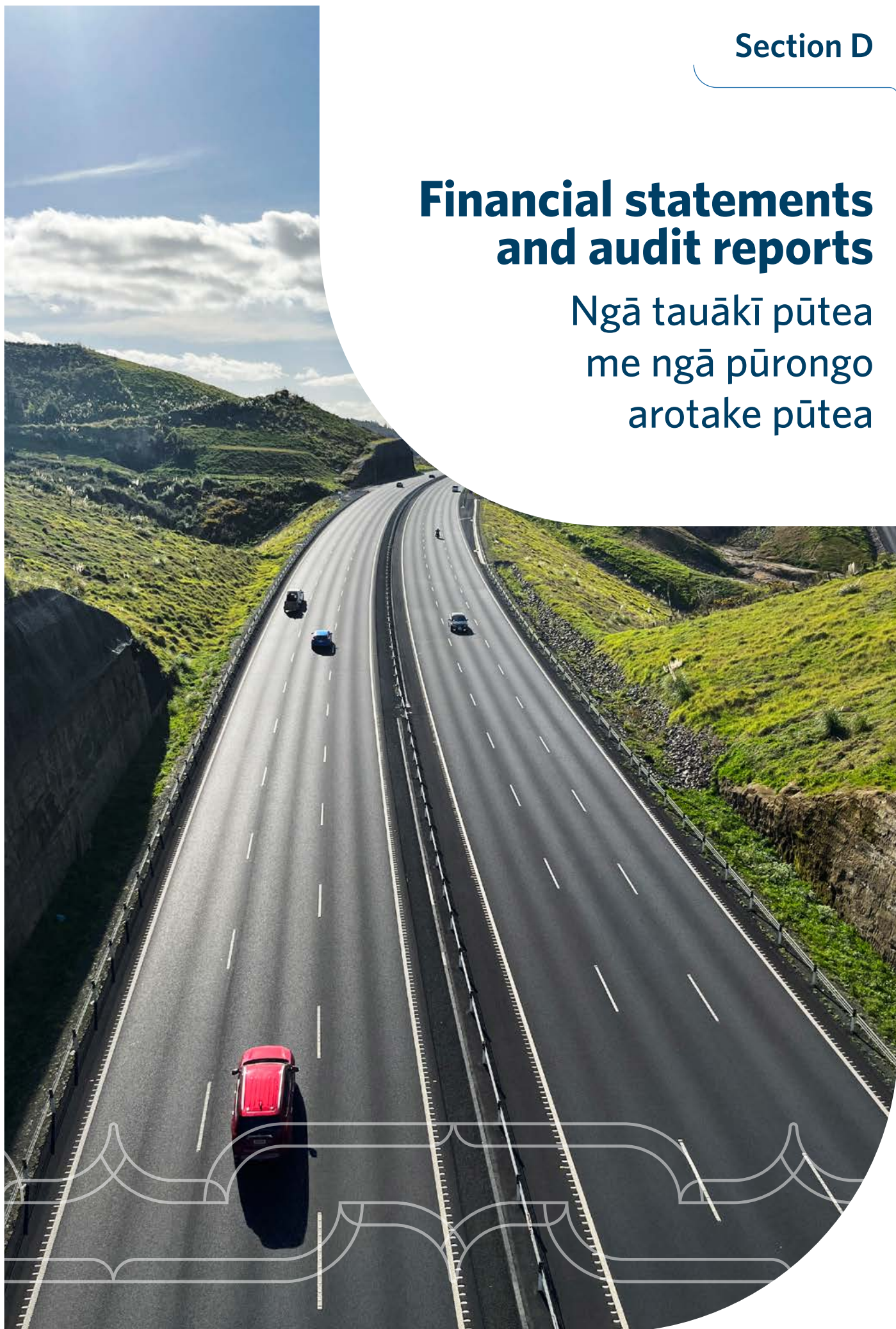


Financial statements and audit reports

Ngā tauākī pūtea
me ngā pūrongo
arotake pūtea



Insurance and indemnities

NZTA has directors and officers' liability and professional indemnity insurance cover in respect of the liability or costs of board members and employees. NZTA has insurance cover for income protection, life insurance and travel-related risk for employees where injury or loss occurs while on NZTA business.

NZTA indemnifies board members and certain executives for liabilities and costs they may incur for their acts or omissions as board members or employees (as the case may be) as permitted by the Crown Entities Act. The indemnity applies only where the board member/employee has acted in good faith and in the performance, or intended performance, of NZTA's functions.

Statement of responsibility

The NZ Transport Agency Waka Kotahi (NZTA) Board is responsible for the preparation of the NZTA 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 NZTA 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 NZTA 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

Highlights from our financial statements (unaudited)

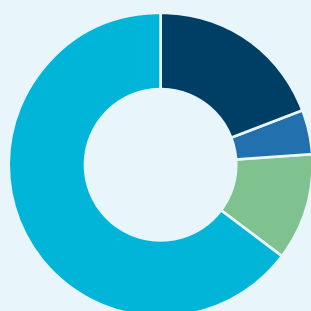
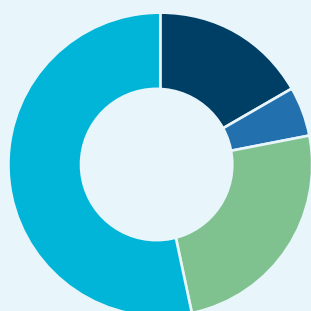
\$7.6 billion total funding received

(2022/23: \$6.5 billion)

Most of NZ Transport Agency Waka Kotahi's income is from the National Land Transport Fund. We also receive revenue from: the Crown to support the Major Crown Investment Projects (MCIP) and for specific projects; and regulatory fees and charges.

2023/24

2022/23



Funding received by source

	<u>2023/24</u>	<u>2022/23</u>
Crown	16.6%	19.2%
Other revenue	5.2%	4.7%
Financing	24.8%	11.2%
National Land Transport Fund	53.4%	64.9%

\$7.8 billion total funding spent

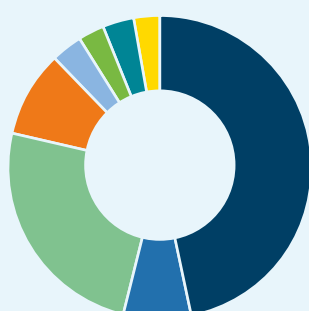
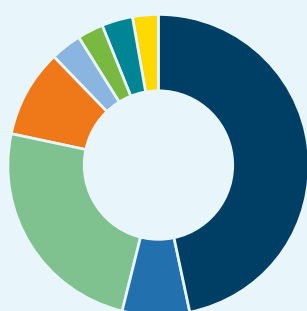
(2022/23: \$6.5 billion)

Our expenditure is guided by the Government Policy Statement on land transport and the priorities identified in our Statement of intent 2021-2026. In 2023/24, over half (54 percent) of our expenditure 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 expenditure comprised 34 percent of our annual expenditure which includes state highway improvements, renewals and other capital activities where the assets are owned by NZTA such as certain public transport and walking and cycling assets. Personnel and operating expenses including interest and finance costs made up the remaining 12 percent.

2023/24

2022/23

Funding spent by type



	2023/24	2022/23
NLTP operating expenditure	46.8%	51.5%
Crown operating expenditure	7.1%	9.9%
NLTP capital expenditure	24.8%	18.9%
Crown capital expenditure	9.3%	8.9%
Repayment of financing	3.2%	2.3%
Interest and finance costs	2.8%	2.8%
Personnel costs	3.3%	3.2%
Operating expenses	2.7%	2.5%

\$85.4 billion net assets/equity

(2022/23: \$82.8 billion)

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

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Total assets	91,960	94,628	87,520
Less total liabilities	6,549	6,133	4,765
Net assets/equity at end of year	85,411	88,495	82,755

Our statement of financial position reflects the significant value held in the state highway network, with \$92 billion of assets and low levels of liabilities. The state highway network accounts for 93 percent of our asset base. The valuation of the state highway continues to increase with cost increases across the construction sector.

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				
Operating funding from the National Land Transport Fund	2	5,068	4,772	4,511
Operating funding from the Crown	2	540	845	676
Revenue from other activities	2/3	398	288	309
Total revenue		6,006	5,905	5,496
Expense				
Land transport funding		4,016	4,099	3,750
Employee costs	7	254	260	218
Operating expenses	8	208	239	169
Low emission vehicles		154	166	342
Interest and finance costs	11	285	224	178
Depreciation, amortisation and state highway write-off	4	1,146	881	832
Assets vested to local authorities	4	106	0	0
Total expense	2	6,169	5,869	5,489
Surplus/(deficit)		(163)	36	7
Other comprehensive revenue and expense				
Gain/(loss) state highway network revaluations	4	1,212	4,800	6,166
Net movement in cash flow hedges	11	5	8	84
Total other comprehensive revenue and expense		1,217	4,808	6,250
Total comprehensive revenue and expense		1,054	4,844	6,257

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		565	50	222
Debtor Crown		277	386	350
Receivables and other assets		217	122	125
Derivative financial asset	11	28	0	35
Debtor National Land Transport Fund		147	444	302
Debtor National Land Transport Fund – debt related*		5,301	5,132	3,709
Property assets held for sale	4	24	49	38
Property, plant, equipment and intangible assets		95	93	102
State highway network	4	85,306	88,352	82,637
Total assets		91,960	94,628	87,520
Liabilities				
Payables	8	1,020	796	891
Employee entitlements	7	39	39	37
Provisions	10	16	46	26
Derivative financial liability	11	69	86	75
Borrowing and other liabilities	11	3,491	3,296	1,787
Public-private partnership liabilities	5	1,914	1,870	1,949
Total liabilities		6,549	6,133	4,765
Net assets		85,411	88,495	82,755
Equity				
Contributed capital		0	0	0
Retained funds		(15)	11	(19)
Equity derived from the state highway network		85,401	88,498	82,754
Cash flow hedge reserve	11	25	(14)	20
Total equity		85,411	88,495	82,755

*Including \$400 million of current debtors related to private-public partnerships unitary charges and other debt repayment funding due from the National Land Transport Fund.

