

Pūrongo ā Tau mō te Tahua Tūnuku ā-Papa ā-Motu National Land Transport Fund annual report

Provided to the Minister of Transport and presented to the House of Representatives pursuant to section 11 of the Land Transport Management Act 2003 and section 150 of the Crown Entities Act 2004



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Tirohanga whānui o te tau 2022/23

Overview of
2022/23



He tirohanga whānui nā te heamana me te pou whakahaere

Chair and chief executive overview

I tā mātou mahi hei kaitiaki o te pūnaha tūnuku ā-papa, i mahi tahi tonu a Waka Kotahi ki ōna hoa rangapū me te hunga whaipānga ki te whakamana i te Tauākī Kaupapahere a te Kāwanatanga mō te tūnuku ā-papa 2021 (GPS 2021) mā te haumi ake ki te Tahua Tūnuku ā-Papa ā-Motu i roto i te Kaupapa Tūnuku ā-Papa ā-Motu 2021-24 (2021-24 NLTP). E whai ana ēnei haumitanga ki te whakatutuki i ngā panonitanga tauroa i whakatakotoria i roto i te Anga Putanga Tūnuku me te matawhānui o te pūnaha tūnuku e tautoko ana i te māmā o te noho me te oranga mā ngā tāngata katoa o Aotearoa.

Ko te tau ahumoni 2022/23 te tau tuarua o te 2021-24 NLTP. I tēnei tau, i haumi ake te \$6.03 piriona mā te NLTP, kei roto ko te:

- \$1.39 piriona mō ngā painga e pā ana ki te haumaruru
- \$2.81 piriona mō ngā painga e pā ana ki ngā kōwhiringa haere pai ake
- \$995.5 miriona mō ngā painga huringa āhuarangi
- \$831.2 miriona mō ngā painga e pā ana ki te whakapai ake i ngā hononga kawewutanga.

I te 2022/23, i urupare a Waka Kotahi me ngā hoa rangapū ki te pāpātanga o te maha ake o ngā āhuatanga huarere i ō te tau o mua. I roto i ō mātou urupare ko te uauatanga nui o te tūhono anō i ngā haporī me te whakaora i te haumaruru me te urunga i muri i te tūkinotanga o ētahi o ngā rohe o Te Ika-a-Māui e ngā āhuatanga huarere taikaha. I roto hoki ko te urupare ki te tūkinotanga ki ngā wāhi maha puta noa i te motu i te Ākuhata 2022, tae atu ki Te Tauihu-o-te-Waka, Whakatū, Te Whanganui-a-Tara me Te Tai Tokerau, i aukatihia e te pūnaha huarere korahi i puta ai ngā waipuke, ngā horowhenua me te waipuke o ngā huarahi.

Ahakoa i pōhiritia e mātou te pūtea tūtahi i tukua mai i raro i te Tahua 2023 mō te urupare ohotata tuatahi ki ngā āhuatanga huarere i Te Ika-a-Māui, ehara i te mea he whakakapinga ngā otinga taupoto mō te pūtea toitū tauroa. Kei te pēhia te pūnaha pūtea o nāianei nā ngā pāpātanga o te iti o te haumitanga ki te tiaki rawa, ngā pēhitanga o te pikiutu tukipū ki ngā whakapaunga me te auau o ngā āhuatanga huarere taikaha. Otirā, nā te tere haere o te whakaitinga o te tukuwaro a te pūnaha tūnuku, me te kūkā haere o ngā rohe tāone i hiahia ai kia nui rawa ake

te haumitanga i ngā taumata haumitanga o mua.

He whāruarua nui ināianei i waenga i te pūtea tūnuku ā-papa i matapaetia me te haumitanga e hiahiatia ana hei whakatutuki i ngā wawata o te GPS. Me whai i tētahi otinga pūtea toitū mēnā ka mahi tahi mātou ki ō mātou hoa rangapū ki te hanga i tētahi pūnaha tūnuku ā-papa haumaruru, whāomo, e āhei ana hoki ki te urupare me te urutau ki te huringa āhuarangi. Mā te whakapono ki te tukunga pūtea ā muri ake e āwhina hoki i te haumitanga tauroa me ngā whakataunga whakamahinga whenua e tautoko ana i te wāriu pūrawa ā-māketete nui ake e hiahia ana hei kawē i te tūāhanga e waiwai ana ki te tōnui ā-ōhanga e whai hua ai a Aotearoa whānui.

I a mātou e ahu atu ana ki te tau whakamutunga o te GPS 2021, ka kōrerorero tonu mātou i ngā kōwhiringa o te pūtea toitū ki Te Manatū Waka me Te Tai Ōhanga. Ka ū tonu mātou ki te mahi tahi me ō mātou hoa rangapū ki te haumi ake me te kawē i tētahi pūnaha e whai painga ai ngā hapori o Aotearoa.



Dr Paul Reynolds, QSO
Haemana



Nicole Rosie
Tumuaki

He tirohanga whānui nā te heamana me te pou whakahaere

Chair and chief executive overview

In our role as kaitiaki of the land transport system, Waka Kotahi has continued to work closely with its partners and stakeholders to give effect to the Government Policy Statement on land transport 2021 (GPS 2021) by investing the National Land Transport Fund in the 2021–24 National Land Transport Programme 2021–24 (2021–24 NLTP). These investments work toward the long-term changes set out in the government’s Transport Outcomes Framework and the vision of a transport system that supports liveability and wellbeing for everyone in Aotearoa New Zealand.

The 2022/23 financial year was the second year of the 2021–24 NLTP. This year, \$6.03 billion was invested through the NLTP, including:

- \$1.39 billion towards safety-related benefits
- \$2.81 billion towards benefits related to better travel options
- \$995.5 million towards climate change benefits
- \$831.2 million towards benefits related to improving freight connections.

During 2022/23, Waka Kotahi and partners responded to the impact of more weather events than in the previous year. Our responses included the significant challenge of reconnecting communities and restoring safety and access after severe weather events devastated parts of Te Ika-a-Māui North Island. They also included addressing the damage caused across many parts of the country in August 2022, including Marlborough, Nelson, Wellington and Northland, which were cut off by a large-scale weather system that caused flooding, slips and washouts.

While we welcomed the one-off funding provided by Budget 2023 for the initial emergency response to the North Island weather events, short-term solutions are not a substitute for long-term sustainable funding. The current funding system is strained due to the combined impact of past under-investment in asset condition, inflationary pressures on costs and more frequent extreme weather events. At the same time, accelerated decarbonisation of the transport system and growing urban congestion require step changes from past levels of investment.

A substantial gap now exists between projected land transport funding and the investment needed to deliver the ambitions of the GPS. A sustainable funding solution is needed if we are to work with our partners to build a land transport system that is safe, is efficient, and can respond and adapt to climate change. Confidence in future funding will also aid long-term investment and land use decisions that support the increased market capacity needed to deliver the infrastructure essential for the economic prosperity that will benefit all of Aotearoa New Zealand.

As we move into the final year of GPS 2021, we continue to discuss options for sustainable funding with Te Manatū Waka Ministry of Transport and The Treasury. We remain committed to working with our partners on investing in and delivering a system that benefits the communities of Aotearoa New Zealand.



Dr Paul Reynolds, QSO
Chair



Nicole Rosie
Chief Executive

About this report

Waka Kotahi is responsible under the Land Transport Management Act 2003 (section 11) for allocating and investing the NLTF and preparing the NLTP. It must prepare an annual report on the NLTF, which must include how the activities funded under the NLTP contribute to the GPS.

The outcomes and achievements presented in this report are the result of a collective investment in land transport. The activities in the NLTP are planned, invested in and delivered in partnership between Waka Kotahi, local and regional authorities, New Zealand Police and other transport sector partners, including KiwiRail. Where Waka Kotahi is funded to deliver activities in the NLTP, performance on delivery of these activities is also reported in this report.

This is the second annual report against the GPS for 2021/22 to 2030/31 (GPS 2021).

Statement of performance for activity classes funded by the National Land Transport Fund

The following information forms the statement of performance for the activity classes funded by the NLTF

Activity class	Page
Public transport services	250
Public transport infrastructure	251
State highway maintenance	256
Local road maintenance	257
State highway improvements	255
Local road improvements	254
Walking and cycling improvements	252
Road to Zero	249
Investment management	258
Coastal shipping	259
Rail network	260

The land transport investment system

National Land Transport Fund

The NLTF is a dedicated fund for maintaining and developing local and national transport services. The NLTF is made up of funding from:

- **road user charges** – charges paid by users of vehicles over 3.5 tonnes manufacturer's gross laden weight and by users of vehicles using diesel or another fuel not taxed at source
- **fuel excise duty** – excise collected at source and recharged in petrol, liquid petroleum gas and compressed natural gas prices
- **motor vehicle registry fees** – registration and licence fees paid by public road users to access the road network
- **Rail Network Investment Programme** – Crown top-up to the NLTF
- **surplus and short-term debt movement** – use of surplus from a previous NLTF and movement in short-term debt.

It is a partnership between Waka Kotahi, which uses the NLTF to invest on behalf of the Crown, and approved organisations.¹ Waka Kotahi assesses and prioritises which activities proposed by approved organisations will be invested in on behalf of the Crown.

Government Policy Statement on land transport

The GPS sets out the government's strategic direction for the land transport system for the next 10 years. The GPS guides how the NLTF is invested and how activities are assessed and prioritised for regional land transport plans. It also sets out the government's plan for investing in the land transport system to realise the government's long-term transport outcomes.²

The GPS is refreshed every three years. GPS 2021 is now in effect. The four strategic objectives of GPS 2021 are safety, better travel options, improving freight connections and climate change (see figure 1).

¹ An approved organisation is a regional council, a territorial authority or an approved public organisation (such as the Department of Conservation) with authority to invest local funding on behalf of ratepayers.

² For more information, see Te Manatū Waka the Ministry of Transport (2020) Te Anga Whakatakoto Hua mō ngā Waka: Transport Outcomes Framework. www.transport.govt.nz/area-of-interest/strategy-and-direction/transport-outcomes-framework

Figure 1 – Strategic direction of the GPS 2021



National Land Transport Programme

The priorities of the GPS are progressed through the NLTP, a three-year programme that sets out how Waka Kotahi, working with its partners, plans to invest national land transport funding. The NLTP sets out activities that are expected to be funded from the NLTF under the Land Transport Management Act 2003. Regional land transport plans, developed by local government, must also align with the GPS.

The NLTP is a snapshot of:

- committed funding from previous NLTPs for transport improvements that are generally large scale
- continuous programmes Waka Kotahi delivers every day, such as public transport and road maintenance
- upcoming activities Waka Kotahi will consider funding, which are developed collaboratively using the GPS and regional land transport plans.

Other sources of funding to the National Land Transport Programme

Table 1 - Sources of NLTF funding for the 2021-24 NLTP

Funding source	Description
Local share of NLTP activities	Rates and charges local residents pay for local authority provision of transport infrastructure and services
New Zealand Upgrade Programme (NZUP)	Additional Crown funding
SuperGold card	Subsidies taxpayers pay through the Ministry of Transport to fund SuperGold card for off-peak public transport travel
Crown Infrastructure Package/economic stimulus package	Additional Crown funding
Provincial Growth Fund	Additional Crown funding
NZUP Regional Investment Opportunities	Additional Crown funding
Housing Infrastructure Fund loan	Crown loan to fund acceleration of roading projects to support high-growth urban development in Auckland, Hamilton, Tauranga and Queenstown

Waka Kotahi investment approach

Waka Kotahi has the primary objective under the Land Transport Management Act 2003 to undertake its functions in a way that contributes to an effective, efficient and safe land transport system in the public interest.

Waka Kotahi allocates funding across transport activities to give effect to the GPS and contribute to an effective, efficient, and safe land transport system in the public interest.

Waka Kotahi works closely with co-investment partners and stakeholders (local communities and national policy makers) to determine the transport solutions that will work best for New Zealand.

Investment principles

When considering the best mix of activities to receive investment funding, Waka Kotahi applies the following investment principles.³

- Invest in the transport system to achieve multiple outcomes
- Take a robust approach to delivering best value for money
- Ensure solutions are future-focused and adaptable
- Collaborate and engage with the local government sector to understand and reflect local, regional and national perspectives
- Make decisions following a transparent, risk-based process informed by a strong evidence base

Waka Kotahi investment decision-making approach

In developing the NLTP, Waka Kotahi uses an investment decision-making framework and process (outlined in figure 2). This includes an Investment Prioritisation Method 2021–24, legal requirements, investment policies, rules and guidance for prioritisation of activities in the NLTP and investment decisions. The basis for prioritisation, assessment and investment decisions are set out on our website. Policies, rules and guidance relating to planning and investment are set out on the Waka Kotahi website www.nzta.govt.nz/planning-and-investment

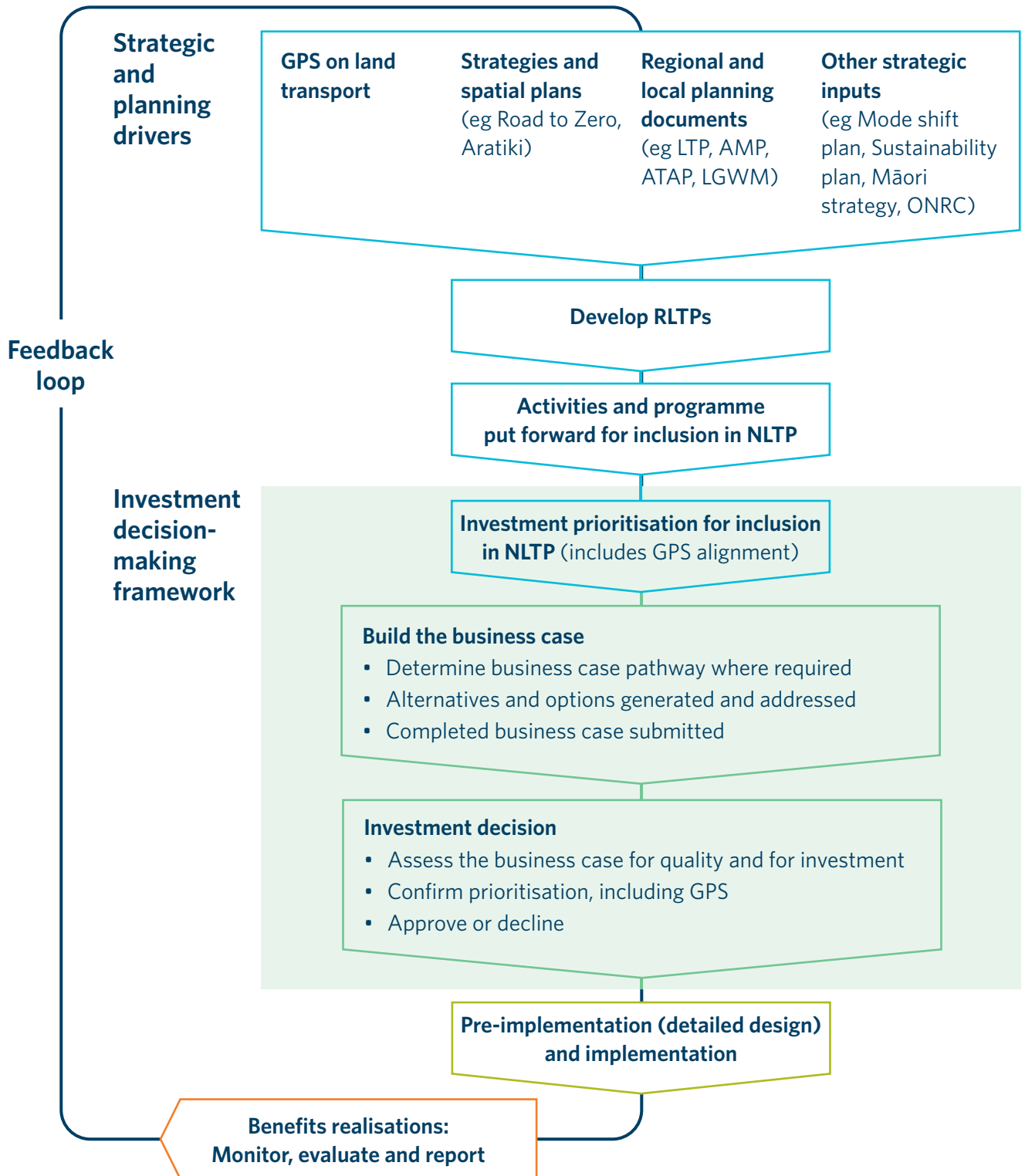
For each activity proposed for inclusion in the NLTP, a business case is developed, and options are identified and assessed. A preferred solution is put forward for an investment decision. Waka Kotahi Board makes significant investment decisions while under the delegation rules, managers within Waka Kotahi make other investment decisions. The Board has also delegated funding authority to Auckland Transport for its investment decisions \$2m-\$15m.

