TREIS	This is a legacy bespoke system for incidents we manage. A review is planned for 2024 to determine future direction.

^A Langata business assessment was completed to determine whether the system still fulfils business requirements.

^B Includes motor vehicle register (MVR), vehicle inspection service (LATIS) and road user charges (RUC).

Appendix 4:

Significant capital projects performance against milestones

Project	2021/22 milestone	2021/22 result	Commentary
Manawatū Gorge replacement			
Te Ahu a Turanga, Manawatū Tararua highway	Bulk earthworks commenced. Construction of main structures commenced.	Achieved	Bulk earthworks and construction of major structures are progressing well.
Significant state highways			
Pūhoi-Warkworth	Southern tie-in works completed. Earthworks and pavements completed in all areas. Intelligent transport system network integration testing completed. Practical completion achieved. Road open to traffic.	Not achieved	Southern tie-in works were completed, but the rest of the milestones were not achieved. Planned service commencement date was delayed by the impact of COVID-19. The contractor is forecasting road opening in 2023
Baypark to Bayfair Link Upgrade	Ground improvement lattice completed. Underpass western and eastern portals completed. Bridges 2 and 3 deck beams placed.	Achieved	All milestones were achieved. The three spans of bridge 1 at Bayfair were installed and Te Maunga intersection (bridges 2 and 3) is open to traffic.
Transmission Gully	Practical completion. Open to traffic.	Good progress made, but not achieved	The road was opened to traffic in March 2022. Road opening completion was not achieved and is deferred to June 2023. COVID-19 lockdowns in August 2021 temporarily stopped on-site progress and led to prolonged negotiations about the impact (ongoing).
Peka Peka to Ōtaki	Open to traffic.	Good progress made, but not achieved	The programme experienced several delays primarily due to COVID-19 disruption and impacts to the supply chain. Road opening is scheduled for late 2022 – this timeframe is under pressure due to COVID-19 and asphalt re-work.

Project	2021/22 milestone	2021/22 result	Commentary
Ngā Ūranga to Pito-One walking and cycling	Site established and main construction works commenced.	Good progress made, but not achieved	Good progress was made, with the completion of the Interim Project Alliance Agreement phase finalising the target outturn cost for implementation. Detailed design is expected to start in August 2022. Construction is scheduled to begin in quarter 1 of 2023.
Significant investments in Auckland			
Northern Corridor Improvements	Practical completion of Northern Corridor Improvements.	Good progress made, but not achieved	Due to delays from COVID-19 disruptions, practical completion was rescheduled to 2022/23 (after the year-end milestone was finalised). The Northern Busway extension was opened in May 2022 as an early deliverable. Practical completion is scheduled for May 2023.
Additional Waitematā Harbour Connections	Investigations into rapid transit routes well progressed. Preferred alignment identified.	Not achieved	To enable stronger alignment with the Auckland Light Rail procurement process, project commencement was delayed. Initiation of the investigation process culminating in the preferred alignment being identified will start late 2022. While the commencement date of the business case phase has been delayed, completion is expected as scheduled.
Supporting Growth Alliance	Northwest strategic corridors confirmed to enable progression to route protection. Pukekohe expressway and southern local investigations commenced.	Achieved	The northwest strategic corridors were confirmed and progression to route protection is under way. Pukekohe expressway and southern local investigations started. A decision on the emerging preferred option for Pukekohe expressway is expected in August 2022.
Significant investments in Wellington (Let's Get Wellington Moving)			
Central City and SH1 Walking and Cycling Safer Speed	Single stage business case, design and construction completed.	Good progress made, but not achieved	The design and single stage business case were completed. Construction completion was affected by design delays and COVID-19 impacts on resourcing and the supply chain. Construction completion is expected in October 2022.