Statement of changes in equity for the year ended 30 June 2024

	Retained funds* \$M	Memorandum accounts \$M	Equity derived from the state highway network \$M	Cashflow hedge reserve \$M	Total \$M	Budget \$M
Balance as at 1 July 2022	18	(41)	75,578	(64)	75,491	74,656
Surplus/(deficit)	13	(6)	0	0	7	(26)
Other comprehensive revenue and expense						
State highway network revaluations	0	0	6,166	0	6,166	5,911
Movement in cash flow hedges	0	0	0	84	84	17
Total other comprehensive revenue and expense	0	0	6,166	84	6,250	5,928
Total comprehensive revenue and expense	13	(6)	6,166	84	6,257	5,902
Changes in equity – capital contribution from National Land Transport Fund	0	0	1,007	0	1,007	1,495
Changes in equity – other adjustments	(3)	0	3	0	0	0
Total changes in equity	10	(6)	7,176	84	7,264	7,397
Balance as at 30 June 2023/ 1 July 2023	28	(47)	82,754	20	82,755	82,053
Surplus/(deficit)	(163)	0	0	0	(163)	36
Other comprehensive revenue and expense						
State highway network revaluations	0	0	1,212	0	1,212	4,800
Movement in cash flow hedges	0	0	0	5	5	8
Total other comprehensive revenue and expense	0	0	1,212	5	1,217	4,808
Total comprehensive revenue and expense	(163)	0	1,212	5	1,054	4,844
Changes in equity – capital contribution from National Land Transport Fund	0	0	1,602	0	1,602	1,598
Changes in equity – other adjustments	167	0	(167)	0	0	0
Total changes in equity	4	0	2,647	5	2,656	6,442
Balance as at 30 June 2024	32	(47)	85,401	25	85,411	88,495

* Retained funds is made up of general NZTA operations equity as well as ringfenced equity accounts to track the revenue and costs of administering specific schemes. This includes the community road safety fund and tolling administration.

Statement of cash flows

for the year ended 30 June 2024

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Cash flows from operating activities			
Receipts from the National Land Transport Fund	3,680	3,442	4,019
Receipts from the Crown	745	838	514
Receipts from other revenue	377	235	255
Payments to employees	(252)	(219)	(213)
Payments to suppliers	(4,327)	(4,482)	(4,077)
Goods and services tax (net)	(107)	0	(9)
Net cash from operating activities	116	(186)	489
Cash flows from investing activities			
National Land Transport Fund receipts from sale of state highway-held properties	11	33	13
Purchase of property, plant, equipment and intangible assets	(12)	(17)	(39)
Investment in the state highway network	(2,595)	(2,617)	(1,800)
Net cash from investing activities	(2,596)	(2,601)	(1,826)
Cash flows from financing activities			
Capital contribution from the National Land Transport Fund	204	319	305
Capital contribution from the Crown	1,212	1,135	521
Receipts from borrowing	1,897	1,769	862
Repayment of borrowing	(294)	(250)	(184)
Interest paid on borrowing	(196)	(186)	(125)
Net cash from financing activities	2,823	2,787	1,379
Net (decrease)/increase in cash and cash equivalents	343	0	42
Cash and cash equivalents at the beginning of the year	222	50	180
Cash and cash equivalents at the end of the year	565	50	222

Reconciliation of net surplus to net cash from operating activities

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Surplus/(deficit)	(163)	36	7
Add/(deduct) non-cash/non-operating items:			
Depreciation, amortisation and state highway write-off	1,146	881	832
Losses on disposal of non-financial assets	2	0	9
(Gains)/losses on FX derivatives	2	0	(6)
Net impact of assets vested to/(from) local authorities	106	0	0
Movement in discounting on receivables	(1)	2	3
Interest on borrowings	264	182	155
Movement in discounting on borrowings	3	11	0
Total non-cash/non-operating items	1,522	1,076	993
Add/(deduct) movements in working capital:			
(Increase)/decrease in Debtor National Land Transport Fund and Debtor Crown	(1,172)	(1,301)	(660)
(Increase)/decrease in receivables and other assets	(93)	(40)	(1)
Increase/(decrease) in creditors and other payables	20	38	145
Increase/(decrease) in employee entitlements	2	5	5
Net movements in working capital items	(1,243)	(1,298)	(511)
Net cash from operating activities	116	(186)	489

Notes to the financial statements

1 | Entity information

NZ Transport Agency Waka Kotahi ('NZTA') 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 NZTA includes the Crown Entities Act 2004 and the Land Transport Management Act 2003.

The primary objective of NZTA 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.

NZTA does not operate to make a financial profit.

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

Basis of preparation

The financial statements of NZTA 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).

NZTA 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).

Budget figures

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

Related party disclosures

NZTA 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.

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

Capital management

The capital of NZTA is its equity. Equity is represented by net assets. NZTA 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.

NZTA manages its equity by managing its forecast cash flows from the National Land Transport Fund and other sources compared with its outgoings. When NZTA borrows funds, it ensures it has sufficient forecast cashflows from future National Land Transport Fund revenue to meet its repayment obligations. 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. 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* represents 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.

There is no indication that Debtor National Land Transport Fund or Debtor Crown are impaired as at 30 June 2024. We have considered the credit risk to NZTA from the National Land Transport Fund in note 11.

Receivables

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

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

Accounting standards issued and not yet effective

NZTA has 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.

Critical accounting judgements, estimates and assumptions

In preparing the financial statements, NZTA 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.

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.

2023/24 year

	Operating funding revenue* actual 2023/24 \$M	Capital funding contribution actual 2023/24 \$M	Total funding actual 2023/24 \$M	Operating expense actual 2023/24 \$M	Capital expense actual 2023/24 \$M	Total expense actual 2023/24 \$M
National Land Transport Fund						
Public-private partnerships	0	6	6	0	6	6
State highway improvements***	756	91	847	925	118	1,043
Local road maintenance	1,241	0	1,241	1,241	0	1,241
State highway maintenance***	1,228	572	1,800	1,286	572	1,858
Public transport services	510	0	510	514	0	514
Public transport infrastructure	518	21	539	518	21	539
Local road improvements	185	0	185	197	0	197
Walking and cycling improvements	110	93	203	110	93	203
Investment management	63	0	63	77	0	77
Road to zero	425	107	532	427	112	539
Coastal shipping	3	0	3	3	0	3
Local road improvements (Housing Infrastructure Fund)	14	0	14	14	0	14
Road user charges collection, investigation and enforcement	11	0	11	11	0	11
Refund of fuel excise duty	4	0	4	4	0	4
Total National Land Transport Fund funding and expense	5,068	890	5,958	5,327	922	6,249
Total Budget***	4,772	748	5,520	4,800	748	5,548
Classified as follows:						
Funding paid to approved organisations (excl. NZTA)				2,702		2,702
NZTA expenditure				2,625	922	3,547
Total National Land Transport Fund expense				5,327	922	6,249

	Operating funding revenue* actual 2023/24 \$M	Capital funding contribution actual 2023/24 \$M	Total funding actual 2023/24 \$M	Operating expense actual 2023/24 \$M	Capital expense actual 2023/24 \$M	Total expense actual 2023/24 \$M
Crown						
NZ Upgrade Programme****	(2)	606	604	36	606	642
COVID -19 related funding - public-private partnerships	19	0	19	19	0	19
Local road improvements (Provincial Growth Fund)	(3)	0	(3)	(3)	0	(3)
Climate Emergency Response Fund						
Bus decarbonisation	4	0	4	3	0	3
Community connect programme	69	0	69	68	0	68
Mode shift - walking and cycling improvements	56	0	56	56	0	56
Mode shift - Public Transport Services	16	0	16	16	0	16
Mode shift - Public Transport Infrastructure	33	0	33	33	0	33
Mode shift - investment management	5	0	5	5	0	5
Retaining and recruiting bus drivers	16	0	16	15	0	15
Ngauranga to Petone walking and cycling path	0	28	28	0	28	28
SuperGold card administration and public transport concessions	38	0	38	37	0	37
Crown (Supporting regions programme)	0	37	37	0	37	37
Regional Resilience	0	16	16	0	16	16
Eastern busway project	77	0	77	77	0	77
Kaikōura earthquake response	0	0	0	1	0	1
Crown infrastructure partners	0	34	34	0	34	34
Clean vehicle discount	159	0	159	159	0	159
Clean car standard	13	2	15	13	2	15
Other Crown funding and expense	40	0	40	39	0	39
Total Crown funding and expense	540	723	1,263	574	723	1,297
Total Budget**	845	1,134	1,979	812	1,134	1,946

Classified as follows:

	Operating funding revenue* actual 2023/24 \$M	Capital funding contribution actual 2023/24 \$M	Total funding actual 2023/24 \$M	Operating expense actual 2023/24 \$M	Capital expense actual 2023/24 \$M	Total expense actual 2023/24 \$M
Funding paid to approved organisations (excl. NZTA)				302		302
NZTA expenditure				272	723	995
Total Crown expense				574	723	1,297
Total funding and expense from fees, charges and other revenue***	398	0	398	268	0	268
Total Budget**	288	0	288	257	0	257
Total revenue and expense	6,006	1,613	7,619	6,169	1,645	7,814
Total Budget**	5,905	1,882	7,787	5,869	1,882	7,751

* Funding from borrowing facilities is included within the funding revenue and capital funding columns. A non-current debtor from the National Land Transport Fund (NLTF) is recognised when borrowing facilities are drawn down to reflect the future obligation of the NLTF to fund NZTA for the borrowing repayment. The borrowing facilities included in funding in 2023/24 are: \$493 million local road maintenance; \$349 million public transport infrastructure; \$14 million public transport services; \$277 million state highway maintenance; \$184 million local road improvements; \$106 million road to zero and \$201 million walking and cycling improvements.

** Budgets by output class are included in the output class income and expenditure statements on pages 141-152.

*** The difference in funding and expenditure for state highway improvements relates to the revocation of a state highway to a local council and state highway write offs. The difference in funding and expenditure for state highway maintenance relates to revenue received from third parties. Third party revenues are shown in the Total funding and expense from fees, charges and other revenue line.

**** The difference in funding and expenditure for NZ Upgrade Programme relates to the write-off of the previously impaired and abandoned Northern Pathway project.

2022/23 year

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
National Land Transport Fund						
Public-private partnerships	0	14	14	0	14	14
State highway improvements	761	123	884	796	127	923
Local road maintenance	1,047	0	1,047	1,047	0	1,047
State highway maintenance	1,211	(49)	1,162	1,278	(49)	1,229
Public transport services	497	0	497	498	0	498
Public transport infrastructure	488	58	546	489	58	547
Local road improvements	120	0	120	134	0	134
Walking and cycling improvements	83	92	175	84	92	176
Investment management	65	0	65	67	0	67
Road to zero	165	202	367	165	202	367
Coastal shipping	23	0	23	23	0	23
Local road improvements (Housing Infrastructure Fund)	37	0	37	37	0	37
Road user charges collection, investigation and enforcement	10	0	10	10	0	10
Refund of fuel excise duty	4	0	4	4	0	4
Total National Land Transport Fund funding and expense	4,511	440	4,951	4,632	444	5,076
Total Budget	4,107	969	5,076	4,127	969	5,096
Classified as follows:						
Funding paid to approved organisations (excl. NZTA)				2,432		2,432
NZTA expenditure				2,200	444	2,644
Total National Land Transport Fund expense				4,632	444	5,076

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 NZTA.