³ These investment principles sit alongside the Land Transport Management Act operating principles and provide an overarching direction for our investment decisions. Further information on these investment principles is on our website <https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/202124-nltp/202124-nltp-principles-and-policies/investment-principles/>

If the investment is approved, the activity is implemented and the NLTF funding is claimed as costs are incurred. Benefits from that investment are identified so that they can be measured and reported.

For the 2021-24 NLTP, we captured baseline and forecast benefits information for all activities submitted for inclusion against an updated benefits framework. However, assessing whether those benefits have been realised will take some time as data is gathered for reporting.

Figure 2 - Waka Kotahi investment decision-making framework



Note: AMP – asset management plan; ATAP – Auckland Transport Alignment Project; GPS – Government Policy Statement; LGWM – Let’s Get Wellington Moving; LTP – long-term plan; NLTP – National Land Transport Plan; ONRC – One Network Road Classification; RLTP – regional land transport plan.

Ngā taipitopito o ngā otinga

Detailed results

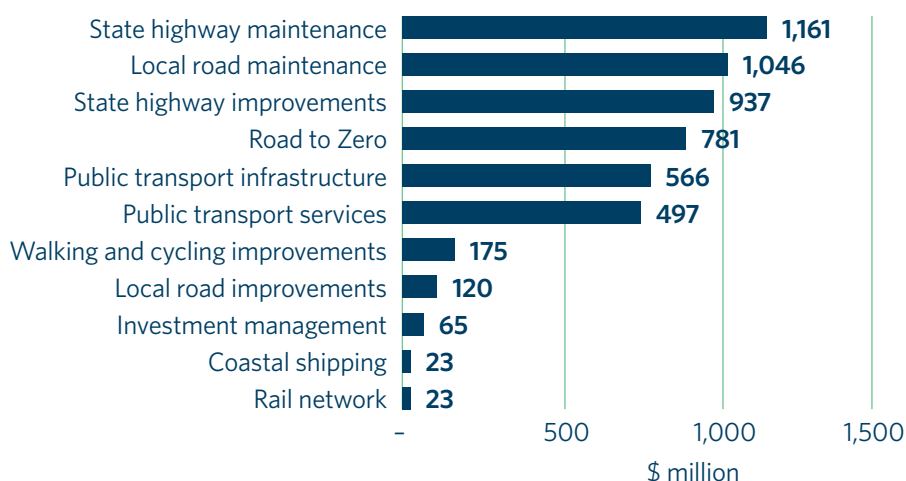


Delivering on the Government Policy Statement on land transport 2021

The 2021–24 National Land Transport Programme (NLTP) plans to invest \$24.3 billion across the strategic priorities of the Government Policy Statement on land transport 2021 (GPS 2021), including \$15.6 billion from the National Land Transport Fund (NLTF).

At 30 June 2023, \$5.8 billion of the NLTF had been invested in the 2021–24 NLTP. Figure 3 breaks this spend down by activity class. For more detail on how the NLTF was used across activity classes, see *Use of the National Land Transport Fund* on page 248.

Figure 3 – NLTF investment by activity class



The following sections describe what the land transport system invested in and delivered to achieve the results and objectives of GPS 2021. These sections include a subset of GPS 2021 measure results. For detailed GPS 2021 reporting see the annual GPS reports produced by Te Manatū Waka the Ministry of Transport.

Regional summaries

Each year, Waka Kotahi publishes summaries of what's been done in each region over the last 12 months, what's under way or about to start, and the investment across activity classes. Highlights from these summaries have been incorporated into the following sections. For the more detail, see the 2021–24 NLTP regional summaries webpage.⁴

⁴ Waka Kotahi (2023) Regional summaries. www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2021-24-nltp/regional-summaries

Safety

Developing a land transport system where no-one is killed or seriously injured

GPS 2021 short-term to medium-term results

- Reduce the number of deaths and serious injuries
- Create a safer land transport network

The 2021–24 NLTP plans to invest \$4.9 billion in safety-related benefits over a three-year period. Investment in the safety priority is guided by the government's national road safety strategy Road to Zero. Road to Zero has a vision of an Aotearoa New Zealand where no one is killed or seriously injured in the land transport system, setting a sector target of reducing deaths and serious injuries by 40 percent by 2030 (from the December 2018 baseline).

Over the last year, Waka Kotahi continued to work with New Zealand Police, Te Manatū Waka, our Tiriti o Waitangi partners and local government to implement Road to Zero. How funding to the Road to Zero activity class from the NLTF has been used is described in *Use of the National Land Transport Fund*, page 248. Investment in state highway and local road maintenance and improvements, as well as walking and cycling improvements also contribute toward improving safety, by maintaining and improving the safety of infrastructure across the network.

Waka Kotahi contributes to an annual Road to Zero monitoring report. The 2022 report will be released later this year and be published on Te Manatū Waka website.⁵

Along with direct investment from the NLTF, achieving the target and vision set out by Road to Zero Aotearoa New Zealand requires a fair and firm regulatory system. While the Waka Kotahi role as a regulator is not funded by the NLTF, it cannot create a safe system without it. Waka Kotahi has made significant process in strengthening its regulatory function, described in the Waka Kotahi annual report 2022/23 (see page 57).

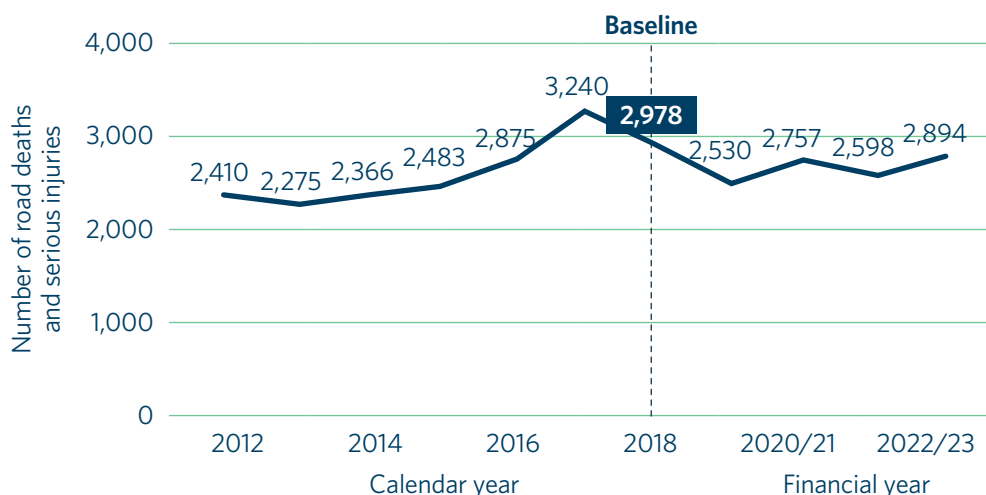
Progress toward GPS 2021 short to medium-term results

There were 2894 deaths and serious injuries on Aotearoa New Zealand roads over the last year (see figure 4). This number remains unacceptably high.

Despite some improvements, such as a reduction in deaths and serious injuries from crashes involving vehicles with a low safety rating, there were increases in many other areas, including crashes where the speed limit does not align with the safe and appropriate speed. Crash data shows travelling too fast for the conditions is consistently one of the highest contributing factors in fatal and serious injury crashes. The Tackling Unsafe Speeds Programme is improving road safety by establishing a streamlined process for speed management that involves setting safer speeds and implementing more effective speed enforcement.

⁴ For the 2021 report, see New Zealand Government (2022) Te Ara Ki Te Ora: Te Rīpoata Aroturuki ā-tau 2021 | Road to Zero Annual Monitoring Report 2021. Wellington: Te Manatū Waka Ministry of Transport, www.transport.govt.nz/assets/Uploads/Road-to-Zero-Monitoring-Report-2021.pdf

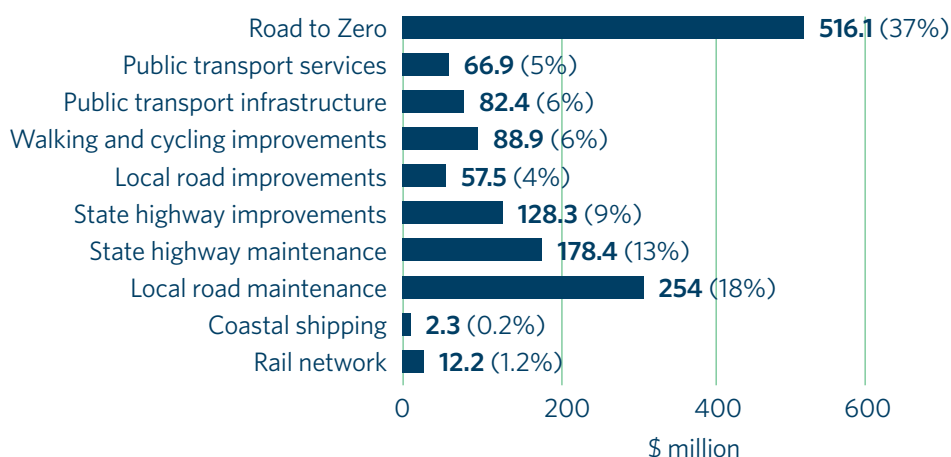
Figure 4 - Deaths and serious injuries, 12-month rolling total, 2012-2023



Investment in GPS results through the 2021-24 NLTP

What we invested

\$1.39 billion was invested in activities with safety-related benefits in 2022/23, including \$516.1 million in Road to Zero, \$253 million in local road maintenance and \$178.4 million in state highway maintenance.



What was delivered - highlights from across the motu

- In Northland, **State Highway 1 Whangārei to Wellsford** was made safer near Ruakākā where Waka Kotahi has installed a flexible median barrier from Port Marsden Road (State Highway 15) roundabout to Sanford Road, along with widened centre lines and flexible safety posts along the Waipū section.
- Safer and better connections between Auckland and Northland are now available with the opening of the new **Pūhoi to Warkworth motorway**.
- The **State Highway 2 Bayfair flyover** in Tauranga opened to traffic in April 2023, taking traffic over the Bayfair roundabout and making it safer for everyone by separating local and state highway traffic.
- New safer speed limits now apply to **State Highway 73 and State Highway 75** from Christchurch to Akaroa, making travel on this popular tourist route safer and more enjoyable for everyone.
- Waka Kotahi improved safety on **West Coast bridges**, completing a programme of investment to upgrade guardrails to prevent run-off road crashes that often result in deaths and serious injuries.

Case study

Safety cameras

Every year, hundreds of people are killed and thousands more are seriously injured on Aotearoa New Zealand roads.

As part of Road to Zero, the national road safety strategy, Waka Kotahi is working to ensure more people get home safely by installing more and different types of safety cameras. Safety cameras help save lives by encouraging people to slow down and drive safely.

Even a small reduction in speed can mean the difference between death, a life-changing injury, or walking away unharmed from a crash.

New Zealand Police currently operates safety cameras in Aotearoa New Zealand. The new approach to safety cameras includes a significant expansion of the network, focusing on high-risk roads and transferring existing safety cameras and associated operations to Waka Kotahi.

In June 2023, Waka Kotahi installed its first safety camera in Kawakawa, Te Tai Tokerau Northland. The camera is the first new generation Halo safety camera that Waka Kotahi will be rolling out across the motu. It can measure the speed of vehicles (travelling towards or away from the camera), identify which lane vehicles are travelling in, and has automated number plate recognition technology.

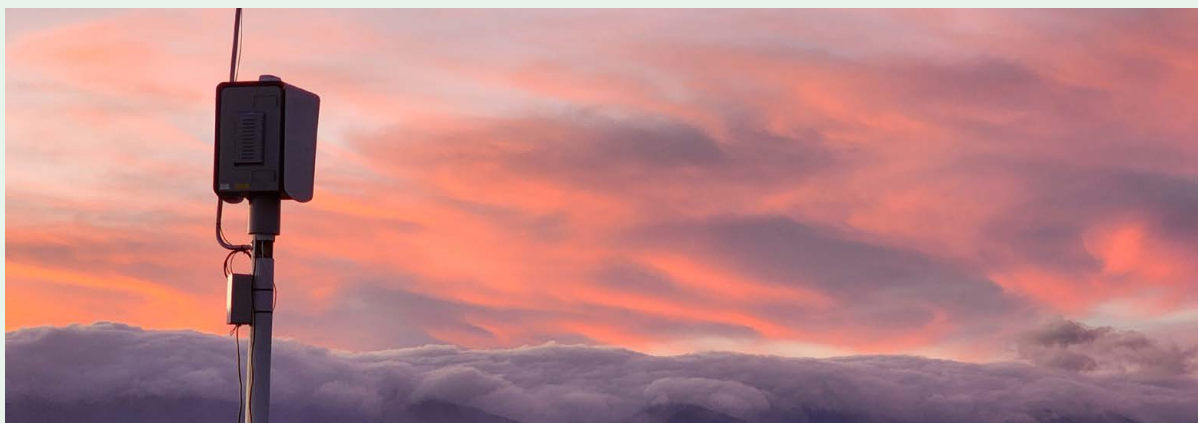
Halo cameras also have the capacity to measure the average speed a vehicle is travelling

between two points. Using average speed (point-to-point) technology requires legislative change. The Land Transport (Road Safety) Amendment Bill is going through the legislative process. If passed into law, Waka Kotahi will be able to use this new functionality. International evidence tells us average speed functionality is more effective at reducing the number of people who die or are seriously injured on roads than the standard static (fixed) speed safety cameras currently used.

Over the coming year, Waka Kotahi will install more safety cameras, some of which will detect vehicles travelling through red lights.

In late 2022 we successfully conducted a trial of safety cameras that could detect mobile phone and seatbelt offences. Te Manatū Waka – Ministry of Transport is exploring options to enable the use of safety cameras to enforce these offences. This is currently not permitted under the Land Transport Act 1998.

In future, Waka Kotahi will be the agency that enforces safety camera speed infringements, so it will also be able to look at safety cameras alongside other safety interventions such as reducing speed limits, installing median barriers, installing roundabouts, and longer-term infrastructure changes. This bigger picture view means Waka Kotahi can make more high-risk roads safer, ultimately, reducing the number of people who die or are seriously injured on the roads.



Better travel options

Providing people with better travel options to access places for earning, learning, and participating in society

GPS 2021 short-term to medium-term results

- Improved access to social and economic opportunities
- More available and/or accessible public transport and active modes
- Increased share of travel by public transport and active modes
- Reduced greenhouse gas emissions
- Reduced air and noise pollution

Waka Kotahi continues to work with its partners in local and central government to achieve these results, so urban areas are better connected and it's easier for people to travel by public transport, walking and cycling. This includes major investments in the Auckland Transport Alignment Project and Let's Get Wellington Moving. The NLTF funds integrated transport and urban planning through the investment management activity class (for detailed information on this activity class, see page 258 to 259).

