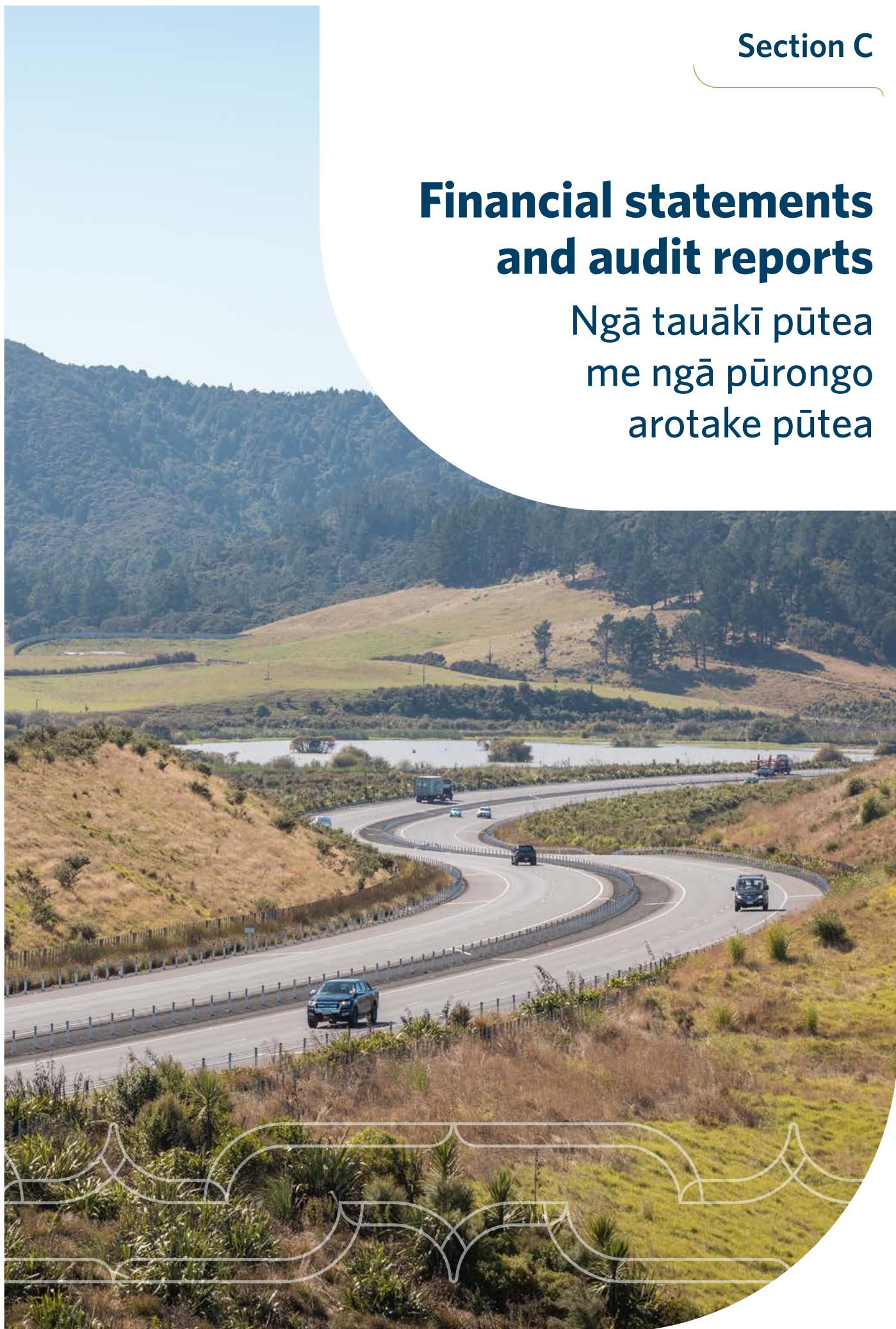


Financial statements and audit reports

Ngā tauākī pūtea
me ngā pūrongo
arotake pūtea



Statement of responsibility

Under the Land Transport Management Act 2003, the NZ Transport Agency Waka Kotahi Board (the Board) is responsible for the preparation of the National Land Transport Fund 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 the National Land Transport Fund 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 the National Land Transport Fund for the year ended 30 June 2024.