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Crown						
NZ Upgrade Programme	0	478	478	0	478	478
COVID -19 related funding – public-private partnerships	18	0	18	0	0	0
Half price funding of public transport	134	0	134	134	0	134
Local road improvements (Provincial Growth Fund)	11	0	11	11	0	11
Climate Emergency Response Fund						
Bus decarbonisation	1	0	1	1	0	1
Community connect programme	3	0	3	3	0	3
Mode shift – walking and cycling	12	0	12	12	0	12
Mode shift – Public Transport Services	1	0	1	1	0	1
Mode shift – Public Transport Infrastructure	1	0	1	1	0	1
Mode shift – investment management	2	0	2	2	0	2
Retaining and recruiting bus drivers	3	0	3	3	0	3
Ngauranga to Petone walking and cycling path	0	21	21	0	21	21
SuperGold card administration and public transport concessions	34	0	34	34	0	34
Crown (Supporting regions programme)	0	24	24	0	24	24
Eastern busway project	31	0	31	31	0	31
Kaikōura earthquake response	4	(5)	(1)	4	(5)	(1)
Crown infrastructure partners	0	47	47	0	47	47
Clean car discount	347	0	347	347	0	347
Clean car standard	11	11	22	11	11	22
Other Crown funding and expense	63	0	63	55	0	55
Total Crown funding and expense	676	576	1,252	650	576	1,226
Total Budget	413	908	1,321	410	908	1,318

	Operating funding revenue* actual 2022/23 \$M	Capital funding contribution actual 2022/23 \$M	Total funding actual 2022/23 \$M	Operating expense actual 2022/23 \$M	Capital expense actual 2022/23 \$M	Total expense actual 2022/23 \$M
Classified as follows:						
Funding paid to approved organisations (excl. NZTA)				230		230
NZTA expenditure				420	576	996
Total Crown expense				650	576	1,226
Total funding and expense from fees, charges and other revenue	309	0	309	207	0	207
Total Budget	204	0	204	213	0	213
Total revenue and expense	5,496	1,016	6,512	5,489	1,020	6,509
Total Budget	4,724	1,877	6,601	4,750	1,877	6,627

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 NZTA. Apart from these general restrictions there are no unfulfilled conditions or contingencies attached to this funding and 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

NZTA 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 \$527 million (11 percent) above budget. This is primarily due to higher than budgeted state highway maintenance and local road maintenance as a result of the North Island Weather Events, notably the Auckland anniversary flood and Cyclone Gabrielle.

Operating expense related to the Crown was \$238 million (29 percent) below budget. This was mainly due to cessation of a number of Climate Emergency Response Fund (CERF) initiatives following government policy changes.

Capital expense related to the National Land Transport Fund was \$174 million (23 percent) above budget. This was mainly due to higher than budgeted state highway recovery work as a result of the North Island Weather Events.

Capital expense related to the Crown was \$411 million (36 percent) below budget. This was the result of lower spend in the Major Crown Investment Projects (previously NZ Upgrade Programme). This is a timing of spend issue across multiple projects and expenditure is expected to increase in the 2024/25 year.

3 | Revenue from other activities

	Actual 2023/24 \$M	Actual 2022/23 \$M
Fees and Charges		
Motor vehicle licensing fees	78	54
Driver and testing licensing fees	77	67
Road user charges collections	27	13
Certification review fees	26	18
Transport licensing fees	21	14
Rail licensing fees	3	2
Border inspection fees	1	1
Total fees and charges	233	169
Recoveries from National Land Transport Programme and other activities*	99	81
Interest and finance income	36	26
Tolling fees and contributions	20	17
Levy on personalised plates for community road safety initiatives	9	9
Miscellaneous revenue	1	7
Total revenue from other activities	398	309

* Includes developer contributions.

4 | State highway network

	Actual 2023/24 \$M	Actual 2022/23 \$M
Opening balance	82,637	74,421
Additions*	2,689	2,891
Depreciation**	(1,020)	(797)
Write-offs**	(107)	(18)
Assets vested to local authorities***	(106)	0
Disposals	(13)	(21)
Revaluation of state highway network	778	6,484
Impairment through the revaluation reserve****	434	(318)
Assets transferred from/(to) held for sale	14	(5)
Closing balance	85,306	82,637

* Additions in 2023/24 include an increase in the works under construction activity of the NZUP projects, in particular Penlink, Takitimu North Link Stage 1 and Otaki to North of Levin. Also the continued progress on Ngauranga to Petone Walking and Cycling and Te Ahu a Turanga Manawatu Tararua Highway. There was also increased renewal activity and construction related to the North Island Weather Event recovery. Additions in 2022/23 included the transfer of the Puhoi to Warkworth PPP asset into the state highway.

** Includes the write-offs of the Manawatu Gorge section of SH3 (that had been fully impaired since its closure) and the previously impaired and abandoned Northern Pathway project. Depreciation, amortisation and state highway write-off balance in the statement of comprehensive revenue and expense included \$19 million (2022/23: \$16 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 assets vested to local authorities for 2023/24 reflect the revocation of SH01K to the Kapiti Coast District Council.

****2023/24 has an impairment reversal related to the North Island weather events that impacted on the 2022/23 annual accounts and state highway valuation following significant recovery works on the state highway network. It also includes the reversal of impairments related to NZUP projects that have been reinstated under GPS2024.

The cost of constructing the state highway network is recognised as an asset. Subsequent cost is 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 Corridor land 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 NZTA as shown on the table on the following page.

State highway network component	Valuer
Existing network assets: Roads (formation and pavement), bridges, culverts and subways, drainage, traffic facilities and other structures	WSP (a consultant valuation company), based on unit rates provided by BondCM* (a cost estimation company)
New major network assets**	Based on unit rates provided by BondCM* and input from internal project review assessments; reviewed by WSP
Tunnels	Valued by NZTA based on indexed unit cost rates derived by WSP. Valuation is reviewed by WSP
Land (held property)	Darroch (a property management and valuation company)
Land (corridor)	Internally valued by NZTA, based on an "across the fence" methodology, that uses inputs from QV and LINZ data with indexation from Core Logic and reviewed by WSP
Miscellaneous assets	Derived from other values and reviewed by WSP

* Unit rates are provided by BondCM on a 3-yearly basis and reviewed and indexed annually in intervening years based on indices provided by Stats NZ and reviewed by WSP and BondCM. In 2024 BondCM undertook a full bottom up assessment of the unit rates.

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

State highway network components	Optimised depreciated replacement cost		Depreciation expense	
	Actual 2023/24 \$M	Actual 2022/23 \$M	Actual 2023/24 \$M	Actual 2022/23 \$M
Land*	22,969	23,135	0	0
Formation	20,593	19,648	0	0
Pavement base course**	11,570	11,213	73	59
Pavement surface	2,296	2,002	321	233
Drainage	3,196	3,140	99	75
Traffic facilities	2,199	2,073	159	130
Bridges	15,440	14,572	232	179
Culvers and subways	1,014	974	25	21
Tunnels and other structures	5,515	5,376	71	60
Miscellaneous***	514	504	40	40
Total	85,306	82,637	1,020	797

*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 \$2.7 billion mainly due to price movement in unit rates reflecting the current costs of construction and annual capital expenditure on state highway projects less depreciation.

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 2023/24 is calculated based on the 30 June 2023 valuation.

Impairment

State highway network assets are reviewed for impairment whenever events or changes in circumstances indicate that there may be a reduction in asset 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.

Last year the main impairment on the network was from the North Island Weather Events that occurred during January and February 2023 with Cyclone Gabrielle causing significant damage and/or debris restricting access to the state highway network. During the year access to the network has been reinstated although some sections remain under temporary traffic management restrictions. The impairment consideration this year has focused on the two Hawke's Bay sections of State Highway 2 that still remain under traffic restrictions, these are the sections of road known as Devil's Elbow and Waikare Gorge. These two sections represent six kilometres of highway and have a depreciated replacement cost of \$9 million excluding land and formation. This value is being carried as an impairment.

Significant rain over August 2022 caused several slips under State Highway 1 through the Mangamuka Gorge in Northland that resulted in the closure of the road, further damage was suffered in the North Island Weather Events. The road is not expected to reopen until December 2024, while the corridor is reinstated. While the road is closed the highway is considered to be fully impaired at a value of \$33 million.

There were impairments on the network relating to pavement issues on the Waikato expressway that have now been repaired and the impairment reversed.

There were impairments relating to several New Zealand Upgrade projects due to changes to their project scope. GPS24 has reinstated these projects with the exception of the Northern Pathway. The impairments have been reversed and the costs associated with the Northern Pathway cycleway derecognised.

The section of corridor known as the Manawatu Gorge remains closed and has been fully impaired with the majority of the corridor now written off with no impact on Other Comprehensive Income through impairment.

Revocation

In April 2024, the section of road previously known as SH01K was revoked as a state highway and is now under the management and control of the Kapiti Coast District Council. This section of corridor was bypassed following the completion of the Mackays to Peka Peka expressway. NZTA completed renewal and maintenance activities on SH01K prior to it being handed over to the local roading authority. This has now been completed and \$106 million has been derecognised from the NZTA state highway.

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 NZTA databases have accurate quantities and whether some cost components and in-service data are captured completely. NZTA 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 cost to apply. Changes to the underlying estimates and assumptions can cause a material movement in the state highway valuation and are reviewed periodically.

NZTA 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 2023/24 continued the focus on simplifying the valuation process and improving the quality of the valuation input and outputs as well as the systems used for the valuation.

The table below represents estimated inputs used in the 2023/24 valuation.

State highway network component	Quantity	Rate	Useful life (years)	Basis of evaluation
Land	Land corridor: 35,460 ha Held property	QV rateable values and index Market price	N/A	Corridor land (land associated with the road) is valued by NZTA GIS system based on QV rateable values per square metre of the surrounding land. Rateable values are indexed between the 3 yearly RV updates. Held properties, which are properties not yet part of corridor land, are based on market prices determined by Darroch Ltd.
Formation (earthworks)	Formation: 105 million m ² Shoulder formation: 21 million 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: 37 million m ³ Shoulder basecourse: 3 million m ³	Unit prices and an overhead rate	75-150 for basecourse N/A for subbase which is non-depreciable	Subbase and basecourse quantities are determined from Austroads Pavement Design Guide. Unit rates are provided by BondCM.
Pavement surface	Pavement surface: 121 million m ²	Unit prices and an overhead rate	11-14	Unit rates and overhead rates are provided by BondCM.