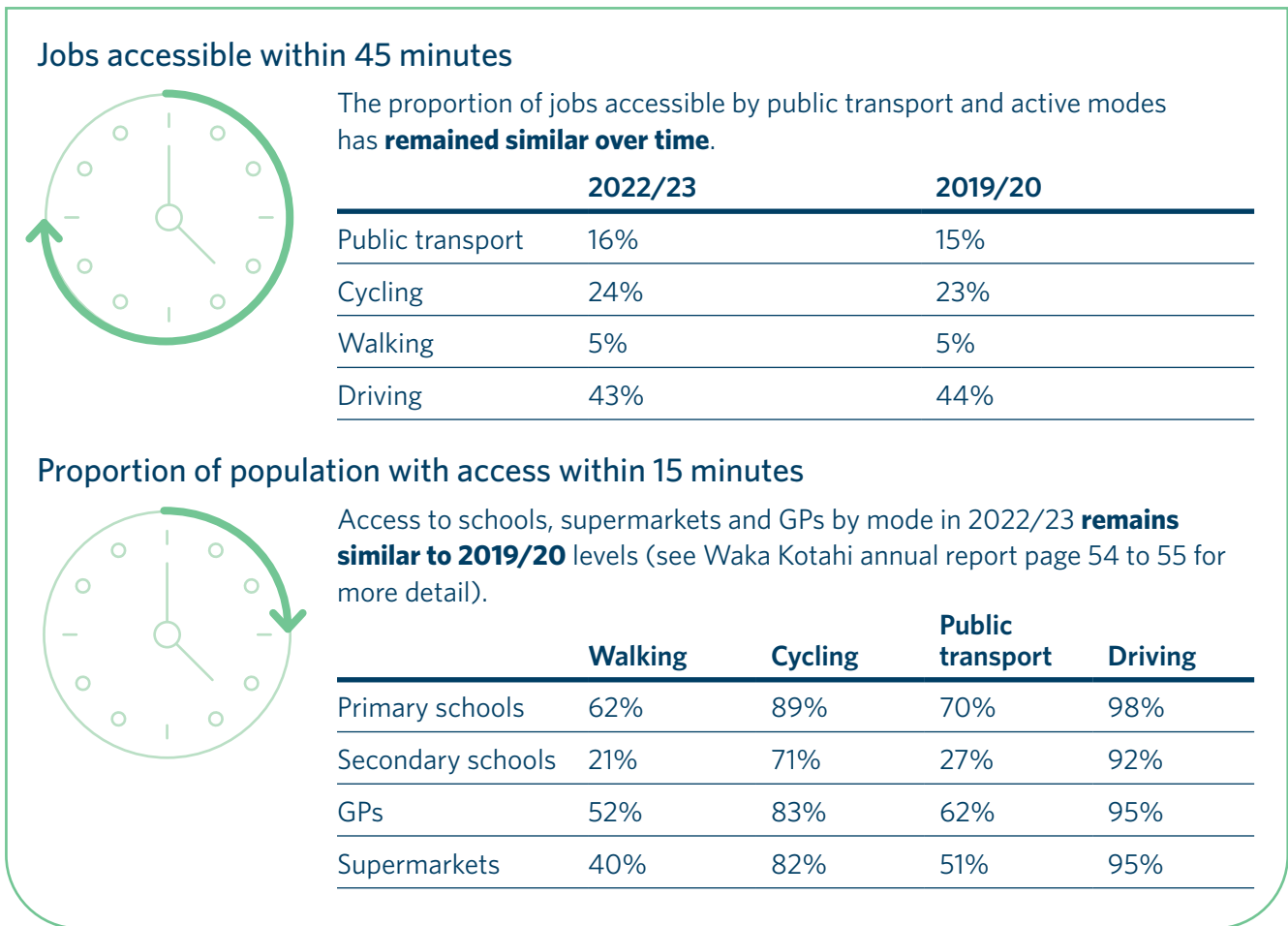
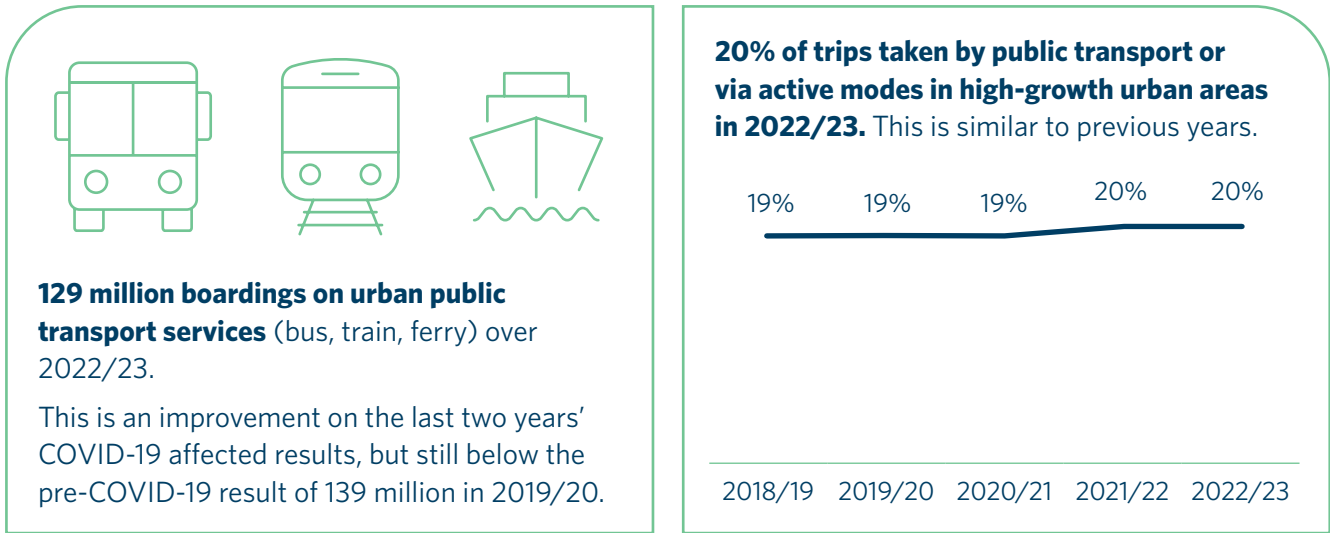
Waka Kotahi has also continued to work with its partners in local government and with KiwiRail to make travelling by any mode safer and more efficient for communities across the motu, by continuing to invest in public transport services and public transport infrastructure (page 250 to 252), walking and cycling (page 252 to 253), the rail network (page 260) and more efficient use of state highways (page 255) and local roads (page 254).

By investing the NLTF in better travel options, the sector will also make progress toward the targets set out in the government's first emissions reduction plan. Investments made through the NLTF are being supplemented by significant Crown investment from the Climate Emergency Response Fund. For more information on the Climate Emergency Response Fund and the Emissions Reduction Plan, see the 2022/23 Waka Kotahi annual report, page 39 to 42.

Progress toward GPS 2021 short-term to medium-term results

Figure 5 summarises how the land transport system is tracking towards improving access to social and economic opportunities, increasing availability and accessibility of public transport and active modes, and increasing the share of travel by these modes.

Figure 5 - Mode shift in Aotearoa

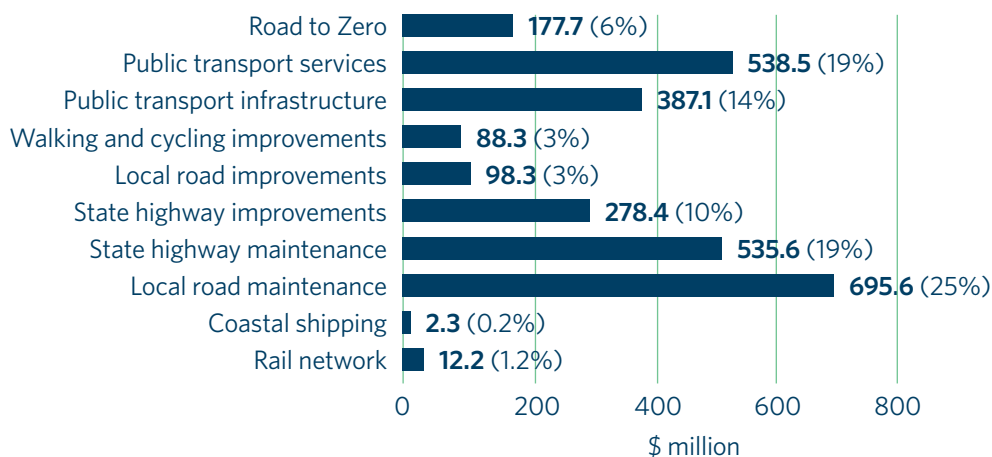


For information on progress toward reducing greenhouse gas emissions and reducing air and noise pollution, see the climate change priority section on page 244 to 247.

Investment in GPS results through the 2021-24 NLTP

What we invested

\$2.81 billion was invested in activities with benefits related to better travel options in 2022/23, including \$695.6 million in local road maintenance, \$538.5 million in public transport services and \$535.6 million in state highway maintenance.



What was delivered – highlights from across the motu

- Further sections of the **Glen Innes to Tamaki Drive Shared Path** project in Auckland, which is part of the Auckland Transport Alignment Project, were completed, connecting Ōrākei Basin Boardwalk to Purewa Bridge and along Ngapipi Road. Through the project, Auckland Transport also greatly improved mobility access to Ōrākei Train Station by upgrading the mobility car parks, smoothed the surfacing and improving the gradients on the ramp up to the overbridge that takes people across to the station. Auckland Transport also improved safety at the intersection on Ōrākei Road with the Ōrākei Train Station entrance, including traffic signals for vehicles and a safe crossing for pedestrians on this busy road.
- The **Northern Corridor Improvements** project, also part of the Auckland Transport Alignment Project, was completed. The project has improved travel-time reliability and increased resilience of the road network. It has also improved safety by separating local and highway traffic and made other travel choices more appealing through an improved public transport network with more shared path connections.
- Good progress was made on **Te Ara Tupua**, a project to create a walking and cycling link to connect Wellington and the Hutt Valley. Construction of the Pito-One (Petone) to Melling section continued, which is expected to open in August 2023. Construction started on Ngā Ūranga ki Pito-One (Ngauranga to Petone) section. The first 'bay' section of Hutt City Council's Tupua Horo Nuku Eastern Bays Shared Path was completed by Te Ara Tupua Alliance.
- The **Cobham Drive crossing**, part of Let's Get Wellington Moving, opened in January 2023. The crossing provides a safer connection for the community and visitors to the waterfront, the new cycling and walking coastal paths around Evans Bay to Oriental Bay and the central city, as well as the regional sports centre and aquatic centre.

- The purchase of new ferries by KiwiRail and subsequent **Picton Ferry Terminal** redevelopment brings opportunities to better connect the ferry precinct with Picton town centre and create better connections for state highway journeys. We're a partner in this project, working with KiwiRail, Te Ātiawa o te Waka ā Māui Trust, Ports of Marlborough and Marlborough District Council.
- Work continues on the development of **Christchurch's 13 major cycleways**, providing 101kms of safe cycling facilities across the city and connecting to shared pathways built to the north and south of Christchurch during the last three years.

Case study

National Ticketing Solution

Aotearoa New Zealand is set to be the first country in the world to have one integrated public transport ticketing system for use on buses, trains and ferries across the country.

Since 2016, we've been working to develop a national ticketing solution (NTS) that will make travel by public transport easier and more convenient. Currently, most New Zealand cities use different ticketing systems for public transport. We've recognised we have an opportunity to align investment nationally in a proven, world-class, integrated public transport ticketing system.

By 2026, wherever they are in Aotearoa, passengers will be able to tag on and off any bus, train or ferry using contactless payment methods such as debit or credit cards and digital payment methods like Apple Pay or Google Pay.

The National Ticketing Solution (NTS) programme brings together 13 public transport authorities and Waka Kotahi in partnership to design, build and operate the NTS. A participation agreement was signed in October 2022 that lays out the rights and responsibilities of all parties and how we work together collaboratively to deliver the NTS.

Increased access will ultimately contribute to reducing New Zealand's carbon emissions and improving safety and congestion on our roads. PTAs will gain a digitally enabled system with more choice, transparency and simplicity. And a deeper understanding of customer journeys will mean optimised services and better targeted investment.

Canterbury will be the first region in Aotearoa to implement the NTS in mid-2024. It will then roll-out across the country by the end of 2026.



Improving freight connections

Improving freight connections to support economic development

GPS 2021 short-term to medium-term results

- Freight routes that are more reliable
- Freight routes that are more resilient
- Reduced greenhouse gas emissions
- Reduced air and noise pollution

GPS 2021 wants investment in improving freight connections to contribute to more reliable and resilient freight routes, reduced greenhouse gas emissions, and reduced air and noise pollution. Investment in this priority is guided by He Mahere mō Ngā Ara Tereina ki Aotearoa New Zealand Rail Plan, Te Mahere Whakaheke Tukunga Tuatahi a Aotearoa National Adaptation Plan, and the Emissions Reduction Plan. Once released, the Aotearoa New Zealand freight and supply chain strategy being developed by Te Manatū Waka will set the transport sector's 30-year strategic direction for investment in freight.

The severe weather events that devastated parts of Te-Ika-a-Māui the North Island earlier in 2023 were a stark reminder of the importance of investing in the condition of the land transport network. Along with keeping communities safe and connected, this investment is critical to keep the economy moving, even as the impacts of climate change worsen. The NLTF invests in improving and maintaining the network through the state highway maintenance (page 256 to 257), state highway improvements (page 255), local road maintenance (page 257 to 258) and local road improvements activity classes (page 254).

The land transport sector can also improve the resilience and reliability of freight connections by investing in rail and coastal shipping, which are also safer and lower carbon. Waka Kotahi has continued to work with its local partners, KiwiRail and the coastal shipping sector to increase the share of freight moved by rail and sea, and to reduce the emission intensity of freight transport. This is funded through the rail network (260) and coastal shipping activity classes (259), and by the investment management activity class (page 258 to 259) for transport planning activities.

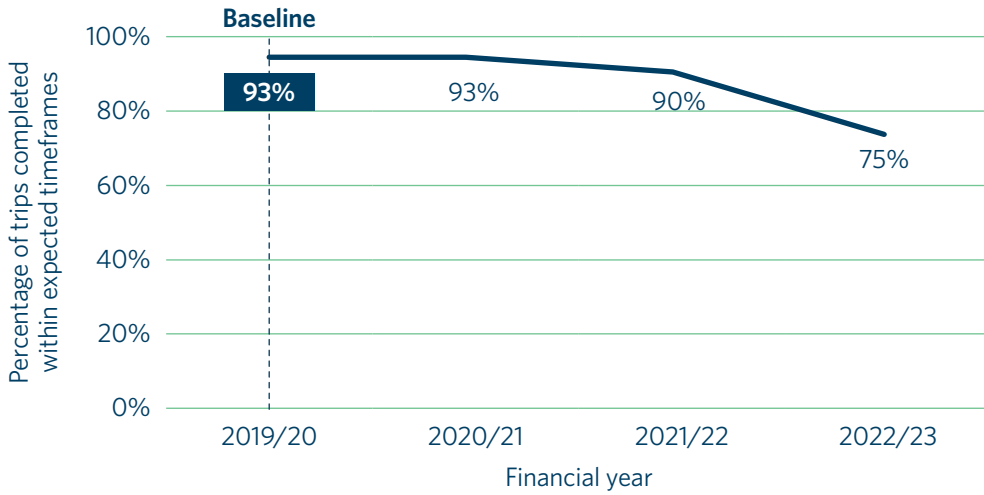
For more information on how the NLTF is being invested in climate-related resilience and emissions reduction, see the climate change priority section on page 244 to 247.