Signed on behalf of the Board:



Simon Bridges
NZTA Board Chair
30 September 2024

Countersigned by:



Nicole Rosie
Chief Executive
30 September 2024



Cassandra Crowley
Chair of the Risk and Assurance Committee
30 September 2024



Howard Cattermole
Chief Financial Officer
30 September 2024

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2024

	Note	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Revenue inflows*				
Land transport revenue	3	3,985	4,060	4,338
Crown emergency works		1,105	336	250
Crown Public Transport operating shortfall		0	0	140
Clean Car Standard revenue		146	36	56
Funding from the Crown - Rail Network Investment Programme		417	326	312
Management of Crown land		38	53	39
Tolling revenue		13	14	13
Interest revenue		7	5	5
Total revenue inflows	2	5,711	4,830	5,153
Outflows				
National Land Transport Programme (NLTP)		4,355	3,820	4,260
Road Policing Programme		433	426	415
Rail Network Investment Programme		610	534	455
Clean Car Standard expense		140	36	54
Fuel excise duty/road user charges administration		11	11	14
Forecasting and strategy		3	3	5
Total outflows	2	5,552	4,830	5,203
Surplus/(deficit) from current National Land Transport Fund (NLTF) balance		159	0	(50)
Fair value gain on long-term payables		10	13	13
NLTP expenditure to be funded long-term		(1,601)	(1,418)	(680)
Finance charges		(11)	(11)	(10)
Surplus/(deficit) to be funded from future NLTF revenue	2	(1,602)	(1,416)	(677)
Surplus/(deficit)		(1,443)	(1,416)	(727)

* This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

Statement of financial position as at 30 June 2024

	Note	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Assets				
Cash and cash equivalents	7	50	0	49
Receivables	3/7	707	480	613
Total assets		757	480	662
Liabilities				
Payables	4/7	5,712	5,576	4,185
Provisions	5	65	36	54
Total liabilities		5,777	5,612	4,239
Net assets		(5,020)	(5,132)	(3,577)
General funds		(5,020)	(5,132)	(3,577)
General funds closing balance *	8	(5,020)	(5,132)	(3,577)

* This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

Statement of changes in general funds balance for the year ended 30 June 2024

	Note	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
General funds opening balance				
General funds - current		133	0	183
General funds - long-term		(3,710)	(3,716)	(3,033)
Total general funds opening balance		(3,577)	(3,716)	(2,850)
Changes in general funds balance				
Surplus/(deficit) from current NLTF balance		159	0	(50)
Surplus/(deficit) to be funded from future NLTF revenue		(1,602)	(1,416)	(677)
Total changes in general funds balance		(1,443)	(1,416)	(727)
General funds closing balance				
General funds - current	8	292	0	133
General funds - long-term	8	(5,312)	(5,132)	(3,710)
Total general funds closing balance *		(5,020)	(5,132)	(3,577)

* This heading has been used to be consistent with the terminology in the Land Transport Management Act 2003.

Statement of cashflows for the year ended 30 June 2024

Note	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Cash flows from operating activities			
Receipts from land transport revenue	5,488	4,777	4,939
Payments to suppliers	(5,487)	(4,777)	(4,988)
Net cash from operating activities	1	0	(49)
Net increase/(decrease) in amounts held by the Crown			
Amounts held by the Crown at the beginning of the year	49	0	98
Amounts held by the Crown at the end of the year *	50	0	49

* The National Land Transport Fund is a notional account only. There are no actual cash and cash equivalents as funds are held by the Crown. However, this statement has been provided to meet the requirements of section 11 of the Land Transport Management Act 2003.

Reconciliation of net surplus/(deficit) to net cash for the year ended 30 June 2024

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Net surplus/(deficit) after tax	(1,443)	(1,416)	(727)
Add/(less) movements in working capital items:			
(Increase)/decrease in receivables and prepayments	(94)	133	(192)
Increase/(decrease) in payables	1,538	1,283	870
Net movements in working capital items	1,444	1,416	678
Net cash from operating activities	1	0	(49)

Notes to the financial statements

1 | Entity information

Reporting entity

The Land Transport Management Act 2003 includes a requirement for NZTA to prepare at the end of the financial year an annual report on the National Land Transport Fund (NLTF).

All revenue from fuel excise duty, road user charges, motor vehicle registration and licensing fees, revenues from Crown appropriations, management of Crown land interest, and tolling are accounted for in the NLTF.