State highway network component	Quantity	Rate	Useful life (years)	Basis of evaluation
Drainage	Drainage: 72,645 units Stormwater channel: 15,481 km	Unit prices and an overhead rate	50	Unit rates and overhead rates are provided by BondCM.
Traffic facilities	Railings: 3,237 km Signs: 200,921 units Traffic facilities: 11,751 km	Unit prices and an overhead rate	10-25	Unit rates and overhead rates are provided by BondCM. Quantities are derived by WSP from a combination of historical cost data and recent construction costs.
Bridges	2,779 bridges	Unit prices and an overhead rate	90-100	Unit rates and overhead rates are provided by BondCM.
Culverts and subways	Culverts and subways: 438 thousand m ³	Unit prices and an overhead rate	50-75	Unit rates and overhead rates are provided by BondCM.
Other structures	Retaining walls: 791 thousand m ² and 36 km 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. Unit cost rates are based on current national market construction costs and market indices from Stats NZ. This is adjusted for regional variations when significant.

BondCM undertakes a full review of rates every three years. Movements in rates are indexed in the intervening years. The indexation applied to the rates is from available construction and structures indices provided by Stats NZ up to March 2024 with Holt Winter smoothing applied to forecast to June 2024. WSP review the indices. The unit rates provided by BondCM generally relate only to the cost of physical construction.

Overhead costs

Overhead costs are estimated by BondCM based on actual information for recently completed projects. The rate of overheads incurred on a project can vary significantly depending on whether the construction is taking place in a greenfield or brownfield environment. No additional movement was proposed by BondCM for the current year. Overheads include the sum of preliminary and general oncost (36 percent) multiplied by professional fees and including NZTA costs (15 percent), along with brownfield costs at 15 percent for urban and motorway carriageways and 5 percent for rural carriageways.

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 systems. 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 \$12 billion, which is initially recognised at cost, with prior years' work in progress being indexed.

Valuation inputs subject to estimation uncertainty

The valuation input 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 cost for professional services from external consultants and internal cost 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 the 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 motorways.

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 2023/24 \$M	Change in optimised depreciated replacement cost 2022/23 \$M
Movement in P&G on-cost by 10% (from 36.0% to 39.6%)	1,650	1,575
Movement in external professional fees by 10%	650	621
Movement in formation unit cost by 10%	2,059	1,965
Movement in bridge unit cost by 10%	1,544	1,457
Movement in unit cost* by 10%	3,032	2,876
Movement in land corridor cost by 10%	2,297	2,316
Movement in brownfield cost by 10%	402	389
Movement in price index** by 10%	6,234	5,956

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

**Excludes land

WSP 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 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

NZTA owns 51 properties valued at \$24 million (2022/23: 84 properties valued at \$38 million) that have been classified as held for sale. It is expected that these properties will be sold by 30 June 2025. 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 cost to sell.

Explanation of major variances against budget

State highway assets were \$85,306 million, \$3,046 million (3 percent) below the budget of \$88,352 million due to lower unit cost rate indices movement, reduced property valuation from expectations, revocation of SH01K, along with higher depreciation than budgeted.

5 | Public-private partnership liabilities

	Actual 2023/24 \$M	Actual 2022/23 \$M
Liabilities		
Transmission Gully	1,027	1,042
Pūhoi to Warkworth	887	907
Total public-private partnership liabilities	1,914	1,949

Public-private partnership agreements

NZTA has entered into public-private partnership agreements with the:

- Wellington Gateway Partnership for the Transmission Gully project
- Northern Express Group for 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 NZTA 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 are accounted for as part of the state highway.

Under the agreements, the contractors will finance, design, build, operate and maintain the sections of state highway. NZTA 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 NZTA.

As agreed at contract inception, now that the public-private partnership assets have become operational, NZTA pays 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. NZTA 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 and ensuring the availability of the highway to the service level agreed with NZTA. 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 are recognised in the period incurred.

Under the settlement agreements agreed between NZTA and the PPP counterparties in 2021/22, the debt component of the quarterly payments had 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 NZTA, 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. NZTA 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. On 25 September 2023, NZTA received a claim for cost and delay from the Builder, lodged in the High Court, relating to COVID-19 and a number of other matters.

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 Transmission Gully.

Pūhoi to Warkworth public-private partnership

The COVID-19 lockdown in March and April 2020 was considered an uninsurable event for which NZTA, 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. NZTA is exposed to risks and costs associated with any future periods at Alert Levels 3 and 4.

As a result of the 2021 August COVID event and other construction delays, the contractor was not able to achieve service commencement requirements by May 2022 as agreed in the 2020 revised project agreement. There is an ongoing assessment of claims for subsequent COVID-19 lockdowns in accordance with the process set out in the agreements.

In June 2023 Pūhoi to Warkworth was opened to traffic and the public-private partnership asset became part of the state highway asset.

Refer to note 13 contingencies for further information on Pūhoi to Warkworth.

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 NZTA in the operational phase of the project and defined compensation sums payable in the event of default on payment by NZTA. If the Crown is required to make a payment under its indemnity, NZTA 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 \$2.4 billion for Transmission Gully and \$1.6 billion for Pūhoi to Warkworth.

Explanation of major variances against budget

Public-private partnership liabilities were \$1,914 million, \$44 million (2 percent) above budget of \$1,870 million mainly due to movements in floating market interest rates and timing of quarterly unitary payments. The interest rate movements are offset by the derivative financial instrument which ensures NZTA pays a fixed interest rate.

6 | Capital commitments

The future aggregate construction contract commitments for the state highway network are as follows. These are based upon our committed forward work programmes, which are in some cases not yet fully contracted, but in substance are committed.

	Actual as at 30 June 2024 \$M	Actual as at 30 June 2023 \$M
Not later than one year	1,157	1,030
Later than one year and not later than five years	1,349	1,401
Later than five years	5	6
Total capital commitments	2,511	2,437

7 | NZ Transport Agency Waka Kotahi employee costs and employee entitlements

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

	Actual 2023/24 \$M	Actual 2022/23 \$M
Total employee costs	368	289
Deduct:		
Transport Agency capitalised employee costs allocated to NLTP activities	(60)	(42)
Transport Agency operating employee costs allocated to NLTP activities	(54)	(29)
Total NZ Transport Agency Waka Kotahi employee costs*	254	218

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

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

	Actual 2023/24 \$M	Actual 2022/23 \$M
Salaries and wages	240	204
Defined contribution plan employer contributions	8	7
Other employee costs	6	7
Total NZ Transport Agency Waka Kotahi employee costs*	254	218

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

Employee entitlements (included in the statement of financial position)

	Actual 2023/24 \$M	Actual 2022/23 \$M
Employee entitlements - current	35	33
Employee entitlements - non-current	4	4
Total NZ Transport Agency Waka Kotahi employee entitlements	39	37

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 2023/24 \$000	Actual 2022/23 \$000
Board members			
Remuneration		367	377
Number of Board members in the financial year	a	10	10
Leadership team			
Remuneration	c	4,813	4,223
Number of personnel		13	13
Total key management personnel compensation		5,180	4,600
Total personnel during the year	d	23	23

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 NZTA. Commentary on movement year on year is included in Appendix 5.

c. Includes 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 17 (2022/23: 21).

Board member remuneration

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

	Appointed	Resigned	Actual 2023/24 \$000	Actual 2022/23 \$000
Hon Simon Bridges (Chair)	March 2024		24	0
Cassandra Crowley* (Deputy Chair)	September 2019		56	45
David Smol	February 2019		41	36
Catherine Taylor	September 2019		42	39
Victoria Carter	September 2019		42	39
John Bridgman	July 2020		42	39
Ngarimu Blair	November 2021		39	36
Sir Brian Roche (Former Chair)	June 2019	January 2023	0	42
Patrick Reynolds	September 2019	December 2023	16	36
Tracey Martin	November 2021	April 2024	32	36
Dr. Paul Reynolds (Former Chair)	February 2023	December 2023	33	29
Total board member remuneration			367	377

* Cassandra Crowley was acting chair for the period December 2023 to March 2024.

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

NZTA 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 NZTA business.

No board members received compensation or other benefits in relation to cessation (2022/23: nil).

Employee remuneration

Total remuneration paid or payable	No. of staff 2023/24	No. of staff 2022/23
100,000-109,999	225	157
110,000-119,999	180	182
120,000-129,999	209	161
130,000-139,999	179	181
140,000-149,999	204	163
150,000-159,999	182	115
160,000-169,999	151	109
170,000-179,999	129	80
180,000-189,999	72	55
190,000-199,999	59	37
200,000-209,999	38	29

Total remuneration paid or payable	No. of staff 2023/24	No. of staff 2022/23
210,000-219,999	18	23
220,000-229,999	29	24
230,000-239,999	22	18
240,000-249,999	25	13
250,000-259,999	16	13
260,000-269,999	15	11
270,000-279,999	7	6
280,000-289,999	10	6
290,000-299,999	3	2
300,000-309,999	7	2
310,000-319,999	4	4
320,000-329,999	1	3
330,000-339,999	2	1
340,000-349,999	2	1
350,000-359,999	2	1
360,000-369,999	1	2
370,000-379,999	2	1
380,000-389,999	0	1
390,000-399,999	1	2
400,000-409,999	1	1
410,000-419,999	0	1
440,000-449,999	2	0
450,000-459,999	2	1
460,000-469,999	1	2
480,000-489,999	1	0
600,000-609,999	1	0
720,000-729,999	0	2
730,000-739,999	1	0
Total employees	1,804	1,410

The table above contains remuneration information solely on permanent or fixed-term employees of NZTA 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 2023/24 NZTA provided permanent employees with life, critical illness and income protection insurance. The remuneration above includes the cost of this insurance benefit for the permanent employees.

During the year ended 30 June 2024, 40 (2022/23: 27) NZTA employees received compensation and other benefits in relation to cessation of \$2.2 million (2022/23: \$1.4 million). These costs are excluded from the remuneration table above.

8 | NZ Transport Agency Waka Kotahi operating expenses and payables

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

	Note	Actual 2023/24 \$M	Actual 2022/23 \$M
Commissions and transaction costs	a	104	83
Contractor and professional services		15	2
Information technology		56	52
Operating lease expense		15	13
Office and building management		12	8
Employee travel		4	6
Meetings and conferences		0	1
Fees to principal auditors for:			
- audit of financial statements		0.7	0.6
- other assurance services	b	0.1	0.1
Other operating expenses		1	3
NZ Transport Agency Waka Kotahi operating expenses		208	169

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

b. Other assurance services by KPMG included a review of the application of the Scrutiny Principle and secondment of staff into non-financial roles.