Project	2021/22 milestone	2021/22 result	Commentary
Golden Mile	Single stage business case and detailed design completed.	Progress made, but not achieved	The single stage business case was approved in November 2021. Detailed design was not completed because the project was reprogrammed and 75 percent completion was targeted by June 2022 instead of full completion. Detailed design work is under way, and the pre-implementation phase began.
Thorndon Quay & Hutt Road	Single stage business case and detailed design completed.	Progress made, but not achieved	The single stage business case was completed in May 2022. Detailed design has progressed slower than planned with 30 percent of the design for Thorndon Quay Hutt Road achieved and 70 percent of the design for Aotea Quay roundabout completed. Completion of the Aotea Quay and the Thorndon Quay Hutt Road detailed designs is expected in quarters 2 and 3 of 2022/23, respectively.
Mass Rapid Transit	Indicative business case completed.	Good progress made, but not achieved	The indicative business cases for mass rapid transit and strategic highway improvements were combined to ensure stronger integration. A preferred option for light rail from the Wellington Railway Station to Island Bay was identified and supported by all partners. The indicative business case is in the final stage of development with completion due quarter 1 of 2023.
Strategic Highway Improvements	Indicative business case completed.	Good progress made, but not achieved	The indicative business cases for mass rapid transit and for strategic highway improvements were combined to ensure stronger integration. A preferred option for light rail from the Wellington Railway Station to Island Bay was identified and is supported by all partners. The indicative business case is in the final stage of development with completion due quarter 1 of 2023.
Managing Travel Demand	Single stage business case completed.	Good progress made, but not achieved	The single stage business case is expected to be completed in September 2022.

Project	2021/22 milestone	2021/22 result	Commentary
City Streets	Indicative business case completed. Single stage business cases for the Johnsonville - Ngā Ūranga and the Bowen Street projects commenced.	Achieved	The indicative business case was completed in September 2021. The Johnsonville - Ngā Ūranga single stage business case is under way, with the strategic case completed and approved and optioneering under way. The Bowen Street single stage business case is under way.
Investments in regional connections			
Loop Road North to Smeatons Hill safety improvements	Physical works for the southbound dual lanes awarded.	Progress made, but not achieved	The project was significantly delayed waiting for confirmation of the preferred corridor for the SH1 Whangārei to Port Marsden Highway project four-lane upgrade. As the upgrade is no longer proceeding, the design reverted to the original alignment, resulting in a further delay to the last stage of this project. The construction contract is scheduled to be awarded in quarter 2 of 2022/23.
SH3 Awakino Tunnel Bypass	Final seals completed.	Good progress made, but not achieved	The new road opened to traffic and the two totara pou were blessed in August 2021. Completion of pavement works was delayed and will continue after winter. This work will include rectification of surfacing defects. Project completion is expected in December 2022. Staff and supply chain disruptions due to COVID-19 also affected delivery.
Mt Messenger and Awakino Gorge Corridor	Practical completion of Rapanui passing lane and Tongapōrutu intersections.	Achieved	Practical completion of the Rapanui passing lane and Tongapōrutu intersections was achieved in June 2022.
Mt Messenger Bypass	Compulsory land acquisition completed. Southern compound built. Construction in south zone commenced.	Progress made, but not achieved	Construction started in the south zone. However, the other milestones were not achieved. Compulsory land acquisition is being challenged through Land Information New Zealand to the Environment Court. This has resulted in more court hearings. The southern compound was delayed due to resource shortages, poor weather that affected ground preparations, and reprioritisation of activities. It is expected to be completed by December 2022.