Progress toward GPS 2021 short-term to medium-term results

The severe weather events affecting parts of the North Island in 2023 had a significant impact on the movement of freight, with predictability of travel time on priority freight routes decreasing significantly between 2021/22/ and 2022/23.

Compared with 2021/22 there was no change to the share of freight moved by road (87%) compared to rail (13%).

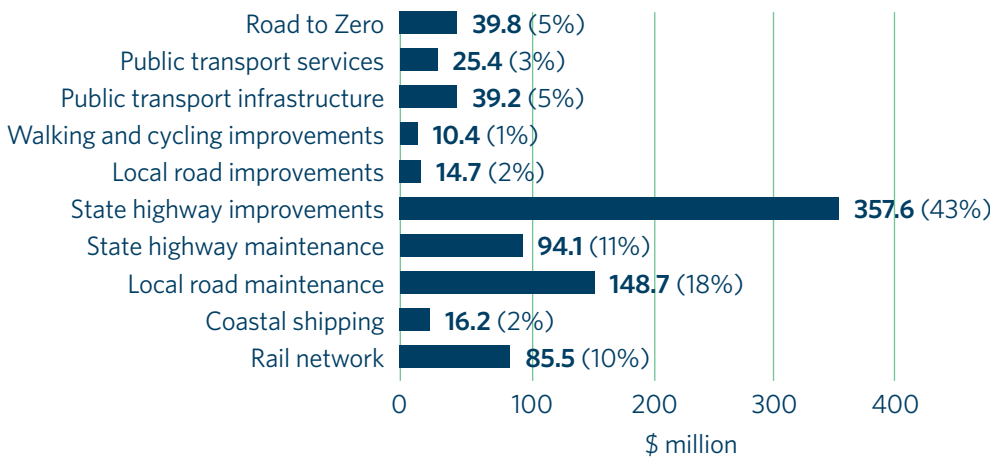
Figure 6 – Interpeak predictability of travel times on priority freight routes, 2019/20– 2022/23



Investment in GPS results through the 2021-24 NLTP

What we invested

\$831.6 million was invested in activities with benefits related to improving freight connections in 2022/23, including \$357.6 million in state highway maintenance, \$148.7 million in local road maintenance and \$94.1 million in state highway maintenance.



What was delivered – highlights from across the motu

- Following the North Island weather events, the key links into and around **Tairāwhiti** were reopened, and Waka Kotahi is short-term measures to keep the region moving. Recovery works are ongoing.
- Waka Kotahi is progressing consenting for a 4km realignment and a new bridge across the **Waikare Gorge on State Highway 2 at Putorino (north of Napier)** to build route resilience. This stretch of highway has been repeatedly closed by slips and rockfall during heavy rain events. During Cyclone Gabrielle, the existing Waikare Gorge bridge was washed out; a Bailey bridge is currently in place.
- A new \$25 million two-lane Beaumont Bridge on State Highway 8 over the Clutha River will open at the end of 2023, replacing the single-lane bridge built in 1887. This new bridge will provide a more resilient highway link on the main highway between **Dunedin and Central Otago**.

Case study

Coastal shipping fund

More freight is now being transported on the blue highway, helping to reduce carbon emissions and make the roads safer for everyone.

A total of \$30 million is being invested during this NLTP in coastal shipping, supporting four new ships and associated services to move goods between the North and South Islands and key regional ports that would traditionally have been transported by road.

This investment is part of the move to build a stronger multi-modal freight network, ensuring freight is moved by the most appropriate mode of transport to help the country achieve its environmental and safety outcomes.

One of the four successful suppliers Swire Shipping (Pacifica) is now operating a second vessel off the Aotearoa New Zealand coast. Together, the company's two vessels operate a weekly rotation between the ports of Auckland, Lyttelton, Timaru, Marsden Point, Wellington, Nelson and Tauranga. These vessels move 130,000 containers each year – the equivalent of 75,000 truckloads of cargo – and are estimated to produce only 13 percent of the carbon emissions of road freight.

It's all about transporting cargo by the most appropriate and reliable mode of transport. Coastal shipping is ideal for the likes of petroleum products, cement and aggregate. It also adds resilience to the national freight network.

With the potential for disruption to rail and road networks caused by natural disasters, coastal shipping offers a reliable alternative, as well as providing an additional lifeline for businesses to get goods to market and supplies to communities.

A second successful supplier, Coastal Bulk Shipping, helped in the Cyclone Gabrielle response, providing a short-haul service between Gisborne and Napier. (Coastal Bulk Shipping's second vessel MV Rangitata is pictured.)

Investment in new coastal shipping services delivers a much needed shift in the freight transportation industry.



Climate change

Transforming to a low carbon transport system that supports emissions reductions aligned with national commitments, while improving safety and inclusive access

GPS 2021 short-term to medium-term results

- Reduced greenhouse gas emissions
- Reduced air and noise pollution
- Improved resilience of the transport system

The government's strategic direction for climate change adaptation and emissions reduction are set out in the first National Adaptation Plan and Emissions Reduction Plan.

In December 2022, Waka Kotahi published Tiro Rangi: Our climate change adaptation plan 2022–2024. This plan describes how it will give effect to the National Adaptation Plan. This means investing in multiple activity classes, including to improve the climate resilience of state highways and local roads, and the resilience and reliability of the freight network. Tiro Rangi is profiled in the case study on page 247.

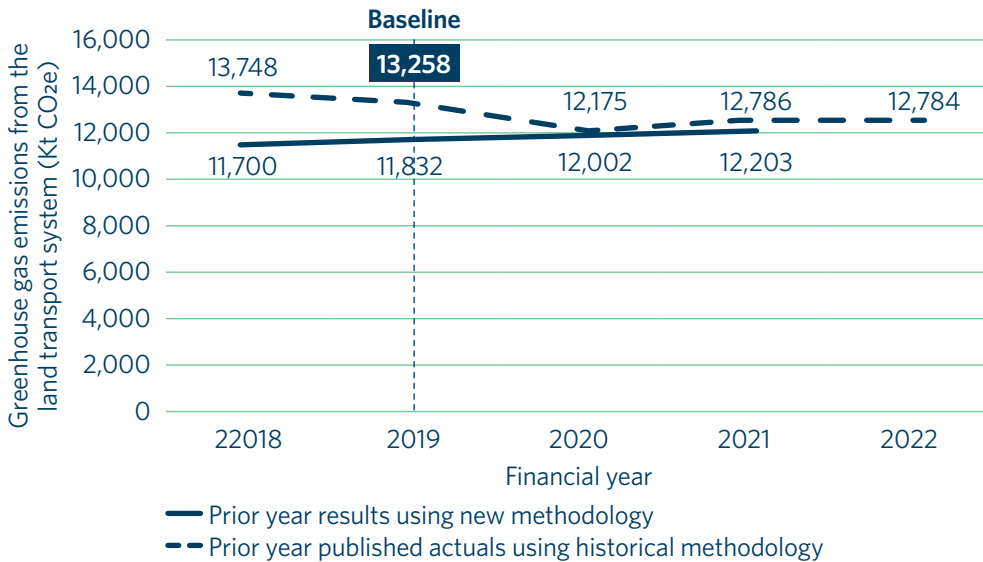
Waka Kotahi also continued to implement Mahere Hohenga kia Whakakorea te Waro ā-Kawenga 2022–25 Decarbonising Transport Action Plan 2022–25, which sets out how the transport sector needs to implement the Emissions Reduction Plan. The NLTF funds part of this work through the public transport services and public transport infrastructure (page 250 to 252), walking and cycling (page 252 to 253) and rail network (page 260) activity classes. Implementation is also funded by the Climate Emergency Response Fund. For more information on the Climate Emergency Response Fund, see the 2022/23 Waka Kotahi annual report, pages 39 to 42.

In the last year, we also released our new environmental and social responsibility policy and have started refreshing Toitū Te Taiao, our sustainability action plan. For more information, see appendix 1, page 168 to 173 of the 2022/23 Waka Kotahi annual report.

Progress toward GPS 2021 short-term to medium-term results

Emissions from the land transport system continued to increase in 2022/23 (figure 7). Emissions are estimated to remain high over coming years before starting to decrease. This shows how transformational and intergenerational changes are needed to put the country's transport emissions on the trajectory to a low emissions future, and it will take time for New Zealanders to see the results of these interventions.

Figure 7 – Greenhouse gas emissions from the land transport system, 2019–2022



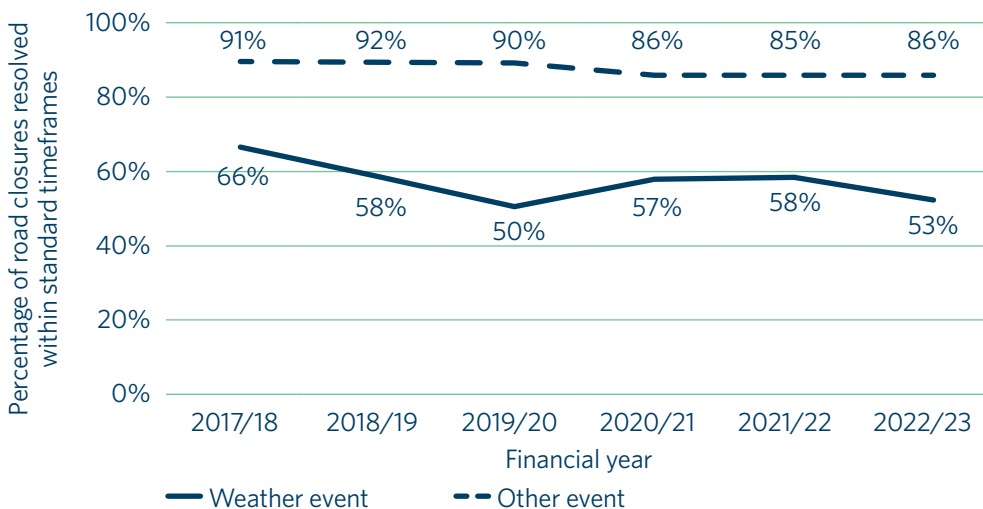
Note: Kt CO₂e – kiloton of carbon dioxide equivalent.

The number of weather events leading to road closures on state highways increased from 271 last year to 512 this year. During this period, the proportion of weather-related road closures resolved within standard timeframes decreased from 58 percent to 53 percent (see figure 8).

As described in the section on freight connections, the increased number of weather events, particularly the severe weather event that damaged parts of the North Island, also contributed to a significant decrease in the predictability of freight movement along priority freight routes (see page 241 to 242).

Tiro Rangi will help Waka Kotahi work with its partners to adapt the land transport system to climate change. To do so, it will draw on its previous work in the National Resilience Programme business case, which rated nationally important risks from natural hazards (including climate change-related) in the Aotearoa New Zealand land transport system and addressed a variety of system-wide resilience process issues.

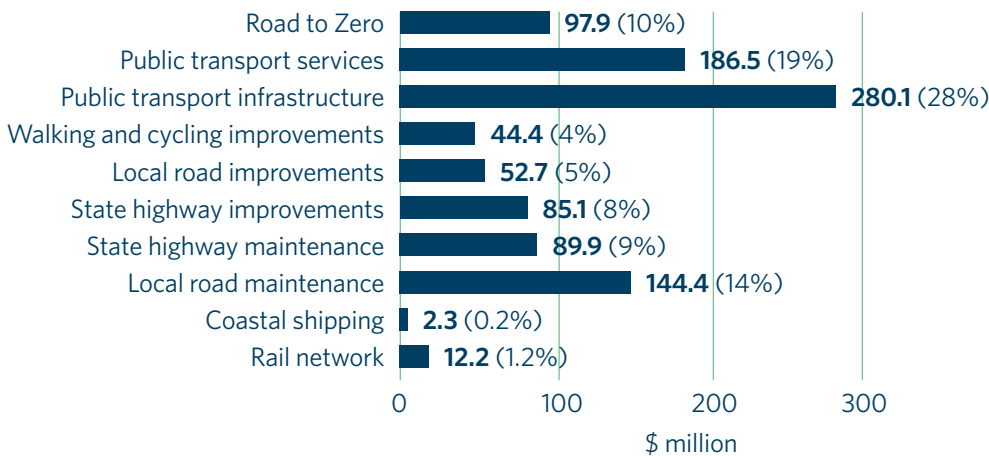
Figure 8 – Unplanned road closures resolved within standard timeframes, 2017/18 – 2022/23



Investment in GPS results through the 2021-24 NLTP

What we invested

\$995.4 million was invested in activities with climate change-related benefits in 2022/23, including \$280.1 million in public transport infrastructure, \$186.5 million in public transport services and \$144.4 million in local road maintenance.



What was delivered - highlights from across the motu

- In **Te Tai Tokerau Northland**, State Highway 1 Mangamuka slip repair work is under way following significant damage caused by severe weather events during winter 2022. Repair work continues on 16 separate slips. The road is planned to be reopened by May 2024.
- The **Taranaki** region focused on significantly improving the safety and resilience of the state highway network with the summer maintenance programme. Almost 10 lane kilometres of state highway were rebuilt, 10 lane kilometres were asphalted and 75 lane kilometres were resealed across 107 sites.
- **Manawatū and Hawke's Bay on Te Ahu a Turanga: Manawatū Tararua Highway** over Ruahine Range (\$620 million). The new road will provide a safe, resilient, and efficient route between Woodville and Ashhurst. Work continues with completion expected by the middle of 2025.
- In the top of the **South Island, Te Taihu**, access has now been restored after a seven-week closure of State Highway 6, which sustained significant storm damage in August 2022. Four sites needed extensive repair, and Waka Kotahi replaced 20 culverts to make the highway more resilient in future storms.
- In **Northland**, SH1 Mangamuka slip repair work is underway following significant damage caused by severe weather events during winter 2022. Repair work continues on 16 separate slips with the road planned to be reopened by May 2024.
- In **Hawkes Bay** we're progressing consenting for a 4km realignment and a new bridge across the Waikare Gorge on SH2 at Putorino (north of Napier) to build route resilience. This stretch of highway has been repeatedly closed by slips and rockfall during heavy rain events. During Cyclone Gabrielle the existing Waikare Gorge bridge was washed out and a Bailey bridge is currently in place.
- Following a seven-week closure of **State Highway 6**, which sustained significant storm damage in August 2022, access was restored. Four sites needed extensive repair and we replaced 20 culverts to make the highway more resilient in future storms.

Case study

Tiro Rangi, how Waka Kotahi is adapting to the changing climate

A climate-resilient land transport system is critical for keeping people, products and places connected for a thriving Aotearoa New Zealand.

Climate change is one of the biggest challenges the land transport system is facing right now. Intense weather events have already caused major disruptions, disconnected communities and costly emergency responses this year. Events like these are likely to get stronger, and Waka Kotahi needs to prepare for managing its response to multiple back-to-back events.

Waka Kotahi knows it cannot sustain its current approach to emergency works, which offer costly, short-term solutions after weather-related events. It also knows it is more cost-effective and less disruptive to communities to invest early. The organisation needs to strengthen its focus and investment in resilience for present and future generations.

In December 2022, Waka Kotahi published Tiro Rangi, its plan for adapting the land transport system to the changing climate. Tiro comes from Titiro – to observe, to see, we need to look both with our physical eyes and spiritually – and Rangi from Ranginui – Sky Father.