Explanation of major variances against budget

Operating expenses were \$208 million, \$32 million (13 percent) below budget of \$239 million mainly due to the savings and efficiency exercise for Public Service workforce spending.

Payables (included in the statement of financial position)

	Actual 2023/24 \$M	Actual 2022/23 \$M
Creditors	999	851
Income in advance	21	18
Goods and services tax payable*	0	22
Total NZ Transport Agency Waka Kotahi payables	1,020	891

* As at June 2024, NZTA had \$84 million GST receivable.

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 2023/24 \$M	Actual 2022/23 \$M
Not later than one year	28	20
Later than one year and not later than five years	87	50
Later than five years	43	38
Total non-cancellable operating leases*	158	108

*Majority of the increase in operating leases is due to new leases for safety cameras. NZTA is taking over the operation of safety cameras from New Zealand Police.

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

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

	State highway - current \$M	Redundancy provision \$M	Clean car discount admin \$M	Onerous contracts - current \$M	Total \$M
Balance as at 1 July 2022	44	0	0	2	46
Additional provisions made	20	0	0	0	20
Amounts used	(11)	0	0	(2)	(13)
Unused amounts reversed	(27)	0	0	0	(27)
Balance as at 30 June 2023 / 1 July 2023	26	0	0	0	26
Additional provisions made	4	7	6	0	17
Amounts used	(21)	0	(3)	0	(24)
Unused amounts reversed	0	0	(3)	0	(3)
Balance as at 30 June 2024	9	7	0	0	16

The state highway provision relates to estimates for expected contractual claims, where it is probable that NZTA will be required to settle these claims. Actual costs may vary from the provision estimates.

Refer to note 13 for details on contingent liabilities.

Explanation of major variances against budget

Provisions were \$16 million, \$30 million (65 percent) below budget of \$46 million mainly due to state highway contractual claims for COVID-19 being finalised.

11 | Borrowings, financial instruments and financial risk management

NZTA had the following borrowings outstanding as at 30 June 2024.

Name	Total facility \$M	Nominal amount borrowed \$M	Actual 2023/24 \$M	Actual 2022/23 \$M	Interest rate	Final repayment date
Auckland Transport Package	375	354	336	326	The interest-free loan was discounted using government bond rates of 2.36% to 3.29%.	June 2027
Housing Infrastructure Fund	389	106	81	66	The interest-free loan was discounted using government bond rates of 0.50% to 4.67%.	June 2033
Total interest free borrowing			417	392		
Tauranga Eastern Link	107	107	107	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	60	64	63	Fixed rates ranging from 1.32% to 4.34%.	December 2032
COVID-19 NLTF borrowing facility	425	325	332	332	Fixed rates ranging from 1.10% to 1.18%.	June 2027
Short term facility	500	500	501	375	Floating rates.	Not applicable
2021-24 NLTP facility	2,000	2000	2,065	514	Fixed rate ranging from 3.63% to 5.10%	April 2032
Total borrowing			3,486	1,783		
Tolling funds held in trust			5	4		
Total borrowing and other liabilities			3,491	1,787		
Classified as follows:						
Current			372	129		
Non-current			3,119	1,658		
Total			3,491	1,787		

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 2023/24 \$M	Actual 2022/23 \$M
Opening balance	392	364
Face value of loans issued	22	28
Fair value adjustment	(8)	(10)
Repayments	0	0
Amortised interest (at government bond rates)	11	10
Closing balance	417	392

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 2023/24 \$M	Actual 2022/23 \$M
Interest on borrowings	87	30
Interest on public-private partnerships	189	117
Interest rate swap net payment	(12)	8
Discount on Debtor National Land Transport Fund - debt related	10	13
Amortisation of discount on borrowings	11	10
Ineffective portion of cash flow hedge	0	0
Total interest and finance costs	285	178

Financial instruments

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

	Category	Actual 2023/24 \$M	Actual 2022/23 \$M
Financial assets			
Cash and cash equivalents	A	559	222
Restricted cash	A	6	0
Debtor National Land Transport Fund and Debtor Crown	A	5,725	4,361
Other receivables and other assets	A	69	67
Derivative financial asset	C	27	28
Foreign exchange forward contracts asset	B	1	7
Total financial assets		6,387	4,685
Financial liabilities			
Payables	A	1,020	891
Borrowing and other liabilities	A	3,491	1,787
Public-private partnership liabilities	A	1,914	1,949
Derivative financial liability	C	69	75
Total financial liabilities		6,494	4,702

A: Measured at amortised cost

B: At fair value through profit or loss

C: Fair value through other comprehensive revenue and expense

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

	Actual 2022/23 \$M	Cash inflows \$M	Cash outflows \$M	Non-cash \$M	Changes in fair value \$M	Other \$M	Actual 2023/24 \$M
Financial liabilities measured at amortised cost							
Borrowings	1,787	1,897	(250)	0	3	54	3,491
Public-private partnership liabilities	1,949	0	(241)	205	0	1	1,914
Financial liability at fair value through other comprehensive revenue and expense							
Derivative liabilities	75	0	1	0	(7)	0	69
Total	3,811	1,897	(490)	205	(4)	55	5,474

	Actual 2021/22 \$M	Cash inflows \$M	Cash outflows \$M	Non-cash \$M	Changes in fair value \$M	Other \$M	Actual 2022/23 \$M
Financial liabilities measured at amortised cost							
Borrowings	1,063	862	(170)	0	1	31	1,787
Public-private partnership liabilities	1,899	0	(131)	99	0	82	1,949
Financial liability at fair value through other comprehensive revenue and expense							
Derivative liabilities	131	0	(8)	0	(41)	(7)	75
Total	3,093	862	(309)	99	(40)	106	3,811

Financial risks

NZTA activities expose it to a variety of risks, including market risk, credit risk and liquidity risk. NZTA 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 NZTA 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 2024, approximately 85 percent (2022/23: 78 percent) of loans are either interest free or on a fixed interest rate.

In addition, there are risks on future loans that will be required to support delivery of the NLTP with borrowing of up to \$3.1 billion. This risk is mitigated by the borrowing coming from the Crown and having an agreed methodology for the interest rate that applies under our facility agreements.

NZTA 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. NZTA 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/ (asset) \$M
Transmission Gully	808	February 2021	October 2043	5.58%	Floating, with periodic reset	69
Pūhoi to Warkworth	754	August 2023	August 2045	4.16%	Floating, with periodic reset	(27)
Total						42

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 NZTA 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 2023/24 \$M	Actual 2022/23 \$M
Balance as at 1 July	20	(64)
Effective cash flow hedge	5	84
Cash flow hedge reserve	25	20

During the year, the total ineffective portion of the cash flow hedge reserve charged to surplus or deficit is nil (2022/23: nil).

The following table 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.

	2023/24		2022/23	
	+1% \$M	-1% \$M	+1% \$M	-1% \$M
Effect on surplus or deficit				
Cash and cash equivalents	5.7	(5.7)	2.2	(2.2)
Effect on other comprehensive revenue and expense				
Derivative financial liability	63.6	(148.7)	70.4	(157.1)
Effect on surplus or deficit				
Borrowing	(5.2)	5.2	(0.2)	0.2

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 NZTA, causing NZTA to incur a loss.

In the normal course of business, NZTA 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.

NZTA holds all cash and term deposits with Westpac New Zealand Limited. As at 30 June 2024, 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+.

NZTA is dependent upon funding from the National Land Transport Fund.

Liquidity risk

Liquidity risk is the risk that NZTA 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.

NZTA 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 (fully draw down as at 30 June 2024) and \$250 million to manage unexpected and unfavourable variations in cash flow (fully drawn down as at 30 June 2024). NZTA has access to the facilities to support the NLTF and the regulatory function.

The following table 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.

	Less than 1 year \$M	1-2 years \$M	2-5 years \$M	Over 5 years \$M
2023/24				
Payables	1,020	0	0	0
Borrowing	506	242	1,020	2,840
Derivative financial liability	(8)	5	35	12
Public-private partnership liabilities	132	291	764	2,851
Total	1,650	538	1,819	5,703
2022/23				
Payables	891	0	0	0
Borrowing	53	171	1,042	925
Derivative financial liability	(2)	(6)	25	46
Public-private partnership liabilities	198	286	749	2,929
Total	1,140	451	1,816	3,900

Explanation of major variances against budget

Cash and cash equivalents were \$565 million, \$515 million (1,030 percent) above budget of \$50 million. Additional cash was held to meet expected year end claims from suppliers and approved organisations.

Borrowing was \$3,491 million, \$195 million (6 percent) above budget of \$3,296 million due to draw down of the short-term facilities to meet seasonal fluctuations.

Derivative financial liability was net of \$41 million, \$45 million (53 percent) below budget of \$86 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 financial year.

12 | Regulatory equity accounts

Regulatory equity accounts

Regulatory equity accounts are notional accounts (sometimes known as memorandum accounts) that record the accumulated balance of surpluses and deficits incurred for third-party-funded regulatory outputs. These are for 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. NZTA has grouped various fees, charges and appropriations into its memorandum regulatory equity accounts to group revenue and costs by summary product level.

Included is new revenue provided under section 9(1)(A) of the Land Transport Management Act and the transfer of surplus funds to be used to repay regulatory loans that provided interim funding for the operating deficit until the full implementation of the fees and funding review, which has now occurred.

As part of the fees and funding change approved in 2022/23, the combined deficit from the previous regulatory equity accounts was ringfenced from the new regulatory equity accounts and separately recorded as debt. Additional revenue collected from fee payers will then be used to repay the debt over time.

Total regulatory equity accounts movements

	Actual 2023/24 \$M	Actual 2022/23 \$M
Opening balance	0.0	(40.9)
Operating revenue	222.6	178.2
Revenue collected for debt repayment	10.4	0.0
Operating expenditure	232.9	184.5
Debt repayment	10.4	0.0
Net surplus/(deficit)	(10.3)	(6.3)
Closing balance	(10.3)	(47.2)
Transfer of balance to debt	0.0	47.2
Closing balance after transfer to debt	(10.3)	0.0

Ringfenced regulatory equity account debt

	Actual 2023/24 \$M	Actual 2022/23 \$M
Opening balance - ringfenced debt	(47.2)	0.0
Revenue collected for debt repayment	10.4	0.0
Transfer from regulatory equity accounts to debt	0.0	(47.2)
Closing balance - ringfenced debt	(36.8)	(47.2)

The regulatory equity accounts show a negative balance. This principally relates to the debt drawn down.