Project	2021/22 milestone	2021/22 result	Commentary
Nelson Future Access	Preferred plan identified.	Achieved	A preferred plan was identified. The detailed business case was completed and endorsed by Nelson City Council and approved by the Waka Kotahi Board in December 2021.
New Zealand Upgrade Programme – Transport			
SH1 Whangarei to Port Marsden	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.	Good progress made, but not achieved	The project was significantly delayed waiting for confirmation of the preferred corridor for the SH1 Whangārei to Port Marsden Highway project four-lane upgrade. As the upgrade is no longer proceeding, the design reverted to the original alignment, resulting in a further delay to the last stage of this project. The construction contract is scheduled to be awarded in quarter 2 of 2022/23.
Penlink	Request for proposal completed, preferred proponent teams notified and commercial discussions under way to form an alliance.	Achieved	All milestones were achieved. The Project Alliance Agreement was awarded in June 2022. The implementation business case was approved.
South Auckland Package	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.	Good progress made, but not achieved	The business case was delayed primarily due to additional work being required on solution options. In the interim, funding was approved to proceed with integration design development for the SH22 and Waihoehoe Road upgrades. The final business case is expected to be submitted to the Minister for approval in quarter 2 of 2022/23.
Papakura to Drury	Stage 1A noise wall construction completed, Papakura southbound on-ramp detailed design completed, and construction commenced. Stage 1B1 detailed design commenced, notice of requirements and consents granted, North Island Main Trunk bridges designed, and construction commenced. Stage 1B2 preferred option selected, specimen design and consenting package commenced.	Good progress made, but not achieved	Stage 1A Papakura southbound on-ramp detailed design was completed and construction started. A two-month delay in the completion of the noise wall is due to remedial works. All milestones for Stages 1B1 and 1B2 were achieved.

Project	2021/22 milestone	2021/22 result	Commentary
Northern Pathway Westhaven to Akoranga	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.	Not achieved	The redefined project scope was submitted to joint Ministers in April 2022. The new business case is on hold, pending direction from the Minister.
SH1/29 Intersection Improvements	Notice of requirement and planning consent application decision received.	Good progress made, but not achieved	Notice of requirement and consent applications were lodged in August 2021 and an application for direct referral was made to the Environment Court. The court has set a hearing date in September 2022.
Takitimu North Link Stage 1	Subject to Māori Land Court decision on acquisition of land for the project, construction commenced.	Achieved	A Māori Land Court decision allowed land acquisition to proceed. The physical works contract was awarded in December 2021 and construction started.
Takitimu North Link Stage 2	Notice of requirement and planning consent application lodged.	Not achieved	The milestones were not achieved due to the change in the consenting strategy for the project, which is to obtain regional and notice of requirements consent for the entirety of the corridor. Lodgement is now expected in mid-2023.
SH58 Safety Improvements – Stage 2	Construction of Stage 2A completed.	Good progress made, but not achieved	The road is fully open to traffic, but final asphalt surfacing was delayed to October 2022 (after winter). Construction was not completed as scheduled due to COVID-19 supply chain delays affecting undergrounding of power and delaying road construction.
SH2 Melling Efficiency & Safety Improvements	Notice of requirement and planning consent application lodged, consents gained, and construction contract released to market.	Good progress made, but not achieved	Notice of requirement and consent applications were lodged in July 2021. The consenting pathway for the project was changed to direct referral to the Environment Court, which means a decision is not expected until early 2022/23. The request for tender for the construction contract is expected to be released in early 2022/23.
Ōtaki to North of Levin	Business case completed and submitted to the Waka Kotahi Board for endorsement.	Good progress made, but not achieved	The draft business case was completed in June 2022 and will be submitted to the Waka Kotahi Board for endorsement in August 2022.

Project	2021/22 milestone	2021/22 result	Commentary
Rolleston Access Improvements	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.	Not achieved	The milestones were not achieved due to additional option assessments of grade-separated options being required in response to public consultation. A new recommended option is out for public consultation. The business case is expected to be finalised in quarter 2 of 2022/23.
Brougham St Corridor Improvements	Business case completed, endorsed by the Waka Kotahi Board and submitted to the Minister for approval.	Achieved	The business case was completed and approved by the Waka Kotahi Board in April 2022. Under the delegated authority of Waka Kotahi, this business case did not require ministerial approval.
SH75 Halswell Road Improvements	Business case completed.	Achieved	The business case was completed in March 2022.
SH73 Weedons-Ross Road Intersection	Notice of requirement and planning consent application lodged.	Achieved	All milestones were achieved. The construction contract was awarded and physical works started.
Walnut Avenue Intersection Improvements	Complete Stage 1 project pavement works (except at the rail level crossing).	Achieved	All milestones were achieved. The project was handed over to KiwiRail in April 2022 for the railway crossing work.
SH1 Tinwald Corridor Improvements	Business case completed.	Achieved	The business case was completed in quarter 1 of 2021/22. The detailed design was developed and consents lodged.
Queenstown Package	Construction commenced.	Not achieved	Minor physical works were undertaken. However, large components of the package remain subject to land acquisition and Resource Management Act processes. Construction is expected to start in quarter 4 of 2022/23.