Tiro Rangi brings together and builds on the great work Waka Kotahi is doing to improve resilience. It now has a strong strategic foundation for its approach to climate resilience. Over the next two years, the plan will help set up what is needed to adapt and be resilient to what is known about climate change.

The plan's long-term goal is that by 2050 the land transport system is resilient in a changing climate to enable a system that improves wellbeing and liveability.

The plan also includes 21 high-level actions across six themes. Waka Kotahi will prioritise actions that help it achieve a step change in the way it works by 2035.

Tiro Rangi is starting the country along a path towards a climate-resilient land transport system.



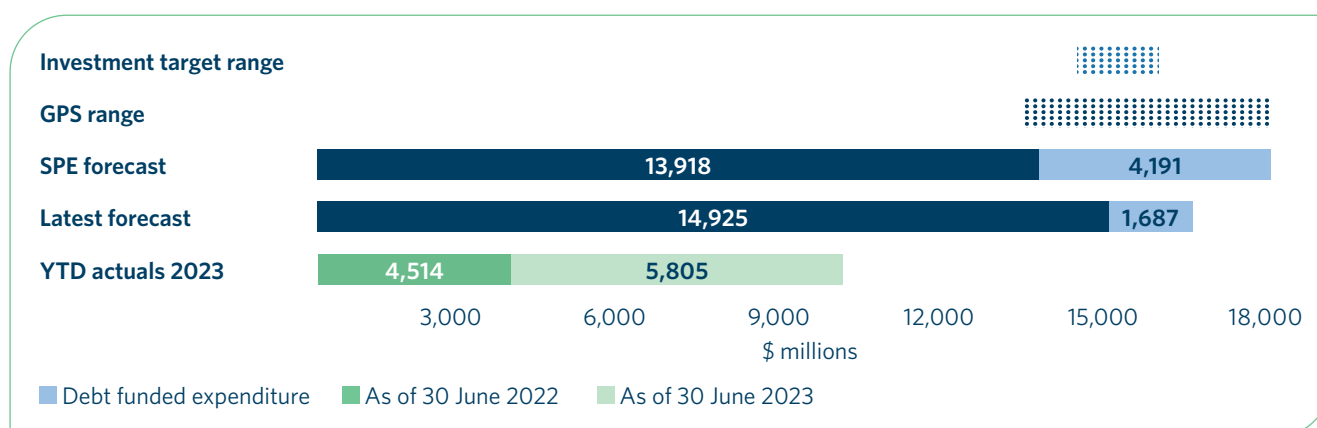
Use of the National Land Transport Fund

Revenue for the NLTF during the second year of the 2021-24 NLTP was \$469 higher than forecast in the published programme mainly due additional funding supported by Crown funding for the North Island weather events (\$250 million) and additional Public Transport operating shortfall Crown funding (\$140 million).

After the second year of the 2021-24 NLTP, overall NLTF spend across all activity classes 12% above budget excluding the impact of financing. This was largely due to the emergency works spend primarily in the state highway maintenance and local road maintenance output classes.

The charts show the current forecast spend for the NLTF over the 2021-24 NLTP compared with the GPS ranges. Expenditure latest forecasts reflect the Budget Economic and Fiscal Update 2023 exercise and updated for more recent information including the budget bids information. The actual investments from the NLTF for the planned level of funds allocated in the 2021-24 NLTP are shown in the tables in the next sections. These tables do not account for NLTP funds contributed by local authorities or other sources, including Crown grants.

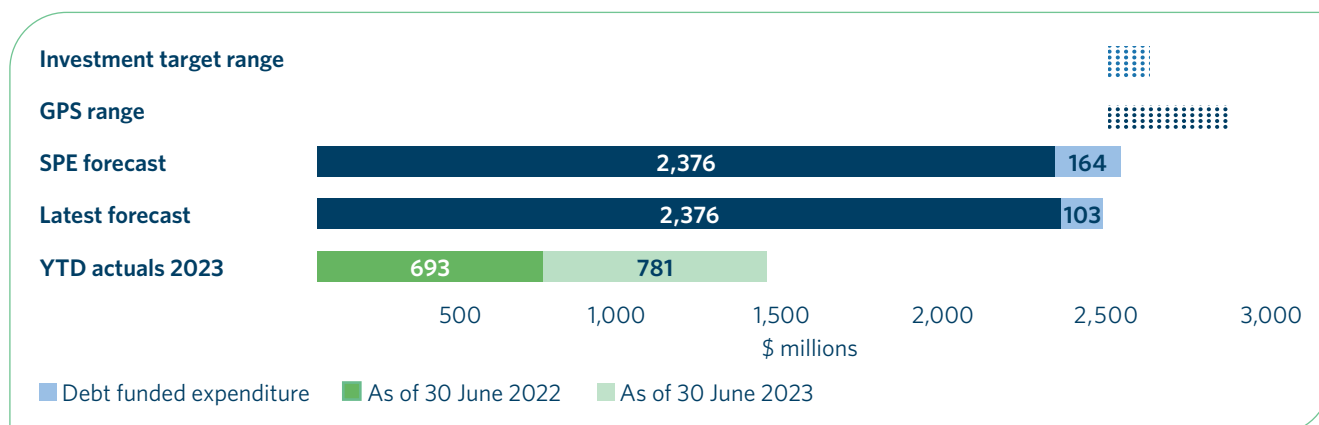
Overall use of the National Land Transport Fund



At the end of the first year of the 2021-24 National Land Transport Programme, overall National Land Transport Fund spend across all activity classes is within the budget. The budget represents the three-year investment target set by the Board at the start of the 2021-24 National Land Transport Programme while the actual represents the current spend for the 2021-24 National Land Transport Programme.

Road to Zero

Expenditure



Road to Zero expenditure was \$24 million (six percent) above budget at the end of the second year of the 2021-24 National Land Transport Programme. This was mainly driven by slower delivery than expected across the speed and infrastructure programme and delays in safety camera system implementation. Road to zero includes spend on road safety promotion, system management, speed and safety infrastructure works for both Approved Organisations and State Highways.

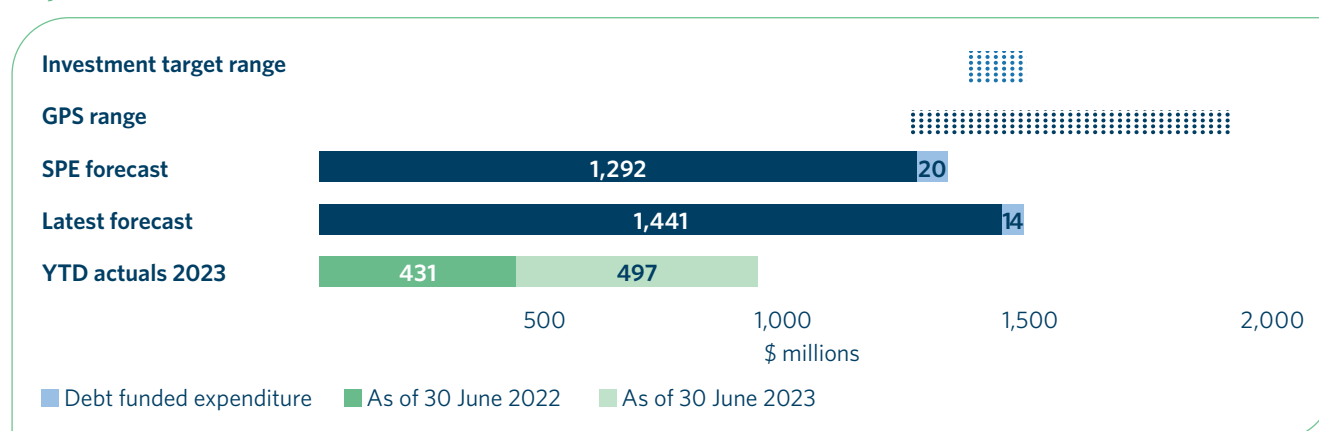
Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
RTZ1	Length of the network treated with reduced speed limits	Not achieved	≥500km	206km	165km
	Cabinet announced its direction for the Speed and Infrastructure Programme to focus on the top 1 percent of high-risk roads, schools, townships and marae. In response to this direction, we revised our Interim Speed Management Plan, which provides the legal mechanism for changing speed limits. The approval and certification of the revised plan has been delayed until the end of 2023/24. The Land Transport Rule: Setting of Speed Limits 2022 requires a certified plan to be in place before we can make most speed limit changes, so we could not continue to deliver the programme as planned. While waiting for approval and certification, the programme has continued to prepare designs and processes to support future delivery.				
RTZ2	Number of corridor infrastructure safety improvements projects started to plan	Achieved	≥5	5	4
RTZ3	Number of intersections with primary safe system interventions started to plan	Achieved	≥4	4	4
RTZ4	Number of passive breath tests conducted	Not achieved	≥3 million	2.6 million	1.6 million
Reflects New Zealand Police delivery	Performance improved from last year but is still below target. Performance varied across the motu: Waikato, Central and Southern districts all exceeded their targets. The Tāmaki Makaurau impairment prevention team and motorways unit also exceeded their targets. The Wellington, Tasman and Canterbury districts came close to achieving their targets, but activity in Wellington and Canterbury reduced dramatically in the last few months of the fiscal year.				

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
RTZ4	Number of hours mobile cameras are deployed	Not achieved	≥80,000	61,028	58,408
New Zealand Police delivery	There was a slight improvement in performance from 2021/22, but figures are still below target. While hours increased only 4.5 percent from last year, the number of mobile speed camera notices issued (442,000) was 21 percent greater than in the previous year.				
RTZ6	Proportion of road safety advertising campaigns that meet or exceed their agreed success criteria	Achieved	≥86%	88%	81%

Public transport services

Expenditure



Public transport services expenditure was \$93 million (16 percent) above budget at the end of the second year of the 2021–24 National Land Transport Programme. This mainly relates to the additional support the Crown has provided councils due to farebox revenue reductions and half price fare funding. The three-year public transport services forecast is set to reach the lower of the GPS range.

Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
PTS1	Number of boardings on urban public transport services (bus, train and ferry) ^A	Achieved	Increasing (from 2021/22 actual)	129 million	86 million

While this year's result is an improvement on the last two years' COVID-19 affected results, the 2022/23 result is still below the pre-COVID-19 result of 139 million in 2019/20.

Reference Measure	Status	Target	2022/23 actual	2021/22 actual
PTS2 Reliability of urban rail, bus and ferry services	Achieved	Set a baseline ^B	83%	Not comparable due to methodology change ^C

PTS2 measures the proportion of scheduled services that completed the trip to destination which left the origin stop between 59 seconds early and four minutes 59 seconds late. While this measure captures some aspects of reliability that are important to users, it doesn't capture the impacts of cancellations or suspended services on users' experiences and their ability to use public transport services to meet their needs.

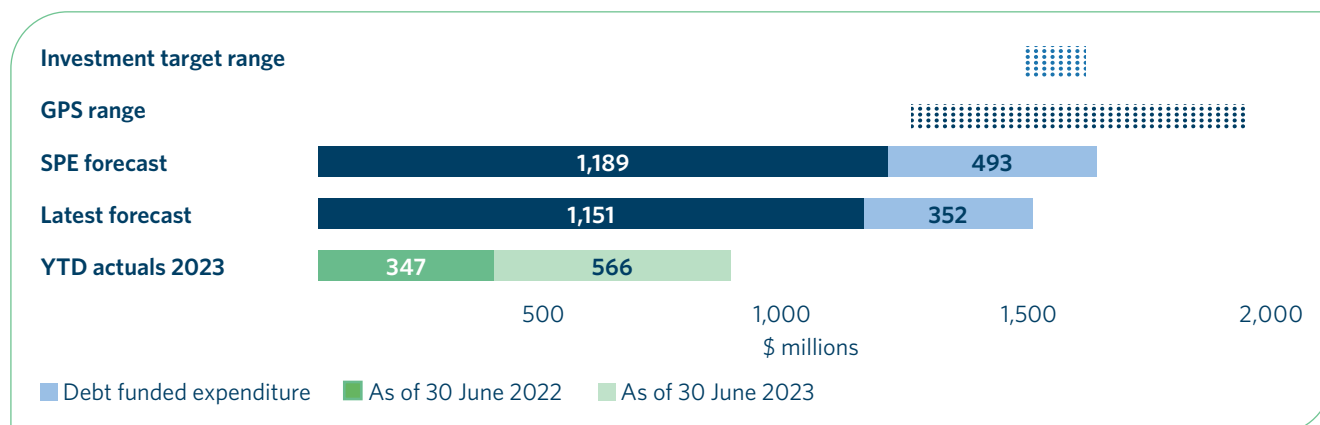
^A This is also a performance measure for the public transport infrastructure output class.

^B The PTS2 target for 2022/23 was published incorrectly in the 2022/23 SPE as 'Increasing from 2022/23'. The correct target is 'Set a baseline', as the methodology for PTS2 was revised in 2022/23 and required that a new baseline be set using the new methodology.

^C The PTS2 result for 2021/22 is not comparable as it used a different methodology with results reported separately for Auckland and Wellington and broken down by type of public transport. From 2022/23 the calculation for PTS2 uses a new methodology that combines the results for buses, trains and ferries and includes all regions in New Zealand with complete data. This excludes Otago, Nelson-Tasman, Northland, Invercargill bus, Canterbury ferry and Te Huia and Capital Connection trains. Results are based on self-reported data provided by public transport authorities.

Public transport infrastructure

Expenditure



Public transport infrastructure expenditure was \$98 million (20 percent) above budget at the end of the second year of the 2021–24 National Land Transport Programme. This mainly relates to more funding claims from local councils than budgeted for. This reflects a catchup in infrastructure spend from the first year of the National Land Transport Programme. The three-year public transport infrastructure forecast is set to reach the lower of the GPS range.

Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
PTI1	Punctuality of metro rail services	Not achieved	≥95% ^A	82%	92%

Punctuality is measured as the percentage of metro rail services in Auckland and Wellington that depart no more than 1 minute early or 5 minutes late.

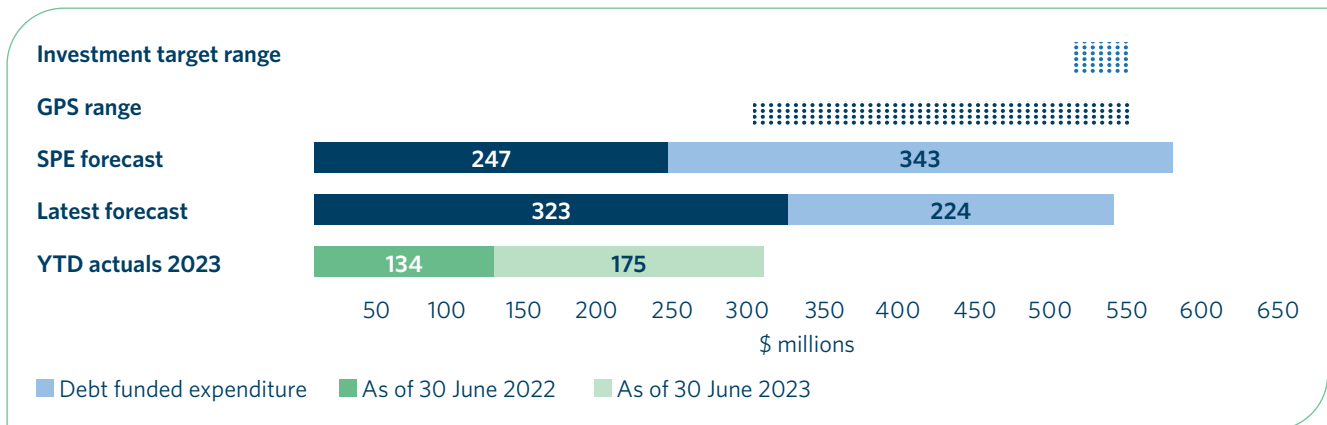
Since last year, punctuality reduced from 94 percent to 84 percent in Auckland and from 89 percent to 80 percent in Wellington. In both areas, punctuality was affected by significant infrastructure works on both metro networks that led to lines being closed and the implementation of a significant number of temporary speed restrictions so work could be carried out safely. We continue to monitor the delivery of projects.