Breakdown of third-party account groupings

The below reflects the surplus/(deficit) of the memorandum accounts including the revenue collected for debt repayment.

	Note	Actual 2023/24 \$M	Actual 2022/23 \$M
Driver licensing and testing		(6.8)	0.0
Rail regulation		(0.2)	0.0
Road user charges collections		(2.3)	0.0
Transport licensing	a	(0.6)	0.0
Vehicle safety and certification	b	(0.4)	0.0
Total covered by fees and funding*		(10.3)	0.0

*A nil balance reflects transferring the accumulated deficits to a ring-fenced debt account.

a. Transport licensing activities include licensing of transport operators, dangerous goods, and over dimension permits.

b. Vehicle safety and certification activities include certification reviews (WoFs and CoFs), border inspections and motor vehicle licensing.

Other regulatory items covered by fees and funding

	Note	Actual 2023/24 \$M	Actual 2022/23 \$M
Rail		0	0
Tolling		8.2	13.4
Fuel excise duty refunds		0.0	0.0
Road user charges refunds		(0.5)	(0.5)
Road user charges investigations and enforcement		0.6	0.6
Community road safety programme		26.1	23.7
Total third-party equity groups		34.4	37.2

13 | Contingencies

Contingent liabilities as at 30 June 2024

Roading and other contract disputes

There are claims of \$220 million (2022/23: \$275 million) relating to a variety of roading and other contract disputes including contractual claims arising from property acquisitions and disposals. The claims figure is gross of any amounts paid on account that could potentially be returned.

The most material quantifiable contingent liability included above and related payments on account relates to Pūhoi to Warkworth where NZTA has received a claim relating to current and estimated future elements. The claim is in binding arbitration, which is expected to be completed in 2026.

In addition to the quantifiable legal disputes, on 25 September 2023, NZTA received a claim for cost and delay from the Transmission Gully PPP builder, relating to COVID-19 and a number of other matters. The claim does not include a specific claimed amount, however we expect this will be a material figure. There are also cross claims from the Transmission Gully PPP contractor against NZTA. NZTA's position remains that there are strong defences to the claims and we have made counter claims against both the PPP builder and contractor. In particular, that there is substantial work required on the road to meet the contractual conditions of the PPP agreement.

Apart from the above matters, there is continual dialogue between NZTA and its contractors over technical and commercial matters that may result in material dispute between the parties. As at 30 June 2024, NZTA 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.

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

In this section you will find:

- a summary of total NZTA expenditure
- reconciliation between NZTA funding inflows and National Land Transport Fund (NLTF) 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 from page 90 to 91 and the audited financial statements from page 92 to 130.

NZTA agency expenditure

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Employee costs	254	260	218
Operating expenses	208	239	169
Depreciation and amortisation expense	19	26	17
NZTA operating expenditure	481	525	404
NZTA expenditure recharged to projects*	(72)	(49)	(55)
NZTA expenditure allocated to the NLTP**	144	101	136
NZTA activities expenditure***	553	577	485

* 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.

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

Reconciliation between NZTA funding inflows and National Land Transport Fund outflows

	Actual 2023/24 \$M	Actual 2022/23 \$M
NZTA		
National Land Transport Fund Operating funding	5,068	4,511
National Land Transport Fund Capital funding	890	440
Total funding from the NLTF	5,958	4,951
Deduct:		
Repayment/(Borrowing) (shock/seasonal facilities)	(125)	(376)
Repayment/(Borrowing) 2021-24 NLTP facility	(1,497)	(302)
Repayment/(Borrowing) – public-private partnerships and related interest rate swap	45	57
State highway improvements – public-private partnerships non-appropriated movement	(6)	(21)
State highway improvements – other non-appropriated movement	(3)	(1)
Local road improvements – Housing Infrastructure Fund non-appropriated movement	(15)	(37)
Other National Land Transport Fund revenue	(2)	(11)
Total National Land Transport Fund (NLTP) outflows	4,355	4,259

Performance by segment of the business

The following tables provide detailed financial performance information for each of segment of NZTA. Segments area as follows:

- NZTA 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 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Revenue			
NZTA operations	223	221	210
Tolling - administration	20	20	17
Clean vehicle discount	159	163	347
Clean car standard	13	12	11
Memorandum account - other fees and charges	233	237	178
Land transport funding	4,996	4,582	4,036
Specific projects funded by the Crown	362	670	696
Total revenue	6,006	5,905	5,495
Expenditure			
NZTA operations	220	207	201
Tolling - administration	26	23	14
Clean vehicle discount	159	163	347
Clean car standard	13	12	11
Memorandum account - other fees and charges	233	225	184
Land transport funding	5,122	4,569	4,035
Specific projects funded by the Crown	396	670	696
Total expenditure	6,169	5,869	5,488
Surplus/(deficit)			
NZTA operations	3	14	9
Tolling - administration	(6)	(3)	3
Clean vehicle discount	0	0	0
Clean car standard	0	0	0
Memorandum account - other fees and charges	0	12	(6)
Land transport funding*	(126)	13	1
Specific projects funded by the Crown*	(34)	0	0
Total surplus/(deficit)	(163)	36	7

*Includes revocations and write-offs of state highways.

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 2023/24 \$M	Actual 2022/23 \$M
Opening balance	0	10
Revenue		
Fees from high emission vehicles	103	169
Crown grant revenue*	56	167
Total revenue	159	336
Expenditure		
Clean vehicle rebates	154	342
Scheme administration	5	4
Project implementation	0	0
Total expenditure	159	346
Net surplus/(deficit)	0	(10)
Closing balance*	0	0

*The clean vehicle discount scheme was ended on 31 December 2023.

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

	Actual life to date 2023/24 \$M	Actual life to date 2022/23 \$M
Crown grant revenue*	337	279
Life to date revenue received by NZTA from charges paid	299	196
Total revenue	636	475
Less: life to date rebates paid and administration costs	636	475
Total deficit funded by the Crown grant	0	0

*A \$401 million repayable Crown grant was provided to support the scheme. Following scheme closure the unused portion of \$64 million was returned to the Crown.

Land transport management (road tolling scheme)

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

Tolling disclosures are presented in millions to one decimal point to provide more meaningful information to the users of the financial statements.

Toll road traffic volumes and revenue for the year ended 30 June 2024

	Toll revenue (portion designated for repayment of Crown debt)			Traffic volumes (number of vehicles)		
	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M	Actual* 2023/24 M	Budget* 2023/24 M	Actual* 2022/23 M
Northern Gateway toll road - light vehicles	11.7	9.9	9.1	8.1	6.8	6.5
Northern Gateway toll road - heavy vehicles	2.3	2.3	2.0	0.6	0.6	0.6
Tauranga Eastern Link toll road - light vehicles	4.3	4.6	4.1	3.7	3.8	3.7
Tauranga Eastern Link toll road - heavy vehicles	2.1	2.1	1.9	0.5	0.5	0.5
Takitimu Drive toll road - light vehicles	4.4	4.5	4.1	4.3	4.4	4.4
Takitimu Drive toll road - heavy vehicles**	2.2	3.2	2.9	0.8	0.8	0.8

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

** This heavy vehicle volume includes 230,771 trips that were treated as unable to be tolled, as the untolled alternate route was closed from 8th January 2024 to 15th April 2024.

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 2024

	Tolling revenue used to repay debt		Tolling revenue used to operate the business		Total Tolling revenue	
	Actual 2023/24 \$M	Actual 2022/23 \$M	Actual 2023/24 \$M	Actual 2022/23 \$M	Actual 2023/24 \$M	Actual 2022/23 \$M
Northern Gateway toll road	14.1	11.1	6.9	5.0	21.0	16.1
Tauranga Eastern Link toll road	6.5	6.0	3.3	2.9	9.8	8.9
Takitimu Drive toll road	6.6	7.0	3.9	3.5	10.5	10.5
Total	27.2	24.1	14.1	11.4	41.3	35.5

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 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	6.3	6.6	5.8
Takitimu Drive toll road	6.5	7.7	6.8
Total	12.8	14.3	12.6

NZTA does not hold any debt in relation to Takitimu Drive. NZTA paid \$65 million for the road to Tauranga City Council. NZTA is recovering this via notional interest from toll revenues.

NZTA 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 held by the Crown.

Currently, payments to the Crown road are on-hold until approximately June 2027 while we use the money to help finance the Tolling Back Office System.

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 2023/24 \$M	Actual 2022/23 \$M
Opening balance	1.2	0.6
Tolling revenue used to repay debt	6.4	6.0
Interest expenditure on \$107 million loan	5.7	5.4
Net surplus/(deficit)	0.7	0.6
Closing balance	1.9	1.2

Financial statements for NZTA road tolling operations

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				
Toll fees	a	20.4	19.2	16.9
Total revenue		20.4	19.2	16.9
Expenditure	b	25.6	19.6	14.7
Net surplus/(deficit)		(5.2)	(0.4)	2.2

a. Toll fees includes \$14.1 million of tolling revenue used to operate the business (2022/23: \$11.0 million) and \$6.2 million of customer toll payment notice revenue (2022/23: \$5.0 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.

b. The expenditure includes financing of the Tolling Back Office System.

Statement of financial position as at 30 June 2024

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Assets			
Current assets	17.0	18.5	22.1
Non-current assets	7.1	7.1	5.6
Total assets	24.1	25.6	27.7
Liabilities	15.9	14.1	14.3
Net assets/equity	8.2	11.5	13.4

Statement of cash flows for the year ended 30 June 2024

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Net cash from operating activities	26.9	26.6	23.1
Net cash from financing activities	(25.9)	(25.9)	(23.4)
Net increase in cash and cash equivalents	1.0	0.7	(0.3)
Cash and cash equivalents at the beginning of the year	12.8	12.8	13.1
Cash and cash equivalents at the end of the year	13.8	13.5	12.8

NZTA tolling equity account

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

	Actual 2023/24 \$M	Actual 2022/23 \$M
Opening balance	13.4	11.2
Revenue	20.4	16.9
Expenditure	25.6	14.7
Net surplus/(deficit)	(5.2)	2.2
Closing balance	8.2	13.4

Tolling provision for doubtful debts

	Actual 2023/24 \$M	Actual 2022/23 \$M
Opening balance as at 1 July	2.4	2.1
Movement in doubtful debts provision	0.9	0.3
Closing balance as at 30 June	3.3	2.4

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

Tolling bad debt write-off

	Actual 2023/24 \$M	Actual 2022/23 \$M
Bad debt write-off	2.0	1.5

Regional fuel tax

NZTA 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 NZTA is paid a fee for the services provided.

The Regional Fuel Tax scheme ended as at 30 June 2024 with final rebate payments to be made in the 2024/25 financial year.