Appendix 5:

Vote Transport appropriation measures

We are required to provide year-end performance information on appropriations that we are funded for. This section delivers against our reporting requirements under Vote Transport Estimates of Appropriations 2021/22 – Economic Development and Infrastructure Sector and Vote Transport Supplementary Estimates of Appropriations 2021/22.

Ref	Appropriation and measure name	Status	2021/22 Standard	2021/22 Actual	2020/21 Actual	2019/20 Actual
Non-departmental output expenses						
Clean Car Standard – operation						
CCS1	Proportion of vehicle imports with CO2 and importer information, allowing robust measurement against national CO2 targets	Achieved	99%	100%	New measure	Not applicable
Clean vehicle discount administration costs PLA						
CVD1	Administration costs incurred in accordance with the funding agreement with the Ministry of Transport	Achieved	Achieved	Achieved	New measure	Not applicable
Clean Car Standard – operation						
CCS1	Proportion of vehicle imports with CO2 and importer information, allowing robust measurement against national CO2 targets	Achieved	99%	100%	New measure	Not applicable
Clean Car Standard – operation						
CAS1	Average number of days taken to enter fatal crash reports into the Crash Analysis System	Achieved	10 working days or less	1.5	1 working day	3 working days
LIC1	Number of drug or alcohol assessments funded	Achieved	700 or less ^A	439	628	634
LIC2	Number of older driver licences subsidised	Achieved	116,889 or less ^A	100,244	96,833	83,164
MIN1	Proportion of requests completed within specified timeframes – Ministerial correspondence	Achieved	95% or greater	98%	100%	90%
MIN2	Proportion of requests completed within specified timeframes – parliamentary questions	Not Achieved	100%	99.9%	99%	99%

Ref	Appropriation and measure name	Status	2021/22 Standard	2021/22 Actual	2020/21 Actual	2019/20 Actual
MIN3	Proportion of requests completed within specified timeframes – Official Information Act requests	Not Achieved	100%	99%	99%	99%
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
Road user charges refunds						
RUC1	Average number of days to process road user charges refund applications	Achieved	20 working days or less	7	16 working days	Not applicable
Non-departmental other expenses						
Bad debt provision – motor vehicle registration/licences and road user charges						
BDP1	Proportion of bad debt for road user charges against forecast revenue	Not Achieved	≤0.45%	1.3%	0.15%	0.41%
Clean Car Discount – administration						
CCD1	Sales of electric vehicles (battery electric and plug-in hybrid electric) as a share of the new passenger car segment for the 12-month period ending 30 June	Achieved	10%	13.6%	New measure	Not applicable
CCD2	Sales of electric vehicles (battery electric and plug-in hybrid electric) as a share of all vehicles entering New Zealand (new and used passenger and commercial light vehicles) for the 12 month period ending 30 June	Achieved	6%	7%	New measure	Not applicable
Community Connect Programme						
CCP1	Processes are set up and in place to provide operational costs to Auckland Transport for the scheme by 30 June 2022	Not Achieved	Achieved	Not achieved	New measure	Not applicable
National Land Transport Programme (NLTP) loan 2021–2024 – fair value write-down						
NLTP-L1	Fair value write-down of NLTP loan 2021–2024 is recognised in accordance with accounting standards	Achieved	Achieved	100%	New measure	Not applicable
Waka Kotahi NZ Transport Agency Palmerston North premises						
PNP1	Proportion of operational expenditure spent to budget	Achieved	100%	100%	100%	100%