For more information on how this measure result is calculated, see the explanatory notes.

^A The target was updated after the SPE was published. The 2022/23 SPE target was maintaining or increasing.

Walking and cycling improvements

Expenditure



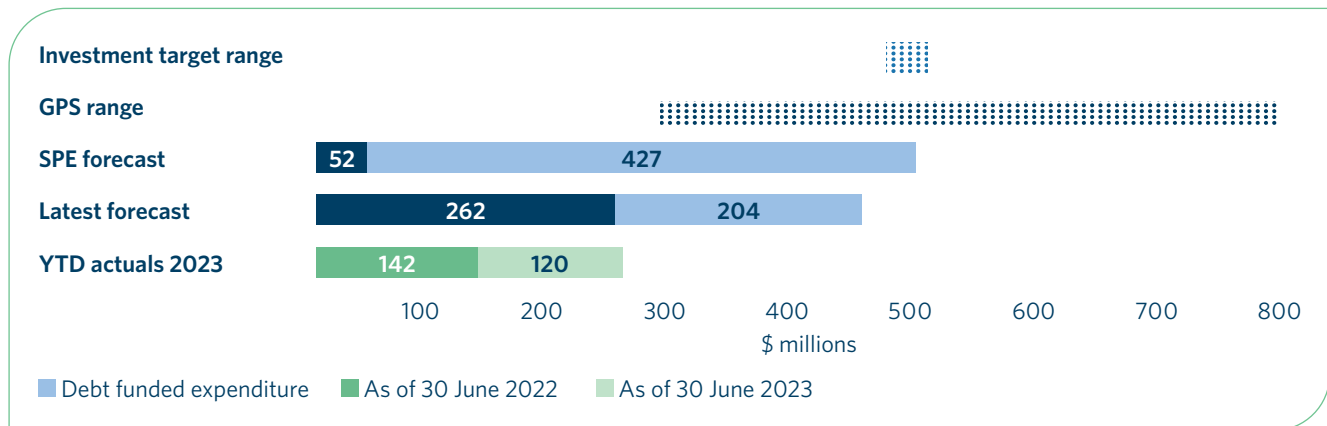
Walking and cycling expenditure was \$36 million (15 percent) below budget at the end of the second year of the 2021–24 National Land Transport Programme. This mainly relates to delays as projects were put on hold pending the outcome of budget reviews, or deferred as impacted Councils responded to the demands of emergency events. The current three-year walking and cycling forecast is toward the upper end of the GPS range.

Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
WCI1	Proportion of cycleways, pathways and shared paths delivered against plan	Unable to report	≥80%	Not available	Not available
<p>The status against target remains 'unable to report' for 2022/23, due to significant issues with reliability of the data collected through the bicycle and pedestrian eco-counters across the network. Work with the supplier to resolve the issues should be completed by the end of 2023. Our annual Understanding Attitudes and Perceptions of Cycling & Walking survey asks people living in urban areas to tell us about their walking and cycling behaviours and attitudes. Based on the survey results, we estimate that, in 2022/23, 11 percent of people living in urban areas cycled to work, study or get around town, once a week or more. This is the same as our estimate for 2021/22.</p>					
WCI2	Cycling count in main urban areas	Unable to report	Increasing	Not available	Not available
<p>The status against target remains 'unable to report' for 2022/23, due to significant issues with reliability of the data collected through the bicycle and pedestrian eco-counters across the network. Work with the supplier to resolve the issues should be completed by the end of 2023. Based on the results of our annual Understanding Attitudes and Perceptions of Cycling & Walking survey, we estimate that, in 2022/23, 50 percent of people living in urban areas cycled to work, study or get around town, once a week or more. This is the same as our estimate for 2021/22.</p>					
WCI3	Walking count in main urban areas	Unable to report	Increasing	Not available	Not available
<p>The status against target for WCI2 and WIC3 remains 'unable to report' for 2022/23, due to significant issues with reliability of the data collected through the eco-counter bicycle and pedestrian counters across the network. Work with the supplier to resolve these issues should be completed by the end of 2023 but not in time for this data to be used in the annual report. Based on the results of the Waka Kotahi Understanding Attitudes and Perceptions of Cycling & Walking, we estimate that in 2022/23, 50% of people living in urban areas walked to work, study or to get around town, once a week or more. This is the same as our estimate for 2021/22.</p>					

Local road improvements

Expenditure



Local road improvements expenditure was \$77 million (30 percent) below budget at the end of the second year of the 2021-24 National Land Transport Programme. This mainly relates to delays in and reprioritisation of council roading projects partly caused by weather events in the current financial year. The three-year local road improvements forecast is set to reach the lower end of the GPS range.

Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
LRI1	Proportion of local road improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ^A	Not achieved	≥80%	66%	61% ^A

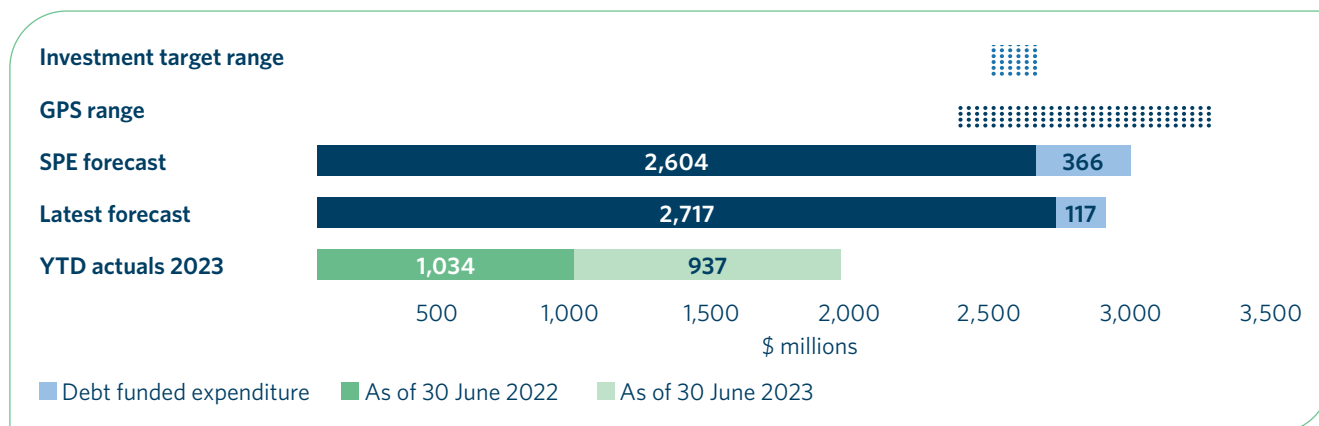
2022/23 has been a complex year for our local government partners with rising interest rates; natural disaster response, particularly Auckland flood and Cyclone Gabrielle; continuing post-COVID recovery; low availability of professional transport and construction services; and the inflation in cost of labour and material. Local government has also worked to maximise their work programmes in higher funding areas and reprioritising capital programmes, such as the Transport Choices Programme and Infrastructure Acceleration Fund. Responding to the outcomes of community consultation and internal restructures have also had an impact on Council's ability to deliver.

We continue to work with local government partners to ensure programmes are successfully delivered.

^A The LRI1 result published in our 2021/22 report (68%) inaccurately excluded the budget component of this measure. The recalculated result including the budget component is shown in the 2021/22 actual column in the table.

State highway improvements

Expenditure



State highway improvements expenditure was \$527 million (26 percent) below budget at the end of the second year of the 2021–24 National Land Transport Programme. This is mainly relates to underspends and delays across a number of projects caused by supply chain pressures and weather events. The three-year state highway improvements forecast is set to be in the middle of the GPS range.

Performance measures

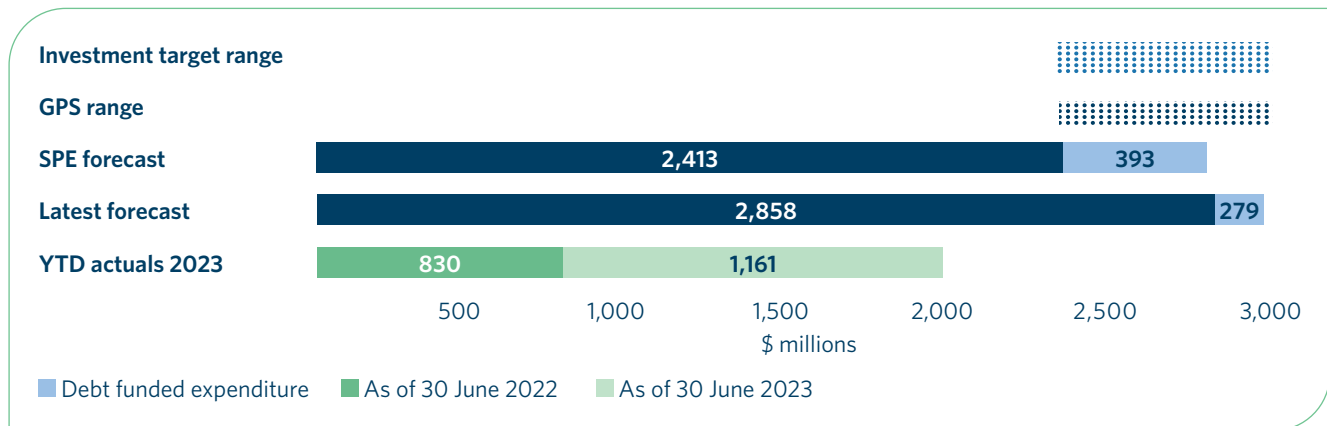
Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
SHI1	Proportion of state highway improvement activities funded by the National Land Transport Fund delivered to agreed standards and timeframes ^A	Not achieved	≥90%	71% ^B	86%

^A For SHI1, the standards and timeframes that are assessed against include milestones and budget and delivery of property acquisition programmes against time, budget and quality standards. Further detail on how performance against these measures is calculated can be found in the performance measures explanatory notes, found on the Waka Kotahi website: nzta.govt.nz/resources/annual-report-nzta

^B Achievement of cost standards was assessed based on project baselines set in August 2022.

State highway maintenance

Expenditure



State highway maintenance expenditure was \$279 million (29 percent) above budget at the end of the second year of the 2021-24 National Land Transport Programme. This was mainly due to additional costs from higher spend on emergency works as a result of the North Island weather events. The three-year state highway maintenance forecast is close to the upper end of the GPS range.

Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
SHM1	Proportion of state highway maintenance activities delivered to agreed programme	Not achieved	≥90%	72%	85%
	The North Island Weather Events significantly affected delivery of renewals to programme, as these occurred during a critical window for renewals delivery (January to March).				
SHM2	Proportion of the state highway network that meets minimum asset condition requirements	Achieved	≥97%	98%	97%
	This is an aggregate measure that combines results from separate measures of surface skid resistance, rutting in the surface underneath wheel paths and roughness. While the 2022/23 result has improved from last year, breaking down the components of the measure shows state highway network condition is deteriorating.				
	There has been a general decline in the proportion of roads that meets rutting and roughness standards. While roads meeting skid resistance thresholds seem to be increasing, this can be attributed to longer wet seasons in recent years that affected results from road surveys, as rain washes contaminants off the roads and affects skid resistance results.				
	We are developing measures that more accurately capture the condition of the state highway network. We will apply a revised approach for reporting from 2023/24, including incorporating the asset sustainability ratio into our performance framework (see appendix 2 of the Waka Kotahi annual report, from page 183). For more detail, see the measure explanatory notes on the Waka Kotahi website: nzta.govt.nz/resources/annual-report-nzta				
SHM3	State highway maintenance cost per lane kilometre delivered B	Achieved	\$25,000 - \$34,200	\$31,505	\$29,423

SHM4	Proportion of unplanned road closures resolved within standard timeframes	Not achieved	Weather events: ≥ 50% Other events: ≥ 90%	Weather events: 53% Other events: 86%	Weather events: 58% Other events: 85%
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The total number of events leading to unplanned road closures increased between 2021/22 and 2022/23, from 272 to 504 for weather events and 568 to 670 for other events.

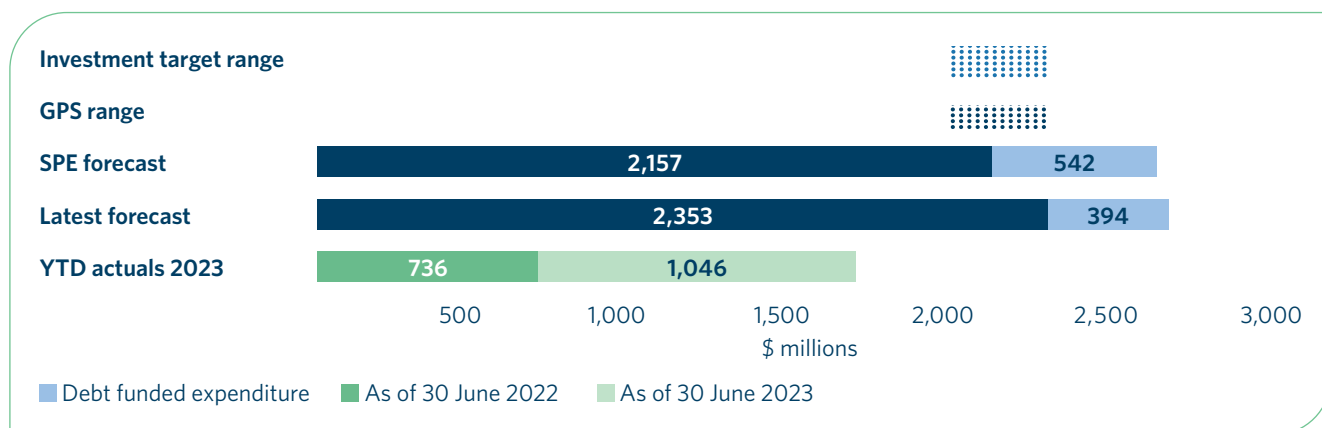
The target for weather-related events was met, although the proportion of weather-related closures resolved within standard timeframes decreased from 58 percent in 2021/22 to 53 percent in 2022/23.

The target was not met for all other events. Crashes make up a large proportion of these events. Numerous factors in attending and managing crashes may cause standard timeframes to be exceeded such as weather conditions, people's injury status, emergency services' requirements, and the number and type of vehicles involved.

To improve this performance, we implemented a monthly reporting structure that provides the regional managers oversight of performance in their regions. We also updated our memorandum of understanding (MOU) on incident management with the New Zealand Police, Fire and Emergency NZ, St Johns Ambulance and Wellington Free Ambulance. This update sets out clear expectations on how incidents will be managed. All parties will work under the philosophy that New Zealand's roading networks will not be closed or restricted for any longer than is necessary for each party to carry out its functions and duties, with the overarching vision of 'working together to advocate for better road safety.' As a result, work has started across the regions in embedding the understanding of the MOU above into the processes for the emergency services and network outcomes contract contractors.

Local road maintenance

Expenditure



Local road maintenance expenditure was \$273 million (35 percent) above budget at the end of the second year of the 2021-24 National Land Transport Programme. This mainly relates to the additional costs from higher emergency works mainly as a result of the North Island weather events. The three-year local road maintenance forecast is at the upper end of the GPS range.