The NLTF is used to manage the funding of the:

- National Land Transport Programme (NLTP) for:
 - activities delivered by approved organisations such as councils
 - state highway, public transport; coastal shipping and walking and cycling activities
 - other NZTA activities, such as transport planning and sector research.
- New Zealand Police Road Policing Programme
- Rail Network Investment Programme
- Ministry of Transport (MOT) for forecasting and strategy
- Collection of road user charges and refunds on fuel excise duty and road user charges
- The Clean Car Standard.

NLTF cash funds are held as part of total Crown funds. The MOT is responsible for authorising payments from NLTF and administering appropriations.

The NLTF, being a notional entity, does not hold any physical assets.

The NLTF does not have any employees.

The financial statements for the NLTF are for the year ended 30 June 2024 and were approved by the Board on 30 September 2024.

Basis of preparation

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

The NLTF 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. Further details on the use of the going concern assumption are in note 7.

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).

Budget figures

The budget figures are derived from the NZTA *Statement of performance expectations 2023/24* as approved by the Board on 20 June 2023. 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.

Explanations of major variances against budget are provided in the notes.

Taxes

All items in the financial statements are stated exclusive of goods and services tax (GST).

The NLTF is a notional entity, so is exempt from the payment of income tax.

Accounting for Clean Car Standard

The Clean Car Standard (CCS) is a Crown Scheme which became effective on 1 January 2023. Cars that are imported with a CO₂ level above the CCS standard pay a charge, while cars that are imported with a CO₂ level below the CCS standard receive a credit. The credit can be used by importers to offset a current charge, kept (for a period of time) to offset future charges, or sold to another importer. The net charges are returned to the Crown and then can be drawn down into the NLTF for use in green projects.

The charges are recorded as revenue and debtors where they haven't been collected. The credits are recorded as expenses and provision for credits where they haven't been used. The basis for recording the credits as a provision and not a creditor is that they can be used to offset future charges, however, there is not certainty of if and when they may be used. If there are more credits than charges, there is a judgement required as to whether there is sufficient certainty as to record a provision or whether the amount is recorded as a contingent liability.

Accounting standards issued and not yet effective

The NLTF financial statements have adopted all accounting standards, amendments and interpretations to existing standards that have been published and are mandatory from 1 July 2023. There are no issued, but not yet effective standards as at 30 June 2024 that NZTA considers would have a material impact on the financial statements.

2 | Statement of inflows, outflows and capital expenditure including the previous two financial years

	Actual 2023/24 \$M	Actual 2022/23 \$M	Actual 2021/22 \$M
Revenue inflows			
Land transport revenue	3,985	4,338	4,166
Funding from the Crown - Rail Network Investment Programme	417	312	180
Management of Crown land	38	39	75
Clean Car Standard	146	56	0
Crown emergency works*	1,105	250	0
Crown Public Transport operating shortfall	0	140	0
Tolling revenue	13	13	12
Interest revenue	7	5	3
Total revenue inflows	5,711	5,153	4,436
Outflows			
NLTP	4,355	4,260	3,813
Road Policing Programme	433	415	394
Rail Network Investment Programme	610	455	287
Fuel excise duty/road user charges administration	11	14	12
Clean Car Standard	140	54	0
Forecasting and strategy	3	5	4
Total outflows	5,552	5,203	4,510
Surplus/(deficit) from current National Land Transport Fund (NLTF) balance	159	(50)	(74)
Fair value gain on long-term payables	10	13	8
NLTP expenditure to be funded long-term	(1,601)	(680)	131
Finance charges	(11)	(10)	(9)
Deficit to be funded from future NLTF revenue	(1,602)	(677)	130
Surplus/(deficit)	(1,443)	(727)	56

* Crown emergency works revenue includes North Island weather events and emergency works cost pressure.

The statement of inflows, outflows, and capital expenditure including the previous two financial years is provided under the requirements of the Land Transport Management Act 2003.

Separate disclosure of the management of Crown land and interest is required under the Land Transport Management Act 2003.

Revenue inflows

Revenue is recognised when specific criteria have been met for each of the NLTF activities and the revenue can be reliably measured.