Ref	Appropriation and measure name	Status	2021/22 Standard	2021/22 Actual	2020/21 Actual	2019/20 Actual
Non-departmental capital expenditure						
Capital investment package - roads, walking and cycling						
NZUP1	Proportion of Waka Kotahi NZ Transport Agency NZ Upgrade activities delivered to agreed standards and timeframes ^B	Not Achieved	≥90%	54%	79%	81%
Clean Car Standard - capital						
CCS-C1	Systems and internal capability are implemented to commence policy with importers of vehicles by late 2022	Not Achieved	Achieved	Not Achieved	New measure	Not applicable
Clean Vehicle Discount Scheme - capital investment in Waka Kotahi NZ Transport Agency						
CVD-C1	Systems to enable the operation of the Clean Vehicle Discount Scheme are established by 1 April 2022	Achieved	Achieved	Achieved	New measure	Not applicable
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%
National Land Transport Programme Loan 2021-2024						
NLTP-L2	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	New measure	Not applicable
National Land Transport Fund (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 ^C	Not Achieved	≥90%	74%	70%	Not applicable
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%	100%

Ref	Appropriation and measure name	Status	2021/22 Standard	2021/22 Actual	2020/21 Actual	2019/20 Actual
Multi-category expenses and capital expenditure						
Capital Investment Package – operating						
Non-departmental output expenses – operating costs						
CIPO1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	New measure	Not applicable
Non-departmental other expenses – third-party projects						
CIPO2	Proportion of Waka Kotahi NZ Transport Agency Capital Investment Package activities that will result in third-party asset ownership delivered to agreed budget and timeframes	Achieved	≥90%	100%	New measure	Not applicable
COVID-19 – NLTF funding for cost pressures and revenue shocks						
Non-departmental output expenses – COVID-19 – NLTF operating cost pressure and revenue shortfall funding						
CNLTF1	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%	Not applicable
Non-departmental capital expenditure – COVID-19 – NLTF capital cost pressure funding						
CNLTF2	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%	Not applicable
Non-departmental capital expenditure – equity injection to Waka Kotahi NZ Transport Agency						
CNLTF3	Funding is drawn down and utilised for the purposes and on the terms agreed to by Cabinet	Achieved	100%	100%	100%	Not applicable
Reinstatement of the South Island transport corridors						
Non-departmental output expenses – restoration of SH1 between Picton and Christchurch						
KAIK2	Proportion of restoration projects of State Highway 1 between Picton and Christchurch with defects liability period completed to plan	Achieved	100%	100%	New measure	Not applicable
Non-departmental capital expenditure – rebuild of SH1 between Picton and Christchurch						
KAIK3	Proportion of rebuild projects of SH1 between Picton and Christchurch with defects liability period completed to plan	Achieved	100%	100%	New measure	Not applicable

Ref	Appropriation and measure name	Status	2021/22 Standard	2021/22 Actual	2020/21 Actual	2019/20 Actual
SuperGold Card enhanced public transport concessions scheme						
Non-departmental output expenses – administration of the public transport concessions scheme						
SG1	Proportion of bulk funding payments of Crown SuperGold allocation paid to approved organisations within 20 working days	Not Achieved	100%	3%	29%	Not applicable
Non-departmental other expenses – public transport concessions for cardholders						
SG2	Number of boardings using SuperGold concessions	Not Achieved	12 million – 15 million	9.2 million	12.2 million	12.6 million
Tuawhenua Provincial Growth Fund – transport projects						
Non-departmental output expenses – supporting regional and infrastructure projects						
PGF1	Average number of days to release Provincial Growth Fund funding to support regional and infrastructure projects once approved	Achieved	20 working days or less	12 working days	New measure	Not applicable
Non-departmental other expenses – enabling infrastructure projects						
PGF2	Average number of days to release Provincial Growth Fund infrastructure funding once approved	Achieved	20 working days or less	9.2 working days	13 working days	10 working days
PGF3	Work is carried out as per the agreed programme	Not Achieved	100%	58%	60%	Not applicable
Non-departmental other expenses – regional projects and capability						
PGF4	Work is carried out as per the agreed programme	Achieved	100%	100%	New measure	Not applicable

^A The result is dependent on the number of applications we receive.