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 2024

	Actual 2023/24 \$M	Actual 2022/23 \$M
Revenue		
Regional fuel tax	157	159
Rebates	(7)	(7)
Crown funds retained	0	0
Interest received	0	0
Total revenue	150	152
Distributed to:		
Auckland City Council	145	151
Transport Agency administration fee	1	1
Rebate reserve top-up	4	0
Total distributions	150	152
Net surplus/(deficit)	0	0

Statement of financial position as at 30 June 2024

	Actual 2023/24 \$M	Actual 2022/23 \$M
Assets		
Cash and cash equivalents	17	17
Total assets	17	17
Liabilities		
Payables	11	15
Regional fuel tax rebate reserve	5	2
RFT advance funding operational costs	1	0
Total liabilities	17	17
Net assets/equity	0	0

Statement of cash flows for the year ended 30 June 2024

	Actual 2023/24 \$M	Actual 2022/23 \$M
Net cash from operating activities	0	0
Net (decrease)/increase in cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the year	17	17
Cash and cash equivalents at the end of the year	17	17

Borrowing apportionment

\$2 billion 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	Short-term borrowing (seasonal portion) \$M	Short-term borrowing (shock portion) \$M	Total
State highway improvements	45	30	30	105
Local road improvements	254	46	46	346
Public transport services	17	2	2	21
Public transport infrastructure	430	54	54	538
Walking and cycling improvements	257	37	37	331
State highway maintenance	342	43	43	428
Local road maintenance	522	20	20	562
Road to zero	133	18	18	169
Total apportionment	2,000	250	250	2,500

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.

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 NZTA audited financial statements.

Output class income and expenditure

Investment management

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (Crash Analysis System)	1	1	1
Crown (Mode shift)	5	22	2
NLTF	63	100	65
Other	14	0	5
Total operating revenue	83	123	73
Operating expenses			
Transport Agency (Crash Analysis System)	1	0	1
Transport Agency (Ministerial services)	0	0	1
Transport Agency (Mode shift)	5	22	2
Funding to approved organisations	8	28	11
Transport planning	23	0	16
Sector training and research	5	0	3
Investment in the funding allocation system	41	73	39
Total operating expenses	83	123	73
Surplus/(deficit)	0	0	0

Revenue collection and administration

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (administration of tax reduction)	0	0	3
Section 9(2) LTMA refund of fuel excise duty	4	4	4
Section 9(2) LTMA road user charges investigation	8	4	7
Section 9(2) LTMA road user charges refund	3	3	3
Fees and charges (tolling)	20	20	17
Fees and charges (road user charges)	24	30	13
Regional fuel tax administration	1	1	1
Section 9(1a) LTMA funding to support the regulatory function collections	2	0	0
Other (refund of fuel excise duty and road user charges)	1	0	1
Total operating revenue	63	62	49

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating expenses			
Refund of fuel excise duty	4	4	4
Regional fuel tax administration	1	1	1
Tolling	26	23	14
Road user charges investigation and enforcement	8	6	7
Road user charges refund	3	4	4
Road user charges collections	28	32	23
Total operating expenses	70	70	53
Surplus/(deficit)	(7)	(8)	(4)

State highway improvements

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
NLTF	743	599	748
Crown (COVID-19 public-private partnerships funding)	19	1	18
Crown infrastructure partners	31	0	20
Crown (Major Crown Investment Projects)	(2)	25	0
Crown (Supporting Regions Programme)	0	1	1
NLTF (Public-private partnerships)	0	164	0
NLTF (Tolling)	13	14	13
Developer contributions	27	0	4
Interest and finance income	7	9	6
Other income	7	0	11
Total operating revenue	845	813	821
Operating expenses			
Depreciation and state highway write-offs	663	608	524
Other interest and finance costs	216	178	154
Interest on Tauranga Eastern Link borrowings	5	0	0
Crown (COVID-19 public-private partnerships funding)	19	1	78
Crown (COVID-19 Response and Recovery Fund)	7	0	0
Crown infrastructure partners	31	0	20
Crown (Major Crown Investment Projects)	36	25	0
Palmerston North Lease	1	0	0
Crown (Supporting Regions Programme)	0	1	1
Other expenses	34	0	40
Total operating expenses	1,012	813	817
Surplus/(deficit)	(167)	0	4

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Capital funding			
Crown (Major Crown Investment Projects)	606	1,014	478
Crown (Accelerated Regional Roding Programme)	29	35	0
Crown (Supporting Regions Programme)	25	31	24
Crown infrastructure partners funding utilised for investment	31	32	20
NLTF capital contribution	44	20	29
NLTF (2021-24 NLTP facility)	0	0	81
NLTF (public-private partnerships)	11	0	98
NLTF (public-private partnerships - interest rate swap movement)	(5)	0	(84)
North Island Weather Events minor resilience works	36	0	0
Depreciation funding utilised for investment in the state highway network	511	608	524
NLTF (state highway disposals)	11	33	13
Total capital funding	1,299	1,773	1,183
Capital expenditure			
Crown investment (Major Crown Investment Projects)	606	1,014	478
Crown (Accelerated Regional Roding Programme)	29	35	0
Crown (Supporting Regions Programme)	25	31	24
Crown infrastructure partners	31	32	20
Public-private partnerships	11	0	98
Public-private partnerships - interest rate swap movement*	(5)	0	(84)
North Island Weather Events minor resilience works	36	0	0
Capital investment	504	561	563
Transport Agency capitalised expenditure	89	100	88
Total capital expenditure	1,326	1,773	1,187
Net capital movement	(27)	0	(4)
Borrowing funding			
NLTF (public-private partnership quarterly unitary payment)	46	29	49
Total borrowing funding	46	29	49
Borrowing repayment			
Repayment public-private partnership quarterly unitary payment	46	29	49
Total borrowing repayment	46	29	49
Net borrowing	0	0	0
Total movement	(194)	0	0
Total operating and capital expenditure	1,644	1,978	1,460

* The movement in the public-private partnership interest rate swaps was due to yearly changes to market interest rates.

State highway maintenance

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (Kaikōura earthquake response)	0	0	4
NLTF	893	712	986
NLTF (Emergency works)	30	30	0
NLTF (North Island weather events)	0	138	94
NLTF (2021-24 NLTP facility)	278	245	104
NLTF (rental and interest income)	27	20	27
Other revenue	58	0	67
Total operating revenue	1,286	1,145	1,282
Operating expenses			
Maintenance of the state highway network (Kaikōura earthquake response)	1	0	4
Depreciation on state highway renewals	306	247	300
Maintenance of the state highway network	806	810	886
Maintenance and operation of Transmission Gully and Pūhoi to Warkworth	17	16	8
Works funded by third party contributions	56	0	0
Transport Agency operating activities	87	66	80
Interest and finance costs	14	6	4
Total operating expenses	1,287	1,145	1,282
Surplus/(deficit)	(1)	0	0
Capital funding			
Crown (Kaikōura earthquake response)	0	0	(5)
NLTF	572	0	0
Depreciation funding utilised for investment in state highway renewals	306	247	251
Total capital funding	878	247	246
Capital expenditure			
Crown investment (Kaikōura earthquake response)	0	0	(5)
Capital investment	877	247	251
Total capital expenditure	877	247	246
Total movement	1	0	0
Total operating and capital expenditure	1,858	1,145	1,228

Walking and cycling improvements

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (Mode shift)	56	275	12
NLTF	0	33	33
NLTF (2021-24 NLTP facility)	110	110	51
Total operating revenue	166	418	96
Operating expenses			
Funding to approved organisations (Mode shift)	56	275	12
Funding to approved organisations	90	129	71
Transport Agency operating activities	9	9	10
Interest and finance costs	11	5	3
Total operating expenses	166	418	96
Surplus/(deficit)	0	0	0
Capital funding			
Crown (Mode shift)	0	1	0
Crown (Ngauranga to Petone)	28	21	21
NLTF capital contribution	2	12	41
NLTF (2021-24 NLTP facility)	91	85	51
Total capital funding	121	119	113
Capital expenditure			
Capital investment (Mode shift)	0	1	0
Crown (Ngauranga to Petone)	28	21	21
Capital investment	93	97	92
Total capital expenditure	121	119	113
Net capital movement	0	0	0
Total movement	0	0	0
Total operating and capital expenditure	287	537	209

Public transport services

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (half price fares)	0	0	134
Crown (SuperGold card)	38	36	34
Crown (Community Connect Programme)	15	110	3
Crown (Bus decarbonisation)	4	12	1
Crown (Mode shift)	16	10	1
Crown (Retaining and recruiting bus drivers)	16	39	3
Crown (Public transport subsidy)	54	0	141
NLTF	496	515	350
NLTF (2021-24 NLTP facility)	14	12	6
Total operating revenue	653	734	673
Operating expenses			
Crown (half price fares)	0	0	134
Crown (SuperGold card and administration)	37	36	34
Crown (Community Connect Programme)	68	110	3
Crown (Bus decarbonisation)	3	12	1
Crown (Mode shift)	16	10	1
Crown (Retaining and recruiting bus drivers)	15	39	3
Crown (Public transport subsidy)	0	0	141
Funding to approved organisations	514	527	356
Total operating expenses	653	734	673
Surplus/(deficit)	0	0	0

Public transport infrastructure

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (Eastern busway project)	77	29	31
Crown (Mode shift)	33	48	1
Crown infrastructure partners (North western bus improvement)	3	0	27
NLTF	169	264	342
NLTF (2021-24 NLTP facility)	349	308	146
Other revenue	0	0	1
Total operating revenue	631	649	548
Operating expenses			
Funding to approved organisations	477	562	465
Funding to approved organisations (Eastern busway project)	77	29	31
Funding to approved organisations (Mode shift)	33	48	1
Crown infrastructure partners (Northwestern bus improvements)	3	0	27
Other operating expenses	20	0	10
Transport Agency operating activities	4	2	9
Interest and finance costs	17	8	5
Total operating expenses	631	649	548
Surplus/(deficit)	0	0	0
Capital funding			
Crown (Mode shift)	0	1	0
Crown infrastructure partners funding utilised for investment	3	0	27
NLTF capital contribution	21	19	58
Total capital funding	24	20	85
Capital expenditure			
Capital investment	21	19	58
Crown investment (Mode shift)	0	1	0
Capital investment (North western bus improvement)	3	0	27
Total capital expenditure	24	20	85
Net capital movement	0	0	0
Total operating and capital expenditure	653	669	606