Land transport revenue and tolling revenue have been classified and treated as non-exchange revenue and accounted for in accordance with PBE IPSAS 23. The nature of these revenue streams is that of taxes and duties. The payment of taxes and duties does not entitle the payer to an equivalent value of services or benefits, because no direct exchange relationship exists between paying taxes and duties and receiving services or benefits from the NLTF.

The interest earned on the nominal cash balance and the management of Crown land has been classified and treated as exchange revenue and accounted for in accordance with PBE IPSAS 9.

Outflows

The NLTF accounts for the flow of funds to:

- NZTA – for the funding of the NLTP, and administration of fuel excise duty and road user charges and administering the Clean Car Standard
- New Zealand Police – which provides the Road Policing Programme
- MOT – for forecasting and strategy
- KiwiRail – for the Rail Network Improvement Programme.

Under section 9(1) of the Land Transport Management Act 2003, the land transport revenue also funds search and rescue activities, and recreational boating safety and safety awareness.

See section B for details of activities funded by the NLTF.

Explanations of major variances against budget

Revenue inflows

Land transport revenue was \$3,985 million, close to the budget of \$4,060 million.

Outflows

NLTP was \$4,355 million, \$535 million (14 percent) above the budget of \$3,820 million. This was mainly due to additional expenditure provided by crown funding for the North Island Weather Events spend primarily in the state highway maintenance and local road maintenance output classes.

NLTP expenditure to be funded long term was (\$1,601) million, \$183 million (13 percent) above the budget of (\$1,418) million. This was mainly due to draw down of the short-term facilities to meet seasonal fluctuations.

3 | Land transport revenue and receivables

	Actual 2023/24 \$M	Actual 2022/23 \$M
Revenue		
Road user charges	1,888	1,444
Fuel excise duty	2,005	1,364
Motor vehicle registration and annual licensing fees	233	237
Temporary tax reduction Crown revenue - road user charges	0	713
Temporary tax reduction Crown revenue - fuel excise duty	0	697
Track user charges	18	15
Total revenue	4,144	4,470
Less refunds		
Road user charges	67	44
Fuel excise duty	72	72
Motor vehicle registration and annual licensing fees	1	1
Other	0	0
Total refunds	140	117
Less bad debt write-off	14	15
Movement in provision for doubtful debts	5	0
Total bad and doubtful debts	19	15
Total land transport revenue	3,985	4,338

As per the Land Transport Management Act 2003, a payment is made for maritime search and rescue activities from fuel excise duty before the duty becomes land transport revenue. This payment was \$37.6 million (2022/23: \$33.1 million). A payment is also made for regulatory services. This payment was \$31.4 million (2022/23: \$3.9 million).

The total net land transport revenue is as follows:

	Actual 2023/24 \$M	Actual 2022/23 \$M
Road user charges*	1,802	2,098
Fuel excise duty*	1,933	1,989
Motor vehicle registration and annual licensing fees	232	236
Track user charges	18	15
Total net land transport revenue	3,985	4,338

* including temporary tax reduction Crown revenue for 2022/23

The total net land transport revenue presents the net position of the Crown revenue after refunds and the deductions above.

Receivables (included in the statement of financial position)

	Actual 2023/24 \$M	Actual 2022/23 \$M
Debtors – fuel excise duty	363	232
Debtors – Crown temporary tax reduction	0	110
Debtors – motor vehicle register/road user charges	68	80
Debtors – Rail Network Investment Programme	15	17
Debtors – track user charges	4	4
Debtors – Clean Car Standard (importers)	65	56
Debtors – Clean Car Standard (Crown)	6	0
Debtors – emergency work	224	7
Debtors – public transport shortfall	0	140
Provision for doubtful debt	(38)	(33)
Total receivables	707	613

Receivables are recognised at face value less an allowance for doubtful debt calculated using the expected credit losses (ECLs) model.

Provision for doubtful debt

The provision for doubtful debt relates primarily to road user charges, the ECLs are \$38 million (2022/23: \$33 million). The NLTF applies the simplified approach and recognises lifetime ECLs for these debtors. Lifetime ECLs recognise all possible default events over the expected life of the receivable. ECLs are calculated in two groups, motor vehicle register debtors and road user charges debtors, to reflect the differences in collection and default rate history.

Estimation techniques and assumptions used in calculating the lifetime ECLs did not change during 2023/24.

The movement in ECLs for the year are shown below.