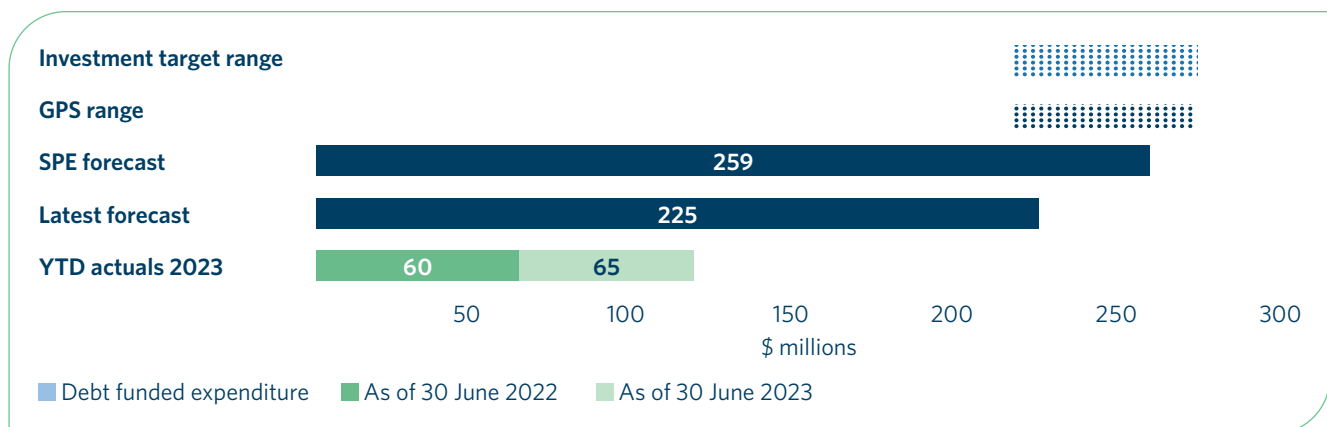
Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
LRM1	Proportion of the local road maintenance activities funded by the National Land Transport Fund delivered to plan ^A	Not achieved	≥90%	82%	85%
<p>Delivery of renewal activity was adversely affected by the redirection of resources to emergency response works, resource shortages and by rising costs. Specifically, cyclones Hale and Gabrielle and the Auckland Anniversary weather events struck the North Island over January and February of 2023, at the start of the construction season for renewals. Additionally, resource shortages have impacted councils, causing delays and higher costs. Shortages affected staff recruitment, design consultant commissioning, contractor procurement and materials acquisition. Activities uncompleted this year will be deferred to 2024/25, which is also the start of the 2024-27 NLTP. Allowance will be made in the budgets to facilitate the deferred works and the overall cost increases. A stronger focus on resilience in future maintenance and improvement programmes will reduce the vulnerability of the network and assets to weather events.</p>					
LRM2	Proportion of travel on smooth roads	Achieved	≥86%	86%	87%
LRM3	Local road maintenance cost per lane kilometre delivered	Not achieved	≤\$4,480	\$4,627	\$4,108
<p>The cost of delivering maintenance and renewal activities was adversely affected by higher-than-forecast inflation, industry cost increases, resource shortages and indirectly by extreme weather events. Activities uncompleted this year will be deferred to 2024/25, which is also the start of the 2024-27 NLTP. Allowance will be made in budgets to facilitate the deferred works and overall cost increases. A stronger focus on resilience in future maintenance and improvement programmes will reduce the vulnerability of the network and assets to weather events.</p>					

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

Investment management

Expenditure



Investment and management expenditure was \$16 million (18 percent) below budget at the end of the second year of the 2021-24 National Land Transport Programme. This mainly relates to underspends in transport planning for approved organisations. The three-year investment management forecast is set to reach the lower end of the GPS range.

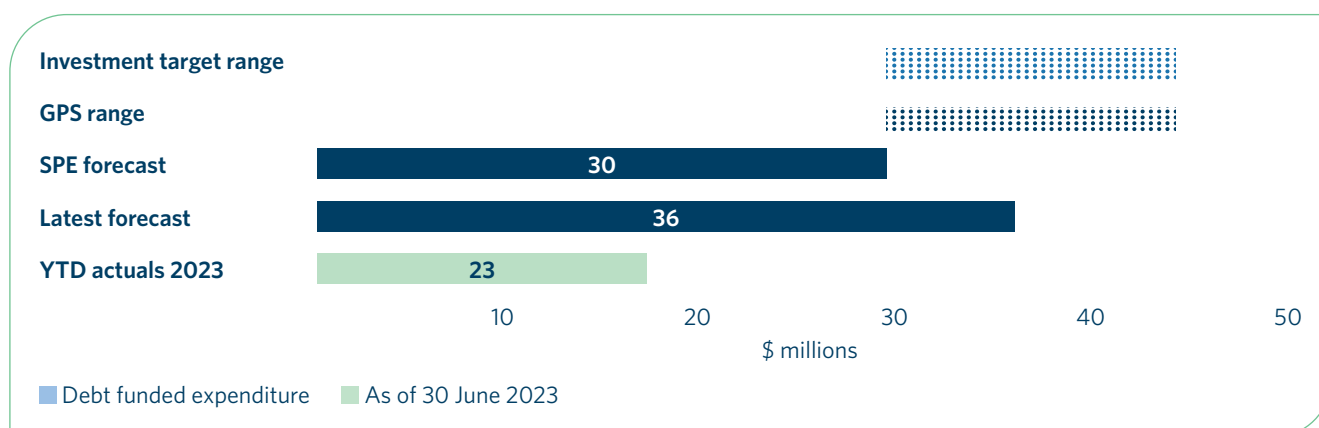
Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
IM1	Proportion of total cost of managing the investment funding allocation system to National Land Transport Programme expenditure	Achieved	≤1.1%	0.83%	0.86% ^B
<p>The 2022/23 actual for IM1 reflects the cumulative cost over the first two years of the 2021-24 NLTP. The methodology for IM1 was adjusted in quarter 3 this year to make the numerator and denominator used to calculate the measure result more comparable. See the explanatory notes on our website for more information: nzta.govt.nz/resources/annual-report-nzta</p>					

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

Coastal shipping

Expenditure



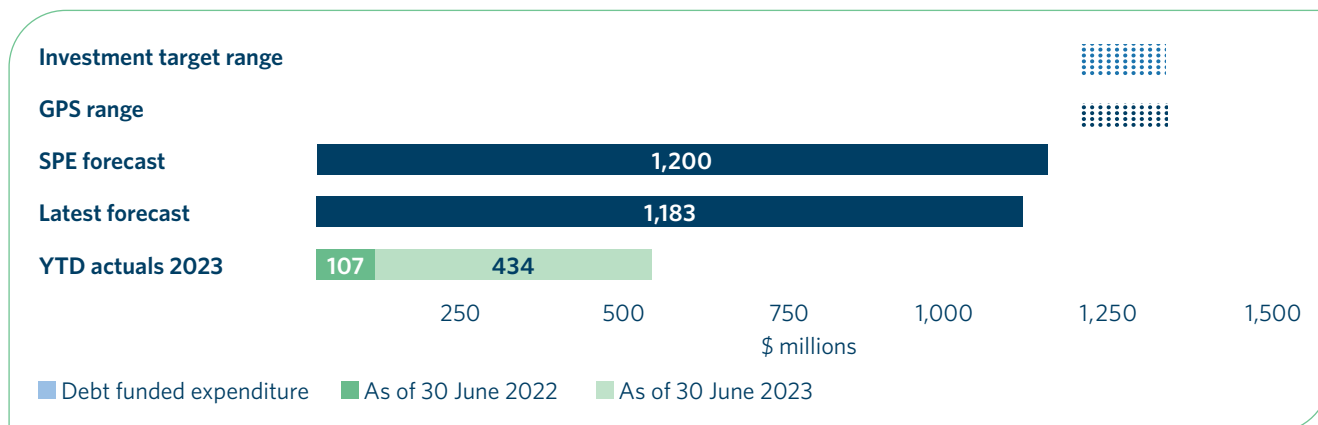
Coastal shipping expenditure was \$13 million (131 percent) below budget at the end of the second year of the 2021-24 National Land Transport Programme. The second year of coastal shipping has seen a re-timing of payment milestones for two of the four suppliers to align with revised delivery schedules for new vessels and services. The three-year coastal shipping forecast is set to meet the low end of the GPS range.

Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
CS1	Coastal shipping activities delivered and funded in accordance with contractual terms	Not achieved	Achieved	Not achieved	Achieved
<p>Two of the four suppliers implemented their new services as planned with additional vessels operational. The other two suppliers are behind plan. One of these suppliers is expected to have its services complete and implemented by June 2024, while the other may be delayed up to 6 months after 2024. We are working with that supplier on options to hasten delivery. The manufacture of a new vessel is taking longer than planned because additional time is needed to optimise the hull design and future proof the dual fuel engine.</p>					

Rail network

Expenditure



Rail network expenditure (funded by the National Land Transport Fund) was \$33 million (seven percent) below budget at the end of the second year of the 2021-24 National Land Transport Programme. KiwiRail re-aligned their programme baseline at commencement of the financial year with a revised expenditure target of \$370 million. The final result of planned works was \$407 million (\$37 million above budget) with track renewal targets being achieved. There was an additional \$27 million of unplanned expenditure on the North Island Weather Events Rail Reinstatement. This graph excludes reporting on KiwiRail’s use of \$21 million of funding from the Crown to support the rail network activity class.

Performance measures

Reference	Measure	Status	Target	2022/23 actual	2021/22 actual
RN1 <i>Delivered by KiwiRail</i>	Amount of freight carried by rail	Not achieved	>4,420	3,928	New measure
	A subdued freight market towards the end of the financial year led to a lower than planned freight net tonne kilometres carried result. The subdued market was felt across all freight modes and at ports.				
RN2 <i>Delivered by KiwiRail</i>	Freight travel time reliability	Not achieved	90%	83%	86%
	The number of temporary speed restrictions and other network issues have impacted this result. KiwiRail continues to deliver the Rail Network Investment Programme to improve the condition of the network				

Ngā tauākī pūtea me ngā pūrongo ōtita

Financial statements
and audit reports



Statement of responsibility

Under the Land Transport Management Act 2003, the Waka Kotahi NZ Transport Agency Board (the Board) is responsible for the preparation of the National Land Transport Fund financial statements and statement of performance, and for the judgements made in them.

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

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

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the National Land Transport Fund for the year ended 30 June 2023.

Signed on behalf of the Board:

Countersigned by:



Dr Paul Reynolds, QSO

Chair

29 September 2023



Nicole Rosie

Chief Executive

29 September 2023



Cassandra Crowley

Chair of the Risk and Assurance
Committee

29 September 2023



Howard Cattermole

Chief Financial Officer

29 September 2023

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2023

	Note	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Revenue inflows*				
Land transport revenue	3	4,338	4,333	4,166
Crown emergency works		250	0	0
Crown Public Transport operating shortfall		140	0	0
Clean car standard revenue		56	0	0
Funding from the Crown - Rail Network Investment Programme		312	284	180
Management of Crown land		39	49	75
Tolling revenue		13	15	12
Interest revenue		5	3	3
Total revenue inflows	2	5,153	4,684	4,436
Outflows				
National Land Transport Programme (NLTP)		4,260	3,783	3,813
Road Policing Programme		415	417	394
Rail Network Investment Programme		455	467	287
Clean car standard expense		54	0	0
Fuel excise duty/road user charges administration		14	14	12
Forecasting and strategy		5	3	4
Total outflows	2	5,203	4,684	4,510
Surplus/(deficit) from current National Land Transport Fund (NLTF) balance		(50)	0	(74)

	Note	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Fair value gain on long-term payables		13	12	8
NLTP expenditure to be funded long-term		(680)	(912)	131
Finance charges		(10)	(10)	(9)
Surplus/(deficit) to be funded from future NLTF revenue	2	(677)	(910)	130
Surplus/(deficit)		(727)	(910)	56

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

Statement of financial position as at 30 June 2023

	Note	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Assets				
Cash and cash equivalents	7	49	0	98
Receivables	3/7	613	383	399
Prepayments		0	0	22
Total assets		662	383	519
Liabilities				
Payables	4/7	4,185	5,046	3,369
Provisions	5	54	0	0
Total liabilities		4,239	5,046	3,369
Net assets		(3,577)	(4,663)	(2,850)
General funds		(3,577)	(4,663)	(2,850)
General funds closing balance *	8	(3,577)	(4,663)	(2,850)

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

Statement of changes in general funds balance for the year ended 30 June 2023

	Note	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
General funds opening balance				
General funds - current		183	0	257
General funds - long-term		(3,033)	(3,753)	(3,163)
Total general funds opening balance		(2,850)	(3,665)	(2,906)
Changes in general funds balance				
Surplus/(deficit) from current NLTF balance		(50)	0	(74)
Surplus/(deficit) to be funded from future NLTF revenue		(677)	(910)	130
Total changes in general funds balance		(727)	(910)	56
General funds closing balance				
General funds - current	8	133	0	183
General funds - long-term	8	(3,710)	(4,663)	(3,033)
Total general funds closing balance *		(3,577)	(4,663)	(2,850)

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

Statement of cashflows for the year ended 30 June 2023

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Cash flows from operating activities			
Receipts from land transport revenue	4,939	4,616	4,277
Payments to suppliers	(4,988)	(4,616)	(4,466)
Net cash from operating activities	(49)	0	(189)
Net increase/(decrease) in amounts held by the Crown			
Amounts held by the Crown at the beginning of the year	98	0	287
Amounts held by the Crown at the end of the year *	49	0	98

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

Reconciliation of net surplus/(deficit) to net cash for the year ended 30 June 2023

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Net surplus/(deficit) after tax	(727)	(910)	56
Add/(less) movements in working capital items:			
(Increase)/decrease in receivables and prepayments	(192)	38	(157)
Increase/(decrease) in payables	870	872	(88)
Net movements in working capital items	678	910	(245)
Net cash from operating activities	(49)	0	(189)

Notes to the financial statements

1 | Entity information

Reporting entity

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

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

The NLTF is used to manage the funding of the:

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

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

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

The NLTF does not have any employees.

The financial statements for the NLTF are for the year ended 30 June 2023 and were approved by the Waka Kotahi Board on 29 September 2023.

Basis of preparation

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

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

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. Further details on the use of the going concern assumption are in note 7.

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

The financial statements are presented in New Zealand dollars and all values are in millions (\$M).

Budget figures

The budget figures are derived from the Waka Kotahi Statement of performance expectations 2022/23 as approved by the board on 17 June 2023. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are materially consistent with those adopted by the board in preparing these financial statements. The budget figures are not audited.

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

Taxes

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

The National Land Transport Fund is a notional entity, so is exempt from the payment of income tax.

Accounting for Clean Car Standard

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

The charges are recorded as revenue and debtors where they haven't been collected. The credits are recorded as expenses and provision for credits where they haven't been used. The basis for recording the credits as a provision and not a creditor is that they can be used to offset future charges, however, there is no certainty of if and when they may be used. If there are more credits than charges, there is a judgement required as to whether there is sufficient certainty as to record a provision or whether the amount is recorded as a contingent liability.

Accounting standards issued and not yet effective

The National Land Transport Fund financial statements have adopted all accounting standards, amendments and interpretations to existing standards that have been published and are mandatory from 1 July 2022.