Local road improvements

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
NLTF	0	28	(5)
NLTF (Housing Infrastructure Fund)	14	50	37
NLTF (2021-24 NLTP facility)	185	167	125
Crown (Supporting Regions Programme)	(3)	0	11
Crown (Regional Resilience)	0	20	0
Interest and finance income	12	13	14
Total operating revenue	208	278	182
Operating expenses			
Funding to approved organisations	171	186	117
Funding to approved organisations (Housing Infrastructure Fund)	14	50	37
Funding to approved organisations (Supporting Regions Programme)	(3)	0	11
Funding to approved organisations (Regional Resilience)	0	20	0
Interest and finance costs	26	22	17
Total operating expenses	208	278	182
Surplus/(deficit)	0	0	0

Local road maintenance

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
NLTF	406	419	825
NLTF (North Island weather events)	312	138	157
NLTF (Emergency works)	30	30	0
NLTF (2021-24 NLTP facility)	493	393	65
Total operating revenue	1,241	980	1,047
Operating expenses			
Funding to approved organisations	1,235	977	1,045
Interest and finance costs	6	3	2
Total operating expenses	1,241	980	1,047
Surplus/(deficit)	0	0	0

Coastal shipping

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
NLTF	3	13	23
Total operating revenue	3	13	23
Operating expenses			
Funding to approved organisations	3	13	23
Total operating expenses	3	13	23
Surplus/(deficit)	0	0	0

Regulation of the rail transport system

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (protection of core regulatory functions)	0	0	1
Fees and charges	3	4	2
Total operating revenue	3	4	3
Operating expenses			
Fees and charges funded activities	3	4	3
Total operating expenses	3	4	3
Surplus/(deficit)	0	0	0

Road to Zero

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
NLTF	425	261	164
Community Road Safety Programme	11	8	10
Developers contributions	7	0	1
Total operating revenue	443	269	175
Operating expenses			
Community Road Safety Programme	8	8	7
Funding to approved organisations	158	123	133
Depreciation	228	0	0
Transport Agency operating activities	36	136	31
Interest and finance costs	5	2	1
Total operating expenses	435	269	172
Surplus/(deficit)	8	0	3
Capital funding			
NLTF capital contribution	0	229	154
NLTF (2021-24 NLTP facility)	107	103	48
Depreciation funding utilised for investment	228	0	0
Total capital funding	335	332	202
Capital expenditure			
Capital investment	340	332	202
Total capital expenditure	340	332	202
Net capital movement	(5)	0	0
Total movement	3	0	3
Total operating and capital expenditure	547	601	374

Drivers licensing and testing

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (driver test subsidy and driver licensing stop orders)	0	1	1
Crown (drug and alcohol assessments)	0	1	0
Crown (Equitable access to driver licences)	4	7	1
Crown (ministerial advice and official correspondence)	1	1	1
Crown - Palmerston North building operating funding	0	0	1
Crown (Land transport regulatory services)	1	0	0
Fees and charges	60	41	68
Section 9(1a) LTMA funding to support the regulatory function	17	30	4
Other revenue	0	0	0
Total operating revenue	83	80	76
Operating expenses			
Drug and alcohol assessments	0	1	0
Equitable access to driver licences	4	7	1
Ministerial advice and official correspondence	0	1	1
Palmerston North building operating expenses	0	0	1
Fees and charges funded activities	82	64	64
Other	0	0	0
Total operating expenses	86	73	67
Surplus/(deficit)	(3)	8	9

Vehicle safety and certification

	Actual* 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Fees and charges	96	110	75
Section 9(1a) LTMA funding to support the regulatory function	10	1	0
Total operating revenue	106	111	75
Operating expenses			
Fees and charges funded activities	102	105	81
Total operating expenses	102	105	81
Surplus/(deficit)	4	6	(6)

*Changes to fees and charges occurred from 1 October 2023.

Regulation of commercial transport operators

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Fees and charges	19	22	13
Section 9(1a) LTMA funding to support the regulatory function	2	0	0
Total operating revenue	21	22	13
Operating expenses			
Fees and charges funded activities	18	21	12
Total operating expenses	18	21	12
Surplus/(deficit)	3	2	1

Low emission vehicles

	Actual 2023/24 \$M	Budget 2023/24 \$M	Actual 2022/23 \$M
Operating revenue			
Crown (grant clean vehicle rebates)	56	0	167
Crown (clean vehicle discount fees)	103	155	175
Crown (clean vehicle discount administration)	0	8	5
Crown (clean car standard administration)	13	12	11
Crown (clean car upgrade)	0	0	1
Crown (social leasing scheme trial)	0	0	1
Total operating revenue	172	175	360
Operating expenses			
Clean vehicle discount rebates	159	158	342
Clean car standard	13	3	11
Clean car upgrade	0	0	1
Social leasing scheme trial	0	0	1
Transport Agency operating activities	0	14	5
Total operating expenses	172	175	360
Surplus/(deficit)	0	0	0
Capital funding and expenditure			
NLTF	2	1	11
Capital investment	2	1	11
Net capital movement	0	0	0
Total movement	0	0	0
Total operating and capital expenditure	172	175	360

Independent auditor's report

To the readers of NZ Transport Agency Waka Kotahi Financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of NZ Transport Agency Waka Kotahi ("NZTA"). 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 NZTA on his behalf.

Opinion

We have audited:

- the financial statements of NZTA on pages 92 to 130, that comprise the statement of financial position as at 30 June 2024, 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 which reports against NZTA's statement of performance expectations on pages 28 to 86 and appropriations on pages 182 to 191 for the year ended 30 June 2024.

In our opinion:

- the financial statements of NZTA on pages:
 - 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 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;
 - presents fairly, in all material respects, for the appropriations what has been achieved with the appropriations; 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.

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 NZTA 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

NZTA has chosen to include two measures of 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 narrative accompanying the following performance measures, which outlines the methodology for reporting those GHG emissions:

- ENV1 measure on page 63 of the annual report; and
- IPOE2 measure on page 64 of the annual report.

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 NZTA 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 NZTA for assessing ability of NZTA 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 NZTA, 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 NZTA 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 NZTA.
- 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 NZTA 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 NZTA 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 NZTA 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 responsible for the other information. The other information comprises the information included on 3 to 27, 28 to 91 (excluding system outcomes and results measures), 131 to 152, 164 to 181 and 192 to 201, 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 NZTA 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 and seconded staff into non-financial roles, which are compatible with those independence requirements. Other than the audit and those engagements, we have no relationship with or interests in NZTA.



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 NZ Transport Agency Waka Kotahi Report '*Putting the Scrutiny Principle into Practice*' for the period ended 30 June 2024

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, NZ Transport Agency Waka Kotahi ('NZTA') '*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, NZTA 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 2023 to 30 June 2024;
- the description does not fairly present the systems and procedures as designed, throughout the period 1 July 2023 to 30 June 2024; and
- the controls, necessary to achieve the control objective, did not operate effectively as designed, throughout the period from 1 July 2023 to 30 June 2024.

Information subject to assurance

We have undertaken a limited assurance engagement on:

- the design of controls within the systems and procedures of NZTA, throughout the period 1 July 2023 to 30 June 2024, relevant to the control objective specified in section 96(1)(d)(ii) of the Act, that NZTA 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 NZTA description of its systems and procedures at pages 160 to 162 (the 'description'); and
- the operating effectiveness of those controls.

The Auditor-General is the auditor of NZTA. 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 NZTA are responsible for:

- the implementation of systems and procedures that enable NZTA 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 160 to 162, 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 NZTA 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 NZTA 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 NZTA, along with provision of non-assurance services in relation to secondment of staff into non-financial roles. Subject to certain restrictions, partners and employees of our firm may also deal with NZTA on normal terms within the ordinary course of trading activities of the business of NZTA. These matters have not impaired our independence as assurance providers of NZTA for this engagement. The firm has no other relationship with, or interest in, NZTA.



Ed Loudon

KPMG Wellington

On behalf of the Auditor-General

30 September 2024

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 NZTA 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. NZTA refers to this requirement as the 'Scrutiny Principle'.

NZTA 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

NZTA has implemented systems and procedures to give effect to the scrutiny principle. The three sets of procedures to support compliance are⁹:

- 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 NZTA 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

⁹ These procedures are set out in the NZTA website at Scrutiny and transparency policy | NZ Transport Agency Waka Kotahi (webpage, last updated February 2023). nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/archive/202124-nltp/202124-nltp-principles-and-policies/assessment/scrutiny-and-transparency-policy/

- applying the same level of tolerance to cost estimates
- having staff with equivalent seniority and experience involved with equivalent decisions.

The main system NZTA 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 NZTA for its own activities) the evidence supporting investment decisions. TIO records the decisions made by NZTA, including any conditions applied to funding. The system is transparent with approved organisations able to see the details of their proposals and NZTA 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 rules applied in relation to assessing and evaluating all activities seeking funding.

Implementation of systems and procedures

To give effect to the requirement of the Act, within NZTA systems and procedures the following controls have been implemented and operated effectively throughout the year to 30 June 2024 across all funding applications:

- all funding applications are managed in TIO;
- all activities are assessed in relation to the Investment Prioritisation Method for the 2021-24 NLTP;
- all new funding applications are supported by a business case (or equivalent) 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 by investment advisors in relation to the same requirements whether the activity is proposed by NZTA or an approved organisation and reviewed by a Senior Manager before submitting through the decision-making process;
- a business case and funding decisions committee, also referred to as the Value Outcomes Scope (VOS) Committee, considers all significant funding applications, both from NZTA and approved organisations. The VOS Committee is active in ensuring that a consistent approach is applied to consideration of funding applications and recommendations for funding decisions in relation to activities of NZTA and approved organisations;
- funding decisions are made in accordance with a delegations policy approved by the NZTA 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 NZTA Board.
- post approval reviews are conducted annually on a selection of investment approvals for approved organisations and NZTA 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.

The post approval review covering the annual period ending 30 June 2024 identified some inconsistencies in the documentation and recording of information supporting investment decisions. NZTA 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 2024. We have a continuous improvements programme underway aimed at addressing these issues to ensure that processes are completed correctly.

Additional information

NZTA publishes on its webpage minutes of all funding decisions made by the NZTA Board¹⁰ and lists all decisions delegated to NZTA staff¹¹ since 1 August 2008.¹² Both pages are updated regularly once the Board's decisions have been confirmed.

Insurance and indemnities

NZTA has directors and officers liability and professional indemnity insurance cover in respect of the liability or costs of board members and employees. The NZTA 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 NZTA business.

¹⁰ nzta.govt.nz/planning-and-investment/funding-and-investing/investment-decisions/board-decisions

¹¹ www.nzta.govt.nz/planning-and-investment

¹² The prescribed date in the Land Transport Management Act 2003 for reporting on these decisions is 1 October 2008