Lifetime ECL – debtors – road user charges

	Actual 2023/24 \$M	Actual 2022/23 \$M
Opening balance as at 1 July	33	33
Less bad debts write-off	(14)	(15)
Increase in doubtful debts	19	15
Closing balance as at 30 June	38	33

Receivables are written-off when they are deemed uncollectable. The total receivables written-off during the year amounted to \$14 million (2022/23: \$15 million). Of the receivables written-off none were still subject to enforcement activities.

Receivables

Debtor balances relating to fuel excise duty, the Rail Network Investment Programme and track user charges are short term and due from other government agencies (such as government departments and Crown entities). There is no indication that these debtors are impaired as at 30 June 2024 (30 June 2023: nil).

4 | Payables

	Actual 2023/24 \$M	Actual 2022/23 \$M
Current payable to NZTA – current balance	147	302
Current payable to KiwiRail	27	26
Current payable to NZTA – to be funded from future revenue	400	154
Current payable to NZTA – Crown funded (emergency works)	225	146
Non-current payable to NZTA – to be funded from future revenue	4,913	3,557
Total payables	5,712	4,185

Current payable to NZTA – current balance – is funded from current revenue, non-interest bearing and normally settled by the end of the month following the date of supply. Therefore, the carrying value approximates fair value.

Current payable to KiwiRail – is non-interest bearing and normally settled by the end of the month following the date of supply. Therefore, the carrying value approximates fair value.

Current payable to NZTA – to be funded from future revenue – is a mixture of interest and non-interest-bearing advances that will be settled within one year. Therefore, the carrying value approximates fair value.

Current payable to NZTA – Crown funded – to be funded from the Crown and normally settled by the end of the following month. Therefore, the carrying value approximates fair value.

Non-current payable to NZTA – to be funded from future revenue – is a mixture of interest and non-interest-bearing advances that will be settled between one year and 30 years. Non-interest bearing non-current payables are discounted to present value as at 30 June 2024.

5 | Provisions

	Actual 2023/24 \$M	Actual 2022/23 \$M
Provision for Clean Car Standard credits	65	54
Total provisions	65	54

Refer to note 1 for the background and accounting policy on the Clean Car Standard (CCS). The provision for CCS credits relates to credits held by car importers which may be used to offset future charges. At 30 June 2024, there were \$65 million of charges in debtors so the provision has been set to \$65 million on the basis that the credits may be used to fully offset these charges. At June 2024, there were \$257 million of credits held by importers. This means that there are \$192 million of additional credits which are not expected to be able to be used to offset charges and therefore not recorded as a provision. A contingent liability for those additional credits has been disclosed in recognition of the possibility that future changes in import behaviour or scheme settings could see those credits be utilised before they expire.

Refer to Note 10 Contingencies for further information.

6 | Planned outflows

The planned aggregate funding outflows, including both committed and probable outflows, for the NLTF are as follows:

	Actual 2023/24 \$M	Actual 2022/23 \$M
Not later than one year	2,146	5,025
Later than one year and not later than five years	2,987	3,024
Later than five years	5,524	5,857
Total planned outflows	10,657	13,906

7 | Financial instruments and financial risk management

Financial instruments

The carrying amounts of financial assets and liabilities in each of the categories are as follows:

	Actual 2023/24 \$M	Actual 2022/23 \$M
Financial assets measured at amortised cost		
Cash and cash equivalents	50	49
Receivables	707	613
Total financial assets measured at amortised cost	757	662
Financial liabilities measured at amortised cost		
Payables	5,712	4,185
Total financial liabilities measured at amortised cost	5,712	4,185

Financial risks

The NLTF's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The NLTF has policies for managing the risks associated with financial instruments and seeks to minimise exposure from financial instruments.

Market risk

The NLTF's exposure to the risk of changes in market rates relates primarily to interest rates on long-term debt held by NZTA. The NLTF is obligated to fund NZTA's long-term debt repayments, so is exposed to the underlying interest rate 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.

Interest rate swaps are held by NZTA to mitigate risks associated with interest rate fluctuations for the underlying debt instruments relating to the public-private partnerships, details of which are in the NZTA financial statements.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the NLTF, causing the NLTF to incur a loss. In the normal course of business, the NLTF is exposed to credit risk from 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.