^B The methodology for this measure changed this year to include assessment against time standards because that information was not available in the early stages of the New Zealand Upgrade Programme. Details of the programme's projects is in the significant capital projects report in appendix 4.

^C 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 we deliver. The result of this measure is not comparable with the result in previous years.

The following results are also reported under the output class performance (pages 53–76).

Ref	Appropriation and measure name	Status	2021/22 Standard	2021/22 Actual	2020/21 Actual	2019/20 Actual
Non-departmental output expenses						
National Land Transport Programme PLA						
Investment management						
IM1	Proportion of total cost of managing the investment funding allocation system to NLTP expenditure	Achieved	≤ 1.1%	0.86%	1.00%	1.02%
Local road improvements						
LRI1	Proportion of local road improvement activities funded by the NLTF delivered to agreed standards and timeframes	Not Achieved	≥ 80%	68%	New measure	Not applicable
State highway improvements						
SHI1	Proportion of state highway improvement activities funded by the NLTF delivered to agreed standards and timeframes ^A	Not Achieved	≥ 90%	86%	New measure	Not applicable
Local road maintenance						
LRM3	Local road maintenance cost per lane kilometre delivered	Achieved	\$3,638-4,334	\$4,108	\$4,004	\$3,628
State highway maintenance						
SHM3	State highway maintenance cost per lane kilometre delivered	Achieved	\$25,098-34,150	\$29,423	\$26,292	\$25,352
Public transport services and public transport Infrastructure						
PTS1	Number of boardings on urban public transport services (bus, train and ferry)	Not Achieved	≥ 119 million	86	New measure	Not applicable
PTI1	Punctuality of metro rail services	Achieved	Baseline setting	Baseline set: Auckland: 94.0% Wellington: 89.3%	New measure	Not applicable
Walking and cycling improvements						
WCI1	Proportion of cycleways, pathways and shared paths delivered against plan	Not Achieved	Baseline setting	Baseline not set	New measure	Not applicable

Ref	Appropriation and measure name	Status	2021/22 Standard	2021/22 Actual	2020/21 Actual	2019/20 Actual
Rail network						
RN1	Reliability of freight travel time	Achieved	Baseline setting	Baseline set: 86%	New measure	Not applicable
Coastal shipping						
CS1	An investment plan for coastal shipping has been developed and has also been endorsed by the Waka Kotahi Board	Achieved	Achieve	Achieved	New measure	Not applicable
Road to Zero						
RTZ1	Length of the network treated with reduced speed limits	Not Achieved	≥ 500km ^B	165km	New measure	Not applicable
RTZ2	Number of corridor infrastructure safety improvements projects started to plan	Not Achieved	≥5 ^B	4	New measure	Not applicable
Road user charges investigation and enforcement						
REV1	Proportion of unpaid road user charges identified through investigations and assessments that are collected ^C	Achieved	65-75%	82%	73%	Not applicable
Non-departmental capital expenditure						
NLTP capital PLA						
SH11	Proportion of state highway improvement activities funded by the NLTF delivered to agreed standards and timeframes ^D	Not Achieved	≥90%	86%	New measure	Not applicable
Multi-category expenses and capital expenditure						
Tuawhenua Provincial Growth Fund - transport projects						
Non-departmental capital expenditure - infrastructure projects						
PGF5	Proportion of Waka Kotahi NZ Transport Agency projects funded by the Provincial Growth Fund delivered to agreed standards and timeframes	Achieved	≥90%	100%	60%	Unable to measure

^A This is also a performance measure for the NLTP capital PLA appropriation.

^B The annual target is indicative. Performance assessment of this activity under the Road to Zero programme is at the end of the three-year period of the 2021-24 NLTP.

^C This measure result had been reported incorrectly in the Waka Kotahi quarterly reporting for 2021/22 due to an error in the payment data captured. The quarterly reporting figures did not include all payments received towards debts, including repayments on instalment plans. This error has been rectified in this annual report figure.

^D This is also a performance measure for the NLTP PLA appropriation.