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

	Actual 2022/23 \$M	Actual 2021/22 \$M	Actual 2020/21 \$M
Revenue inflows			
Land transport revenue	4,338	4,166	4,275
Funding from the Crown - Rail Network Investment Programme	312	180	0
Management of Crown land	39	75	54
Clean car standard	56	0	0
Crown emergency works	250	0	0
Crown Public Transport operating shortfall	140	0	0
Tolling revenue	13	12	13
Interest revenue	5	3	1
Total revenue inflows	5,153	4,436	4,343
Outflows			
National Land Transport Programme (NLTP)	4,260	3,813	3,804
Road Policing Programme	415	394	376
Rail Network Investment Programme	455	287	0
Fuel excise duty/road user charges administration	14	12	5
Clean car standard	54	0	0
Forecasting and strategy	5	4	3
Total outflows	5,203	4,510	4,188
Surplus/(deficit) from current National Land Transport Fund (NLTF) balance	(50)	(74)	155
Fair value gain on long-term payables	13	8	30
NLTP expenditure to be funded long-term	(680)	131	244
Finance charges	(10)	(9)	(10)
Deficit to be funded from future NLTF revenue	(677)	130	264
Surplus/(deficit)	(727)	56	419

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

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

Revenue inflows

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

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

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

Outflows

The NLTF accounts for the flow of funds to:

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

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

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

Explanations of major variances against budget

Revenue inflows

Land transport revenue was \$4,338 million, close to the budget of \$4,333 million.

Outflows

NLTP was \$4,260 million, \$477 million (13 percent) above the budget of \$3,783 million. This was mainly due to additional expenditure supported by crown funding for the North Island Weather Events (\$250m), additional Public Transport operating shortfall expenditure supported by Crown funding (\$140m) and additional emergency works spend primarily in the state highway maintenance and local road maintenance output classes.

NLTP expenditure to be funded long term was (\$680) million, \$232 million (25 percent) below the budget of (\$912) million. This was mainly due to less of the \$2 billion NLTP 2021-24 loan facility being drawn down by Waka Kotahi than was budgeted. The borrowing is expected to be drawn in the 2023/24 year.

3 | Land transport revenue and receivables

	Actual 2022/23 \$M	Actual 2021/22 \$M
Revenue		
Road user charges	1,444	1,904
Fuel excise duty	1,364	1,783
Motor vehicle registration and annual licensing fees	237	235
Temporary tax reduction Crown revenue - road user charges	713	186
Temporary tax reduction Crown revenue - fuel excise duty	697	199
Track user charges	15	7
Total revenue	4,470	4,314
Less refunds		
Road user charges	44	72
Fuel excise duty	72	63
Motor vehicle registration and annual licensing fees	1	1
Other	0	1
Total refunds	117	137
Less bad debt write-off	15	25
Movement in provision for doubtful debts	0	(14)
Total bad and doubtful debts	15	11
Total land transport revenue	4,338	4,166

As per the Land Transport Management Act 2003, a payment is made for maritime search and rescue activities from fuel excise duty before the duty becomes land transport revenue. This payment was \$33.1 million (2021/22: \$29.6 million). A payment is also made for regulatory services. This payment was \$3.9 million (2021/22: nil).

The total net land transport revenue including additional Crown funding are as follows:

	Actual 2022/23 \$M	Actual 2021/22 \$M
Road user charges*	2,098	2,007
Fuel excise duty*	1,989	1,919
Motor vehicle registration and annual licensing fees	236	233
Track user charges	15	7
Total net land transport revenue	4,338	4,166

* included temporary tax reduction Crown revenue

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

Receivables (included in the statement of financial position)

	Actual 2022/23 \$M	Actual 2021/22 \$M
Debtors – fuel excise duty	232	202
Debtors – Crown temporary tax reduction	110	170
Debtors – motor vehicle register/road user charges	80	42
Debtors – Rail Network Investment Programme	17	15
Debtors – track user charges	4	3
Debtors – clean car standard	56	0
Debtors – North Island weather events	7	0
Debtors – public transport shortfall	140	0
Provision for doubtful debt	(33)	(33)
Total receivables	613	399

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

Provision for doubtful debt

The provision for doubtful debt relates to road user charges, the ECLs are \$33 million (2021/22: \$33 million). The NLTF applies the simplified approach and recognises lifetime ECLs for these debtors. Lifetime ECLs recognise all possible default events over the expected life of the receivable. ECLs are calculated in two groups, motor vehicle register debtors and road user charges debtors, to reflect the differences in collection and default rate history.

Estimation techniques and assumptions used in calculating the lifetime ECLs did not change during 2022/23.

The movement in ECLs for the year are shown below.

Lifetime ECL – debtors – road user charges

	Actual 2022/23 \$M	Actual 2021/22 \$M
Opening balance as at 1 July	33	47
Movement in doubtful debts provision	0	(14)
Closing balance as at 30 June	33	33

Receivables are written-off when they are deemed uncollectable. The total receivables written-off during the year amounted to \$15 million (2021/22: \$25 million). Of the receivables written-off none were still subject to enforcement activities.

Receivables

Debtor balances relating to fuel excise duty, the Rail Network Investment Programme and track user charges are short term and due from other government agencies (such as government departments and Crown entities). There is no indication that these debtors are impaired as at 30 June 2023 (30 June 2022: nil).

4 | Payables

	Actual 2022/23 \$M	Actual 2021/22 \$M
Current payable to Waka Kotahi – current balance	302	310
Current payable to KiwiRail	26	26
Current payable to Waka Kotahi – to be funded from future revenue	154	75
Current payable tot Waka Kotahi (for NLTP) – North Island weather events	6	0
Current payable to Waka Kotahi (for the NLTP) – Public transport shortfall	140	0
Non-current payable to Waka Kotahi – to be funded from future revenue	3,557	2,958
Total payables	4,185	3,369

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

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

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

Non-current payable to Waka Kotahi – to be funded from future revenue is a mixture of interest and non-interest-bearing advances that will be settled between one year and 30 years.

Non-interest bearing non-current payables are discounted to present value as at 30 June 2023.

5 | Provisions

	Actual 2022/23 \$M	Actual 2021/22 \$M
Provision for clean car standard credits	54	0
Total provisions	54	0

Refer to note 1 for the background and accounting policy on the Clean Car Standard (CCS). The provision for CCS credits relates to credits held by car importers which may be used to offset future charges. At 30 June 2023, there were \$54 million of charges in debtors so the provision has been set to \$54 million on the basis that the credits may be used to fully offset these charges. At June 2023, there were \$138 million of credits held by importers. This means that there are \$84 million of additional credits which are not recorded as a provision but as a Contingency. Refer Note 10 Contingencies for discussion.

6 | Planned outflows

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Not later than one year	5,025	4,859
Later than one year and not later than five years	3,024	6,269
Later than five years	5,857	5,859
Total planned outflows	13,906	16,987

7 | Financial instruments and financial risk management

Financial instruments

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

	Actual 2022/23 \$M	Actual 2021/22 \$M
Financial assets measured at amortised cost		
Cash and cash equivalents	49	98
Receivables	613	399
Total financial assets measured at amortised cost	662	497
Financial liabilities measured at amortised cost		
Payables	4,185	3,369
Total financial liabilities measured at amortised cost	4,185	3,369

Financial risks

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

Market risk

The NLTF's exposure to the risk of changes in market rates relates primarily to interest rates on long-term debt held by Waka Kotahi. The NLTF is obligated to fund Waka Kotahi long-term debt repayments, so is exposed to the underlying interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate swaps are held by Waka Kotahi to mitigate risks associated with interest rate fluctuations for the underlying debt instruments relating to the public-private partnerships, details of which are in the financial statements in the Waka Kotahi annual report for 2022/23.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the NLTF, causing the NLTF to incur a loss. In the normal course of business, the NLTF is exposed to credit risk from debtors and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Credit quality of financial assets

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

Liquidity risk

Management of liquidity risk

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

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

Refer to note 5 for future outflows of NLTF. The Board actively considers the NLTF revenue forecast when planning the NLTP to maintain the liquidity of the NLTF is maintained.

Refer to note 7 for general funds and capital management of the NLTF.

Contractual maturity analysis of financial liabilities

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

	Less than 1 year \$m	1-2 years \$m	2-5 years \$m	Over 5 years \$m
2022/23 payables	724	451	1,817	3,900
2021/22 payables	454	102	800	3,239

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

8 | General funds and capital management

	Actual 2022/23 \$M	Actual 2021/22 \$M
General funds – current	133	183
Total general funds – current	133	183
National land transport programme to be funded long-term		
Auckland Transport Package	(354)	(354)
Housing Infrastructure Fund	(98)	(62)
Public-private partnerships*	(1,992)	(2,015)
NLTF borrowing facility for short-term advances	(375)	0
COVID-19 NLTF borrowing facility	(325)	(325)
Tauranga Eastern Link	(107)	(107)
NLTP 2021-24 loan	(504)	(201)
Fair value changes in financial instruments	45	31
Total general funds – long term	(3,710)	(3,033)
Total general funds closing balance	(3,577)	(2,850)

* Included related interest rate swaps.

Note 8

The NLTF has a negative general funds balance due to programmes that were accelerated with debt funding sourced from the Crown or through public-private partnerships. The funding received has been recognised as long-term payables that are due up to 30 years from balance date.

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

- The NLTF's liquidity is actively managed.
- The NLTF has a positive cash balance of \$49 million as at 30 June 2023 (30 June 2022: \$98 million).
- The NLTF's forecasts demonstrate its ability to repay its obligations when they fall due for a period of at least one year from the date of these financial statements.
- The NLTF's main revenue source is land transport revenue, which is forecast with inputs from other government departments and has been accurately forecast in recent years (aside from the impact of COVID-19) and Transport revenue and crown sources for the funding and financing is forecast to be sufficient to meet all committed future outgoings.
- The NLTF has the option to slow expenditure on the NLTP.
- The NLTF has a short-term borrowing facility of \$250 million to cover revenue or expenditure shocks or to use the short-term borrowing facility of \$250 million to meet seasonal cash-flow cycles. The shock facility is fully drawn down with \$250 million, and \$125 million is drawn down from the seasonal facility post-balance date.

- The Crown has previously taken action to help deliver on the NLTP including additional funding, financing and proposed increases to fuel taxes.
- The Crown approved an additional \$425 million COVID-19 borrowing facility for Waka Kotahi during 2019/20, of which \$125 million was drawn down at 30 June 2021 and \$200 million drawn down in July 2020. Final repayments of the facility fall in 2027/28. The facility is no longer available to be drawn down.
 - In July 2020, the Crown approved additional funding up to \$600 million to manage ongoing COVID-19 impacts, continue financial support for public transport, and allow the delivery of the remainder of the 2018–21 National Land Transport Programme. Out of the \$600 million funding available, Waka Kotahi used \$319 million.
 - The Crown approved the deferment of \$277 million of Auckland Transport Package debt, which included \$65 million that was due on 30 June 2021. The residual \$212 million was deferred from 2021–24 to 2024–27.
 - The Crown provided financial support to meet the additional costs associated with the COVID-19 claims from the two Waka Kotahi public–private partnership contracts.
 - In 2021, the Crown signalled its intention to provide financing up to \$2 billion to support the delivery of the 2021–24 NLTP due to the investment gap between the NLTP and forecast land transport revenue. The loan agreement was signed in December 2021.
- A debt management framework is used to determine a sustainable and efficient level of future liabilities. The framework is based on the expected level of fund inflows and forward commitments and comprises measures and target operating ranges to guide decision making.

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

The Crown provided additional funding of \$390 million in 2022/23 as well as funding for emergency works and resilience. The Crown has also provided and is also providing future funding of over \$1 billion for North Island Weather Events.

In August 2023, the Crown published a draft GPS. The draft GPS signals its intent to increase revenue sources and additional funding and financing totalling \$6 billion to support the 2024–27 NLTP.

The Board recognises that as carbon reducing activities increase then the method of funding transport will need to adapt. There is increased demand for the NLTF with rail, transport regulation and improving and sustaining the transport network. More activity (cost) is required to improve the condition of the state highway network to avoid higher costs in the future, reduce deaths and serious injuries and improve access. The Board does not believe that under current revenue settings it will be possible to achieve all of the above particularly if significant projects require funding such as light rail projects.

Capital management

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

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

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

9 | Related party transactions

The National Land Transport Fund is a wholly owned entity of the Crown

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

10 | Contingencies

Contingent liability

The NLTF has \$84 million of contingent liabilities (June 2022: nil).

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

The \$84 million of contingent liabilities relates to the Clean Car Standard (CCS). Refer to note 1 for the background and accounting policy on CCS. At June 2023, there were \$138 million of credits held by importers. Of this total, \$54 million is recorded as a provision on the basis that the credits may be used to offset \$54 million of current charges (shown in debtors). The remaining \$84 million of credits are recorded as a contingent liability. Our view is that, under the current policy settings of the scheme, it is more probable than not that the \$84 million of credits will not be used to offset future credits. This is based on our view that the current import trends (with more imported cars receiving credits than incurring charges) will not sufficiently reverse to enable use of the current level of credits. The full amount is recorded as a contingent liability.

11 | Events after the balance date

There are no material post balance date events requiring disclosure.

Statement of performance

Output class funding to Waka Kotahi

	Actual 2022/23 \$M	Budget 2022/23 \$M	Actual 2021/22 \$M
Investment management	65	89	60
Public transport services	491	449	429
Public transport infrastructure	399	271	304
Walking and cycling improvements	74	73	104
Local road improvements	(5)	18	105
Local road maintenance	982	702	720
State highway improvements	856	1,055	1,010
State highway maintenance	1,057	791	796
Road to Zero	317	325	285
Coastal shipping	23	0	0
Funding to Waka Kotahi - current	4,259	3,783	3,813
Road policing programme	415	417	394
Rail network	455	467	287
Total output class funding	5,129	4,667	4,494
Output class funding (long-term)			
Local road improvements - Housing Infrastructure Fund	37	44	31
State highway improvements - public-private partnerships	21	38	(164)
State highway improvements - repayment for public-private partnerships	(57)	(76)	(141)
NLTF borrowing facility for shocks/seasonal costs	376	0	(75)
NLTP 2021-24 loan	302	905	201
Fair value changes in financial instruments to surplus or deficit	1	1	17
Total output class funding (long-term)	680	912	(131)

The output class funding (current) above is net of borrowing used to finance activities Waka Kotahi carries out. The use of the NLTP 2021-24 loan is additional spend to the total output class funding (current) of \$300 million above.

Where borrowing facilities are used to fund expenditure, rather than a specific project, the debt is apportioned across activity classes. This effectively is a change between current expenditure and long-term expenditure. The facilities drawn down in the period were apportioned based on the three-year investment targets the Board set. This breakdown is as follows.

	NLTP 2021- 24 Loan \$M	Short-term borrowing \$M
State highway improvements	36	45
Local road improvements	56	70
Public transport services	3	3
Public transport infrastructure	64	81
Walking and cycling improvements	45	56
State highway maintenance	51	64
Local road maintenance	24	30
Road to Zero	21	26
Total apportionment	300	375

For explanations of major variances against budget see the Use of the NLTF graphs on page 248 to 260, the graphs include both the output class funding (current) and use of the NLTP 2021-24 loan.

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

Independent auditor's report

Independent auditor's report to the readers of National Land Transport Fund's financial statements and performance information for the year ended 30 June 2023

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

Opinion

We have audited:

- the financial statements of the NLTF on pages 263 to 278, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in general funds balance and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the service delivery and investment performance measures included in the performance information of the NLTF on pages 232 to 260.

In our opinion:

- the financial statements of the NLTF on pages 263 to 278:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards; and

- the service delivery and investment performance measures included in the performance information of the NLTF on pages 232 to 260:
 - presents fairly, in all material respects, the NLTF’s performance for the year ended 30 June 2023, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 29 September 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NLTF's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the NLTF's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NLTF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NLTF to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 220 to 231, 232 to 258 (excluding system outcomes and results measures), 260 and 279 to 280 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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



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