Credit quality of financial assets

The NLTF is a notional account only. The cash and cash equivalents reported in these statements are held by the Crown in the consolidated fund. The largest debtor is the Crown, which has a Standard and Poor's credit rating of AA+.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the NLTF will encounter difficulty raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash. The NLTF manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Refer to note 6 for future outflows of NLTF. The Board considers the NLTF revenue forecast when planning the NLTP to maintain the liquidity of the NLTF is maintained.

Refer to note 8 for general funds and capital management of the NLTF.

Contractual maturity analysis of financial liabilities

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

	Less than 1 year \$M	1-2 years \$M	2-5 years \$M	Over 5 years \$M
2023/24 Contractual cash flows	1,028	538	1,818	5,703
2022/23 Contractual cash flows	724	451	1,817	3,900

The Government Policy Statement (GPS) proposes additional revenue sources including new loan facilities as well as changes to repayment dates for some of the loan facilities.

8 | General funds and capital management

	Actual 2023/24 \$M	Actual 2022/23 \$M
General funds – current	292	133
Total general funds – current	292	133
National land transport programme to be funded long-term		
Auckland Transport Package	(354)	(354)
Housing Infrastructure Fund	(111)	(98)
Public-private partnerships*	(1,957)	(1,992)
NLTF borrowing facility for short-term advances	(500)	(375)
COVID-19 NLTF borrowing facility	(325)	(325)
Tauranga Eastern Link	(107)	(107)
NLTP 2021–24 loan	(2,001)	(504)
Fair value changes in financial instruments	43	45
Total general funds – long term	(5,312)	(3,710)
Total general funds closing balance	(5,020)	(3,577)

* Included related interest rate swaps.

The NLTF has a negative general funds balance due to programmes that were accelerated with debt funding sourced from the Crown or through public-private partnerships. The funding received has been recognised as long-term payables that are due up to 20 years from balance date.

Although the NLTF has a negative general funds balance, the Board considers for the purposes of financial reporting the going concern assumption is valid for the following reasons:

- The NLTF's liquidity is actively managed.
- The NLTF has a positive cash balance of \$50 million as at 30 June 2024 (30 June 2023: \$49 million).
- The NLTF's forecasts demonstrate its ability to repay its obligations when they fall due for a period of at least one year from the date of these financial statements.
- The NLTF's main revenue source is land transport revenue, which is forecast with inputs from other government departments. Land transport revenue and crown sources for the funding and financing of the NLTP is forecast to be sufficient to meet all committed future outgoings.
- The NLTF has the option to slow expenditure on the NLTP.
- The NLTF has a short-term borrowing facility of \$250 million to cover revenue or expenditure shocks or to use the short-term borrowing facility of \$250 million to meet seasonal cash-flow cycles.
- The Crown has previously taken action to help deliver on the NLTP including additional funding, financing and proposed increases to fuel taxes and motor vehicle registration. NZTA has a letter of support from Minister of Finance and Minister of Transport to give the board confidence that the future cashflows will be sufficient to meet debt repayments.
- In 2024, the Crown confirmed financing up to \$3.1 billion and a \$3.1 billion capital grant to support the delivery of the 2024–27 NLTP due to the investment gap between the NLTP and forecast land transport revenue. An additional \$1.0 billion capital contingency has also been confirmed.

- A debt management framework is used to determine a sustainable and efficient level of future liabilities. The framework is based on the expected level of fund inflows and forward commitments and comprises measures and target operating ranges to guide decision making.

The cost of financing will be met from future flows into the NLTF. The Board actively manages the forward work programme of NZTA, while giving effect to the Government Policy Statement on land transport, to manage the liquidity of the NLTF. It remains the Board's view that under present economic settings including the GPS, the NLTF continues to be able to fund repayment of financing and to meet the NZTA forward work programme for at least a year from the signing of these financial statements.

Capital management

The NLTF's capital is its general funds. General funds are represented by net assets.

The NLTF is subject to the financial management and accountability provisions of the Public Finance Act 1989, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

NZTA actively manages the National Land Transport Fund general funds through prudent management of revenues, expenses, liabilities and general financial management.

9 | Related party transactions

The NLTF 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.

10 | Contingencies

The NLTF has \$192 million of contingent liabilities (June 2023: \$84 million).

The \$192 million of contingent liabilities relates to the Clean Car Standard (CCS). Refer to note 1 for the background and accounting policy on CCS. At June 2024, there were \$257 million of credits held by importers. Of this total, \$65 million is recorded as a provision on the basis that the credits may be used to offset \$65 million of current charges (shown in debtors). The remaining \$192 million of credits are recorded as a contingent liability. Our view is that, under the current policy settings of the scheme, it is more probable that not that the \$192 million of credits will not be used to offset future charges. This is based on our view that the current import trends (with more imported cars receiving credits than incurring charges) will not sufficiently reverse to enable use of the current level of credits. The full amount is recorded as a contingent liability.

In addition, the NLTF may have exposure to those contingent liabilities of NZTA arising from the delivery of the NLTP.

11 | Events after the balance date

There are no material post balance date events requiring disclosure.

Statement of performance

Output class funding to NZTA

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Investment management	63	100	65
Public transport services	498	515	491
Public transport infrastructure	192	282	399
Walking and cycling improvements	1	44	74
Local road improvements	0	37	(5)
Local road maintenance	748	587	982
State highway improvements	900	851	856
State highway maintenance	1,524	901	1,057
Road to Zero	426	490	317
Coastal shipping	3	13	23
Funding to NZTA - current	4,355	3,820	4,259
Road policing programme	433	426	415
Rail network investment programme	610	534	455
Total output class funding	5,398	4,780	5,129
Output class funding (long-term)			
Local road improvements - Housing Infrastructure Fund	15	40	37
State highway improvements - public-private partnerships	6	(66)	21
State highway improvements - repayment for public-private partnerships	(45)	(29)	(57)
NLTF borrowing facility for shock/seasonal costs	125	45	376
NLTP 2021-24 loan	1,497	1,434	302
Accrued interest (general)	0	0	0
Fair value changes in financial instruments to surplus or deficit	3	(6)	1
Total output class funding (long-term)	1,601	1,418	680

The output class funding (current) above is net of borrowing used to finance activities NZTA carries out. The use of the NLTP 2021-24 loan is additional spend to the total output class funding (current) of \$1,497 million above.

The output class funding (long-term) reflects the expenditure on public-private partnerships, the Housing Infrastructure Fund and fair value changes of financial instruments, and expenditure that is financed by borrowing facilities.

Where borrowing facilities are used to fund expenditure, rather than a specific project, the debt is apportioned across activity classes. This effectively is a change between current expenditure and long-term expenditure. Drawdowns from the \$2 billion NLTP 2021-24 loan facility were initially apportioned based on the output class investment targets set by the Board with subsequent adjustments to account for actual spending to ensure output classes were not over-funded. Breakdown for 2023/24 is as follows.

	NLTF funding \$M	NLTP 2021- 24 Loan \$M	Short-term borrowing \$M	Total \$M
Investment management	63	0	0	63
Public transport services	498	13	1	512
Public transport infrastructure	192	321	27	540
Walking and cycling improvements	1	183	19	203
Local road improvements	0	160	23	183
Local road maintenance	748	482	10	1,240
State highway improvements	900	(15)	15	900
State highway maintenance	1,524	256	21	1,801
Road to Zero	426	97	9	532
Coastal shipping	3	0	0	3
Total	4,355	1,497	125	5,977

For explanations of major variances against budget see the Use of the NLTF graphs on page 223, the graphs include both the output class funding (current) and use of the NLTP 2021-24 loan.

Independent auditor's report

To the readers of National Land Transport Fund's Financial statements and performance information For the year ended 30 June 2024

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

Opinion

We have audited:

- the financial statements of the NLTF on pages 237-250, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in general funds balance 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 service delivery and investment performance measures included in the performance information of the NLTF on pages 223-234.

In our opinion:

- the financial statements of the NLTF:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; 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 service delivery and investment performance measures included in the performance information for the year ended 30 June 2024:
 - presents fairly, in all material respects, 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 2024. 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.

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

The Board is responsible on behalf of the NLTF 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 the NLTF for assessing the NLTF's ability 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 the NLTF, 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 NLTF's 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 the NLTF's internal control.
- 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 NLTF's 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 NLTF's ability 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 the NLTF to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 206–236 (excluding system outcomes and results measures), pages 251–252 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 the NLTF 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.

Other than in our capacity as auditor, we have no relationship with, or interests, in the NLTF.



Ed Loudon

KPMG Wellington

On behalf of the Auditor-General

Wellington, New Zealand